

HUBBELL INC
Form DEF 14A
March 17, 2008

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12
- Confidential, for the Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

HUBBELL INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

HUBBELL INCORPORATED

584 Derby Milford Road, Orange, Connecticut 06477

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 5, 2008

To the Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Hubbell Incorporated (the Company) will be held at the Company's lighting headquarters, 701 Millennium Boulevard, Greenville, South Carolina 29607, on Monday, May 5, 2008 at 9:00 A.M. local time for the purpose of considering and acting upon the following proposals:

1. Election of Directors of the Company for the ensuing year, to serve until the next Annual Meeting of Shareholders of the Company and until their respective successors have been duly elected and qualified.

The following persons have been designated by the Board of Directors for nomination as Directors:

E. Richard Brooks
George W. Edwards, Jr.
Andrew McNally IV

Daniel J. Meyer
Daniel S. Van Riper
Richard J. Swift
Anthony J. Guzzi

Joel S. Hoffman
G. Jackson Ratcliffe
Timothy H. Powers

2. The ratification of the selection of independent registered public accountants to examine the annual financial statements for the Company for the year 2008.
3. The transaction of such other business as may properly come before the meeting and any adjournments thereof.

Accompanying this Notice of Annual Meeting is a form of proxy and a proxy statement. Copies of the Company's Annual Report for the year ended December 31, 2007 have been mailed under separate cover to all shareholders.

IMPORTANT: It is important that your shares be represented at this meeting. Therefore, please fill in, date, and sign the enclosed proxy and mail it promptly in the enclosed postage-paid envelope, vote electronically using the Internet or use the telephone voting procedures, as described on the enclosed proxy card.

The Board of Directors has fixed the close of business on March 7, 2008 as the record date for the determination of shareholders entitled to notice of and to vote at such meeting and any adjournments thereof. The transfer books will not be closed.

By order of the Board of Directors

Richard W. Davies
Vice President,
General Counsel and
Secretary

Dated: March 17, 2008

HUBBELL INCORPORATED

PROXY STATEMENT
for
ANNUAL MEETING OF SHAREHOLDERS
To be held May 5, 2008

The accompanying proxy is solicited by and on behalf of the Board of Directors of Hubbell Incorporated, a Connecticut corporation (the Company), to be voted at its Annual Meeting of Shareholders to be held at the Company's lighting headquarters, 701 Millennium Boulevard, Greenville, South Carolina 29607, on Monday, May 5, 2008 at 9:00 A.M. local time, and any adjournments thereof. Commencing on or about March 21, 2008, copies of this Proxy Statement and the proxy form are being mailed to all shareholders. Copies of the Company's Annual Report on Form 10-K for the year ended December 31, 2007 have been mailed under separate cover to all shareholders.

Any shareholder executing a proxy may revoke it at any time prior to its use. The Company will treat any duly executed proxy as not revoked until it receives a duly executed instrument revoking it, or a duly executed proxy bearing a later date or, in the case of death or incapacity of the person executing the same, written notice thereof. If you vote your shares using the Internet website or the telephone voting procedures, you may revoke your prior Internet or telephone vote by recording a different vote on the Internet website or using the telephone voting procedures, or by signing and returning a duly executed proxy bearing a later date than your last Internet or telephone vote. A proxy also may be revoked by voting by ballot at the Annual Meeting of Shareholders.

The following proxy materials are available for you to review at <http://bnymellon.mobular.net/bnymellon/HUB>:

the Company's 2008 Proxy Statement;

the proxy card;

the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007; and

any amendments to the foregoing materials that are required to be furnished to shareholders.

If you would like to access your Proxy Statement and Annual Report on Form 10-K electronically in the future, in lieu of receiving paper copies, you may do so by signing up for electronic delivery of these documents online at <http://www.proxyvoting.com/hub> or choosing this option by following the appropriate instructions when you vote by telephone or by marking the appropriate box on your proxy card.

At the meeting, shareholders will be asked to consider and act upon the following proposals:

1. Election of Directors of the Company for the ensuing year, to serve until the next Annual Meeting of Shareholders of the Company and until their respective successors have been duly elected and qualified.
2. The ratification of the selection of independent registered public accountants to examine the annual financial statements for the Company for the year 2008.
3. The transaction of such other business as may properly come before the meeting and any adjournments thereof.

Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote all proxies received by them in favor of (1) the election of the nominees to the Board named herein, and (2) the ratification of the selection of independent registered public accountants. All proxies will be voted as specified. The Board of Directors recommends shareholders vote FOR proposals 1 and 2.

Management does not intend to present any business at the meeting other than that set forth in the accompanying Notice of Annual Meeting of Shareholders, and it has no information that others will do so. If other matters requiring the vote of the shareholders properly come before the meeting and any adjournments thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxies held by them in accordance with their judgment on such matters.

Directions to attend the Annual Meeting of Shareholders where you may vote in person can be found on our website, www.hubbell.com, in the Investor Relations section. The content of the Hubbell website is not incorporated by reference into, or considered to be a part of, this Proxy Statement.

**Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to be Held on May 5, 2008**

The Company's Proxy Statement and Annual Report on Form 10-K are available at
<http://bnymellon.mobular.net/bnymellon/HUB>.

**VOTING RIGHTS AND SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The record date for the determination of shareholders entitled to vote at the meeting is the close of business on March 7, 2008. On March 7, 2008, the Company had outstanding 7,274,883 shares of Class A Common Stock, par value \$.01 per share, and 48,747,944 shares of Class B Common Stock, par value \$.01 per share, and no other voting securities. Each share of Class A Common Stock is entitled to twenty votes and each share of Class B Common Stock is entitled to one vote. The vote required for each proposal to be acted upon at this meeting is set forth in the description of that proposal.

The following table sets forth as of March 7, 2008, or such other date as indicated in the table or the notes thereto, each of the persons known to the Company to own beneficially shares representing more than 5% of any class of the Company's outstanding voting securities, with the percent of class stated therein being based upon the outstanding shares on March 7, 2008.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Class A Common Stock	Andrew McNally IV, G. J. Ratcliffe, and Richard W. Davies, as trustees under a Trust Indenture dated September 2, 1957 made by Louie E. Roche (the Roche Trust), c/o Hubbell Incorporated, 584 Derby Milford Road, Orange, Connecticut 06477	2,078,020(1)(2)(4)	28.56%
Class A Common Stock	Andrew McNally IV, G. J. Ratcliffe, and Richard W. Davies, as trustees under a Trust Indenture dated August 23, 1957 made by Harvey Hubbell (the Hubbell Trust), c/o Hubbell Incorporated, 584 Derby Milford Road, Orange, Connecticut 06477	1,410,440(2)(3)(4)	19.39
Class A Common Stock	Adage Capital Partners, L.P. Adage Capital Partners GP, L.L.C. Adage Capital Advisors, L.L.C. Phillip Gross Robert Atchinson 200 Clarendon Street 52nd Floor Boston, Massachusetts 02116	727,000(5)	9.99
Class B Common Stock	Lord, Abbett & Co. LLC 90 Hudson Street Jersey City, New Jersey 07302	3,516,687(6)	7.21
Class B Common Stock	Capital World Investors The Income Fund of America, Inc. 333 South Hope Street Los Angeles, California 90071	3,463,100(7)	7.10

- (1) The beneficiaries of such trust are the issue of Harvey Hubbell and their spouses.
- (2) The Trust Indenture requires that, so long as no bank or trust company is acting as a trustee, there shall be three individuals acting as trustees, each of whom, so long as any securities of the Company are held by the trust, must be an officer or Director of the Company. The Trust Indenture provides that successor trustees are to be appointed by the trustees then in office. The trustees have shared voting and investment power with respect to the securities of the Company held in such trust.
- (3) The beneficiaries of such trust are the issue of Harvey Hubbell.
- (4) In addition, Messrs. McNally, Ratcliffe, and Davies beneficially own shares of the Company's Common Stock as set forth in the table below. Messrs. Ratcliffe and Davies hold unexercised options for the purchase of the Company's Class B Common Stock under the Company's Stock Option Plan for Key Employees (Option Plan), Mr. Davies holds unexercised stock appreciation rights (SARs) for the purchase of the Company's Class B Common Stock under the Company's 2005 Incentive Award Plan (together with the Option Plan, the Equity Plans) (see the table captioned Outstanding Equity Awards at Fiscal Year End), Mr. Davies is a co-trustee of The Harvey Hubbell Foundation which owns 106,304 shares of Class A Common Stock and 29,358 shares of Class B Common Stock, and Mr. Davies is a co-member of the Retirement Committee which has voting and investment power for 212,264 shares of Class A Common Stock and 130,912 shares of Class B Common Stock held by the Company's amended and restated Master Pension Trust (Pension Trust).
- (5) The Company has reviewed a copy of a Form 4 with respect to the Company's Class A Common Stock as filed with the Securities and Exchange Commission (SEC) on February 27, 2008, by Adage Capital Partners, L.P. (ACP), Adage Capital Partners GP, L.L.C. (ACPGP), a general partner of ACP, Adage Capital Advisors, L.L.C. (ACA), as managing member of ACPGP and general partner of ACP, Phillip Gross, as managing member of ACA and ACPGP and general partner of ACP, and Robert Atchinson, as managing member of ACA and ACPGP, and general partner of ACP, and collectively, the Reporting Persons , reporting ownership of these shares as of February 26, 2008. As reported in a Schedule 13G, as amended, filed with the SEC on November 7, 2007, the Reporting Persons have shared voting and dispositive power as to these shares.
- (6) The Company has received a copy of Schedule 13G as filed with the SEC by Lord, Abbett & Co. LLC (Lord, Abbett) reporting ownership of these shares as of December 31, 2007. As reported in said Schedule 13G, Lord, Abbett has sole voting power for 3,352,287 of such shares and sole dispositive power as to all such shares.
- (7) The Company received a copy of Schedule 13G as filed with the SEC by Capital World Investors (Capital World) and The Income Fund of America, Inc. (Income Fund) reporting ownership of these shares as of December 31, 2007. As reported in said Schedule 13G, Capital Research and Management Company (CRMC) manages equity assets for various investment companies through two divisions, including Capital World. Capital World is deemed to be the beneficial owner of 3,463,100 shares of Class B Common Stock as a result of CRMC acting as investment advisor to various companies registered under Section 8 of the Investment Company Act of 1940. Capital World has sole dispositive power for all of such shares and sole voting power for 250,000 of such shares, and Income Fund, which is advised by CRMC, has sole voting power for 3,213,100 of such shares.

The following table sets forth as of March 7, 2008, the equity securities of the Company beneficially owned by each of the Directors and named executive officers of the Company, and by all Directors and executive officers of the Company as a group:

Name	Title of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Class
E. Richard Brooks	Class A Common	835(2)	0.01%
	Class B Common	1,078(2)(3)	
George W. Edwards, Jr	Class A Common	1,000(2)	0.01
	Class B Common	1,206(2)(3)	
Anthony J. Guzzi	Class B Common	1,650(2)(3)	
Joel S. Hoffman	Class A Common	3,691(2)	0.05
	Class B Common	1,743(2)(3)	
Andrew McNally IV	Class A Common	3,488,460(2)(5)	47.95
	Class B Common	14,562(2)(3)	0.03
Daniel J. Meyer	Class B Common	1,776(2)(3)	
G. Jackson Ratcliffe	Class A Common	3,571,682(5)	49.10
	Class B Common	416,270(3)	0.85
Richard J. Swift.	Class B Common	2,050(2)(3)	
Daniel S. Van Riper	Class A Common	1,000(2)	0.01
	Class B Common	1,050(2)(3)	
Timothy H. Powers	Class A Common	106,304(6)	1.46
	Class B Common	909,846(4)(7)	1.87
David G. Nord	Class A Common	106,304(6)	1.46
	Class B Common	81,319(4)(7)	0.17
Richard W. Davies	Class A Common	3,831,472(5)(6)(8)(10)	52.67
	Class B Common	360,578(4)(7)(9)(10)	0.74
Scott H. Muse	Class B Common	118,332(4)	0.24
Thomas P. Smith	Class B Common	69,860(4)	0.14
All Directors and executive officers as a group (19 persons)	Class A Common	3,925,923(2)(5)(6)(8)(10)	53.97
	Class B Common	2,336,000(2)(3)(4)(7)(9)(10)	4.79

(1) The figures in the table and notes thereto represent beneficial ownership and sole voting and investment power except where indicated and include the following shares of Class B Common Stock obtainable within sixty days of March 7, 2008 by the exercise of stock options and SARs pursuant to the Company's Equity Plans: Mr. Ratcliffe 132,000 shares, Mr. Powers 777,466 shares, Mr. Nord 25,522 shares, Mr. Davies 146,760 shares, Mr. Muse 105,522 shares, and Mr. Smith 55,656 shares; and all executive officers as a group 1,454,601 shares.

(2) Does not include stock units (each stock unit consisting of one share each of Class A Common Stock and Class B Common Stock) credited to and held under the Company's Deferred Compensation Plan for Directors for those Directors who are not employees of the Company, as discussed below under the section entitled Compensation of Directors on page 43. As of March 7, 2008, the following stock units have been credited

- under the Deferred Compensation Plan for Directors: Mr. Brooks 8,315 stock units, Mr. Edwards 15,773 stock units, Mr. Guzzi 1,392 stock units, Mr. Hoffman 19,383 stock units, Mr. McNally 32,387 stock units, Mr. Meyer 12,214 stock units, Mr. Swift 2,378 stock units, and Mr. Van Riper 4,790 stock units.
- (3) Includes 350 shares of Class B Common Stock granted as restricted stock under the 2005 Incentive Award Plan on May 7, 2007 which are subject to forfeiture if the Director's service terminates (other than by reason of death) prior to the date of the regularly scheduled 2008 Annual Meeting of Shareholders.
 - (4) Includes the following shares of Class B Common Stock granted as restricted stock under the 2005 Incentive Award Plan which are subject to vesting and forfeiture in equal annual installments over a period of three years: Mr. Powers 21,503, Mr. Nord 13,623, Mr. Davies 1,729, Mr. Muse 5,146, and Mr. Smith 4,711; and all executive officers as a group 60,480 shares.
 - (5) Includes 2,078,020 shares of Class A Common Stock owned by the Roche Trust of which Messrs. McNally, Ratcliffe, and Davies are co-trustees and have shared voting and investment power; and 1,410,440 shares of Class A Common Stock owned by the Hubbell Trust of which Messrs. McNally, Ratcliffe, and Davies are co-trustees and have shared voting and investment power.
 - (6) Includes 106,304 shares of Class A Common Stock held by The Harvey Hubbell Foundation of which Messrs. Powers, Nord, and Davies are co-trustees and have shared voting and investment power.
 - (7) Includes 29,358 shares of Class B Common Stock held by The Harvey Hubbell Foundation of which Messrs. Powers, Nord, and Davies are co-trustees and have shared voting and investment power.
 - (8) Includes 212,264 shares of Class A Common Stock held by the Company's Pension Trust the voting and investment powers over which are controlled by a Retirement Committee of which Mr. Davies, James H. Biggart, Vice President and Treasurer, one corporate officer, and one employee of the Company are co-members and have shared voting and investment power.
 - (9) Includes 130,912 shares of Class B Common Stock held by the Company's Pension Trust the voting and investment powers over which are controlled by a Retirement Committee of which Messrs. Davies, Biggart, one corporate officer, and one employee of the Company are co-members and have shared voting and investment power.
 - (10) Includes 50 shares of Class A Common Stock and 2,620 shares of Class B Common Stock owned by Mr. Davies adult son, as to which Mr. Davies disclaims beneficial ownership.
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ELECTION OF DIRECTORS

The Company's By-Laws provide that the Board of Directors shall consist of not less than three nor more than twelve Directors who shall be elected annually by the shareholders. The Board has fixed the number of Directors at ten, and the following persons are proposed by the Board, on recommendation of the Nominating and Corporate Governance Committee, as Directors of the Company to hold office until the next Annual Meeting of Shareholders and until their respective successors have been duly elected and qualified. In the event that any of the nominees for Directors should become unavailable, it is intended that the shares represented by the proxies will be voted for such substitute nominees as may be nominated by the Board of Directors, unless the number of Directors constituting a full Board of Directors is reduced. Directors are elected by plurality vote. Abstentions and broker non-votes will not be counted for the purposes of the election of Directors.

Name	Age(1)	Principal Occupation	Year First Became a Director
Timothy H. Powers	59	Chairman of the Board, President, and Chief Executive Officer of the Company. Director of MeadWestvaco Corporation.	2001
G. Jackson Ratcliffe	71	Retired Chairman of the Board, President and Chief Executive Officer of the Company. Director of Praxair, Inc. and Sunoco, Inc.	1980
E. Richard Brooks	70	Retired Chairman and Chief Executive Officer of Central and South West Corporation (utility holding company). Director of American Electric Power Company, Inc. and Baylor Health Care System.	1993
George W. Edwards, Jr	68	Retired President and Chief Executive Officer of The Kansas City Southern Railway Company (railroad). Chairman of the Board and a Director of El Paso Electric Company.	1990
Joel S. Hoffman	69	Retired Partner of Simpson Thacher & Bartlett LLP, a New York City law firm.	1989
Andrew McNally IV	68	Retired Chairman and Chief Executive Officer of Rand McNally & Company (printing, publishing and map-making). Partner of McNally Investments (merchant banking).	1980
Daniel J. Meyer	71	Retired Chairman of the Board and Chief Executive Officer of Milacron Inc. (plastics processing systems and services and metal cutting process products and services). Director of Cincinnati Bell Inc. and AK Steel Holding Corporation.	1989

Name	Age(1)	Principal Occupation	Year First Became a Director
Richard J. Swift.	63	Former Chairman of the Financial Accounting Standards Advisory Council. Retired Chairman, President and Chief Executive Officer of Foster Wheeler Ltd. (design, engineering, construction and other services). Director of Ingersoll-Rand Company Ltd., Kaman Corporation, Public Service Enterprise Group Incorporated and CVS Caremark Corporation.	2003
Daniel S. Van Riper	67	Independent Financial Consultant; Former Special Advisor, Senior Vice President and Chief Financial Officer of Sealed Air Corporation (packaging materials and systems). Director of DOV Pharmaceutical, Inc. and 3D Systems Corporation.	2003
Anthony J. Guzzi	44	President and Chief Operating Officer of EMCOR Group, Inc. (mechanical, electrical construction and facilities services).	2006

(1) As of March 7, 2008.

Each of the individuals was elected as a Director by the shareholders of the Company. During the five years ended December 31, 2007, each of the Directors, other than Messrs. Powers, Van Riper, and Guzzi, has either been retired or held the principal occupation set forth above opposite his name.

Mr. Powers was elected Chairman of the Board of the Company, effective September 15, 2004. He has been President and Chief Executive Officer of the Company since July 1, 2001.

Mr. Van Riper served as Senior Vice President and Chief Financial Officer of Sealed Air Corporation from July 1998 to January 2002; and prior to July 1998 he was with KPMG LLP, an independent audit and accounting firm, for 36 years, including 26 years as a partner.

Mr. Guzzi served as President, North American Distribution and Aftermarket, of Carrier Corporation, a subsidiary of United Technologies International Corp., from June 2001 to October 2004. Previously, he served as President, Commercial Systems and Services, of Carrier Corporation from January to June 2001.

Corporate Governance

The Board of Directors has adopted the Company's Corporate Governance Guidelines (the "Guidelines") with respect to significant corporate governance issues. These Guidelines cover such issues as the composition of the Board and Board Committees, Board and Board Committee meetings, leadership development, including succession planning, Board responsibilities and compensation, and Director independence. The Guidelines may be viewed on the Company's website at www.hubbell.com.

The Board of Directors of the Company met eleven times during the year ended December 31, 2007. During 2007, no Director attended fewer than 75% of the aggregate number of meetings of the Board of Directors and

meetings of Committees of which the Director was a member. Board members are expected to attend the Company's annual meetings of shareholders. All of the Company's Directors were in attendance at the Company's May 7, 2007 Annual Meeting of Shareholders.

Director Independence

The Company's Guidelines indicate that the Board shall be comprised of a majority of independent Directors. Each year the Nominating and Corporate Governance Committee reviews all relationships between Directors and the Company and its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or any of its subsidiaries) in accordance with the objective criteria of independence set forth by the New York Stock Exchange (NYSE) and the SEC and considers whether any relationship, individually or in the aggregate, is material and has impaired or may impair a Director's exercise of independent judgment. The Nominating and Corporate Governance Committee also reviews a summary of the answers to annual questionnaires completed by each of the Directors, a report of transactions with Director-affiliated entities, Code of Ethics certifications (described below), the status of complaints filed with the Company's confidential communication hotline, and a review of Company donations to charitable organizations (noting that The Harvey Hubbell Foundation Educational Matching Gifts Program is available to all Directors, officers and employees and matches gifts up to a maximum of \$4,000 of eligible gifts made by an individual in any single calendar year). Following review and discussion, the Nominating and Corporate Governance Committee and the Company's Vice President, General Counsel and Secretary, provide the results of this analysis and supporting information to the Board of Directors.

In evaluating and determining the independence of the Directors, the Nominating and Corporate Governance Committee considered that Messrs. Brooks, Edwards, Meyer, Swift and Van Riper serve as directors of other companies, and that Mr. Guzzi is president and chief operating officer of a company that in the ordinary course of business, directly or through a subsidiary, purchases goods from or supplies goods to the Company, one of its subsidiaries, or an authorized Company distributor. The Nominating and Corporate Governance Committee considered the dollar amounts of transactions and any related arrangements between the Company and any of the applicable customers or suppliers under NYSE guidelines, and determined that all were below the amount required for disclosure of related party transactions under the federal securities laws, and none otherwise impaired the applicable Director's independence. In addition, the Nominating and Corporate Governance Committee considered Mr. Ratcliffe's prior service to the Company as President and Chief Executive Officer ending in 2001, as Chairman of the Board and a consultant each ending in 2004, and the fact that he no longer had any relationship with the Company except as a Director, and determined that in addition to meeting the NYSE "bright line" test for independence with respect to such prior service to the Company, such prior service did not otherwise impair his independence. In determining the nominees for election as Directors at the 2008 Annual Meeting of Shareholders, the Nominating and Corporate Governance Committee noted that Mr. Ratcliffe will reach the age of 72 in March 2008 and that the Company's Guidelines provide that upon reaching age 72 a Director shall not thereafter stand for reelection unless the Board, based upon the recommendation of the Nominating and Corporate Governance Committee, makes an exception to this standard as deemed appropriate in the interests of the Company's shareholders. The Committee determined that a waiver of the guideline was appropriate in Mr. Ratcliffe's case in light of his extensive managerial experience and deep knowledge of the Company's businesses.

As a result of this review, the Board has determined that the following Directors are independent in accordance with applicable law and the NYSE rules: Mr. E. Richard Brooks, Mr. George W. Edwards, Jr., Mr. Anthony J. Guzzi, Mr. Joel S. Hoffman, Mr. Andrew McNally IV, Mr. Daniel J. Meyer, Mr. G. Jackson Ratcliffe, Mr. Daniel S. Van Riper, and Mr. Richard J. Swift; and that Mr. Timothy H. Powers is not independent. Mr. Powers is not considered an independent outside Director because of his employment as Chairman of the Board, President and Chief Executive Officer of the Company.

Code of Ethics

The Company has a Conflicts of Interest Policy, Business Ethics Policy and Use of Undisclosed Information Statement (Code of Ethics), which is the Company s code of ethics within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. The Code of Ethics can be viewed on the Company s website at www.hubbell.com and is available free of charge to any shareholder who submits a written request to the Secretary of the Company. The Company requires all officers and Directors to certify compliance with the Code of Ethics on an annual basis. Waivers to the Code of Ethics as to officers and Directors may be made only by the Company s Board of Directors or an appropriate committee of the Board of Directors, and will be promptly disclosed to Company shareholders through the Company s website.

Lead Director

The Board of Directors has established a Lead Director position which rotates annually among the chairs of the Board Committees, as detailed in the Guidelines, immediately following the Company s annual meeting. The Lead Director coordinates the activities of the Directors who are not Company officers (including those who are not independent by virtue of a material relationship, former status or family membership, or for any other reason) (collectively, the Non-Management Directors), coordinates the agenda for and chairs sessions of the Non-Management Directors, and facilitates communications between the Non-Management Directors and the other members of the Board of Directors, and the management of the Company. Currently, Mr. McNally is the Lead Director and he is expected to hold this position through the Company s 2008 Annual Meeting of Shareholders.

Communications with Directors

Shareholders and interested parties may communicate with either the Company s Lead Director or with the Non-Management Directors as a group by using any of the following methods: (a) via Listen Up confidential communication: (i) electronically at <http://www.listenupreports.com>; (ii) fax to 1-312-635-1501; (iii) toll free to 1-888-789-6627; or (iv) by mail to Listen Up Reports, P.O. Box 274, Highland Park, Illinois 60035; or (b) by writing to: Board of Directors, c/o Richard W. Davies, Vice President, General Counsel and Secretary, Hubbell Incorporated, 584 Derby Milford Road, Orange, Connecticut 06477. Such communications will be distributed to the specific Director(s) requested by the shareholder or, if generally to the Board, to other members of the Board as may be appropriate depending on the material outlined in the shareholder communication. For example, if a communication relates to accounting, internal accounting controls, or auditing matters, the communication will be forwarded to the Chairman of the Audit Committee.

Board Committees

The Board of Directors has Audit, Compensation, Executive, Finance, and Nominating and Corporate Governance Committees. The principal responsibilities of each of these committees is described generally below, and in detail in their respective Committee Charters. The Charter for each of the Company's (i) Audit Committee, (ii) Compensation Committee, (iii) Finance Committee, and (iv) Nominating and Corporate Governance Committee are available on the Company's website at www.hubbell.com. The Charter for the Executive Committee is incorporated into Article III, Section 1, of the Company's By-Laws which are also posted on the Company's website. Copies of the Charters and By-Laws are also available free of charge to any shareholder who submits a written request to the Secretary of the Company.

Audit Committee

Messrs. Brooks, Guzzi, Hoffman, Meyer, Swift and Van Riper serve as members of the Audit Committee, with Mr. Meyer as Chairman. The Audit Committee consists of members who are independent as defined in the current NYSE listing standards and regulations adopted by the SEC under the federal securities laws. The Audit Committee appoints independent registered public accountants to serve as auditors for the following year, subject to ratification by the shareholders at the annual meeting; meets periodically with the independent registered public accountants, internal auditors, and appropriate personnel responsible for the management of the Company and subsidiary companies concerning the adequacy of internal controls and the objectivity of the financial reporting of the Company; reviews and oversees the independence of the Company's independent registered public accountants; reviews and discusses the Company's internal audit function and its personnel; pre-approves the hiring of the independent registered public accountants for audit and non-audit services; and reviews and approves the scope of the audit and fees for the audit and non-audit services performed by the independent registered public accountants. The independent registered public accountants and the Company's management and internal auditors each meet alone with the Audit Committee several times during the year and have access at any time to the Audit Committee. The Board of Directors has determined, in its business judgment, that each member of the Audit Committee is financially literate, at least one member of the Audit Committee meets the NYSE standard of having accounting or related financial management expertise and that Messrs. Van Riper and Meyer each meet the SEC criteria of an audit committee financial expert. The Audit Committee met nine times in 2007.

Executive Committee

Messrs. Edwards, Hoffman, McNally, Powers, and Ratcliffe serve as members of the Executive Committee, with Mr. Ratcliffe as Chairman. The Executive Committee meets during intervals between meetings of the Board of Directors and may exercise all the powers of the Board of Directors in the management of the business, and properties and affairs of the Company, except certain powers set forth in the By-Laws of the Company. The Executive Committee met one time in 2007.

Compensation Committee

Messrs. Edwards, McNally, Swift, and Van Riper serve as members of the Compensation Committee, with Mr. Edwards as Chairman. The Compensation Committee consists of Directors who are independent as defined in the current NYSE listing standards and regulations adopted by the SEC under the federal securities laws. The Compensation Committee conducts an annual appraisal of the performance of the Chief Executive Officer and

determines the compensation (salary plus additional compensation and benefits) of the Chief Executive Officer. After consultation with the Chief Executive Officer and the Chairman of the Board of Directors, the Compensation Committee also determines the compensation of other members of the Company's key management group. The Compensation Committee evaluates the performance of the Chairman of the Board of Directors; determines equity grants under the Company's 2005 Incentive Award Plan; recommends (for approval) to the Board of Directors pension changes, and other significant benefits or perquisites; and reviews the members of the Company's key management group and plans for the development of qualified candidates, and reports to the Board of Directors annually. The Compensation Committee met seven times in 2007.

Finance Committee

Messrs. Edwards, McNally, Powers, and Ratcliffe serve as members of the Finance Committee, with Mr. McNally as Chairman. The Finance Committee recommends to the Board of Directors of the Company proposals concerning long- and short-term financing, material divestments and acquisitions, cash and stock dividend policies, programs to repurchase the Company's stock, stock splits, and other proposed changes in the Company's capital structure; periodically reviews the Company's capital expenditure policy and recommends changes to the Board of Directors, where appropriate, and when requested by the Board of Directors, reviews and makes recommendations to the Board of Directors with respect to proposals concerning major capital expenditures and leasing arrangements; monitors the Company's effective tax rate and related tax matters; reviews annually the Company's insurance programs and their adequacy to protect against major losses and liabilities; reviews and monitors the administration and asset management of the Company's employee benefit plans, including the selection of investment and other advisors, the allocation of assets between fixed income and equity, the performance of plan investment managers and pension plan contributions; and reviews and monitors the administration of the Company's cash and investment portfolios, including the Company's investment guideline policies. The Finance Committee met three times in 2007.

Nominating and Corporate Governance Committee

Messrs. Brooks, Guzzi, Hoffman, and Meyer serve as members of the Nominating and Corporate Governance Committee, with Mr. Brooks as Chairman. The Nominating and Corporate Governance Committee consists of Directors who are independent as defined in the current NYSE listing standards and regulations adopted by the SEC under the federal securities laws. The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its responsibilities by identifying individuals qualified to become Board members; recommending Director nominees to be elected at the next annual meeting of shareholders or appointed by the Board of Directors to fill vacancies on the Board; reviewing and recommending (for approval) to the Board of Directors compensation for service on the Board of Directors and its various committees, policies governing retirement from the Board of Directors, and individuals to serve as the Company's officers and members of the various committees of the Board of Directors; reviewing and recommending to the Board (for approval) changes proposed by the Chairman of the Board and the Chief Executive Officer pertaining to the structure and appointment of the Company's officers; and developing and recommending to the Board of Directors the adoption, or amendment, of the Guidelines and principles applicable to the Company. The Nominating and Corporate Governance Committee met seven times in 2007.

Director Nominations

As set forth in the Guidelines, the Board's Nominating and Corporate Governance Committee works with the Board on an annual basis to determine the size of the Board and the appropriate characteristics, skills and experience for the Board and its individual members. The Committee recommends to the Board candidates for Board membership in accordance with the Guidelines and the selection criteria outlined in its Charter. In evaluating suitability to the Board, the Committee considers candidates on the basis of their ability to make independent analytical inquiries; general understanding of marketing, finance and other elements relevant to the success of a publicly traded company in today's business environment; educational and professional background; experience in corporate governance (such as an officer or a former officer of a publicly held corporation); experience in the Company's industry; experience as a board member of another publicly held corporation; and academic expertise in an area of the Company's operations. Candidates are assessed on the basis of their qualifications, experience, skills and ability to enhance shareholder value, without regard to gender, race, color, national origin, or other protected status. The Nominating and Corporate Governance Committee and the Board evaluate each candidate in the context of the Board as a whole. The objective is to assemble a Board with diverse experience in these various areas that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment.

In searching for qualified Director candidates for election to the Board and to fill vacancies on the Board, the Board solicits current Directors for the names of potentially qualified candidates and may ask Directors to pursue their own business contacts for the names of potentially qualified candidates. The Nominating and Corporate Governance Committee may also consult with outside advisors or retain search firms to assist in the search for qualified candidates and will consider suggestions from shareholders for nominees for election as Directors and evaluate such suggested nominees on the same terms as candidates identified by Directors, outside advisors or search firms selected by the Nominating and Corporate Governance Committee.

Any shareholder who intends to propose a candidate to the Nominating and Corporate Governance Committee for nomination as a Director should deliver written notice to the Secretary of the Company with the following information: (a) the nominee's biographical data (including business experience, service on other boards, and academic credentials), (b) all transactions and relationships, if any, between the nominating shareholder or such nominee, on the one hand, and the Company or its management, on the other hand, as well as any relationships or arrangements, if any, between the nominating shareholder and the nominee and any other transactions or relationships of which the Board of Directors should be aware in order to evaluate such nominee's potential independence as a Director, (c) detailing whether the nominee or the nominating shareholder is involved in any on-going litigation adverse to the Company or is associated with an entity which is engaged in such litigation and (d) whether the nominee or any company for which the nominee serves or has served as an officer or director is, or has been, the subject of any bankruptcy, SEC or criminal proceedings or investigations, any civil proceedings or investigations related to fraud, accounting or financial misconduct, or any other material civil proceedings or investigations. The notice must also contain a written consent confirming the nominee's (a) consent to be nominated and named in the Company's proxy statement and, if elected, to serve as a Director of the Company, and (b) agreement to be interviewed by the Nominating and Corporate Governance Committee and submit additional information if requested to do so. Any such notice should be delivered to the Company sufficiently in advance of the Company's annual meeting to permit the Nominating and Corporate Governance Committee to complete its review in a timely fashion.

Once potential candidates are identified, the Nominating and Corporate Governance Committee reviews the backgrounds of those candidates. Candidate(s) who appear to be suitable based upon their qualifications and the Board's needs are then interviewed by the independent Directors and executive management. Candidates may be asked to submit additional information to the Company, after which the Nominating and Corporate Governance Committee makes its recommendation to the Board. If the Board approves the recommendation, the recommended candidate is nominated for election by the Company's shareholders or the candidate is appointed by the Board to fill a vacancy on the Board.

Shareholder Nominations for Director

The Company's By-Laws contain time limitations, procedures and requirements relating to direct shareholder nominations of Directors. Any shareholder who intends to bring before an annual meeting of shareholders any nomination for Director shall deliver written notice to the Secretary of the Company setting forth specified information with respect to the shareholder and additional information as would be required under SEC regulations for a proxy statement used to solicit proxies for such nominee. In general, the notice must be delivered not less than seventy days nor more than ninety days prior to the first anniversary of the preceding year's annual meeting (or, if the date of the 2009 Annual Meeting of Shareholders is more than twenty days before or more than seventy days after May 5, 2009, notice by the shareholder must be so delivered not earlier than ninety days prior to the meeting and not later than seventy days prior to the meeting or the tenth day following the date on which public disclosure of the date of the meeting is first made by the Company) and, if the number of Directors to be elected at the 2009 Annual Meeting of Shareholders is increased and there is no public announcement by the Company naming all of the nominees for Director or specifying the size of the increased Board of Directors at least eighty days prior to May 5, 2009, notice will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to the Secretary of the Company not later than the close of business on the tenth day following the day on which such public announcement is first made by the Company. The Company's By-Laws can be viewed on its website at www.hubbell.com.

COMPENSATION DISCUSSION AND ANALYSIS

Overview/Philosophy

The total direct compensation package for the Company's executives is made up of three elements:

base salary,

a short-term incentive program in the form of a discretionary, performance-based annual bonus, and

a long-term incentive program in the form of equity-based compensation.

Executives also receive indirect compensation through employee benefit plans, perquisites and severance protection.

Accordingly, the total compensation set forth in the Summary Compensation Table, consists of both variable (annual bonus and long-term equity grants valued as if paid currently) as well as non-variable compensation (base salary, benefit plans, and perquisites).

Variable compensation provides Company executives with additional compensation based on both Company and individual performance. The performance goals assigned to variable compensation opportunities are designed to promote the Company's strategic interests, thereby aligning executives' financial concerns with those of the Company's shareholders. Variable and non-variable compensation provides Company executives with a stable source of income which is intended to provide market levels of compensation in order to attract and retain key management. The Company has adopted an incentive-pay-for-performance philosophy pursuant to which the greatest portion of an executive's total direct compensation is variable and therefore is linked to performance on both a short-term and long-term basis.

The Role of the Compensation Committee and Compensation Consultant

The Compensation Committee determines the Company's compensation philosophy and approves each element of the Company's executive officers' compensation. In determining the amount of total direct compensation for the Chief Executive Officer, the Chief Financial Officer and the three other most highly paid executive officers, referred to as the named executive officers, the Compensation Committee has sought the advice of and reviewed data provided by Exequity, LLP (Exequity), an independent outside compensation consultant. Exequity advises the Compensation Committee with respect to named executive officer compensation. Exequity does not advise the management of the Company, and receives no compensation from the Company for services other than as directed by the Compensation Committee and the Nominating and Corporate Governance Committee (for which Exequity provides guidance with respect to independent Director compensation).

In 2007, the Compensation Committee discussed its compensation philosophy with Exequity, but otherwise did not impose any specific limitations or constraints on, or otherwise direct, the manner in which Exequity performed its advisory services. As advisor to the Compensation Committee, Exequity reviewed the total compensation strategy and pay levels for the Company's named executive officers, examined all aspects of the Company's executive compensation programs to ensure their ongoing support of the Company's business strategy, informed the Compensation Committee of developing legal and regulatory considerations affecting executive compensation and benefit programs, and provided general advice to the Compensation Committee with respect to

all compensation decisions pertaining to the Chief Executive Officer and to all senior executive compensation recommendations submitted by management.

The Compensation Committee considers recommendations made by the Chief Executive Officer with respect to compensation for executives that report directly to him. However, the Compensation Committee is the sole determinant of all final executive compensation decisions.

Benchmarking

Exequity supplied the Compensation Committee with compensation data for each element of the total direct compensation package (salary, bonus, and equity awards). The Compensation Committee benchmarked to the median pay levels for specific positions at manufacturing companies represented in the Hewitt Associates Total Compensation DataBase™ which equates to a community of over 200 companies in the U.S. general manufacturing sector. The data relied upon by the Compensation Committee was a statistical summary of the pay practices for the manufacturing companies in that database and was not representative of any individual companies. In fact, the Compensation Committee does not know the identity of the companies whose pay practices are reflected in the statistical summary, nor does it receive information with respect to pay practices at any individual company included in the database. Throughout this Compensation Discussion and Analysis (CD&A) references to benchmarking , competitive data or market refers to this statistical summarized data.

The Compensation Committee s decision to benchmark the Company s executive compensation levels to the practices of such general manufacturing companies reflects the fact that the source and the destination of the Company s senior executive talent extend beyond the limited community of electrical manufacturers and includes a wide range of other organizations in the manufacturing sectors outside the Company s traditional competitors for products and services. Benchmarking pay practices to an indiscriminate representation of general industry ensures that the Company sets its pay at such levels as will position it to attract and retain qualified senior executives in the face of competing pressures in the Company s relevant labor markets.

The Compensation Committee s review of the data in 2007 showed the Company s total pay structure for its executives to be competitive with 50th percentile practices in that external market, the position to which the Committee aims to manage executive compensation opportunities. The actual base salary, Target Total Cash (base salary plus target bonus), and Total Compensation (total target cash plus the grant date value of long-term incentive opportunities) for the named executive officers as a group were positioned close to the 50th percentile, as shown in the following table:

	Base Salary	Target Total Cash	Total Compensation
Target Position	50 th percentile	50 th percentile	50 th percentile
Actual Position	+0.1% above	+2.4% above	+4.1% above

To ensure a comprehensive evaluation of total remuneration, compensation tally sheets totaling 2007 compensation for each named executive officer were prepared for, and reviewed by, the Compensation Committee. These tally sheets identified and valued each component of the named executive officer s compensation, including base salary, bonus, incentive equity awards, pension benefits, deferred compensation, perquisites, and potential change in control and severance benefits, and provided an aggregate sum for each executive. The Compensation Committee intends to continue the practice of reviewing tally sheets on at least an annual basis to aid it in its administration of the Company s compensation program.

Base Salary

Base salaries are determined by reference to competitive data and individual levels of responsibility. As noted previously, the Company defines its market competitive position for base salaries as the 50th percentile of the market data. This benchmark represents the Compensation Committee's belief that base compensation, which is not performance-based, should be competitive in order to attract and retain qualified individuals. However, in light of the Company's performance for 2006, the Compensation Committee postponed salary increases for the named executive officers that would have placed their salaries at approximately the targeted 50th percentile. Following the Company's improved performance during the first quarter of 2007, those increases were approved and made effective in June 2007.

Non-Equity Incentive Plan Compensation (Bonus)

Like base salaries, annual bonus expenditures are targeted at 50th percentile levels for similarly-sized companies across general industry. Cash bonuses for executives are paid pursuant to the Company's Incentive Compensation Plan and Senior Executive Incentive Compensation Plan (Senior Plan). Individual target bonus levels for each executive are determined by reference to competitive data provided by Exequity, though actual bonuses paid to each executive reflect achievement of Company financial and strategic plan goals which include factors such as cash flow and earnings per diluted share (EPS).

Most of the named executive officers participated in the Incentive Compensation Plan in 2007. Messrs. Powers and Nord participated in the Senior Plan, a program that is specifically constructed so as to protect for the Company the tax deductibility of bonus awards earned by Messrs. Powers and Nord.

The following sections provide a general description of how the Incentive Compensation Plan and Senior Plan work:

Incentive Compensation Plan - Named Executive Officers Other Than The Chief Executive Officer and Chief Financial Officer

The Incentive Compensation Plan is structured to closely resemble the design of executive bonus plans that are common at other companies in the general manufacturing environment. Maintaining a bonus plan that typifies those used elsewhere enhances the appeal of the Company's compensation program generally and strengthens the Company's ability to attract and retain high quality executive talent.

The Incentive Compensation Plan authorizes the creation of an incentive compensation pool each year equal in amount to 15% of the excess of the Company's consolidated earnings over 10% of the beginning year invested capital and long-term debt. Actual bonus awards are paid based on the extent to which the Company achieves Compensation Committee-approved performance goals with respect to essential operating measures such as EPS, operating profit, and trade working capital, as well as other strategic objectives as determined in the discretion of the Compensation Committee.

Incentive Compensation Plan participants can earn from 50% to 200% of their target bonus each year, based on performance. However, if performance falls below a pre-established minimally acceptable threshold, then no bonus is payable at all. For 2007, the Compensation Committee established two measures of performance as the criteria on which bonuses would be paid for some or all named executive officers: EPS and free cash flow (cash flow from

operations less capital expenditures). EPS was selected because it was deemed by the Compensation Committee to affect shareholder value most directly and to be an important variable in determining share price. Free cash flow was selected because it is an important determinant in Company performance.

Corporate Officer Bonus Criteria

For corporate officers, bonuses were paid on achievement of established EPS and free cash flow targets according to the following schedule:

Percent of Target Bonus	Measures	Bonus Payout		
100%	EPS 80%	Minimum:	\$2.44 =	50%
		Target:	\$3.05 =	100%
		Maximum:	³ \$3.66 =	200%
		Actual:	\$3.50 =	174%
100%	Free cash flow 20%	Minimum:	\$146M =	50%
		Target:	\$183M =	100%
		Maximum:	³ \$220M =	200%
		Actual:	\$279M =	200%

If the minimum levels of EPS of \$2.44 and free cash flow of \$146 million were not obtained, then no bonus was to be paid. For EPS and free cash flow between the minimum and maximum, bonus amounts were to be interpolated on a straight-line basis. For 2007, actual EPS was \$3.50 and free cash flow was \$279 million, therefore, the actual bonus payable to Mr. Davies under the Incentive Compensation Plan, and Messrs. Powers and Nord under the Senior Executive Incentive Compensation Plan (discussed on page 21), resulted in a composite payout of 179% of target bonus. Mr. Davies target bonus is 60% of his base salary. The bonuses earned by Messrs. Powers, Nord and Davies as shown in the Summary Compensation Table on page 28 reflect this level of achievement.

Group Vice President Bonus Criteria

In addition to EPS and free cash flow, the group vice presidents' bonuses were principally determined using a composite of (i) operating profit and trade working capital objectives specific to the group vice presidents' business unit (for Mr. Muse, the lighting business (*Lighting*), and for Mr. Smith, the power systems business (*Power*)), and (ii) strategic objectives that were identified as being important indicia of success for the group vice presidents.

respective business unit. The weightings of each performance measure and the potential bonus payout for Messrs. Muse and Smith were as follows:

Percent of Target Bonus	Measures	Bonus Payout
70%	Operating Profit 75%	Minimum: < 80% = 0%
		Target: 100% = 100%
	Trade working capital 25%	Maximum: ³ 120% = 200%
15%	EPS 80%	Minimum: \$2.44 = 50%
		Target: \$3.05 = 100%
		Maximum: ³ \$3.66 = 200%
15%	Free cash flow 20%	Minimum: \$146M = 50%
		Target: \$183M = 100%
		Maximum: ³ \$220M = 200%
15%	Strategic objectives	Compensation Committee discretion based on achievements related to strategic objectives

Focusing a significant portion of the group vice presidents' bonuses on operating profit and trade working capital results was deemed by the Compensation Committee to promote decision making that would best increase the value of the business unit over which the officer has direct oversight and control.

The operating profit, trade working capital, EPS and free cash flow goals were the only goals material to the determination of Messrs. Muse's and Smith's annual bonus. The strategic objectives for Messrs. Muse and Smith were selected by the Compensation Committee after identifying with management certain objectives that were critical for the success of Messrs. Muse's and Smith's respective business unit and relate to central elements for the strategic plan of each business. However, no one strategic objective was material to the determination of his annual bonus. The strategic objectives are not formula driven, but rather reflect the Compensation Committee's judgment with respect to achievements in leveraging the Company's enterprise business system including advancements in standardized reporting and available functionality.

Mr. Muse. The Lighting business achieved operating profit performance that was improved from the prior year but below target which resulted in a payout for Mr. Muse of 89% on the operating profit objective. Mr. Muse earned no incentive pay on the trade working capital portion of the composite measure because the Lighting business did not achieve at least 80% of the stated objective. When blended to form the composite measure (75% weight operating profit plus 25% weight trade working capital), Mr. Muse earned a 67% payout on this composite measure. The Compensation Committee assessed Mr. Muse's performance on the strategic objectives and

determined that such results corresponded to a financial performance level of 150%. As a result, Mr. Muse's actual bonus for 2007 was determined as shown in the following table:

Percent of Target Bonus	Measures	Target	Actual Performance	Performance Result
70%	Operating profit 75%	21% increase over prior year	16% increase over prior year	67%
	Trade working capital as a percentage of net sales 25%	0 change over prior year	7.8 percentage point increase over prior year	
15%	EPS 80%	\$3.05	\$3.50	179%
	Free cash flow 20%	\$183 million	\$279 million	
15%	Strategic objective	See above	150%	150%

Based upon these performance results, Mr. Muse's combined payout is 96% of his target bonus which is 70% of his base salary.

Mr. Smith. The Power business achieved operating profit performance that was significantly improved from last year but slightly below target over the prior year which resulted in a payout for Mr. Smith of 95% on the operating profit objective. The Power business achieved trade working capital equal to 89% of the stated objective. This performance translated to a payout of 72% on the trade working capital objective. When blended to form the composite measure (75% weight of operating profit plus 25% weight trade working capital), Mr. Smith earned a 89% payout on this composite measure. The Compensation Committee assessed Mr. Smith's performance on the strategic objectives and determined that such results corresponded to a financial performance level of 170%. As a result, Mr. Smith's actual bonus for 2007 was determined as shown in the following table:

Percent of Target Bonus	Measures	Target	Actual Performance	Performance Result
70%	Operating profit 75%	33% increase over prior year	31% increase over prior year	89%
	Trade working capital as a percentage of net sales 25%	1.5 percentage point decrease over year	1.0 percentage point decrease over prior year	
15%	EPS 80%	\$3.05	\$3.50	179%
	Free cash flow 20%	\$183 million	\$279 million	
15%	Strategic objective	See above	170%	170%

Based upon these performance results, Mr. Smith's combined payout is 115% of his target bonus which is 70% of his base salary.

Senior Executive Incentive Compensation Plan Chief Executive Officer and Chief Financial Officer

The Senior Plan is the means for paying bonus awards to the limited number of named executive officers whose incentive compensation opportunities might not otherwise be tax deductible due to the application of Section 162(m) of the Internal Revenue Code of 1986 (the Code). The Senior Plan is constructed to ensure that bonuses paid to its participants are performance-based, thereby ensuring that such bonuses remain tax deductible under Section 162(m) of the Code. Plans like the Senior Plan are widely used by companies in the general manufacturing sector as they ensure the tax deductibility of the compensation paid. Their prevalence across general industry helps promote interest in the Company's compensation programs among the community of high quality senior executives that the Company strives to recruit and retain.

Bonuses under the Senior Plan also are earned contingent on the achievement of Compensation Committee-approved goals. Participants become entitled to a percentage of the bonus fund described in connection with the Incentive Compensation Plan. Under the terms of the Senior Plan, for example:

Mr. Powers was eligible to earn a maximum bonus for 2007 equal to the lesser of:

15% of the amount of the incentive compensation fund established under the Incentive Compensation Plan, or
\$5,000,000.

Mr. Nord's maximum bonus for 2007 was the lesser of:

10% of the amount of the incentive compensation fund established under the Incentive Compensation Plan, or
\$5,000,000.

The Compensation Committee then uses its discretion to size actual bonus payments in relation to goal attainment. However, awards approved by the Compensation Committee under the Senior Plan have mirrored those that would have been paid to participants had they been awarded under the Incentive Compensation Plan at a target of 100% of base salary for Mr. Powers, and a target of 70% of base salary for Mr. Nord. It follows, therefore, that in 2007 Messrs. Powers and Nord were eligible to earn a maximum bonus equal to 200% of their respective target bonus if EPS exceeded \$3.66 and free cash flow exceeded \$220M. The Compensation Committee then was permitted to reduce (but not increase) these bonus amounts according to its discretionary assessment of performance. This formulation is necessary to ensure that (i) any bonuses payable are deductible under Section 162(m) of the Code, and (ii) the amount of bonus payable remains in line with the total compensation targeted percentiles described on page 16.

In exercising its discretion to reduce the maximum earned bonus to the level reported in the Summary Compensation Table, the Compensation Committee considered the same EPS and free cash flow performance goals, weightings and formulation that it applied to the Incentive Compensation Plan participants. For 2007, since actual EPS was \$3.50 and free cash flow was \$279 million, the Compensation Committee approved for Messrs. Powers and Nord the bonuses displayed in the Summary Compensation Table on page 28 which mirrored the bonuses that they would have received as corporate officers under the Incentive Compensation Plan.

Equity-Based Compensation

The Company matches compensation practices in the general manufacturing sector by extending to its executives the opportunity to earn rewards in the form of Company shares. The long-term incentive compensation

program is the means by which shares are earned. The objectives of the long-term incentive compensation program are to:

Generate growth in the Company's share price by rewarding activity that enhances enterprise value.

Ensure long-term rewards are commensurate with performance.

Facilitate the accumulation of shares by executives, thereby enhancing ownership levels and promoting value-added decision making.

In 2007, the Compensation Committee approved for the named executive officers awards of Class B Common Stock in the form of restricted stock, SARs, and performance shares. The Committee believes granting awards in these formats uses shares efficiently while increasing executive stock ownership commensurate with the Company's performance. More specifically, the Compensation Committee deems the issuance of these particular award types to satisfy the Company's compensation objectives in the following manner:

SARs and performance shares strengthen the performance orientation of the award program.

Restricted stock builds equity ownership which is more closely aligned to that of other stockholders.

SARs, restricted stock and performance shares efficiently use shares to deliver targeted value to executives.

The Compensation Committee also understands from its review of the benchmark data that delivering long-term incentive award value in a blend of these formats is emblematic of how other companies in the manufacturing sector are delivering equity awards to executives in senior leadership positions.

The value of equity awards granted to executives each year (the number of SARs, restricted stock, or performance shares awarded subject to the achievement of performance targets) is based on several factors, including:

Reviews of external practices as provided by Exequity.

The Compensation Committee's assessment of the Company's financial performance in the short- and long-term.

The value of awards granted in prior years.

In 2007, the Compensation Committee granted the named executive officers equity awards with aggregate values that approximated the median long-term incentive values reported in benchmarking data. The Compensation Committee determined that the best balance of the Company's interests in motivating, retaining and rewarding the named executive officers, is by having 50% of each executive's long-term incentive award value in the form of SARs, 25% in restricted stock, and 25% percent in performance shares. This particular blend of award formats was viewed by the Compensation Committee as being representative of the prevailing mix in the external market. This decision to align the Company's mix of equity grants with the benchmark norm was deemed to be consistent with the Company's broader objective of extending market representative pay opportunities. However, in 2007, Mr. Davies did not receive any restricted or performance share awards, but was granted only SARs. This was because Mr. Davies is near retirement age and if he chose to retire before the end of the normal vesting period he would forfeit any restricted and performance share grants and would not receive any value for such awards.

Accordingly, the Compensation Committee determined that a SAR only award was the most appropriate method of providing Mr. Davies with long-term incentive compensation.

Performance Share Awards

In 2007, performance share awards were earned based on achievement with respect to two performance considerations:

The Company's total return to shareholders (TRS) compared to the TRS generated by the other companies that comprise the S&P Mid-Cap 400 Index (Index), and

Improvements in the Company's operating margins.

These two performance considerations are measured over a period of three consecutive fiscal years, and the opportunity to earn performance shares is contingent on the Company's results with respect to each measure as shown in the following table and further described below:

Percent	Performance Measure	Performance	Payout
50%	Total Return to Shareholders(1)	³ 80th%ile of Index	200%
		At 50th%ile of Index	100%
		At 35th%ile of Index	50%
		Below 35th%ile of Index	0%
50%	Operating Margin Improvement(2)	³ 400 Basis Points	200%
		300 Basis Points	100%
		250 Basis Points	50%
		Below 250 Basis Points	0%

(1) For every percentile increase in performance, the payout will increase 3.33% (interpolated on a straight line basis).

(2) For every single basis point improvement, the payout will increase by 1%.

Importantly, all performance share awards (both shares earned based on TRS and operating margin performance) remain subject to a shareholder protection mechanism such that no shares will be paid in the event the Company's TRS over the three-year performance period is below the 20th percentile of the Index. The performance shares therefore provide pay only in the event of performance thereby linking the named executive officer's incentives to shareholder interests and returns.

Equity Grant Practices

Equity-based grants are usually made once a year, after the Compensation Committee has assessed the Company's performance for such year. Historically, stock option and SAR grants have been made at the Compensation Committee's regularly scheduled meeting held in early December, with limited exceptions related to newly appointed or promoted executives, or in connection with an acquisition. In 2007, SAR grants were made on December 3, 2007 at the regularly scheduled Compensation Committee meeting. An SAR gives the right to the holder to receive, once

vested, the value in shares of the Company's Class B Common Stock equal to the positive difference between the base price and the fair market value of a share of Class B Common Stock upon exercise.

The base price pursuant to which the value of an SAR is measured was determined under the 2005 Incentive Award Plan which is the mean between the high and low trading prices of Class B Common Stock as reported on the New York Stock Exchange on the trading day immediately preceding the date of grant (*i.e.* November 30, 2007 \$54.56). The Company uses the mean between the high and the low of the trading prices on the date immediately before the date of grant and not the closing price of its stock on the date of grant for two reasons. First, the Company determined the base price using trading prices from the day before the grant so that the Compensation Committee would know the exact grant price and could determine the exact value of each grant before it was made. Second, the Company uses the mean between the high and low trading prices of its stock rather than the closing price because the relatively low volume at which the Company's stock trades suggests that the mean represents a more accurate picture of the fair market value of the stock than does the closing price.

Stock Ownership Guidelines for Executives

In 2005, the Company adopted stock ownership guidelines applicable to the named executive officers as well as other officers and designated employees. The Company's Policy Regarding Stock Ownership and Retention by Officers and Designated Company Personnel requires that officers and certain designated employees (Senior Employees), consistent with their responsibilities to the shareholders of the Company, hold a significant equity interest in the Company. The Board expects all Senior Employees to make a good faith effort, depending on the circumstances, to attain a share ownership equal to their base salary multiplied by a certain multiplier, and divided by the fair market value of the Company's Class B Common Stock on January 1, 2005, or \$52.30 (Minimum Share Requirement).

The share ownership multiples are set forth in the following table:

Executive Level	Multiple of Base Salary
Chief Executive Officer	4x
Chief Financial Officer	3x
Group Vice Presidents and other Corporate Officers	2x
Vice Presidents and General Managers	1x