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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q
Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended
March 31, 1995
(Unaudited)

Commission File No.
0-4041

HATHAWAY CORPORATION
(Incorporated Under the Laws of the State of Colorado)

8228 PARK MEADOWS DRIVE
LITTLETON, COLORADO 80124
TELEPHONE: (303) 799-8200

84-0518115
(IRS Employer Identification Number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

YES X NO _____

Number of Shares of the only class of Common Stock outstanding:
(4,283,483 as of May 9, 1995)

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HATHAWAY CORPORATION

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HATHAWAY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1995 (Unaudited)	1994 (Unaudited)	1995 (Unaudited)	1994 (Unaudited)
REVENUES	\$9,405,000	\$10,930,000	\$29,231,000	\$31,972,000
OPERATING COSTS AND EXPENSES:				
Cost of products sold	5,137,000	6,294,000	16,686,000	17,760,000
Selling	1,737,000	1,906,000	5,368,000	5,688,000
General and administrative	1,205,000	1,406,000	3,651,000	4,370,000
Engineering and development	968,000	1,137,000	2,736,000	3,055,000
Amortization of intangibles	61,000	66,000	185,000	181,000
Total operating costs and expenses	9,108,000	10,809,000	28,626,000	31,054,000
Operating income from continuing operations	297,000	121,000	605,000	918,000
OTHER INCOME (EXPENSES), net:				
Interest and dividend income	94,000	83,000	241,000	205,000
Interest expense	(55,000)	(62,000)	(148,000)	(228,000)
Foreign exchange gains (losses)	75,000	33,000	43,000	(7,000)
Other income (expenses), net	(18,000)	93,000	75,000	7,000
Total other income (expenses), net	96,000	147,000	211,000	(23,000)
Income from continuing operations before income taxes	393,000	268,000	816,000	895,000
Provision for income taxes	(148,000)	(141,000)	(293,000)	(441,000)
NET INCOME FROM CONTINUING OPERATIONS	245,000	127,000	523,000	454,000
NET INCOME FROM OPERATIONS OF DIVESTED SEGMENT (Note 3)	---	337,000	---	885,000
GAIN ON SALE OF SEGMENT, NET OF INCOME TAXES OF \$900,000 (Note 3)	---	4,023,000	---	4,023,000
NET INCOME	\$ 245,000	\$ 4,487,000	\$ 523,000	\$ 5,362,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

 CONSOLIDATED STATEMENTS OF OPERATIONS - (CONTINUED)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1995	1994	1995	1994
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PER SHARE AMOUNTS				
Primary and Fully Diluted:				
Net income per share from continuing operations	\$ 0.06	\$ 0.03	\$ 0.12	\$ 0.10
Net income per share from operations of divested segment	---	0.06	---	0.18
Gain per share from sale of segment	---	0.81	---	0.81
Net income per share	\$ 0.06	\$ 0.90	\$ 0.12	\$ 1.09
Shares used in computing primary per share amounts	4,339,000	4,984,000	4,467,000	4,911,000
Shares used in computing fully diluted per share amounts	4,347,000	4,990,000	4,478,000	4,937,000

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 31, 1995	June 30, 1994
	-----	-----
	(Unaudited)	
ASSETS		

CURRENT ASSETS:		
Cash and temporary cash investments	\$ 6,626,000	\$ 7,547,000
Trade receivables, net of allowance for doubtful accounts of \$325,000 and \$394,000 at March 31, 1995 and June 30, 1994, respectively	6,542,000	6,888,000
Inventories, net	4,755,000	4,673,000
Current deferred income taxes	724,000	732,000
Prepaid expenses and other	664,000	357,000
	-----	-----
Total current assets	19,311,000	20,197,000
Long-term investments, net of amortization of premium	1,239,000	1,271,000
Property and equipment, net	1,748,000	1,577,000
Cost in excess of net assets acquired	822,000	959,000
Other	361,000	428,000
	-----	-----
Total assets	\$23,481,000	\$24,432,000
	=====	=====

The accompanying notes to consolidated financial statement are an
integral part of these statements.

HATHAWAY CORPORATION
CONSOLIDATED BALANCE SHEETS--(Continued)

	March 31, 1995	June 30, 1994
	-----	-----
	(Unaudited)	
LIABILITIES AND STOCKHOLDERS' INVESTMENT		

CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 3,000	\$ 7,000
Accounts payable	1,425,000	1,448,000
Accrued compensation and fringe benefits	886,000	1,092,000
Accrued commissions	652,000	626,000
Other accrued liabilities	1,493,000	1,501,000
Income taxes payable	698,000	417,000
Product service reserve	467,000	433,000
	-----	-----
Total current liabilities	5,624,000	5,524,000
Long-term debt--less current portion	2,238,000	2,298,000
	-----	-----
Total liabilities	7,862,000	7,822,000
COMMITMENTS AND CONTINGENCIES (Note 5)		
STOCKHOLDERS' INVESTMENT:		
Preferred stock, par value \$1.00 per share, authorized 5,000,000 shares; no shares outstanding	--	--
Common stock, at aggregate stated value, authorized 50,000,000 shares; 5,307,143 and 5,289,643 issued at March 31, 1995 and June 30, 1994, respectively (Note 5)	100,000	100,000
Additional paid-in capital (Note 5)	9,836,000	9,717,000
Loan receivable for stock	(133,000)	(133,000)
Loan receivable from Leveraged Employee Stock Ownership Plan and Trust	(157,000)	(157,000)
Retained earnings	9,367,000	9,380,000
Cumulative translation adjustments (Note 2)	162,000	156,000
Treasury stock, at cost (1,004,596 and 674,585 shares at March 31, 1995 and June 30, 1994, respectively) (Note 5)	(3,556,000)	(2,453,000)
	-----	-----
Total stockholders' investment	15,619,000	16,610,000
	-----	-----
Total liabilities and stockholders' investment	\$23,481,000	\$24,432,000
	=====	=====

The accompanying notes to consolidated financial statement are an
integral part of these statements.

HATHAWAY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED MARCH 31,	
	1995	1994
	(UNAUDITED)	(UNAUDITED)
CASH FLOWS FROM CONTINUING OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 29,574,000	\$ 31,848,000
Cash paid to suppliers and employees	(28,120,000)	(30,708,000)
Interest and dividends received	255,000	162,000
Interest paid	(150,000)	(297,000)
Income taxes paid	(89,000)	(540,000)
Net cash from operating activities	1,470,000	465,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment, net	(719,000)	(619,000)
Investment in joint ventures	(115,000)	(100,000)
Long-term investments	---	(1,288,000)
Cash received from sale of segment	---	6,803,000
Cash paid for expenses related to sale of segment	---	(310,000)
Net cash from investing activities	(834,000)	4,486,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit and long-term debt	(358,000)	(11,766,000)
Borrowing on line of credit and long-term debt	287,000	7,261,000
Cash paid for loan costs	---	(448,000)
Dividends paid to stockholders	(536,000)	(992,000)
Proceeds from exercise of stock options	43,000	232,000
Purchase of treasury stock	(1,103,000)	(710,000)
Net cash from financing activities	(1,667,000)	(6,423,000)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	110,000	(23,000)
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(921,000)	(1,495,000)
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF YEAR	7,547,000	10,267,000
CASH AND TEMPORARY CASH INVESTMENTS AT MARCH 31	\$ 6,626,000	\$ 8,772,000
CASH FLOWS FROM DIVESTED SEGMENT		
Net cash from operating activities	\$ ---	\$ 1,070,000
Net cash from investing activities	---	(1,742,000)
Net cash from financing activities	---	48,000
Net increase in cash and temporary cash investments	---	(624,000)
Cash and temporary cash investments at beginning of year	---	624,000
Cash and temporary cash investments at March 31	\$ ---	\$ -0-

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)

	NINE MONTHS ENDED MARCH 31,	
	1995	1994
	(UNAUDITED)	(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS:		
Net income	\$ 523,000	\$ 4,477,000
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	745,000	734,000
Unrealized foreign currency exchange (gains) losses	(103,000)	21,000
Provision for doubtful accounts	(78,000)	170,000
Long-term incentive plan bonus payable in stock	76,000	---
Gain on sale of divested segment	---	(4,923,000)
Other	(17,000)	(1,000)
Change in assets and liabilities:		
(Increase) decrease in -		
Trade receivables	386,000	(189,000)
Inventories	(48,000)	(232,000)
Current deferred income taxes	8,000	(380,000)
Prepaid expenses and other	---	131,000
Increase (decrease) in -		
Accounts payable	(43,000)	(19,000)
Accrued liabilities	(206,000)	(597,000)
Product service reserve	30,000	78,000
Income taxes payable	197,000	1,195,000
Net cash from operating activities	\$1,470,000	\$ 465,000
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' INVESTMENT
FOR THE NINE MONTHS ENDED MARCH 31, 1995
(UNAUDITED)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	LOANS RECEIVABLE(1)	RETAINED EARNINGS	TREASURY STOCK	
	SHARES	AMOUNT				SHARES	AMOUNT
Balances, June 30, 1994	5,289,643	\$100,000	\$9,717,000	\$(290,000)	\$9,380,000	674,585	\$(2,453,000)
Exercise of stock options	17,500	---	43,000	---	---	---	---
Long-term incentive bonus plan	---	---	76,000	---	---	---	---
Purchase of treasury stock (Note 5)	---	---	---	---	---	330,011	(1,103,000)
Dividends paid to stockholders	---	---	---	---	(536,000)	---	---
Net income for the nine months ended March 31, 1995	---	---	---	---	523,000	---	---
Balances, March 31, 1995	5,307,143	\$100,000	\$9,836,000	\$(290,000)	\$9,367,000	1,004,596	\$(3,556,000)

(1) Loans receivable are from the Company's Leveraged Employee Stock Ownership Plan and Trust for \$157,000 and from an officer of the Company for stock purchases totaling \$133,000.

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Basis of Preparation and Presentation

The accompanying unaudited consolidated financial statements have been prepared by Hathaway Corporation pursuant to the rules and regulations of the Securities and Exchange Commission and include all adjustments which are, in the opinion of management, necessary for a fair presentation. The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and investments in joint ventures (the Company).

Certain information and footnote disclosures normally included in financial statements which are prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures herein are adequate to make the information presented not misleading.

Reference is made to the Notes to Consolidated Financial Statements in the Registrant's June 30, 1994 Annual Report, which is attached hereto, and Form 10-K which was previously filed. It is suggested that the Consolidated Financial Statements and related Notes to such statements, included in the June 30, 1994 Annual Report and Form 10-K, be read in conjunction with the Consolidated Financial Statements as of March 31, 1995, for which certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

The financial data for the interim periods may not necessarily be indicative of results to be expected for the year.

Certain reclassifications have been made to prior year balances in order to conform with the current year's presentation.

2. Summary of Significant Accounting Policies

INVENTORIES

Inventories, valued at the lower of cost (first-in, first-out basis) or market, are as follows:

	MARCH 31, 1995	JUNE 30, 1994
Parts and raw materials, net	\$2,516,000	\$2,589,000
Finished goods and work-in-process, net (including material, labor and manufacturing overhead costs)	2,239,000	2,084,000
	\$4,755,000	\$4,673,000

Reserves established for anticipated losses on excess or obsolete inventories were approximately \$1,045,000 and \$802,000 at March 31, 1995 and June 30, 1994, respectively.

HATHAWAY CORPORATION

PROPERTY AND EQUIPMENT

Property and equipment, at cost, is classified as follows:

	USEFUL LIVES	MARCH 31, 1995	JUNE 30, 1994
		-----	-----
Machinery, equipment, tools and dies	2-8 years	\$ 5,901,000	\$ 5,775,000
Furniture, fixtures and other	3-10 years	1,808,000	1,527,000
		-----	-----
		7,709,000	7,302,000
Less accumulated depreciation and amortization		(5,961,000)	(5,725,000)
		-----	-----
		\$ 1,748,000	\$ 1,577,000
		=====	=====

Depreciation and amortization are provided using the straight-line method over the estimated useful life of the assets. Maintenance and repair costs are charged to operations as incurred. Major additions and improvements are capitalized. The cost and related accumulated depreciation of retired or sold property are removed from the accounts and any resulting gain or loss is reflected in earnings.

INCOME TAXES

Effective July 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109) which requires an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax bases of assets, liabilities and carryforwards is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. The provision for income taxes is the current tax payable or refundable for the period plus or minus the net change in deferred tax assets and liabilities.

STATEMENT OF CASH FLOWS

For purposes of the Consolidated Statements of Cash Flows, cash and temporary cash investments include amounts which are readily convertible into cash (maturities of three months or less) and which are not subject to significant risk or changes in interest rates. Cash flows from the divested segment (Note 3) have been segregated. Cash flows in foreign currencies are translated using an average rate.

FOREIGN CURRENCY TRANSLATION

In accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation", the assets and liabilities of the Company's foreign subsidiaries are translated into U. S. dollars using current exchange rates. Revenues and expenses are translated at average rates prevailing during the period. The resulting translation adjustments are recorded in the Cumulative Translation Adjustments component of Stockholders' Investment in the accompanying Consolidated Balance Sheets.

HATHAWAY CORPORATION

Changes in Cumulative Translation Adjustments included in the Stockholders' Investment section of the accompanying Consolidated Balance Sheets are as follows:

	MARCH 31, 1995	MARCH 31, 1994
	-----	-----
Cumulative Translation Adjustments, beginning of period	\$156,000	\$174,000
Translation adjustments	6,000	(72,000)
	-----	-----
Cumulative Translation Adjustments, end of period	\$162,000	\$102,000
	=====	=====

Foreign currency transaction gains and losses and translation gains and losses on intercompany balances with foreign subsidiaries are included in Other Income (Expenses) in the accompanying Consolidated Statements of Operations as follows:

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	-----	-----	-----	-----
	1995	1994	1995	1994
	-----	-----	-----	-----
Unrealized foreign exchange gains (losses)	\$80,000	\$28,000	\$103,000	\$(21,000)
Realized foreign exchange gains (losses)	(5,000)	5,000	(60,000)	14,000
	-----	-----	-----	-----
Foreign exchange gains (losses)	\$75,000	\$33,000	\$ 43,000	\$ (7,000)
	=====	=====	=====	=====

3. Sale of Application Software Segment

Effective January 31, 1994, the Company sold its Application Software Segment, Global Software, Inc. (Global), to the senior management of Global. The sale resulted in a net after tax gain of \$4,023,000. The Company received a cash payment of \$6,803,000, of which a portion was used to repay \$3,000,000 of the Company's long-term debt and to pay a special \$.10 per share dividend to shareholders totaling \$495,000. The remaining proceeds were used to pay the expenses and income taxes which resulted from the sale and for other general operating activities.

Global achieved a net profit of \$337,000 and \$885,000, respectively for the month and seven months ended January 31, 1994. Revenues for the same periods totaled \$1,741,000 and \$14,053,000, respectively.

4. Dividends

On September 16, 1994, the Company paid a cash dividend of \$.12 per common share, or \$536,000, to stockholders of record on August 26, 1994.

5. Commitments and Contingencies

SEVERANCE BENEFIT AGREEMENTS

During 1989, the Company entered into annually-renewable employment and severance benefit agreements with certain key employees which, among other things, provide inducement to the employees to continue to work for the Company during and after any period of threatened takeover. The agreements provide the employees with specified benefits upon the subsequent severance of employment in the event of a change in control of the Company and are effective for 24 months thereafter. The maximum amount that could be required to be paid under these contracts, if such events occur, currently aggregates approximately \$1,162,000.

LITIGATION

The Company has been named as a defendant in certain actions that have arisen out of the ordinary course of business. Based upon the advice of the Company's legal counsel, management believes the actions are without merit and will not significantly affect the Company's consolidated financial position.

SHAREHOLDER RIGHTS PLAN

During fiscal year 1989, the Company adopted a shareholder rights plan under which preferred stock purchase rights were distributed, one right for each share of common stock outstanding. Each right will entitle holders of the Company's common stock to buy one one-hundredth of a newly issued share of Series A Junior Participating Preferred Stock at an exercise price of \$17.50, following certain change of control events including a tender offer for, or acquisition by, any entity of 20% or more of the Company's common stock.

At any time up to ten business days following the public announcement of certain change of control events, the Company can redeem the rights at \$.001 per right. If certain subsequent triggering events occur, the rights will give shareholders the ability to acquire, upon payment of the then-current exercise price, the Company's common stock or the common stock of an acquiror having a value equal to twice the right's exercise price. The rights will expire June 25, 1999.

EMPLOYMENT AGREEMENTS

Effective July 1, 1993, the Company entered into five year employment agreements with two of its executive officers. The agreements provide for 1) an annual incentive bonus to be paid based on the achievement of specified returns on equity and growth in share price plus dividends paid for each fiscal year, 2) a long-term incentive bonus to be paid based on the achievement of specified returns on equity and share price growth plus dividends over a three year performance period and 3) specified benefits upon termination of employment (for reasons other than cause or change in control) which are effective for one year thereafter. As of March 31, 1995, the maximum amount that could be required to be paid under the termination clause of these agreements was approximately \$807,000.

The annual bonus is payable in cash following each fiscal year-end. The long-term incentive plan is payable in Company common stock following the end of the three year performance period. At the employee's election, such payout may be taken in cash up to 40% of the fair market value of the total shares to be issued. The total number of shares potentially issuable under the long-term incentive plan ranges from zero to 210,000. For the first nine months of fiscal 1995, the Company recognized \$76,000 of compensation expense related to the long-term incentive plan which is reflected as an increase to Additional Paid-in Capital.

STOCK REPURCHASE PROGRAM

During fiscal 1994, the Board of Directors approved a public stock repurchase program whereby the Company may use up to \$500,000 to repurchase its common stock from stock available on the NASDAQ National Market System. Such repurchased stock is being retained by the Company in its treasury. As of March 31, 1995, 31,400 shares had been repurchased under this program for approximately \$99,000.

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In addition to the public stock repurchase program, the Board of Directors approved an employee stock repurchase program whereby the Company may use up to \$1,000,000 to repurchase its common stock from its employees at the current market value. As of March 31, 1995, the Company had repurchased 236,034 shares for approximately \$787,000, including 90,000 shares purchased from an officer of the Company, the proceeds of which were primarily used to repay a loan from the Company. Seventeen thousand, eight hundred and sixty seven (17,867) of these shares were purchased during fiscal year 1995 for approximately \$60,000.

During the first quarter, the Board of Directors approved two special stock repurchases. The Company purchased 141,000 shares of the Company's common stock from a significant non-affiliated shareholder at a price equal to the then fair market value, which totaled \$441,000. The Company also repurchased 132,000 shares from a non-employee director of the Company at a price equal to the then fair market value which totaled \$478,000. All repurchased stock is being retained by the Company in its treasury.

Combined with previous purchases, the Company held treasury stock with a total cost of \$3,556,000 as of March 31, 1995.

The warrants to purchase 300,000 shares of the Company's common stock at a current price of \$6.35 per share (subject to adjustments up to \$6.46 per share) which were issued to Household Commercial Financial Services, Inc. and Ford Motor Credit Company under the previous long-term financing agreement remain outstanding and are exercisable through June 1997.

6. Related Party Transactions

During the second quarter, the Board of Directors approved a loan of up to \$35,000 to be made by the Company after November 30, 1994 to a non-employee member of the Board of Directors. The loan will be made for the purpose of purchasing Hathaway common stock from stock available on the NASDAQ National Market System.

HATHAWAY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
OPERATING RESULTS AND FINANCIAL CONDITION

Operating Results

For the third quarter ended March 31, 1995, the Company achieved net income from continuing operations of \$245,000, compared with net income from continuing operations of \$127,000 for the same period last year. The Company achieved a net profit from continuing operations of \$523,000 for the first nine months of fiscal year 1995, as compared to \$454,000 for the first nine months of last year.

Hathaway achieved net income from total operations of \$245,000 and \$4,487,000 for the quarters ended March 31, 1995 and 1994, respectively. For the first nine months of fiscal years 1995 and 1994, the Company generated net income from total operations of \$523,000 and \$5,362,000, respectively. Last year's third quarter and nine months results included \$4,360,000 and \$4,908,000, respectively, from the results of the divested operations and the net gain from the sale of the Company's software segment that was sold during the third quarter of last fiscal year.

Revenues from continuing operations for the third quarter of fiscal 1995 decreased to \$9,405,000 from \$10,930,000 in the third quarter of fiscal 1994. Revenues for the first nine months of the year decreased 9% from \$31,972,000 in fiscal 1994 to \$29,231,000 in fiscal 1995. Motion control product sales increased by 10% over the first nine months of last year due to excellent growth in sales to both domestic and foreign customers. Operating profit for this group increased 77% for the nine months over the same period last year. Power and process instrumentation product sales, however, decreased 12% from the first nine months of last year. This decrease was mainly attributable to the continuing cost reduction efforts being made throughout the power industry in response to the impending deregulation of the United States power industry pursuant to the Energy Policy Act of 1992 and privatization of the power industry in the United Kingdom. In the United States, the Energy Policy Act facilitates competition among utility companies. In the United Kingdom, the government owned utility company was divided into twenty different companies, causing increased competition and cost reductions among the utility companies in Hathaway's major foreign market. The Company's power customers in both the United States and United Kingdom are purchasing less instrumentation as part of their cost cutting efforts and the instrumentation which they are buying is more price competitive. They are also purchasing less instrumentation as a result of the turmoil within their organizations which has been created by significant downsizings. Power companies will continue to become more efficient through downsizing, until they are competitive within the industry. It is uncertain how long this trend will continue, but power companies will have to ultimately increase their purchases of instrumentation that protect and monitor their power systems in order to maintain the high quality of power provided to the consumer.

Hathaway's response to this competitive market has been the development of new products which will help power companies achieve lower costs and improve the reliability of their power. The Company is also looking for products and companies that could be acquired that fit in with the industries on which it is currently focused. The Company has also responded by reducing costs and expenses. Selling, general and administrative, and engineering and development expenses decreased 12% for the third quarter from \$4,449,000 last year to \$3,910,000 in the current year. These expenses decreased 10% for the first nine months of the current year from \$13,113,000 to \$11,755,000.

Sales to international customers totaled to \$3,154,000, or 34% of sales, in the third quarter of fiscal 1995, compared to \$4,230,000, or 39% of sales from continuing operations, in the same quarter of fiscal 1994. Of these foreign sales, \$1,041,000 and \$2,578,000 were export sales from domestic operations for the third quarter of 1995 and 1994, respectively. Domestic sales from continuing operations totaled \$6,251,000 in the third quarter of fiscal 1995, compared to \$6,699,000 in the third quarter of fiscal 1994.

HATHAWAY CORPORATION

Sales to foreign customers decreased to \$10,248,000 or 35% of total revenues for the first nine months of fiscal 1995, as compared to \$11,203,000 or 35% of sales during the same period last year. Of these foreign sales, \$4,576,000 and \$5,750,000 were export sales from domestic operations for the first nine months of fiscal 1995 and 1994, respectively. Sales to domestic customers were 65% of total sales for the first nine months of fiscal years 1995 and 1994.

Cost of products sold as a percentage of revenues decreased to 55% for the third quarter of 1995, compared with 58% for the same period last year. These costs increased from 56% to 57% of revenues for the nine months of fiscal years 1994 and 1995, respectively.

Total interest expense incurred by the Company was \$148,000 and \$337,000 for the nine months ended March 31, 1995 and 1994, respectively. Of the total interest incurred in the first nine months of fiscal 1994, \$109,000 was allocated to discontinued operations as a result of the terms of the Company's long-term financing agreements. Interest expense from continuing operations decreased \$7,000 for the quarter and \$80,000 for the nine months ended March 31, 1995 from the same periods last year. The 11% and 35% decreases for the quarter and nine months, respectively, reflect interest savings from lower debt outstanding.

Foreign currency translation gains and losses on intercompany balances with the Company's foreign subsidiaries and foreign currency transaction gains and losses resulting from fluctuations in foreign currency rates are recognized as foreign exchange gains and losses. The Company recognized foreign exchange gains of \$75,000 and \$33,000 for the quarters ended March 31, 1995 and 1994, respectively. Foreign exchange gains of \$43,000 and foreign exchange losses of 7,000, respectively, were recognized for the nine months ended March 31, 1995 and 1994.

The Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", on a prospective basis during the first quarter of fiscal 1994. The cumulative effect of adoption was not material.

Divested Segment

Effective January 31, 1994 the Company sold its application software segment, Global Software, Inc. (Global), to the senior management of Global. The sale resulted in a net after tax gain of \$4,023,000.

The net income generated by Global for the month and seven months ended January 31, 1994 was \$337,000 and \$885,000, respectively. Global generated revenues of \$1,741,000 and \$14,053,000 for the same periods.

Liquidity and Capital Resources

The Company's liquidity position as measured by cash related to continuing operations decreased \$921,000 during the nine months to a balance of \$6,626,000 at March 31, 1995. Operating activities generated \$1,470,000 in the first nine months of fiscal 1995 compared to \$465,000 generated in the prior year. The increase in cash generated by operating activities is primarily the result of less cash paid to suppliers and employees as well as reduced interest and income taxes paid during the nine months partially offset by less cash received from customers. Cash of \$834,000 was used by investing activities during the nine months this year as compared to \$4,486,000 generated last year. The cash generated by investing activities last year includes cash provided by the sale of Global. Cash of \$1,667,000 was used in financing activities during the first nine months of the year, compared to \$6,423,000 used for financing activities last year. In fiscal year 1995, approximately \$1,103,000 of the \$1,667,000 was used to repurchase common stock of the Company (discussed below) and \$536,000 was paid as a dividend to stockholders (discussed below). In the prior year, \$710,000 was used for treasury stock repurchases, \$992,000 for dividends to stockholders and approximately \$4,000,000 for debt repayment in excess of borrowings.

No major commitments for capital expenditures existed at March 31, 1995. The Company's current capital needs can be supplied from operations and from its cash and temporary cash investments of \$6,626,000.

On September 16, 1994, the Company paid a \$.12 per common share cash dividend to stockholders of record on August 26, 1994.

HATHAWAY CORPORATION

During fiscal 1994, the Company's Board of Directors approved a public stock repurchase program whereby the Company may use up to \$500,000 to repurchase its common stock from stock available on the NASDAQ National Market System. Such repurchased stock is being retained by the Company in its treasury. As of March 31, 1995, 31,400 shares had been repurchased under this program for approximately \$99,000.

In addition to the public stock repurchase program, the Board of Directors approved an employee stock repurchase program whereby the Company may use up to \$1,000,000 to repurchase its common stock from its employees at the current market value. During fiscal 1995, the Company repurchased 17,867 shares for approximately \$60,000. As of March 31, 1995, the Company had repurchased 236,034 shares for approximately \$787,000, including 90,000 shares purchased from an officer of the Company, the proceeds of which were primarily used to repay a loan from the Company.

During the first quarter, the Board of Directors approved two special stock repurchases. The Company purchased 141,000 shares of the Company's common stock from a significant non-affiliated shareholder at a price equal to the then fair market value totaling \$441,000. The Company also repurchased 132,000 shares from a non-employee director of the Company at a price equal to the then fair market value which totaled \$478,000. All repurchased stock is being retained by the Company in its treasury.

Combined with previous purchases, the Company held treasury stock with a total cost of \$3,556,000 as of March 31, 1995.

During the second quarter, the Board of Directors approved a loan of up to \$35,000 to be made by the Company after November 30, 1994 to a non-employee member of the Board of Directors. The loan will be made for the purpose of purchasing Hathaway common stock available on the NASDAQ National Market System.

Price Levels and the Impact of Inflation

Prices of the Company's products have not increased significantly as a result of inflation during the past several years, primarily due to its competition. The effect of inflation on the Company's costs of production has been minimized through production efficiencies and lower costs of materials. The Company anticipates that these factors will continue to minimize the effects of any foreseeable inflation and other price pressures from the industries in which it operates. As the Company's manufacturing activities mainly utilize semi-skilled labor, which is relatively plentiful in the areas surrounding the Company's production facilities, the Company does not anticipate substantial inflation-related increases in the wages of the majority of its employees.

HATHAWAY CORPORATION

PART II. OTHER INFORMATION

Item 1. Legal Procedures

(a) Reference is made to Note 5 in the Form 10-Q Quarterly Report for the quarter ended March 31, 1995 and Note 12 in the Registrant's Annual Report to Stockholders for the period ended June 30, 1994, herein incorporated by reference to this report.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(1) Annual Report containing Notes to Consolidated Financial Statements in the Registrant's June 30, 1994 Annual Report to Stockholders.

(b) Reports on Form 8-K

(1) There were no reports on Form 8-K filed for the nine months ended March 31, 1995.

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 thereunto duly authorized.

HATHAWAY CORPORATION

DATE: May 12, 1995

By: /s/ Richard D. Smith

Executive Vice President,
Treasurer, Secretary and Chief
Financial and Accounting Officer

9-MOS
JUN-30-1994
JUL-01-1994
MAR-31-1995
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6,867,000
325,000
4,755,000
19,311,000
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