



**PREFORMED** LINE PRODUCTS  
The connection you can count on.

# 2008 ANNUAL REPORT



## alternative energy





**PREFORMED** LINE PRODUCTS

The connection you can count on.

**Stability, Innovation, Growth...** These are the goals Preformed Line Products (PLP) achieved throughout 2008, despite the economic upheaval existing worldwide. These goals were accomplished through **strong leadership** and **unparalleled worldwide customer support**.

With these goals in mind, PLP continues to **pioneer modern advances** for our changing world. Whether it's PLP's commitment to **expanding worldwide alternative energy** sources, or the development of new wildlife protection and arborist products supporting **PLP's contribution** to a safer, greener planet, PLP continues to push innovation and meet its customers' needs.

Founded in 1947, **Preformed Line Products Company**, headquartered in Mayfield Village, Ohio, designs and manufactures products and systems for the construction and maintenance of overhead and underground networks for the **energy and communications industries**. Additional specialized markets include solar energy, tower/antenna and metal buildings. PLP serves all of these worldwide markets through its three domestic manufacturing centers and ten international operations.



**stability. innovation. growth.**

# financial position and highlights



Eric Graef  
Chief Financial Officer and  
Vice President Finance

**Net Sales of \$269.7 million were a new record for the third consecutive year.**

Income from continuing operations of \$16.8 million also set a new record in 2008.

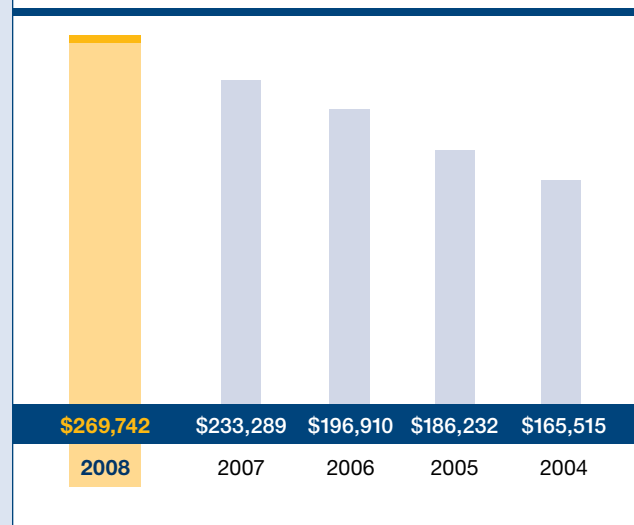
Our financial position strengthened with a current ratio of 3.2 to 1. Our cash is just under \$20 million; our bank debt is only \$6.2 million with total assets exceeding \$190 million.

## FINANCIAL HIGHLIGHTS

Year ended December 31,

Thousands of dollars, except per share data	2008	2007
Net Sales	\$269,742	\$233,289
Income before income taxes, minority interest and discontinued operations	24,760	21,321
Income from continuing operations	16,754	13,766
Net income	17,623	14,159
Income per share from continuing operations basic	3.17	2.57
Net income per share basic	3.34	2.64
Income per share from continuing operations diluted	3.14	2.54
Net income per share diluted	3.30	2.61
Shareholders' equity	136,265	149,721
Shareholders' equity per share	26.09	27.82

## CONSOLIDATED NET SALES, NET OF DISCONTINUED OPERATIONS



## CONSOLIDATED NET INCOME



to our **shareholders**

alte



Robert G. Ruhlman  
Chairman and Chief Executive Officer

What a time to be writing a letter for the Annual Report. While we are closing the books on yet another record year, Congress has passed a so-called “economic stimulus package” that many, myself included, are skeptical if not downright fearful of. Our customers continue to trim their ranks to cope with the current economic maelstrom, yet we are currently on par in both sales and bookings with 2008. We have prepared our budget for the coming year around a flat, no-growth forecast as compared to 2008, even though we have always believed in forecasting aggressively.

The year 2008 was indeed a banner year for PLP with net sales growth of 16% and all-time record earnings per diluted share of \$3.34, an increase of 27% over 2007. Domestic sales did not grow as dramatically as in 2007, but reached an all-time record nonetheless. Net sales records were again set in six of our international subsidiaries. This growth was well distributed across all market segments.

The theme of this year’s Annual Report is **Alternative Energy**. This is a hot topic these days, but we are not merely jumping on the bandwagon; we’ve been involved with alternative energy for quite a while. This involvement takes many forms, not all of them immediately obvious or even involving revolutionary products. Our acquisition of Direct Power and Water (DPW) in 2007 was the culmination of years of investigating the solar energy market and finding just the right partner, which we did in DPW. Based on the success we have experienced with DPW, we are currently in the process of dramatically growing our

capacity for this product line by augmenting DPW’s Albuquerque, New Mexico facilities with a near duplicate operation in our Albemarle, North Carolina plant.

While our involvement in wind energy is not as significant as it is in solar, our products are used in the internal fiber communication systems of wind turbines as well as the transmission lines that tie large wind farms into the grid. We continue to look into expanding that product line, including through acquisition.

A re-birth of the nuclear energy industry would be beneficial to us as well. Just as with solar and wind energy, our traditional products play a significant role in tying these energy sources to the country’s energy grid. However, in the case of nuclear energy, the amount of power being hooked up to the grid from a given generating site is significantly greater than for wind and solar,

# Alternative energy



requiring greater volumes of “heavier-duty” products. Unlike solar and wind, we believe growth in increased nuclear energy will come much more slowly.

Increased energy efficiency will require rebuilding this country’s electrical grid, doing a better job of integrating the three dominant transmission circuits and employing “smart-grid” technology. This will provide sales opportunities not only for our traditional transmission and distribution products, but also for our fiber optic closures and hardware.

However, at the moment these opportunities remain largely rhetorical and hypothetical and their realization will depend on how the new Administration ultimately decides to treat businesses, big and small, and the current economic situation in general. Certainly, policies that make it attractive and desirable to do business in this country, particularly manufacturing, will permit overall growth and drive demand for our product lines. Policies inhibiting doing business in this country will have the opposite effect.

Our people have done an outstanding job of positioning PLP to benefit our customers with outstanding, high value, high quality products and we believe our customer service is second to no one in our industry. If we are to experience significant short term growth, we need the Administration and the markets to do their part.

As always, I want to thank the nearly 2000 fine people who make PLP the success it is for a third consecutive year of record sales. Thank you to our shareholders as well, for your ongoing interest in and support of PLP.

A handwritten signature in black ink, reading "Robert G. Ruhlman".

**Robert G. Ruhlman**

Chairman and Chief Executive Officer



Dennis Theis  
Director, Marketing and Sales,  
Energy Markets

Energy Market sales in 2008 proved to be remarkably resilient in spite of the economic challenges that we encountered throughout the year. Overall sales increased 21% with increases in all three major market segments – Transmission, Distribution and Fiber Optic Hardware.

We tempered our initial 2008 forecast due to concern over the severe decline in new housing starts and the developing problems in the credit markets, both of which were well under way as 2007 came to a close. Distribution voltage products, which account for almost half of Energy Market sales, were expected to be negatively impacted by these economic forces. Sales of High Voltage Transmission products and Fiber Optic Hardware tend to be project-driven with longer timetables for both budget and construction schedules. As a result, they are somewhat insulated from the impact of the current economic problems.

Industry investment in the development of alternative energy sources to replace reliance on fossil fuels increased significantly in 2008. This investment boom, particularly in wind power generation, was a key driver in demand for PLP transmission hardware.

## transmission

The Transmission Market proved to be the highest growth segment in the overall Energy Market again this year with a 33% increase in net sales. This was accomplished on top of a substantial increase in 2007.



Bob Whapham  
Global Market Manager,  
Transmission

A key driver of this increase was the large number of wind power projects that were built in 2008. Government mandates, such as tax credits and renewable portfolio laws that require utilities to produce or buy power generated from non-fossil fuel sources, drives this development. Wind farms have been typically located in the remote areas of the western states where wind conditions are ideal for consistent generation and

because they require vast tracts of open land. These farms are usually far from existing transmission lines, and as such, require the construction of hundreds of miles of new tie lines to feed their output into the grid. The net result is a healthy and growing demand for PLP's transmission hardware.

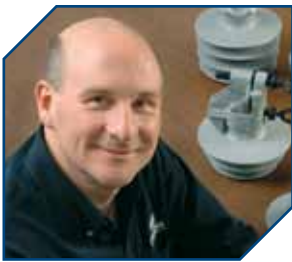
Other factors related to the growing focus on alternative energy include increasing investment in "smart grid" technologies to handle and manage the output and consumption of power more efficiently. As a result, the already-recognized need to update and rebuild the existing national transmission grid is even more critical. The expected increase in federal stimulus spending should drive continuing demand for transmission products in the future.

PLP is ideally positioned to take advantage of this market opportunity. New transmission products introduced in the past couple of years, such as the CUSHION-GRIP® Spacer Damper, the VORTX™ Vibration Damper and the CUSHION-GRIP® Suspension Clamp, make up a significant portion of these new sales. Other transmission hardware products are currently under development and scheduled for introduction to the market in 2009.

## distribution

Sales to the Distribution Market were stronger than we had forecasted, ending the year with a better-than-expected 9% increase over prior year net sales. Historically, the impact on PLP sales generally lags fluctuations in the overall economy by six to nine months. Thus, we expected to feel the crisis in the United States (U.S.) housing and mortgage markets which began in 2007, during 2008. However, PLP benefited from budgets that were established by our utility customers well before the precipitous decline in new housing starts gathered steam.

# energy



Mark Burns  
Product Manager,  
Utility Distribution

During the prior boom decade in new housing construction, utilities were forced to focus on providing connections to new homes at the expense of maintaining and repairing their aging overhead distribution systems. As new construction ground to a halt, these budget dollars were shifted to begin work on the maintenance of these overhead lines, resulting in demand for PLP overhead products.

Additionally, commodity prices for most raw materials escalated at unprecedented rates during the year. PLP was forced to implement two general price increases to partially offset these costs. The resulting increase in net sales undoubtedly contributed to the better-than-expected sales performance.

PLP's newest Distribution product offerings — polymer pin-type insulators and hardware for spacer cable systems — gained traction in the marketplace during the year. Sales of insulators were especially gratifying as we received standards approvals at several large investor owned utilities. Additionally, the partnership with Southwire Company for the supply of spacer cable hardware, appears to hold promise as acceptance and approval of the system appears imminent at some key target accounts.

The coming year will be challenging for the Distribution product segment given the current economic environment and the likelihood that it will get worse before any recovery will begin.

## fiber optic hardware

Fiber optic hardware for overhead cable applications in the Energy Market continued to grow, ending the year with a 50% increase over 2007. To a large extent, the traditional long-haul backbone systems that dominated this market for many years have been built-out.

The current growth driver has been continued investment by municipal systems, electrical cooperatives and other regional entities in the Power segment to bring fiber and broadband services to their local constituencies. PLP's unique bundle of products and services has proven to be exactly what these smaller customers need and want. They typically have fewer resources in personnel and experience and look to partner with a supplier who can provide end-to-end solutions. This is a role PLP fills very well.

We ended the year with a targeted initiative by all of our Energy Market sales representatives to focus on this market segment. We have developed and released a complete marketing program to support this effort. The timing of this initiative coincides with the announced priority by the U.S. federal government to provide incentives and funding for broadband deployment as part of the economic stimulus program. Also included in the federal program is funding for accelerated deployment of "smart grid" technologies to upgrade the reliability and efficiency of the national electricity grid. Many of these systems utilize fiber for their monitoring, control and data accumulation networks. This portends well for increasing demand for PLP fiber-related products in the months and years to come.



John Jones  
Market Manager,  
Utility Fiber Technologies

# communications



John Hofstetter (*left*)  
Director, Marketing and Sales,  
Communications Markets

Chris Grubish (*right*)  
Market Manager, Communications  
and Global FTTx

The Communications Market, like most businesses, experienced a difficult economic environment and extraordinary amount of uncertainty in 2008 which depressed spending and made forecasting difficult. Nonetheless, the overall communications net sales were up by a modest 2% from the previous year with most of PLP's key growth areas providing improved results that offset the substantial decline in copper based communication business.

This stability and growth was most prevalent in the COYOTE® Fiber Optics product line as we continued to build our fiber product offerings with the latest generation splicing devices. Further, despite escalating raw material costs during the first half of the year, we remained focused on our strategy and grew profitability by enhancing productivity and implementing early cost improvement programs within the Fiber and Copper product lines.

PLP continued its long tradition of innovation, launching four new products during the year that meet the demand of network construction supporting broadband, voice, data and video services. Major telephone carriers and municipalities are hoping to improve their market share against the cable television operators (CATV) and satellite providers by investing in Fiber-To-The-Home (FTTH) or similar high capacity broadband networks. Similarly, the CATV providers, in an effort to defend their market position, are examining network enhancements that will allow them to remain competitive. These products continue to position us as the industry leader in the markets we serve.

Although the telecommunication and CATV markets continue to be challenging, with end user "product rationalization" programs and severe price competition, the expertise and stability of the PLP team consistently

drove success. Our customers recognize our superior service levels, competitive prices and investment in their businesses and as a result, we continue to incrementally increase market share despite lower demands.

Not only has a forecasted drop in our underground communications products continued during the year, but there is also a continued lack of interest by American consumers for residential landline services. Over the last five quarters, Verizon and AT&T lost a combined total of five million lines. As consumers drop lines, capital expenditures trend toward investments in video and high speed networks, like Verizon's FiOS program. Additionally, they continue to bolster their wireless networks for 3G and 4G broadband that supports increased consumer/enterprise spending on Smartphones.

Globally, we engaged in a common growth strategy geared toward building a sustainable future. Progress continues in Europe and South America with the deployment of last mile fiber optic construction, where we have had continued progress in developing products over the last two years. Ongoing efforts have brought new business to our International Subsidiaries, enhanced our global portfolio of products and services, and led to increased productivity due to Lean Manufacturing and global engineering collaboration.

Market diversification is at the forefront of our marketing and sales efforts. We continue to support our military in the deployment of both fiber and copper products in response to the government's strategy for base realignment and closure and its "grow the force" initiative.

Alternative energy also plays an important role in PLP's Communications Market growth plans. Projects using wind turbine energy have increased, and PLP's Axxcess





# Communications



Solutions™ products as well as certain COYOTE® Fiber Optic Closures support fiber optic connectivity requirements for these wind turbines. A fiber optic backbone is required to meet critical performance and isolation of the power being generated into the grid. Solar projects are also a focus, given our expertise in this area. Marketing plans and sales calls are underway to explore applications such as remote power for cell sites supporting wireless telecommunications and certain outside plant locations.

Conserving energy is another important focus, and Intelligent Transportation Systems (ITS) continues to receive funding at the federal and state levels. Some early fiber optic based ITS networks were developed in the U.S. to reduce traffic and congestion by monitoring the volume of vehicles with cameras, loop detectors and variable

message signs. Today's systems run on advanced fiber optic networks which require larger volumes of bandwidth for tolls, ramp metering and security functions. These additional applications are starting to drive demand for increased bandwidth and therefore offer additional sales opportunities for our COYOTE® Fiber Optic Products.

As the telecommunication and cable television operators continue to provide enhanced applications, (e.g., High Definition TV, Two-way video conferencing, Telemedicine, Social Networking, Meter Reading, Security, Full Movie Downloads and Gaming), PLP's newest products — the COYOTE® Dome High Capacity Closure, LCC Closure, MPC Closure and the COYOTE In-Line RUNT Fire Retardant Closure — provide the foundation for stability and growth needed to build a sustainable future.

## special industries

PLP continues to provide time-tested and reliable solutions in a variety of diverse industries including tower and antenna, metal buildings, arborist, agriculture and marine.

Although industry growth in select markets is slowing due to economic conditions, our involvement in industry associations and strengthening customer relationships and our investment in innovative product designs continue to support year over year sales growth in this segment.

Looking forward, Special Industry managers will continue to focus marketing efforts on applying traditional PLP products in new applications, expanding product lines through new product introductions, and implementing tools to make it easier for customers to conduct business with PLP.



John Markiewicz  
Market Manager, Special Industries  
and New Markets



Ryan Ruhlman  
Business Development Specialist





Kevin M. Goodreau (*left*)  
Vice President of Business Development

Jeffrey J. Randall (*right*)  
Vice President, Product Development

DPW experienced significant growth and expansion in 2008. Sales of its core products and services increased 47% in 2008 with profitability increasing 60%. DPW also secured several significant projects ranging from large commercial installations (100KW or greater) to specialized applications for a variety of industries.

In June 2008, we launched an initiative to take our solar power capabilities to our traditional power utility customers and distributors under the PLP Solar brand. This initiative not only resulted in several projects for utility-specific applications, but also enables us to become a more comprehensive source of products and solutions for our customers. There is a significant amount of momentum in 2009, and we expect that the utility business will help fuel the continued growth of our overall solar business.

Post-acquisition integration efforts accelerated in 2008 and all facets of the DPW business (from Human Resources to Operations) benefited from sharing resources and support which lead to reduced operating costs and improved efficiencies. In July 2008, we completed an expansion of the facility in Albuquerque, New Mexico to provide increased production capacity and to facilitate the implementation of operational improvement programs like Lean Manufacturing. Production capacity will be further enhanced in 2009 with the start-up of the Albemarle Solar initiative. This initiative involves upgrading PLP's Albemarle, North Carolina plant with everything required to produce solar hardware. This facility will assist supporting peak demand loads on DPW Solar as well as provide an alternative source of supply for customers located in the eastern U.S.

PLP's subsidiary DPW Solar, designs and manufactures hardware and systems for solar power applications and provides installation services for residential and commercial facilities.

In 2008, we made substantial progress on the international solar front as well. Solar business development programs are active at PLP subsidiaries in Spain, Mexico, Canada and Australia. PLP Australia's solar business was further enhanced with the formation of Blue Sky Energy in August 2008 a joint venture with a solar systems integration and installation business based in Sydney, Australia. PLP Spain installed a 100KW grid tied system on their manufacturing facility to take advantage of the attractive feed-in tariffs offered by the Spanish government for renewable energy projects. As a group, these operations have come up to speed quickly on the DPW Solar business model and are actively taking advantage for solar power opportunities in their local regions.

With continued global focus on the environment, the rising cost of fossil fuel based electricity, advancements in technology and continued government based incentives, alternative energy in general and solar power in particular will continue to offer strong growth opportunities for PLP.



# manufacturing operations

In the past year, PLP experienced a wide fluctuation in raw material prices. This, coupled with increased volume, posed a challenge for manufacturing operations.



Dave Sunkle  
Vice President  
Research, Engineering  
and Manufacturing

PLP met this challenge and maintained its excellent On-Time Delivery while controlling costs. Unit volume increased while costs increased minimally. This net gain was a result of continued implementation of Lean Manufacturing techniques and greater utilization of technology to improve efficiencies.

PLP continued to leverage its Global Supply chain to optimize capital investment and reduce product cost. In addition, PLP made investments to bring certain critical manufacturing functions in-house to reduce reliance on outside suppliers.

Manufacturing also formed a Global Technologies Group to enhance internal manufacturing communications throughout the PLP operations. This resulted in improved response time, shorter time to market on new product development efforts and established a best practice program throughout PLP.

Going forward, manufacturing operations will continue to drive a Lean Manufacturing culture throughout the global PLP organization and leverage our significant global resources to enhance our competitive advantage and service to our customers.

# patent awards

# 2008

## Aerial Fiber-Drop Closure

**Randy Cloud**, Engineering Manager - Communications Product Development

**Chris Grubish**, Market Manager, Communications & Global FTTx

**Dan Levac**, Western Regional Sales Manager - Communications Market, National Accounts

**Mark Stransky**, Engineer

## Fiber Retention Sleeve (LITE-GRIP®)

**Randy Cloud**, Engineering Manager - Communications Product Development

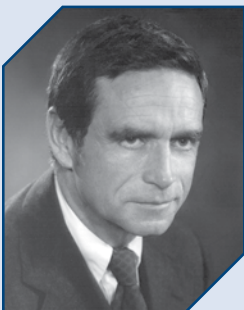
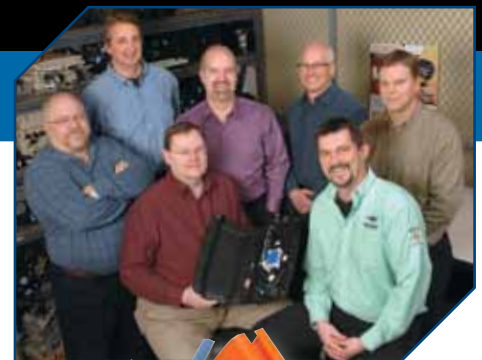
**George Dudash**, Mechanical Designer

**Chris Grubish**, Market Manager, Communications & Global FTTx

**John Hornsby**, Senior Draftsman/Illustrator

**Keith Miller**, Product Development Engineer

**Mark Stransky**, Engineer



## memorial

This Annual Report is dedicated to the memory of **Frank B. "Buck" Carr**.

An iconic figure in the investment community, Buck served as a Board Member of PLP for 34 years. His insightfulness and ability to ask the unanticipated question contributed not only to PLP's success, but also to the business and personal development of many. We will miss his leadership and support.

# Preformed Line Products Company corporate information

## directors

Robert G. Ruhlman  
Chairman and CEO

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

Richard R. Gascoigne  
Former Managing Director  
at Marsh Inc.

Michael E. Gibbons  
Sr. Managing Director,  
Brown Gibbons Lang  
& Company

R. Steven Kestner  
Executive Partner,  
Baker & Hostetler LLP

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

Eric R. Graef  
Chief Financial Officer and  
Vice President Finance

William H. Haag III  
Vice President  
International Operations

Dennis F. McKenna  
Vice President  
Marketing and  
Business Development

David C. Sunkle  
Vice President  
Research, Engineering  
and Manufacturing

Caroline S. Vaccariello  
General Counsel and  
Corporate Secretary

## domestic plant locations

Arkansas  
Rogers

North Carolina  
Albemarle

### subsidiary

Direct Power and Water Corporation  
Albuquerque, New Mexico

## international operations

Australia  
Preformed Line Products (Australia) 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

Poland  
PLP-Belos S.A.  
Bielsko-Biala, Poland

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

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

Thailand  
Preformed Line Products (Asia) Ltd.  
Bangkok, Thailand

United Kingdom  
Preformed Line Products  
(Great Britain) Ltd.  
Andover, Hampshire, England

## auditors

Ernst and Young LLP

## registrar & transfer agent

National City Bank  
Corporate Trust Department  
629 Euclid Avenue  
Room 635  
Cleveland, Ohio 44114

### mailing address

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Cleveland, Ohio 44101-4301

## common shares

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

## corporate headquarters

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E-mail: [inquiries@preformed.com](mailto:inquiries@preformed.com)

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](http://www.preformed.com) in  
our About Us section.

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Investor Relations and follow the instructions;  
or e-mail us at [inquiries@preformed.com](mailto:inquiries@preformed.com).



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