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Cole Credit Property Trust II Inc
Form 424B3
September 21, 2007
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Registration No. 333-138444

COLE CREDIT PROPERTY TRUST II, INC.

SUPPLEMENT NO. 5 DATED SEPTEMBER 21, 2007

TO THE PROSPECTUS DATED MAY 11, 2007

This document supplements, and should be read in conjunction with, the prospectus of Cole Credit Property Trust II, Inc. dated May 11, 2007, Supplement No. 1 dated May 16, 2007, Supplement No. 2 dated July 23, 2007, Supplement No. 3 dated August 8, 2007 and Supplement No. 4 dated August 15, 2007. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

- (1) the status of the offering of shares in Cole Credit Property Trust II, Inc.;
- (2) recent real property investments; and
- (3) potential real property investments.

Status of Our Public Offerings

We commenced our initial public offering on June 27, 2005. We terminated our initial public offering on May 22, 2007. As of the close of business on May 22, 2007, we had issued a total of 54,838,315 shares in our initial public offering, including 53,909,877 shares sold in the primary offering and 928,438 shares sold pursuant to our distribution reinvestment plan, resulting in gross offering proceeds to us of approximately \$547.4 million.

We commenced our follow-on offering of 150,000,000 shares of common stock on May 23, 2007. Of these shares, we are offering 125,000,000 shares in a primary offering and 25,000,000 shares pursuant to our distribution reinvestment plan. As of September 21, 2007, we had accepted investors' subscriptions for, and issued, approximately 20.6 million shares of our common stock in the follow-on offering, including approximately 19.8 million shares sold in the primary offering and approximately 800,000 shares sold pursuant to our distribution reinvestment plan, resulting in gross proceeds to us of approximately \$206.8 million. Combined with our initial public offering, we had received a total of approximately \$754.2 million in gross offering proceeds as of September 21, 2007.

Real Property Investments

The following information supplements, and should be read in conjunction with, the table in the section captioned “Prospectus Summary — Description of Real Estate Investments” beginning on page 7 of the prospectus.

Description of Real Estate Investments

As of September 21, 2007, we owned 229 properties, comprising approximately 10.3 million rentable square feet of commercial space located in 42 states and the U.S. Virgin Islands. Properties acquired between August 15, 2007, the date of our last prospectus supplement, and September 21, 2007 are listed below.

Property Description	Tenant	Rentable Square Feet	Purchase Price
Walgreens — Richmond, VA	Walgreen Co.	13,869	\$ 4,025,000
Circuit City — Aurora, CO	Circuit City Stores West Coast, Inc.	39,440	7,200,000
Home Depot — Bedford Park, IL	Home Depot USA, Inc.	217,952	29,400,000
24 Hr Fitness — Olathe, KS	24 Hour Fitness USA, Inc.	25,000	7,210,000
Walgreens — Dallas, TX (De Soto)	Walgreen Co.	13,905	3,367,000
Gold’s Gym — O’Fallon, MO	Gold’s St. Louis, LLC	39,900	7,750,000
Wal-Mart — Washington, IL	Wal-Mart Realty Company	74,136	3,578,000
Wal-Mart — Borger, TX	Wal-Mart Real Estate Business Trust	65,930	3,205,000
Broadview Village Square — Chicago, IL	Various	329,161	58,000,000
Chambers Corners — Wayland, MI	Various	99,564	8,823,103
		918,857	\$ 132,558,103

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The following information supplements the section of our prospectus captioned “Investment Objectives and Policies — Real Property Investments” beginning on page 84 of the prospectus:

Real Property Investments

We engage in the acquisition and ownership of commercial properties throughout the United States. We invest primarily in income-generating retail properties, net leased to investment grade and other creditworthy tenants.

As of September 21, 2007, we, through separate wholly-owned limited liability companies, have acquired a 100% fee simple interest in 229 properties consisting of approximately 10.3 million gross rentable square feet located in 42 states and the U.S. Virgin Islands. The properties were generally acquired through the use of mortgage notes payable and proceeds from our ongoing public offering of our common stock.

The following table summarizes properties acquired between August 15, 2007, the date of our last prospectus supplement, and September 21, 2007 in order of acquisition date:

Property	Type	Date Acquired	Year Built	Purchase Price	Fees Paid to Sponsor (1)	Rentable Square Feet
Walgreens — Richmond, VA	Drugstore	August 17, 2007	1997	\$ 4,025,000	\$ 80,500	13,869
Circuit City — Aurora, CO	Specialty Retail	August 22, 2007	1995	7,200,000	191,770	39,440
Home Depot — Bedford Park, IL	Home Improvement	August 22, 2007	1992	29,400,000	588,000	217,952
24 Hr Fitness — Olathe, KS	Fitness	August 24, 2007	2007	7,210,000	192,365	25,000
Walgreens — Dallas, TX (De Soto)	Drugstore	August 27, 2007	1997	3,367,000	67,340	13,905
Golds Gym — O’Fallon, MO	Fitness	August 29, 2007	2007	7,750,000	209,250	39,900
Wal-Mart — Washington, IL	Discount Retail	September 10, 2007	1989	3,578,000	71,560	74,136
Wal-Mart — Borger, TX	Discount Retail	September 12, 2007	1991	3,205,000	64,100	65,930
Broadview Village Square — Chicago, IL	Retail Shopping Center	September 14, 2007	1994	58,000,000	1,475,000	329,161
Chambers Corners — Wayland, MI	Retail Shopping Center	September 19, 2007	2000	8,823,103	176,462	99,564
				\$ 132,558,103	\$ 3,116,347	918,857

- (1) Fees paid to sponsor include payments made to an affiliate of our advisor for acquisition fees in connection with the property acquisition and payments to our advisor for finance coordination fees for services in connection with the origination or assumption of debt financing obtained to acquire the respective property. For more detailed information on fees paid to affiliates of our sponsor, see the section captioned “Management Compensation” beginning on page 58 of the prospectus.
- (2) Wal-Mart Stores, Inc. (“Wal-Mart”), has subleased approximately 25,683 square feet to Tractor Supply Company. The remaining space at the building, approximately 48,453 square feet, is vacant. Wal-Mart remains the tenant under the original lease agreement.

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The following table sets forth the principal provisions of the lease term for the major tenants at the properties listed above:

Property	Number of Tenants	Major Tenants*
Walgreens — Richmond, VA	1	Walgreen Co.
Circuit City — Aurora, CO	1	We are also subject to various laws and regulations relating to environmental protection.
		We face the potential harms of natural disasters, terrorism, acts of war, international conflicts, and the
		Natural disasters, acts or threats of war or terrorism, international conflicts, and the

ITEM 1B Unresolved Staff Comments

None

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[ITEM 2](#) Properties

Hubbell's manufacturing and warehousing facilities, classified by segment, are located

[ITEM 3](#) Legal Proceedings

As described in Note 15 — Commitments and Contingencies in the Notes to Consolidated Financial Statements.

[ITEM 4](#) Mine Safety Disclosures

Not applicable.

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ITEM 5 Market for the Registrant's Common Equity, Related Stockholder Matters

The Company's Class A and Class B Common Stock is principally traded on the N

On February 10, 2012, the Company's Board of Directors approved an increase in b

Purchases of Equity Securities

In December 2007, the Board of Directors approved a stock repurchase program ("I

In September 2011, the Board of Directors approved a new stock repurchase progra

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Corporate Performance Graph

The following graph compares the total return to shareholders on the Company's C

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ITEM 6 Selected Financial Data

The following summary should be read in conjunction with the consolidated financial

ITEM 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview of the Business

The Company is primarily engaged in the design, manufacture and sale of quality engineered products.

The Company's reporting segments consist of the Electrical segment and the Power

We believe our current strategy provides the means for the Company to continue to

Revenue

Organic Demand: The Company remains focused on expanding market share through

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Acquisitions: During the fourth quarter of 2011, the Company completed the acquisition of

Price Realization

Our goal is to achieve parity between pricing and commodity cost increases. In 2011,

Cost Containment

Global sourcing: We remain focused on expanding our global product and component

Freight and Warehousing: Transporting our products from suppliers, to warehouses,

Productivity

The Company continued to expand upon the benefits of our enterprise resource planning

Transformation of business processes. We are continuing our long-term initiative of

Outlook

For 2012, we expect our overall net sales to increase by four to six percent compared to

We plan to continue to work on productivity initiatives, including improved sourcing

In 2012, we anticipate generating free cash flow approximately equal to net income

Results of Operations

Our operations are classified into two reportable segments: Electrical and Power. For

In 2011, market conditions were mixed. Non-residential new construction declined

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SUMMARY OF CONSOLIDATED RESULTS (IN MILLIONS, EXCEPT PER

2011 Compared to 2010

Net Sales

Net sales for the year ended 2011 were \$2.9 billion, an increase of 13% over the year ended 2010.

Gross Profit

The gross profit margin for 2011 decreased to 32.2% compared to 32.6% in 2010. The decrease was primarily due to higher net sales.

Selling & Administrative Expenses ("S&A")

S&A expenses increased 8% compared to 2010. As a percentage of net sales, S&A expenses were 2.7% in 2011 compared to 2.6% in 2010.

Operating Income

Operating income increased 15% to \$423.8 million primarily due to higher net sales.

Total Other Expense

In 2011, total other expense decreased by \$13.4 million compared to 2010 primarily due to a decrease in interest expense.

Income Taxes

The effective tax rate in 2011 was 30.7% compared to 31.7% in 2010. The decrease was primarily due to a decrease in interest expense.

Net Income attributable to Hubbell and Earnings Per Diluted Share

Net income attributable to Hubbell and earnings per diluted share in 2011 each increased 15% compared to 2010.

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Segment Results

Electrical Segment

Net sales in the Electrical segment increased 11% in 2011 compared with 2010. Volume

Within the segment, electrical systems products net sales increased 13% in 2011 compared

Operating income in 2011 increased 13% to \$282.0 million compared to 2010 while

Power Segment

Net sales in the Power segment increased 18% in 2011 compared to 2010. Volume

Operating income increased 19% to \$141.8 million and operating margin improved

2010 Compared to 2009

Net Sales

Net sales for the year ended 2010 were \$2.5 billion, an increase of 8% over the year

Gross Profit

The gross profit margin for 2010 increased to 32.6% compared to 30.8% in 2009. Total

Selling & Administrative Expenses

S&A expenses increased 7% compared to 2009 primarily due to the full year impact

Operating Income

Operating income increased 25% primarily due to higher net sales and gross profit

Total Other Expense

In 2010, total other expense, net increased by \$14.3 million primarily due to the cos

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Income Taxes

The effective tax rate in 2010 was 31.7% compared to 30.7% in 2009. The increase

Net Income attributable to Hubbell and Earnings Per Diluted Share

Net income attributable to Hubbell and earnings per diluted share in 2010 increased

Segment Results

Electrical Segment

Net sales in the Electrical segment increased 10% in 2010 compared with 2009. The

Within the segment, electrical systems products net sales increased 21% in 2010 co

Operating income in 2010 increased 52% compared to 2009 primarily due to incren

Power Segment

Net sales for 2010 increased by 4% compared to 2009. Volume and foreign currenc

Operating income in 2010 decreased 9% compared to 2009 and operating margin d

Financial Condition, Liquidity and Capital Resources

CASH FLOW

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2011 Compared to 2010

Cash provided by operating activities for the year ended 2011 increased compared to

Investing activities used cash of \$86.5 million in 2011 compared to cash used of \$5

Financing activities used cash of \$198.3 million in 2011 compared to cash provided

2010 Compared to 2009

Cash provided by operating activities for the year ended 2010 decreased compared to

Investing activities used cash of \$54.7 million in 2010 compared to cash used of \$3

Financing activities provided cash of \$45.5 million in 2010 compared to \$49.8 mill

Investments in the Business

Investments in our business include both expenditures required to maintain the oper

During the fourth quarter of 2011, the Company completed the acquisition of two p

In December 2007, the Board of Directors approved a stock repurchase program an

In September 2011, the Board of Directors approved a new stock repurchase progra

Additional information with respect to future investments in the business can be fou

Debt to Capital

At December 31, 2011 and 2010, the Company had \$596.3 million and \$595.9 mill

The Company has a credit agreement for a 6.0 million Brazilian Real line of credit

Net debt, defined as total debt less cash and investments, is a non-GAAP measure t

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In November 2010, the Company completed a public debt offering for \$300 million. Simultaneous with the November 2010 debt offering, the Company also announced. In May 2008, the Company completed a public offering of \$300 million long-term. The 2018 Notes and the 2022 Notes are both fixed rate indebtedness, are callable at

Liquidity

We measure liquidity on the basis of our ability to meet short-term and long-term obligations. The Company had \$569.6 million of cash and cash equivalents at December 31, 2011. In October 2011, the Company entered into a five year \$500 million revolving credit facility. The Company also maintains other lines of credit that are primarily used to support operations. Although not the principal source of liquidity, we believe these facilities are capable of providing liquidity. Internal cash generation together with currently available cash and investments, available from operations. The Company maintains a conservative financial structure to provide the strength and

Pension Funding Status

We have a number of funded and unfunded non-contributory U.S. and foreign defined

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Changes in the value of the defined benefit plan assets and liabilities will affect the

The actual return on our pension assets in 2011 as well as the cumulative return over

Assumptions

The following assumptions were used to determine projected pension and other ben

At the end of each year, we estimate the expected long-term rate of return on pensio

At the end of each year, we determine the discount rate to be used to calculate the p

Other Post Employment Benefits (“OPEB”)

The Company also has a number of health care and life insurance benefit plans cov

Off-Balance Sheet Arrangements

Off-balance sheet arrangements are defined as any transaction, agreement or other c

We do not have any off-balance sheet arrangements as defined above which have o

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Contractual Obligations

A summary of our contractual obligations and commitments at December 31, 2011

Our purchase obligations include amounts committed under legally enforceable con

Critical Accounting Estimates

Note 1 — Significant Accounting Policies of the Notes to Consolidated Financial S

Use of Estimates

We are required to make assumptions and estimates and apply judgments in the pre

Revenue Recognition

Revenue is recognized when title to goods and risk of loss have passed to the custom

Inventory Valuation

We routinely evaluate the carrying value of our inventories to ensure they are carrie

Excess inventory is generally identified by comparing future expected inventory us

Customer Credit and Collections

We maintain allowances for doubtful accounts receivable in order to reflect the pote

Employee Benefits Costs and Funding

We sponsor domestic and foreign defined benefit pension, defined contribution and

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Taxes

We account for income taxes in accordance with the applicable accounting guidance.

We operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions.

Contingent Liabilities

We are subject to proceedings, lawsuits, and other claims or uncertainties related to our operations.

Valuation of Long-Lived Assets

Our long-lived assets include land, buildings, equipment, molds and dies, software, and other intangible assets.

Goodwill and indefinite-lived intangible assets are reviewed annually for impairment.

The identification and measurement of impairment of indefinite-lived intangible assets is subjective.

Stock-Based Compensation

We determine the grant date fair value of our stock-based compensation awards using the Black-Scholes model.

Forward-Looking Statements

Some of the information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations is forward-looking.

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-

Changes in demand for our products, market conditions, product quality, or product

-

Changes in markets or competition adversely affecting realization of price increases

-

Failure to achieve projected levels of efficiencies, cost savings and cost reduction m

-

The expected benefits and the timing of other actions in connection with our enterpr

-

Availability and costs of raw materials, purchased components, energy and freight.

-

Changes in expected or future levels of operating cash flow, indebtedness and capit

-

General economic and business conditions in particular industries or markets, as we

-

The anticipated impacts from the Federal stimulus package.

-

Regulatory issues, changes in tax laws or changes in geographic profit mix affecting

-

A major disruption in one or more of our manufacturing or distribution facilities or

-

Changes in our relationships with, or the financial condition or performance of, key

-

Impact of productivity improvements on lead times, quality and delivery of product

-

Anticipated future contributions and assumptions including changes in interest rates

-

Adjustments to product warranty accruals in response to claims incurred, historical

-

Unexpected costs or charges, certain of which might be outside of our control.

-

Changes in strategy, economic conditions or other conditions outside of our control

-

Ability to carry out future acquisitions and strategic investments in our core business

-

Unanticipated difficulties integrating acquisitions as well as the realization of expected

-

The ability of governments to meet their financial obligations.

-

Political unrest in foreign countries.

-

Natural disasters.

-

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

-

Changes in accounting principles, interpretations, or estimates.

-

The outcome of environmental, legal and tax contingencies or costs compared to an

-

Adverse changes in foreign currency exchange rates and the potential use of hedging

-

Other factors described in our Securities and Exchange Commission filings, including

Any such forward-looking statements are not guarantees of future performances and

ITEM 7A Quantitative and Qualitative Disclosures about Market Risk

In the operation of our business, we have various exposures to areas of risk related to

We manufacture and/or assemble our products in the United States, Canada, Switzerland

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Product purchases representing approximately 15% of our net sales are sourced from

-

Political or economic uncertainty in the source country

-

Fluctuations in the rate of exchange between the U.S. dollar and the currencies of the

-

Increased logistical complexity including supply chain interruption or delay, port of

-

Loss of proprietary information

-

Product quality issues outside the control of the Company

We have developed plans that address many of these risks. Such actions include can

Certain of these materials are sourced from a limited number of suppliers. These ma

Our financial results are subject to interest rate fluctuations to the extent there is a d

From time to time or when required, we issue commercial paper, which exposes us

We continually evaluate risk retention and insurance levels for product liability, pro

The following table presents cost information related to interest risk sensitive instru

All of the assets and liabilities above are fixed rate instruments except for the short-

We use derivative financial instruments only if they are matched with a specific ass

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[ITEM 8](#) Financial Statements and Supplementary Data

Report of Management

Report of Independent Registered Public Accounting Firm

Consolidated Statement of Income

Consolidated Balance Sheet

Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity

Notes to Consolidated Financial Statements

Financial Statement Schedule

Valuation and Qualifying Accounts and Reserves for the years ended December 31

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Report of Management

Report on Management's Responsibility for Financial Statements

Our management is responsible for the preparation, integrity and fair presentation of

We believe it is critical to provide investors and other users of our financial statements

Our independent registered public accounting firm audited our financial statements

Our Board of Directors normally meets at least five times per year to provide overs

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate systems of in

The effectiveness of our internal control over financial reporting as of December 31

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Hubbell Incorporated:

In our opinion, the consolidated financial statements listed in the accompanying ind

A company's internal control over financial reporting is a process designed to provi

Because of its inherent limitations, internal control over financial reporting may not

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut

February 15, 2012

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Consolidated Statement of Income

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Consolidated Balance Sheet

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Consolidated Statement of Cash Flows

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Consolidated Statement of Changes in Equity



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Notes to Consolidated Financial Statements

[NOTE 1](#) Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared on a basis of presentation consistent with the basis of presentation used in the preparation of the consolidated financial statements of the Company for the periods ended December 31, 2019 and 2018.

Reclassification

Certain reclassifications have been made in prior year financial statements and notes to financial statements to conform to the presentation in the current year financial statements and notes to financial statements.

Principles of Consolidation

The Consolidated Financial Statements include all subsidiaries; all significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

Revenue Recognition

Revenue is recognized when title to the goods sold and the risk of loss have passed to the customer, and the amount of revenue can be reasonably estimated.

Further, certain of our businesses account for sales discounts and allowances based on the amount of revenue recognized.

These arrangements require us to estimate at the time of sale the amounts that should be recognized.

Shipping and Handling Fees and Costs

The Company records shipping and handling costs as part of Cost of goods sold in the Consolidated Financial Statements.

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Foreign Currency Translation

The assets and liabilities of international subsidiaries are translated to U.S. dollars a

Cash and Cash Equivalents

Cash equivalents consist of investments with original maturities of three months or

Investments

The Company defines short-term investments as securities with original maturities

Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and generally do not

Inventories

Inventories are stated at the lower of cost or market value. The cost of substantially

Property, Plant, and Equipment

Property, plant and equipment values are stated at cost less accumulated depreciatio

Capitalized Computer Software Costs

Qualifying costs of internal use software are capitalized in accordance with the inte

Capitalized computer software costs, net of amortization, were \$8.4 million and \$9.

Goodwill and Other Intangible Assets

Goodwill represents costs in excess of fair values assigned to the underlying net ass

Goodwill impairment testing requires judgment, including the identification of repo

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As of April 1, 2011, the impairment testing resulted in implied fair values for each

Other Long-Lived Assets

The Company reviews depreciable long-lived assets for impairment whenever even

Income Taxes

The Company operates within multiple taxing jurisdictions and is subject to audit in

In addition, the accounting guidance prescribes a recognition threshold and measure

Research and Development

Research and development expenditures represent costs to discover and/or apply ne

Retirement Benefits

The Company maintains various defined benefit pension plans for some of its U.S.

Earnings Per Share

The earnings per share accounting guidance requires use of the two-class method in

Stock-Based Employee Compensation

The Company recognizes the grant-date fair value of all stock-based awards to emp

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The Company records deferred tax assets for awards that will result in deductions o

Comprehensive Income

Comprehensive income is a measure of net income and all other changes in Hubbel

Derivatives

In order to limit financial risk in the management of its assets, liabilities and debt, th

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (“FASB”) amended

In September 2011, the FASB amended its goodwill guidance by providing entities

In September 2011, the FASB amended the disclosure requirements related to mult

In June 2011, the FASB issued an amendment regarding the presentation of other c

In May 2011, the FASB issued an amendment to provide a consistent definition of

In December 2010, the FASB issued amended guidance to clarify the acquisition da

In December 2010, the FASB issued an amendment to the guidance on goodwill im

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NOTE 2 Business Acquisitions

The Company periodically reviews acquisitions that it believes will be a compleme

These acquisitions have been accounted for as business combinations and have resu

The \$14.2 million of intangible assets consists primarily of customer relationships a

The Consolidated Financial Statements include the results of operations of the acqu

NOTE 3 Receivables and Allowances

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

NOTE 4 Inventories

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

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NOTE 5 Goodwill and Other Intangible Assets

Changes in the carrying amounts of goodwill for the years ended December 31, 201

In 2011, the Company completed the acquisition of two products lines for \$29.6 mi

The Company has not recorded any goodwill impairments since the initial adoption

Identifiable intangible assets are recorded in Intangible assets and other in the Cons

Amortization expense associated with these definite-lived intangible assets was \$16

NOTE 6 Investments

At December 31, 2011 and December 31, 2010, the Company had both available-for

The following table sets forth selected data with respect to the Company's investme

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Contractual maturities of available-for-sale investments at December 31, 2011 were

At December 31, 2011 and December 31, 2010, the total net of tax unrealized gains

NOTE 7 Property, Plant, and Equipment

Property, plant, and equipment, carried at cost, is summarized as follows at December

Depreciable lives on buildings range between 20-40 years. Depreciable lives on ma

NOTE 8 Other Accrued Liabilities

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

NOTE 9 Other Non-Current Liabilities

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

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NOTE 10 Retirement Benefits

The Company has funded and unfunded non-contributory U.S. and foreign defined

Effective January 1, 2004, the defined benefit pension plans for U.S. salaried and non-

The Company also has a number of health care and life insurance benefit plans covering

The Company uses a December 31 measurement date for all of its plans. There were

The following table sets forth the reconciliation of beginning and ending balances of

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The accumulated benefit obligation for all defined benefit pension plans was \$773.0

The following table sets forth the components of pension and other benefit costs for

The Company also maintains six defined contribution pension plans. The total cost

In addition, the Company participates in four multiemployer defined benefit pension

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Assumptions

The following assumptions were used to determine the projected benefit obligations

At the end of each calendar year, the Company determines the appropriate expected

The assumed health care cost trend rates used to determine the projected postretirement

Assumed health care cost trend rates have a significant effect on the amounts reported

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Plan Assets

The Company's combined targeted and actual domestic and foreign pension plan w

At the end of each year, the Company estimates the expected long-term rate of retur

Equity securities include Company common stock in the amounts of \$21.6 million

The fair value of the Company's pension plan assets at December 31, 2011 and 201

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The fair value of the Company's alternative investment funds measured using signi

All of the alternative investments held by the Company's pension plans consist of f

The Company's other postretirement benefits are unfunded; therefore, no asset info

Contributions

Although not required under the Pension Protection Act of 2006, the Company inte

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Estimated Future Benefit Payments

The following domestic and foreign benefit payments, which reflect future service,

NOTE 11 Debt

The following table sets forth the Company's long-term debt at December 31, (in m

In November 2010, the Company completed a public debt offering for \$300 million

Simultaneous with the November 2010 debt offering, the Company also announced

In May 2008, the Company completed a public offering of \$300 million long-term

The 2018 Notes and the 2022 Notes are both fixed rate indebtedness, are callable at

In addition, the Company had \$2.9 million and \$1.8 million of short-term debt outs

In October 2011, the Company entered into a five year \$500 million revolving cred

The Company also maintains other lines of credit that are primarily used to support

Interest and fees paid related to total indebtedness was \$29.3.million, \$28.4 million

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NOTE 12 Income Taxes

The following table sets forth selected data with respect to the Company's income t

Deferred tax assets and liabilities result from differences in the basis of assets and l

As of December 31, 2011, the Company had a total of \$21.4 million of Federal and

At December 31, 2011, income and withholding taxes have not been provided on ap

Cash payments of income taxes were \$80.1 million, \$74.0 million and \$53.4 million

The Company operates within multiple taxing jurisdictions and is subject to audit in

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

A reconciliation of the beginning and ending amount of unrecognized tax benefits is

Included in the balance at December 31, 2011 are \$15.7 million of tax positions wh

The Company's policy is to record interest and penalties associated with the underp

The consolidated effective income tax rate varied from the United States federal sta

[NOTE 13](#) Financial Instruments

Concentrations of Credit Risk: Financial instruments which potentially subject the C

Fair Value: The carrying amounts reported in the Consolidated Balance Sheet for c

The fair value of the senior notes classified as long-term debt was determined by re

[NOTE 14](#) Fair Value Measurement

Fair value is defined as the amount that would be received for selling an asset or pa

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

Level 3 – Unobservable inputs for which little or no market data exists, therefore re

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The following table shows, by level within the fair value hierarchy, our financial as

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

Forward exchange contracts – The fair value of forward exchange contracts were b

During 2011 and 2010, there were no transfers of financial assets or liabilities in or

Investments

At December 31, 2011 and December 31, 2010, the Company had \$50.8 million an

Deferred compensation plan

The Company offers certain employees the opportunity to participate in non-qualifi

Derivatives

In order to limit financial risk in the management of its assets, liabilities and debt, th

The fair values of derivative instruments in the Consolidated Balance Sheet are as follows:

Forward exchange contracts

In 2011 and 2010, the Company entered into a series of forward exchange contracts

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Interest Rate Locks

Prior to the issuance of the 2022 Notes and 2018 Notes in 2010 and 2008, respectively,

The following table summarizes the results of cash flow hedging relationships for years

There was no hedge ineffectiveness with respect to the forward exchange cash flow

Interest Rate Swaps

In May 2009, the Company entered into a three year interest rate swap for an aggregate

Long-term Debt

The total carrying value of long-term debt as of December 31, 2011 and 2010 was \$

[NOTE 15](#) Commitments and Contingencies

Environmental and Legal

The Company is subject to environmental laws and regulations which may require the

The Company accounts for conditional asset retirement and environmental obligations

Leases

Total rental expense under operating leases was \$21.7 million in 2011, \$22.3 million in

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NOTE 16 Capital Stock

Activity in the Company's common shares outstanding is set forth below for the three

Repurchased shares are retired when acquired and the purchase price is charged against

The Company has an amended and restated Rights Agreement under which holders of

Shares of Series A Preferred Stock or Series B Preferred Stock purchasable upon exercise

Upon the occurrence of certain events or transactions specified in the Rights Agreement

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Shares of the Company's common stock were reserved at December 31, 2011 as follows:

NOTE 17 Stock-Based Compensation

As of December 31, 2011, the Company had various stock-based awards outstanding.

The Company's long-term incentive program for awarding stock-based compensation includes:

In 2011, 2010 and 2009, the Company recorded \$15.1 million, \$11.4 million and \$10.1 million, respectively, in compensation expense.

Each of the compensation arrangements is discussed below.

Restricted Stock

Stock Issued to Employees

Restricted stock granted is not transferable and is subject to forfeiture in the event of termination of employment.

Stock Issued to Non-employee Directors

In 2011, 2010 and 2009, each non-employee director received a grant of Class B Common Stock.

Activity related to both employee and non-employee restricted stock for the year ended December 31, 2011 is as follows:

The weighted average fair value per share of restricted stock granted during the year ended December 31, 2011 was \$10.10.

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Stock Appreciation Rights

SARs granted entitle the recipient to the difference between the fair market value of

Activity related to SARs for the year ended December 31, 2011 is as follows (in thousands)

The aggregated intrinsic value of SARs exercised during 2011, 2010 and 2009 was \$0.0 million, \$0.0 million and \$0.0 million, respectively.

The fair value of the SARs was measured using the Black-Scholes option pricing model.

Performance Shares

Performance shares represent the right to receive a share of the Company's Class B common stock.

In December 2011, 2010 and 2009, the Company granted 39,456; 31,671 and 34,590 performance shares, respectively.

In February 2012, the Company paid out 93,800 shares related to its December 2011 performance.

In February 2011, the Company paid out 31,548 shares related to its December 2010 performance.

The fair value of the market-based criteria for the December 2011, 2010 and 2009 performance was \$0.0 million, \$0.0 million and \$0.0 million, respectively.

Total stock-based compensation expense recorded related to performance share awa

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Stock Option Awards

Prior to 2005, the Company granted options to officers and other key employees to

Stock option activity for the year ended December 31, 2011 is set forth below (in th

The aggregate intrinsic value of stock options exercised during 2011, 2010 and 200

The Company recorded realized tax benefits from equity-based awards of \$8.2 mill

[NOTE 18](#) Earnings Per Share

The Company computes earnings per share using the two-class method, which is an

The following table sets forth the computation of earnings per share for the three ye

The Company did not have any anti-dilutive securities in 2011. Additionally, there

NOTE 19 Accumulated Other Comprehensive Loss

The following table reflects the accumulated balances of other comprehensive income

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NOTE 20 Industry Segments and Geographic Area Information

Nature of Operations

Hubbell Incorporated was founded as a proprietorship in 1888, and was incorporated

The Company's reporting segments consist of the Electrical segment (comprised of

The Electrical segment is comprised of businesses that sell stock and custom produ

The Power segment consists of operations that design and manufacture various dist

Financial Information

Financial information by industry segment and geographic area for the three years e

-

Net sales comprise sales to unaffiliated customers — inter-segment and inter-area s

-

Segment operating income consists of net sales less operating expenses, including t

-

General corporate assets not allocated to segments are principally cash, prepaid pen

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INDUSTRY SEGMENT DATA

GEOGRAPHIC AREA DATA

On a geographic basis, the Company defines “international” as operations based on

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NOTE 21 Guarantees

The Company accrues for costs associated with guarantees when it is probable that

The Company records a liability equal to the fair value of guarantees in the Consoli

The Company offers product warranties which cover defects on most of its product

Changes in the accrual for product warranties in 2011 are set forth below (in million

NOTE 22 Quarterly Financial Data (Unaudited)

The table below sets forth summarized quarterly financial data for the years ended 1

ITEM 9 Changes in and Disagreements with Accountants on Accounting and Finan

Not applicable.

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ITEM 9A Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ens

The Company carried out an evaluation, under the supervision and with the particip

There have been no changes in the Company's internal control over financial report

ITEM 9B Other Information

Not applicable.

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[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

Equity Compensation Plan Information

The following table provides information as of December 31, 2011 with respect to the

The remaining information required by this item is incorporated by reference to the

(1) Certain of the information required by this item regarding executive officers is i

(2) The information required by this item is incorporated by reference to the subhea

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[ITEM 13](#) Certain Relationships and Related Transactions and Director Independence

[ITEM 14](#) Principal Accountant Fees and Services⁽⁴⁾

(3) The information required by this item is incorporated by reference to the subject

(4) The information required by this item is incorporated by reference to the heading

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ITEM 15 Exhibits and Financial Statement Schedule

1. Financial Statements and Schedule

Financial statements and schedule listed in the Index to Financial Statements and S

2. Exhibits

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has

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Financial Statement Schedule

Valuation and Qualifying Accounts and Reserves for the years ended December 31

Reserves deducted in the balance sheet from the assets to which they apply (in mill