



04

vision innovation execution

**MUELLER**



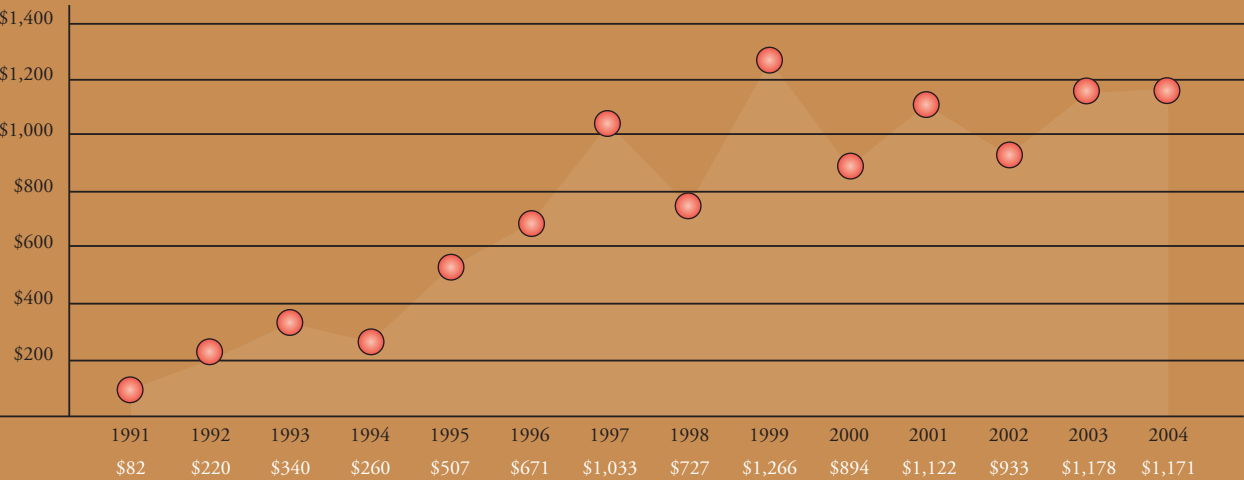
Mueller Industries, Inc. (NYSE: MLI) is a leading U.S. manufacturer of copper tube and fittings; brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; and fabricated tubular products.



# FINANCIAL & OPERATING HIGHLIGHTS

<i>(In thousands, except per share data)</i>	2004	2003	2002	2001	2000
Summary of Operations					
Net sales	\$ 1,379,056	\$ 999,078	\$ 952,983	\$ 969,106	\$ 1,157,660
Product shipments (in millions of pounds)	734.7	695.8	694.0	649.9	732.5
Net income	\$ 79,416	\$ 45,381	\$ 77,992	\$ 66,955	\$ 92,690
Diluted earnings per share	\$ 2.15	\$ 1.23	\$ 2.11	\$ 1.80	\$ 2.43
Dividends pere share	\$ 15.40	\$ -	\$ -	\$ -	\$ -
Significant Year-End Data					
Cash and cash equivalents	\$ 47,449	\$ 255,088	\$ 217,601	\$ 121,862	\$ 100,268
Ratio of current assets to current liabilities	2.5 to 1	4.8 to 1	4.7 to 1	4.0 to 1	3.4 to 1
Long-term debt (including current portion)	\$ 315,978	\$ 14,272	\$ 18,166	\$ 50,973	\$ 106,884
Debt as a percent of total capitalization	47.3%	1.7%	2.4%	7.0%	14.8%
Stockholders' equity	\$ 351,686	\$ 814,858	\$ 753,523	\$ 672,933	\$ 614,105
Book value per share	\$ 9.66	\$ 23.77	\$ 22.00	\$ 20.11	\$ 18.41
Capital expenditures	\$ 19,980	\$ 27,236	\$ 23,265	\$ 46,624	\$ 62,876

MLI Market Capitalization  
*(dollars in millions)*





# TO OUR STOCKHOLDERS, CUSTOMERS AND EMPLOYEES

Mueller's results for 2004 exceeded our corporate plan, principally due to an improvement in our largest business, copper tube. Net income in 2004 was \$79.4 million, 75 percent more than in the prior year. Earnings per diluted share were \$2.15 for 2004 compared with \$1.23 for 2003.

Net sales in 2004 totaled \$1.38 billion, which was 38 percent higher than the year before. The increase in sales was largely due to the remarkable rise in the price of copper, our principal raw material. The average price of copper in 2004 was 59 percent higher than in 2003. Mueller endeavors to pass on to its customers the fluctuating price of copper, and in 2004 we were successful in doing so. Pounds of product shipped in 2004 totaled 735 million pounds compared with 696 million pounds in 2003.

**Mueller Commences Paying a Regular Dividend and Pays a Special Dividend**

Early in 2004, our Board of Directors declared our first regular quarterly dividend of ten cents per share. The first quarterly dividend was paid on March 15, 2004.

In addition, later in the year, the Board authorized the payment of a Special Dividend of \$15.00 per share. This was paid on October 26, 2004, in the form of \$6.50 per share in cash and \$8.50 per share in a 10 year Debenture bearing interest at six percent per annum. The effect of the Special Dividend was to restructure our balance sheet, thereby reducing stockholder equity, while providing an opportunity for a much improved return on investment. We anticipated that

the Special Dividend would result in a substantial enhancement of stockholder value and, as of this writing, that has occurred.

**Mueller Financial Position is Excellent**

Our restructured balance sheet remains strong. Our current ratio is 2.5 to 1, and our working capital is \$275 million.

Nearly all our debt consists of the Debentures we issued last October to our shareholders. The Debentures, by their terms, are due in ten years and are subordinated to bank borrowings and other designated senior indebtedness. Currently we have access to \$150 million of bank borrowings through a credit facility with a syndicate of commercial banks. In addition, we expect to continue to generate a strong cash flow in 2005 as we did in 2004.

**Standard Products**

Our operating results improved on the strength of higher margins, particularly on copper tube and fittings in the first half of 2004; both volume and margins weakened somewhat during the second half. European operations were also solidly profitable. Overall plastic fittings produced strong results despite less than desirable margins in the pressure plastic lines.

Subsequent to year-end, we negotiated a renewal of our union labor agreement at our Fulton, Mississippi, copper tube operation. Through cooperation to address work rules and health benefit costs, we have taken an important step forward in mitigating rising health benefit costs that threaten our

competitive position. In our ever increasingly competitive global economy, our primary objective is to be a low cost source of the products we manufacture or sell.

Our B&K operation enjoyed another good year. The B&K line of imported plumbing specialties complements our product line of manufactured goods offering our customers one of the broadest lines in the market.

During the year we undertook a review of our distribution network. Consequently, we restructured our distribution centers to achieve focus on customer channels and increase our presence on the West Coast. By doing so, we hope to improve customer service while reducing our finished goods inventory requirements by increasing throughput.

**Industrial Products**

As both volumes and spreads increased modestly, our Brass Rod business posted improved results in 2004. Although domestic consumption of brass rod increased over 2003, it remains well below the peak levels of 2000. Profitability improvements will be challenging in this environment.

Our Forgings, Impacts, and Micro-Gauge businesses posted good results and continue to have new opportunities in a variety of markets and materials. Gas Products had its best year as we increased volume while a key competitor struggled to maintain its customer service. We are working to solidify new customer relationships for long-term mutual advantage.



**Acquisitions in 2004**

We completed two acquisitions in the latter part of 2004. In August, we acquired Vemco Brasscapri Limited (Vemco) an import distributor of plumbing products with operations located in the UK. In December, we purchased a group of companies (Mueller Comercial) that manufacture steel pipe nipples and also operate an import distribution business in Mexico. These acquisitions broaden our product lines and increase opportunities to sell our manufactured products to the customer base of these operations.

**Business Outlook for 2005**

The housing and construction markets are positioned to have another solid year in 2005. The fundamentals underlying these markets are encouraging. Mortgage rates are historically low, the demand for new and existing homes continues to be vibrant, there is a modest inventory of new

homes available for sale (4.1 months supply), job growth over the past 12 months was the best in five years, and household income continues to rise. Moreover, non-residential building construction is likely to accelerate in 2005 as capital projects continue to be funded.

On the other hand, the Federal Reserve is clearly in the process of monetary tightening, which will eventually cause mortgage rates to increase. In addition, rapidly escalating home prices will at some point engender buyer resistance.

Evaluating these contrary trends is difficult at best, however, on balance we believe 2005 will be another good year for Mueller.

Mr. Alexander Federbush recently joined our Board as our seventh Director. Mr. Federbush is a businessman with broad experience in the real estate area. His independence and experience will further strengthen our corporate governance.

In closing, we extend our thanks and appreciation to our talented and dedicated employees. Our achievements are due to their efforts.

Sincerely,

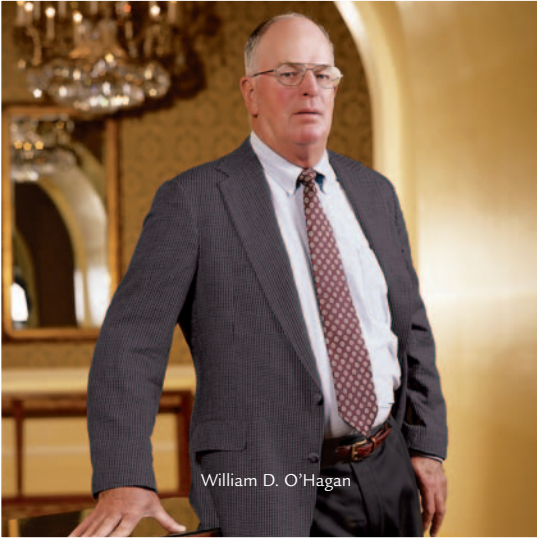
A handwritten signature in black ink on a yellow background, reading "Harvey L. Karp".

Harvey L. Karp  
*Chairman of the Board*

A handwritten signature in black ink on a yellow background, reading "William D. O'Hagan".

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

March 8, 2004





# OPERATIONAL OVERVIEW



Standard Products Division			
	Plants	Products and Applications	Customers
	Fulton, Mississippi Wynne, Arkansas	<ul style="list-style-type: none"><li>Water tube, in straight lengths and coils, for plumbing and construction</li><li>Dehydrated coils and nitrogen-charged straight lengths for refrigeration and air-conditioning</li><li>Industrial tube, in straight lengths and level-wound coils, for fittings, redraw, etc.</li><li>Line sets for controlling the flow of refrigerant gases</li></ul>	<ul style="list-style-type: none"><li>Plumbing wholesalers, home centers, and hardware wholesalers and co-ops</li><li>Air-conditioning and refrigeration wholesalers and OEMs</li><li>Mueller's copper fittings plants and OEMs</li><li>Wholesalers and OEMs</li></ul>
	Fulton, Mississippi Covington, Tennessee Port Huron, Michigan	<ul style="list-style-type: none"><li>Over 1,500 wrought copper elbows, tees and adapters, and assorted fittings for plumbing, heating, air-conditioning, and refrigeration</li></ul>	<ul style="list-style-type: none"><li>Plumbing and air-conditioning wholesalers, home centers, hardware wholesalers and co-ops, and OEMs</li></ul>
	Kalamazoo, Michigan Cerritos, California Upper Sandusky, Ohio Fort Pierce, Florida	<ul style="list-style-type: none"><li>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</li></ul>	<ul style="list-style-type: none"><li>Plumbing wholesalers, home centers, hardware wholesalers and co-ops, distributors to the manufactured housing and recreational vehicle industry, and irrigation, pool and spa distributors</li></ul>
	Bilston, Great Britain	<ul style="list-style-type: none"><li>Copper tube in various lengths, diameters, and hardneses for plumbing, refrigeration, and heating</li><li>Industrial tube for redraw, copper fittings, etc.</li></ul>	<ul style="list-style-type: none"><li>Builders' merchants, plumbing, refrigeration, and heating wholesalers</li><li>OEMs</li></ul>
	Elk Grove Village, Illinois (Import distributor)	<ul style="list-style-type: none"><li>Imports an extensive line of over 6,000 plumbing products including valves, faucets, malleable iron pipe fittings, steel nipples, and plumbing specialties</li></ul>	<ul style="list-style-type: none"><li>Building product retailers</li><li>Hardware co-ops and wholesalers</li><li>Plumbing wholesalers</li><li>Distributors to the manufactured housing and recreational vehicle industry</li></ul>
Industrial Products Division			
	Port Huron, Michigan	<ul style="list-style-type: none"><li>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</li></ul>	<ul style="list-style-type: none"><li>OEMs, contract machining companies and distributors</li></ul>
	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"><li>Brass and aluminum hot forgings in various alloys for plumbing brass, valves and fittings, and industrial machinery and equipment</li><li>Cold-formed aluminum and copper products for automotive, industrial, and recreational components</li><li>High volume machining of aluminum, steel, brass and cast iron, forgings, impacts, and castings for automotive applications</li><li>Valves and custom OEM products for refrigeration and air-conditioning applications</li><li>Custom valves and assemblies for the gas appliance and barbecue grill markets</li><li>Shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, medical instruments, etc.</li></ul>	<ul style="list-style-type: none"><li>OEMs and refrigeration wholesalers</li></ul>



TEN YEAR REVIEW

<i>(Dollars in thousands, except per share data)</i>	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
INCOME STATEMENT DATA										
Net sales	\$ 1,379,056	\$ 999,078	\$ 952,983	\$ 969,106	\$ 1,157,660	\$ 1,110,361	\$ 854,030	\$ 843,545	\$ 709,850	\$ 670,581
Cost of goods sold	1,115,612	815,849	744,781	740,366	887,635	840,364	657,664	665,874	555,570	550,846
Gross profit	263,444	183,229	208,202	228,740	270,025	269,997	196,366	177,671	154,280	119,735
Depreciation and amortization	40,613	38,954	37,440	39,461	34,043	32,901	21,127	19,311	18,317	15,308
Selling, general, and administrative expense	106,400	94,891	85,006	83,750	90,344	91,420	69,784	60,294	53,670	48,416
Impairment charge	3,941	-	-	-	-	-	-	-	-	-
Operating income	112,490	49,384	85,756	105,529	145,638	145,676	105,455	98,066	82,293	56,011
Interest expense	(3,974)	(1,168)	(1,460)	(3,311)	(8,623)	(11,090)	(5,517)	(4,920)	(5,153)	(3,922)
Other income, net	6,842	3,220	4,171	2,187	7,066	8,317	4,359	4,206	2,080	3,637
Income from continuing operations before income taxes	115,358	51,436	88,467	104,405	144,081	142,903	104,297	97,352	79,220	55,726
Income tax expense	(35,942)	(7,215)	(17,290)	(38,982)	(51,096)	(43,541)	(30,309)	(28,338)	(23,862)	(16,441)
Net income from continuing operations	79,416	44,221	71,177	65,423	92,985	99,362	73,988	69,014	55,358	39,285
Income (loss) from discontinued operations	-	1,160	6,815	1,532	(295)	(83)	1,457	756	5,815	5,538
Net income	\$ 79,416	\$ 45,381	\$ 77,992	\$ 66,955	\$ 92,690	\$ 99,279	\$ 75,445	\$ 69,770	\$ 61,173	\$ 44,823
Adjusted weighted average shares (000)	36,911	36,861	37,048	37,245	38,096	39,605	39,644	39,250	38,993	38,298
Diluted earnings per share	\$ 2.15	\$ 1.23	\$ 2.11	\$ 1.80	\$ 2.43	\$ 2.51	\$ 1.90	\$ 1.78	\$ 1.57	\$ 1.17
Dividends per share	\$ 15.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCE SHEET DATA										
Cash and cash equivalents	\$ 47,449	\$ 255,088	\$ 217,601	\$ 121,862	\$ 100,268	\$ 149,454	\$ 80,568	\$ 69,978	\$ 96,956	\$ 48,357
Current assets	455,331	570,355	500,347	403,913	405,171	440,746	382,324	309,051	274,712	211,038
Working capital	274,513	451,494	393,996	302,425	287,322	287,685	239,750	208,494	195,756	143,154
Total assets	963,731	1,055,184	987,947	916,065	910,276	904,080	874,694	610,776	509,357	450,835
Current liabilities	180,818	118,861	106,351	101,488	117,849	153,061	142,574	100,557	78,956	67,884
Debt	315,978	14,272	18,166	50,973	106,884	149,870	194,549	72,093	59,650	75,902
Stockholders' equity	351,686	814,858	753,523	672,933	614,105	569,430	502,122	418,040	348,082	285,875
SELECTED OPERATING DATA										
Cash provided by operations	\$ 154,761	\$ 73,416	\$ 120,619	\$ 121,453	\$ 120,629	\$ 164,869	\$ 91,508	\$ 66,131	\$ 71,631	\$ 49,052
Capital expenditures	\$ 19,980	\$ 27,236	\$ 23,265	\$ 46,624	\$ 62,876	\$ 38,272	\$ 45,639	\$ 33,396	\$ 17,182	\$ 40,663
Number of employees	4,535	3,525	3,575	3,420	3,965	4,048	4,340	2,961	2,290	2,227
Current ratio	2.5 to 1	4.8 to 1	4.7 to 1	4.0 to 1	3.4 to 1	2.9 to 1	2.7 to 1	3.1 to 1	3.5 to 1	3.1 to 1
Return on average equity	13.6%	5.8%	10.9%	10.4%	15.7%	18.5%	16.4%	18.2%	19.3%	17.0%
Debt to total capitalization	47.3%	1.7%	2.4%	7.0%	14.8%	20.8%	27.9%	14.7%	14.6%	21.0%
Outstanding shares (000)	36,390	34,276	34,257	33,467	33,358	34,919	35,808	35,017	34,870	34,699
Book value per share	\$ 9.66	\$ 23.77	\$ 22.00	\$ 20.11	\$ 18.41	\$ 16.31	\$ 14.02	\$ 11.94	\$ 9.98	\$ 8.24

DIRECTOR AND OFFICERS

Board of Directors

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

Gary S. Gladstein <sup>(1)(3)</sup>  
Senior Consultant,  
Soros Fund Management LLC

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

Alexander P. Federbush <sup>(2)(3)</sup>  
President,  
Queens West Development Corp.

Terry Hermanson <sup>(1)(2)</sup>  
President,  
Mr. Christmas Incorporated

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

Gennaro J. Fulvio <sup>(1)(2)(3)</sup>  
Member, Fulvio & Associates

Robert B. Hodes  
Counsel, Willkie Farr & Gallagher

Executive Officers

Harvey L. Karp  
Chairman of the Board

Roy C. Harris  
Vice President and  
Chief Information Officer

Kent A. McKee  
Vice President and  
Chief Financial Officer

William D. O’Hagan  
President and Chief Executive  
Officer

William H. Hensley  
Vice President,  
General Counsel and Secretary

Lee R. Nyman  
Senior Vice President  
Manufacturing/Engineering

Michael O. Fifer  
Executive Vice President

Other Officers and Management

K.J. Bambas  
Vice President—Tax

Melanie K. Franks  
Director of Division Accounting

James E. Browne  
Assistant Secretary

John B. Hansen  
Vice President, Marketing

Richard W. Corman  
Vice President—Controller

Tommy L. Jamison  
Vice President,  
Manufacturing—Copper Fittings

Jeffrey A. Martin  
Vice President—Finance

Normand P. Lebel  
General Manager, Copper Tube

Standard Products Division  
Michael L. Beasley  
Director of Information Systems

William F. Shea  
Manager Service Operations

Gregory L. Christopher  
Vice President, Sales

Peter D. Berkman  
President—B&K Industries

Daniel R. Corbin  
Vice President,  
Manufacturing—Plastics

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

W. Christopher Crosby  
Vice President,  
Supply Chain Management

Leon Dachner Cirano  
President—Mueller Comercial SA

Robert L. Fleeman  
Vice President, Export Sales

Geoffrey E. Robinson  
Managing Director—Vemco  
Brasscapri Ltd

Industrial Products Division

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

James T. Davidson  
General Manager—Forgings,  
Impacts, Micro Gauge

John R. Gentile  
General Manager—Precision Tube

Mark T. Lang  
General Manager—Gas Products

David G. Lockhart  
Vice President—Sales

Douglas J. Murdock  
General Manager—Refrigeration  
Products

Kent H. Schenk  
Division Controller

STOCKHOLDER INFORMATION

Annual Meeting

The annual meeting of stockholders will be held at the Company’s headquarters at 8285 Tournament Drive, Suite 150, Memphis, TN 38125, 10:00 a.m. local time, May 5, 2005

Form 10-K

The Company’s Annual Report on Form 10-K is available on the Company’s website at [www.muellerindustries.com](http://www.muellerindustries.com) or upon written request

payments, or account consolidations, security holders should contact:

Continental Stock Transfer & Trust Co.  
17 Battery Place  
New York, NY 10004  
(212) 509-4000

Market for Mueller Securities

Common stock is traded on the NYSE – Symbol MLI. 6% Subordinated Debentures due 2014 are traded over-the-counter.

c/o Mueller Industries, Inc.  
8285 Tournament Drive,  
Suite 150  
Memphis, TN 38125  
Attention: Investor Relations

Independent Auditors

Ernst & Young LLP  
Memphis, Tennessee

Transfer Agent, Registrar and Paying Agent

To notify the Company of address changes, lost certificates, dividend

NYSE Certifications

The Company submitted an unqualified Section 12(a) CEO Certification to the NYSE in 2004. The Company filed with the SEC the CEO/CFO Certifications required under Section 302 of the Sarbanes-Oxley Act as an exhibit to the Company’s Annual Report on Form 10-K for 2004 and 2003.

CAPITAL STOCK INFORMATION

The Company’s Board of Directors declared a regular quarterly dividend of 10 cents per share on its common stock during each quarter of 2004. Additionally, the Company distributed a Special Dividend composed of \$6.50 in cash and \$8.50 in principal amount of its 6% Subordinated Debentures due 2014 per common share. Payment of dividends in the future is dependent upon the Company’s financial condition, cash flows, capital requirements, earnings, and other factors.

The high, low, and closing prices of Mueller’s common stock on the New York Stock Exchange for each fiscal quarter of 2004 and 2003 reduced by the difference between the closing price on October 26, 2004 and the opening price on October 27, 2004, or \$14.57 per share, to adjust for the recapitalization by Special Dividend were as follows:

		High	Low	Close
2004				
	Fourth quarter	\$ 30.18	\$ 25.85	\$ 32.17
	Third quarter	28.53	20.53	27.70
	Second quarter	22.36	15.94	21.12
	First quarter	21.11	15.28	18.24
2003				
	Fourth quarter	\$ 20.26	\$ 10.38	\$ 20.26
	Third quarter	15.08	10.83	10.83
	Second quarter	13.81	10.13	12.49
	First quarter	13.66	8.42	10.35

As of February [ \_\_ ] 2005, the number of holders of record of Mueller’s common stock was approximately [ \_\_, \_\_ ]. On February [ \_\_ ], 2005, the closing price for Mueller’s common stock on the New York Stock Exchange was [ \$ \_\_. \_\_ ].



Mueller Industries, Inc.  
8285 Tournament Drive, Suite 150  
Memphis, TN 38125  
901-753-3200  
[www.muellerindustries.com](http://www.muellerindustries.com)