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## Hubbell, Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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Thank you. [Operator Instructions]. We are going to take our first question from Robert Cornell with Lehman Brothers.

**Robert Cornell - Lehman Brothers**

Hi everybody.

**Timothy H. Powers - Chairman of the Board, President and Chief Executive Officer**

Hi Bob.

**Robert Cornell - Lehman Brothers**

You mentioned the Electrical was up nicely year-over-year, but it wasn't that strong sequentially as I might have thought. So you mentioned the cost reductions that type of thing. If you go back over what actually happened in the fourth quarter in electrical, wiring, lighting, Hubbell Electrical Products and give some more visibility into whatever is going on there?

**David G. Nord - Senior Vice President and Chief Financial Officer**

Sure Bob, I think one of the things as you look at it at a high level, I think you probably focused on the margin from sequentially from Q3 to Q4 down about three points.

**Robert Cornell - Lehman Brothers**

Right.

**David G. Nord - Senior Vice President and Chief Financial Officer**

Just about half of that is associated with the cost reduction. And then another big piece of it is we have a normal trend as we have talked about from Q3 to Q4 were volumes down and you lose some on the conversion there. And then the other drivers is on the residential side, residential continued to decline and we saw some pressure on margins in the residential business as we finished the year, some attributable to some product returns, so put some pressure on the margins there.

**Robert Cornell - Lehman Brothers**

Actually, you sourced most of that stuff, it's not that volume sensitive, so why would the... when you see the pressure on margins and the resi business?

**Timothy H. Powers - Chairman of the Board, President and Chief Executive Officer**

I think one of the reasons you see that pressures is that while we do source the product, there is still a cost infrastructure, particularly the direct sales force, we haven't took any actions to reduce the direct sales force anywhere near the level of the volume decline because you just can't do that. And so there is a negative margin drag with volume, you can't cover it all.

**Robert Cornell - Lehman Brothers**

So, you passed the critical mass point of view, I get it.

**Timothy H. Powers - Chairman of the Board, President and Chief Executive Officer**

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