AMERICAN FINANCIAL GROUP INC
Form 8-K
February 27, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): February 26, 2019
AMERICAN FINANCIAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Ohio	1-13653	31-1544320
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

301 East Fourth Street, Cincinnati, OH 45202
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (513) 579-2121

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):
Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 5 - Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officer.

On February 26, 2019, the Board of Directors (the “Board”) of American Financial Group, Inc. (the “Company”) elected Mary Beth Martin to serve as a director until the next annual meeting of shareholders and until her successor is duly elected and qualified. Ms. Martin has also been nominated for re-election to the Board at the Company’s 2019 Annual Meeting of Shareholders to be held on May 22, 2019. The Board has determined that Ms. Martin is an independent director in accordance with guidelines that the Company has adopted, which guidelines comply with the listing standards set forth by the New York Stock Exchange. The Board has not determined on which committees Ms. Martin will serve.

Ms. Martin has over 20 years of experience in the banking and commercial real estate industries. During her career, she has led commercial real estate, private bank, trust, and asset management groups at regional banking institutions. For the past 12 years, Ms. Martin has been the Executive Director of the Farmer Family Foundation in Cincinnati, Ohio. In that role, she manages the organization’s philanthropic goals and objectives, and oversees grant investments. Ms. Martin is active in her community and currently serves on the Board of Directors of a number of charitable organizations, including Accelerate Great Schools, where she also serves as Secretary and Treasurer, Music Hall Revitalization Corporation, Teach for America Southwest Ohio and Ohio Excels. She earned a BSBA in Finance and Real Estate from the University of Cincinnati.

There is no arrangement or understanding between Ms. Martin and any other person pursuant to which Ms. Martin was elected as a director of the Company. Ms. Martin will receive compensation for her service as a director in accordance with the Company’s compensation policies for non-employee directors, which are described under the heading “Executive Compensation—Director Compensation” in the Company’s proxy statement filed with the SEC on April 6, 2018.

There have been no transactions nor are there any proposed transactions between the Company and Ms. Martin that would require disclosure pursuant to Item 404(a) of Regulation S-K. Ms. Martin will participate in the compensation arrangements for non-employee directors as described beginning on page 39 of the Company’s proxy statement filed with the SEC on April 6, 2018.

A copy of the press release announcing Ms. Martin’ election is furnished as Exhibit 99.1 and incorporated by reference in this Item 5.02. The information contained herein shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 as amended (the “Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act

Section 8 - Other Events

Item 8.01 Other Events.

On February 26, 2019, the Board established the position of Lead Independent Director and elected Gregory G. Joseph to serve as Lead Independent Director. Mr. Joseph has served as a director of the Company since 2008 and is the current Chairman of the Audit Committee. The Company also amended the Company’s Corporate Governance Guidelines to provide for a Lead Independent Director role.

The creation of the Lead Independent Director role and Mr. Joseph's election reflects the Company's continued commitment to corporate governance. The Lead Independent Director will serve as a liaison between the non-employee directors and management, will chair executive sessions of the non-management and independent directors, will consult on board agendas and meeting materials and will have the other duties set forth in the amended Corporate Governance Guidelines that can be found on the Company's website at www.AFGinc.com. Information on the Company's website is not incorporated by reference in the Current Report on Form 8-K.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(a) Exhibits

Exhibit No.	Description
99.1	Press release dated February 26, 2019

SIGNATURES

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

AMERICAN FINANCIAL GROUP, INC.

Date: February 27, 2019

By: /s/Karl J. Grafe
Karl J. Grafe
Vice President

:2px;border-top:1px solid #000000;">
—

$
—

Equity securities:

US Large-cap [a]
29.5

29.5

—

—

—

US Mid-cap and Small-cap Growth [b]
42.6

42.6

—

—

—

International Large-cap
27.6

27.6

—

—

—

Emerging Markets [c]
5.9

5.9

—

—

—

Fixed Income Securities:

US Treasuries
334.5

—

334.5

—

—

Corporate Bonds [d]
21.0

0.3

20.6

0.1

—

Asset Backed Securities and Other
45.0

—

45.0

—

—

Derivatives:

Assets [e]
2.1

0.5

1.6

—

—

(Liabilities) [e]
(1.1
)
(0.5
)
(0.6
)
—

—

Alternative Investment Funds [f]
133.5

47.0

—

—

86.5

Common Pooled Funds [g]
16.2

0.8

15.4

—

—

BALANCE AT DECEMBER 31, 2016
$
705.1

$
202.0

$
416.5

$
0.1

$
86.5

(a) Includes an actively managed portfolio of large-cap US stocks.
(b) Includes $40.0 million of the Company’s common stock at December 31, 2016, and an investment in a small cap open ended mutual fund.
(c) Includes open ended emerging markets mutual funds.
(d) Includes primarily investment grade bonds from diverse industries.
(e) Includes primarily U.S. and foreign equity futures as well as foreign fixed income futures and positions in U.S. Treasury futures to adjust the duration of the portfolio.
(f) Includes investments in hedge funds, including fund of funds products and open end mutual funds.
(g) Investments in Common Pooled Funds, consisting of equities and fixed income securities.

HUBBELL INCORPORATED - Form 10-K 61

Investments Priced Using Net Asset Value ("NAV") within Alternative Investment Funds in the preceding tables consist of fund of fund products. These products invest in a number of investment funds managed by a diversified group of third-party investment managers who employ a variety of alternative investment strategies, including relative value, security

selection, distressed value, global macro, specialized credit and directional strategies. The objective of these funds is to achieve the desired capital appreciation with lower volatility than either traditional equity or fixed income securities.

Contributions

Although not required under the Pension Protection Act of 2006, the Company may make voluntary contributions to its qualified defined benefit pension plans in 2018. The Company expects to contribute approximately $1.9 million to its foreign plans in 2018.

Estimated Future Benefit Payments

The following domestic and foreign benefit payments, which reflect future service, as appropriate, are expected to be paid as follows, (in millions):

	Pension Benefits	Other Benefits
2018	$ 42.9	$ 2.4
2019	$ 44.4	$ 2.3
2020	$ 46.1	$ 2.2
2021	$ 47.6	$ 2.2
2022	$ 49.8	$ 2.0
2023-2027	$ 267.2	$ 8.8

NOTE 11 Debt

The following table sets forth the Company’s long-term debt at December 31, (in millions):

	Maturity	2017	2016
Senior notes at 5.95%, net of unamortized discount and unamortized debt issuance costs	2018	$—	$299.3
Senior notes at 3.625%, net of unamortized discount and unamortized debt issuance costs	2022	297.9	297.5
Senior notes at 3.35%, net of unamortized discount and unamortized debt issuance costs	2026	394.4	393.7
Senior notes at 3.15%, net of unamortized discount and unamortized debt issuance costs	2027	294.8	—
TOTAL LONG-TERM DEBT		$987.1	$990.5

In August 2017, the Company completed a public debt offering of $300 million of long-term unsecured, unsubordinated notes maturing in August 2027 and bearing interest at a fixed rate of 3.15% (the "2027 Notes"). Net proceeds from the issuance were $294.6 million after deducting the discount on the notes and offering expenses paid by the Company.

In September 2017, the Company applied the net proceeds from the 2027 Notes to redeem all of its $300 million outstanding long-term, unsecured, unsubordinated notes maturing in 2018 and bearing interest at a fixed rate of 5.95% (the "2018 Notes"). In connection with this redemption, the Company recognized a loss on the early extinguishment of the 2018 Notes of $10.1 million on a before-tax basis.

In March 2016, the Company completed a public debt offering of $400 million of long-term unsecured, unsubordinated notes maturing in March 2026 and bearing interest at a fixed rate of 3.35% (the "2026 Notes"). Net proceeds from the issuance were $393.4 million after deducting the discount on the notes and offering expenses paid by the Company.

In November 2010, the Company completed a public debt offering for $300 million of long-term unsecured, unsubordinated 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.

The 2022 Notes, 2026 Notes and 2027 Notes are all 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 (including as a result of the Company's failure to meet certain non-financial covenants) under the indenture governing the notes, as modified by the supplemental indentures creating such notes, or upon a change in control triggering event as defined in such indenture. The Company was in compliance with all non-financial covenants as of December 31, 2017.

At December 31, 2017 and 2016, the Company had $68.1 million and $3.2 million, respectively, of short-term debt outstanding.

Short-term debt at December 31, 2017 includes $63.0 million of commercial paper borrowing, which was used to fund the purchase of Meramec. There were no commercial paper borrowings outstanding at December 31, 2016.

Short-term debt at December 31, 2017 and 2016 also includes $5.1 million and $3.2 million, respectively of other borrowings to support our international operations in China and Brazil.

Other information related to short-term debt at December 31, is summarized below:

	2017	2016
Interest rate on short-term debt:		
At year end[(a)]	1.95 %	6.89 %
Paid during the year (weighted average)	2.24 %	0.72 %

(a) The interest rate at December 31, 2016 reflects short term borrowings which are predominately related to our operations in China and Brazil and reflect market interest rates in those regions.

On December 16, 2015, the Company entered into a five-year revolving credit agreement (the "2015 Credit Facility') with a syndicate of lenders that provides a $750 million committed revolving credit facility. The revolving 2015 Credit Facility serves as a backup to the Company's commercial paper program. Commitments under the 2015 Credit Facility may be increased to an aggregate amount not the exceed $1.250 billion. The interest rate applicable to borrowings under the 2015 Credit Facility is generally either the adjusted LIBOR plus an applicable margin (determined by reference to a ratings based grid) or the alternative base rate.

The single financial covenant in the 2015 Credit Facility, which the Company is in compliance with as of December 31, 2017, 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 2015 Credit Facility are not material. As of December 31, 2017 the 2015 Credit Facility has not been drawn against.

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, 2017 and 2016 these lines totaled $53.9 million and $51.4 million, respectively, of which $21.5 million and $21.0 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.

Interest and fees paid related to total indebtedness was $47.9 million, $37.1 million and $29.5 million in 2017, 2016 and 2015, respectively. The $47.9 million paid in 2017 includes $9.9 million related to the make whole payment for the extinguishment of the 2018 Notes.

Subsequent Event - Funding for the Aclara acquisition and new five-year credit facility

On February 2, 2018, the Company completed a public offering of $450 million of long-term unsecured, unsubordinated notes maturing in February 2028 and bearing interest at a fixed rate of 3.5% (the "2028 Notes"). Net proceeds from the issuance were $442.6 million after deducting the discount on the notes and offering expenses paid by the Company. The 2028 Notes are 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 (including as a result of the Company's failure to meet certain non-financial covenants) under the indenture governing the 2028 Notes, as modified by the supplemental indenture creating such notes, or upon a change in control triggering event as defined in such indenture.

On January 31, 2018, the Company entered into a Term Loan Agreement (the "Term Loan Agreement") with a syndicate of lenders. The Term Loan Agreement provided the Company, with the ability to borrow, in a single borrowing on the Aclara acquisition date, up to $500 million on an unsecured basis to partially finance the Aclara acquisition (the "Term Loan"). On February 2, 2018, the Company borrowed $500 million under the Term Loan Agreement to fund the Aclara acquisition. The interest rate applicable to borrowings under the Term Loan Agreement is generally either the adjusted LIBOR plus an applicable margin (determined by reference to a ratings based grid) or the alternate base rate. Borrowings under the Term Loan Agreement will amortize in equal quarterly installments of 5% per year in year one, 5% per year in year two, 7.5% per year in year three, 10% per year in year four, 10% per year in year five, and any remaining borrowings under the Term Loan Agreement are due and payable in full in February 2023. The single financial covenant in the Term Loan Agreement requires that total debt not exceed 65% of total capitalization as of the last day of each fiscal quarter of the Company.

On January 31, 2018 the Company entered into a new five-year revolving credit agreement (the "2018 Credit Facility") with a syndicate of lenders that provides a $750 million committed revolving credit facility. In connection with the acquisition, the Company terminated all commitments under the 2015 Credit Facility. Commitments under the 2018 Credit Facility may be increased to an aggregate amount not to exceed $1.250 billion. The interest rate applicable to borrowings under the 2018 Credit Facility 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 2018 Credit Facility requires that total debt not exceed 65% of total capitalization as of the last day of each fiscal quarter of the Company. The 2018 Credit Facility expires in February 2023.

NOTE 12 Income Taxes

The following table sets forth selected data with respect to the Company's income tax provisions for the years ended December 31, (in millions):

	2017	2016	2015
Income before income taxes:			
United States	$354.7	$349.5	$347.2
International	88.4	80.9	71.4
TOTAL INCOME BEFORE INCOME TAXES	$443.1	$430.4	$418.6
Provision for income taxes — current:			
Federal	$164.1	$85.5	$110.4
State	15.3	17.4	13.7
International	28.1	17.0	17.6
Total provision — current	207.5	119.9	141.7
Provision for income taxes — deferred:			
Federal	(10.4)	13.5	(1.7)
State	(0.9)	1.3	0.4
International	(3.0)	(2.1)	(3.9)
Total provision — deferred	(14.3)	12.7	(5.2)
TOTAL PROVISION FOR INCOME TAXES	$193.2	$132.6	$136.5

On December 22, 2017, the TCJA was enacted into law, reducing the Federal corporate income tax rate from 35% to 21%. The provisions of the TCJA have and will continue to impact our accounting treatment of certain items in our financial statements. As of December 31, 2017, we have not completed our assessment of the accounting impact of the tax effects of enactment of the TCJA and accordingly our accounting is provisional as of and for the year ended December 31, 2017. Where we have been able to make a reasonable estimate of the impact, we have accounted for such provisional impact in the accompanying 2017 financial statements. In other cases, we have not yet been able to determine a reasonable estimate and continue to account for those items based on our existing accounting under ASC 740, Income Taxes, and the provisions of the tax laws that were in effect immediately prior to enactment of the TCJA. For items related to the TCJA for which we were able to determine a reasonable estimate, we recognized a provisional tax amount of approximately $57 million, which is included as a component of income tax expense from continuing operations.

The TCJA is complex and includes significant changes to the Internal Revenue Code which impact the Company. To complete the accounting associated with the TCJA, the Company will continue to review the technical tax interpretations associated with the underlying law, monitor state legislative changes, and review U.S. federal and state guidance as it is issued. Further, the Company will continue to accumulate and refine the relevant data and computational elements needed to finalize its accounting during the measurement period.

While the provisions of the TCJA are generally effective January 1, 2018, several provisions impact the Company's current period financial statements.

Our 2017 accompanying financial statements reflect provisional estimates for the one-time transition tax on the untaxed post-1986 earning and profits ("E&P") of our foreign subsidiaries. In addition, we revalued our deferred tax

assets and liabilities based on rates at which they are expected to reverse in the future, which is generally 21%.

Prior to the enactment of the TCJA, the Company had not provided for taxes on the undistributed earnings of its foreign subsidiaries as the Company either reinvested or intended to reinvest those earnings outside of the United States. As of December 31, 2017, the Company had subsidiaries in 17 countries outside the U.S. However, as a result of the TCJA, the Company plans to repatriate a portion of its foreign earnings and has included a provisional tax amount in the accompanying financial statements related to certain of our outside basis differences. As of December 31, 2017, the remaining undistributed foreign earnings were approximately $720 million. We have not included a provisional amount for the income tax effects of a repatriation of this balance because we have not determined a reasonable estimate related to it.

The Company also evaluated the impact of the TCJA on its uncertain tax positions as well as its state and foreign tax liabilities and recorded provisional estimates of these impacts.

Deferred Taxes

With respect to our deferred taxes, we have made provisional estimates on amounts impacted by the TCJA but we are still analyzing certain aspects of the TCJA and refining our calculation, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. As the Company continues to monitor and evaluate the external regulatory guidance impacting our provisional amounts, the Company will also obtain, prepare and analyze additional information to further refine our provisional estimate for deferred taxes.

Transition Tax and Unremitted Foreign Earnings

Our provisional accounting for the transition tax is based on our estimate of both E&P and the portion of E&P which is held in cash and other specified assets measured as of specific dates. This transition tax charge will be updated throughout the measurement period as we finalize our calculations of E&P and the amounts held in cash or other specified assets, relative to the date such assets are required to be measured.

The provisional amount recorded with respect to a portion of our previously unremitted foreign earnings reflects our estimate of the taxes that would be payable taking into consideration the impact of the TCJA on certain of our outside basis differences. No additional income taxes have been provided for any remaining undistributed earnings not subject to the transition tax at this time. As the Company continues to monitor and evaluate the external regulatory guidance impacting our provisional amounts, the Company will also obtain, prepare and analyze additional information to further refine our provisional estimate for the transition tax and to determine whether an additional provisional amount is required with respect to the remaining unremitted foreign earnings of our foreign subsidiaries. This information includes, but is not limited to, U.S. Federal income attributes, U.S. State income/franchise tax analysis and developments, non-U.S. income and withholding tax obligations on any actual repatriation actions, non-U.S. legal and regulatory restrictions related to capital, availability and utilization of U.S. and non-U.S. tax attributes and impacts on current and deferred taxes due to the TCJA.

Deferred tax assets and liabilities result from differences in the basis of assets and liabilities for tax and financial statement purposes. The components of the deferred tax assets/(liabilities) at December 31, were as follows (in millions):

	2017	2016
Deferred tax assets:		
Inventories	$5.2	$8.8
Income tax credits	21.0	30.9
Accrued liabilities	17.2	20.8
Pension	55.8	77.6
Post retirement and post employment benefits	6.5	10.0
Stock-based compensation	13.4	17.5
Net operating loss carryforwards	19.0	27.2
Miscellaneous other	10.7	7.5
Gross deferred tax assets	148.8	200.3
Valuation allowance	(19.4)	(22.6)
Total deferred tax assets, net of valuation allowance	129.4	177.7
Deferred tax liabilities:		
Acquisition basis difference	(116.5)	(162.1)
Property, plant, and equipment	(30.3)	(46.3)
Total deferred tax liabilities	(146.8)	(208.4)
TOTAL NET DEFERRED TAX LIABILITY	$(17.4)	$(30.7)
Deferred taxes are reflected in the Consolidated Balance Sheet as follows:		
Non-current tax assets (included in Other long-term assets)	6.3	10.5

Non-current tax liabilities (included in Other Non-Current Liabilities)	(23.7)	(41.2)
TOTAL NET DEFERRED TAX LIABILITY	$(17.4)	$(30.7)

As of December 31, 2017, the Company had a total of $21.0 million of Federal, State (net of Federal benefit) and foreign tax credit carryforwards, available to offset future income taxes. As of December 31, 2017, $12.7 million of the tax credits may be carried forward indefinitely while the remaining $8.3 million will begin to expire at various times in 2018 through 2036. As of December 31, 2017, the Company had recorded tax benefits totaling $19.0 million for Federal, State and foreign net operating loss carryforwards (“NOLs”). As of December 31, 2017, $9.1

million of NOLs may be carried forward indefinitely while the remaining $9.9 million will begin to expire at various times in 2020 through 2029. The tax benefit related to a portion of these NOLs has been adjusted to reflect an “ownership change” pursuant to Internal Revenue Code Section 382, which imposes an annual limitation on the utilization of pre-acquisition operating losses. The Company has recorded a net valuation allowance of $19.4 million for the portion of the foreign tax and state tax credit carryforwards, capital loss carryforwards and foreign

NOLs that the Company anticipates will expire prior to utilization. In addition, the provisional impacts of the TCJA have been recorded on certain credit carryforwards and related valuation allowances.

Cash payments of income taxes were $130.8 million, $117.4 million and $139.1 million in 2017, 2016, and 2015, respectively.

The Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. The IRS and other tax authorities routinely audit the Company's tax returns. These audits can involve complex issues which may require an extended period of time to resolve. During 2017 the IRS completed an examination of the Company's 2013 and 2014 Federal income tax returns. The Company is not currently under Federal examination for any open tax year. With few exceptions, the Company is no longer subject to state, local, or non-U.S. income tax examinations by tax authorities for years prior to 2010.

The following tax years, by major jurisdiction, are still subject to examination by taxing authorities:

Jurisdiction	Open Years
United States	2015-2017
UK	2016-2017
Puerto Rico	2013-2017
Canada	2013-2017

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	2017	2016	2015
Unrecognized tax benefits at beginning of year	$20.2	$20.3	$21.6
Additions based on tax positions relating to the current year	13.6	2.8	2.9
Reductions based on expiration of statute of limitations	(1.4)	(5.7)	(2.8)
Additions to tax positions relating to previous years	1.0	2.9	0.4
Settlements	(3.9)	(0.1)	(1.8)
TOTAL UNRECOGNIZED TAX BENEFITS	$29.5	$20.2	$20.3

Included in the balance at December 31, 2017 are approximately $15.9 million to $26.1 million of tax positions which, if in the future are determined to be recognizable, would affect the annual effective income tax rate. Additionally, there are $0.9 million of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the applicable taxing authority to an earlier period. It is reasonably possible that in the next twelve months, because of changes in facts and circumstances, the unrecognized tax benefits may increase or decrease.

The Company estimates a possible decrease of approximately $1.0 million to $11.8 million within the next twelve months due to the expiration of the statute of limitations, the completion of certain tax audits and technical clarifications associated with the TCJA on various unrecognized tax positions.

The Company's policy is to record interest and penalties associated with the underpayment of income taxes within Provision for income taxes in the Consolidated Statement of Income. The Company recognized expense, before federal tax impact, related to interest and penalties of approximately $0.5 million in 2017, $0.7 million in 2016 and $1.2 million 2015. The Company had $5.2 million and $4.8 million accrued for the payment of interest and penalties

as of December 31, 2017 and December 31, 2016, respectively.

The consolidated effective income tax rate varied from the United States federal statutory income tax rate for the years ended December 31, as follows:

	2017	2016	2015
Federal statutory income tax rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	1.2	2.4	2.3
Foreign income taxes	(3.1)	(3.4)	(3.9)
TCJA and related	12.8	—	—
Other, net	(2.3)	(3.2)	(0.8)
CONSOLIDATED EFFECTIVE INCOME TAX RATE	43.6 %	30.8 %	32.6 %

The foreign income tax benefit shown is primarily due to lower statutory rates in foreign jurisdictions compared to the Federal statutory rate. The TCJA and related tax costs include a provisional benefit related to the re-measurement of our net deferred tax liability, provisional tax costs related to the mandatory deemed repatriation and an actual planned repatriation and related tax reserves.

NOTE 13 Financial Instruments and Fair Value Measurement

Financial Instruments

Concentrations of Credit Risk: Financial instruments which potentially subject the Company to significant concentrations of credit risk consist of trade receivables, cash equivalents and investments. The Company grants credit terms in the normal course of business to its customers. Due to the diversity of its product lines, the Company has an extensive customer base including electrical distributors and wholesalers, electric utilities, equipment manufacturers, electrical contractors, telecommunication companies and retail and hardware outlets. No single customer accounted for more than 10% of total sales in any year during the three years ended December 31, 2017. However, the Company's top ten customers account for approximately 40% of its net sales. As part of its ongoing procedures, the Company monitors the credit worthiness of its customers. Bad debt write-offs have historically been minimal. The Company places its cash and cash equivalents with financial institutions and limits the amount of exposure in any one institution.

Fair Value: The carrying amounts reported in the Consolidated Balance Sheet for cash and cash equivalents, short-term investments, receivables, bank borrowings, accounts payable and accruals approximate their fair values given the immediate or short-term nature of these items. See also Note 6 — Investments.

Fair value measurements

At December 31, 2017 and 2016 the Company had $72.2 million and $67.6 million respectively, of investments carried on the balance sheet at fair value. Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FASB fair value measurement guidance established a fair value hierarchy that prioritizes the inputs used to measure fair value. Refer to Note 6 — Investments for more information about these investments.

The three broad levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly
Level 3 - Unobservable inputs for which little or no market data exists, therefore requiring a company to develop its own assumptions

The following tables show, by level within the fair value hierarchy, the Company's financial assets and liabilities that are accounted for at fair value on a recurring basis at December 31, 2017 and 2016 (in millions):

Asset (Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Similar Assets (Level 2)	Unobservable inputs for which little or no market data exists (Level 3)	Total
Money market funds [a]	$ 126.9	$ —	$ —	$ 126.9
Available for sale investments	—	54.3	4.1	58.4
Trading securities	13.8	—	—	13.8
Deferred compensation plan liabilities	(13.8)	—	—	(13.8)
Derivatives:				
Forward exchange contracts-Assets [b]	—	0.2	—	0.2
Forward exchange contracts-(Liabilities) [c]	—	(0.7)	—	(0.7)
BALANCE AT DECEMBER 31, 2017	$ 126.9	$ 53.8	$ 4.1	$ 184.8

Asset (Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Similar Assets (Level 2)	Unobservable inputs for which little or no market data exists (Level 3)	Total
Money market funds [a]	$ 263.5	$ —	$ —	$ 263.5
Available-for-sale investments	—	53.6	3.8	57.4
Trading securities	10.2	—	—	10.2
Deferred compensation plan liabilities	(10.2)	—	—	(10.2)
Derivatives:				
Forward exchange contracts-Assets [b]	—	0.8	—	0.8
Forward exchange contracts-(Liabilities) [c]	—	(0.1)	—	(0.1)
BALANCE AT DECEMBER 31, 2016	$ 263.5	$ 54.3	$ 3.8	$ 321.6

(a) Money market funds are included in Cash and cash equivalents in the Consolidated Balance Sheet.
(b) Forward exchange contracts-Assets are reflected in Other current assets in the Consolidated Balance Sheet.
(c) Forward exchange contracts-(Liabilities) are reflected in Other accrued liabilities in the Consolidated Balance Sheet.

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

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

Municipal bonds – The fair value of available-for-sale investments in municipal bonds is based on observable market-based inputs, other than quoted prices in active markets for identical assets.

Available-for-sale redeemable preferred stock classified in Level 3 – The fair value of the available-for-sale investment in redeemable preferred stock is valued based on a discounted cash flow model, using significant unobservable inputs, including assumptions regarding expected cash flows and discount rates.

During 2017 and 2016, there were no transfers of financial assets or liabilities in or out of Level 1 or Level 2 of the fair value hierarchy. As of December 31, 2017 and 2016, the Company had one financial asset that was classified in Level 3 of the fair value hierarchy.

Deferred compensation plan

The Company offers certain employees the opportunity to participate in non-qualified deferred compensation plans. A participant's deferrals are invested in a variety of participant-directed debt and equity mutual funds that are classified as trading securities. During 2017 and 2016, the Company purchased $2.1 million and $1.4 million, respectively, of trading securities related to these deferred compensation plans. As a result of participant distributions, the Company sold $0.3 million and $1.6 million of these trading securities in 2017 and 2016 respectively. The unrealized gains and losses associated with these trading securities are directly offset by the changes in the fair value of the underlying deferred compensation plan obligation.

Derivatives

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

Forward exchange contracts

In 2017 and 2016, the Company entered into a series of forward exchange contracts to purchase U.S. dollars in order to hedge its exposure to fluctuating rates of exchange on anticipated inventory purchases and forecasted sales by its subsidiaries who transact business in Canadian dollars. As of December 31, 2017, the Company had 46 individual forward exchange contracts for notional amounts which range from $0.4 million to $1.5 million each, which have various expiration dates through December 2018. These contracts have been designated as cash flow hedges in accordance with the accounting guidance for derivatives.

The following table summarizes the results of cash flow hedging relationships for years ended December 31, (in millions):

	Derivative Gain/(Loss) Recognized in Accumulated Other Comprehensive Loss, net of tax		Location of Gain/(Loss) when reclassified	Gain/(Loss) Reclassified into Earnings (Effective Portion), net of tax	
Derivative Instrument	2017	2016	(Effective Portion)	2017	2016
Forward exchange contract	$ (1.7)	$ (1.4)	Net sales	$(0.3)	$(0.3)
			Cost of goods sold	$(0.6)	$0.3

There was no material hedge ineffectiveness with respect to the forward exchange cash flow hedges during 2017, 2016 and 2015.

Long-term Debt

The total carrying value of long-term debt as of December 31, 2017 and 2016 was $987.1 million and $990.5 million, respectively, net of unamortized discount and debt issuance costs. As of December 31, 2017 and 2016, the estimated fair value of the long-term debt was $1,013.2 million and $1,017.8 million, respectively, based on quoted market prices. The Company's long-term debt falls within level 2 of the fair value hierarchy.

NOTE 14 Commitments and Contingencies

Legal and Environmental

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.

The Company is subject to environmental laws and regulations which may require that it investigate and remediate the effects of potential contamination associated with past and present operations as well as those acquired through

business combinations. Environmental liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated. The Company continues to monitor these environmental matters and revalues its liabilities as necessary. Total environmental liabilities were $4.9 million and $5.2 million as of December 31, 2017 and 2016, respectively.

The Company accounts for conditional asset retirement and environmental obligations in accordance with the applicable accounting guidance. The accounting guidance defines "conditional asset retirement obligation" as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. Asset retirement obligations were not material as of December 31, 2017 and 2016.

Leases

Total rental expense under operating leases was $30.5 million in 2017, $28.8 million in 2016 and $25.7 million in 2015. The minimum annual rentals on non-cancelable, long-term, operating leases in effect at December 31, 2017 are expected to approximate $18.0 million in 2018, $15.6 million in 2019, $10.8 million in 2020, $8.2 million in 2021, $6.2 million in 2022 and $18.8 million thereafter. The Company's leases primarily consist of operating leases for buildings or equipment. The terms for building leases typically range from month-to-month to up to 11 years, with various renewal periods depending on the terms.

NOTE 15 Capital Stock

Activity in the Company's common shares outstanding is set forth below for the three years ended December 31, 2017 (in thousands):

	Common Stock		
	Class A	Class B	Common Stock
OUTSTANDING AT DECEMBER 31, 2014	7,167	51,329	—
Exercise of stock options/stock appreciation rights	—	29	—
Director compensation arrangements, net	—	17	—
Restricted/performance shares activity, net of forfeitures	—	122	—
Acquisition/surrender of shares	—	(708)	(119)
Share reclassification	(7,167)	(50,789)	57,956
OUTSTANDING AT DECEMBER 31, 2015	—	—	57,837
Exercise of stock appreciation rights	—	—	78
Director compensation arrangements, net	—	—	6
Restricted/performance shares activity, net of forfeitures	—	—	98
Acquisition/surrender of shares	—	—	(2,487)
OUTSTANDING AT DECEMBER 31, 2016	—	—	55,532
Exercise of stock appreciation rights	—	—	53
Director compensation arrangements, net	—	—	10
Restricted/performance shares activity, net of forfeitures	—	—	89
Acquisition/surrender of shares	—	—	(802)
OUTSTANDING AT DECEMBER 31, 2017	—	—	54,882

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 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 NYSE on December 24, 2015, under the ticker "HUBB."

Prior to the Reclassification, shares of Class A common stock had twenty votes per share, while shares of Class B common shares had one vote per share. Following the Reclassification, shares of the Company's Common Stock have one vote per share.

The Company 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 was reclassified to Common Stock par value. Paid-in capital of the Class A Common Stock was zero at the time of the Reclassification and, therefore, the full amount of the Class A Cash Consideration paid in the Reclassification was applied as a reduction to Retained earnings for the fiscal year ended December 31, 2015.

For accounting purposes, the Company treats repurchased shares as constructively retired when acquired and accordingly charges the purchase price against Common Stock par value, Additional paid-in capital and Retained earnings to the extent required. Shares may be repurchased through the Company's stock repurchase program, acquired by the Company from employees under the Hubbell Incorporated Stock Option Plan for Key Employees (the "Option Plan") or surrendered to the Company by employees in settlement of their minimum tax liability on vesting of restricted shares and performance shares under the Hubbell Incorporated 2005 Incentive Award Plan as amended and restated, (the "Award Plan").

In connection with the completion of the Reclassification, the Company entered into a Second Amended and Restated Rights Agreement, dated December 23, 2015 (the "Rights Agreement"), between the Company and Computershare Inc. (successor to Mellon Investor Services, L.L.C.), as rights agent, under which holders of Common Stock had a preferred share purchase right for each share of Common Stock (the "Rights"). The Rights expired at the close of business on December 17, 2016 and the Rights Agreement is no longer in effect.

Shares of the Company's common stock were reserved at December 31, 2017 as follows (in thousands):

	Common Stock
Future grant of stock-based compensation	2,609
Shares reserved under other equity compensation plans	161
TOTAL	2,770

NOTE 16 Stock-Based Compensation

As of December 31, 2017, the Company had various stock-based awards outstanding which were issued to executives and other key employees. The Company recognizes the grant-date fair value of all stock-based awards to employees over their respective requisite service periods (generally equal to an award's vesting period), net of estimated forfeitures. A stock-based award is considered vested for expense attribution purposes when the employee's retention of the award is no longer contingent on providing subsequent service. Accordingly, the Company generally 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 Company's long-term incentive program for awarding stock-based compensation uses a combination of restricted stock, stock appreciation rights ("SARs"), and performance shares of the Company's Common Stock pursuant to the Award Plan. The Award Plan was amended and restated during 2015 to add an additional 2.8 million shares. Under the Award Plan, the Company may authorize up to 9.7 million shares of Common Stock in settlement of restricted stock, performance shares, SARs or any-post 2004 grants of stock options. The Company issues new shares for settlement of any stock-based awards. In 2017, the Company granted stock-based awards using a combination of restricted stock, SARs and performance shares.

On December 23, 2015, the Company completed the reclassification of its dual-class common stock into a single class of Common Stock (the "Reclassification"), as more fully described in Note 15 — Capital Stock. At the effective time of the Reclassification, each outstanding stock-based award granted under the Award Plan was adjusted by substituting, on a one for one basis, shares of Common Stock for shares the of Class B Common Stock granted under the Award Plan.

Stock-based compensation expense recognized by the Company was $22.3 million in 2017 and 2016, and was $17.0 million in 2015. The total income tax benefit recognized in 2017 was $5.4 million including the impact of the TCJA, $8.2 million during 2016, and $6.2 million during 2015. The net tax windfall recorded as a result of exercise or vesting (depending on the type of award) was $2.5 million, $3.7 million, and $0.9 million for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, there was $31.1 million, pretax, of total unrecognized compensation cost related to non-vested share-based compensation arrangements. This cost is expected to be recognized through 2020.

Stock-based compensation expense is recorded in S&A expense as well as Cost of goods sold. Of the total 2017 expense, $21.1 million was recorded to S&A expense and $1.2 million was recorded to Cost of goods sold. In 2016 and 2015, $21.6 million and $16.2 million, respectively, was recorded to S&A expense and $0.7 million in 2016 and $0.8 million in 2015, was recorded to Cost of goods sold. Stock-based compensation costs capitalized to inventory was $0.3 million in 2017, and $0.2 million in 2016 and 2015.

Each of the compensation arrangements is discussed below.

Restricted Stock

The Company issues several types of restricted stock awards all of which are considered outstanding at the time of grant, as the award holders are entitled to dividends and voting rights. Unvested restricted stock awards are considered participating securities in computing earnings per share. Restricted stock granted is not transferable and is subject to forfeiture in the event of the recipient's termination of employment prior to vesting.

Restricted Stock Issued to Employees - Service Condition

Service-based restricted stock awards are expensed on a straight-line basis over the requisite service period. The restricted stock vests in one-third increments annually for three years on each anniversary of the date of grant. The restricted stock fair values are measured using the average of the high and low trading prices of the Company's common stock on the most recent trading day immediately preceding the grant date ("measurement date").

Restricted Stock Issued to Employees - Market Condition

Certain restricted stock awards issued in 2015, 2016 and 2017 will vest subject to the achievement of a market-based condition. The awards are expensed on a straight-line basis over the requisite service period which starts on the date of the grant and ends upon the completion of the performance period. Expense is recognized irrespective of the market condition being achieved.

The market-based condition is the Company's total shareholder return ("TSR") compared to the TSR generated by the companies that comprise the S&P Capital Goods 900 Index and is measured over a three year performance period beginning on January 1st of the first year and ending on December 31st of the third year. The awards will vest contingent upon achievement of the market condition, service through the requisite service period or the retirement-eligibility date. If the market-based condition is achieved, the awards will vest at 100% of the restricted stock awards granted. If the market-based condition is not achieved the awards will not vest. The fair value of these awards was determined based upon a lattice model.

The performance condition for year ending December 31, 2017 was met and 23,280 shares vested and were approved by the Compensation Committee in February 2018. The fair value of the shares at vesting was $3.1 million.

The following table summarizes the assumptions used in estimating the fair value of these awards:

Grant Date	Stock Price on Measurement Date	Expected Volatility	Risk Free Interest Rate	Expected Term	Weighted Avg. Grant Date Fair Value
2017	$ 127.51	24.7 %	1.9 %	3 Years	$ 119.88
2016	$ 113.69	25.6 %	1.4 %	3 Years	$ 104.93
2015	$ 97.48	23.3 %	1.3 %	3 Years	$ 87.61

Restricted Stock Issued to Non-employee Directors

In 2017, 2016 and 2015, each non-employee director received a restricted stock grant. These grants were made on the date of the annual meeting of shareholders and vested or will vest at the following year's annual meeting of shareholders, upon a change of control or termination of service by reason of death. These shares will be subject to forfeiture if the director's service terminates prior to the date of the next regularly scheduled annual meeting of shareholders to be held in the following calendar year. During the years 2017, 2016 and 2015, the Company issued to non-employee directors 8,480 shares, 9,128 shares, and 8,008 shares, respectively.

Activity related to both employee and non-employee restricted stock for the year ended December 31, 2017 is as follows (in thousands, except per share amounts):

	Shares	Weighted Average Grant Date Fair Value/Share
RESTRICTED STOCK AT DECEMBER 31, 2016	224	$ 102.37
Shares granted	81	123.39
Shares vested	(62)	106.06
Shares forfeited	(4)	104.54
RESTRICTED STOCK AT DECEMBER 31, 2017	239	$ 108.51

The weighted average fair value per share of restricted stock granted during the years 2017, 2016 and 2015 was $123.39, $109.95 and $96.26, respectively. The total fair value of restricted stock vested during the years 2017, 2016 and 2015 was $6.6 million, $6.4 million and $7.7 million, respectively.

Stock Appreciation Rights

SARs granted entitle the recipient to the difference between the fair market value of the Company's Common Stock on the date of exercise and the grant price as determined using the average of the high and the low trading prices of the Company's common stock on the measurement date. This amount is payable in shares of the Company's Common Stock. SARs vest and become exercisable in three equal installments during the first three years following their grant date and expire ten years from the grant date.

Activity related to SARs for the year ended December 31, 2017 is as follows (in thousands, except per share amounts):

	Number of Rights	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
OUTSTANDING AT DECEMBER 31, 2016	1,811	$ 94.51		
Granted	432	127.28		
Exercised	(191)	70.78		
Forfeited	(9)	107.39		
Canceled	(1)	97.48		
OUTSTANDING AT DECEMBER 31, 2017	2,042	$ 103.59	7.4 Years	$ 64,841
EXERCISABLE AT DECEMBER 31, 2017	1,241	$ 93.89	6.2 Years	$ 51,420

The aggregated intrinsic value of SARs exercised during 2017, 2016 and 2015 was $10.1 million, $13.8 million and $4.8 million, respectively.

The fair value of each SAR award was measured using the Black-Scholes option pricing model.

The following table summarizes the weighted-average assumptions used in estimating the fair value of the SARs granted during the years 2017, 2016 and 2015:

Grant Date	Expected Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Term	Weighted Avg. Grant Date Fair Value of 1 SAR
2017	2.6 %	18.0 %	2.2 %	5.5 Years	$ 17.45
2016	2.6 %	22.3 %	1.9 %	5.5 Years	$ 18.76
2015	2.7 %	22.7 %	1.7 %	5.5 Years	$ 16.05

The expected dividend yield was calculated by dividing the Company’s expected annual dividend by the average stock price for the past three months. Expected volatilities are based on historical volatilities of the Company’s stock for a period consistent with the expected term. The expected term of SARs granted was based upon historical exercise behavior of stock options and SARs. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the award.

Performance Shares

Performance shares represent the right to receive a share of the Company’s Common Stock after a three year period subject to the achievement of certain market or performance conditions established by the Company’s Compensation Committee. Partial vesting in these awards may occur after separation from the Company for retirement eligible employees. Shares are not vested until approved by the Company’s Compensation Committee.

Performance Shares - Market Condition

In December 2017, 2016 and 2015, the Company granted 24,675, 29,012 and 32,687, respectively, of performance shares that will vest subject to a market condition and service through the performance period. The market condition associated with the awards is the Company's TSR compared to the TSR generated by the companies of a reference index over a three year performance period. Performance at target will result in vesting and issuance of the number of performance shares granted, equal to 100% payout. Performance below or above target can result in issuance in the range of 0%-200% of the number of shares granted. Expense is recognized irrespective of the market condition being achieved.

In February 2018, the Company paid out 15,141 shares related to the December 2014 performance award grant. The performance period associated with this award was from January 1, 2015 through December 31, 2017 and was based upon the Company’s TSR compared to the TSR generated by the other companies that comprise the S&P Capital Goods 900 Index. The number of shares vested in February 2018 was based upon achieving 64% of the market-based criteria and the fair value of the awards at vesting was $2.0 million.

The fair value of the performance share awards with a market condition for the fiscal years 2017, 2016 and 2015 was determined based upon a lattice model.

The following table summarizes the related assumptions used to determine the fair values of the performance share awards with a market condition granted during the years 2017, 2016 and 2015:

Grant Date	Stock Price on Measurement Date	Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Term	Weighted Avg. Grant Date Fair

									Value
2017	$	127.51	2.4	%	24.7	%	1.9	% 3 Years	$ 142.89
2016	$	113.69	2.5	%	25.6	%	1.4	% 3 Years	$ 126.65
2015	$	97.48	2.6	%	23.3	%	1.3	% 3 Years	$ 105.77

Expected volatilities are based on historical volatilities of the Company's stock over a three year period. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the expected term of the award.

Performance Shares - Performance Condition

In December 2017, 2016 and 2015 the Company granted 24,675, 29,012 and 32,687, respectively, of performance share awards that are subject to a performance condition and service requirement during the three year performance period. The performance condition associated with the awards is based on the Company's net sales growth compared to the net sales growth of the companies of a reference index, further adjusted by the Company achieving a target net income margin, each measured over the same three year performance period. Performance at target will result in vesting and issuance of the number of performance shares granted, equal to 100% payout. Performance below or above target can result in issuance in the range of 0%-250% of the number of shares granted.

The fair value of the award is measured based upon the average of the high and low trading prices of the Company's common stock on the measurement date reduced by the present value of dividends expected to be paid during the requisite service period.

The Company expenses these awards on a straight-line basis over the requisite service period and including an assessment of the performance achieved to date. The weighted average fair value per share was $118.55 for the awards granted in 2017.

The following table summarizes the attributes of the performance shares outstanding at December 31, 2017:

Grant Date	Shares Outstanding at 12/31/2017	Fair Value	Performance Period	Payout Range
2017	24,675	118.55	Jan 2018-Dec 2020	0-250%
2016	28,524	105.48	Jan 2017-Dec 2019	0-250%
2015	31,024	97.48	Jan 2016-Dec 2018	0-250%
2014	23,688	106.44	Jan 2015-Dec 2017	0-250%

NOTE 17 Earnings Per Share

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

The following table sets forth the computation of earnings per share for the three years ended December 31 (in millions, except per share amounts):

	2017	2016	2015
Numerator:			
Net income attributable to Hubbell	$243.1	$293.0	$277.3
Less: Earnings allocated to participating securities	(0.8)	(0.9)	(0.7)
Net income available to common shareholders	$242.3	$292.1	$276.6
Denominator:			
Average number of common shares outstanding	54.8	55.5	57.7
Potential dilutive shares	0.3	0.2	0.3
Average number of diluted shares outstanding	55.1	55.7	58.0
Earnings per share:			
Basic	$4.42	$5.26	$4.79
Diluted	$4.39	$5.24	$4.77

The Company did not have any significant anti-dilutive securities in 2017, 2016 or 2015.

NOTE 18 Accumulated Other Comprehensive Loss

A summary of the changes in Accumulated other comprehensive loss (net of tax) for the three years ended December 31, 2017 is provided below (in millions):

(Debit) credit	Cash Flow Hedge (Loss) Gain	Unrealized Gain (Loss) on Available-for-Sale Securities	Pension and Post Retirement Benefit Plan Adjustment	Cumulative Translation Adjustment	Total
BALANCE AT DECEMBER 31, 2014	$—	$ 0.3	$ (124.7)	$ (39.9)	$(164.3)
Other comprehensive income (loss) before Reclassifications	1.7	(0.3)	(22.5)	(45.5)	(66.6)
Amounts reclassified from accumulated other comprehensive loss	(0.3)	—	7.0	—	6.7
Current period other comprehensive income (loss)	1.4	(0.3)	(15.5)	(45.5)	(59.9)
BALANCE AT DECEMBER 31, 2015	$1.4	$ —	$ (140.2)	$ (85.4)	$(224.2)
Other comprehensive income (loss) before Reclassifications	(1.4)	(1.2)	(48.5)	(35.4)	(86.5)
Amounts reclassified from accumulated other comprehensive loss	—	—	8.2	—	8.2
Current period other comprehensive income (loss)	(1.4)	(1.2)	(40.3)	(35.4)	(78.3)
BALANCE AT DECEMBER 31, 2016	$—	$ (1.2)	$ (180.5)	$ (120.8)	$(302.5)
Other comprehensive income (loss) before Reclassifications	(1.7)	0.6	(3.4)	28.9	24.4
Amounts reclassified from accumulated other comprehensive loss	0.9	—	7.4	—	8.3
Current period other comprehensive income (loss)	(0.8)	0.6	4.0	28.9	32.7
BALANCE AT DECEMBER 31, 2017	$(0.8)	$ (0.6)	$ (176.5)	$ (91.9)	$(269.8)

A summary of the gain (loss) reclassifications out of Accumulated other comprehensive loss for the two years ended December 31 is provided below (in millions):

Details about Accumulated Other Comprehensive Loss Components	2017	2016	Location of Gain (Loss) Reclassified into Income
Cash flow hedges gain (loss):			
Forward exchange contracts	$ (0.4)	$ (0.3)	Net Sales
	(0.9)	0.3	Cost of goods sold
	(1.3)	—	Total before tax
	0.4	—	Tax (expense) benefit
	$ (0.9)	$ —	Gain (loss) net of tax
Amortization of defined benefit pension and post retirement benefit items:			
Prior-service costs	$ 0.9 [(a)]	$ 0.9 [(a)]	
Actuarial gains/(losses)	(11.4) [(a)]	(13.9) [(a)]	
Settlement and curtailment losses	(0.4) [(a)]	— [(a)]	

	(10.9)	(13.0)	Total before tax
	3.5	4.8	Tax benefit (expense)
	$ (7.4)	$ (8.2)	(Loss) gain net of tax
Losses reclassified into earnings	$ (8.3)	$ (8.2)	(Loss) gain net of tax

(a) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost (see Note 10 — Retirement Benefits for additional details).

NOTE 19 Industry Segments and Geographic Area Information

Nature of Operations

Hubbell Incorporated was founded as a proprietorship in 1888, and was incorporated in Connecticut in 1905. Hubbell designs, manufactures and sells 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, the UK, Brazil, Australia and Ireland. Hubbell also participates in joint ventures in Taiwan and Hong Kong, and maintains offices in Singapore, Italy, China, India, Mexico, South Korea and countries in the Middle East. Each of the above references to manufacturing locations, joint venture participation, and office locations relate to the three year period ending December 31, 2017, prior to the acquisition of Aclara on February 2, 2018.

The Company’s reporting segments consist of the Electrical segment and the Power segment, as described below.

The Electrical segment 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, components and assemblies for the natural gas distribution market and other electrical equipment. The products are typically used in and around industrial, commercial and institutional facilities by electrical contractors, maintenance personnel, electricians, utilities, 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, including residential products with Internet-of-Things ("IoT") enabled technologies. 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 primarily sold through wholesale distributors to contractors, industrial customers and OEMs. High voltage products are also sold direct to customers through our sales engineers. The Electrical segment is comprised of three business groups, which have been aggregated as they have similar economic characteristics, customers and distribution channels, among other factors.

The Power segment 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 utilities, telecommunication companies, pipeline and mining operations, industrial firms, construction and engineering firms. Refer to Note 2 - Business Acquisitions for information regarding the Aclara Acquisition on February 2, 2018 and the products and capabilities that acquisition will add to the Power segment.

Financial Information

Financial information by industry segment, product class and geographic area for each of the three years ended December 31, 2017, 2016 and 2015 is summarized below (in millions). When reading the data the following items should be noted:

- Net sales comprise sales to unaffiliated customers — inter-segment and inter-area sales are not significant.
-

Segment operating income consists of net sales less operating expenses, including total corporate expenses, which are generally allocated to each segment on the basis of the segment's percentage of consolidated net sales. Interest expense and investment income and other expense, net have not been allocated to segments as these items are centrally managed by the Company.

- General corporate assets not allocated to segments are principally cash, prepaid pensions, investments and deferred taxes. These assets have not been allocated as they are centrally managed by the Company.

INDUSTRY SEGMENT DATA

	2017	2016	2015
Net Sales:			
Electrical	$2,532.8	$2,460.2	$2,388.3
Power	1,136.0	1,045.0	1,002.1
TOTAL NET SALES	$3,668.8	$3,505.2	$3,390.4
Operating Income:			
Electrical	$282.5	$267.4	$279.0
Power	221.2	210.4	195.6
Operating Income	$503.7	$477.8	$474.6
Interest expense	(44.9)	(43.4)	(31.0)
Loss on extinguishment of debt	(10.1)	—	—
Investment income and other expense, net	(5.6)	(4.0)	(25.0)
INCOME BEFORE INCOME TAXES	$443.1	$430.4	$418.6
Assets:			
Electrical	$2,344.7	$2,246.0	$2,120.9
Power	1,102.2	911.5	839.7
General Corporate	273.7	367.5	248.1
TOTAL ASSETS	$3,720.6	$3,525.0	$3,208.7
Capital Expenditures:			
Electrical	$48.0	$43.4	$47.9
Power	29.0	22.7	28.4
General Corporate	2.7	1.1	0.8
TOTAL CAPITAL EXPENDITURES	$79.7	$67.2	$77.1
Depreciation and Amortization:			
Electrical	$65.7	$61.2	$56.2
Power	34.1	31.1	29.0
TOTAL DEPRECIATION AND AMORTIZATION	$99.8	$92.3	$85.2

PRODUCT CLASS DATA

	2017	2016	2015
Net Sales:			
Electrical Systems	$1,597.1	$1,514.4	$1,476.7
Lighting	935.7	945.8	911.6
Power	1,136.0	1,045.0	1,002.1
TOTAL NET SALES	$3,668.8	$3,505.2	$3,390.4

GEOGRAPHIC AREA DATA

	2017	2016	2015
Net Sales:			
United States	$3,280.9	$3,147.4	$3,008.4
International	387.9	357.8	382.0
TOTAL NET SALES	$3,668.8	$3,505.2	$3,390.4
Operating Income:			
United States	$422.1	$419.1	$426.1
International	81.6	58.7	48.5
TOTAL OPERATING INCOME	$503.7	$477.8	$474.6
Long-lived Assets:			

United States	$1,877.4	$1,762.9	$1,627.7
International	232.8	200.1	187.1
TOTAL LONG-LIVED ASSETS	$2,110.2	$1,963.0	$1,814.8

On a geographic basis, the Company defines “international” as operations based outside of the United States and its possessions. As a percentage of total net sales, shipments from foreign operations directly to third parties were 11% in 2017, 10% in 2016 and 11% in 2015, with the Canadian, UK and Brazilian operations representing approximately 31%, 21% and 12% respectively, of 2017 total international net sales.

Long-lived assets, excluding deferred tax assets, of international subsidiaries were 11% of the consolidated total in 2017, 10% in 2016 and 10% in 2015, with the UK, Mexico and Canada operations representing approximately 31%, 19%, and 16%, respectively, of the 2017 international total. Export sales from United States operations were $217.2 million in 2017, $213.8 million in 2016 and $224.9 million in 2015.

NOTE 20 Guarantees

The Company records a liability equal to the fair value of guarantees in the Consolidated Balance Sheet in accordance with the accounting guidance for guarantees. When it is probable that a liability has been incurred and the amount can be reasonably estimated, the Company accrues for costs associated with guarantees. The most likely costs to be incurred are accrued based on an evaluation of currently available facts and, where no amount within a range of estimates is more likely, the minimum is accrued.

As of December 31, 2017, the fair value and maximum potential payment related to the Company’s guarantees were not material.

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

Changes in the accrual for product warranties in 2017 are set forth below (in millions):

BALANCE AT DECEMBER 31, 2015	$13.2
Provision	9.7
Expenditures/other	(9.1)
BALANCE AT DECEMBER 31, 2016	$13.8
Provision	10.0
Expenditures/other	(9.8)
BALANCE AT DECEMBER 31, 2017	$14.0

NOTE 21 Restructuring Costs

During 2017, we incurred costs for restructuring actions initiated in 2017 as well as costs involving restructuring actions initiated in the prior year. Our restructuring actions are associated with cost reduction efforts that include the consolidation of manufacturing and distribution facilities as well as workforce reductions and the sale or exit of business units we determine to be non-strategic. Restructuring costs are primarily severance and employee benefits, asset impairments, as well as facility closure, contract termination and certain pension costs that are directly related to restructuring actions. These costs are predominantly settled in cash from our operating activities and are generally settled within one year, with the exception of asset impairments, which are non-cash, and a $12.5 million charge in the fourth quarter of 2016 to recognize the estimated liability associated with the withdrawal from a multi-employer pension plan. That withdrawal liability may be settled either in periodic payments over approximately 19 years, or in a lump sum, subject to negotiation.

Pre-tax restructuring costs incurred in each of our segments and the location of the costs in the Consolidated Statement of Income for the years ended December 31, 2017, 2016 and 2015 are as follows (in millions):

Year Ended December 31, 2015	Cost of goods sold	Selling & administrative expense	Total
Electrical Segment	$ 14.5	$ 7.2	$ 21.7
Power Segment	0.8	1.1	1.9
Total 2015 Restructuring Costs	$ 15.3	$ 8.3	$ 23.6
Year Ended December 31, 2016			
Electrical Segment	$ 27.3	$ 6.6	$ 33.9
Power Segment	0.2	0.9	1.1
Total 2016 Restructuring Costs	$ 27.5	$ 7.5	$ 35.0
Year Ended December 31, 2017			
Electrical Segment	$ 11.5	$ 5.4	$ 16.9
Power Segment	2.2	1.2	3.4
Total 2017 Restructuring Costs	$ 13.7	$ 6.6	$ 20.3

The following table summarizes the accrued liabilities for our restructuring actions (in millions):

	Beginning Accrued Restructuring Balance 1/1/17	Pre-tax Restructuring Costs	Utilization and Foreign Exchange	Ending Accrued Restructuring Balance 12/31/2017
2017 Restructuring Actions				
Severance	$ —	$ 7.4	$ (3.8)	$ 3.6
Asset write-downs	—	0.5	(0.5)	—
Facility closure and other costs	—	6.1	(4.3)	1.8
Total 2017 Restructuring Actions	$ —	$ 14.0	$ (8.6)	$ 5.4
2016 and Prior Restructuring Actions				
Severance	$ 10.4	$ (2.2)	$ (6.4)	$ 1.8
Asset write-downs	—	—	—	—
Facility closure and other costs [a]	14.1	8.5	(8.9)	13.7
Total 2016 and Prior Restructuring Actions	$ 24.5	$ 6.3	$ (15.3)	$ 15.5

Total Restructuring Actions	$ 24.5	$ 20.3	$ (23.9)	$ 20.9

[a] The beginning and ending accrual for Facility closure and other costs includes a charge of approximately $12.5 million to accrue the estimated liability associated with the withdrawal from a multi-employer pension plan as a result of a restructuring action in 2016.

The actual and expected costs for our restructuring actions are as follows (in millions):

	Expected Costs	Costs incurred in 2015	Costs incurred in 2016	Costs incurred in 2017	Remaining costs at 12/31/17
2017 Restructuring Actions					
Electrical Segment	$ 13.0	$ —	$ —	$ 10.6	$ 2.4
Power Segment	3.9	—	—	3.4	0.5
Total 2017 Restructuring Actions	$ 16.9	$ —	$ —	$ 14.0	$ 2.9
2016 Restructuring Actions					
Electrical Segment	$ 35.4	$ —	$ 30.7	$ 3.8	$ 0.9
Power Segment	1.3	—	1.1	—	0.2
Total 2016 Restructuring Actions	$ 36.7	$ —	$ 31.8	$ 3.8	$ 1.1
2015 Restructuring Actions					
Electrical Segment	$ 23.0	$ 17.3	$ 3.2	$ 2.5	$ —
Power Segment	1.9	1.9	—	—	—
Total 2015 and Prior Restructuring Actions	$ 24.9	$ 19.2	$ 3.2	$ 2.5	$ —
Total Restructuring Actions	$ 78.5	$ 19.2	$ 35.0	$ 20.3	$ 4.0

Costs incurred in 2016 relating to 2016 Restructuring Actions in the Electrical segment in the preceding table include the $12.5 million previously mentioned charge representing the estimated withdrawal liability from a multi-employer pension plan. Any potential future liability in excess of the amount already recognized in 2016 is not included in the remaining costs at December 31, 2017 in the preceding table. Additional information about the estimated withdrawal liability is included in Note 10 — Retirement Benefits in the Notes to Consolidated Financial Statements.

NOTE 22 Quarterly Financial Data (Unaudited)

The table below sets forth summarized quarterly financial data for the years ended December 31, 2017 and 2016 (in millions, except per share amounts):

	Reported First Quarter	Reported Second Quarter	Reported Third Quarter	Fourth Quarter
2017				
Net sales	$ 852.3	$ 948.3	$ 950.5	$ 917.7
Cost of goods sold	$ 590.5	$ 653.6	$ 643.6	$ 629.2
Gross profit	$ 261.8	$ 294.7	$ 306.9	$ 288.5
Selling & administrative expenses	$ 157.7	$ 164.1	$ 160.5	$ 165.8
Net income (1)	$ 63.9	$ 80.8	$ 82.8	$ 22.4
Net Income attributable to Hubbell (1)	$ 62.8	$ 79.1	$ 80.8	$ 20.4
Earnings per share — Basic	$ 1.13	$ 1.44	$ 1.47	$ 0.37
Earnings per share — Diluted	$ 1.13	$ 1.43	$ 1.47	$ 0.37

(1) Net income in the fourth quarter of 2017 includes approximately $57 million, or $1.02 per share, impact associated with the TCJA.

	Reported First Quarter	Reported Second Quarter	Reported Third Quarter	Fourth Quarter
2016				
Net sales	$ 834.8	$ 908.8	$ 907.4	$ 854.2
Cost of goods sold	$ 574.9	$ 615.3	$ 618.7	$ 595.6
Gross profit	$ 259.9	$ 293.5	$ 288.7	$ 258.6
Selling & administrative expenses	$ 158.0	$ 161.4	$ 152.7	$ 150.8
Net income	$ 62.0	$ 82.0	$ 88.1	$ 65.7
Net Income attributable to Hubbell	$ 60.9	$ 81.0	$ 86.7	$ 64.4
Earnings per share — Basic	$ 1.08	$ 1.46	$ 1.56	$ 1.16
Earnings per share — Diluted	$ 1.08	$ 1.45	$ 1.56	$ 1.16

NOTE 23 Subsequent Events

On February 2, 2018, the Company acquired Aclara for approximately $1.1 billion. Aclara is a provider of smart infrastructure solutions for electric, gas, and water utilities, with advanced metering solutions and grid monitoring sensor technology, as well as leading software enabled installation services. The acquisition extends the Power segment's capabilities into smart automation technologies, accelerates ongoing innovation efforts to address utility customer demand for data and integrated solutions, and expands the segment's reach to a broader set of utility customers.

The Company funded the acquisition of Aclara with cash raised from a public debt offering of $450 million of long-term unsecured, unsubordinated notes, placement of $500 million under the Term Loan Agreement, and the issuance of commercial paper for the remaining purchase price.

Refer to Note 2 — Business Acquisitions and Note 11 — Debt, in the Notes to Consolidated Financial Statements for additional information.

ITEM 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

ITEM 9A Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance that the controls and procedures will meet their objectives.

The Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this report on Form 10-K. Based upon that evaluation, each of the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective at a reasonable assurance level. Management's annual report on internal control over financial reporting and the independent registered public accounting firm's audit report on the effectiveness of our internal control over financial reporting as of December 31, 2017 are included in Item 8 of this Annual Report on Form 10-K.

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

ITEM 9B Other Information

Not applicable.

PART III

ITEM 10 Directors, Executive Officers and Corporate Governance[1]

ITEM 11 Executive Compensation[2]

ITEM 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table provides information as of December 31, 2017 with respect to the Company's common stock that may be issued under the Company's equity compensation plans (in thousands, except per share amounts):

Plan Category	A Number of Securities to be Issued upon Exercise of Outstanding Options,Warrants and Rights		B Weighted Average Exercise Price of Outstanding Options, Warrants and Rights		C Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)	
Equity Compensation Plans Approved by Shareholders[a]	2,528	(c)(e)	$ 103.60	(f)	2,609	(c)
Equity Compensation Plans Not Requiring Shareholder Approval[b]	66	(c)(d)	—		161	(c)
TOTAL	2,594		$ 103.60		2,770	

(a) The Company's (1) Stock Option Plan for Key Employees and (2) 2005 Incentive Award Plan as amended and restated.
(b) The Company's Deferred Compensation Plan for Directors as amended and restated.
(c) Hubbell Common Stock.
(d) Represents amount of shares currently deferred under this plan. These shares are not included in the total weighted average exercise price included in column B.
(e) Includes 486 thousand performance share awards assuming a maximum payout target. The Company does not anticipate that the maximum payout target will be achieved for all of these awards.
(f) Weighted average exercise price excludes performance share awards included in column A.

The remaining information required by this item is incorporated by reference to the subheading "Voting Rights and Security Ownership of Certain Beneficial Owners and Management" of the definitive proxy statement for the Company's annual meeting of shareholders scheduled to be held on May 1, 2018.

(1) Certain of the information required by this item regarding executive officers is included under the subheading "Executive Officers of the Registrant" at the end of Part I of this Form 10-K and the remaining required information

is incorporated by reference to the subheadings “Election of Directors – Proposal 1," “General – Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance – Code of Business Conduct and Ethics,” and “Corporate Governance – Board Committees – Audit Committee” of the definitive proxy statement for the Company’s annual meeting of shareholders scheduled to be held on May 1, 2018.

(2) The information required by this item is incorporated by reference to the subheadings “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation” and “Compensation of Directors” of the definitive proxy statement for the Company’s annual meeting of shareholders scheduled to be held on May 1, 2018.

ITEM 13 Certain Relationships and Related Transactions and Director Independence[3]

ITEM 14 Principal Accountant Fees and Services[4]

(3) The information required by this item is incorporated by reference to the subheadings "General – Review and Approval of Related Person Transactions" and "Corporate Governance – Director Independence" of the definitive proxy statement for the Company's annual meeting of shareholders scheduled to be held on May 1, 2018.

(4) The information required by this item is incorporated by reference to the heading "Ratification of the Selection of Independent Registered Public Accounting Firm – Proposal 2" of the definitive proxy statement for the Company's annual meeting of shareholders scheduled to be held on May 1, 2018.

PART IV

ITEM 15 Exhibits and Financial Statement Schedule

1. Financial Statements and Schedule

Financial statements and schedule listed in the Index to Financial Statements and Schedule are filed as part of this Annual Report on Form 10-K.

2. Exhibits

Number	Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1††	Agreement and Plan of Merger, dated as of December 22, 2017, by and among Meter Readings Holding Group, LLC, Hubbell Power Systems, Inc., Yellow Merger Sub, Inc., Sun Meter Readings, LP, as representative for the members and optionholders, and, for the limited purposes set forth therein, Hubbell Incorporated.	8-K	001-02958	2.1	12/26/2017	
3.1	Amended and Restated Certificate of Incorporation, as amended and restated as of December 23, 2015	8-A12B	001-02958	3.1	12/23/2015	
3.2	Amended and Restated By-Laws of Hubbell Incorporated, as amended on May 7, 2013	8-K	001-02958	3.1	5/10/2013	
4.1	Senior Indenture, dated as of September 15, 1995, between Hubbell Incorporated and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.(successor as trustee to JPMorgan Chase Bank N.A. (formerly known as JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, formerly known as Chemical Bank))), as trustee	S-4	333-90754	4a	6/18/2002	
4.2	First Supplemental Indenture, dated as of June 2, 2008, between Hubbell Incorporated and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.(successor as trustee to JPMorgan Chase Bank N.A. (formerly known as JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, formerly known as Chemical Bank))), as trustee, including the form of 5.95% Senior Notes due 2018	8-K	001-02958	4.2	6/2/2008	
4.3	Second Supplemental Indenture, dated as of November 17, 2010, between Hubbell Incorporated and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.(successor as trustee to JPMorgan Chase Bank N.A. (formerly known as JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, formerly known as Chemical Bank))), as	8-K	001-02958	4.2	11/17/2010	

	trustee, including the form of 3.625% Senior Notes due 2022				
4.4	Third Supplemental Indenture, dated as of March 1, 2016, between Hubbell Incorporated and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A. (successor as trustee to JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, formerly known as Chemical Bank))), as trustee	8-K	001-02958	4.2	3/1/2016
4.5	Form of 3.350% Senior Notes due 2026	8-K	001-02958	4.3	3/1/2016

Number	Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
4.6	Fourth Supplemental Indenture, dated as of August 3, 2017, between Hubbell Incorporated and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A. (successor as trustee to JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, formerly known as Chemical Bank))), as trustee.	8-K	001-02958	4.2	8/3/2017	
4.7	Form of 3.150% Senior Notes due 2027	8-K	001-02958	4.3	8/3/2017	
4.8	Fifth Supplemental Indenture, dated as of February 2, 2018, between Hubbell Incorporated and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A. (successor as trustee to JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, formerly known as Chemical Bank))), as trustee.	8-K	001-02958	4.2	2/2/2018	
4.9	Form of 3.500% Senior Notes due 2028	8-K	001-02958	4.3	2/2/2018	
4.10	Second Amended and Restated Rights Agreement, dated as of December 23, 2015, between Hubbell Incorporated and Computershare, Inc. (successor to Mellon Investor Services LLC and ChaseMellon Shareholder Services, L.L.C.), as Rights Agent	8-A12B	001-02958	4.1	12/23/2015	
10.1†	Hubbell Incorporated Amended and Restated Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2005	10-Q	001-02958	10a	10/26/2007	
10.1(a)†	Amendment, dated February 15, 2008, to Hubbell Incorporated Amended and Restated Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2005	10-K	001-02958	10.nn	2/25/2008	
10.1(b)†	Amendment, dated December 28, 2010, to Hubbell Incorporated Amended and Restated Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2005	10-K	001-02958	10a(1)	2/16/2011	
10.1(c)†	Third Amendment, dated December 29, 2016, to Hubbell Incorporated Amended and Restated Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2005	10-K	001-02958	10.1(c)	2/16/2017	
10.2†	Hubbell Incorporated Retirement Plan for Directors, as amended and restated effective January 1, 2005	10-Q	001-02958	10i	10/26/2007	
10.3†	Hubbell Incorporated Deferred Compensation Plan for Directors, as amended and restated effective December 23, 2015	S-8POS	333-206898	4.4	12/24/2015	
10.4†	Hubbell Incorporated Executive Deferred Compensation Plan, as amended and restated effective January 1, 2016	10-K	001-02958	10.5	2/18/2016	

10.5†	Hubbell Incorporated Amended and Restated Top Hat Restoration Plan, as amended and restated effective January 1, 2005	10-Q	001-02958	10w	10/26/2007
10.5(a)†	Amendment, dated December 28, 2010, to Hubbell Incorporated Amended and Restated Top Hat Restoration Plan, as amended and restated effective January 1, 2005	10-K	001-02958	10w(1)	2/16/2011
10.5(b)†	Second Amendment, dated January 17, 2017, to Hubbell Incorporated Amended and Restated Top Hat Restoration Plan, as amended and restated effective January 1, 2005	10-K	001-02958	10.5(b)	2/16/2017
10.6†	Hubbell Incorporated Incentive Compensation Plan, adopted effective January 1, 2002	10-K	001-02958	10z	3/20/2002
10.7†	Hubbell Incorporated Senior Executive Incentive Compensation Plan, as amended and restated effective January 1, 2016	8-K	001-02958	10.1	5/9/2016
10.8†	Hubbell Incorporated 2005 Incentive Award Plan, as amended and restated effective December 6, 2016	8-K	001-02958	10.1	12/12/2016
10.8(a)†	Amendment, dated December 23, 2015, to the Hubbell Incorporated 2005 Incentive Award Plan	10-K	001-02958	10.9(a)	2/18/2016
10.9†	Form of Restricted Stock Award Agreement for Directors under the Hubbell Incorporated 2005 Incentive Award Plan, as amended and restated	10-Q	001-02958	10.8	7/19/2013
10.10†	Form of Stock Appreciation Rights Award Agreement under the Hubbell Incorporated 2005 Incentive Award Plan, as amended and restated	10-K	001-02958	10.10	2/16/2017
10.11†	Form of Performance Share Award Agreement under the Hubbell Incorporated 2005 Incentive Award Plan, as amended and restated	10-K	001-02958	10.11	2/16/2017
10.12†	Form of Performance Based Restricted Stock Award Agreement under the Hubbell Incorporated 2005 Incentive Award Plan, as amended and restated	10-K	001-02958	10.12	2/16/2017

Number	Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.13†	Form of Restricted Stock Award Agreement under the Hubbell Incorporated 2005 Incentive Award Plan, as amended and restated	10-K	001-02958	10.13	2/16/2017	
10.14†	Hubbell Incorporated Defined Contribution Restoration Plan, as amended and restated effective December 8, 2015	10-K	001-02958	10.16	2/18/2016	
10.14(a)†	First Amendment, dated January 17, 2017 and effective as of January 1, 2017, to Hubbell Incorporated Defined Contribution Restoration Plan, as amended and restated effective December 8, 2015	10-K	001-02958	10.14(a)	2/16/2017	
10.15†	Hubbell Incorporated Policy for Providing Severance Payments to Senior Employees, effective February 11, 2011	8-K	001-02958	10.1	2/16/2011	
10.16†	Grantor Trust for Senior Management Plans Trust Agreement between Hubbell Incorporated and The Bank of New York, as trustee, as amended and restated effective December 8, 2015	10-K	001-02958	10.18	2/18/2016	
10.17†	Grantor Trust for Non-Employee Director Plans Trust Agreement between Hubbell Incorporated and The Bank of New York, as amended and restated effective December 8, 2015	10-K	001-02958	10.19	2/18/2016	
10.18†	Trust Agreement by and between Hubbell Incorporated and MG Trust Company d/b/a Matrix Trust Company, as Trustee, as amended and restated effective November 6, 2015	10-K	001-02958	10.20	2/18/2016	
10.19†	Change in Control Severance Agreement, dated as of December 31, 2010, between Hubbell Incorporated and David G. Nord	8-K	001-02958	10.2	1/5/2011	
10.19(a)†	Amendment, dated as of January 1, 2013, to Change in Control Severance Agreement between Hubbell Incorporated and David G. Nord	8-K	001-02958	10.1	12/6/2012	
10.20†	Letter Agreement, dated August 24, 2005, between Hubbell Incorporated and David G. Nord	8-K	001-02958	99.1	9/6/2005	
10.21†	Change in Control Severance Agreement, dated as of December 31, 2010, between Hubbell Incorporated and William R. Sperry	8-K	001-02958	10.1	9/17/2012	
10.21(a)†	Amendment, dated September 11, 2012, to Change in Control Severance Agreement between Hubbell Incorporated and William R. Sperry	8-K	001-02958	10.2	9/17/2012	
10.22†	Change in Control Severance Agreement, dated as of September 11, 2012, between Hubbell Incorporated and An-Ping Hsieh	10-Q	001-02958	10.xx	10/19/2012	
10.23†	Letter Agreement, dated as of August 2, 2012, between Hubbell Incorporated and An-Ping Hsieh	10-Q	001-02958	10.1	7/19/2013	
10.24†	Change in Control Severance Agreement, dated as of April 15, 2013, between Hubbell Incorporated and Mr. Joseph A. Capozzoli	8-K	001-02958	10.1	4/19/2013	
10.25†		8-K	001-02958	10.2	4/19/2013	

	Letter Agreement, dated as of February 11, 2013, between Hubbell Incorporated and Mr. Joseph A. Capozzoli				
10.26†	Change in Control Severance Agreement, dated as of December 31, 2010, between Hubbell Incorporated and Stephen M. Mais	10-Q	001-02958	10.3	7/19/2013
10.27†	Change in Control Severance Agreement, dated as of January 24, 2014, between Hubbell Incorporated and Gerben Bakker	10-K	001-02958	10.36	2/18/2014
10.28†	Change in Control Severance Agreement, dated as of February 9, 2015, between Hubbell Incorporated and Maria Lee	10-K	001-02958	10.31	2/18/2016
10.29†	Change in Control Severance Agreement, dated as of May 5, 2015, between Hubbell Incorporated and Kevin A. Poyck	10-K	001-02958	10.32	2/18/2016
10.30†	Change in Control Severance Agreement, dated as of May 5, 2015, between Hubbell Incorporated and Rodd R. Ruland	10-K	001-02958	10.33	2/18/2016
10.31†	Change in Control Severance Agreement, dated as of May 5, 2015, between Hubbell Incorporated and Darrin S. Wegman	10-K	001-02958	10.34	2/18/2016
10.32	Term Loan Agreement, dated as of January 31, 2018, among Hubbell Incorporated, the Lenders party hereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	001-02958	99.1	1/31/2018
10.33	Credit Agreement dated as of January 31, 2018, among Hubbell Incorporated, Hubbell Power Holdings S.à r.l., Harvey Hubbell Holdings S.à r.l., the Lenders party hereto, the Issuing Banks party hereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	001-02958	99.2	1/31/2018
10.34	First Amendment, dated as of January 10, 2018, by and among Hubbell Incorporated, Hubbell Power Holdings S.à r.l., and Harvey Hubbell Holdings S.à r.l, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	001-02958	10.1	1/11/2018

		Incorporated by Reference				
Number	Description	Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
10.35	Credit Agreement, dated as of December 16, 2015, by and among Hubbell Incorporated, Hubbell Power Holdings S.à r.l., Harvey Hubbell Holdings S.à r.l., the Lenders Party thereto, the Issuing Banks thereto and JPMorgan Chase Bank, N.A., as Administrative Agent	8-K	001-02958	99.1	12/21/2015	
10.36	Reclassification Agreement, dated as of August 23, 2015, by and between Hubbell Incorporated and Bessemer Trust Company, N.A.	8-K	001-02958	10.1	8/24/2015	
10.37	Irrevocable Proxy, dated August 23, 2015, by and between Hubbell Incorporated and Bessemer Trust Company, N.A.	8-K	001-02958	10.2	8/24/2015	
21.1	List of subsidiaries					*
23.1	Consent of PricewaterhouseCoopers LLP					*
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	XBRL Instance Document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					*

† A management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(a)(3) of Form 10-K.

†† Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplemental copies of such omitted schedules and exhibits to the Securities and Exchange Commission upon request.

* Filed herewith.

** Furnished herewith.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	HUBBELL INCORPORATED		
By	/s/ JOSEPH A. CAPOZZOLI	By	/s/ WILLIAM R. SPERRY
	Joseph A. Capozzoli		William R. Sperry
	Vice President, Controller		Senior Vice President and Chief Financial Officer
Date:	February 15, 2018		

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.[1]

		Title	Date
By	/s/ D. G. NORD D. G. Nord	Chairman, President and Chief Executive Officer and Director	2/15/2018
By	/s/ W. R. SPERRY W. R. Sperry	Senior Vice President and Chief Financial Officer	2/15/2018
By	/s/ J. A. CAPOZZOLI J. A. Capozzoli	Vice President, Controller (Principal Accounting Officer)	2/15/2018
By	/s/ C. M. CARDOSO C. M. Cardoso	Director	2/15/2018
By	/s/ A. J. GUZZI A. J. Guzzi	Director	2/15/2018
By	/s/ N. J. KEATING N. J. Keating	Director	2/15/2018
By	/s/ J. F. MALLOY J. F. Malloy	Director	2/15/2018
By	/s/ JUDITH F. MARKS J.F. Marks	Director	2/15/2018
By	/s/ J. G. RUSSELL J. G. Russell	Director	2/15/2018
By	/s/ S. R. SHAWLEY S. R. Shawley	Director	2/15/2018
By	/s/ R. J. SWIFT R. J. Swift	Director	2/15/2018

(1) As of February 15, 2018.

Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2015, 2016 and 2017

Reserves deducted in the balance sheet from the assets to which they apply (in millions):

	Balance at Beginning of Year	Additions / (Reversals) Charged to Costs and Expenses	Deductions	Acquisitions	Balance at End of Year
Allowances for doubtful accounts receivable:					
Year 2015	$ 3.4	$ 2.7	$ (1.4)	$ —	$ 4.7
Year 2016	$ 4.7	$ 0.8	$ (0.8)	$ —	$ 4.7
Year 2017	$ 4.7	$ 1.5	$ (3.5)	$ 1.9	$ 4.6
Allowance for credit memos, returns and cash discounts:					
Year 2015	$ 36.7	$ 233.2	$ (228.4)	$ —	$ 41.5
Year 2016	$ 41.5	$ 249.2	$ (244.8)	$ —	$ 45.9
Year 2017	$ 45.9	$ 260.8	$ (256.3)	$ 0.1	$ 50.5
Valuation allowance on deferred tax assets:					
Year 2015	$ 34.3	$ (12.3)	$ —	$ —	$ 22.0
Year 2016	$ 22.0	$ 0.6	$ —	$ —	$ 22.6
Year 2017	$ 22.6	$ (3.2)	$ —	$ —	$ 19.4