



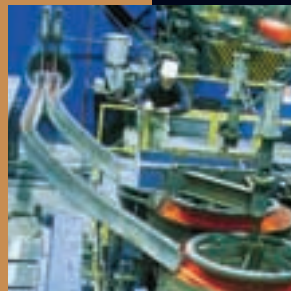
MUELLER
INDUSTRIES, INC.

A n n u a l R e p o r t

2003

Profile

Mueller Industries, Inc. (NYSE: MLI) is a leading U.S. manufacturer of copper tube and fittings; brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; and fabricated tubular products.

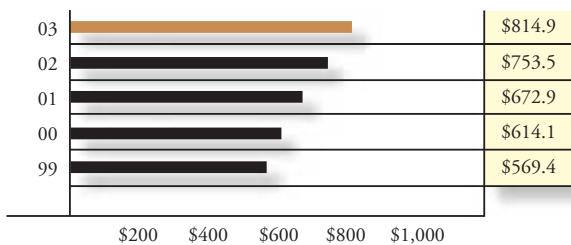


Financial + Operating Highlights

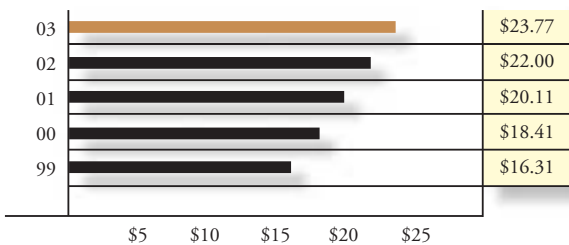
(In thousands, except per share data)

	2003	2002	2001	2000	1999
Summary of Operations					
Net sales	\$ 999,078	\$ 952,983	\$ 969,106	\$1,157,660	\$1,110,361
Product shipments (in millions of pounds)	695.8	694.0	649.9	732.5	759.9
Net income	\$ 45,381	\$ 77,992	\$ 66,955	\$ 92,690	\$ 99,279
Diluted earnings per share	\$ 1.23	\$ 2.11	\$ 1.80	\$ 2.43	\$ 2.51
Significant Year-End Data					
Cash and cash equivalents	\$ 255,088	\$ 217,601	\$ 121,862	\$ 100,268	\$ 149,454
Ratio of current assets to current liabilities	5.0 to 1	4.7 to 1	4.0 to 1	3.4 to 1	2.9 to 1
Long-term debt (including current portion)	\$ 14,272	\$ 18,166	\$ 50,973	\$ 106,884	\$ 149,870
Debt as a percent of total capitalization	1.7%	2.4%	7.0%	14.8%	20.8%
Stockholders' equity	\$ 814,858	\$ 753,523	\$ 672,933	\$ 614,105	\$ 569,430
Book value per share	\$ 23.77	\$ 22.00	\$ 20.11	\$ 18.41	\$ 16.31
Capital expenditures	\$ 27,236	\$ 23,265	\$ 46,624	\$ 62,876	\$ 38,272

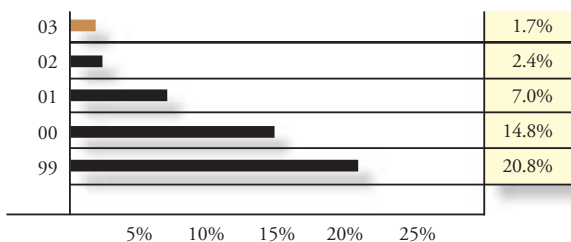
Stockholders' Equity (dollars in millions)



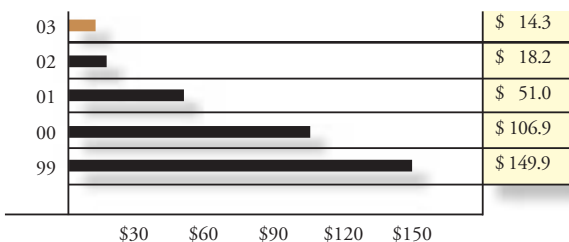
Book Value Per Share (in dollars)



Debt as a Percent of Total Capitalization



Debt (dollars in millions)



To Our
Stockholders,
Customers,
and Employees

Mueller's results for 2003 were reassuring, but not satisfying. We were solidly profitable, our balance sheet strengthened and our cash flow was outstanding. However, we were well below our targeted earnings for the year. Mueller's income from continuing operations was \$44.2 million in 2003 versus \$71.2 million for the prior year. Earnings per diluted share from continuing operations for 2003 were \$1.19 compared with \$1.92 for 2002. Mueller's net sales totaled \$999 million compared with \$953 million the year before. And pounds of product shipped totaled 696 million pounds compared with 694 million pounds in 2002.

As 2003 commenced, our profit margins, which had steadily declined in 2002, continued their downward tilt. This experience generally mirrored the margin declines that affected many U.S. manufacturing companies. Fortunately, the first quarter of 2003 turned out to be the "bottom," and as the year progressed, there was a quarter-by-quarter improvement in margins as well as volume. Although the improvement was gradual, the trend line was positive, and has carried over into 2004. Consequently, we are hopeful that more normal business conditions will prevail going forward.

Mueller's Financial Condition is Excellent

We ended the year with over \$250 million in cash and we are virtually debt free as cash-on-hand significantly exceeds total debt of \$14.3 million. Our current ratio is a formidable 5 to 1 and our working capital is \$457 million.

Cash provided by operations in 2003 was \$73.4 million. We expect to continue to generate a strong positive cash flow, especially should our operating results improve in 2004.

In November, we renewed our credit facility with a syndicate of commercial banks. The terms of this facility are comparable to "A" credit rated companies. This \$150 million credit facility combined with our cash balance, provides ample capital to pursue growth opportunities as they occur.

We are pleased to report that, shortly after the end of the year, our Board of Directors declared our first regular quarterly cash dividend. For stockholders of record on March 1, 2004, ten cents per common share is payable on March 15, 2004. You should receive this distribution about the same time this report is distributed.

Standard Products

Copper tube spreads, after several years of decline, increased during the year. However, tube



Our Board of Directors declared
our first quarterly cash dividend in 2004
based on Mueller's *solid profitability*, strong
balance sheet and excellent cash flow.

volume decreased as we deliberately emphasized price management. Our consumption of scrap copper was lower than we had projected as the price differential to cathode narrowed. Given the recent volatility of copper prices, we believe there may be opportunities to increase scrap consumption, which would provide raw material cost savings.

Overall fittings volumes were up due to the acquisition of the Fort Pierce plastic operation that occurred in late 2002. Our copper fittings business yielded an excellent return on invested capital on slightly lower volume.

Our B&K operation enjoyed its best year. We continued to grow our share of the retail channel with both our manufactured products as well as imported products.

Distribution costs climbed in 2003 as we added warehouse space in order to aggressively maintain the highest levels of customer service in our industry.

At our European operations, we enjoyed better volumes and margins during 2003. By staying focused on the U.K. market, we believe we have better opportunities to improve our results through increased market share and broadening our product offerings. We are confident in our management team and look forward to improving results in the future.

Industrial Products

The brass rod business was difficult during 2003. Spreads and volumes were lower than the prior year as U.S. consumption remained weak due to sluggish industrial and commercial activity. Overall U.S. consumption of brass rod was

down approximately nine percent. However, recently we have seen a ramp up of customer orders in this business, and that is an encouraging development.

Our gas products business enjoyed continued improvement as many new customers now rely on us to provide their component-part requirements. Overstreet-Hughes, which was acquired in 2002, has not met our expectations and we are reviewing our strategic options.

Business Outlook for 2004

The U.S. housing industry is poised for another strong year in 2004. Housing starts in 2003 totaled 1.8 million units, and housing economists are predicting a similarly high number for 2004. In addition, mortgage rates remain extraordinarily attractive and housing affordability statistics show that more people than ever can afford to buy homes.

Moreover, commercial construction, which for the past several years has been lagging, is expected to rebound in 2004. This is an important market for Mueller, as it consumes many of our high value-added products.

All of the above is in the context of an improving national economy, which, in the third quarter of 2003, experienced the highest quarterly growth rate in the past 20 years.

Obviously, the key for Mueller is to achieve both added volume and improved margins. Although no one can predict how these factors will play out in 2004, you can be assured that Mueller is well prepared to take advantage of the opportunities that the marketplace may offer. We have state-of-the-art



HARVEY L. KARP



WILLIAM D. O'HAGAN

manufacturing facilities, a highly efficient distribution system and employees who are ambitious, talented and dedicated to the success of our Company.

Sincerely,

A handwritten signature in dark ink, appearing to read "Harvey L. Karp".






Harvey L. Karp
Chairman of the Board

A handwritten signature in dark ink, appearing to read "William D. O'Hagan".



William D. O'Hagan
President and Chief Executive Officer

March 1, 2004

Operational Overview

Standard Products Division			
	Plants	Products and Applications	Customers
	Fulton, Mississippi Wynne, Arkansas	<ul style="list-style-type: none"> Water tube, in straight lengths and coils, for plumbing and construction Dehydrated coils and nitrogen-charged straight lengths for refrigeration and air-conditioning Industrial tube, in straight lengths and level-wound coils, for fittings, redraw, etc. Line sets for controlling the flow of refrigerant gases 	<ul style="list-style-type: none"> Plumbing wholesalers, home centers, and hardware wholesalers and co-ops Air-conditioning and refrigeration wholesalers and OEMs Mueller's copper fittings plants and OEMs Wholesalers and OEMs
	Fulton, Mississippi Covington, Tennessee Port Huron, Michigan	<ul style="list-style-type: none"> Over 1,500 wrought copper elbows, tees and adapters, and assorted fittings for plumbing, heating, air-conditioning, and refrigeration 	<ul style="list-style-type: none"> Plumbing and air-conditioning wholesalers, home centers, hardware wholesalers and co-ops, and OEMs
	Kalamazoo, Michigan Cerritos, California Upper Sandusky, Ohio Fort Pierce, Florida	<ul style="list-style-type: none"> A broad line of over 1,000 PVC and ABS plastic fittings and valves for drainage, waste and ventilation, and pressure applications in housing and commercial construction, recreational vehicles, and manufactured housing 	<ul style="list-style-type: none"> Plumbing wholesalers, home centers, hardware wholesalers and co-ops, distributors to the manufactured housing and recreational vehicle industry, and irrigation, pool and spa distributors
	Bilston, Great Britain	<ul style="list-style-type: none"> Copper tube in various lengths, diameters, and hardesses for plumbing, refrigeration, and heating Industrial tube for redraw, copper fittings, etc. 	<ul style="list-style-type: none"> Builders' merchants, plumbing, refrigeration, and heating wholesalers OEMs
	Elk Grove Village, Illinois (Import distributor)	<ul style="list-style-type: none"> Imports an extensive line of over 6,000 plumbing products including valves, faucets, malleable iron pipe fittings, steel nipples, and plumbing specialties 	<ul style="list-style-type: none"> Building product retailers Hardware co-ops and wholesalers Plumbing wholesalers Distributors to the manufactured housing and recreational vehicle industry



Industrial Products Division			
	Plants	Products and Applications	Customers
	Port Huron, Michigan	<ul style="list-style-type: none"> A broad range of brass rod rounds, squares, hexagons, and special shapes in free machining, thread rolling, and forging alloys for numerous end products, including plumbing brass, valves and fittings, and industrial machinery and equipment 	<ul style="list-style-type: none"> OEMs, contract machining companies and distributors
	Port Huron, Michigan Marysville, Michigan Brighton, Michigan Hartsville, Tennessee Carthage, Tennessee Jacksboro, Tennessee Waynesboro, Tennessee Middletown, Ohio North Wales, Pennsylvania	<ul style="list-style-type: none"> Brass and aluminum hot forgings in various alloys for plumbing brass, valves and fittings, and industrial machinery and equipment Cold-formed aluminum and copper products for automotive, industrial, and recreational components High volume machining of aluminum, steel, brass and cast iron, forgings, impacts, and castings for automotive applications Valves and custom OEM products for refrigeration and air-conditioning applications Custom valves and assemblies for the gas appliance and barbecue grill markets Shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, medical instruments, etc. 	<ul style="list-style-type: none"> OEMs and refrigeration wholesalers



Ten-Year Review

(Dollars in thousands, except per share data)

INCOME STATEMENT DATA

	2003	2002	2001	2000
Net sales	\$ 999,078	\$ 952,983	\$ 969,106	\$ 1,157,660
Cost of goods sold	815,849	744,781	740,366	887,635
Gross profit	183,229	208,202	228,740	270,025
Depreciation and amortization	38,954	37,440	39,461	34,043
Selling, general, and administrative expense	94,891	85,006	83,750	90,344
Operating income	49,384	85,756	105,529	145,638
Interest expense	(1,168)	(1,460)	(3,311)	(8,623)
Environmental expense	(1,165)	(1,639)	(3,600)	(2,049)
Other income, net	4,385	5,810	5,787	9,115
Income from continuing operations before income taxes	51,436	88,467	104,405	144,081
Income tax expense	(7,215)	(17,290)	(38,982)	(51,096)
Net income from continuing operations	44,221	71,177	65,423	92,985
Income (loss) from discontinued operations	1,160	6,815	1,532	(295)
Net income	\$ 45,381	\$ 77,992	\$ 66,955	\$ 92,690
Adjusted weighted average shares (000)	36,861	37,048	37,245	38,096
Diluted earnings per share	\$ 1.23	\$ 2.11	\$ 1.80	\$ 2.43

BALANCE SHEET DATA

Cash and cash equivalents	\$ 255,088	\$ 217,601	\$ 121,862	\$ 100,268
Current assets	570,355	500,347	403,913	405,171
Working capital	456,849	393,996	302,425	287,322
Total assets	1,055,184	987,947	916,065	910,276
Current liabilities	113,506	106,351	101,488	117,849
Debt	14,272	18,166	50,973	106,884
Stockholders' equity	814,858	753,523	672,933	614,105

SELECTED OPERATING DATA

Cash provided by operations	\$ 73,416	\$ 124,217	\$ 121,453	\$ 120,619
Capital expenditures	\$ 27,236	\$ 23,265	\$ 46,624	\$ 62,876
Number of employees	3,525	3,575	3,420	3,965
Current ratio	5.0 to 1	4.7 to 1	4.0 to 1	3.4 to 1
Return on average equity	5.8%	10.9%	10.4%	15.7%
Debt to total capitalization	1.7%	2.4%	7.0%	14.8%
Outstanding shares (000)	34,276	34,257	33,467	33,358
Book value per share	\$ 23.77	\$ 22.00	\$ 20.11	\$ 18.41

1999	1998	1997	1996	1995	1994
\$ 1,110,361	\$ 854,030	\$ 843,545	\$ 709,850	\$ 670,581	\$ 545,136
840,364	657,664	665,874	555,570	550,846	451,983
269,997	196,366	177,671	154,280	119,735	93,153
32,901	21,127	19,311	18,317	15,308	12,456
91,420	69,784	60,294	53,670	48,416	43,969
145,676	105,455	98,066	82,293	56,011	36,728
(11,090)	(5,517)	(4,920)	(5,153)	(3,922)	(4,414)
-	(2,133)	(3,100)	(2,045)	(1,421)	(2,914)
8,317	6,492	7,306	4,125	5,058	3,480
142,903	104,297	97,352	79,220	55,726	32,880
(43,541)	(30,309)	(28,338)	(23,862)	(16,441)	(9,846)
99,362	73,988	69,014	55,358	39,285	23,034
(83)	1,457	756	5,815	5,538	4,892
\$ 99,279	\$ 75,445	\$ 69,770	\$ 61,173	\$ 44,823	\$ 27,926
39,605	39,644	39,250	38,993	38,298	39,560
\$ 2.51	\$ 1.90	\$ 1.78	\$ 1.57	\$ 1.17	\$ 0.71
\$ 149,454	\$ 80,568	\$ 69,978	\$ 96,956	\$ 48,357	\$ 34,492
440,746	382,324	309,051	274,712	211,038	183,551
287,685	239,750	208,494	195,756	143,154	116,330
904,080	874,694	610,776	509,357	450,835	430,755
153,061	142,574	100,557	78,956	67,884	67,221
149,870	194,549	72,093	59,650	75,902	94,736
569,430	502,122	418,040	348,082	285,875	241,948
\$ 164,869	\$ 91,508	\$ 66,131	\$ 71,631	\$ 49,052	\$ 15,567
\$ 38,272	\$ 45,639	\$ 33,396	\$ 17,182	\$ 40,663	\$ 48,097
4,048	4,340	2,961	2,290	2,227	2,206
2.9 to 1	2.7 to 1	3.1 to 1	3.5 to 1	3.1 to 1	2.7 to 1
18.5%	16.4%	18.2%	19.3%	17.0%	12.0%
20.8%	27.9%	14.7%	14.6%	21.0%	28.1%
34,919	35,808	35,017	34,870	34,699	34,796
\$ 16.31	\$ 14.02	\$ 11.94	\$ 9.98	\$ 8.24	\$ 6.95

Directors + Officers

Board of Directors

Harvey L. Karp
*Chairman of the Board,
Mueller Industries, Inc.*

Gennaro J. Fulvio⁽¹⁾⁽²⁾⁽³⁾
Member, Fulvio & Associates

Gary S. Gladstein^{(1) (2)}
*Senior Consultant,
Soros Fund Management LLC*

Terry Hermanson⁽¹⁾
*President,
Mr. Christmas Incorporated*

Robert B. Hodes⁽³⁾
Counsel, Willkie Farr & Gallagher

William D. O'Hagan
*President and Chief Executive
Officer,
Mueller Industries, Inc.*

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Nominating and Corporate Governance Committee

Executive Officers

Harvey L. Karp
Chairman of the Board

William D. O'Hagan
*President and Chief Executive
Officer*

Michael O. Fifer
Executive Vice President

Roy C. Harris
*Vice President and
Chief Information Officer*

William H. Hensley
*Vice President,
General Counsel and Secretary*

Kent A. McKee
*Vice President and
Chief Financial Officer*

Lee R. Nyman
*Senior Vice President
Manufacturing/Engineering*

Divisional Officers and Management

Standard Products Division

Gregory L. Christopher
Vice President, Sales

John B. Hansen
Vice President, Marketing

Peter D. Berkman
President—B&K Industries

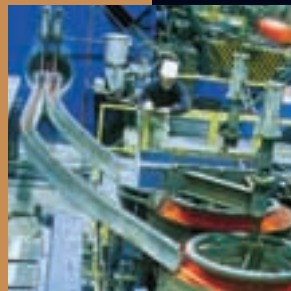
Patrick W. Donovan
*Vice President and
General Manager—European
Operations*

Industrial Products Division

James H. Rourke
*Group President and
General Manager—Rod*

Profile

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Mueller Industries, Inc.
8285 Tournament Drive, Suite 150
Memphis, TN 38125
901-753-3200
www.muellerindustries.com