PREFORMED LINE PRODUCTS
The connection you can count on.

RESPONSIVE | DEPENDABLE








2005 ANNUAL REPORT

PREFORMED LINE PRODUCTS COMPANY

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Responsive—reacting quickly and appropriately

Dependable—one who is reliable or trustworthy

highlights

RESPONSIVE | DEPENDABLE

Living up to a reputation as a responsive and dependable company is something Preformed Line Products (PLP) has aspired to since its founding nearly 60 years ago. We also know that America's power and communications companies have long staked their very existence on a reputation for responsiveness and dependability. We take great pride when our customers and supply chain partners in those same industries use those same words to describe us.

We create value through our commitment to being responsive and dependable. And as we looked back on 2005, we began talking to our customers about what this meant to them. It was amazing and humbling how many times the words "responsive" and "dependable" were used to describe PLP.

First, they shared how PLP was dependable and responsive in the aftermath of some of the worst storms of the past 100 years. Utilities in the Gulf States, Florida and the Midwest told of the lengths to which PLP responded by quickly supplying products that allowed them to restore power and communications more rapidly for their customers.

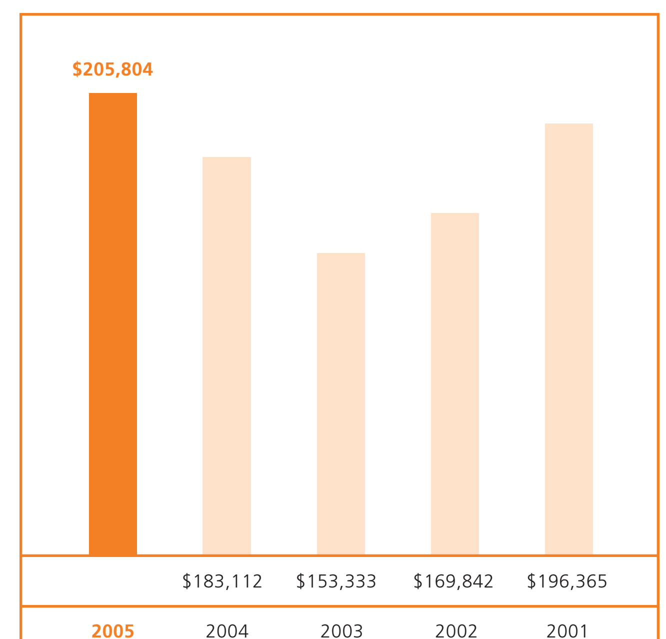
Next, they talked about how PLP responds to their needs with products that they need to serve their customers. Working side-by-side with our customers, we have come up with product innovations that permit them to stay abreast of the growth and demands of their customers.

Finally, they told us how much they value PLP as a dependable supply chain partner. We work hard to develop and maintain close relationships with our outstanding supply partners who distribute products to the energy and communications industries.

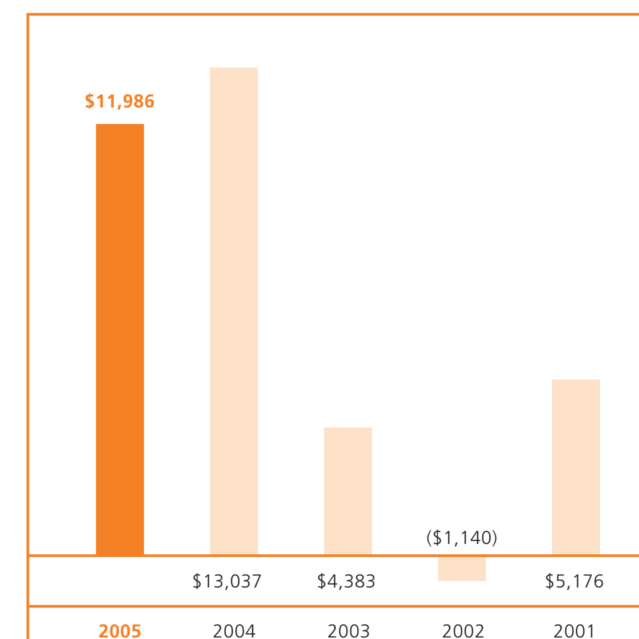
We sincerely appreciate the kind words from our customers and supply chain partners and promise to continue to try to live up to such praise. Certainly, it is in large part due to the commitment and hard work of the men and women who work in our sales force, our plants across the world and those who provide all of the support necessary to serve our customers in such an outstanding fashion making Preformed Line Products "The connection you can count on."

FINANCIAL HIGHLIGHTS

In thousands of dollars, except per share data	2005	2004
Net sales	$205,804	$183,112
Income before taxes and equity in net income of joint ventures	18,506	15,949
Net income	11,986	13,037
Net income per-share-basic	2.09	2.27
Net income per-share-diluted	2.07	2.25
Shareholders' equity	133,543	128,337
Shareholders' equity per share	23.32	22.39



CONSOLIDATED NET SALES



CONSOLIDATED NET INCOME (LOSS)

TO OUR SHAREHOLDERS

I am extremely pleased to report on our 2005 performance which by most any measure was outstanding.

Consolidated sales worldwide were up over $22 million, an increase of 12% over 2004.

This overall performance improvement was driven by increases in all of our major markets including energy, communications, data communications and international. Also, net income improved 16% after excluding non-recurring items from 2004.

The strength of the overall economy helped us in 2005, and early signs point to more of the same in 2006.

One of the brightest pieces of news last year was the successful passage of The Energy Policy Act of 2005. We've shared our frustration over the lack of an energy policy in past reports and we applaud the Bush Administration and Congress for finally getting this accomplished. The law has important changes regarding system reliability standards and provides incentives for electric utilities to upgrade the nation's power grid. PLP stands ready to support our power company customers as they sort out the consequences and next steps of the Energy Act. While it may take some time for these changes to drive increased investment, we remain well positioned to take advantage of the opportunities this new legislation will present.

The theme of this year's annual report is PLP's reputation for being Responsive and Dependable. *Through the eyes of our customers and supply chain partners this section focuses on PLP's commitment to responding to our customers in emergencies, creating dependable product solutions for them and playing a critical role in the supply chain. These qualities have always been important to us and equally to our customers and partner suppliers. There is no better reward at the end of the day than to have your customers praise your performance and hold you in high esteem.*

Personally, I am extremely proud when I hear and see these kind words. It makes me realize that our commitment to efforts like the Lean program and the investments in research and development are paying significant dividends. It gives all of us great confidence in our motto: "PLP—the connection you can count on."

I would like to pay special tribute to the PLP employees who worked so selflessly and tirelessly in the aftermath of Hurricane Katrina to ensure that our products could quickly get to the devastated area and help restore power and communications as quickly as possible. Some of the comments of those utilities are also contained in our special section. All of our employees stand ready whenever or wherever to support these customers if and when weather emergencies strike again.

On behalf of all of the employees of PLP, I thank you for your support and interest in our company over the past year as we continue our efforts to add value to your investment.

Robert G. Ruhlman
Chairman and Chief Executive Officer

FINANCIAL POSITION

We are pleased to report that our sales in 2005 reached record levels in our combined energy and telecommunications markets. This was the second consecutive year in which we experienced double-digit growth in sales. Our net income was $12 million compared to $13 million in the prior year, and increased 16% in 2005 when we exclude the 2004 non-recurring items—a $1.7 million gain on the sale of a foreign joint venture and a $1.1 million tax benefit resulting from the American Jobs Creation Act of 2004. This improvement in net income was achieved in the face of rising costs for raw materials, energy and compliance costs related to Sarbanes-Oxley. Our balance sheet remains strong with almost $40 million of cash and bank debt of only $6.1 million on assets in excess of $168 million.

Our employees met the challenge of documenting and testing the controls surrounding financial reporting. This was a monumental achievement by our employees and we are proud of their gallant effort. We look forward to meeting the challenges of the future.

opportunities

ENERGY

The continued strength of the economy and the passage of long-awaited energy legislation kept the energy market upbeat for 2005.

The economy maintained its strength through the year and there are encouraging signs that it could remain strong through 2006.

In August last year, The Energy Policy Act of 2005 was signed into law after many long years of inaction in Congress. The law makes important changes to improve system reliability, promote investment in facilities and infrastructure, streamline regulation, and promote greater efficiency in generation, delivery and use of electricity.

The "system reliability" section of the Energy Act will likely have the most significant short-term impact on our energy business. The Act requires minimum system reliability in several different ways, including making reliability standards mandatory on all owners and operators of the nation's transmission system. PLP anticipated these changes and is well positioned to assist its utility industry customers to help them comply with the more stringent system reliability standards.

Other portions of the Energy Act, such as additional incentives to modernize the nation's power grid, are expected to have long-term benefits for the utility industry, for PLP and for the nation as a whole.

Transmission

Domestic sales for the transmission market were relatively soft in 2005 due to a scarcity of significant new transmission projects. Still, PLP continued to supply two of the largest domestic transmission projects currently under construction, an 85-mile, 500-kilovolt line in the Western U.S., and a new 765-kilovolt line in Virginia and West Virginia. Both were nearing completion during the first quarter of 2005.

PLP continues to enjoy a leadership position in the domestic transmission market and is continually updating its product offerings to meet the demands of its customers. Last year, PLP introduced the new VORTX™ Vibration Damper to protect power conductor and other cables from the effects of wind-induced motion. Reintroduction of the spacer damper product line in the form of the new CUSHION-GRIP™ Spacer Damper family of products positions PLP as a comprehensive supplier of critical components in new and upgrade construction of transmission lines. PLP also extended its THERMOLIGN® family of transmission hardware in response to the growing deployment of high temperature conductor technologies.

The international transmission business for PLP was exceptionally strong, posting a 47% increase in sales. Results were particularly impressive in Asia and Latin America. One advantage that PLP has over its competitors is the local presence and positioning of manufacturing facilities throughout the world. Recently, PLP enhanced its operations by completing a 36,000-square-foot expansion of its manufacturing facility in Australia.

In 2006, the Company is looking for more growth in its international transmission business through further geographic expansion.

Distribution

Domestic distribution sales were up 14% in 2005. Utility industry customers are continuing to invest in maintenance, while new construction growth tracks at the rate of the overall economy. An increase in sales of PLP restoration and repair products was due to the active storm season and contributed to the significant increase in distribution sales. New product initiatives are expected to continue this momentum and drive the distribution business forward.

Fiber Optic Hardware

Hardware products for fiber optic cable applications experienced significant growth in 2005 as municipalities constructed access networks to support Fiber-to-the-Premises (FTTP) deployments and as energy companies renewed investments in their internal fiber networks. Energy utility companies in particular, have begun deploying "smart grid" technologies, such as Automated Meter Reading (AMR) and advanced monitoring systems in an effort to update aging infrastructure. PLP expects to see the strong demand for hardware and splicing products to continue as the fiber networks that support these automated systems are upgraded and expanded.

COMMUNICATIONS

It was another upbeat year for the communications industry—a year marked with cautious optimism for PLP. Overall domestic communications sales were up 9%, on top of the 20% increase PLP saw in 2004.

Once again, the optimism and growth was principally in FTTP network construction—often referred to as the "last mile" in the fiber access network to the home. PLP's presence with major players in this industry, such as Verizon, remains strong.

While Verizon has been one of the most aggressive developers of FTTP, other major service providers, such as independent telcos, municipalities and real estate developers, are actively deploying next generation broadband services to their customers. PLP is well positioned to take advantage of further growth opportunities with these providers.

Overall capital expenditures by major telecommunications companies increased significantly in 2005 and PLP anticipates further investment if the economy remains strong and the regulatory environment remains favorable.

Sales of major fiber optic products like the COYOTE® Closure family and AXCESS Solutions™ products were strong in 2005. Similarly, new products, like the COYOTE® Terminal Closure, will provide growth opportunities and will further enhance PLP's comprehensive solutions for FTTP applications.

Late in the year, we introduced the COYOTE® DEN Demarcation Enclosure, which is designed to provide a cleaner and more visually appealing solution to the dilemma of protecting the growing array of network electronics at the demarcation point on the side of a customer's home. There has been a great deal of interest generated in the product through the course of 2005 and sales are expected to strengthen through 2006.

Copper products, which experienced steady sales in 2005, remain an important part of PLP's product mix. PLP's market position remains strong in this segment as legacy products, such as the ARMADILLO® Stainless Closure and the SERVISEAL® Closure, continue to play an important role in delivering broadband services like DSL.

While sales to broadband markets were flat for 2005, PLP continued to make headway in the military and homeland security segments, building on the success of gaining spec position for government and military supply contracts.

Sales continued to increase in PLP's international markets with expansion of FTTP and bright prospects for some countries where fiber optic development is accelerating.

NON-UTILITY MARKETS

While PLP may be best known for supplying vital products to the power and communications industry, it also is building an excellent reputation for meeting the special needs of a host of industries. The Non-Utility segment has helped farms, vineyards, mines and railroads with a variety of products.

DATA COMMUNICATIONS

A solid contributor to PLP has been Superior Modular Products (SMP), its Data Communications subsidiary, which manufactures fiber and copper connecting hardware products that make networking and high-speed data transmission possible across enterprise networks.

SMP saw sales increase in 2005 by 11%, far outpacing the overall data communications industry nationally. Sales were up in the domestic distribution and domestic and international OEM business segments. SMP also continues its aggressive enforcement of its intellectual property licensing program.

As enterprise and residential networks continue to proliferate and grow, SMP has the top-quality products and innovative solutions required in all of the basic Local Area Network segments, from the Service Entrance to the Desktop. SMP has built a solid reputation for keeping pace with the ever-changing demand for faster and more efficient data transmission.

SMP continues to focus efforts on the surging growth of data centers and back-up centers both domestically and internationally. Data centers house the computing, data storage and networking equipment that make an organization's routine tasks function faster, easier and more accurately. With greater concerns over safety and security, driven by Sarbanes-Oxley and HIPAA mandates, the growth of data centers is expected to continue to increase for the foreseeable future.

Convergence of applications in the telecommunications industry has also helped SMP become more integrated in the activities with its parent, PLP. This closer working relationship on numerous product and application fronts should lead to expanded opportunities in the future.

SMP has also benefited from Lean Manufacturing process improvements at its Asheville, North Carolina manufacturing facility, making it more competitive worldwide in terms of service and speed of delivery of its products. This effort was recognized recently when the North Carolina Manufacturers Executive Association and the Asheville Area Chamber of Commerce presented SMP with three "Manufacturing Leadership Best Practices" Awards.

CORPORATE INITIATIVES

Lean Manufacturing

PLP's Lean Manufacturing initiative exceeded expectations in 2005, when the four-year investment in this continuous improvement process was put to the ultimate test. The Lean Manufacturing initiative was launched in 2002-2003 to make the Company more cost effective and enhance customer service. The transformation of PLP's manufacturing process into a fast and flexible operation came into play when storm-ravaged customers, especially across the Gulf Coast, required a record amount of replacement products quickly to restore their power and communications systems.

The well-oiled Lean process was supported by a dedicated staff of employees who worked countless hours and days to restore supplies in the aftermath of these storms. The tremendous response to this storm damage was the result of extensive preparation and a dramatic conversion of the manufacturing processes at PLP's plants.

Lean's main benefits are focused on eliminating waste and continuous improvement. Lean is a way of life at all of PLP's manufacturing plants, both in the U.S. and internationally. PLP tailored its manufacturing process to customer demands and expectations. Prior to Lean, PLP measured delivery performance based upon what it promised the customer. Now, PLP measures its performance to customer expectations. This is a much tougher metric, as all products have to be aligned with expectations and the manufacturing team has to find ways to shorten raw material lead times, quicken the manufacturing process, reduce lot sizes and reduce setup times to meet delivery requirements that for many products can be five days or less.

The Company rebuilt its manufacturing system into a cell-based configuration that permitted change in the production of product in minutes, rather than days. When heavy orders hit in the aftermath of Hurricane Katrina, PLP easily reconfigured its cells to meet the heaviest product demand in a hurry.

Working in advance with customers and raw material suppliers, PLP was ready when emergency struck. This flexibility also has cost advantages as producing smaller orders cuts down on work in process, reduces defects due to short run visibility and optimizes labor through line balancing (cells).

The proximity of PLP plants to its customers has been a real benefit. When hurricanes struck the Gulf Coast and Florida, PLP plants in Arkansas and North Carolina were able to respond with product faster than their competitors, many of whom manufacture their products overseas.

PLP employees also responded in a more personal way to the devastation of Hurricane Katrina. They collected thousands of dollars in storm relief funds and PLP matched their donations. Speaking about the generosity of fellow employees and the Company to the hurricane relief efforts, one employee wrote to PLP management—"I work for a company that is not only good to its employees, but also good to others."

Business Development

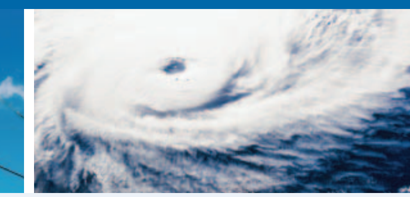
PLP continued its pursuit of viable acquisition strategic opportunities both in the U.S. and internationally with several attractive target companies identified, approached and evaluated. While none of this activity led to a transaction in 2005, much of the groundwork that was laid will provide momentum in 2006.

flexible

"PLP comes through in normal times, but they outdid themselves when severe storms hit us. When there is an emergency, they are as good as any company at delivering their products when they say they will."

—Joe Pitts, Alabama Power

Through the Eyes of Our Customers



RESPONDING TO CUSTOMERS IN THE WAKE OF NATURE'S FURY

At Preformed Line Products, being the connection you can count on is more than just a corporate slogan or a handy tag line. It is the core of our philosophy. It is who we are. Yet, in the ever-changing world that surrounds us, the tangible value of such a philosophy often gets lost in the day-to-day hum of business and a sea of numbers and metrics. So perhaps it is not surprising that the following examples from our customers reveals the true value of PLP's responsiveness and dependability.

2005 will likely go down in history as one of the worst that Mother Nature could offer. Hurricane Katrina and other hurricanes pounded Florida and the Gulf Coast repeatedly last year. With widespread devastation to the power lines throughout the region, restoration of power was a monumental task for utility companies. Thanks to thoughtful and thorough preparation in its manufacturing and sales processes, PLP was able to respond to its customers with products much faster than ever before.

Stuart C. Irby Co. is a major supplier to **Entergy Corporation,** the power utility company that serves New Orleans and much of Louisiana. "A tremendous amount of preparation by PLP paid off for us when we needed it," said John Langley, Account Manager for Stuart C. Irby Co.

Hurricane Katrina and Hurricane Rita brought unthinkable devastation to Louisiana and surrounding states. "Without the response of companies like PLP, our job would have been impossible," said Langley. "We all worked many days straight without rest, but it was what we had to do to restore power for our clients' customers."

In a situation like Katrina, a company doesn't even think about rewards or praise, just getting the job done to the satisfaction of the customer. However, **Arkansas Electric Cooperatives, Inc.** (AECI), a wholesale electric distributor, took time recently to acknowledge three companies that stood out in their responses to the hurricane damage of 2005—one of them was PLP.

"We chose three companies that went above and beyond the call of duty to help us restore power to our customers in Arkansas and surrounding states," said Pat McClafferty, Vice President of Utility Sales and Service for AECI. McClafferty said that in the aftermath of Katrina, his company would place orders with PLP in the morning and have a shipment ready to be picked up that evening. "They bent over backwards for us. We were a new customer for PLP and they treated us like we had been with them for years," he said.

Alabama Power's Joe Pitts explained, "PLP comes through in normal times, but they outdid themselves when severe storms hit us. When there is an emergency, they are as good as any company at delivering their products when they say they will."

Tressa Sinclair, Branch Operations Manager for **Hughes Supply Company** in Pensacola, Florida, said when Hurricane Ivan struck Florida, "PLP was extraordinary. I am aware that they had people working many days straight to meet the restoration needs of our customers."

"We have to rely on suppliers like PLP," said Sinclair. "PLP comes through for us so we can come through for our customers and help them restore power as quickly as possible. In recent years with all of these major storms, PLP has gone above and beyond the call of duty."

Storm devastation was not just confined to Florida and the Gulf Coast last year. PLP's response helped shorten a severe power outage for **Otter Tail Power Company** in December 2005 when freezing rain and high winds knocked power out to more than 18,000 residents in rural North and South Dakota. Working with Otter Tail's supplier, **Border States Electric Supply Co.,** PLP was able to customize a solution and expedited the parts to Otter Tail.

"We were able to rebuild the lines and restore power faster than we ever thought possible," said Andrew Specht, Material Standards Engineer for Otter Tail. "We depend on PLP to provide us with a great many products. When this storm hit us, they came through when we needed them in a hurry."

After **Consumers Energy** was hit with one of the worst storms ever to hit the state of Michigan, PLP leased a cargo plane to transport one of the largest shipments of its kind so that Consumers could get power restored to its clients. "That effort probably shaved two days from the time it would have taken to get power restored," said Terry Orban, Distribution Product Standards Engineer for Consumers Energy.

PLP also responded in helping the communications industry restore service to its customers across the country.

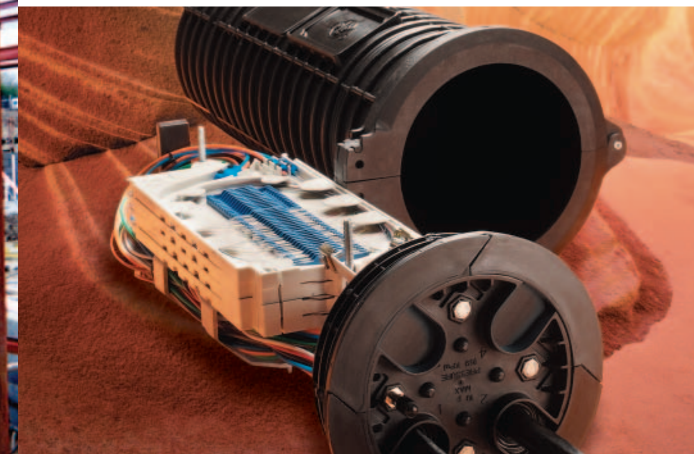
TVC Communications, LLC, headquartered in Annville, Pennsylvania, is the leading distributor in the U.S. of products and customized services for the delivery of high-speed data, digital video and digital voice services. TVC also services customers in the U.S. through its White Sands Engineering and Vikamatic divisions, which specialize in custom-made cable assemblies and outside plant and fiber optic construction projects, respectively. TVC also services the international and broadband markets through TVC Canada and TVC Latin America.

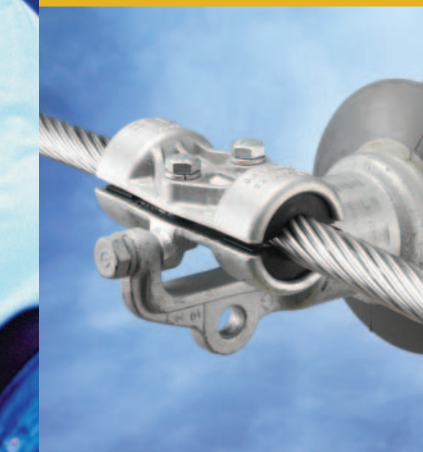
Frank McCullough, Vice President of Purchasing for TVC, said, when the number and severity of storms over the past two years caught a lot of suppliers off guard, PLP had people working overtime to meet its customers' expectations. PLP was able to furnish three months worth of product in a matter of weeks.

"They went above and beyond what was expected," said McCullough. "They even helped with the relief support when they could, furnishing water on a shipment to the region for our customers' field technicians."

"PLP was one of those companies that came through for us and our customers and the response of suppliers like PLP has helped us attract additional business in the regions affected—that's good for us and PLP," said McCullough.







TAILORING DEPENDABLE PRODUCTS TO RESPOND TO CUSTOMER NEEDS

PLP continues its heritage of making products that utility customers need so they can respond effectively to their consumer and business customers.

The growing area of southwestern Virginia and southern West Virginia has not seen a major transmission line reinforcement in more than 30 years. When completed in 2006, **American Electric Power's** (AEP) 90-mile Wyoming-Jackson's Ferry 765-kilovolt transmission line will upgrade transmission in the region and improve reliability of service in AEP's West Virginia and Virginia service area.

PLP supplied two of the key products used to construct this project. VARI-GRIP™ Dead-ends were used for the very high strength guy strand which supports the towers. The other product was the six-conductor bundle CUSHION-GRIP™ Spacer Damper. The six-bundle conductor configuration helps reduce noise over the line and is the first of its type installed in North America.

Three-quarters of the towers are guyed towers and quite suitable for the rugged terrain of Virginia and West Virginia.

The advent of high capacity conductors, which operate at higher temperatures, and the desire of utilities like **Duke Power** in North Carolina to quickly adopt these new technologies has spurred the development of hardware like PLP's THERMOLIGN Dead-end. This was PLP's first major field installation of its THERMOLIGN Hardware, which satisfied Duke Power's desire to maintain continuous line configurations, instead of spliced lines. PLP worked alongside Duke Power personnel to test and install the product, and ensure it was appropriate for this application.

"We are very satisfied with the results of this product on this high temperature line and with the cooperation and work of PLP's people," said Ken Summerlin of Duke Power. "PLP had people on the job site, providing important technical expertise all along the way. I personally have worked with PLP for years and their quality in terms of service and technical knowledge is unparalleled."

Testing of the THERMOLIGN Dead-end went so smoothly that Duke Power is installing them in the second phase of its Perry Line in South Carolina. Duke Power officials are hopeful they can install more high temperature transmission lines of this variety in the future.

James Robinson, Duke Power's senior engineer on the project, said PLP was extremely helpful in the research and development of the project.

Puget Sound Energy was faced with the challenge of needing to replace an existing transmission line, with a higher capacity, high temperature conductor. PLP was able to recommend its new THERMOLIGN Hardware and its CUSHION-GRIP Hardware. Tom Fournier, Consulting Engineer for Puget Sound Energy, said, "What we found with PLP's dead-ends is that we were able to cut dead-end installation time in half." Fournier said the high temperature PLP products allowed them to construct a very high capacity power line that actually appears no different than the old line to the general public.

PLP's responsiveness to its customers is evident in that sometimes it may result in not recommending the use of its products. Such was the case when PLP assisted Puget Sound Energy in determining whether it needed vibration dampers on the same line. "PLP provided vibration recorders, installation expertise and data analysis, and demonstrated to my utility that the dampers were not needed," said Fournier.

PLP works just as hard for its smaller customers as it does for the larger ones. **Jones-Onslow EMC,** a small electric cooperative utility based along the southern North Carolina coast, has a service area naturally exposed to high winds, occasional hurricanes and highly corrosive salt air, that plays havoc on power lines.

New transmission lines were to be installed 140-feet in the air, which meant they were exposed to high winds and corrosive elements of the sea air. The power lines had to withstand 150-mile per hour winds, which the area has actually experienced over the past several years from hurricanes.

PLP suggested that its CUSHION-GRIP Support and CUSHION-GRIP Suspension products might work extremely well in this application.

Because the product was so easy to install, the co-op was able to complete the project ahead of schedule by year-end 2005, said Thomas Pritchard, Chief Utility Engineer for Jones-Onslow. "This project was very labor intensive and PLP's ability to suggest the right product and deliver it in a timely manner also helped us stay on schedule."

effective

"This project was very labor intensive and PLP's ability to suggest the right product and deliver it in a timely manner also helped us stay on schedule."

—Thomas Pritchard, Jones-Onslow

"We recognize PLP's high ethics and professional values, commitment to the organization, responsibility for the results and quality of the services, fundamental values to achieve our strategic goals. We congratulate you."

—CANTV officials, CANTV Corporation

A bit further up the East Coast, PLP also helped **Delmarva Power Company** by providing CUSHION-GRIP Clamps for its installation of a 90-mile, 230-kilovolt transmission line in Delaware. "Our workers in the field find these PLP clamps easier to install than more traditional products," said Chris Whalen, Project Engineer for Delmarva.

PLP has product solutions for the emerging communications market. **New Knoxville Telephone Company** in Ohio serves a relatively rural area of the state, but it has a strong commitment to providing innovative products to its customers.

Preston Meyer, General Manager for New Knoxville, explained that PLP was able to provide his company with a great product—the COYOTE Closures. "They've always had great products and have done the research to back them up. PLP has been excellent in helping us serve our customers with state-of-the-art products," said Meyer.

Progressive communities like Philippi, West Virginia are constructing fiber-to-the-premises installations to give residents high speed access to the Internet and provide local government, including local law enforcement, with high definition television and network capabilities.

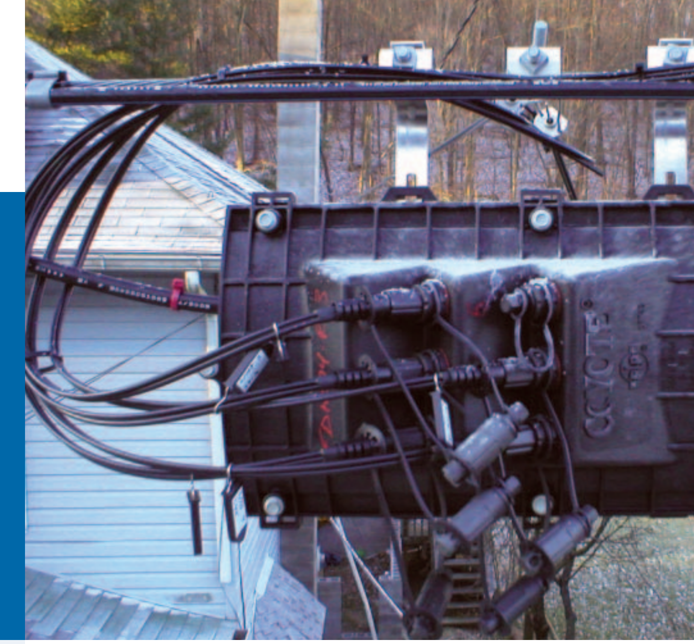
Cable Constructors Inc. selected PLP's COYOTE Closures for installation in the network. Tony Higgins of CCI said, "We have worked with PLP for a number of years and they have always provided a reliable closure product."

The Philippi network will enable the city to quickly deploy next generation advanced services into its municipal network, according to Karen Weaver, Philippi City Manager. "This network will provide the flexibility necessary for our community to further connect its local government agencies, businesses, schools and neighbors to improve information access, collaboration and learning for our citizens." The city of Philippi anticipates its all fiber high-throughput network will be operational this summer.

Its international customers also recognize PLP's product excellence. Dependability and customer service are equally valued and recognized by PLP's overseas clients. Last year, **Aurora Energy** in Australia gave PLP its third "Supplier of the Year" Award in the past five years. Aurora mentioned PLP in its most recent annual report, stating that the award was in recognition of PLP's outstanding performance serving the energy company.

The Venezuelan communications company, **CANTV Corporation,** presented PLP with its Supplier of the Year Award in the access networks product area. "We recognize PLP's high ethics and professional values, commitment to the organization, responsibility for the results and quality of the services, fundamental values to achieve our strategic goals.

We congratulate you," said CANTV officials.



PLP greatly values its customer relationships. PLP places equal importance on its strong supply channel partnerships. PLP intends to remain an important link in the supply chain to these important customers and works diligently to foster strong relationships with major suppliers.

A SOLID REPUTATION AS A RESPONSIVE, DEPENDABLE SUPPLY CHAIN PARTNER

"Dependability is a major attribute we look for in a manufacturer of the products we sell and PLP is always dependable," explains Tressa Sinclair of **Hughes Supply** in Florida. "With PLP's plants in the U.S., we can count on fast turnaround."

Dennis Norton of **Stuart C. Irby Co.** in Pensacola, Florida, said, "PLP is positively responsive, whether it's an emergency or more normal times. They produce a quality product and they deliver when they say they will deliver."

Terry Orban, Distribution Product Standards Engineer for **Consumers Energy** has worked with PLP for more than 30 years and has great confidence in the company's customer service. "PLP really takes the extra effort to do it right," said Orban. "PLP is the sole source for a number of the products that Consumers uses." Orban said PLP stands behind its products, often doing extra research on a specific product to ensure that it meets the demands of the customer.

Brownstown Electric Supply, based in Indiana is a utility-only supply company serving investor-owned cooperatives and municipal utilities in Ohio, Indiana, Illinois and Kentucky. "Numerous PLP products are on our job trailers and storm trailers across the Midwest," according to Gregg Deck, Chief Executive Officer of Brownstown.

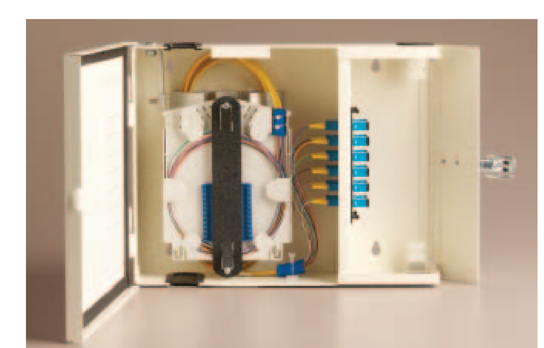
"We appreciate PLP's consistency in everything they do—from the products they produce to their delivery record." Deck said he has confidence in the PLP sales force. "Their pricing doesn't surprise you and their delivery of products doesn't disappoint you."

PLP's reputation in the communications industry supply chain is equally impressive.

Frank McCullough, Vice President of Purchasing for **TVC Communications,** said PLP is among the top 10% of the hundreds of manufacturers that TVC works with. "There are very few companies of the same caliber as PLP from the quality of the sales force to the quality of its products," said McCullough. "We consider them a strong partner with us."

PLP has also made an investment in the future of its industry with its partnership with **Lincoln Trail College** in Illinois. PLP has contributed its equipment to enable telecommunications students at Lincoln Trail to learn firsthand the latest technology in the industry. PLP representatives also visit the campus periodically to provide more extensive training in the installation of equipment.

"We are very grateful at Lincoln Trail for the generosity of PLP to the college and our students," said John Highhouse, Program Director for Telecommunications Training at Lincoln Trail.



SELECTED FINANCIAL DATA

Thousands of dollars, except per share data

	2005	2004	2003	2002	2001
Net Sales and Income (Loss)					
Net sales	$ 205,804	$ 183,112	$ 153,333	$ 169,842	$ 196,365
Operating income (loss)	17,891	15,827	5,484	(426)	7,571
Income (loss) before income taxes and equity in net income of joint ventures	18,506	15,949	5,254	(1,026)	7,432
Net income (loss)	11,986	13,037	4,383	(1,140)	5,176
Per Share Amounts					
Net income (loss)–basic	$ 2.09	$ 2.27	$ 0.76	$ (0.20)	$ 0.90
Net income (loss)–diluted	2.07	2.25	0.76	(0.20)	0.90
Dividends declared	0.80	0.80	0.80	0.80	0.75
Shareholders' equity	23.32	22.39	20.76	19.76	20.98
Other Financial Information					
Current assets	$ 110,393	$ 101,603	$ 88,979	$ 78,522	$ 83,230
Total assets	168,547	158,808	148,970	144,784	161,190
Current liabilities	34,725	27,922	25,628	23,954	37,638
Long-term debt	122	2,362	2,515	5,847	2,341
Shareholders' equity	133,543	128,337	120,730	114,096	120,780

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

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related Notes to Consolidated Financial Statements. The discussion and analysis is relevant to our historical results of operations, which reports consolidated results including two segments, Domestic and Foreign.

MARKET OVERVIEW

Domestically, our business is concentrated in the energy and telecommunication markets. During 2005, our sales into both of these markets increased. The increase in the energy market was primarily a result of the severe weather experienced in the gulf coast region of the United States in late summer. Our sales increase in the telecommunication market was driven primarily by the increased activity in laying Fiber-to-the-Premises (FTTP).

We believe the passage of the The Energy Policy Act of 2005 will streamline the process for the approval of new transmission and distribution projects. We also believe it will lead to increased investment in new transmission and distribution grids, new technologies and upgrading the current installed base over the next five to ten years. This coupled with our development of an enhanced product offering in both transmission and distribution provides us with a greater opportunity to enhance our participation in the anticipated increased project business in the energy market.

During 2005, we witnessed the consolidation of product distributors and actual service providers in the telecommunication market. We are experiencing more competitive price pressures as the service providers continue to consolidate in an expanding market. Additionally, we believe the investment in the installed copper wire technology continues to decline as the investment in fiber and wireless technologies continue to expand in this market. Through the first nine months ended September 30, 2005, we experienced an increase in sales primarily as a result of FTTP initiatives of certain customers. During the fourth quarter of 2005, the pace of FTTP installations slowed while these customers re-evaluated their inventory levels. We anticipate the pace of building FTTP to resume in 2006 at levels similar to 2005, but it is dependent upon our customers' commitment to their FTTP strategy. We believe that our current product offerings and product developments are well positioned to address the expanding influence of fiber networks in this market.

We anticipate our foreign energy markets will continue to expand as new transmission and distribution projects are announced. FTTP initiatives in our foreign markets continue to lag behind the pace of the domestic initiative. However, like the domestic market, we believe foreign fiber communications networks will grow, and we will benefit from this growth but at a lower level than our success in the domestic market.

PREFACE

We achieved record sales in our combined energy and telecommunication markets in 2005. Net income was $12 million in 2005 compared to $13 million in 2004. Included in the 2004 results is a $1.7 million gain on the sale of a Japanese joint venture and a $1.1 million one-time tax benefit as a result of the American Jobs Creation Act of 2004. Excluding the impact of these two items in 2004, net income increased 16%. In 2005 costs and expenses increased $5.4 million, which included approximately $1.1 million more than 2004 in external costs to comply with the Sarbanes-Oxley Act of 2002. Our costs and expenses increased 5%, excluding the impact of these compliance costs, higher commissions on higher sales and foreign currency.

2005 RESULTS OF OPERATIONS COMPARED TO 2004

In 2005, consolidated net sales were $205.8 million, an increase of $22.7 million, or 12%, from 2004. Domestic net sales in 2005 of $115.3 million increased $8.3 million, or 8%. The domestic increase was primarily due to volume increases in the energy and communications markets. Our top ten domestic customers account for less than 50% of domestic net sales. We anticipate our sales in the energy and telecommunication markets will continue to increase in 2006 but at a slower pace than we experienced in 2005, while we believe our data communication sales in 2006 will outpace the 2005 rate of increase. Foreign net sales in 2005 of $90.5 million increased $14.4 million, or 19%. Foreign net sales were favorably impacted by $4.9 million, or 6%, when converted to U.S. dollars, as a result of the weaker U.S. dollar compared to most foreign currencies. Our foreign net sales increased in all markets throughout the world, with our Australian subsidiary accounting for 11% of our consolidated net sales. Our top ten foreign customers account for less than 30% of foreign net sales. We believe our foreign markets will remain strong for 2006 but will continue to experience competitive price pressure.

Gross profit of $67.4 million for 2005 increased $7.9 million, or 13%, compared to 2004. Domestic gross profit of $36.5 million increased $3.2 million, or 10%. Domestic gross profit increased $2.6 million primarily due to increased sales and product mix and $.9 million due to lower per unit manufacturing costs. The lower per unit manufacturing costs are a result of fixed expenses being spread over more sales. Our price increases implemented in late 2005 are intended to offset the majority of the increase in raw material costs incurred in 2005 and anticipated in 2006. In addition, we have been able to negotiate favorable pricing on a key raw material and have developed an engineering program identifying potential substitute materials to stabilize our material costs. Foreign gross profit of $30.9 million increased by $4.7 million, or 18%. The favorable impact resulting from converting native currency to U.S. dollars was $1.5 million with the remaining increase due to the increase in sales when compared to 2004.

Costs and expenses increased $5.4 million, or 12%, compared to 2004, as summarized in the following table:

Thousands of dollars Year ended December 31	2005	2004	Change	% Change
Costs and expenses				
Domestic:				
Selling	$ 14,274	$ 12,621	$ 1,653	13%
General and administrative	12,931	12,967	(36)	0
Research and engineering	4,702	4,032	670	17
Other operating (income) expense–net	452	(166)	618	NM*
	32,359	29,454	2,905	10
Foreign:				
Selling	7,391	6,359	1,032	16
General and administrative	9,461	8,193	1,268	15
Research and engineering	1,998	1,634	364	22
Other operating income–net	(233)	(68)	(165)	NM*
	18,617	16,118	2,499	16
Total	$ 50,976	$ 45,572	$ 5,404	12%

**NM – Not Meaningful*

Domestic costs and expenses of $32.4 million increased $2.9 million, or 10%. Domestic selling expense increased primarily as a result of a $.6 million increase in commissions on higher sales, a $.4 million increase in advertising and sales promotion expense, a $.4 million increase in personnel costs and a $.2 million increase in travel related expenses. General and administrative expense remained relatively unchanged as a $.6 million increase in costs related to complying with the Sarbanes-Oxley Act of 2002 was principally offset by a reduction in employee compensation expenses. Research and engineering expense increased $.7 million primarily as a result of a $.6 million increase in development supplies and services and a $.1 million increase in employee compensation expenses. Other operating expense increased $.6 million primarily due to a $.4 million increase in losses on foreign currency transactions and a reduction of $.2 million on the gain on sale of property.

Foreign costs and expenses of $18.6 million increased $2.5 million, or 16%. The weaker dollar unfavorably impacted costs and expenses by $1 million when foreign costs in local currency were translated to U.S. dollars. Additionally, selling expense increased $.4 million as a result of an increase in commissions on higher sales and an additional $.2 million increase in employee related expenses. General and administrative expense increased $.8 million primarily as a result of $.5 million in expenses related to complying with the Sarbanes-Oxley Act of 2002 and $.3 million in employee-related expenses. Research and engineering expense increased $.3 million due primarily to an increase in personnel. Other operating income increased $.2 million primarily due to a decrease in losses on foreign currency transactions.

Royalty income of $1.4 million decreased by $.4 million as a result of lower data communication royalties compared to 2004. Our continued aggressive pursuit of our intellectual property rights resulted in a significant settlement in 2004.

Operating income of $17.9 million for the year ended December 31, 2005 increased $2.1 million compared to the previous year. This increase was primarily a result of an increase in gross profit of $7.9 million partially offset by a $5.4 million increase in costs and expenses and a $.4 million decrease in royalty income. Domestic operating income increased $.1 million as a result of $3.2 million higher gross profit partially offset by a $2.9 million increase in costs and expenses and a $.2 million decrease in royalty income. Foreign operating income of $9 million increased $1.9 million primarily as a result of $4.7 million higher gross profit partially offset by a $2.5 million increase in costs and expenses, and a $.3 million increase in intercompany royalty expense.

Other income for the year ended December 31, 2005 of $.6 million improved $.5 million compared to 2004. This increase is primarily due to a $.5 million increase in interest income, net of interest expense, as a result of higher cash balances.

Income taxes for the year ended December 31, 2005 of $6.5 million were $1.3 million higher than the prior year. The effective tax rate in 2005 on income before income taxes was 35% compared to 29% in 2004. The 2004 effective tax rate is lower than the 35% statutory federal rate primarily as a result of the American Jobs Creation Act of 2004 allowing us to adjust our valuation allowance related to certain foreign tax credits. The tax laws of China entitle us to a preferential tax rate of a 50% tax reduction for the succeeding three years beginning in 2003. The favorable aggregate tax and per share effect was less than $.1 million or $.01 per share for the year ended December 31, 2005 and 2004.

Equity in net income of joint ventures decreased $2.4 million compared to 2004. We sold our interest in Japan PLP Co. Ltd. in 2004 for a pre-tax gain of $2.3 million, which is included in Equity in net income of joint ventures ($1.7 million gain net of tax). We no longer have an investment in any joint venture.

As a result of the preceding items, net income for the year ended December 31, 2005 was $12 million, or $2.07 per diluted share, which represents a decrease of $1 million, or $0.18 per diluted share, compared to net income of $13 million, or $2.25 per diluted share in 2004.

2004 RESULTS OF OPERATIONS COMPARED TO 2003

In 2004, consolidated net sales were $183.1 million, an increase of $29.8 million, or 19%, from 2003. Domestic net sales of $107.1 million increased $16.4 million, or 18%. The increase was due primarily to volume increases in the energy and communications markets. Foreign net sales of $76 million increased $13.4 million, or 21%. Foreign net sales were favorably impacted by $6.2 million, or 10%, when converted to U.S. dollars as a result of the weaker U.S. dollar compared to most foreign currencies. No individual foreign country accounted for 10% or more of our consolidated net sales.

Gross profit of $59.5 million for 2004 increased $13.5 million, or 29%, compared to 2003. Domestic gross profit of $33.2 million increased $8.6 million, or 35%. Domestic gross profit increased $4.5 million primarily due to increased sales and $6.2 million due to lower per unit manufacturing costs, partially offset by an increase in raw material costs of $2.1 million. The lower per unit manufacturing costs are a result of fixed expenses being spread over more sales. Foreign gross profit of $26.3 million increased by $4.9 million, or 23%. The favorable impact resulting from converting native currency to U.S. dollars was $2 million.

Costs and expenses increased $3.7 million, or 9%, compared to 2003, as summarized in the following table:

Thousands of dollars Year ended December 31	2004	2003	Change	% Change
Costs and expenses				
Domestic:				
Selling	$ 12,621	$ 11,445	$ 1,176	10%
General and administrative	12,967	12,332	635	5
Research and engineering	4,032	3,650	382	10
Other operating (income) expense–net	(166)	196	(362)	NM*
Intercompany debt forgiveness	—	4,545	(4,545)	NM*
	29,454	32,168	(2,714)	(8)
Foreign:				
Selling	6,359	5,647	712	13
General and administrative	8,193	7,271	922	13
Research and engineering	1,634	1,560	74	5
Other operating (income) expense–net	(68)	(246)	178	NM*
Intercompany debt forgiveness	—	(4,545)	4,545	NM*
	16,118	9,687	6,431	66
Total	$ 45,572	$ 41,855	$ 3,717	9%

**NM – Not Meaningful*

During 2003, our domestic operations forgave foreign intercompany debt of $4.5 million related to an abandoned European data communication operation. This amount is included as expense for our domestic operations and as income for our foreign operations.

Domestic costs and expenses of $29.5 million increased $1.8 million, or 7%, excluding intercompany debt forgiveness from 2003. Domestic selling expense increased primarily as a result of a $1.2 million increase in commissions on higher sales. General and administrative expense increased $.6 million principally as a result of an increase in employee compensation expenses. Research and engineering expense increased $.4 million due primarily to an increase in personnel. Other operating income improved $.4 million primarily due to a $.2 million gain on the sale of property and a $.2 million increase in the cash surrender value related to life insurance policies.

Foreign costs and expenses of $16.1 million increased $1.9 million, or 13%, excluding intercompany debt forgiveness from 2003. The weaker dollar unfavorably impacted costs and expenses by $1.2 million when foreign costs in local currency were translated to U.S. dollars. Selling expense increased $.3 million primarily as a result of increased employee related expenses in our European and Latin American operations. General and administrative expense increased $.2 million primarily as a result of expenses related to the addition of our Thailand operation in April 2004. Research and engineering expense remained relatively unchanged from 2003, net of the impact of currency translation. Other operating income decreased primarily due to a $.1 million increase in losses on foreign currency transactions.

Royalty income of $1.9 million increased by $.5 million as a result of higher data communication royalties compared to 2003 due to our continued aggressive pursuit of our intellectual property rights, which resulted in a significant settlement.

Operating income of $15.8 million for the year ended December 31, 2004 increased $10.3 million compared to the previous year. This increase was primarily a result of an increase in gross profit of $13.5 million and a $.5 million increase in royalty income, partially offset by a $3.7 million increase in costs and expenses. Domestic operating income increased $12.6 million as a result of $8.6 million higher gross profit, a $.5 million increase in royalty income, the forgiveness of intercompany debt of $4.5 million in 2003, and a $.8 million increase in intercompany royalty income, partially offset by a $1.8 million increase in costs and expenses. Foreign operating income of $7.1 million decreased $2.3 million primarily due to the $4.5 million forgiveness of intercompany debt in 2003, the $1.9 million increase in costs and expenses, and a $.8 million increase in intercompany royalty expense, partially offset by an increase in gross profit of $4.9 million.

Other income for the year ended December 31, 2004 of $.1 million improved $.4 million compared to expense of $.3 million in 2003. This increase is primarily due to a $.4 million increase in interest income, net of interest expense.

Income taxes for the year ended December 31, 2004 of $5.3 million were $.7 million higher than the prior year. The effective tax rate in 2004 on income before income taxes, including equity in net income of joint ventures, was 29% compared to 51% in 2003. The 2004 effective tax rate is lower than the 35% statutory federal rate primarily as a result of the American Jobs Creation Act of 2004 allowing us to adjust certain valuation allowances related to foreign tax credits. The 2003 effective tax rate is higher than the 35% statutory federal rate because the entire proceeds received on the sale in 2003 of the interest in our joint venture in Japan were taxable (see Note M in the Notes To Consolidated Financial Statements).

The tax laws of China entitle us to a preferential tax rate of a 50% tax reduction for the succeeding three years beginning in 2003. The favorable aggregate tax and per share effect was less than $.1 million or $.01 per share for the year ended December 31, 2004 and 2003.

Equity in net income of joint ventures of $2.4 million for the year ended December 31, 2004 decreased $1.4 million compared to 2003. We sold our interest in Japan PLP Co. Ltd. in 2004 for a pre-tax gain of $2.3 million ($1.7 million gain net of tax). In 2003 we realized a $3.5 million pre-tax gain ($.9 million gain net of tax) when we sold our interest in our other Japanese joint venture. We no longer have an investment in any joint venture.

As a result of the preceding items, net income for the year ended December 31, 2004 was $13 million, or $2.25 per diluted share, which represents an increase of $8.7 million, or $1.49 per diluted share, compared to net income of $4.4 million, or $0.76 per diluted share in 2003.

WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

Cash increased $9.8 million for the year ended December 31, 2005. Net cash provided by operating activities was $21.6 million primarily due to $12 million in net income and $7.2 million in depreciation and amortization. The major uses of cash were capital expenditures of $7.7 million and dividends of $4.6 million.

Net cash used in investing activities of $7.8 million represents an increase of $4 million when compared to cash used in investing activities in 2004. Capital expenditures in 2005 were $1.6 million greater than 2004. During 2004, we received $.7 million greater proceeds from life insurance and $.3 million greater proceeds from the sale of property and equipment when compared to 2005. Also during 2004, we sold our 49% interest in Japan PLP Co. Ltd., a joint venture. The selling price was approximately $1.9 million and is included in the proceeds from the sale of equity investment. We are continually analyzing potential acquisition candidates and business alternatives, but we currently have no commitments that would materially affect the operations of the business.

Cash used in financing activities was $2.9 million compared to $8.7 million in the previous year. This decrease was primarily a result of greater debt borrowings during 2005 and a greater number of common shares repurchased in 2004 when compared to 2005.

We have commitments under operating leases primarily for office and manufacturing space, transportation equipment, office and computer equipment and capital leases primarily for equipment. See Note E in the Notes To Consolidated Financial Statements for further discussion on the future minimum rental commitments under these leasing arrangements. One such lease is for our aircraft with a lease commitment through April 2012. Under the terms of the lease, we maintain the risk for the residual value in excess of the market value of the aircraft. At the present time, we believe our risks, if any, to be immaterial because the estimated market value of the aircraft approximates its residual value.

Our financial position remains strong and our current ratio at December 31, 2005 was 3.2:1 compared to 3.6:1 at December 31, 2004. Working capital of $75.7 million has increased from the December 31, 2004 amount of $73.7 million primarily due to $9.8 million greater cash on hand and a $1.4 million increase in inventory partially offset by a $2.7 million reduction in receivables, $3.5 million increase in current portion of long-term debt and a $2 million increase in accrued expenses. At December 31, 2005, our unused balance under our main credit facility was $20 million and our bank debt to equity percentage was 5%. The revolving credit agreement contains, among other provisions, requirements for maintaining levels of working capital, net worth, and profitability. At December 31, 2005, we were in compliance with these covenants. We believe our future operating cash flows will be more than sufficient to cover debt repayments, other contractual obligations, capital expenditures and dividends. In addition, we believe our existing cash position, together with our untapped borrowing capacity, provides substantial financial resources. If we were to incur significant additional indebtedness, we expect to be able to meet liquidity needs under the credit facilities but at an increased cost for interest and commitment fees. We do not believe we would increase our debt to a level that would have a material adverse impact upon results of operations or financial condition.

Contractual obligations and other commercial commitments are summarized in the following tables:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Thousands of dollars					
Long-term debt (A)	$ 4,928	$ 4,806	$ 122	$ —	$ —
Leases	16,483	1,105	1,859	1,616	11,903
Purchase commitments	868	868	—	—	—
Pension contribution (B)	1,100	1,100	—	—	—

	Amount of Commitment Expiration by Period				
Other Commercial Commitments	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Thousands of dollars					
Letters of credit	$ 4,529	$ 4,435	$ 21	$ 73	$ —
Guarantees	2,462	2,289	151	—	22

(A) Interest is not included in the table, as all amounts are variable. See Note D in the Notes To Consolidated Financial Statements.

(B) Amount represents expected contributions to the Company's defined benefit pension plan for the year ending December 31, 2005. Future expected amounts have not been disclosed as such amounts are subject to change based on performance of the assets in the plan as well as the discount rate used to determine the obligation. See Note C in the Notes To Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are defined as those that are reflective of significant judgment and uncertainties, and potentially may result in materially different outcomes under different assumptions and conditions.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We record estimated allowances for uncollectible accounts receivable based upon the number of days the accounts are past due, the current business environment, and specific information such as bankruptcy or liquidity issues of customers. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. During 2005, we recorded a provision for doubtful accounts of $.1 million and at December 31, 2005 the allowance represented less than 3% of our trade receivables, compared to 8% at December 31, 2004. The reduction in the allowance during 2005 was due to the write-off of previously reserved customer balances in which collection was deemed remote.

EXCESS AND OBSOLESCENCE RESERVES

We have provided an allowance for excess inventory and obsolescence based on estimates of future demand, which is subject to change. Additionally, discrete provisions are made when facts and circumstances indicate that particular inventories will not be utilized. At December 31, 2005 and 2004, the allowance for excess inventory and obsolescence was 6% of gross inventories. If actual market conditions are different than those projected by management, additional inventory write-downs or reversals of existing reserves may be necessary.

IMPAIRMENT OF LONG-LIVED ASSETS

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the discounted cash flows estimated to be generated by those assets are less than the carrying value of those items. Our cash flows are based on historical results adjusted to reflect the best estimate of future market and operating conditions. The net carrying value of assets not recoverable is then reduced to fair value. The estimates of fair value represent the best estimate based on industry trends and reference to market rates and transactions.

GOODWILL

We perform our annual impairment test for goodwill and intangibles with indefinite lives utilizing a discounted cash flow methodology, market comparables, and an overall market capitalization reasonableness test in computing fair value by reporting unit. We then compare the fair value of the reporting unit with its carrying value to assess if goodwill and other indefinite life intangibles have been impaired. Based on the assumptions as to growth, discount rates and the weighting used for each respective valuation methodology, results of the valuations could be significantly changed. However, we believe that the methodologies and weightings used are reasonable and result in appropriate fair values of the reporting units.

Our measurement date for our annual impairment test is January 1 of each year. We perform interim impairment tests if trigger events or changes in circumstances indicate the carrying amount may not be recoverable. There were no trigger events during 2005, 2004 or 2003 and, as such, only an annual impairment test was performed.

DEFERRED TAX ASSETS

Deferred taxes are recognized at currently enacted tax rates for temporary differences between the financial reporting and income tax bases of assets and liabilities and operating loss and tax credit carryforwards. We established a valuation allowance to record our deferred tax assets at an amount that is more likely than not to be realized. In the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of their recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should we determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax asset would be charged to expense in the period such determination was made.

NEW ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 151, "Inventory Costs," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. This standard requires that such items be recognized as current-period charges. The standard also establishes the concept of "normal capacity" and requires the allocation of fixed production overhead to inventory based on the normal capacity of the production facilities. Any unallocated overhead must be recognized as an expense in the period incurred. This standard is effective for inventory costs incurred starting January 1, 2006. Because the Company currently allocates fixed production overhead to the cost of conversion and present production levels are believed to approximate normal capacity, the Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets." This standard amended APB Opinion No. 29, "Accounting for Nonmonetary Transactions," to eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets. This standard replaces this exception with a general exception from fair value measurement for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for all nonmonetary asset exchanges completed by the Company starting January 1, 2006. The Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements since the Company does not typically engage in nonmonetary exchanges of assets.

In December 2004, the FASB released SFAS No. 123R (FASB 123R), "Share-Based Payment." This statement supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement amends and clarifies the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments and to recognize this cost over the vesting period or time period during which the employee is required to provide service in exchange for the reward. This statement is effective for the Company starting January 1, 2006. The Company does not expect the adoption of this statement to have a material impact on its consolidated financial statements. See Note A in the Notes To Consolidated Financial Statements for the impact previous grants would have had on compensation expense.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company operates manufacturing facilities and offices around the world and uses fixed and floating rate debt to finance the Company's global operations. As a result, the Company is subject to business risks inherent in non-U.S. activities, including political and economic uncertainty, import and export limitations and market risk related to changes in interest rates and foreign currency exchange rates. The Company believes the political and economic risks related to the Company's foreign operations are mitigated due to the stability of the countries in which the Company's largest foreign operations are located.

The Company has no foreign currency forward exchange contracts outstanding at December 31, 2005. The Company does not hold derivatives for trading purposes.

The Company is exposed to market risk, including changes in interest rates. The Company is subject to interest rate risk on its variable rate revolving credit facilities and term notes, which consisted of borrowings of $6.1 million at December 31, 2005. A 100 basis point increase in the interest rate would have resulted in an increase in interest expense of approximately $.1 million for the year ended December 31, 2005.

The Company's primary currency rate exposures are related to foreign denominated debt, intercompany debt, forward exchange contracts, foreign denominated receivables and cash and short-term investments. A hypothetical 10% change in currency rates would have a favorable/unfavorable impact on fair values of $1.9 million and on income before tax of less than $.1 million.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of the consolidated financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation.

Management, with the participation of the Company's principal executive officer and principal financial officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on our assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2005.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, who expressed an unqualified opinion as stated in their report, a copy of which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Preformed Line Products Company

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting that Preformed Line Products Company and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2005 of the Company and our report dated March 15, 2006 expressed an unqualified opinion on those financial statements.

Deloitte + Touche LLP

Cleveland, Ohio
March 15, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Preformed Line Products Company

We have audited the accompanying consolidated balance sheets of Preformed Line Products Company and subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Preformed Line Products Company and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Deloitte + Touche LLP

Cleveland, Ohio
March 15, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Preformed Line Products Company

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Preformed Line Products Company for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Cleveland, Ohio
March 2, 2004

CONSOLIDATED BALANCE SHEETS

Thousands of dollars, except share data

December 31	2005	2004
ASSETS		
Cash and cash equivalents	$ 39,592	$ 29,744
Accounts receivable, less allowances of $789 ($2,467 in 2004)	26,481	29,217
Inventories–net	37,618	36,264
Deferred income taxes	3,870	3,727
Prepaids and other	2,832	2,651
TOTAL CURRENT ASSETS	110,393	101,603
Property and equipment–net	48,804	48,169
Deferred income taxes	2,060	1,213
Goodwill–net	2,018	2,130
Patents and other intangibles–net	2,871	3,247
Other assets	2,401	2,446
TOTAL ASSETS	$ 168,547	$ 158,808
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable to banks	$ 1,156	$ 735
Current portion of long-term debt	4,806	1,272
Trade accounts payable	10,878	11,111
Accrued compensation and amounts withheld from employees	5,161	4,879
Accrued expenses and other liabilities	6,406	4,368
Accrued profit-sharing and pension contributions	4,290	3,639
Dividends payable	1,147	1,141
Income taxes	881	777
TOTAL CURRENT LIABILITIES	34,725	27,922
Long-term debt, less current portion	122	2,362
Deferred income taxes	157	187
SHAREHOLDERS' EQUITY		
Common stock–$2 par value, 15,000,000 shares authorized, 5,734,797 and 5,706,713 issued and outstanding, net of 511,159 and 491,159 treasury shares at par, respectively	11,470	11,413
Paid in capital	1,237	545
Retained earnings	135,481	128,738
Accumulated other comprehensive loss	(14,645)	(12,359)
TOTAL SHAREHOLDERS' EQUITY	133,543	128,337
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 168,547	$ 158,808

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED OPERATIONS

Thousands of dollars, except share and per share data

Year ended December 31	2005	2004	2003
Net sales	$ 205,804	$ 183,112	$ 153,333
Cost of products sold	138,384	123,602	107,366
GROSS PROFIT	67,420	59,510	45,967
Costs and expenses			
Selling	21,665	18,980	17,092
General and administrative	22,392	21,160	19,603
Research and engineering	6,700	5,666	5,210
Other operating expenses (income)–net	219	(234)	(50)
	50,976	45,572	41,855
Royalty income–net	1,447	1,889	1,372
OPERATING INCOME	17,891	15,827	5,484
Other income (expense)			
Interest income	1,103	696	421
Interest expense	(379)	(429)	(490)
Other expense	(109)	(145)	(161)
	615	122	(230)
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF JOINT VENTURES	18,506	15,949	5,254
Income taxes	6,520	5,268	4,581
NET INCOME BEFORE JOINT VENTURES	11,986	10,681	673
Equity in net income of joint ventures	—	2,356	3,710
NET INCOME	$ 11,986	$ 13,037	$ 4,383
Net income per share–basic	$ 2.09	$ 2.27	$ 0.76
Net income per share–diluted	$ 2.07	$ 2.25	$ 0.76
Cash dividends declared per share	$ 0.80	$ 0.80	$ 0.80
Average number of shares outstanding–basic	5,725	5,732	5,783
Average number of shares outstanding–diluted	5,783	5,789	5,801

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

Thousands of dollars, except share and per share data

Year ended December 31	2005	2004	2003
OPERATING ACTIVITIES			
Net income	$ 11,986	$ 13,037	$ 4,383
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	7,214	7,385	8,329
Deferred income taxes	(838)	(531)	1,901
Net investment in life insurance	110	93	48
Translation adjustment	77	(85)	(53)
Earnings of joint ventures	—	(21)	(203)
Dividends received from joint ventures	—	2,141	1,019
Gain on sale of joint venture	—	(2,335)	(3,506)
Other–net	266	(280)	29
Changes in operating assets and liabilities:			
Accounts receivable	2,373	(4,530)	2,999
Inventories	(1,728)	(3,703)	4,483
Trade accounts payables and accrued liabilities	2,595	3,063	(1,294)
Income taxes	(197)	(1,597)	2,814
Other–net	(293)	232	34
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,565	12,869	20,983
INVESTING ACTIVITIES			
Capital expenditures	(7,737)	(6,187)	(4,018)
Business acquisitions	—	(456)	(472)
Proceeds from the sale of property and equipment	126	403	56
Proceeds from the sale of equity investment	—	1,925	7,104
Proceeds (payments) on life insurance–net	(149)	581	(251)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(7,760)	(3,734)	2,419
FINANCING ACTIVITIES			
Increase (decrease) in notes payable to banks	449	(312)	(234)
Proceeds from the issuance of long-term debt	2,142	53	10,658
Payments of long-term debt	(1,030)	(944)	(14,838)
Dividends paid	(4,577)	(4,593)	(4,623)
Issuance of common shares	789	85	620
Purchase of common shares for treasury	(700)	(2,978)	—
NET CASH USED IN FINANCING ACTIVITIES	(2,927)	(8,689)	(8,417)
Effects of exchange rate changes on cash and cash equivalents	(1,030)	1,089	1,595
Increase in cash and cash equivalents	9,848	1,535	16,580
Cash and cash equivalents at beginning of year	29,744	28,209	11,629
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 39,592	$ 29,744	$ 28,209

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands, except share and per share data	Common Shares	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss): Cumulative Translation Adjustment	Accumulated Other Comprehensive Income (Loss): Minimum Pension Liability	Total
Balance at January 1, 2003	$ 11,545	$ 82	$123,124	$(20,183)	$ (472)	$114,096
Net income			4,383			4,383
Foreign currency translation adjustment				7,694		7,694
Cumulative translation adjustment for sale of a joint venture				(1,709)		(1,709)
Minimum pension liability–net of taxes of $140					277	277
Total comprehensive income						10,645
Issuance of 41,559 common shares	84	390	146			620
Cash dividends declared–$.80 per share			(4,631)			(4,631)
Balance at December 31, 2003	11,629	472	123,022	(14,198)	(195)	120,730
Net income			13,037			13,037
Foreign currency translation adjustment				3,936		3,936
Cumulative translation adjustment for sale of a joint venture				(1,655)		(1,655)
Minimum pension liability–net of tax benefit of $145					(247)	(247)
Total comprehensive income						15,071
Purchase of 113,755 common shares	(228)		(2,750)			(2,978)
Issuance of 6,199 common shares	12	73				85
Cash dividends declared–$.80 per share			(4,571)			(4,571)
Balance at December 31, 2004	11,413	545	128,738	(11,917)	(442)	128,337
Net income			11,986			11,986
Foreign currency translation adjustment				(2,008)		(2,008)
Minimum pension liability–net of tax benefit of $182					(278)	(278)
Total comprehensive income						9,700
Purchase of 20,000 common shares	(40)		(660)			(700)
Issuance of 48,084 common shares	97	692				789
Cash dividends declared–$.80 per share			(4,583)			(4,583)
Balance at December 31, 2005	**$ 11,470**	**$ 1,237**	**$135,481**	**$(13,925)**	**$ (720)**	**$133,543**

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tables in thousands of dollars, except share and per share data unless specifically noted.

NOTE A–SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Company is a designer and manufacturer of products and systems employed in the construction and maintenance of overhead and underground networks for the energy, telecommunication, cable operators, data communication and other similar industries. The Company's primary products support, protect, connect, terminate and secure cables and wires. The Company also manufactures a line of products serving the voice and data transmission markets. The Company's customers include public and private energy utilities and communication companies, cable operators, financial institutions, governmental agencies, original equipment manufacturers, contractors and subcontractors, distributors and value-added resellers. The Company serves its worldwide markets through strategically located domestic and international manufacturing facilities.

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries where ownership is greater than 50%. All intercompany accounts and transactions have been eliminated upon consolidation.

INVESTMENTS IN FOREIGN JOINT VENTURES

Investments in joint ventures, where the Company owns at least 20% but less than 50%, were accounted for by the equity method.

CASH EQUIVALENTS

Cash equivalents are stated at fair value and consist of highly liquid investments with original maturities of three months or less at the time of acquisition.

INVENTORIES

The Company uses the last-in, first-out (LIFO) method of determining cost for the majority of its material portion of inventories in the United States. All other inventories are determined by the first-in, first-out (FIFO) method. Inventories are carried at the lower of cost or market.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, notes payable and debt. The carrying amount of all financial instruments approximates fair value.

PROPERTY, PLANT, AND EQUIPMENT AND DEPRECIATION

Property, plant, and equipment is recorded at cost. Depreciation for the Company's domestic assets is computed using accelerated methods over the estimated useful lives, with the exception of personal computers which are depreciated over three years using the straight line method. Depreciation for the Company's foreign assets is computed using the straight line method over the estimated useful lives. The estimated useful lives used are: land improvements, ten years; buildings, forty years; and machinery and equipment, three to ten years.

LONG-LIVED ASSETS

The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the discounted cash flows estimated to be generated by those assets are less than the carrying value of those items. The Company's cash flows are based on historical results adjusted to reflect the best estimate of future market and operating conditions. The net carrying value of assets not recoverable is then reduced to fair value. The estimates of fair value represent the best estimate based on industry trends and reference to market rates and transactions.

GOODWILL AND OTHER INTANGIBLES

Goodwill and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. The Company's measurement date for its annual impairment test is January 1 of each year. Patents and other intangible assets with definite lives represent primarily the value assigned to patents acquired with purchased businesses and are amortized using the straight-line method over their useful lives. Goodwill and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Events or circumstances that would result in an impairment review primarily include operations reporting losses or a significant change in the use of an asset. Impairment charges are recognized pursuant to Statement of Financial Accounting Standards (SFAS) No. 142.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred. Company sponsored costs for research and development of new products were $2.6 million in 2005 and 2004, and $2.7 million in 2003.

ADVERTISING

Advertising costs are expensed in the period incurred.

FOREIGN CURRENCY TRANSLATION

Asset and liability accounts are translated into U.S. dollars using exchange rates in effect at the date of the consolidated balance sheet; revenues and expenses are translated at weighted average exchange rates in effect during the period. Transaction gains and losses arising from exchange rate changes on transactions denominated in a currency other than the functional currency are included in income and expense as incurred. Such transactions have not been material. Unrealized translation adjustments are recorded as accumulated foreign currency translation adjustments in shareholders' equity. Upon sale or upon substantially complete liquidation of an investment in a foreign entity, the cumulative translation adjustment for that entity is removed from accumulated foreign currency translation adjustment in shareholders' equity and reclassified to earnings.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

SALES RECOGNITION

Sales are recognized when products are shipped and title and risk of loss has passed to unaffiliated customers. Shipping and handling billed to customers are included in net sales while shipping and handling costs is included in cost of products sold.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company had no foreign currency forward exchange contracts outstanding at December 31, 2005 and 2004. The Company does not hold derivatives for trading purposes.

STOCK-BASED COMPENSATION

As permitted by the provisions of SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS No. 123", the Company applies the intrinsic value based method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees", to account for stock options granted to employees to purchase common shares. Under this method, compensation expense is measured as the excess, if any, of the market price at the date of grant over the exercise price of the options. No compensation expense has been recorded because the exercise price is equal to market value at the date of grant.

SFAS No. 148 requires pro forma disclosure of the effect on net income and earnings per share when applying the fair value method of valuing stock-based compensation. For purposes of this pro forma disclosure, the estimated fair value of the options is recognized ratably over the vesting period.

Year ended December 31	2005	2004	2003
Net income, as reported	$ 11,986	$ 13,037	$ 4,383
Deduct:			
Total stock-based employee compensation expense determined under fair value based method for all awards	191	74	132
Pro forma net income	$ 11,795	$ 12,963	$ 4,251
Earnings per share:			
Basic–as reported	$ 2.09	$ 2.27	$ 0.76
Basic–pro forma	$ 2.06	$ 2.26	$ 0.74
Diluted–as reported	$ 2.07	$ 2.25	$ 0.76
Diluted–pro forma	$ 2.04	$ 2.24	$ 0.73

NEW ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 151, "Inventory Costs," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. This standard requires that such items be recognized as current-period charges. The standard also establishes the concept of "normal capacity" and requires the allocation of fixed production overhead to inventory based on the normal capacity of the production facilities. Any unallocated overhead must be recognized as an expense in the period incurred. This standard is effective for inventory costs incurred starting January 1, 2006. Because the Company currently allocates fixed production overhead to the cost of conversion and present production levels are believed to approximate normal capacity, the Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets." This standard amended APB Opinion No. 29, "Accounting for Nonmonetary Transactions," to eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets. This standard replaces this exception with a general exception from fair value measurement for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for all nonmonetary asset exchanges completed by the Company starting January 1, 2006. The Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements since the Company does not typically engage in nonmonetary exchanges of assets.

In December 2004, the FASB released SFAS No. 123R (FASB 123R), "Share-Based Payment." This statement supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement amends and clarifies the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments and to recognize this cost over the vesting period or time period during which the employee is required to provide service in exchange for the reward. This statement is effective for the Company starting January 1, 2006. The Company does not expect the adoption of this statement to have a material impact on its consolidated financial statements. See Note A—Stock-Based Compensation for the impact previous grants would have had on compensation expense.

NOTE B–OTHER FINANCIAL STATEMENT INFORMATION

INVENTORIES

December 31	2005	2004
Finished products	$ 15,550	$ 14,573
Work-in-process	1,732	1,728
Raw materials	23,021	22,531
	40,303	38,832
Excess of current cost over LIFO cost	(2,685)	(2,568)
	$ 37,618	$ 36,264

Material inventories using the LIFO method of determining costs were approximately $14 million in 2005 and $12.8 million in 2004.

PROPERTIES AND EQUIPMENT

Major classes of property, plant and equipment are stated at cost and were as follows:

December 31	2005	2004
Land and improvements	$ 6,762	$ 6,964
Buildings and improvements	37,902	37,194
Machinery and equipment	93,619	92,313
Construction in progress	5,627	2,951
	143,910	139,422
Less accumulated depreciation	95,106	91,253
	$ 48,804	$ 48,169

Depreciation of property and equipment was $6.7 million in 2005, $6.9 million in 2004 and $7.8 million in 2003.

Machinery and equipment includes $.4 million in capital leases in 2005 and $.5 million in 2004.

Property and equipment includes $.5 million of acquisitions in trade accounts payable at December 31, 2005.

GUARANTEES

The Company establishes a warranty reserve when a known measurable exposure exists. Such reserves are adjusted for management's best estimate of warranty obligations based on current and historical trends. The change in the carrying amount of product warranty reserves for the years ended December 31, 2005 and 2004 are as follows:

	2005	2004
Balance at January 1	$ 177	$ 202
Additions charged to costs	26	53
Deductions	(204)	(78)
Currency translation	11	—
Balance at December 31	$ 10	$ 177

LEGAL PROCEEDINGS

From time to time, the Company may be subject to litigation incidental to its business. The Company is not a party to any pending legal proceedings that the Company believes would, individually or in the aggregate, have a material adverse effect on its financial condition, results of operations or cash flows.

NOTE C–PENSION PLANS

Domestic hourly employees of the Company who meet specific requirements as to age and service are covered by defined benefit pension plans. The Company uses a December 31 measurement date for its plans.

Net periodic benefit cost for the Company's domestic plan consists of the following components for the years ended December 31:

	2005	2004	2003
Service cost	$ 719	$ 560	$ 469
Interest cost	808	701	611
Expected return on plan assets	(751)	(614)	(460)
Recognized net actuarial loss	204	107	92
Net periodic benefit cost	$ 980	$ 754	$ 712

The following tables set forth benefit obligations, assets and the accrued benefit cost of the Company's domestic defined benefit plan at December 31:

	2005	2004
Projected benefit obligation at beginning of the year	$ 13,534	$ 10,988
Service cost	719	560
Interest cost	808	701
Actuarial loss	1,168	1,556
Benefits paid	(272)	(271)
Projected benefit obligation at end of year	$ 15,957	$ 13,534
Fair value of plan assets at beginning of the year	$ 9,983	$ 8,513
Actual return on plan assets	429	704
Employer contributions	982	1,037
Benefits paid	(272)	(271)
Fair value of plan assets at end of the year	$ 11,122	$ 9,983
Benefit obligations in excess of plan assets	$ (4,835)	$ (3,550)
Unrecognized net loss	4,917	3,630
Minimum pension liability	(1,161)	(701)
Accrued benefit cost	$ (1,079)	$ (621)

The domestic defined benefit pension plan with accumulated benefit obligations in excess of plan assets was:

	2005	2004
Projected benefit obligation	$ 15,957	$ 13,534
Accumulated benefit obligation	12,201	10,604
Fair market value of assets	11,122	9,983

Weighted-average assumptions used to determine benefit obligations at December 31:

	2005	2004
Discount rate	5.75%	5.75%
Rate of compensation increase	3.50	3.50

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

	2005	2004	2003
Discount rate	5.75%	6.25%	6.75%
Rate of compensation increase	3.50	3.50	3.50
Expected long-term return on plan assets	8.00	7.50	7.50

The net periodic pension cost for 2005 was based on a long-term asset rate of return of 8.0%. This rate is based upon management's estimate of future long-term rates of return on similar assets and is consistent with historical returns on such assets.

The Company's pension plan weighted-average asset allocations at December 31, 2005 and 2004, by asset category, are as follows:

Plan assets at December 31	2005	2004
Asset category		
Equity securities	59.1%	63.4%
Debt securities and related instruments	39.4	27.9
Cash and equivalents	1.5	8.7
	100.0%	100.0%

Management seeks to maximize the long-term total return of financial assets consistent with the fiduciary standards of ERISA. The ability to achieve these returns is dependent upon the need to accept moderate risk to achieve long-term capital appreciation.

In recognition of the expected returns and volatility from financial assets, retirement plan assets are invested in the following ranges with the target allocation noted:

	Range	Target
Equities	30-80%	60%
Fixed Income	20-70%	40%
Cash Equivalents	0-10%	

Investment in these markets is projected to provide performance consistent with expected long-term returns with appropriate diversification.

The Company's policy is to fund amounts deductible for federal income tax purposes. The Company expects to contribute $1.1 million to its pension plan in 2006.

The benefits expected to be paid out of the plan assets in each of the next five years and the aggregate benefits expected to be paid for the subsequent five years are as follows:

Year	Pension Benefits
2006	$ 312
2007	348
2008	409
2009	473
2010	518
2011-2015	3,608

Expense for defined contribution plans was $3 million in 2005, $2.8 million in 2004 and 2003.

NOTE D-DEBT AND CREDIT ARRANGEMENTS

December 31	2005	2004
Short-term debt		
Secured Notes		
Chinese Rmb denominated at 5.58% in 2005	$ 496	$ —
Thailand Baht denominated at 6.15% in 2005 (4.6% in 2004)	660	691
Unsecured short-term debt		
Short-term debt at 2.9% in 2004	—	44
Current portion of long-term debt	4,806	1,272
Total short-term debt	5,962	2,007
Long-term debt		
Australian dollar denominated term loans (A$3,750), at 5.56 to 5.88% (5.56 to 5.83% in 2004), due 2006 and 2007	2,730	3,314
Australian dollar denominated term loans (A$2,594) at 6.50 to 7.00%, due 2006	1,889	—
Australian dollar denominated capital loan (A$732) at 6.80%, due 2006 and 2007	285	—
Brazilian Reais denominated term loan (R$848) at 15.30% (14.85% in 2004), due 2006	24	320
Total long-term debt	4,928	3,634
Less current portion	(4,806)	(1,272)
	122	2,362
Total debt	$ 6,084	$ 4,369

A domestic revolving credit agreement makes $20 million available to the Company at an interest rate of money market plus .875%. At December 31, 2005, the interest rate on the revolving credit agreement was 5.125%. However, there was no debt outstanding at December 31, 2005, on the revolving credit agreement. The Company paid less than $.1 million in commitment fees on the revolving credit agreement during 2005. The revolving credit agreement contains, among other provisions, requirements for maintaining levels of working capital, net worth, and profitability. At December 31, 2005, the Company was in compliance with these covenants.

Aggregate maturities of long-term debt during the next five years are as follows: $4.8 million for 2006 and $.1 million for 2007.

Interest paid was $.4 million in 2005 and 2004 and $.7 million in 2003.

NOTE E–LEASES

The Company has commitments under operating leases primarily for office and manufacturing space, transportation equipment, office equipment and computer equipment. Rental expense was $1.3 million in 2005, $1.2 million in 2004 and $1.4 million in 2003. Future minimum rental commitments having non-cancelable terms exceeding one year are $.9 million in 2006 and 2007, $.8 million in 2008, 2009 and 2010, and an aggregate $11.9 million thereafter. One such lease is for our aircraft with a lease commitment through April 2012. Under the terms of the lease, we maintain the risk for the residual value in excess of the market value of the aircraft. At the present time, we believe our risks, if any, to be immaterial because the estimated market value of the aircraft approximates its residual value.

The Company has commitments under capital leases for equipment. Future minimum rental commitments for capital leases are $.2 million in 2006, $.1 million in 2007, and $0 thereafter. The imputed interest for the capital leases is less than $.1 million.

NOTE F–INCOME TAXES

The provision for income taxes is based upon income before tax and equity in net income of joint ventures for financial reporting purposes. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their carrying value for financial statement purposes. In estimating future tax consequences, the Company considers anticipated future events, except changes in tax laws or rates, which are recognized when enacted.

The components of income tax expense for the years ended December 31 are as follows:

	2005	2004	2003
Current			
Federal	$ 3,330	$ 3,084	$ 560
Foreign	3,621	2,372	1,882
State and local	407	343	378
	7,358	5,799	2,820
Deferred			
Federal	(612)	(462)	2,254
Foreign	(234)	(66)	(526)
State and local	8	(3)	33
	(838)	(531)	1,761
	$ 6,520	$ 5,268	$ 4,581

The differences between the provision for income taxes at the U.S. statutory rate and the tax shown in the Statements of Consolidated Operations for the years ended December 31 are summarized as follows:

	2005	2004	2003
Federal tax at statutory rate of 35%	$ 6,477	$ 6,407	$ 3,048
State and local taxes, net of federal benefit	269	224	271
Non-deductible expenses	196	141	91
Foreign earnings and related tax credits	(521)	(147)	630
Non-U.S. tax rate variances	(173)	(298)	(240)
Capital gain on the sale of foreign joint venture	—	(173)	1,219
Valuation allowance	343	(759)	170
Tax credits	(175)	(168)	(349)
Other, net	104	41	(259)
	$ 6,520	$ 5,268	$ 4,581

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets (liabilities) at December 31 are as follows:

	2005	2004
Deferred tax assets:		
Accrued compensation and benefits	$ 1,073	$ 893
Depreciation and other basis differences	716	990
Inventory valuation reserves	1,234	1,137
Allowance for doubtful accounts	166	748
Benefit plans reserves	632	474
Foreign tax credits	4,364	3,550
NOL carryforwards	694	704
Other accrued expenses	943	785
Gross deferred tax assets	9,822	9,281
Valuation allowance	(2,646)	(2,303)
Net deferred tax assets	7,176	6,978
Deferred tax liabilities:		
Depreciation and other basis differences	(1,104)	(1,154)
Undistributed foreign earnings	—	(794)
Inventory	(133)	(153)
Prepaid expenses	(123)	(120)
Other	(43)	(4)
Net deferred tax liabilities	(1,403)	(2,225)
Net deferred tax assets	$ 5,773	$ 4,753

	2005	2004
Change in net deferred tax assets:		
Deferred income tax benefit	$ 838	$ 531
Items of other comprehensive income	182	145
Total change in net deferred tax assets	$ 1,020	$ 676

Deferred taxes are recognized at currently enacted tax rates for temporary differences between the financial reporting and income tax bases of assets and liabilities and operating loss and tax credit carryforwards.

In assessing the realizability of deferred tax assets, the Company established a valuation allowance to record its deferred tax assets at an amount that is more likely than not to be realized. At December 31, 2005, a deferred tax valuation allowance of $2.2 million for certain foreign tax credit carryforwards has been established to adjust these assets to the amounts expected to be realized in future years. During the year this valuation allowance was decreased by $1.1 million as a result of a reassessment of foreign tax credits that could be utilized. Additionally, the Company refined its beginning foreign tax credit carryforwards. When taken into account with other adjustments for foreign withholding taxes, net foreign tax credit carryforwards increased $.4 million.

The Company also had state loss carryforwards of $.5 million, which can be carried forward from 11 to 15 years. The Company has a full valuation allowance established against these carryforwards. The Company also has $.2 million of foreign loss carryforwards which do not expire.

In 2006, the Company has plans to repatriate approximately $5 million of its undistributed foreign earnings. The associated U.S. income taxes will be fully offset by foreign tax credits. The Company has not provided for U.S. income taxes or foreign witholding taxes on the remaining undistributed earnings of its foreign subsidiaries, which are considered to be permanently reinvested. The amount of such earnings is approximately $40.4 million at December 31, 2005. These earnings would be taxable upon the sale or liquidation of these foreign subsidiaries, or upon the remittance of dividends. While the measurement of the unrecognized U.S. income taxes with respect to these earnings is not practicable, foreign tax credits would be available to offset some or all of any portion of such earnings that are remitted as dividends.

In accordance with the applicable tax laws in China, the Company is entitled to a preferential tax rate of 0% for the first two profit making years after utilization of any tax loss carryforwards, which may be carried forward for five years; and a 50% tax reduction for the succeeding three years beginning in 2003. The favorable aggregate tax and per share effect was less than $.1 million, or less than $.01 per share, for 2005 and 2004, and $.1 million, or $.01 per share for 2003.

Income taxes paid, net of refunds, were approximately $7.6 million in 2005, $7.3 million in 2004 and $(.1) million in 2003.

NOTE G–STOCK OPTIONS

The 1999 Stock Option Plan (the Plan) permits the grant of 300,000 options to buy common shares of the Company to certain employees at not less than fair market value of the shares on the date of grant. At December 31, 2005, there were 42,000 shares remaining available for issuance under the Plan. Options issued to date under the Plan vest 50% after one year following the date of the grant, 75% after two years, 100% after three years and expire from five to ten years from the date of grant.

	2005		2004		2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at January 1,	147,126	$ 16.67	125,725	$ 15.34	149,500	$ 15.45
Granted	42,000	37.11	28,000	22.10	26,000	14.33
Exercised	48,384	16.51	6,599	14.50	29,775	15.12
Forfeited	—	—	—	—	20,000	15.13
Outstanding at December 31,	140,742	$ 22.82	147,126	$ 16.67	125,725	$ 15.34

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/05	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable at 12/31/05	Weighted Average Exercise Price
$ 15.13	53,432	4.2 years	$ 15.13	53,432	$ 15.13
15.00	370	5.3 years	15.00	370	15.00
18.75	4,800	6.3 years	18.75	4,800	18.75
14.33	17,640	7.3 years	14.33	12,415	14.33
22.10	22,500	8.6 years	22.10	8,500	22.10
34.24	24,000	9.3 years	34.24	—	—
41.12	9,000	9.6 years	41.12	—	—
40.74	9,000	9.9 years	40.74	—	—
	140,742	7.0 years	$ 22.82	79,517	$ 15.97

Disclosures under the fair value method are estimated using the Black-Scholes option-pricing model with the following assumptions:

	2005	2004	2003
Risk-free interest rate	4.15%	3.54%	4.29%
Dividend yield	3.42%	4.63%	4.27%
Expected life	9 years	10 years	10 years
Expected volatility	38.8%	38.9%	22.4%

NOTE H–COMPUTATION OF EARNINGS PER SHARE

Thousands of dollars, except share and per share data Year ended December 31	2005	2004	2003
Numerator			
Net income	$ 11,986	$ 13,037	$ 4,383
Denominator			
Determination of shares			
Weighted average common shares outstanding	5,725	5,732	5,783
Dilutive effect–employee stock options	58	57	18
Diluted weighted average common shares outstanding	5,783	5,789	5,801
Earnings per common share			
Basic	$ 2.09	$ 2.27	$ 0.76
Diluted	$ 2.07	$ 2.25	$ 0.76

For the year ended December 31, 2005, 18,000 stock options were excluded from the calculation of earnings per share due to the average market price being lower than the exercise price, and the result would have been anti-dilutive. For the year ended December 31, 2004, no stock options were excluded from the calculation of earnings per share due to the average market price being greater than the exercise price. For the year ended December 31, 2003, 5,000 stock options were excluded from the calculation of earnings per share due to the average market prices being lower than the exercise price, and the result would have been anti-dilutive.

NOTE I–GOODWILL AND OTHER INTANGIBLES

December 31	2005	2004
Goodwill	$ 2,578	$ 2,690
Intangible assets	5,026	5,023
	7,604	7,713
Less accumulated amortization	2,715	2,336
	$ 4,889	$ 5,377

The Company performed its annual impairment test for goodwill pursuant to SFAS No. 142, "Goodwill and Other Intangible Assets", as of January 2005, 2004 and 2003, and had determined that no adjustment to the carrying value of goodwill was required. The Company's only intangible asset with an indefinite life is goodwill, which is included within the foreign segment. The aggregate amortization expense for other intangibles with finite lives, ranging from 10 to 17 years, was $.4 million for the years ended December 31, 2005, 2004 and 2003. Amortization expense is estimated to be $.3 million for 2006, 2007, 2008, 2009 and 2010.

The following table sets forth the carrying value and accumulated amortization of intangibles, including the effect of foreign currency translation, by segment at December 31, 2005 and 2004:

	As of December 31, 2005			As of December 31, 2004		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Amortized intangible assets						
Gross carrying amount–patents and other intangibles	$ 4,947	$ 79	$ 5,026	$ 4,947	$ 76	$ 5,023
Accumulated amortization– patents and other intangibles	(2,108)	(47)	(2,155)	(1,741)	(35)	(1,776)
Total	$ 2,839	$ 32	$ 2,871	$ 3,206	$ 41	$ 3,247

The changes in the carrying amount of goodwill for the years ended December 31, 2005 and December 31, 2004, is as follows:

Balance at January 1, 2004	$ 1,929
Currency translation	56
Additions	145
Balance at December 31, 2004	2,130
Currency translation	(112)
Balance at December 31, 2005	$ 2,018

NOTE J–BUSINESS ABANDONMENT

BUSINESS ABANDONMENT CHARGES

During the third quarter of 2002, the Company recorded a charge to establish a reserve for certain assets and to record severance payments related to closing its data communication operations in Europe. This entailed winding down a manufacturing operation, closing five sales offices, terminating leases and reducing personnel by approximately 130. This action was taken as a result of the continuing decline in the global telecommunication and data communication markets and after failing to reach agreement on an acceptable selling price on product supplied to a significant foreign customer. An analysis of the amount accrued in the Consolidated Balance Sheets at December 31, 2005, 2004 and 2003 is as follows:

	Inventory	Receivables	Severance and other related expenses	Impaired assets
Balance at January 1, 2003	$ 2,254	$ 1,241	$ 997	$ 5
Payments	—	—	(428)	—
Write-offs and adjustments	(1,344)	(500)	(471)	(5)
Balance at December 31, 2003	910	741	98	—
Payments	—	—	(48)	—
Write-offs and adjustments	(906)	112	(20)	—
Balance at December 31, 2004	4	853	30	—
Payments	—	—	(25)	—
Write-offs and adjustments	(4)	(853)	(5)	—
Balance at December 31, 2005	$ —	$ —	$ —	$ —

NOTE K–BUSINESS SEGMENTS

The Company designs, manufactures and sells hardware employed in the construction and maintenance of telecommunication, energy and other utility networks. Principal products include cable anchoring and control hardware, splice enclosures and devices which are sold primarily to customers in North and South America, Europe, South Africa and Asia Pacific.

The Company's segments are based on the way management makes operating decisions and assesses performance. The Company's operating segments are domestic and foreign operations. The accounting policies of the operating segments are the same as those described in Note A in the Notes To Consolidated Financial Statements. Our Australian operations accounted for 11% of the Company's consolidated net sales and assets for the year ending December 31, 2005. No individual foreign operation accounted for 10% or more of the Company's consolidated net sales or assets for the years ended December 31, 2004 and 2003. It is not practical to present revenues by product line by segments.

Operating segment results are as follows for the years ended December 31:

	2005	2004	2003
Net sales			
Domestic	$ 115,348	$ 107,070	$ 90,676
Foreign	90,456	76,042	62,657
Total net sales	$ 205,804	$ 183,112	$ 153,333
Intersegment sales			
Domestic	$ 6,203	$ 5,780	$ 3,746
Foreign	3,070	2,322	818
Total intersegment sales	$ 9,273	$ 8,102	$ 4,564
Operating income (loss)			
Domestic	$ 8,923	$ 8,742	$ (3,887)
Foreign	8,968	7,085	9,371
	17,891	15,827	5,484
Interest income			
Domestic	562	140	30
Foreign	541	556	391
	1,103	696	421
Interest expense			
Domestic	(43)	(39)	(136)
Foreign	(336)	(390)	(354)
	(379)	(429)	(490)
Other expense	(109)	(145)	(161)
Income before income taxes and equity in net income of joint ventures	$ 18,506	$ 15,949	$ 5,254
Expenditure for long-lived assets			
Domestic	$ 3,989	$ 3,815	$ 2,035
Foreign	3,748	2,372	1,983
	$ 7,737	$ 6,187	$ 4,018
Depreciation and amortization			
Domestic	$ 4,660	$ 5,113	$ 6,244
Foreign	2,554	2,272	2,085
	$ 7,214	$ 7,385	$ 8,329
Identifiable assets			
Domestic	$ 93,132	$ 79,181	
Foreign	75,415	79,627	
Total assets	$ 168,547	$ 158,808	
Long-lived assets			
Domestic	$ 32,003	$ 33,106	
Foreign	24,091	22,886	
	$ 56,094	$ 55,992	

Transfers between geographic areas are above cost and consistent with rules and regulations of governing tax authorities.

The domestic business segment operating loss for the year ended December 31, 2003 includes an expense, recorded in the quarter ended March 31, 2003, for forgiveness of intercompany debt related to the abandoned European data communication operations in the amount of $4.5 million from the foreign business segment, while the foreign business segment includes a similar amount as income related to this transaction.

NOTE L–RELATED PARTY TRANSACTIONS

The Company is a sponsor of Ruhlman Motorsports. Ruhlman Motorsports is owned by Randall M. Ruhlman, a director of the Company, and by his wife. The Company paid sponsorship fees of $658,000, annually, to Ruhlman Motorsports during 2005, 2004 and 2003. In addition, in 2005, 2004 and 2003 the Company's Canadian subsidiary, Preformed Line Products (Canada) Ltd., paid $101,000, $106,000, and $99,000, respectively, to Ruhlman Motorsports in sponsorship fees.

NOTE M–INVESTMENTS IN FOREIGN JOINT VENTURES

Investments in joint ventures, where the Company owns at least 20% but less than 50%, were accounted for by the equity method. During the third quarter of 2004 the Company sold its 49% ownership minority interest in its joint venture, Japan PLP Co. Ltd. Proceeds of the sale were approximately $1.9 million, and the transaction resulted in a pretax gain of $2.3 million, which includes the reversal of $1.7 million in cumulative translation adjustment related to the equity investment. The entire amount of the proceeds was taxable resulting in a tax of $.6 million and therefore, reduced the gain to $1.7 million after-tax.

During the fourth quarter of 2003 the Company sold its 24% ownership interest in its joint venture in Toshin Denko Kabushiki Kaisha. Proceeds of the sale were approximately $7.1 million, and the transaction resulted in a pretax gain of $3.5 million, which included the reversal of $1.7 million in cumulative translation adjustment related to the equity investment. The entire amount of the proceeds was taxable resulting in a tax of $2.6 million and, therefore, reduced the gain to $.9 million after-tax.

Dividends received from joint ventures totaled $2.1 million in 2004, and $1 million in 2003.

Summarized financial information for the Company's equity-basis investments in associated companies, combined, was as follows:

For the year ended March 31	2004	2003
Income statement information:		
Revenues	$ 11,448	$ 36,482
Gross profit	4,042	5,040
Operating income	1,245	1,615
Net income	693	1,015
Financial position information:		
Current assets	$ 7,253	$ 29,593
Noncurrent assets	4,355	10,199
Current liabilities	3,118	5,479
Noncurrent liabilities	1,719	4,958
Net worth	6,771	29,355

NOTE N–QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarter Ended	March 31	June 30	September 30	December 31
2005				
Net sales	$ 50,772	$ 52,692	$ 55,614	$ 46,726
Gross profit	16,627	17,417	19,259	14,117
Income before income taxes and equity in net income of joint ventures	5,271	5,477	6,708	1,050
Net income	3,228	3,696	4,179	883
Net income per share, basic	0.56	0.65	0.73	0.15
Net income per share, diluted	0.56	0.64	0.72	0.15
2004				
Net sales	$ 39,530	$ 45,884	$ 49,065	$ 48,633
Gross profit	12,070	15,099	16,413	15,928
Income before income taxes and equity in net income of joint ventures	2,148	3,847	6,156	3,798
Net income	1,364	2,371	5,496	3,806
Net income per share, basic	0.24	0.41	0.96	0.66
Net income per share, diluted	0.23	0.41	0.95	0.66

Fourth quarter 2004 includes a $1.1 million ($.19 per share) adjustment to tax valuation allowances and current year foreign tax credits as a result of the American Jobs Creation Act of 2004. Third quarter 2004 includes a pretax gain of $2.3 million, $1.7 million after-tax gain ($.29 per share) for the sale of its interest in Japan PLP Co. Ltd. See Note M in the Notes To Consolidated Financial Statements for further discussion of investments in joint ventures.

MARKET FOR REGISTRANT'S COMMON SHARES AND RELATED SHAREHOLDER MATTERS

The Company's Common Shares are traded on NASDAQ under the trading symbol "PLPC". As of March 13, 2006, the Company had approximately 985 shareholders of record. The following table sets forth for the periods indicated (i) the high and low closing sale prices per share of the Company's Common Shares as reported by the NASDAQ and (ii) the amount per share of cash dividends paid by the Company.

While the Company expects to continue to pay dividends of a comparable amount in the near term, the declaration and payment of future dividends will be made at the discretion of the Company's Board of Directors in light of then current needs of the Company. Therefore, there can be no assurance that the Company will continue to make such dividend payments in the future.

Year ended December 31	2005			2004		
Quarter	High	Low	Dividend	High	Low	Dividend
First	$ 34.35	$ 28.85	$ 0.20	$ 33.50	$ 24.60	$ 0.20
Second	41.88	30.00	0.20	28.00	22.70	0.20
Third	47.97	38.63	0.20	30.18	21.75	0.20
Fourth	47.24	37.40	0.20	32.25	28.21	0.20

This report contains "forward–looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 regarding the Company, including those statements regarding the Company's and management's beliefs and expectations concerning the Company's future performance or anticipated financial results, among others. Except for historical information, the matters discussed in this report are forward-looking statements that involve risks and uncertainties, which may cause results to differ materially from those set forth in these statements. Among other things, factors that could cause actual results to differ materially from those expressed in such forward-looking statements include the strength of the economy and the demand for the Company's products, increases in raw material prices, the Company's ability to identify, complete and integrate acquisitions for profitable growth, and other factors described under the headings "Forward-Looking Statements" in the Company's Form 10-K filed with the SEC for the year ended December 31, 2005. The Form 10-K and the Company's other filings with the SEC can be found on the SEC's Web site at http://www.sec.gov. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

PLP's Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2005, is available without cost to shareholders upon written request to PLP at the corporate headquarters.

CORPORATE INFORMATION

DIRECTORS

Robert G. Ruhlman
Chairman, President and
Chief Executive Officer

Frank B. Carr
Private Investor

Glenn E. Corlett
Dean and Professor at
the College of Business
at Ohio University

John D. Drinko
Attorney
Baker & Hostetler LLP

Wilber C. Nordstrom
Consultant

John P. O'Brien
Managing Director of
Inglewood Associates, Inc.

Barbara P. Ruhlman

Randall M. Ruhlman
President
Ruhlman Motor Sports

OFFICERS

Robert G. Ruhlman
Chairman, President and
Chief Executive Officer

J. Cecil Curlee, Jr.
Vice President
Human Resources

Michael A. Fout
Vice President
Manufacturing

Eric R. Graef
Vice President
Finance and Treasurer

William H. Haag III
Vice President
International Operations

Dennis F. McKenna
Vice President
Marketing and Business
Development

R. Steven Kestner
Secretary

J. Richard Hamilton
Assistant Secretary

DOMESTIC PLANT LOCATIONS

Arkansas
Rogers

North Carolina
Albemarle

SUBSIDIARIES

Superior Modular Products
Asheville, North Carolina

INTERNATIONAL OPERATIONS

SUBSIDIARIES

Australia
Preformed Line Products (Australia) Pty. Ltd.
PLP Rack Technologies Ltd.
Sydney, Australia

Brazil
PLP-Produtos Para Linhas Preformados Ltd.
Sao Paulo, Brazil

Canada
Preformed Line Products (Canada) Ltd.
Cambridge, Ontario, Canada

China
Beijing PLP Conductor Line Products Co., Ltd.
Beijing, China

Mexico
Preformados de Mexico S.A. de C.V.
Querétaro, Mexico

South Africa
Preformed Line Products (South Africa) Pty. Ltd.
Pietermaritzburg, Natal
Republic of South Africa

Spain
APRESA—PLP Spain, S. A.
Sevilla, Spain

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Preformed Line Products (Asia) Ltd.
Bangkok, Thailand

United Kingdom
Preformed Line Products
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Andover, Hampshire, England

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COMMON SHARES

PLP common shares are traded on the NASDAQ National Market under the ticker symbol: PLPC

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The Company has adopted a code of conduct. A copy of the code of conduct is posted on our Internet Site at www.preformed.com in our About Us section.

If you would like to receive an electronic copy of this or future Annual Reports of Preformed Line Products, go to www.preformed.com, click Investor Relations and follow the instructions; or e-mail us at inquiries@preformed.com.

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