Our core markets are divided into four distinct categories: energy, communications, non-utility and data communications. Our customer base includes telecommunications network operators, cable television and broadband service providers, power utilities, corporations and enterprise networks, government agencies and educational institutions. We also serve several specialized industries under our non-utility market category. With groundbreaking and innovative solutions like our line of COYOTE® Fiber Optic Products, and our THERMOLIGN® family of power transmission products, PLP has consistently pioneered modern advances in communications and power utility networks since 1947.

We deliver added value to our customers through our expertise and our unparalleled customer support. Our flexibility and global presence allows us to respond to our customers’ needs with speed and precision. This strategy enables us to help our customers meet their business challenges head-on and achieve success.

You can count on our products and our people day in and day out, year after year. That’s because a steadfast commitment to quality is not just a goal at PLP, it’s an obsession. In our engineering laboratories, on the manufacturing line, all the way to field installation, it’s the guiding principle of everything we do. You can rest assured that the reliability of our products and the dedication of our people are the things that make Preformed Line Products “the connection you can count on.”

Preformed Line Products is a worldwide designer, manufacturer and supplier of high quality cable anchoring and control hardware and systems, fiber optic and copper splice closures, and high-speed cross-connect devices.

FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>2006</th>
<th>2005</th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$216,937</td>
</tr>
<tr>
<td>Income before taxes and equity in net income of joint ventures</td>
<td>17,576</td>
</tr>
<tr>
<td>Net income</td>
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<tr>
<td>Net income per-share-basic</td>
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<tr>
<td>Net income per-share-diluted</td>
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<tr>
<td>Shareholders’ equity per share</td>
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</table>
I am pleased to share this 2006 Annual Report with you and proud to provide an overview of the Company’s solid performance last year and the exciting opportunities we see ahead.

Among the major highlights of the year was the excellent performance of our energy transmission business and our international subsidiaries. Consolidated sales worldwide were up 5% in 2006 over the year before. However, our international sales were 17% higher over the same period. Domestic sales were much stronger in the fourth quarter of 2006, giving us optimism for 2007. Although some of our domestic operations did not perform up to expectation, we are highly optimistic about the future of our business in all markets. Among our biggest challenges for 2007 will be improving operating efficiencies in our domestic operations to make up for continuing increases in raw material costs.

Domestically, Energy business was a solid contributor last year and we are excited about its prospects in the years ahead. We were able to capitalize on the fact that several new products came on stream as the power industry was rebounding. The combination of the industry turnaround and future benefits of The Energy Policy Act of 2005 bode well for PLP and its products over the next several years. As the electric utility industry makes new investments in upgrading its power grid, PLP is ready with innovative products and solutions for these customers.

In addition to multiple opportunities in our traditional markets, there are exciting new opportunities in emerging technologies. One area we are exploring for growth potential is renewable energy. Wind and solar power generation are becoming more economically feasible due to improved technologies, rising costs of traditional energy sources and increasing demand for energy independence. We believe PLP can play a significant role in these markets as these technologies develop.

We have refocused much of our efforts in the Non-Utility market category as we continue to leverage our technical expertise in the Energy and Communications businesses to find product solutions that work for our Non-Utility customers. We have enjoyed particular success in the Tower and Antenna, Agriculture and Metal Buildings segments of this market with our helical and bracing type products that have multiple application opportunities.

Looking at Communications, long-term growth for PLP lies in the further deployment of Fiber-to-the-Premises (FTTP). We believe we are on the threshold of greater expansion of this technology and, as it grows, PLP is poised to grow with it. Our product offerings are well positioned to address the expansion of the fiber network in the United States and, ultimately, in overseas markets.

Our international business continues to perform at high levels. The 17% sales growth in 2006 compared to the year before was the result of solid sales growth in nearly every country in which we operated. We are currently expanding our manufacturing capacity in Asia to better serve customers in that region in the future in addition to supporting a number of our markets outside Asia. Compared to many of our competitors, PLP has a differentiated strategy with our International subsidiaries, which focuses primarily on serving their local markets with local manufacturing capabilities. These subsidiaries are also playing a greater role in collaborating with PLP operations worldwide to provide product solutions and expertise for customers in all of our markets. We believe this “think globally, act locally” strategy will continue to serve us well for the future.

PLP People: the Essential Ingredient

As we look at our record of strong performance over the years, it’s also helpful to look at the factors behind this success. When we examined it more closely and talked with fellow employees, our customers and our supply chain partners, a number of positive character traits emerged: entrepreneurial, collaborative, customer-focused, responsive, dependable, solutions-oriented, quality-oriented, flexible and nimble. The power behind these words, however, is in the people of PLP. Our theme for this year’s annual report focuses on the people of PLP: how they demonstrate those important traits day after day, and how that commitment benefits our customers. I never cease to be amazed at the abilities and effort of our employees – they are the reason for our success.

We can all be very proud of an area of particular importance to the Company: the tremendous collaboration and teamwork that has developed across PLP in recent years. International teamwork is rapidly approaching “the norm”, particularly for innovative solutions on major high profile projects worldwide. For example, we recently entered into a major partnership agreement, providing patent – pending hardware to a major conductor cable supplier to the power utility industry. This was a successful combination of the expertise of our Brazilian subsidiary, which teamed with our domestic engineering and sales and support staff to bring this partnership to completion. That same collaborative spirit exists in relationships throughout the organization. Today we are a much more integrated company in all respects than we have been at anytime in our history and we’re just getting “warmed up.”

On behalf of the over 1,500 employees of PLP, I thank you for your support and interest in your company. We look forward to continuing to share good news with you about the company’s growth for years to come.

Robert G. Ruhlman
Chairman and Chief Executive Officer

FINANCIAL POSITION

Consolidated net sales were nearly $217 million in 2006, an improvement of more than 5% over 2005. PLP’s 2006 domestic sales in Energy markets improved 8% but were not strong enough to offset the weakness in the Communications market and consequently, domestic sales decreased from 2005. PLP’s international subsidiaries achieved record sales and income figures during 2006 with sales improving 17% over 2005. Strong international performance offset the weakened domestic market resulting in consolidated net income of more than $12 million which was slightly better than 2005. Therein lies the beauty of global diversification. Our balance sheet remains strong with a current ratio of 3.2 to 1 and cash of nearly $30 million. Our bank debt is just over $8 million and represents 6% of equity.
The Energy market completed a strong year in 2006 and the stage is set for continued growth in 2007 and beyond.

PLP’s Energy business serves major investor-owned utilities, rural electric cooperatives and municipal power systems worldwide with a focus on the transmission, distribution and fiber optic network aspects of the business.

Overall, domestic sales increased 8% over last year driven largely by a strong showing in transmission sales, which were up 28%. Sales in domestic distribution were up more modestly due in part to the mild storm season in 2006, compared to the previous two years.

Transmission sales are expected to be strong again in 2007 as utilities continue forward with investments in transmission infrastructure.

Passage of The Energy Policy Act of 2005 and the continued strength of the general economy creates a more favorable climate for the industry’s future.

PLP has aggressively reengaged with its customer base over the last several years. It has done this by conducting numerous field visits and transmission seminars at its Cleveland headquarters and around the country, and by renewing its commitment to educating customers on best practices in transmission line construction. Additionally, PLP had the foresight to begin development work several years ago on a number of key product development programs. Several products resulting from these programs, such as the CUSHION-GRIP® Hardware System and the VORTX® Vibration Damper, were brought to market just as the utility market began rebounding. All of these efforts have put PLP in a strong position to seize the opportunities that exist as the rebuilding and upgrading of the power grid expands into the future.

International transmission sales continued to grow, and were up more than 9% over last year as PLP’s subsidiaries increased capacity and added more customers worldwide. Operations in Asia and Latin America added a great deal of manufacturing capacity to serve those growing regions.

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As highlighted in last year’s annual report, PLP has earned a reputation among its customers and supply chain partners for being responsive, especially when nature turns violent.

Priorities to manage new tower heights or extended “rights of way” focus on new construction intensifies in all of the developing markets it serves. As more energy is demanded at the local level, transmission is required to supply the network. With strategically located operations throughout the world, PLP is well positioned to continue to take advantage of this growth. PLP is confident that the combined portfolio of design technologies from its domestic operations and international subsidiaries will enable it to supply specific solutions to the diverse set of transmission requirements in the varied terrain of the international energy market.

As the market unfolds in the United States, we see a parallel need to rebuild much of the world’s transmission infrastructure, which was originally built several decades ago. These aging lines are showing wear in many markets and the rebuilding projects are nearly as large as the original construction.

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DISTRIBUTION

Domestic distribution is expected to markedly improve performance in 2007 over the year before as customers continue to invest in their systems. Additionally, a major breakthrough for distribution occurred late last year when PLP entered into an alliance with Southwire, a major conductor cable supplier to the power utility industry. Working jointly with its Brazilian subsidiary, PLP will furnish the hardware for Southwire’s spacer cable product. Southwire will fully market its cable with PLP’s hardware system in 2007.

PLP has also worked diligently on trying to offset the dramatic increase in the cost of the raw materials that go into a majority of our Distribution product offering. With several departments including sales and marketing, manufacturing and engineering working as a team, PLP continues to identify and explore opportunities for cost savings in an effort to lessen the overall impact of the continuing rise in commodity prices on our customers.

ENERGY

FLEXIBLE

Power utility companies often look to PLP for unique solutions to help minimize maintenance costs for their networks. One major solution was recently developed for coastal applications where saltwater corrosion often leads to the premature aging of cable and hardware systems. Recognizing this opportunity, PLP developed a proprietary corrosion resistant solution based on its FIBERLIGN® family of fiber optic hardware products. “By being a flexible company in adapting our products to a variety of applications, we can maximize our value to customers and increase our sales opportunities,” said John Jones, Market Manager for Utility Fiber Technologies.

FIBER OPTIC HARDWARE

Fiber optic cable applications for the power utility industry continued to be a key market segment for PLP. PLP serves these fiber optic cable applications with its FIBERLIGN® products, designed for supporting installations of Optical Ground Wire (OPGW) and All-Dielectric Self-Supporting cable (ADSS) systems.

COLLABORATIVE

Close collaboration among domestic sales, engineering and research departments and its Brazilian subsidiary helped PLP land a major partnership with Southwire, a leading cable supplier to the power utility industry. “Southwire wanted to expand its spacer cable product offering, but it needed a hardware partner. When they approached us, we went to our Brazilian subsidiary, which has a great deal of expertise in providing a similar product for the South American market,” said Paul Daniels (left), PLP’s Market Manager for Distribution. “We are proud that PLP Brazil is playing such an important role in PLP partnering with Southwire,” said Paulo Sergio (right), Industrial Technical Director, PLP Brazil. “This attitude of teamwork and collaboration on behalf of our customers is one of our greatest strengths.”

NIMBLE

A nimble and speedy response to ever-changing customer needs, technologies and market environments enables PLP to provide innovative solutions that set it apart from the pack. In 2006 a power utility customer deploying Broadband Over Power Lines (BPL) technology approached PLP looking for a very specific solution to help them connect their network with customers’ homes. “We partnered closely with our Technical Sales Group to listen to our customer and identify their needs, and in four short months we responded by engineering, designing and introducing the COYOTE® Aerial Drop Closure. Our responsiveness and speed to market puts us in the driver’s seat to provide cutting-edge solutions and add value that our competitors simply can’t match,” said Randy Cloud, Engineering Manager, Communications Product Development.

One exciting new application is the development of Broadband Over Power Lines (BPL). Several major utilities have taken more aggressive steps in 2006 to deploy BPL technology. Energy utility companies in particular have begun embracing this technology in the deployment of “smart grid” technologies, such as Automated Meter Reading (AMR) and other advanced monitoring systems in an effort to upgrade aging infrastructure and improve reliability.
This year marked another extremely competitive year for PLP and the customers it serves in the communications industry. The ever-shifting influence of emerging technologies and corporate consolidation were key contributors to the softened sales that were experienced in 2006. Nevertheless, PLP remains optimistic and committed to the challenge, and stands ready to seize each and every opportunity as it moves into the future.

Verizon continued its well-publicized initiative to deploy its next generation Fiber-to-the-Premises (FTTP) broadband network. Yet 2006 saw Verizon temporarily shift its emphasis from merely passing homes to connecting homes to the completed portions of that network. This work involves a segment of the network where PLP has a much smaller product mix, and therefore a more limited opportunity for participation. PLP sees this shift in emphasis as temporary and expects to see larger scale network deployment to resume and continue into the foreseeable future. In addition, PLP continues to explore ways it can expand its current fiber optic product mix in order to increase participation in the home connection segment of FTTP deployment.

Being a dependable provider of products and solutions has long been a hallmark of PLP. One excellent example is the strong relationship PLP has with Verizon, a leader in building an all-fiber network across its markets. "PLP has a strong partnership with Verizon to supply products as it develops its network," said John Hofstetter (right), Director of Marketing and Sales for Communications Markets. "This dependability also applies to the many product solutions we have brought on line for customers of all sizes and types," said Chris Grubish (left), Market Manager, Communications and Global FTTP, who added that development of such products as the COYOTE® Dome Closure and other fiber optic products approved and placed on standards. PLP takes its commitment to its customers very seriously. "We endeavor to ensure that the materials and equipment are highly reliable before we ever send them to the customer. Our engineering and manufacturing set high standards for our products and that translates into reliability for our customers."

Another factor that influenced performance in 2006 was a decelerating demand for copper products such as the ARMADILLO® Stainless Closure and the SERVISEAL® Closure. Major service providers are now beginning to lose traditional landline customers in favor of wireless and Internet-phone service at an increasing rate. This trend is expected to continue. As it does, capital expenditures on old technology for legacy copper networks will be relegated to maintenance and Digital Subscriber Line (DSL) deployment. The silver lining to this trend is that PLP should more than offset this trend with its high profile in FTTP technologies.

While the emergence of FTTP has a favorable future, PLP is also pursuing a number of areas to expand its Communications business. PLP has pursued the growing fiber market with municipalities and has a strong partnership with a number of federal government entities in the communications field. There are a number of publicly-owned utilities across the nation that have developed or are considering construction of fiber-optic networks for their communities. Many of these public entities believe such networks will make their communities more economically viable. PLP continues to work with these public entities to bring broadband services to the masses.

Merger-related delays in spending also played a major role in our efforts in 2006. The AT&T/BellSouth merger, and the Adelphia Cable acquisition by Time Warner and Comcast Cable are noteworthy examples. In the case of BellSouth, PLP worked diligently to get new versions of the COYOTE® Dome Closure and other fiber optic products approved and placed on standards. PLP remains optimistic that these efforts will eventually pay dividends in the form of increased market share. In the case of Time Warner and Comcast, industry opinions vary, but some industry experts expect that network upgrade spending will occur in territories previously owned and operated by Adelphia cable. PLP stands ready to seize this opportunity.

PLP’s international Communications business has been focused on specialty niche markets outside of the United States. More specifically, most markets outside of the U.S. are just beginning to show interest in extending fiber networks to the premises. PLP will be leveraging its extensive experience with FTTP opportunities in the U.S. to gain a strong position in our international markets. A global FTTP initiative to combine the resources of PLP has recently been established.
PLP’s non-utility management team implemented some major customer programs to reinvigorate its business in 2006 and the result was an impressive rise in sales from the prior year.

One area of focus in 2006 was a major effort to find more solutions from across all of PLP’s market categories that would help the variety of customers within the non-utility industries. The introduction of the E-Z BRACE™ System is one example of efforts in this area. This product is a customized metal building bracing solution that evolved out of the BRACE-GRIP® Dead-end product line. As a result of efforts like this, PLP was able to add more customers last year.

Installation of guyed towers and antennas has peaked in recent years; as a result, PLP has focused more of its efforts towards customers upgrading this equipment.

In 2007 and beyond, non-utility managers will continue to work closely with other market managers across PLP to take their existing products and apply them to non-utility applications in an effort to broaden its offerings to its current and future customers.

Non-Utility Industries

CUSTOMER-FOCUSED
The Non-Utility market segment of PLP continues to add value by taking traditional PLP energy and communications product technologies and applying them to applications in several different industries. John Markiewicz, Market Manager for Non-Utility, said “We have renewed our focus on the non-utility customer base and have brought a host of new solutions to these customers.” One example is the BIRD-FLIGHT™ Diverter, which is a successful product for the Energy market but which has similar applications for the Tower and Antenna market segment that the Non-Utility business serves. “We are providing more value-added products and solutions for our customers than ever before,” explains Robin Bartlett, Field Sales Representative for Non-Utility Markets at PLP. “This translates into stronger customer relationships and increased sales.”

LOCAL FOCUS, GLOBAL PERSPECTIVE
One unique aspect of PLP’s strategy is the operational philosophy of its international subsidiaries. “While our international subsidiaries are primarily focused on serving the needs of their local market, they are also committed to sharing their product and technology applications companywide and worldwide,” said William H. Haag (left), Vice President, International Operations. One example of this is PLP Australia, which sells broadly to the Energy and Communications markets, and sells products such as a helical dead-end product, which can easily be used by Non-Utility customers for agricultural applications. “We have a strong business relationship across Australia, but we are always looking for ways our products can help PLP’s customers worldwide,” said Norman Windell (right), Managing Director of PLP Australia.

Data Communications

PLP Subsidiary SMP Data Communications is a technical leader in the development of interconnection devices for voice, data and video applications. SMP makes fiber and copper connecting hardware products that make networking and high-speed data transmission possible across enterprise networks. Its products have multiple residential and commercial applications.

SMP increased sales in 2006, while investing in new products focused on residential and copper connectivity solutions. The new developments include a focus on secure networking and 10-gigabit per second (Gbps) technologies. In addition last year, SMP successfully extended its brand further across the data communications landscape. SMP saw revitalization of its Residential market and enjoyed significant growth in its Fiber Optic Solutions market.

SMP will continue to be a leader in the Structured Cabling Industry by uncovering new markets, capitalizing on new opportunities in existing markets and driving new technologies. 2007 will be a year of harvesting the fruits of our recent investments and maintaining a focus on further growth.

DATA COMMUNICATIONS

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INFORMED DECISION-MAKERS
SMP has gained a reputation for keeping pace with the fast-changing demand for faster and more efficient data transmission. One example is the Dual Access Residential Cabling Solution that allows scalable networking between today’s Analog Voice Line Technologies and future Voice over Internet Protocol (VoIP) Networks. “SMP quickly found solutions in specific areas of this market and is considered an important player in this development,” said Brad Everette, Marketing Manager, of SMP Data Communications. “We are very responsive in the development of products for our customers, and we do so in an environment of informed decision making.”
PLP’s Lean Manufacturing process continued in 2006 to reach new milestones in terms of efficiency and quality control. In fact, PLP has seen year over year improvement in these important measures of production. Before implementing Lean, PLP, similar to many other manufacturers, utilized the traditional batch process of manufacturing. Lean shifted the focus to eliminating waste and continuous improvement, and now Lean is a way of life at PLP’s manufacturing plants worldwide.

One of the major tenants of Lean is to constantly look for bottlenecks in the manufacturing process. It is a methodology for creating value with a minimal amount of materials, space, equipment and workers’ time. As a result, PLP cross-trained its employees to maximize their utility and efficiency. PLP now tailors its manufacturing processes and measures performance based on customer demand and expectations. On time delivery, order accuracy and overall product quality continue to improve under the Lean program.

In 2006, a significant amount of work was done in exploring growth opportunities in the Renewable Energy sector. PLP is well positioned from a technology and operational standpoint to capitalize on the dramatic growth in this area as pressure intensifies to find alternative fuel sources to offset our current dependency and lessen the environmental impact of traditional energy sources. Suitable product development and acquisition opportunities were identified and are currently being pursued.

Over the last several years, PLP has taken great strides in developing relationships with key companies in our industry that would provide a strong strategic fit with PLP. While the universe of companies that are a solid strategic fit and would be within an acceptable size is relatively narrow, PLP is well positioned with key relationships within these companies should priorities change and opportunities for acquisition develop.