SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 29, 2001     Commission file number 1-6770

MUELLER INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 25-0790410 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No). |

8285 Tournament Drive, Suite 150
Memphis, Tennessee  38125
(Address of principal executive offices)

Registrant's telephone number, including area code: (901) 753-3200
Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, $0.01 Par Value | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  X     No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.[X]

The number of shares of the Registrant's common stock outstanding as of March 12, 2002 was 33,610,755 excluding 6,480,747 treasury shares.  The aggregate market value of the 33,377,210 shares of common stock held by non-affiliates of the Registrant was $1,155,852,782 at March 12, 2002 (based on the closing price on the consolidated transaction reporting system on that date).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference into this Report: (1) Registrant's Annual Report to Stockholders for the year ended December 29, 2001 (Part I and II); Registrant's Definitive Proxy Statement for the 2002 Annual Meeting of Stockholders, scheduled to be mailed on or about March 25, 2002 (Part III).



MUELLER INDUSTRIES, INC.

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As used in this report, the terms "Company", "Mueller" and "Registrant" mean Mueller Industries, Inc. and its consolidated subsidiaries taken as a whole, unless the context indicates otherwise.

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# PART I

## ITEM 1. BUSINESS

### Introduction

The Company is a leading manufacturer of copper, brass, plastic, and aluminum products. The range of these products is broad: 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. Mueller's plants are located throughout the United States, and in Canada, France, and Great Britain. The Company also owns a short line railroad in Utah.

The Company's businesses are managed and organized into three segments: (i) Standard Products Division ("SPD"); (ii) Industrial Products Division ("IPD"); and (iii) Other Businesses. SPD manufactures and sells copper tube, copper and plastic fittings, and valves. Outside of the United States, SPD manufactures copper tube in Europe. SPD sells these products to wholesalers in the HVAC (heating, ventilation, and air-conditioning), plumbing, and refrigeration markets, to distributors to the manufactured housing and recreational vehicle industries, and to building material retailers. IPD manufactures and sells brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. IPD sells its products primarily to original equipment manufacturers ("OEMs"), many of which are in the HVAC, plumbing, and refrigeration markets. Other Businesses include Utah Railway Company and other natural resource properties and interests. SPD and IPD account for more than 98 percent of consolidated net sales and more than 83 percent of consolidated total assets. The majority of the Company's manufacturing facilities operated at high levels during 2001, 2000, and 1999.

Information concerning segments appears under "Note 13 - Industry Segments" in the Notes to Consolidated Financial Statements in Mueller's Annual Report to Stockholders for the year ended December 29, 2001. Such information is incorporated herein by reference.

### Standard Products Division

Mueller's Standard Products Division includes a broad line of copper tube, which ranges in size from 1/8 inch to 8 inch diameter, and is sold in various straight lengths and coils. Mueller is a market leader in the air-conditioning and refrigeration tube markets. Additionally, Mueller supplies a variety of water tube in straight lengths and coils used for plumbing applications in virtually every type of construction project.

SPD also includes copper and plastic fittings and related components for the plumbing and heating industry that are used in water distribution systems, heating systems, air-conditioning, and refrigeration applications, and drainage, waste, and vent systems. A major portion of Mueller's products are ultimately used in the domestic residential and commercial construction markets and, to a lesser extent, in the automotive and heavy on and off-the-road vehicle markets.



During 1998, the Company acquired Halstead Industries, Inc. ("Halstead"). Halstead operates a tube mill in Wynne, Arkansas, and a line sets factory in Clinton, Tennessee. This acquisition expanded the Company's copper tube and line sets businesses and created opportunities for improved production and distribution efficiency. Following the acquisition, Halstead's name was changed to Mueller Copper Tube Products, Inc. Also, in 1998, the Company acquired B&K Industries, Inc. ("B&K"), an importer and distributor of residential and commercial plumbing products. The acquisition of B&K facilitated the sale of Mueller's manufactured products in the large, and growing, retail marketplace. In 1997, the Company acquired copper tube manufacturing operations in England and France. These acquisitions established a significant manufacturing and sales presence in Europe for the Company's operations.

SPD markets primarily through its own sales and distribution organization, which maintains sales offices and distribution centers throughout the United States and in Canada, Mexico, Great Britain, and France. Additionally, products are sold and marketed through a network of agents, which, when combined with the Company's sales organization, provide the Company broad geographic market representation.

The businesses in which SPD is engaged are highly competitive. The principal methods of competition for Mueller's products are customer service, availability, and price. The total amount of order backlog for SPD as of December 29, 2001 was not significant.

The Company competes with various companies depending on the product line. In the U.S. copper tubing business, the domestic competition includes Cerro Copper Products Co., Inc., Reading Tube Corporation, and Wolverine Tube, Inc., as well as many actual and potential foreign competitors. In the European copper tubing business, Mueller competes with more than ten European-based manufacturers of copper tubing as well as foreign-based manufacturers. Additionally, the Company's copper tube businesses compete with a large number of manufacturers of substitute products made from plastic, iron, and steel. In the copper fittings market, competitors include Elkhart Products, a division of Amcast Industrial Corporation, and NIBCO, Inc., as well as several foreign manufacturers. The plastic fittings competitors include NIBCO, Inc., Charlotte Pipe & Foundry, and other companies. No single competitor offers such a wide-ranging product line; management believes that this is a competitive advantage in some markets.

Industrial Products Division

Mueller's Industrial Products Division includes brass rod, nonferrous forgings, and impact extrusions that are sold primarily to OEMs in the plumbing, refrigeration, fluid power, and automotive industries, as well as to other manufacturers and distributors. The Port Huron, Michigan mill extrudes brass, bronze, and copper alloy rod in sizes ranging from 3/8 inches to 4 inches in diameter. These alloys are used in applications that require a high degree of machinability, wear and corrosion resistance, and electrical conductivity. IPD also manufactures brass and aluminum forgings which are



used in a wide variety of end products, including automotive components, brass fittings, industrial machinery, valve bodies, gear blanks, and computer hardware. The Company also serves the automotive, military ordnance, aerospace, and general manufacturing industries with cold-formed aluminum and copper impact extrusions. Typical applications for impacts are high strength ordnance, high-conductivity electrical components, builders' hardware, hydraulic systems, automotive parts, and other uses where toughness must be combined with varying complexities of design and finish. Other products include valves and custom OEM products for refrigeration and air-conditioning applications, and shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, medical instruments, etc. The total amount of order backlog for IPD as of December 29, 2001 was not significant.

During 2000, the Company completed two acquisitions: (i) Micro Gauge, Inc. and a related business, Microgauge Machining, Inc., a specialized machining operation and (ii) Propipe Technologies, Inc., a fabricator of gas train manifold systems.

In 1998, the Company acquired Lincoln Brass Works, Inc. ("Lincoln"), which operates manufacturing facilities in Jacksboro, Tennessee and Waynesboro, Tennessee. Lincoln produces custom control valve assemblies, custom metal assemblies, gas delivery systems and tubular products primarily for the gas appliance market. Lincoln is a large consumer of the Company's brass rod and forgings.

IPD primarily sells directly to OEM customers. Competitors, primarily in the brass rod market, include Cerro Metal Products Company, Inc., Chase Industries, Inc., Extruded Metals Inc., and others both domestic and foreign. Outside of North America, IPD sells products through various channels.

## Other Businesses

Mueller, through its subsidiary Arava Natural Resources Company, Inc. ("Arava"), is engaged in the operation of a short line railroad in Utah. It also owns interests in other natural resource properties.

### Short Line Railroad

Utah Railway Company ("Utah Railway"), a wholly-owned subsidiary of Arava, operates on approximately 100 miles of railroad track in Utah. Utah Railway serves four major customers pursuant to long-term contracts which account for more than 75 percent of coal tonnage hauled. Utah Railway transports coal to an interchange point at Provo, Utah. Although annual tonnage may vary significantly due to fluctuations in the production from the coal mines on the Utah Railway's lines and the demand for export coal, in recent years, annual tonnage has ranged between four and six million tons. From Provo, Utah, the coal is transported by connecting railroads to various customers including electric utilities, cement plants, west coast export facilities and others at destinations throughout the West.

In late 1998, there was a fire at one of the coal mines served by Utah Railway. The mine reopened in late 1999, and its shipments on Utah Railway resumed through July 2000. A second fire occurred at this same mine in August 2000. The future production from this mine is uncertain.



On September 30, 1999, Utah Railway purchased the stock of the Salt Lake City Southern Railroad Company, Inc. ("SLCS"). SLCS operates pursuant to an easement on approximately 25 miles of track, owned by the Utah Transit Authority, from downtown Salt Lake City to near Draper, Utah.

In addition to railway operations discussed above, Union Pacific Railroad granted limited rights to Utah Railway for operations over Union Pacific tracks to Grand Junction, Colorado and access to additional coal customers. Also, Utah Railway conducts switching operations primarily in the Salt Lake City, Ogden, and Provo, Utah, metropolitan areas. Switching operations consist of accepting freight from other railroad carriers for delivery to customers and/or accepting loads of freight from such customers for delivery to long haul railroad carriers to be transported to final destinations.

### Other Properties

The Company periodically receives royalties on natural resource properties which it formerly owned or operated. The amount and frequency of the royalty receipts is dependent upon levels of production from the properties. The Company does not actively operate any natural resource properties.

## Labor Relations

At December 29, 2001, the Company employed approximately 3,750 employees of which approximately 1,650 were represented by various unions. Union contracts at the Company's European operations are renewed annually. Other contracts expire on various dates through April 2004.

## Raw Material and Energy Availability

The major portion of Mueller's base metal requirements (primarily copper) is normally obtained through short-term supply contracts with competitive pricing provisions (for cathode) and the open market (for scrap). Other raw materials used in the production of brass, including brass scrap, zinc, tin, and lead, are obtained from zinc and lead producers, open-market dealers, and customers with brass process scrap. Raw materials used in the fabrication of aluminum and plastic products are purchased in the open market from major producers.

Adequate supplies of raw material are available to the Company. Sufficient energy in the form of natural gas, fuel oils, and electricity is available to operate the Company's production facilities. While temporary shortages of raw material and fuels may occur occasionally, they have not materially hampered the Company's operations.

Environmental Matters

Compliance with environmental laws and regulations is a matter of high priority. Mueller's provision for environmental compliance includes charges of $3.6 million in 2001 and $2.0 million in 2000. There was no provision for 1999. Except as discussed below, the Company does not anticipate that it will need to make material expenditures for such compliance activities during the remainder of the 2002 fiscal year, or for the next two fiscal years.



Mining Remedial Recovery Company

Mining Remedial Recovery Company ("MRRC"), a wholly-owned subsidiary of Arava, was formed for the purpose of managing the remediation of certain properties and the appropriate disposition thereof.

Mammoth Mine Site

MRRC owns title to certain inactive mines in Shasta County, California. MRRC has continued a program, begun in the late 1980s, of sealing mine portals with concrete plugs in mine adits which were discharging water. The sealing program has achieved a reduction in the metal load in discharges from these adits; however, additional reductions are being required. In response to a 1996 Order issued by the California Regional Water Quality Control Board ("QCB"), MRRC completed a feasibility study in 1997 describing measures designed to mitigate the effects of acid rock drainage. In December 1998, the QCB issued a new order extending MRRC's time to comply with water quality standards until December 1, 2003. MRRC agreed to continue remedial activities to reduce or prevent discharge of acid mine drainage and submitted to the QCB in July 2000 a Use Attainability Analysis ("UAA"), which is under review. MRRC is currently engaged in water monitoring and reporting to support data under review in the UAA. MRRC estimates it will spend between $0.5 and $1.0 million on planned remedial activities. Further remediation may be required depending on QCB's acceptance of the UAA and how effective MRRC's remedial options are in reducing acid rock drainage.

U.S.S. Lead

In 1991, U.S.S. Lead Refinery, Inc. ("Lead Refinery"), responded to an information request from the EPA under Superfund for information on whether Lead Refinery arranged for the disposal of hazardous substances in the vicinity of the Grand Calumet River/Indiana Harbor Ship Canal. By letter dated February 4, 1997, the Indiana Department of Environmental Management ("IDEM") notified Lead Refinery that a preassessment screening of the Grand Calumet River and the Indiana Harbor Canal conducted pursuant to Superfund had identified releases of hazardous substances from Lead Refinery and other potentially responsible parties ("PRPs") that had adversely impacted natural resources. Based on its prescreening work, IDEM performed sampling in this area and initiated an assessment plan, which will determine the nature and extent of any required remediation and any resulting assessments against any of the PRPs.

In 1991, Lead Refinery also responded to an information request under Superfund regarding the site in East Chicago, Indiana. In 1992, the EPA advised Lead Refinery of its intent to list the property as a Superfund site; however, as of March 23, 2001, the EPA has deferred such listing. In 1993, Lead Refinery entered into a Consent Order with the EPA pursuant to Section 3008(h) of the Resource Conservation and Recovery Act ("RCRA"). The consent Order covers remediation activities at the East Chicago, Indiana site and provides for Lead Refinery to complete certain on-site interim remedial activities and studies that extend off-site. In November 1996, the EPA approved, with modifications, the Interim Stabilization Measures Workplan and designated a Corrective Action Management Unit ("CAMU") at the Lead Refinery site. Site activities, which began in December 1996, should be substantially concluded in the third quarter of 2002. Costs for remaining cleanup efforts



are estimated to be between $0.5 and $1.5 million. In the process of remediating the site, Lead Refinery identified petroleum contamination on site. As a result, Lead Refinery installed a slurry wall around the CAMU and initiated characterization of areas suspected to have petroleum contamination. Lead Refinery has addressed this contamination pursuant to plans approved by the EPA. Additionally, Lead Refinery has conducted initial investigations to determine if other contamination exists that is not addressed by the Consent Order. Lead Refinery, without additional assistance from MRRC, lacks the financial resources needed to complete any additional remediation determined to be required and intends to seek financial assistance from other PRPs to permit Lead Refinery to conduct a private-party cleanup under RCRA, to the extent available under applicable law and regulations.

Lead Refinery has been informed by the former owner and operator of a Superfund site located in Pedricktown, New Jersey that it intends to seek CERCLA response costs for alleged shipments of hazardous substances to the site. Lead Refinery has executed an agreement regarding that site, which indefinitely extends the statute of limitations. By letter dated January 26, 1996, Lead Refinery and other PRPs received from the EPA a proposed Administrative Order on Consent to perform the remedial design for operable Unit 1 of the Pedricktown Superfund Site. Lead Refinery determined not to execute the Administrative Order on Consent. Several other PRPs, however, executed the agreement and are conducting the remedial design.

Other

In 1998 and 1997, in connection with acquisitions, the Company established environmental reserves to fund the cost of remediation at sites currently or formerly owned by various acquired entities. The Company, through its acquired subsidiaries, is engaged in ongoing remediation and site characterization studies.

Mueller Copper Tube Products, Inc.

In 1999, Mueller Copper Tube Products, Inc. ("MCTP"), commenced a cleanup and remediation of soil and groundwater at its Wynne, Arkansas plant. MCTP is currently removing trichloroethene, a cleaning solvent formerly used by MCTP, from the soil and groundwater. On August 30, 2000, MCTP received approval of its Final Comprehensive Investigation report and Storm Water Drainage Investigation Report addressing the treatment of soils and groundwater, from the Arkansas Department of Environmental Quality. The Company anticipates that MCTP will spend up to an estimated $3.5 million over the next several years on these activities and established a reserve for this project in connection with the acquisition of MCTP.

Other Business Factors

The Registrant's business is not materially dependent on patents, trademarks, licenses, franchises, or concessions held. In addition, expenditures for company-sponsored research and development activities were not material during 2001, 2000, or 1999. No material portion of the Registrant's business involves governmental contracts.



ITEM 2. PROPERTIES

Information pertaining to the Registrant's major operating facilities is included below. Except as noted, the Registrant owns all of its principal properties. The Registrant's plants are in satisfactory condition and are suitable for the purpose for which they were designed and are now being used.

| Location | Approximate Property Size | Description |
|---|---|---|
| Fulton, MS | 418,000 sq. ft.<br>52.37 acres | Copper tube mill. Facility includes casting, extruding, and finishing equipment to produce copper tubing, including tube feed stock for the Company's copper fittings plants and Precision Tube factory. |
| Fulton, MS | 103,000 sq. ft.<br>11.9 acres | Casting facility. Facility includes casting equipment to produce copper billets used in the adjoining copper tube mill. |
| Wynne, AR | 682,000 sq. ft.(1)<br>39.2 acres | Copper tube mill. Facility includes extrusion and finishing equipment to produce copper tubing and copper tube line sets. |
| Fulton, MS | 58,500 sq. ft.<br>15.53 acres | Packaging and bar coding facility for retail channel sales. |
| Fulton, MS | 70,000 sq. ft.(2)<br>7.68 acres | Copper fittings plant. High-volume facility that produces copper fittings using tube feed stock from the Company's adjacent copper tube mill. |
| Covington, TN | 159,500 sq. ft. | Copper fittings plant. Facility |

| | | |
|---|---|---|
| | 40.88 acres | produces copper fittings using tube feed stock from the Company's copper tube mills. |
| Port Huron, MI | 40,000 sq. ft.<br>5.11 acres | Formed tube plant. Produces copper fittings using cold heading equipment. |
| Kalamazoo, MI | 205,000 sq. ft.<br>18 acres | Plastic fittings plant. Produces DWV fittings using injection molding equipment. |
| Cerritos, CA | 115,000 sq. ft.<br>5.1 acres | Plastic fittings plant. Produces DWV fittings using injection molding equipment. |
| Upper Sandusky, OH | 82,000 sq. ft.<br>7.52 acres | Plastic fittings plant. Produces DWV fittings using injection molding equipment. |





| Location | Approximate Property Size | Description |
|---|---|---|
| Bilston, England United Kingdom | 402,500 sq. ft.<br>14.95 acres | Copper tube mill. Facility includes casting, extruding, and finishing equipment to produce copper tubing. |
| Longueville, France | 332,500 sq. ft.<br>16.3 acres | Copper tube mill. Facility includes extrusion and finishing equipment to produce copper tubing. |
| Port Huron, MI | 322,500 sq. ft.<br>71.5 acres | Brass rod mill. Facility includes casting, extruding, and finishing equipment to produce brass rods and bars, in various shapes and sizes. |
| Port Huron, MI | 127,500 sq. ft. | Forgings plant. Produces brass and aluminum forgings. |
| Marysville, MI | 81,500 sq. ft.<br>6.72 acres | Aluminum and copper impacts plant. Produces made-to-order parts using cold impact processes. |
| Hartsville, TN | 78,000 sq. ft.<br>4.51 acres | Refrigeration products plant. Produces products used in refrigeration applications such as ball valves, line valves, and compressor valves. |
| Jacksboro, TN | 65,066 sq. ft.<br>11.78 acres | Bending and fabricating facility. Produces gas burners, supply tubes, and manifolds for the gas appliance industry. |
| Waynesboro, TN | 57,000 sq. ft.(3)<br>5.0 acres | Gas valve plant. Facility produces brass valves and assemblies for the gas appliance industry. |
| North Wales, PA | 174,000 sq. ft.<br>18.9 acres | Precision Tube factory. Facility fabricates copper tubing, copper alloy tubing, aluminum tubing, and fabricated tubular products. |
| Salisbury, MD | 12,000 sq. ft.(4) | Coaxial cable plant. Facility manufactures semi-rigid coaxial cable and high-performance cable assemblies. |
| Brighton, MI | 65,000 sq. ft.(4) | Machining operation. Facility machines component parts for supply to automotive industry. |
| Middletown, OH | 55,000 sq. ft.<br>2.0 acres | Fabricating facility. Produces burner systems and manifolds for the gas appliance industry. |



In addition, the Company owns and/or leases other properties used as distribution centers and corporate offices.

(1) Facility is located on land leased from a local municipality, with an option to purchase at nominal cost.

(2) Facility is leased under a long-term lease agreement, with an option to purchase at nominal cost.
(3) Facility is leased from a local municipality for a nominal amount.
(4) Facility is leased under an operating lease.

ITEM 3. LEGAL PROCEEDINGS

Environmental Proceedings

Reference is made to "Environmental Matters" in Item 1 of this Report, which is incorporated herein by reference, for a description of environmental proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information required by Item 5 of this Report is included under the caption "Capital Stock Information" in the Registrant's Annual Report to Stockholders for the year ended December 29, 2001, which information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data are included under the caption "Selected Financial Data" in the Registrant's Annual Report to Stockholders for the year ended December 29, 2001, which selected financial data is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is contained under the caption "Financial Review" in the Registrant's Annual Report to Stockholders for the year ended December 29, 2001, and is incorporated herein by reference.



ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are contained in the caption "Financial Review" in the Registrant's Annual Report to Stockholders for the year ended December 29, 2001, and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Financial Statements and Financial Statement Schedule of this Annual Report on Form 10-K which is included on page 17.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is contained under the caption "Ownership of Common Stock by Directors and Executive Officers and Information about Director Nominees" in the Company's Proxy Statement for its 2002 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 25, 2002 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is contained under the caption "Executive Compensation" in the Company's Proxy Statement for its 2002 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 25, 2002 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is contained under the captions "Principal Stockholders" and "Ownership of Common Stock by Directors and Executive Officers and Information about Director Nominees" in the Company's Proxy Statement for its 2002 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 25, 2002 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.



PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements: the financial statements, notes, and report of independent auditors described in Item 8 of this report, which are incorporated by reference.

2. Financial Statement Schedule: the financial statement schedule described in Item 8 of this report which is indexed on page 17.

3. Exhibits:

2.1 Amended and Restated Agreement and Plan of Merger among Mueller Industries, Inc., Mueller Acquisition Corp. and Halstead Industries, Inc., dated as of October 30, 1998 (Incorporated herein by reference to Exhibit 2.1 of the Registrant's Report on Form 10-Q, dated November 6, 1998 for the quarter ended September 26, 1998).

2.2 Form of Stock Purchase Agreement with William B. Halstead (Incorporated herein by reference to Exhibit 2.2 of the Registrant's Report on Form 10-Q, dated November 6, 1998 for the quarter ended September 26, 1998).

2.3 Form of Stock Purchase Agreement with remaining Halstead stockholders (Incorporated herein by reference to Exhibit 2.3 of the Registrant's Report on Form 10-Q, dated November 6, 1998 for the quarter ended September 26, 1998).

3.1 Certificate of Incorporation of Mueller Industries, Inc. and all amendments thereto (Incorporated herein by reference to Exhibit 3.1 of the Registrant's Report on Form 10-K, dated March 23, 1999, for the fiscal year ended December 26, 1998).

3.2 By-laws of Mueller Industries, Inc., as amended and restated, effective November 10, 1994 (Incorporated herein by reference to Exhibit 3 (ii) of the Registrant's Current Report on Form 8-K, dated November 14, 1994).

4.1 Common Stock Specimen (Incorporated herein by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K dated December 28, 1990).

4.2 Rights Agreement, dated as of November 10, 1994, between the Registrant and Continental Stock Transfer and Trust Company, as Rights Agent, which includes the Form of Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of the Registrant, as Exhibit A, the Form of Rights Certificate, as Exhibit B, and the Summary of Rights to Purchase Preferred Stock, as Exhibit C (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, dated November 14, 1994).

10.1 Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated as of November 29, 2000 (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Report on Form 10-K, dated March 26, 2001, for the fiscal year ended December 30, 2000).

10.2 Certain instruments with respect to long-term debt of the Company have not been filed as Exhibits to the Report since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of each such instrument upon request of the Securities and Exchange Commission.

10.3 Employment Agreement, effective October 1, 1991 by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K dated November 22, 1991).

10.4 Stock Option Agreement, dated December 4, 1991 by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K dated November 22, 1991).

10.5 Stock Option Agreement, dated March 3, 1992 by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 2 of the Registrant's Current Report on Form 8-K dated March 11, 1992).

10.6 Mueller Industries, Inc. 1991 Incentive Stock Option Plan (Incorporated herein by reference to Exhibit 4(a) of the Registrant's Registration Statement on Form S-8 dated April 17, 1992).

10.7 Summary description of the Registrant's 2002 bonus plan for certain key employees.

10.8 Amended and Restated Employment Agreement, effective as of September 17, 1997, by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Report on Form 10-Q, dated October 21, 1997, for the quarter ended September 27, 1997).

10.9 Amended and Restated Employment Agreement, effective as of September 17, 1997, by and between Mueller Industries, Inc. and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.2 of the Registrant's Report on Form 10-Q, dated October 21, 1997, for the quarter ended September 27, 1997).

10.10 Amendment to Amended and Restated Employment Agreement, effective May 12, 2000, by and between Mueller Industries, Inc. and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Report on Form 10-Q, dated July 24, 2000, for the quarter ended June 24, 2000).



10.11 Mueller Industries, Inc. 1994 Stock Option Plan (Incorporated herein by reference to Exhibit 10.13 of the Registrant's Report on Form 10-K, dated March 17, 1995, for the fiscal year ended December 31, 1994).

10.12 Mueller Industries, Inc. 1994 Non-Employee Director Stock Option Plan (Incorporated herein by reference to Exhibit 10.14 of the Registrant's Report on Form 10-K, dated March 17, 1995, for the fiscal year ended December 31, 1994).

10.13 Mueller Industries, Inc. Deferred Compensation Plan, effective December 1, 2000 (Incorporated herein by reference to Exhibit 10.13 of the Registrant's Report on Form 10-K, dated March 26, 2001, for the fiscal year ended December 30, 2000).

10.14 Mueller Industries, Inc. 1998 Stock Option Plan (Incorporated herein by reference to Exhibit A of the Registrant's Definitive Proxy Statement, dated March 18, 1998).

10.15 Stock Option Agreement, dated May 7, 1997 by and between Mueller Industries, Inc. and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.19 of the Registrant's Report on Form 10-K, dated March 23, 1999, for the fiscal year ended

December 26, 1998).

10.16 Stock Option Agreement, dated October 9, 1998 by and between Mueller Industries, Inc. and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.20 of the Registrant's Report on Form 10-K, dated March 23, 1999, for the fiscal year ended December 26, 1998).

13.0 Mueller Industries, Inc.'s Annual Report to Stockholders for the year ended December 29, 2001. Such report, except to the extent incorporated herein by reference, is being furnished for the information of the Securities and Exchange Commission only and is not to be deemed filed as a part of this Annual Report on Form 10-K.

21.0 Subsidiaries of the Registrant.

23.0 Consent of Independent Auditor (Includes report on Financial Statement Schedule).

(b) During the three months ended December 29, 2001, no Current Reports on Form 8-K were filed.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 25, 2002.

MUELLER INDUSTRIES, INC.

/S/ HARVEY L. KARP
Harvey L. Karp, Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

| Signature | Title | Date |
|---|---|---|
| /S/ HARVEY L. KARP<br>Harvey L. Karp | Chairman of the Board, and Director | March 25, 2002 |
| /S/ GARY S. GLADSTEIN<br>Gary S. Gladstein | Director | March 25, 2002 |
| /S/ ROBERT B. HODES<br>Robert B. Hodes | Director | March 25, 2002 |
| /S/ G.E. MANOLOVICI<br>G.E. Manolovici | Director | March 25, 2002 |
| /S/ WILLIAM D. O'HAGAN<br>William D. O'Hagan | President, Chief Executive Officer, Director | March 25, 2002 |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the Registrant and in the capacities and on the date indicated.

| Signature and Title | Date |
|---|---|
| /S/ KENT A. MCKEE<br>Kent A. McKee<br>Vice President and<br>Chief Financial Officer<br>(Principal Accounting Officer) | March 25, 2002 |

/S/ RICHARD W. CORMAN March 25, 2002
Richard W. Corman
Corporate Controller



INDEX TO FINANCIAL STATEMENTS

The consolidated financial statements, together with the report thereon of Ernst & Young LLP dated February 5, 2002, appearing on page 22 through and including 53, of the Company's 2001 Annual Report to Stockholders are incorporated by reference in this Annual Report on Form 10-K. With the exception of the aforementioned information, no other information appearing in the 2001 Annual Report to Stockholders is deemed to be filed as part of this Annual Report on Form 10-K under Item 8. The following Consolidated Financial Statement Schedule should be read in conjunction with the consolidated financial statements in such 2001 Annual Report to Stockholders. Consolidated Financial Statement Schedules not included with this Annual Report on Form 10-K have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

FINANCIAL STATEMENT SCHEDULE





MUELLER INDUSTRIES, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 29, 2001, December 30, 2000, and December 25, 1999
(In thousands)
<TABLE>
<CAPTION>

| | Balance at beginning of year | Additions: Charged to costs and expenses | Additions: Other additions | Deductions | Balance at end of year |
|---|---|---|---|---|---|

-----------
<S> <C> <C> <C> <C> <C>

| | | | | | |
|---|---|---|---|---|---|
| 2001 | | | | | |
| Allowance for doubtful accounts | $ 5,612 | $ 1,704 | $ - | $ 743 | $ 6,573 |
| Environmental reserves | $ 9,862 | $ 3,600 | $ 311 (1) | $ 4,570 | $ 9,203 |
| Severance and related | $ 2,187 | $ 707 | $ - | $ 2,880 | $ 14 |
| Other reserves (4) | $ 11,332 | $ - | $ - | $ 8,026 | $ 3,306 |
| Valuation allowance for deferred tax assets | $ 34,286 | $ 678 | $ 24,530 (2) | $ 959 | $ 58,535 |
| 2000 | | | | | |
| Allowance for doubtful accounts | $ 5,367 | $ 663 | $ 131 (3) | $ 549 | $ 5,612 |
| Environmental reserves | $ 12,965 | $ 2,049 | $ 75 (3) | $ 5,227 | $ 9,862 |
| Severance and related | $ 1,558 | $ 2,100 | $ - | $ 1,471 | $ 2,187 |
| Other reserves (4) | $ 10,034 | $ - | $ 2,248 (3) | $ 950 | $ 11,332 |
| Valuation allowance for deferred tax assets | $ 51,312 | $ - | $ 1,013 (2) | $ 18,039 | $ 34,286 |
| 1999 | | | | | |
| Allowance for doubtful accounts | $ 4,929 | $ 1,503 | $ - | $ 1,065 | $ 5,367 |
| Environmental reserves | $ 16,321 | $ - | $ - | $ 3,356 | $ 12,965 |
| Severance and related | $ 9,266 | $ - | $ - | $ 7,708 | $ 1,558 |
| Other reserves (4) | $ 15,748 | $ - | $ - | $ 5,714 | $ 10,034 |
| Valuation allowance for deferred tax assets | $ 46,592 | $ - | $ 12,940 (2) | $ 8,220 | $ 51,312 |

<FN>
(1) Balance reclassified from other liabilities.
(2) Other additions to the valuation allowance for deferred tax assets relate to capital loss carryforwards, foreign net operating loss carryforwards, and foreign audit and withholding allowances.
(3) Resulted from acquisitions.
(4) Other reserves are included in the balance sheet captions "Other current liabilities" and "Other noncurrent liabilities".
</TABLE>



EXHIBIT INDEX

| Exhibits | Description | Page |
|---|---|---|
| 10.7 | Summary description of the Registrant's 2002 bonus plan for certain key employees. | |
| 13.0 | Mueller Industries, Inc.'s Annual Report to Stockholders for the year ended December 29, 2001. Such report, except to the extent incorporated herein by reference, is being furnished for the information of the Securities and Exchange Commission only and is not to be deemed filed as a part of this Annual Report on Form 10-K. | |
| 21.0 | Subsidiaries of the Registrant. | |
| 23.0 | Consent of Independent Auditors (Includes report on | |

Financial Statement Schedule).

# 2002 BONUS PLAN FOR CERTAIN KEY EMPLOYEES

The Company has a discretionary bonus program under which exempt salaried employees (other than the Chairman and the CEO) may be paid bonuses based on a percentage of base annual salary. The bonus percent is based on a variety of guidelines including the performance levels of the respective business units measured by earnings before tax. The Chairman and the CEO participate in this plan, however their bonuses are specifically determined by the board of directors.

MUELLER INDUSTRIES, INC.
2001 ANNUAL REPORT

Mueller Industries, Inc. (NYSE:MLI) is the 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. Mueller was recently recognized by "Forbes" magazine, appearing on its "Platinum List : Best Big Companies." The Company's operations are located throughout the United States, and in the United Kingdom, Canada, France and Mexico.

In The Year 2001:

Mueller's debt-to-capital ratio improved more than 50%, dropping from 14.8% in 2000 to 7%.

Nearly $60 million was paid down on long-term debt, leaving the company with no net debt.

Stockholder's equity increased by 9.6%, from $614.1 million to $672.9 million.

For additional information, see the Ten-Year Review on page 6.

CONTENTS





MUELLER INDUSTRIES, INC.
Financial Highlights
(Dollars in thousands, except per share data)
<TABLE>
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> | 1998 <C> | 1997 <C> |
|---|---|---|---|---|---|
| Summary of Operations | | | | | |
| Net sales | $ 1,044,787 | $ 1,238,441 | $ 1,197,270 | $ 948,948 | $ 903,925 |
| Product shipments (in millions of pounds) | 701.3 | 785.9 | 815.2 | 644.6 | 545.3 |
| Net income | $ 66,955 | $ 92,690 | $ 99,279 | $ 75,445 | $ 69,770 |
| Diluted earnings per share | $ 1.80 | $ 2.43 | $ 2.51 | $ 1.90 | $ 1.78 |
| Significant Year-End Data | | | | | |
| Cash and cash equivalents | $ 121,862 | $ 100,268 | $ 149,454 | $ 80,568 | $ 69,978 |
| Ratio of current assets to current liabilities | 4.0 to 1 | 3.4 to 1 | 2.9 to 1 | 2.7 to 1 | 3.1 to 1 |

| | | | | | |
|---|---|---|---|---|---|
| Long-term debt (including current portion) | $ 50,973 | $ 106,884 | $ 149,870 | $ 194,549 | $ 72,093 |
| Debt as a percent of total capitalization | 7.0% | 14.8% | 20.8% | 27.9% | 14.7% |
| Stockholders' equity | $ 672,933 | $ 614,105 | $ 569,430 | $ 502,122 | $ 418,040 |
| Book value per share | $ 20.11 | $ 18.41 | $ 16.31 | $ 14.02 | $ 11.94 |
| Capital expenditures | $ 49,081 | $ 63,458 | $ 40,115 | $ 55,440 | $ 36,865 |

</TABLE>



LETTER TO STOCKHOLDERS, CUSTOMERS, AND EMPLOYEES

Mueller's business in the year 2001 was clearly affected by the economic recession. Earnings, sales, and volume of products shipped declined from the prior year.

Net sales in 2001 totaled $1.04 billion compared with $1.24 billion in 2000. Net income was $67.0 million in 2001, 28 percent less than in the prior year. Earnings per share for 2001 were $1.80 compared with $2.43 for the year before. And pounds of product shipped also declined to 701.3 million pounds from 785.9 million pounds in 2000.

The economic slowdown did not come as a surprise to Mueller. In last year's annual report, we noted that there was ample evidence that a slowdown was imminent. As a result, we took prompt steps to reduce our costs and fine-tune our operations, including a wage freeze and streamlining our sales and manufacturing activities. These preemptive actions served the Company well during the year 2001. Also, we are pleased to report that Mueller's financial condition is excellent, and our cash flow remains strong. We are well positioned to benefit from an improvement in the economy.

The housing and commercial construction industry, the most important market for our products, held up very well during 2001. Housing starts were approximately 1.6 million units, which was about the same as in the year 2000. This should have been a positive factor for our business. However, as the year progressed, it became clear that many of our customers had elected to substantially reduce inventories by curtailing their purchases. This normally occurs during a business slowdown, as prudent businessmen seek to limit their exposure to risk. With the contraction in volume, which principally occurred in copper tube and brass rod, we experienced the predictable erosion in margins in those products. The positive side of this scenario is that when the business climate improves, we can expect our customers to restock inventories to more normal levels, and that could lead to a surge of new business and, hopefully, improved pricing.

Domestic Copper Tube Operations

During 2001, we faced the challenge of reducing our operating costs even as volume declined. This is a particularly difficult task for a capital-intensive business. Nonetheless, we were able to reduce costs by eliminating overtime and working short weeks while deriving the benefits from our recent capital investments. This allowed us to keep in place our skilled employment base, which will be of critical importance when market conditions improve.

Also, we continued our commitment to reinvesting in our key businesses. During the year, we installed an additional extrusion press at our Fulton, Mississippi, copper tube mill. This will provide us with added flexibility to meet our customers' requirements.

Additionally, during 2001, we implemented a plan to relocate our line sets operation (formerly at Clinton, Tennessee) to our Wynne, Arkansas, copper tube mill. By doing so, we eliminated the double handling of the copper tube used in the fabrication of line sets as well as the overhead associated with the Clinton site. We will also be able to increase inventory turns by reducing work-in-process. We expect the benefits of the move to Wynne to be realized by early 2002.



Fittings Operations

During the year, we upgraded our manufacturing technology in the copper and plastic fittings business. We believe this investment will ensure our position as a low cost manufacturer. Moreover, we plan to expand the sales of our plastic products in the Canadian market.

Late in 2001, Mueller exited the metric copper fittings business. We were at a disadvantage in this market as metric copper fittings manufactured in our Canadian factory incurred duty and freight expenses that our European-based competitors avoid. We elected to close our Canadian plant and have moved the remaining production to our U.S. facility. We are currently considering our options, including a European fittings facility or joint venture.

European Operations

Late in the year, we completed the modernization of our copper tube operations in the United Kingdom. The focus of this project was to utilize state-of-the-art manufacturing processes. We experienced the typical start-up challenges which are now principally behind us. In fact, we are now realizing the expected production volumes, and employment has been reduced to desired levels. We believe we will also achieve targeted conversion cost levels in the first half of 2002. We are now positioned to be the low-cost copper tube mill in Europe. We expect European operations will contribute to our earnings improvement in 2002.

Industrial Products Businesses

We encountered arduous business conditions in our Industrial Products Division during 2001. Domestic shipments of brass rod declined approximately 20 percent, while margins were squeezed even more. Of course, we took steps to reduce our costs wherever possible. In addition, we completed the installation of a horizontal continuous caster and state-of-the-art finishing lines, which we are confident will maintain our position as one of the low cost manufacturers.

In addition, strategic business unit managers in each of our business units are dedicated to improving performance and focus.

Mueller's Financial Position is Excellent

A major shareholder recently commented that Mueller had "a gold-plated balance sheet." We agree, and moreover believe that a strong balance sheet is essential to the health and growth of our Company.

Mueller ended the year 2001 with $121.9 million in cash, and an enviable debt-to-total capitalization ratio of seven percent. Cash flow from operations during the year was $125.8 million, which allowed us to pay down long-term debt by $55.9 million. In fact, currently we have no net debt as cash on hand exceeds total debt.

Our current ratio is an excellent 4.0 to 1. And stockholders' equity is now $672.9 million. We have available a $200 million line-of-credit and are utilizing only 15 percent of same. The terms of the credit facility are comparable to a single A credit rating which reflects the underlying strength of our financial condition.



Recently, we were recognized by "Forbes" magazine by appearing on their "Platinum List: Best Big Companies." This is the fourth consecutive year we have ranked among America's best companies. Additionally, as we previously reported, Mueller in the year 2000 ranked first in return on assets among companies in the North American metals industry as determined by the "American Metal Market."

Business Outlook for 2002

We are optimistic that the national economy will improve as the year 2002 progresses. The pace of the recovery may be uncertain, but overall, the economic signals are positive. Particularly important for the construction industry is the level of mortgage rates. Currently, thirty-year mortgage rates are below seven percent, which is very attractive by historical standards. This should provide a strong stimulus for the housing market during 2002. In addition to low rates, there is widespread availability of mortgage funds. Also, we have observed that the volatility of the financial markets has persuaded many people that an investment in a home is both financially wise and personally desirable. In fact, permits for new housing, an important indicator of future business, are currently running at an annualized rate of more than 1.5 million units.

In our opinion, the combination of a solid housing market along with the likelihood that our customers will restock their inventories, holds the promise that 2002 will be a good business year for Mueller.

In Closing

It has been ten years since the undersigned assumed direction of the Company's businesses. In that time, our sales have more than doubled, our product line has expanded, our manufacturing facilities are now world-class, we have established a significant presence in the European market and, most importantly, Mueller has a solid record of profitable growth. We believe our Company serves its customers well and endeavors to be a good citizen in the communities where we work.

We are pleased with these accomplishments, and we are especially proud of our talented and dedicated employees.

Sincerely,

/S/HARVEY L. KARP
Harvey L. Karp
Chairman of the Board

/S/WILLIAM D. O'HAGAN
WILLIAM D.O'HAGAN
President and Chief Executive Officer

March 14, 2002



MUELLER INDUSTRIES, INC.
Ten-Year Review
Selected Financial Data
(Dollars in thousands, except per share data)
<TABLE>
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> | 1998 <C> | 1997 <C> |
|---|---|---|---|---|---|
| INCOME STATEMENT DATA | | | | | |
| Net sales | $ 1,044,787 | $ 1,238,441 | $ 1,197,270 | $ 948,948 | $ 903,925 |
| Cost of goods sold | 805,961 | 957,584 | 915,057 | 739,850 | 719,729 |
| Gross profit | 238,826 | 280,857 | 282,213 | 209,098 | 184,196 |
| Depreciation and amortization | 42,083 | 37,457 | 36,986 | 24,899 | 20,998 |
| Selling, general, and administrative expense | 87,678 | 94,754 | 97,301 | 75,390 | 63,489 |
| Operating income | 109,065 | 148,646 | 147,926 | 108,809 | 99,709 |
| Interest expense | (3,417) | (9,287) | (11,681) | (5,839) | (4,968) |
| Environmental expense | (3,600) | (2,049) | - | (2,133) | (3,100) |
| Other income, net | 5,944 | 9,603 | 9,464 | 8,503 | 9,180 |
| Income before income taxes | 107,992 | 146,913 | 145,709 | 109,340 | 100,821 |
| Income tax expense | (41,037) | (54,223) | (46,430) | (33,895) | (31,051) |
| Net income | $ 66,955 | $ 92,690 | $ 99,279 | $ 75,445 | $ 69,770 |
| Adjusted weighted average shares (000) | 37,245 | 38,096 | 39,605 | 39,644 | 39,250 |
| Diluted earnings per share | $ 1.80 | $ 2.43 | $ 2.51 | $ 1.90 | $ 1.78 |
| BALANCE SHEET DATA | | | | | |
| Cash and cash equivalents | $ 121,862 | $ 100,268 | $ 149,454 | $ 80,568 | $ 69,978 |
| Current assets | 403,913 | 405,171 | 440,746 | 382,324 | 309,051 |
| Working capital | 302,425 | 287,322 | 287,685 | 239,750 | 208,494 |
| Total assets | 916,065 | 910,276 | 904,080 | 874,694 | 610,776 |
| Current liabilities | 101,488 | 117,849 | 153,061 | 142,574 | 100,557 |
| Debt | 50,973 | 106,884 | 149,870 | 194,549 | 72,093 |

| | | | | | |
|---|---|---|---|---|---|
| Stockholders' equity | 672,933 | 614,105 | 569,430 | 502,122 | 418,040 |
| SELECTED OPERATING DATA | | | | | |
| Cash provided by operations | $ 125,766 | $ 118,474 | $ 164,755 | $ 102,681 | $ 52,930 |
| Capital expenditures | $ 49,081 | $ 63,458 | $ 40,115 | $ 55,440 | $ 36,865 |
| Number of employees | 3,731 | 4,291 | 4,356 | 4,788 | 3,378 |
| Current ratio | 4.0 to 1 | 3.4 to 1 | 2.9 to 1 | 2.7 to 1 | 3.1 to 1 |
| Return on average equity | 10.4% | 15.7% | 18.5% | 16.4% | 18.2% |
| Debt to total capitalization | 7.0% | 14.8% | 20.8% | 27.9% | 14.7% |
| Outstanding shares (000) | 33,467 | 33,358 | 34,919 | 35,808 | 35,017 |
| Book value per share | $ 20.11 | $ 18.41 | $ 16.31 | $ 14.02 | $ 11.94 |

</TABLE>



MUELLER INDUSTRIES, INC.
Ten-Year Review (continued)
Selected Financial Data
(Dollars in thousands, except per share data)
<TABLE>
<CAPTION>

| <S> | 1996 <C> | 1995 <C> | 1994 <C> | 1993 <C> | 1992 <C> |
|---|---|---|---|---|---|
| INCOME STATEMENT DATA | | | | | |
| Net sales | $ 729,889 | $ 688,830 | $ 561,075 | $ 512,727 | $ 528,006 |
| Cost of goods sold | 566,147 | 559,876 | 459,539 | 414,617 | 440,374 |
| Gross profit | 163,742 | 128,954 | 101,536 | 98,110 | 87,632 |
| Depreciation and amortization | 18,472 | 15,452 | 12,689 | 14,160 | 12,505 |
| Selling, general, and administrative expense | 54,808 | 49,491 | 44,895 | 45,923 | 45,809 |
| Operating income | 90,462 | 64,011 | 43,952 | 38,027 | 29,318 |
| Interest expense | (5,346) | (4,168) | (6,718) | (5,759) | (5,694) |
| Environmental expense | (2,045) | (1,421) | (2,914) | (1,060) | - |
| Other income, net | 5,341 | 6,127 | 6,504 | 2,235 | 675 |
| Income before income taxes | 88,412 | 64,549 | 40,824 | 33,443 | 24,299 |
| Income tax expense | (27,239) | (19,726) | (12,898) | (12,307) | (7,633) |
| Net income | $ 61,173 | $ 44,823 | $ 27,926 | $ 21,136 | $ 16,666 |
| Adjusted weighted average shares (000) | 38,993 | 38,298 | 39,560 | 41,772 | 40,220 |
| Diluted earnings per share | $ 1.57 | $ 1.17 | $ 0.71 | $ 0.51 | $ 0.41 |
| BALANCE SHEET DATA | | | | | |
| Cash and cash equivalents | $ 96,956 | $ 48,357 | $ 34,492 | $ 77,336 | $ 44,459 |
| Current assets | 274,712 | 211,038 | 183,551 | 194,411 | 182,381 |
| Working capital | 195,756 | 143,154 | 116,330 | 146,981 | 120,855 |
| Total assets | 509,357 | 450,835 | 430,755 | 369,743 | 372,547 |
| Current liabilities | 78,956 | 67,884 | 67,221 | 47,430 | 61,526 |
| Debt | 59,650 | 75,902 | 94,736 | 62,711 | 69,477 |
| Stockholders' equity | 348,082 | 285,875 | 241,948 | 222,114 | 204,421 |
| SELECTED OPERATING DATA | | | | | |
| Cash provided by operations | $ 78,700 | $ 54,968 | $ 21,963 | $ 50,987 | $ 38,714 |
| Capital expenditures | $ 18,868 | $ 40,980 | $ 48,152 | $ 11,083 | $ 10,952 |
| Number of employees | 2,339 | 2,274 | 2,256 | 2,010 | 2,055 |
| Current ratio | 3.5 to 1 | 3.1 to 1 | 2.7 to 1 | 4.1 to 1 | 3.0 to 1 |
| Return on average equity | 19.3% | 17.0% | 12.0% | 9.9% | 9.3% |
| Debt to total capitalization | 14.6% | 21.0% | 28.1% | 22.0% | 25.4% |
| Outstanding shares (000) | 34,870 | 34,699 | 34,796 | 38,333 | 40,000 |
| Book value per share | $ 9.98 | $ 8.24 | $ 6.95 | $ 5.79 | $ 5.11 |

</TABLE>



[GRAPH]
Net Sales
<TABLE>
($ millions)
<CAPTION>

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Sales | $528 | $513 | $561 | $689 | $730 | $904 | $949 | $1,197 | $1,238 | $1,045 |

</TABLE>

[GRAPH]
Net Income
<TABLE>
($ millions)
<CAPTION>

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Income | $17 | $21 | $28 | $45 | $61 | $70 | $75 | $99 | $93 | $67 |

</TABLE>

[GRAPH]
Total Assets
<TABLE>
($ millions)
<CAPTION>

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | $373 | $370 | $431 | $451 | $509 | $611 | $875 | $904 | $910 | $916 |

</TABLE>

[GRAPH]
Stockholders' Equity
<TABLE>
($ millions)
<CAPTION>

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Stockholders' Equity | $204 | $222 | $242 | $286 | $348 | $418 | $502 | $569 | $614 | $673 |

</TABLE>

[GRAPH]
Debt-to-Total Capitalization
<TABLE>
(percent)
<CAPTION>

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt-to-Total Capitalization | 25.4% | 22.0% | 28.1% | 21.0% | 14.6% | 14.7% | 27.9% | 20.8% | 14.8% | 7.0% |

</TABLE>



STANDARD PRODUCTS DIVISION

The Standard Products Division began and completed several initiatives to maintain its position as a low-cost manufacturer. These included major capital improvements as well as plant rationalizations that will streamline our operations.

Copper Tube Operations

Late in 2001, Mueller completed a major modernization project at our copper tube mill in Bilston, England. We installed state-of-the-art casting, extrusion, and drawing equipment, with the objective of substantially reducing conversion costs. The project was completed on time and under budget. We are currently achieving the expected production volumes with significantly lower labor costs and improved yield. We are confident that the Bilston plant will be one of the most efficient and low cost copper tube mills in Europe and the world. Furthermore, the Bilston mill now has the capacity to supply billets to our operation in Longueville, France, thereby eliminating our reliance on third parties and gaining the benefit of incremental throughput.

At our Fulton, Mississippi copper tube mill, we completed the installation of an additional extrusion press. This has enhanced our production scheduling flexibility and responsiveness while reducing overtime labor costs for production and scheduled maintenance on our original extrusion press. Establishing back-up systems into this critical manufacturing process ensures our ability to provide our customers with unsurpassed reliability of delivery.

During 2001, we were able to reduce our conversion cost in our domestic copper tube mills despite declining volumes. We reduced work weeks and eliminated overtime except in a few critical operations. We also rigorously contained other costs.

Other Operations

During 2001, we ceased manufacturing metric copper fittings at our facility in Strathroy, Ontario, Canada. We were at a disadvantage due to duties and freight costs that European-based manufacturers avoided. We are exploring alternatives to re-enter the metric fittings market in Europe.

Also during 2001, we implemented a plan to relocate the fabrication of line sets from Clinton, Tennessee to our copper tube mill in Wynne, Arkansas. In doing so, we are eliminating handling and freight costs as the Wynne mill supplies the copper tube required in this operation. We have vacated the Clinton facility, and are currently producing line sets at Wynne.



INDUSTRIAL PRODUCTS DIVISION

Brass Rod Mill

In the brass rod business, we completed installation of a horizontal continuous casting line. Casting performance and operating efficiency have met our initial expectations. Processing costs were also reduced by the installation of more efficient material handling equipment. This project equipped Mueller with state-of-the-art brass billet casting and melting technology that has improved our yield.

Installation of two new finishing lines was substantially completed in the fourth quarter of 2001. Production and runoff will be completed in the first quarter of 2002. These lines will also increase our efficiency and yield.

These two projects largely complete the renewal of the brass rod manufacturing process that began in the mid-1990's. Our manufacturing processes are now state-of-the-art and world-class.

Engineered Products

The consolidation of our Microgauge business into one building was completed during 2001. Two new machining centers were installed, which resulted in increased throughput and reduced costs. Forging has also added a high-speed coring press. This technology allows us to supply near net shape forging products to our customers that are more efficient and value-added. With these capabilities now in place, we should be positioned to grow both the forging and impact extrusion businesses by meeting more of our customers needs.

We have recently reorganized our Forgings, Impacts, and Microgauge operations into one business unit. By operating as a unit, we will be able to take advantage of complementary processes and product applications.

COMPANY OVERVIEW

Standard Products Division
  U.S. Copper Tube
   PLANTS:
      Fulton, Mississippi
      Wynne, Arkansas
   PRODUCTS AND APPLICATIONS
      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
   CUSTOMERS
      Plumbing wholesalers, home centers, and hardware wholesalers and co-ops
      Air-conditioning and refrigeration wholesalers and OEMs
      Mueller's copper fitting plants and OEMs
      Wholesalers and OEMs
  Copper Fittings
   PLANTS
      Fulton, Mississippi
      Covington, Tennessee
      Port Huron, Michigan
   PRODUCTS AND APPLICATIONS
      Over 1,500 wrot copper elbows, tees and adapters, and assorted cast copper fittings for plumbing, heating, air-conditioning, and refrigeration
   CUSTOMERS
      Plumbing and air-conditioning wholesalers, home centers, hardware wholesalers and co-ops, and OEMs
  Plastic Fittings
   PLANTS
      Kalamazoo, Michigan
      Cerritos, California
      Upper Sandusky, Ohio
   PRODUCTS AND APPLICATIONS
      A broad line of over 1,000 PVC and ABS plastic fittings and valves for drainage, waste and ventilation, in housing and commercial construction, recreational vehicles, and manufactured housing
   CUSTOMERS
      Plumbing wholesalers, home centers, hardware wholesalers and co-ops, and distributors to the manufactured housing and recreational vehicle industry
  European Copper Tube
   PLANTS
      Bilston, Great Britain
      Longueville, France
   PRODUCTS AND APPLICATIONS
      Copper tube in various lengths, diameters, and hardnesses for plumbing, refrigeration, and heating
      Industrial tube for redraw, copper fittings, etc.



   CUSTOMERS
      Builders' merchants, plumbing, refrigeration, and heating wholesalers
      OEMs
Industrial Products Division
  Brass Rod
   PLANTS
      Port Huron, Michigan
   PRODUCTS AND APPLICATIONS
      A broad range of 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
   CUSTOMERS
      OEMs, contract machining companies and distributors
  Engineered Products
   PLANTS
      Port Huron, Michigan
      Marysville, Michigan
      Brighton, Michigan
      Hartsville, Tennessee
      Jacksboro, Tennessee
      Waynesboro, Tennessee
      Middletown, Ohio
      North Wales, Pennsylvania
      Salisbury, Maryland

PRODUCTS AND APPLICATIONS

- Brass and aluminum hot metal forgings in assorted 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, forging, impacts, and castings for automotive applications
- Valves and custom OEM products for refrigeration and air-conditioning applications
- Custom valve and other metal assemblies for the gas appliance and barbecue grill markets
- Shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, medical instruments, etc.; coaxial cables

CUSTOMERS

- OEMs

Other Businesses

Utah Railway Company, established in 1912, hauls coal to connections with national carriers, power plants, and to other destinations. Utah Railway Company also provides train switching services in Utah's central corridor.



## Financial Review

### Overview

Mueller Industries, Inc. is a leading 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. Mueller's plants are located throughout the United States and in Canada, France, and Great Britain. The Company also owns a short line railroad in Utah.

The Company's businesses are managed and organized into three segments: (i) Standard Products Division (SPD); (ii) Industrial Products Division (IPD); and (iii) Other Businesses. SPD manufactures and sells copper tube, and copper and plastic fittings and valves. Outside of the United States, SPD manufactures copper tube in Europe. SPD sells these products to wholesalers in the HVAC (heating, ventilation, and air-conditioning), plumbing and refrigeration markets, to distributors to the manufactured housing and recreational vehicle industries, and to building material retailers. IPD manufactures and sells brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. IPD sells its products primarily to original equipment manufacturers (OEMs), many of which are in the HVAC, plumbing and refrigeration markets. Other Businesses is composed primarily of Utah Railway Company. SPD and IPD account for more than 98 percent of consolidated net sales and more than 83 percent of consolidated total assets.

New housing starts and commercial construction are important determinants of the Company's sales to the HVAC, refrigeration and plumbing markets because the principal end use of a significant portion of the Company's products is in the construction of single and multi-family housing and commercial buildings.

Profitability of certain of the Company's product lines depends upon the "spreads" between the cost of raw material and the selling prices of its completed products. The open market prices for copper cathode and scrap, for example, influence the selling price of copper tubing, a principal product manufactured by the Company. The Company attempts to minimize the effects of fluctuations in material costs by passing through these costs to its customers. Spreads fluctuate based upon market conditions.

### Results of Operations

#### 2001 Performance Compared with 2000

Consolidated net sales in 2001 were $1.04 billion, 16 percent less than net sales of $1.24 billion in 2000. Pounds of product sold totaled 701.3

million in 2001 or 11 percent less than the 785.9 million pounds sold in 2000. This decrease in pounds sold was a result of the economic slowdown experienced during 2001. Net selling prices generally fluctuate with changes in raw material prices; therefore, pounds sold is an additional measurement of the Company's performance. The COMEX average copper price in 2001 was approximately 14 percent less than the 2000 average. This change impacted the Company's net sales and cost of goods sold.



Cost of goods sold decreased $151.6 million, to $806.0 million in 2001. This decrease was attributable to lower raw material costs, mostly copper, and reduced volumes. Gross profit was $238.8 million or 22.9 percent of net sales in 2001 compared with $280.9 million or 22.7 percent of net sales in 2000. The decline in gross profit was due to lower volumes and reduced spreads in certain product lines, partially offset by reductions in manufacturing conversion costs.

Depreciation and amortization increased to $42.1 million in 2001 compared with $37.5 million in 2000. This increase was due to capital expenditures in recent years. Selling, general, and administrative expense decreased to $87.7 million in 2001 reflecting lower volume and results of cost containment measures.

Interest expense decreased to $3.4 million in 2001 from $9.3 million in 2000. This decrease was due to debt reductions combined with lower borrowing rates. The Company capitalized interest of $1.4 million for major capital improvement projects in 2001 compared with $1.2 million in 2000. The provision for environmental reserves totaled $3.6 million in 2001 compared with $2.0 million in 2000. Other income decreased to $5.9 million in 2001 from $9.6 million in 2000, primarily due to less interest income.

The Company provided $41.0 million for income taxes in 2001, of which $15.8 million was deferred. Current income tax expense of $25.2 million decreased from 2000 primarily due to decreased earnings. The 2001 effective tax rate of 38.0 percent compares with the 2000 rate of 36.9 percent.

The Company's employment was approximately 3,750 at the end of 2001. This compares with approximately 4,300 at the 2000 year-end.

Standard Products Division

Net sales by SPD were $773.8 million in 2001 compared with $910.0 million in 2000 for a 15 percent decrease. Operating income was $102.8 million in 2001 compared with $128.5 million in 2000. During 2001, the Company began moving its line set operations from Clinton, Tennessee, to its Wynne, Arkansas, copper tube mill. Benefits from this move including reduced in-process inventories and reduced material handling will commence in 2002. The Company also discontinued manufacturing metric copper fittings at its Strathroy, Ontario, Canada facility. Sales of metric fittings exported into the European market totaled less than $7 million in 2001. Approximately $1.2 million was charged to operations in 2001 for the rationalization of these two businesses.

Industrial Products Division

IPD's net sales were $251.7 million in 2001 compared with $307.2 million in 2000. Operating income was $17.5 million in 2001 compared with $30.6 million in 2000. Volume declines as well as reduced spreads were responsible for the shortfall in current year earnings.



Other Businesses

Utah Railway Company hauled 5.5 million tons of coal in 2001, 8 percent less than in 2000. The decrease in volume was attributable to the loss of shipments from one of the mines served by the railroad, which suspended operations in August 2000. Segment revenue totaled $23.4 million in 2001 compared with $24.7 million in 2000. Operating income was $1.7 million in 2001 compared with $3.4 million in 2000.

2000 Performance Compared with 1999

Consolidated net sales in 2000 were $1.24 billion or 3.4 percent higher than $1.20 billion in 1999. Pounds of product sold totaled 785.9 million in 2000 or 3.6 percent less than the 815.2 million pounds sold in 1999. The decrease in pounds sold was a result of production interruptions in the first quarter and the slower economic environment in the second half of the year. The COMEX average copper price in 2000 was approximately 16.4 percent higher than the 1999 average.

Cost of goods sold increased $42.5 million, to $957.6 million in 2000. This increase was primarily attributable to higher raw material costs, mostly copper. Gross profit was 22.7 percent of net sales in 2000 compared with 23.6 percent of net sales in 1999. The decline in gross profit was due to lower volumes and increases in raw material and energy costs in the second half of 2000.

Depreciation and amortization increased to $37.5 million in 2000 compared with $37.0 million in 1999. This increase was due to acquisitions in 2000 and capital expenditures in recent years. Selling, general, and administrative expense decreased to $94.8 million in 2000 reflecting lower volume.

Interest expense decreased to $9.3 million in 2000 from $11.7 million in 1999. The Company capitalized interest of $1.2 million for major capital improvement projects in 2000 compared with $0.4 million in 1999. The provision for environmental reserves totaled $2.0 million in 2000 whereas none was required in 1999. Other income increased to $9.6 million in 2000 from $9.5 million in 1999.

The Company provided $54.2 million for income taxes in 2000, of which $8.9 million was deferred. Current income tax expense of $45.3 million increased from 1999 primarily due to the 1999 realization of an ordinary loss as a consequence of the sale of natural resource property. The 36.9 percent effective tax rate for 2000, compared with the 1999 rate of 31.9 percent, reflects the Company having recognized the majority of historical tax benefits in prior years.

The Company's employment was approximately 4,300 at the end of 2000. This compares to approximately 4,350 at the 1999 year-end.

Standard Products Division

Net sales by SPD were $910.0 million in 2000 compared with $882.5 million in 1999 for a 3.1 percent increase. Operating income was $128.5 million in 2000 compared with $129.1 million in 1999. Higher raw material and energy costs were factors in reducing margins and operating income. During 2000, operating income was reduced by a $2.1 million charge for expected severance and termination costs associated with our European modernization program.



Industrial Products Division

IPD's net sales were $307.2 million in 2000 compared with $294.8 million in 1999. During 2000, the Company completed two acquisitions: (i) Micro Gauge, Inc. and a related business, Micro Gauge Machining, Inc., a specialized machining operation and (ii) Propipe Technologies, Inc., a fabricator of gas train manifold systems. Operating income was $30.6 million in 2000 compared with $29.9 million in 1999. Increased volume and lower manufacturing costs accounted for the profit improvement.

Other Businesses

Utah Railway Company hauled 6.0 million tons of coal in 2000, 12.6 percent more than in 1999. During 2000, a fire occurred at one of the coal mines served by Utah Railway. Shipments from the mine were suspended during the latter half of the year. Segment revenue totaled $24.7 million in 2000 compared with $22.3 million in 1999. Operating income was $3.4 million in 2000 compared with $3.3 million in 1999.

## Liquidity and Capital Resources

The Company's cash and cash equivalents balance increased to $121.9 million at year-end. Major components of the 2001 change included $125.8 million of cash provided by operating activities, $48.9 million of cash used in investing activities and $54.2 million of cash used in financing activities.

Net income of $67.0 million in 2001 was the primary component of cash provided by operating activities. Depreciation and amortization of $42.1 million and deferred income taxes of $15.8 million were the primary non-cash adjustments. Major changes in working capital included a $15.0 million decrease in inventories and a $16.4 million decrease in current and other liabilities.

The major component of net cash used in investing activities during 2001 was $49.1 million for capital expenditures. Capital expenditures were primarily related to improvements in manufacturing processes.

Net cash used in financing activities totaled $54.2 million. During 2001, the Company used $65.9 million for debt repayments offset by $10.0 million of proceeds from the issuance of long-term debt.

The Company has a $200 million unsecured line-of-credit (Credit Facility) which expires in November 2003. At year-end, the Company had borrowings of $30.0 million against the Credit Facility. Additionally, approximately $6.4 million in letters of credit were backed by the Credit Facility at the end of 2001. At December 29, 2001, the Company's total debt was $51.0 million or seven percent of its total capitalization.

Covenants contained in the Company's financing obligations require, among other things, the maintenance of minimum levels of working capital, tangible net worth, and debt service coverage ratios. The Company is in compliance with all of its debt covenants.



The Company's major capital projects were substantially complete in 2001, including casting facilities at the Company's brass rod mill, modernization of the European copper tube mill, and installation of an additional extrusion press at the Company's Fulton, Mississippi, copper tube mill. The Company expects to invest between $35 and $40 million for capital projects during 2002.

Contractual cash obligations of the Company at December 29, 2001 included the following:

<TABLE>
(In millions)
<CAPTION>

| | Payments Due by Year | | | | |
|---|---|---|---|---|---|
| | Total | 2002 | 2003-2004 | 2005-2006 | Thereafter |
| Long-term debt, including capital lease obligations | $ 51.0 | $ 4.0 | $ 36.4 | $ 0.2 | $ 10.4 |
| Operating leases | 27.8 | 5.7 | 10.3 | 6.9 | 4.9 |
| Total contractual cash obligations | $ 78.8 | $ 9.7 | $ 46.7 | $ 7.1 | $ 15.3 |

</TABLE>

Fluctuations in the cost of copper and other raw materials affect the Company's liquidity. Changes in material costs directly impact components of working capital, primarily inventories and accounts receivable.

Management believes that cash provided by operations and currently available cash of $121.9 million will be adequate to meet the Company's normal future capital expenditure and operational needs. The Company's current ratio was 4 to 1 at December 29, 2001.

On October 18, 1999, the Company's Board of Directors authorized the repurchase of up to four million shares of the Company's common stock from time-to-time over the next year through open market transactions or through privately negotiated transactions. During 2000, this authorization was expanded and extended to repurchase up to a total of ten million shares. During 2001, the authorization was extended through October, 2002. The Company has no obligation to purchase any shares and may cancel, suspend, or extend the time period for the purchase of shares at any time. The purchases will be funded primarily through existing cash and cash from operations. The Company may hold such shares in treasury or use a portion of the repurchased shares for employee benefit plans, as well as for other corporate purposes. Through December 29, 2001, the Company has repurchased approximately 2.3 million shares under this authorization.



Environmental Matters

The Company ended 2001 with total environmental reserves of approximately $9.2 million. Based upon information currently available, management believes that the outcome of pending environmental matters will not materially affect the overall financial position and results of operations of the Company.

Market Risk

The Company is exposed to market risk from changes in interest rates, foreign exchange, raw material costs, and energy costs. To reduce such risks, the Company may periodically use financial instruments. All hedging transactions are authorized and executed pursuant to policies and procedures. Further, the Company does not buy or sell financial instruments for trading purposes. A discussion of the Company's accounting for derivative instruments and hedging activities is included in the Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements.

Interest Rates

At December 29, 2001 and December 30, 2000, the fair value of the Company's debt was estimated at $51.9 million, and $107.1 million, respectively, using yields obtained for similar types of borrowing arrangements and taking into consideration the underlying terms of the debt. Such fair value exceeded the carrying value of debt at December 29, 2001 by $0.9 million and at December 30, 2000 by $0.2 million. Market risk is estimated as the potential change in fair value resulting from a hypothetical 10 percent decrease in interest rates and amounted to $0.5 million at December 29, 2001 and $0.2 million at December 30, 2000.

The Company had $30.3 million of variable-rate debt outstanding at December 29, 2001 and $90.5 million at December 30, 2000. At these borrowing levels, a hypothetical 10 percent increase in interest rates would have had an unfavorable impact on the Company's pretax earnings and cash flows of $0.1 million in 2001 and $0.6 million in 2000. The primary interest rate exposure on floating-rate debt is based on LIBOR.

Foreign Currency Exchange Rates

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than an entity's functional currency. The Company and its subsidiaries generally enter into transactions denominated in their respective functional currencies. Foreign currency exposures arising from transactions denominated in currencies other than the functional currency are not material; however, the Company may utilize certain forward fixed-rate contracts to hedge such transactional exposures. Gains and losses with respect to these positions are deferred in stockholders' equity as a component of comprehensive income and reflected in earnings upon collection of receivables. At year-end, the Company held open forward contracts to exchange approximately $1.4 million for various foreign currencies over the next six months.



The Company's primary foreign currency exposure arises from foreign-denominated revenues and profits and their translation into U.S. dollars. The primary currencies to which the Company is exposed include the Canadian dollar, the British pound sterling, the Euro, and the Mexican peso. The Company generally views as long-term its investments in foreign subsidiaries with a functional currency other than the U.S. dollar. As a result, the Company generally does not hedge these net investments. The net investment in foreign subsidiaries translated into U.S dollars using the year-end exchange rates was $115 million at December 29, 2001 and $101 million at December 30, 2000. The potential loss in value of the Company's net investment in foreign subsidiaries resulting from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates at December 29, 2001, and December 30, 2000 amounted to $11.5 million and $10.1 million, respectively. This change would be reflected in the equity section of the Company's Consolidated Balance Sheet.

Cost of Raw Materials and Energy

Copper and brass represent the largest component of the Company's variable costs of production. The cost of these materials is subject to global market fluctuations caused by factors beyond the Company's control. Significant increases in the cost of metal, to the extent not reflected in prices for the Company's finished products, could materially and adversely affect the Company's business, results of operations and financial condition.

The Company occasionally enters into forward fixed-price arrangements with certain customers. The Company may utilize forward contracts to hedge risks associated with forward fixed-price arrangements. The Company may also utilize forward contracts to manage price risk associated with inventory. Gains or losses with respect to these positions are deferred in stockholders' equity as a component of comprehensive income and reflected in earnings upon the sale of inventory. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying fixed-price transactions or inventory. At year-end, the Company held open forward contracts to purchase approximately $1.6 million of copper over the next 12 months.

Future contracts may also be used to manage price risk associated with natural gas purchases. Gains and losses with respect to these positions are deferred in stockholders' equity as a component of comprehensive income and reflected in earnings upon consumption of natural gas. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying natural gas prices. At year-end, the Company held open hedge forward contracts to purchase approximately $4.4 million of natural gas over the next 15 months.

## Critical Accounting Policies

The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States. Application of these principles requires the Company to make estimates and judgments that affect the amounts as reported in the Consolidated Financial Statements. The accounting policies that are most critical to aid in understanding and evaluating the results of operations and financial position of the Company include the following:



### Inventory Valuation

Inventories are valued at the lower of cost or market. The most significant component of the Company's inventories is copper. Open market prices and the mix of cathode and scrap purchases determine the cost of copper for the Company. Open market prices are subject to volatility. During periods when open market prices decline, the Company may need to provide an allowance to reduce the carrying value of the inventory. In addition, certain items in inventory may be considered obsolete, and as such, the Company may establish an allowance to reduce the carrying value of these items to their net realizable value. The amounts, if any, to provide in these inventory allowances are determined by the Company based on certain estimates, assumptions, and judgments made from the information available at that time.

### Deferred Taxes

Deferred tax assets and liabilities are recognized on the differences between the financial statement and the tax law treatment of certain items. Realization of certain components of deferred tax assets is dependent upon the occurrence of future events. The Company records a valuation allowance to reduce its deferred tax asset to the amount it believes is more likely than not to be realized. The likelihood of realization is determined based on the Company's judgment, estimates, and assumptions regarding its future operations and the likelihood of adverse application of tax laws in the jurisdictions in which the Company operates.

### Environmental Reserves

The Company recognizes an environmental liability when it is probable the liability exists and the amount is reasonably estimable. The Company estimates its remediation obligations based upon reports of outside consultants, internal analyses of clean-up costs and ongoing monitoring, communications with regulatory agencies, and changes in environmental law. The Company adjusts its environmental reserves when further information develops or circumstances change.

## Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141, "Business Combinations" (SFAS No. 141), and No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful lives.



The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of SFAS No. 142 in 2002 is expected to increase operating income $4.6 million and net income $4.0 million, or 11 cents per diluted share. During 2002, the Company will perform the first of the required impairment tests of goodwill and indefinite-lived intangible assets as of the beginning of its fiscal year. Any impairment charge resulting from these tests will be reflected as the cumulative effect of a change in accounting principle as of the beginning of 2002. The Company believes the results of the impairment tests will not have a significant effect on its earnings or its financial position.

The FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143) in June 2001. SFAS No. 143 applies to legal obligations associated with the retirement of certain tangible long-lived assets. This statement is effective for fiscal years beginning after June 15, 2002. The adoption of SFAS No. 143 will not have a significant effect on earnings or the financial position of the Company.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. It supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The adoption of SFAS No. 144 will not have a significant effect on earnings or the financial position of the Company.

Cautionary Statement Regarding Forward-Looking Information

This Annual Report contains various forward-looking statements and includes assumptions concerning the Company's operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Mueller provides the following cautionary statement identifying important economic, political, and technological factors, among others, the absence of which could cause actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such factors include: (i) the current and projected future business environment, including interest rates and capital and consumer spending; (ii) continuation of the strong domestic housing and commercial construction industry environment; (iii) fluctuations in commodity prices (including prices of copper and other raw materials); (iv) competitive factors and competitor responses to Mueller initiatives; (v) successful implementation and completion of major capital projects; (vi) stability of government laws and regulations, including taxes; and (vii) continuation of the environment to make acquisitions, domestic and foreign, including regulatory requirements and market values of candidates.



Mueller Industries, Inc.
Consolidated Statements of Income
Years Ended December 29, 2001, December 30, 2000, and December 25, 1999
<TABLE>
(In thousands, except per share data)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> |
|---|---|---|---|
| Net sales | $1,044,787 | $1,238,441 | $1,197,270 |
| Cost of goods sold | 805,961 | 957,584 | 915,057 |
| Gross profit | 238,826 | 280,857 | 282,213 |
| Depreciation and amortization | 42,083 | 37,457 | 36,986 |
| Selling, general, and administrative expense | 87,678 | 94,754 | 97,301 |
| Operating income | 109,065 | 148,646 | 147,926 |
| Interest expense | (3,417) | (9,287) | (11,681) |
| Environmental expense | (3,600) | (2,049) | - |
| Other income, net | 5,944 | 9,603 | 9,464 |
| Income before income taxes | 107,992 | 146,913 | 145,709 |
| Income tax expense | (41,037) | (54,223) | (46,430) |
| NET INCOME | $ 66,955 | $ 92,690 | $ 99,279 |

| | | | |
|---|---|---|---|
| Weighted average shares for basic earnings per share | 33,409 | 34,305 | 35,594 |
| Effect of dilutive stock options | 3,836 | 3,791 | 4,011 |
| Adjusted weighted average shares for diluted earnings per share | 37,245 | 38,096 | 39,605 |
| BASIC EARNINGS PER SHARE | $ 2.00 | $ 2.70 | $ 2.79 |
| DILUTED EARNINGS PER SHARE | $ 1.80 | $ 2.43 | $ 2.51 |

See accompanying notes to consolidated financial statements.
</TABLE>



Mueller Industries, Inc.
Consolidated Balance Sheets
As of December 29, 2001 and December 30, 2000
<TABLE>
(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 121,862 | $ 100,268 |
| Accounts receivable, less allowance for doubtful accounts of $6,573 in 2001 and $5,612 in 2000 | 148,808 | 152,157 |
| Inventories | 126,629 | 142,325 |
| Current deferred income taxes | 2,654 | 4,101 |
| Other current assets | 3,960 | 6,320 |
| Total current assets | 403,913 | 405,171 |
| Property, plant, and equipment, net | 387,533 | 379,885 |
| Goodwill, net | 98,749 | 102,673 |
| Other assets | 25,870 | 22,547 |
| TOTAL ASSETS | $ 916,065 | $ 910,276 |

See accompanying notes to consolidated financial statements.
</TABLE>

Mueller Industries, Inc.
Consolidated Balance Sheets (continued)
As of December 29, 2001 and December 30, 2000
<TABLE>
(In thousands, except share data)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> |
|---|---|---|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Current portion of long-term debt | $ 3,996 | $ 5,909 |
| Accounts payable | 34,209 | 43,733 |
| Accrued wages and other employee costs | 21,349 | 26,994 |
| Other current liabilities | 41,934 | 41,213 |
| Total current liabilities | 101,488 | 117,849 |
| Long-term debt, less current portion | 46,977 | 100,975 |
| Pension liabilities | 9,564 | 5,688 |
| Postretirement benefits other than pensions | 13,182 | 13,632 |
| Environmental reserves | 9,203 | 9,862 |
| Deferred income taxes | 51,768 | 39,362 |
| Other noncurrent liabilities | 10,679 | 8,506 |
| Total liabilities | 242,861 | 295,874 |
| Minority interest in subsidiaries | 271 | 297 |
| Stockholders' equity | | |
| Preferred stock - shares authorized 4,985,000; none outstanding | - | - |
| Series A junior participating preferred stock - $1.00 par value; shares authorized 15,000; none outstanding | - | - |
| Common stock - $.01 par value; shares authorized 100,000,000; issued 40,091,502; outstanding 33,466,512 in 2001 and 33,358,061 in 2000 | 401 | 401 |
| Additional paid-in capital, common | 261,647 | 260,979 |
| Retained earnings | 532,122 | 465,167 |
| Accumulated other comprehensive loss | (22,038) | (11,826) |
| Treasury common stock, at cost | (99,199) | (100,616) |
| Total stockholders' equity | 672,933 | 614,105 |
| Commitments and contingencies | - | - |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 916,065 | $ 910,276 |

See accompanying notes to consolidated financial statements.
</TABLE>



Mueller Industries, Inc.
Consolidated Statements of Cash Flows
Years Ended December 29, 2001, December 30, 2000, and December 25, 1999
<TABLE>
(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> |
|---|---|---|---|
| OPERATING ACTIVITIES: | | | |
| Net income | $ 66,955 | $ 92,690 | $ 99,279 |
| Reconciliation of net income to net cash provided by operating activities: | | | |
| Depreciation | 37,008 | 32,601 | 31,130 |
| Amortization | 5,075 | 4,856 | 5,856 |
| Provision for doubtful accounts receivable | 1,704 | 663 | 1,503 |
| Minority interest in subsidiaries, net of dividend paid | (26) | (57) | - |
| Deferred income taxes | 15,801 | 8,912 | 31,257 |
| Income tax benefit from exercise of stock options | 356 | 1,402 | - |
| Gain on disposal of properties | (249) | (413) | (1,847) |

| | | | |
|---|---|---|---|
| Changes in assets and liabilities, net of businesses acquired: | | | |
| Receivables | 270 | 15,862 | (15,339) |
| Inventories | 14,983 | (22,835) | 12,992 |
| Other assets | 1,621 | 621 | 14,973 |
| Current liabilities | (15,543) | (11,597) | 622 |
| Other liabilities | (871) | (43) | (14,657) |
| Other, net | (1,318) | (4,188) | (1,014) |
| Net cash provided by operating activities | 125,766 | 118,474 | 164,755 |
| INVESTING ACTIVITIES: | | | |
| Acquisition of businesses | - | (15,245) | (675) |
| Capital expenditures | (49,081) | (63,458) | (40,115) |
| Proceeds from sales of properties | 2,715 | 683 | 7,137 |
| Escrowed IRB proceeds | (2,515) | - | 6,022 |
| Note receivable | - | - | 4,484 |
| Net cash used in investing activities | (48,881) | (78,020) | (23,147) |
| FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of long-term debt | 10,000 | 90,000 | 125,000 |
| Repayments of long-term debt | (65,911) | (132,986) | (29,819) |
| Proceeds from the sale of treasury stock | 1,729 | 2,708 | 1,093 |
| Acquisition of treasury stock | - | (48,411) | (29,669) |
| Net repayments on lines of credit | - | - | (139,840) |
| Net cash used in financing activities | (54,182) | (88,689) | (73,235) |

See accompanying notes to consolidated financial statements.
</TABLE>



Mueller Industries, Inc.
Consolidated Statements of Cash Flows (continued)
Years Ended December 29, 2001, December 30, 2000, and December 25, 1999
<TABLE>
(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> |
|---|---|---|---|
| Effect of exchange rate changes on cash | $ (1,109) | $ (951) | $ 513 |
| Increase (decrease) in cash and cash equivalents | 21,594 | (49,186) | 68,886 |
| Cash and cash equivalents at the beginning of the year | 100,268 | 149,454 | 80,568 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 121,862 | $ 100,268 | $ 149,454 |

For supplemental disclosures of cash flow information, see Notes 1, 4, 6, and 12.

See accompanying notes to consolidated financial statements.

</TABLE>

Mueller Industries, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 29, 2001, December 30, 2000, and December 25, 1999
(In thousands)
<TABLE>
<CAPTION>

| | Common Stock Number of Shares | Common Stock Amount | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock Number of Shares | Treasury Stock Cost | Total |
|---|---|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| BALANCE, DECEMBER 26, 1998 | 40,092 | $ 401 | $ 258,171 | $ 273,198 | $ (3,317) | 4,284 | $ (26,331) | $ 502,122 |
| Comprehensive income: | | | | | | | | |
| Net income | - | - | - | 99,279 | - | - | - | 99,279 |
| Other comprehensive loss: | | | | | | | | |
| Foreign currency translation | - | - | - | - | (4,795) | - | - | (4,795) |
| Comprehensive income | | | | | | | | 94,484 |
| Issuance of shares under incentive stock option plan | - | - | 406 | - | - | (115) | 687 | 1,093 |
| Repurchase of common stock | - | - | - | - | - | 1,004 | (29,669) | (29,669) |
| Proceeds from payment on note receivable from officer | - | - | 1,400 | - | - | - | - | 1,400 |
| BALANCE, DECEMBER 25, 1999 | 40,092 | 401 | 259,977 | 372,477 | (8,112) | 5,173 | (55,313) | 569,430 |
| Comprehensive income: | | | | | | | | |
| Net income | - | - | - | 92,690 | - | - | - | 92,690 |
| Other comprehensive loss: | | | | | | | | |
| Foreign currency translation | - | - | - | - | (3,714) | - | - | (3,714) |
| Comprehensive income | | | | | | | | 88,976 |
| Issuance of shares under incentive stock option plan | - | - | (400) | - | - | (295) | 3,108 | 2,708 |
| Repurchase of common stock | - | - | - | - | - | 1,856 | (48,411) | (48,411) |
| Tax benefit related to employee stock options | - | - | 1,402 | - | - | - | - | 1,402 |
| BALANCE, DECEMBER 30, 2000 | 40,092 | $ 401 | $ 260,979 | $ 465,167 | $ (11,826) | 6,734 | $(100,616) | $ 614,105 |

See accompanying notes to consolidated financial statements.
</TABLE>



Mueller Industries, Inc.
Consolidated Statements of Stockholders' Equity (continued)
Years Ended December 29, 2001, December 30, 2000, and December 25, 1999
(In thousands)
<TABLE>
<CAPTION>

| | Common Stock | | Additional | | Accumulated Other | Treasury Stock | | |
|---|---|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Paid-In Capital | Retained Earnings | Comprehensive Income (Loss) | Number of Shares | Cost | Total |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| BALANCE, DECEMBER 30, 2000 | 40,092 | $ 401 | $ 260,979 | $ 465,167 | $ (11,826) | 6,734 | $(100,616) | $ 614,105 |
| Comprehensive income: | | | | | | | | |
| Net income | - | - | - | 66,955 | - | - | - | 66,955 |
| Other comprehensive income (loss): | | | | | | | | |
| Foreign currency translation | - | - | - | - | (4,564) | - | - | (4,564) |
| Minimum pension liability adjustment, net of applicable income tax benefit of $1,165 | - | - | - | - | (4,370) | - | - | (4,370) |
| Cumulative effect of change in accounting for derivative financial instruments, net of applicable income taxes of $75 | - | - | - | - | 122 | - | - | 122 |
| Change in fair value of derivatives, net of applicable income tax benefit of $1,414 | - | - | - | - | (2,306) | - | - | (2,306) |
| Losses reclassified into earnings from other comprehensive income, net of applicable income tax benefit of $556 | - | - | - | - | 906 | - | - | 906 |
| | | | | | | | | -------- |
| Comprehensive income | | | | | | | | 56,743 |
| Issuance of shares under incentive stock option plan | - | - | 312 | - | - | (109) | 1,417 | 1,729 |
| Tax benefit related to employee stock options | - | - | 356 | - | - | - | - | 356 |
| | ------- | ---- | -------- | -------- | -------- | ------ | -------- | -------- |
| BALANCE, DECEMBER 29, 2001 | 40,092 | $ 401 | $ 261,647 | $ 532,122 | $ (22,038) | 6,625 | $ (99,199) | $ 672,933 |
| | ======= | ==== | ======== | ======== | ======== | ====== | ======== | ======== |

See accompanying notes to consolidated financial statements.
</TABLE>

Notes To Consolidated Financial Statements

## Note 1 - Summary of Significant Accounting Policies

### Nature of Operations

The principal business of Mueller Industries, Inc. is the manufacture and sale 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; fabricated tubular products; and gas valves and assemblies. The Company markets its products to the HVAC, plumbing, refrigeration, hardware, and other industries. During 2001, the Company operated 22 factories in eight states, Canada, Great Britain, and France and had distribution facilities nationwide and sales representation worldwide. The Company also operates a short line railroad through its subsidiary, Utah Railway Company.

### Principles of Consolidation

The consolidated financial statements include the accounts of Mueller Industries, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The minority interest represents separate private ownership of 25 percent of Ruby Hill Mining Company and 19 percent of Richmond-Eureka Mining Company.

### Inventories

The Company's inventories are valued at the lower of cost or market. The material component of its U.S. copper tube and copper fittings inventories is valued on a last-in, first-out (LIFO) basis. Other inventories, including the non-material components of U.S. copper tube and copper fittings, are valued on a first-in, first-out (FIFO) basis. Inventory costs include material, labor costs, and manufacturing overhead.

### Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives ranging from 20 to 40 years for buildings and five to 20 years for machinery and equipment.

### Intangible Assets

The excess of the cost over the fair value of net assets of businesses acquired is recorded as goodwill and is amortized on a straight-line basis over 20 to 25 years. The cost of other acquired intangibles is amortized on a straight-line basis over their estimated useful lives. Accumulated amortization as of December 29, 2001 and December 30, 2000 was $17.7 and $12.6 million, respectively. The Company continually evaluates the carrying value of long-lived assets. Any impairments would be recognized when the expected future undiscounted cash flows derived from such long-lived assets are less than their carrying value.



### Revenue Recognition

Revenue is recognized when products are shipped or services are performed. The Company classifies the cost of shipping its product to customers as a component of cost of goods sold in accordance with Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs."

### Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) and related Interpretations as permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123).

### Earnings Per Share

Basic earnings per share is computed based on the average number of common shares outstanding. Diluted earnings per share reflects the increase in average common shares outstanding that would result from the assumed exercise of outstanding stock options calculated using the treasury stock method.

### Income Taxes

The Company accounts for income taxes using the liability method required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

Cash Equivalents

Temporary investments with maturities of three months or less are considered to be cash equivalents. These investments are stated at cost. At December 29, 2001 and December 30, 2000, temporary investments consisted of certificates of deposit, commercial paper, bank repurchase agreements, and U.S. and foreign government securities totaling $122.1 million and $105.3 million, respectively.

Concentrations of Credit and Market Risk

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers comprising the Company's customer base, and their dispersion across different industries, including HVAC, plumbing, refrigeration, hardware, automotive, OEMs, and others.

The Company minimizes its exposure to base metal price fluctuations through various strategies. Generally, it prices an equivalent amount of copper raw material, under flexible pricing arrangements it maintains with its suppliers, at the time it determines the selling price of finished products to its customers.



At December 29, 2001, the Company held open forward commitments to purchase approximately $1.6 million of copper in the next 12 months, approximately $4.4 million of natural gas in the next 15 months, and to exchange approximately $1.4 million for various foreign currencies in the next six months.

Derivative Instruments and Hedging Activities

Effective at the beginning of fiscal 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS No. 138), which requires that all derivative instruments be reported on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The cumulative effect of adopting SFAS No. 133 and SFAS No. 138 as of the beginning of fiscal 2001 was not material to the Company's consolidated financial statements. The amounts of gains and losses reported in accumulated other comprehensive loss upon adoption of SFAS No. 133 and SFAS No. 138 that were reclassified into earnings during the 12 months following the adoption were also not material to the Company's consolidated financial statements.

The Company has utilized forward contracts to manage the volatility related to purchases of copper and natural gas, and sales denominated in foreign currencies. In addition, the Company has reduced its exposure to increases in interest rates by entering into an interest rate swap contract. These contracts have been designated as cash flow hedges. In accordance with SFAS No. 133, the Company has recorded the fair value of these contracts in the Consolidated Balance Sheet. The related gains and losses on the contracts are deferred in stockholders' equity as a component of comprehensive income. With respect to the copper and natural gas contracts, deferred gains and losses are recognized in cost of goods sold in the period in which the related sales of the commodities or consumption are recognized. Deferred gains and losses on foreign currency contracts are recognized in selling, general, and administrative expense in the period in which the foreign sales are collected. Deferred gain or loss on the interest rate swap contract is recognized in interest expense in the period in which the related interest payment being hedged has been expensed. As of December 29, 2001, the Company expects to reclassify $1.0 million of net losses on derivative instruments from accumulated other comprehensive loss into earnings during the next 12 months. To the extent that the changes in the fair value of the contracts do not perfectly offset the changes in the present value of the hedged transactions, that ineffective portion is immediately recognized in earnings. Gains and losses recognized by the Company in 2001 related to the ineffective portion of its hedging instruments as well as gains and losses related to the portion of the hedging instruments excluded from the assessment of hedge effectiveness were not material to the Company's financial statements. Should these contracts no longer meet hedge criteria in accordance with SFAS No. 133, either through lack of effectiveness or because the hedged transaction is not probable of occurring, all deferred gains and losses related to the hedge will be immediately reclassified from accumulated other comprehensive loss into earnings.



Prior to the adoption of SFAS No. 133, the Company also used copper, natural gas, and foreign currency forward contracts for hedging purposes. Unrealized gains and losses on these contracts were not recognized in income. Realized gains and losses were recognized when the related operating revenue or expense was recognized.

Fair Value of Financial Instruments

The carrying amounts for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term maturity of these instruments. Using a discounted cash flow analysis, the fair value of the Company's long-term debt instruments exceeded their carrying value by $0.9 million and $0.2 million at December 29, 2001 and December 30, 2000, respectively, based on the estimated current incremental borrowing rates for similar types of borrowing arrangements. The fair value of the Company's interest rate swap contract was approximately $(0.3) million at December 29, 2001. This value represents the estimated amount the Company would need to pay if such contract is terminated before maturity, principally resulting from market interest rate decreases. The contracted rates on committed forward contracts exceeded the market rates for similar term contracts by approximately $1.9 million at December 29, 2001. The Company estimates the fair value of contracts by obtaining quoted market prices.

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Foreign Currency Translation

For foreign subsidiaries, the functional currency is the local currency. Balance sheet accounts are translated at exchange rates in effect at the end of the year and income statement accounts are translated at average exchange rates for the year. Translation gains and losses are included in stockholders' equity as a component of comprehensive income. Transaction gains and losses included in the Consolidated Statements of Income were not significant.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.



Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141, "Business Combinations", (SFAS No. 141) and No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of SFAS No. 142 in 2002 is expected to increase operating income by $4.6 million and net income by $4.0 million, or 11 cents per diluted share. During 2002, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of the beginning of its fiscal year. Any impairment charge resulting from these tests will be reflected as the cumulative effect of a change in accounting principle as of the beginning of 2002. The Company believes the results of the impairment tests will not have a significant effect on its earnings or its financial position.

The FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" (SFAS No.143) in June 2001. SFAS No. 143 applies to legal obligations associated with the retirement of certain tangible long-lived assets. This statement is effective for fiscal years beginning after June 15, 2002. The adoption of SFAS No. 143 will not have a significant effect on earnings or the financial position of the Company.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. It supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The adoption of SFAS No. 144 will not have a significant effect on earnings or the financial position of the Company.

Reclassifications

Certain amounts in the 2000 and 1999 consolidated financial statements have been reclassified to conform to the 2001 presentation.



Note 2 - Inventories

<TABLE>
(In thousands)
<CAPTION>

| | 2001 | 2000 |
|---|---|---|
| <S> | <C> | <C> |
| Raw material and supplies | $ 28,185 | $ 25,111 |
| Work-in-process | 16,346 | 19,941 |
| Finished goods | 82,098 | 97,273 |
| Inventories | $ 126,629 | $ 142,325 |

</TABLE>

Inventories valued using the LIFO method totaled $33.7 million at December 29, 2001 and $37.3 million at December 30, 2000. At December 29, 2001 and December 30, 2000, the FIFO cost of such inventories approximates the LIFO values.

Note 3 - Property, Plant, and Equipment, Net

<TABLE>
(In thousands)
<CAPTION>

| | 2001 | 2000 |
|---|---|---|
| <S> | <C> | <C> |
| Land and land improvements | $ 9,266 | $ 9,162 |
| Buildings | 83,125 | 73,268 |
| Machinery and equipment | 458,898 | 419,290 |
| Construction in progress | 26,748 | 47,552 |
| | 578,037 | 549,272 |
| Less accumulated depreciation | (190,504) | (169,387) |
| Property, plant, and equipment, net | $ 387,533 | $ 379,885 |

</TABLE>

Note 4 - Long-Term Debt

<TABLE>
(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> |
|---|---|---|
| Line-of-credit at floating rate, matures November 2003 | $ 30,000 | $ 90,000 |
| 2001 Series IRBs with interest at 6.63%, due 2021 | 10,000 | - |
| 1997 Series IRBs with interest at 7.39%, due through 2014 | 10,125 | 13,625 |
| 1997 Series IRBs with interest at 7.31%, due through 2009 | 545 | 1,005 |
| 1994 Series IRBs with interest at 8.825%, due through 2001 | - | 1,286 |
| Other, including capitalized lease obligations | 303 | 968 |
| | 50,973 | 106,884 |
| Less current portion of long-term debt | (3,996) | (5,909) |
| Long-term debt | $ 46,977 | $ 100,975 |

</TABLE>

On November 30, 2000, the Company executed a Credit Agreement (the Agreement) with a syndicate of six banks establishing an unsecured $200 million revolving credit facility (the Credit Facility) which matures in November 2003. Borrowings under the Credit Facility bear interest, at the Company's option, at (i) LIBOR plus a variable premium or (ii) the larger of Prime, or the Federal Funds rate plus .50 percent. LIBOR advances may be based upon the one, two, three, or six-month LIBOR. The variable premium over LIBOR is based on certain financial ratios, and can range from 25 to 40 basis points. At December 29, 2001, the premium was 25 basis points. Additionally, a facility fee is payable quarterly on the total commitment and varies from 12.5 to 22.5 basis points based upon the Company's capitalization ratio. When funded debt is 50 percent or more of the commitment, a utilization fee is payable quarterly on the average loan balance outstanding and varies from 0 to 20 basis points based upon the capitalization ratio. Proceeds from the initial draw on the Credit Facility were used to pay off existing notes. Availability of funds under the Credit Facility is reduced by the amount of certain outstanding letters of credit, which totaled approximately $6.4 million at December 29, 2001.

Borrowings under the above Agreement require the Company, among other things, to maintain certain minimum levels of net worth and meet certain minimum financial ratios. The Company is in compliance with all debt covenants.



On February 13, 2001, the Company, through a wholly owned subsidiary, issued $10 million of 2001 Series IRBs. The Company entered into an interest rate swap agreement, which fixes the interest rate at 6.63 percent for seven years. Subsequent to the seven-year period, the rate will convert to LIBOR plus .90 percent. The IRBs call for quarterly interest payments through March 1, 2011 and for quarterly principal payments of $250 thousand plus interest from June 1, 2011 to March 1, 2021.

Aggregate annual maturities of the Company's debt are $4.0 million, $33.7 million, $2.7 million, $0.1 million, and $0.1 million for the years 2002 through 2006 respectively, and $10.4 million thereafter. Interest paid in 2001, 2000, and 1999 was $5.5 million, $10.6 million, and $12.4 million, respectively.  During 2001, 2000, and 1999, the Company capitalized interest of $1.4 million, $1.2 million, and $0.4 million, respectively, related to its major capital improvement programs.

Note 5 - Stockholders' Equity

On November 10, 1994, the Company declared a dividend distribution of one Right for each outstanding share of the Company's common stock.  Each Right entitles the holder to purchase one unit consisting of one-thousandth of a share of Series A Junior Participating Preferred Stock at a purchase price of $160 per unit, subject to adjustment.  The Rights will not be exercisable, or transferable apart from the Company's common stock, until 10 days following an announcement that a person or affiliated group has acquired, or obtained the right to acquire, beneficial ownership of 15 percent or more of its common stock other than pursuant to certain offers for all shares of the Company's common stock that have been determined to be fair to, and in the best interest of, the Company's stockholders.  The Rights, which do not have voting rights, will be exercisable by all holders (except for a holder or affiliated group beneficially owning 15 percent or more of the Company's common stock, whose Rights will be void) so that each holder of a Right shall have the right to receive, upon the exercise thereof, at the then current exercise price, the number of shares of the Company's common stock having a market value of two times the exercise price of the Rights.  All Rights expire on November 10, 2004, and may be redeemed by the Company at a price of $.01 at any time prior to either their expiration or such time that the Rights become exercisable.

In the event that the Company is acquired in a merger or other business combination, or certain other events occur, provision shall be made so that each holder of a Right (except Rights previously voided) shall have the right to receive, upon exercise thereof at the then current exercise price, the number of shares of common stock of the surviving company which at the time of such transaction would have a market value of two times the exercise price of the Right.



On October 18, 1999, the Company's Board of Directors authorized the repurchase of up to four million shares of the Company's common stock from time-to-time over the next year through open market transactions or through privately negotiated transactions.  During 2000, this authorization was expanded to purchase up to 10 million shares.  During 2001, this authorization was extended through October 2002.  The Company will have no obligation to purchase any shares and may cancel, suspend, or extend the time period for the purchase of shares at any time.  The purchases will be funded primarily through existing cash and cash from operations.  The Company may hold such shares in treasury or use a portion of the repurchased shares for employee benefit plans, as well as for other corporate purposes.  Through December 29, 2001, the Company has repurchased approximately 2.3 million shares under this authorization.

Note 6 - Income Taxes

The components of income before income taxes were taxed under the following jurisdictions:

<TABLE>
(In thousands)
<CAPTION>

| (In thousands) | 2001 | 2000 | 1999 |
|---|---|---|---|
| Domestic | $ 120,486 | $ 156,150 | $ 154,765 |
| Foreign | (12,494) | (9,237) | (9,056) |
| Income before income taxes | $ 107,992 | $ 146,913 | $ 145,709 |

</TABLE>

Income tax expense consists of the following:

<TABLE>
(In thousands)
<CAPTION>

| (In thousands) | 2001 | 2000 | 1999 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Current tax expense: | | | |
| Federal | $ 23,266 | $ 42,479 | $ 12,052 |
| Foreign | 595 | 816 | 1,692 |
| State and local | 1,375 | 2,016 | 1,429 |
| Current tax expense | 25,236 | 45,311 | 15,173 |
| Deferred tax expense: | | | |
| Federal | 15,096 | 8,412 | 30,570 |
| Foreign | (54) | - | - |
| State and local | 759 | 500 | 687 |
| Deferred tax expense | 15,801 | 8,912 | 31,257 |
| Income tax expense | $ 41,037 | $ 54,223 | $ 46,430 |

</TABLE>



U.S. income and foreign withholding taxes are provided on the earnings of foreign subsidiaries that are expected to be remitted to the extent that taxes on the distribution of such earnings would not be offset by foreign tax credits.

The difference between the reported income tax expense and a tax determined by applying the applicable U.S. federal statutory income tax rate to income before income taxes is reconciled as follows:

<TABLE>
(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> |
|---|---|---|---|
| Expected income tax expense | $ 37,797 | $ 51,420 | $ 50,998 |
| State and local income tax, net of federal benefit | 1,653 | 1,810 | 1,616 |
| Foreign income taxes | 4,327 | 3,493 | 4,371 |
| Valuation allowance | (284) | (3,923) | (8,220) |
| Other, net | (2,456) | 1,423 | (2,335) |
| Income tax expense | $ 41,037 | $ 54,223 | $ 46,430 |

</TABLE>



The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

<TABLE>

(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> |
|---|---|---|
| Deferred tax assets: | | |
| Accounts receivable | $ 1,880 | $ 1,961 |
| Inventories | 1,628 | 1,140 |
| Pension, OPEB, and accrued items | 11,078 | 9,649 |
| Other reserves | 7,365 | 10,392 |
| Net operating loss carryforwards | 31,775 | 33,313 |
| Capital loss carryforwards | 17,500 | 760 |
| Foreign tax credits | 95 | 359 |
| Alternative minimum tax credit carryforwards | 4,243 | 4,026 |
| Other | 3,207 | - |
| Total deferred tax assets | 78,771 | 61,600 |
| Less valuation allowance | (58,535) | (34,286) |
| Deferred tax assets, net of valuation allowance | 20,236 | 27,314 |
| Deferred tax liabilities: | | |
| Property, plant, and equipment | 67,396 | 60,566 |
| Other | 1,954 | 2,009 |
| Total deferred tax liabilities | 69,350 | 62,575 |
| Net deferred tax liability | $ (49,114) | $ (35,261) |

</TABLE>

During 2001, the Company's valuation allowance increased $24.0 million primarily as a result of fully providing for the capital loss carryforward described below as well as foreign net operating loss carryforwards generated during the year.

As of December 29, 2001, the Company had recognized domestic net operating loss carryforwards (NOLs) of $32.7 million, of which $25.9 million expire in 2005 and $6.8 million expire in 2006. Annual limitations on these NOLs are approximately $17.2 million in 2002, and approximately $14.4 million thereafter. During 2000 and 1999, the Company recognized $3.8 million and $2.3 million, respectively, of NOL tax attributes, reducing the deferred income tax provision in each year. In addition, the Company has alternative minimum tax credit carryforwards of approximately $4.2 million which are available to reduce future federal regular income taxes, if any, over an indefinite period.



As of December 29, 2001, the Company had foreign net operating loss carryforwards (foreign NOLs) available to offset $61.5 million of foreign subsidiary income. These foreign NOLs have not been recognized and expire as follows: $2.1 million in 2002, $1.5 million in 2003, $7.7 million in 2004, $2.8 million in 2005, and $1.9 million in 2006. The remaining $45.5 million of foreign NOLs are available to offset foreign subsidiary income over an indefinite period.

The 1999 sale of a subsidiary resulted in the realization of an ordinary federal tax loss of approximately $70 million of which $45 million has been recognized. The Internal Revenue Service agreed to allow this loss as part of the comprehensive closing agreement which concluded the audit of the years 1993 through 1995. For financial reporting purposes, additional recognition may occur in future periods.

Based upon a recent Federal Circuit Court decision, the Company has filed an amended return claiming $49 million of capital loss carryforward from 1999. The Company cannot predict the likelihood of the claim's success at this time. This unrecognized capital loss may be available to offset capital gains of the Company, if any, through December 25, 2004.

Income taxes paid were approximately $28.3 million in 2001, $43.6 million in 2000, and $13.5 million in 1999.

Note 7 - Other Current Liabilities

Included in other current liabilities were accrued discounts and allowances of $22.5 million at December 29, 2001, and $20.0 million at December 30, 2000.

Note 8 - Employee Benefits

The Company sponsors several qualified and nonqualified pension plans and other postretirement benefit plans for certain of its employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and the fair value of the plans' assets over the two-year period ending December 29, 2001, and a statement of the plans' funded status as of December 29, 2001 and December 30, 2000:



<TABLE>
(In thousands)
<CAPTION>

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| <S> | <C> | <C> | <C> | <C> |
| Change in benefit obligation: | | | | |
| Obligation at beginning of year | $ 103,417 | $ 104,676 | $ 7,996 | $ 8,223 |
| Service cost | 1,802 | 2,620 | 13 | 16 |
| Interest cost | 7,222 | 7,193 | 702 | 621 |
| Participant contributions | 408 | 400 | - | - |
| Plan amendments | - | 562 | - | - |
| Actuarial (gain) loss | (617) | (3,970) | 1,659 | (359) |
| Business acquisitions | - | 185 | - | - |
| Benefit payments | (7,324) | (5,316) | (1,365) | (505) |
| Curtailments | (2,429) | - | (891) | - |
| Settlement | (122) | (55) | - | - |
| Foreign currency translation adjustment | (888) | (2,878) | - | - |
| | -------- | -------- | -------- | -------- |
| Obligation at end of year | $ 101,469 | $ 103,417 | $ 8,114 | $ 7,996 |
| | ======== | ======== | ======== | ======== |
| Change in fair value of plan assets: | | | | |
| Fair value of plan assets at beginning of year | $ 126,683 | $ 123,979 | $ - | $ - |
| Actual return on plan assets | (7,523) | 8,970 | - | - |
| Employer contributions | 1,331 | 1,702 | 1,365 | 505 |
| Participant contributions | 408 | 400 | - | - |
| Benefit payments | (7,324) | (5,316) | (1,365) | (505) |
| Settlement | (122) | (55) | - | - |
| Foreign currency translation adjustment | (890) | (2,997) | - | - |
| | -------- | -------- | -------- | -------- |
| Fair value of plan assets at end of year | $ 112,563 | $ 126,683 | $ - | $ - |
| | ======== | ======== | ======== | ======== |
| Funded status: | | | | |
| Funded (underfunded) status at end of year | $ 11,094 | $ 23,266 | $ (8,114) | $ (7,996) |
| Unrecognized prior service cost | 4,005 | 4,909 | (96) | (104) |
| Unrecognized (gain) loss | (11,870) | (28,604) | 386 | (705) |
| | -------- | -------- | -------- | -------- |
| Net amount recognized | $ 3,229 | $ (429) | $ (7,824) | $ (8,805) |
| | ======== | ======== | ======== | ======== |

</TABLE>

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with benefit obligations in excess of plan assets were $43.6 million, $42.1 million, and $38.4 million, respectively, as of December 29, 2001, and $1.8 million, $1.8 million, and $1.4 million, respectively, as of December 30, 2000.

The following table provides the amounts recognized in the Consolidated Balance Sheets as of December 29, 2001 and December 30, 2000:

<TABLE>
(In thousands)
<CAPTION>

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| <S> | <C> | <C> | <C> | <C> |
| Prepaid benefit cost | $ 6,956 | $ 4,809 | $ - | $ - |
| Accrued benefit liability | (9,262) | (5,238) | (7,824) | (8,805) |
| Accumulated other comprehensive income | 5,535 | - | - | - |
| Net amount recognized | $ 3,229 | $ (429) | $ (7,824) | $ (8,805) |

</TABLE>

The components of net periodic benefit cost (income) are as follows:

<TABLE>
(In thousands)
<CAPTION>

| | 2001 | 2000 | 1999 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Pension benefits: | | | |
| Service cost | $ 1,802 | $ 2,620 | $ 3,180 |
| Interest cost | 7,222 | 7,193 | 6,834 |
| Expected return on plan assets | (9,794) | (9,614) | (8,146) |
| Amortization of prior service cost | 904 | 875 | 869 |
| Amortization of net gain | (1,749) | (1,701) | (933) |
| Net periodic benefit cost (income) | $ (1,615) | $ (627) | $ 1,804 |
| Other benefits: | | | |
| Service cost | $ 13 | $ 16 | $ 19 |
| Interest cost | 702 | 621 | 647 |
| Amortization of prior service cost | (8) | (8) | (8) |
| Amortization of net gain | - | (25) | (23) |
| Curtailment gain | (323) | - | - |
| Net periodic benefit cost | $ 384 | $ 604 | $ 635 |

</TABLE>



In 2001, the Company significantly reduced the number of participants in one of its defined benefit pension plans. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", the Company did not recognize a curtailment gain as the reduction of the benefit obligation resulting from the curtailment was less than the previously unrecognized net loss on that plan.

Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10 percent of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The assumptions used in the measurement of the Company's benefit obligations are as follows:

<TABLE>
(In thousands)
<CAPTION>

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 1999 |
| <S> | <C> | <C> | <C> | <C> |
| Weighted average | | | | |

| | | | | |
|---|---|---|---|---|
| assumptions: | | | | |
| Discount rate | 7.25% | 7.17% | 8.34% | 8.21% |
| Expected return on plan assets | 8.10% | 7.96% | N/A | N/A |
| Rate of compensation increases | 4.25% | 3.25% | N/A | N/A |

</TABLE>

Only one pension plan uses the rate of compensation increase in its benefit formula. All other pension plans are based on length of service.

The annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is assumed to range from 8.0 to 11.5 percent for 2002, gradually decrease to 6.0 percent for 2011, and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point would increase the accumulated postretirement benefit obligation by $646 thousand and the service and interest cost components of net periodic postretirement benefit costs by $54 thousand for 2001. Decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the accumulated postretirement benefit obligation and the service and interest cost components of net periodic postretirement benefit costs for 2001 by $590 thousand and $50 thousand, respectively.

The Company sponsors voluntary employee savings plans that qualify under Section 401(k). Compensation expense for the Company's matching contribution to the 401(k) plans was $2.1 million in 2001, $2.0 million in 2000, and $1.5 million in 1999. The Company's match is a cash contribution.



Participants direct the investment of their account balances by allocating among a range of asset classes including mutual funds (equity, fixed income, and balanced funds), and money market funds. The plans do not offer direct investment in securities issued by the Company.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the Act) was enacted. The Act mandates a method of providing for postretirement benefits to UMWA current and retired employees, including some retirees who were never employed by the Company. In October 1993, beneficiaries were assigned to the Company and the Company began its mandated contributions to the UMWA Combined Benefit Fund, a multiemployer trust. Beginning in 1994, the Company was required to make contributions for assigned beneficiaries under an additional multiemployer trust created by the Act, the UMWA 1992 Benefit Plan. The ultimate amount of the Company's liability under the Act will vary due to factors which include, among other things, the validity, interpretation, and regulation of the Act, its joint and several obligation, the number of valid beneficiaries assigned, and the extent to which funding for this obligation will be satisfied by transfers of excess assets from the 1950 UMWA pension plan and transfers from the Abandoned Mine Reclamation Fund. Nonetheless, the Company believes it has an adequate reserve for this liability.

The Company maintains a nonqualified, deferred compensation plan, which permits certain management employees to annually elect to defer, on a pretax basis, a portion of their compensation. The deferred benefit to be provided is based on the amount of compensation deferred, Company match, and earnings on the deferrals. During 2001, the Company match was discontinued. Other expenses associated with the plan in 2001 were insignificant. Expenses associated with the deferred compensation plan were $0.2 million, and $0.5 million in 2000 and 1999, respectively. The Company has invested in certain assets to assist in funding this plan. The fair value of these assets, included in other assets, was $5.5 million and $5.1 million at December 29, 2001 and December 30, 2000, respectively.

The Company makes contributions to certain multiemployer defined benefit pension plan trusts that cover union employees based on collective bargaining agreements. Contributions by employees are not required nor are they permitted. Pension expense under the multiemployer defined benefit pension plans was $0.3 million for 2001, 2000, and 1999.

## Note 9 - Commitments and Contingencies

The Company is subject to environmental standards imposed by federal, state, local, and foreign environmental laws and regulations. It has provided and charged to income $3.6 million in 2001 and $2.0 million in 2000, for pending environmental matters. The basis for the provision is updated information and results of ongoing remediation and monitoring programs. Management believes that the outcome of pending environmental matters will not materially affect the financial condition or results of operations of the

Company.



The Company is involved in certain litigation as a result of claims that arise in the ordinary course of business, which management believes will not have a material adverse effect on the Company's financial condition or results of operations.

The Company leases certain facilities and equipment under operating leases expiring on various dates through 2011. The lease payments under these agreements aggregate to approximately $5.7 million in 2002, $5.2 million in 2003, $5.1 million in 2004, $4.0 million in 2005, $2.9 million in 2006, and $4.9 million thereafter. Total lease expense amounted to $8.8 million in 2001, $9.0 million in 2000 and $10.9 million in 1999.

Note 10 - Other Income, Net

<TABLE>
(In thousands)
<CAPTION>

| <S> | 2001 <C> | 2000 <C> | 1999 <C> |
|---|---|---|---|
| Rent and royalties | $ 692 | $ 799 | $ 1,026 |
| Interest income | 4,977 | 8,391 | 6,591 |
| Gain on disposal of properties, net | 249 | 413 | 1,847 |
| Minority interest in income of subsidiaries | 26 | - | - |
| Other income, net | $ 5,944 | $ 9,603 | $ 9,464 |

</TABLE>

Note 11 - Stock Options

The Company follows APB No. 25 in accounting for its employee stock options. Under APB No.25, no compensation expense is recognized because the exercise price of the Company's incentive employee stock options equals the market price of the underlying stock on the date of grant.

Under existing plans, the Company may grant options to purchase shares of common stock at prices not less than the fair market value of the stock on the date of the grant. Generally, the options vest annually in 20 percent increments over a five-year period beginning one year from the date of the grant. Any unexercised options expire after not more than ten years. No options may be granted after ten years from the date of plan adoption.

Additionally, the Company has granted stock options to key executives as retention incentives and inducements to enter into employment agreements with the Company. Generally, these special grants have terms and conditions similar to those granted under the Company's other stock option plans.

The income tax benefit associated with the exercise of stock options reduced income taxes payable, classified as other current liabilities, by $0.4 million in 2001 and $1.4 million in 2000. Such benefits are reflected as additions directly to additional paid-in capital.



A summary of the Company's stock option activity and related information follows:

<TABLE>
(Shares in thousands)
<CAPTION>

| <S> | Options <C> | Weighted Average Exercise Price <C> |
|---|---|---|
| Outstanding at December 26, 1998 | 5,172 | $ 6.22 |
| Granted | 158 | 34.25 |
| Exercised | (121) | 10.60 |
| Expired, cancelled, or surrendered | (10) | 19.65 |
| Outstanding at December 25, 1999 | 5,199 | 6.94 |
| Granted | 150 | 24.42 |
| Exercised | (311) | 10.07 |

| | | |
|---|---|---|
| Expired, cancelled, or surrendered | (16) | 24.70 |
| | -------- | |
| Outstanding at December 30, 2000 | 5,022 | 7.22 |
| Granted | 76 | 29.43 |
| Exercised | (120) | 17.55 |
| Expired, cancelled, or surrendered | (42) | 26.03 |
| | -------- | |
| Outstanding at December 29, 2001 | 4,936 | $ 7.15 |
| | ======== | |
| Options exercisable at: | | |
| December 25, 1999 | 4,410 | $ 4.17 |
| December 30, 2000 | 4,377 | 4.75 |
| December 29, 2001 | 4,462 | 5.24 |

</TABLE>

Exercise prices for stock options outstanding at December 29, 2001, ranged from $2.06 to $37.04. Of the 4.9 million stock options that are outstanding at year-end, 3.6 million are owned by Mr. Harvey L. Karp and expire one year after Mr. Karp's separation from employment with the Company. Mr. Karp's options have an exercise price of $2.06 per share. The weighted average remaining life of the remaining 1.3 million shares is 6.19 years, and the weighted average exercise price of these shares is $20.85. The weighted average fair value per option granted was $13.58 in 2001, $12.60 in 2000, and $17.71 in 1999.

As of December 29, 2001, the Company had reserved 3.7 million shares of its common stock for issuance pursuant to certain stock option plans. Additionally, the Company had reserved 15 thousand shares of preferred stock for issuance pursuant to the shareholder rights plan.



Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method. The fair value for these options at the date of grant was estimated using the following weighted average assumptions for the years 2001, 2000, and 1999: weighted average expected life of the options of six years; and no dividend payments. The weighted average risk free interest rate used in the model was 4.67 percent for 2001, 5.00 percent for 2000, and 6.84 percent for 1999. The volatility factor of the expected market value of the Company's common stock was 0.418 in 2001, 0.479 in 2000, and 0.433 in 1999.

The pro forma information is determined using the Black-Scholes option valuation model. Option valuation models require highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's pro forma information follows:

<TABLE>
(In thousands, except per share data)
<CAPTION>

| | 2001 | 2000 | 1999 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Net income | $ 66,955 | $ 92,690 | $ 99,279 |
| SFAS No. 123 pro forma compensation expense | (1,991) | (2,257) | (1,879) |
| | --------- | --------- | --------- |
| SFAS No. 123 pro forma net income | $ 64,964 | $ 90,433 | $ 97,400 |
| | ========= | ========= | ========= |
| Pro forma earnings per share: | | | |
| Basic | $ 1.94 | $ 2.64 | $ 2.74 |
| Diluted | $ 1.75 | $ 2.39 | $ 2.47 |
| | ========= | ========= | ========= |

</TABLE>

Note 12 - Acquisitions

On April 20, 2000, Mueller acquired Micro Gauge, Inc. and a related business, Microgauge Machining Inc., (collectively Micro Gauge) for approximately $9.1 million. These acquisitions bring to our Industrial Products Division specialized machining capabilities, which were previously outsourced to Micro Gauge. In addition, on June 28, 2000, the Company acquired Propipe Technologies, Inc., a fabricator of gas train manifold systems, for approximately $6.1 million.



On September 30, 1999, the Company's subsidiary, Utah Railway Company, purchased the stock of the Salt Lake City Southern Railroad Company, Inc. (SLCS) for $675 thousand. SLCS operates pursuant to an easement on approximately 25 miles of track, owned by the Utah Transit Authority, from downtown Salt Lake City to near Draper, Utah.

Each of the acquisitions was accounted for using the purchase method of accounting. Therefore, the results of operations of the acquired businesses were included in the consolidated financial statements of the Company from their respective acquisition dates. The purchase price for these acquisitions, which was financed by available cash balances and credit facilities, has been allocated to the assets of the acquired businesses based on their respective fair market values.

The total fair value of assets acquired in 2000 was $19.1 million. Liabilities assumed in these acquisitions were $3.9 million. The excess of the purchase price over the net assets acquired in 2000 was $7.4 million, which is being amortized over 25 years.

Note 13 - Industry Segments

The Company's three reportable segments include its Standard Products Division (SPD), its Industrial Products Division (IPD), and Other Businesses. These segments are classified primarily by the markets for their products. Performance of segments is generally evaluated by their operating income.

SPD manufactures copper tube and fittings, plastic fittings, and line sets. These products are manufactured in the U.S. and Europe and are sold primarily to wholesalers.

IPD manufactures brass rod, impact extrusions, and forgings as well as a variety of end-products including plumbing brass; automotive components; valves and fittings; and specialty copper, copper-alloy, and aluminum tubing. These products are sold primarily to OEM customers.



SEGMENT INFORMATION:
<TABLE>
(In thousands)
<CAPTION>

| | 2001 | 2000 | 1999 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Net sales: | | | |
| Standard Products Division | $ 773,802 | $ 909,963 | $ 882,515 |
| Industrial Products Division | 251,747 | 307,240 | 294,806 |
| Other Businesses | 23,399 | 24,667 | 22,263 |
| Elimination of intersegment sales | (4,161) | (3,429) | (2,314) |

| | | | |
|---|---|---|---|
| | $1,044,787 | $1,238,441 | $1,197,270 |
| Depreciation and amortization: | | | |
| Standard Products Division | $ 29,549 | $ 26,246 | $ 26,495 |
| Industrial Products Division | 10,098 | 8,791 | 7,936 |
| Other Businesses | 743 | 783 | 787 |
| General corporate | 1,693 | 1,637 | 1,768 |
| | $ 42,083 | $ 37,457 | $ 36,986 |
| Operating income: | | | |
| Standard Products Division | $ 102,787 | $ 128,466 | $ 129,141 |
| Industrial Products Division | 17,469 | 30,604 | 29,935 |
| Other Businesses | 1,682 | 3,377 | 3,297 |
| Unallocated expenses | (12,873) | (13,801) | (14,447) |
| | $ 109,065 | $ 148,646 | $ 147,926 |
| Expenditures for long-lived assets: | | | |
| Standard Products Division | $ 33,902 | $ 43,581 | $ 31,089 |
| Industrial Products Division | 10,379 | 34,380 | 5,063 |
| Other Businesses | 299 | 74 | 960 |
| | $ 44,580 | $ 78,035 | $ 37,112 |
| Segment assets: | | | |
| Standard Products Division | $ 604,099 | $ 621,370 | $ 599,596 |
| Industrial Products Division | 158,659 | 164,210 | 136,586 |
| Other Businesses | 30,348 | 30,014 | 40,088 |
| General corporate | 122,959 | 94,682 | 127,810 |
| | $ 916,065 | $ 910,276 | $ 904,080 |

</TABLE>



GEOGRAPHIC INFORMATION:

<TABLE>

(In thousands)

<CAPTION>

| | 2001 | 2000 | 1999 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Net sales: | | | |
| United States | $ 904,756 | $1,081,799 | $1,040,384 |
| Foreign | 140,031 | 156,642 | 156,886 |
| | $1,044,787 | $1,238,441 | $1,197,270 |
| Long-lived assets: | | | |
| United States | $ 451,231 | $ 455,356 | $ 425,214 |
| Foreign | 60,921 | 49,749 | 38,120 |
| | $ 512,152 | $ 505,105 | $ 463,334 |

</TABLE>

Note 14 - Quarterly Financial Information (Unaudited)

<TABLE>

(In thousands, except per share data)

<CAPTION>

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| 2001 | | | | |
| Net sales | $ 276,578 | $ 286,021 | $ 253,438 | $ 228,750 |
| Gross profit (1) | 58,462 | 66,931 | 62,629 | 50,804 |

| | | | | |
|---|---|---|---|---|
| Net income | 15,469 | 20,775 | 19,001 | 11,710 |
| Basic earnings per share | 0.46 | 0.62 | 0.57 | 0.35 |
| Diluted earnings per share | 0.42 | 0.56 | 0.51 | 0.31 |
| 2000 | | | | |
| Net sales | $ 309,336 | $ 337,494 | $ 304,017 | $ 287,594 |
| Gross profit (1) | 75,836 | 80,790 | 61,916 | 62,315 |
| Net income | 26,566 | 29,762 | 19,307 | 17,055 |
| Basic earnings per share | 0.76 | 0.86 | 0.56 | 0.51 |
| Diluted earnings per share | 0.69 | 0.78 | 0.50 | 0.46 |

<FN>
(1) Gross profit is net sales less cost of goods sold, which excludes depreciation and amortization.

</TABLE>



Report Of Independent Auditors

The Stockholders of Mueller Industries, Inc.

We have audited the accompanying consolidated balance sheets of Mueller Industries, Inc. as of December 29, 2001 and December 30, 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 29, 2001. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mueller Industries, Inc. at December 29, 2001 and December 30, 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 29, 2001, in conformity with accounting principles generally accepted in the United States.

/s/Ernst & Young LLP

Memphis, Tennessee
February 5, 2002



Capital Stock Information

The high, low, and closing prices of Mueller's common stock on the New

York Stock Exchange for each fiscal quarter of 2001 and 2000 were as follows:

<TABLE>
<CAPTION>

| | High | Low | Close |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| 2001 | | | |
| Fourth quarter | $ 33.73 | $ 27.94 | $ 33.53 |
| Third quarter | 35.15 | 26.50 | 28.70 |
| Second quarter | 34.87 | 28.38 | 32.91 |
| First quarter | 32.11 | 25.05 | 30.04 |
| 2000 | | | |
| Fourth quarter | $ 26.94 | $ 20.06 | $ 26.81 |
| Third quarter | 32.25 | 22.06 | 22.56 |
| Second quarter | 34.25 | 26.00 | 26.50 |
| First quarter | 36.62 | 26.19 | 28.31 |

As of March 1, 2002, the number of holders of record of Mueller's common stock was approximately 2,700. On March 1, 2002, the closing price for Mueller's common stock on the New York Stock Exchange was $32.65.

The Company has paid no cash dividends on its common stock and presently does not anticipate paying cash dividends in the near future.

</TABLE>



Selected Financial Data
<TABLE>
(In thousands, except per share data)
<CAPTION>

| | 2001 (1) | 2000 (1) | 1999 (1) | 1998 (1) | 1997 |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| For the fiscal year: | | | | | |
| Net sales | $1,044,787 | $1,238,441 | $1,197,270 | $ 948,948 | $ 903,925 |
| Operating income | 109,065 | 148,646 | 147,926 | 108,809 | 99,709 |
| Net income | 66,955 | 92,690 | 99,279 | 75,445 | 69,770 |
| Diluted earnings per share (2) | 1.80 | 2.43 | 2.51 | 1.90 | 1.78 |
| At year-end: | | | | | |
| Total assets | 916,065 | 910,276 | 904,080 | 874,694 | 610,776 |
| Long-term debt | 46,977 | 100,975 | 118,858 | 174,569 | 53,113 |

<FN>
(1) Includes the effects of Halstead Industries, Inc. and B&K Industries, Inc. acquisitions.

(2) In 1998, the Company declared a two-for-one stock split effected in the form of a 100 percent stock dividend. Diluted earnings per share has been restated to reflect the split for all periods presented.

</TABLE>

# Corporate Information

## BOARD OF DIRECTORS

| | |
|---|---|
| Harvey L. Karp | Chairman of the Board, Mueller Industries, Inc. |
| Gary S. Gladstein(1)(2) | Senior Consultant, Soros Fund Management LLC |
| Robert B. Hodes(1)(3) | Counsel, Willkie Farr & Gallagher |
| G. E. Manolovici(1)(2)(3) | Private Investor |
| 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 Committee

## EXECUTIVE OFFICERS

| | |
|---|---|
| Harvey L. Karp | Chairman of the Board |
| William D. O'Hagan | President and Chief Executive Officer |
| Lee R. Nyman | Senior Vice President Manufacturing/Engineering |
| Kent A. McKee | Vice President and Chief Financial Officer |
| Roy C. Harris | Vice President and Chief Information Officer |
| John P. Fonzo | Vice President, General Counsel and Secretary |

## OTHER OFFICERS AND MANAGEMENT

| | |
|---|---|
| Robert L. Fleeman | Vice President, International Sales |
| Richard W. Corman | Corporate Controller |
| James E. Browne | Assistant Secretary |

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Standard Products Division

| | |
|---|---|
| Larry D. Birch | Vice President, Sales - Corporate Accounts |
| Gregory L. Christopher | Vice President,<br>Sales and Supply Chain Management |
| Bruce R. Clements | Vice President, Manufacturing -<br>Copper Tube |
| Daniel R. Corbin | Vice President, Manufacturing - Plastics |
| John B. Hansen | Vice President, Marketing |
| Tommy L. Jamison | Vice President, Manufacturing -<br>Copper Fittings |
| Andrew A. Sippel | Division Controller |
| Peter D. Berkman | President - B&K Industries |
| Robert J. Pasquarelli | Vice President and General Manager -<br>European Operations |

Industrial Products Division

| | |
|---|---|
| James H. Rourke | Group Vice President and<br>General Manager - Rod |
| Lance K. Alton | General Manager - Forgings,<br>Impacts, Microgauge |
| John R. Brower | General Manager - Precision Tube |
| Mark T. Lang | General Manager - Gas Products |
| Douglas J. Murdock | General Manager - Refrigeration Products |
| David G. Rice | Division Controller |

Other Businesses

| | |
|---|---|
| Gary L. Barker | President, Utah Railway Company |

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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 9, 2002.

Common Stock
Mueller common stock is traded on the NYSE - Symbol MLI.

Form 10-K
The Company's Annual Report on Form 10-K is available on the Company's website at www.muellerindustries.com or upon written request:

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 and Registrar

Continental Stock Transfer & Trust Co.
17 Battery Place
New York, NY 10004

Stockholder Inquiries

To notify the Company of address changes or lost certificates, stockholders can call Continental Stock Transfer & Trust Co. at (212) 509-4000.

MUELLER INDUSTRIES, INC.
List of Subsidiaries

| Subsidiary* | State or Country of Incorporation |
|---|---|
| Mueller Brass Co. (Assumed name: Mueller Brass Products) | Michigan |
| Mueller Industrial Realty Co. | Michigan |
| Itawamba Industrial Gas Company, Inc. | Mississippi |
| Streamline Copper & Brass Ltd. | Canada |
| Mueller Plastics Holding Company, Inc. | Ohio |
| Mueller Plastics Corporation, Inc. | Delaware |
| MPC Foundry, Inc. | Delaware |
| MPC Machine Shop, Inc. | Delaware |
| Mueller Brass Forging Company, Inc. | Delaware |
| Mueller Copper Fittings Company, Inc. | Delaware |
| Mueller Fittings Company, Inc. | Michigan |
| Mueller Copper Tube Company, Inc. | Delaware |
| Mueller East, Inc. | Delaware |
| Mueller Formed Tube Company, Inc. | Delaware |
| Mueller Impacts Company, Inc. | Delaware |
| Mueller Line Set Inc. | Delaware |
| Mueller Press Company, Inc. | Mississippi |
| Mueller Refrigeration Products Company, Inc. | Delaware |
| Mueller Refrigeration Company, Inc. | Michigan |
| Mueller LBHC, Inc. | Delaware |
| Lincoln Brass Works, Inc. (Assumed name: Mueller Gas Products) | Michigan |
| Mueller Refrigeration Holding Co., Inc. | Delaware |
| Mueller Streamline Co. | Delaware |
| Precision Tube Company, Inc. | Pennsylvania |
| Mueller Tool and Machine, Inc. | Delaware |
| Mueller Casting Company, Inc. | Delaware |
| Micro Gauge, Inc. | Michigan |
| Microgauge Machining, Inc. | Michigan |
| Propipe Technologies, Inc. (Assumed name: Mueller Gas Products) | Ohio |
| WTC Holding Company, Inc. | Michigan |
| Mueller Europe, Ltd. | United Kingdom |
| DENO Investment Company, Inc. | Michigan |
| Mueller de Mexico (1) | Mexico |
| DENO Holding Company, Inc. | Michigan |
| DENO Acquisition | France |
| Mueller Europe, S.A. (2) | France |
| B & K Industries, Inc. | Illinois |
| Mueller Copper Tube Products, Inc. | Delaware |
| Mueller Streamline FSC Ltd. | Virgin Islands |
| Arava Natural Resources Company, Inc. | Delaware |
| United States Fuel Company | Nevada |
| King Coal Company | Utah |
| Utah Railway Company | Utah |
| Salt Lake City Southern Railroad Company, Inc. | Delaware |
| Canco Oil & Gas Ltd. | Alberta, Canada |
| Aegis Oil & Gas Leasing Ltd. | Alberta, Canada |
| Bayard Mining Corporation | Delaware |
| Washington Mining Company | Maine |



List of Subsidiaries (continued)

| Subsidiary* | State or Country of Incorporation |
|---|---|
| Amwest Exploration Company | Delaware |
| USSRAM Exploration Company | Maine |
| Richmond-Eureka Mining Company (81%) | Maine |
| Ruby Hill Mining Company (75%) | Maine |
| White Knob Mining Company | Idaho |
| Arava Exploration Company | Colorado |
| Summit Systems, Inc. | Delaware |
| Kennet Company Limited | Bermuda |
| Mining Remedial Recovery Company | Delaware |
| Carpentertown Coal & Coke Company | Pennsylvania |
| USS Lead Refinery, Inc. | Maine |
| Leon Water Enterprises, Inc. (50%) | Texas |
| Macomber Construction Company | Ohio |
| Macomber Incorporated | Ohio |
| Macomber Building and Land Corporation | Delaware |
| MLI Financial Corporation | Delaware |

* All subsidiaries are 100% owned, except as shown.

(1) Owned by DENO Investment Company, Inc. (99.8%) and Mueller Streamline Co. (.2%).

(2) Less than 1% of the outstanding common stock of Mueller Europe, S.A. is owned by third parties.

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Mueller Industries, Inc. of our report dated February 5, 2002, included in the 2001 Annual Report to Stockholders of Mueller Industries, Inc.

Our audits also included the consolidated financial statement schedule of Mueller Industries, Inc. listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement (Forms S-8 No. 333-72726, No. 333-52325, No. 33-54705, No. 33-41478 and No. 33-47307) pertaining to the Stock Option Agreements for Harvey L. Karp and William D. O'Hagan, 1998 Stock Option Plan, 1994 Stock Option Plan and 1994 Non-Employee Director Stock Option Plan, 1991 Employee Stock Purchase Plan and the 1991 Incentive Stock Option Plan of Mueller Industries, Inc., respectively, of our report dated February 5, 2002, with respect to the consolidated financial statements of Mueller Industries, Inc. incorporated by reference in the Annual Report (Form 10-K) for the year ended December 29, 2001 and the related financial statement schedule included therein filed with the Securities and Exchange Commission.

/s/Ernst & Young LLP

Memphis, Tennessee
March 21, 2002