

UNITED STATES  
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 27, 2003 Commission file number 1-6770

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

Delaware 25-0790410  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization) 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. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ X ] No [ ]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter was \$911,997,281.

The number of shares of the Registrant's common stock outstanding as of February 25, 2004 was 34,917,827 excluding 5,173,675 treasury shares.

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated by reference into this Report: Registrant's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders, scheduled to be mailed on or about March 24, 2004 (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 operations are located throughout the United States, and in Canada, Mexico, and Great Britain.

The Company's businesses are managed and organized into two segments: Standard Products Division ("SPD") and Industrial Products Division ("IPD"). SPD manufactures and sells copper tube, copper and plastic fittings, and valves. Outside of the United States, SPD manufactures and sells 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. The majority of the Company's manufacturing facilities operated at moderate levels during 2003 and 2002, and high levels in 2001.

During 2002, the Company sold its wholly owned subsidiary, Utah Railway Company. Certain expenses related primarily to retiree benefits at inactive operations were formerly combined with the operations of Utah Railway Company under a third industry segment, Other Businesses. Following the sale of Utah Railway Company and its classification as discontinued operations, these expenses of inactive operations have been combined into the unallocated expenses classification.

Information concerning segments and geographic information appears under "Note 15 - Industry Segments" in the Notes to Consolidated Financial Statements for the year ended December 27, 2003 in Item 8 of this Report, which is incorporated herein by reference.

The Company is a Delaware corporation incorporated on October 3, 1990.

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.

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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.

On September 27, 2002, the Company acquired certain assets of Colonial Engineering, Inc.'s Fort Pierce, Florida operations. These operations manufacture injected molded plastic pressure fittings for plumbing, agricultural, and industrial use including a line of PVC Schedule 40 and 80 and CPVC fittings.

In December 2002, the Company initiated a plan to sell or liquidate its French manufacturing operations, Mueller Europe S. A. On March 3, 2003, Mueller Europe S.A. filed a petition for liquidation with the Commercial Court of Provins Province, France and, on March 4, 2003, the Court declared the entity to be in liquidation. The disposition of remaining assets and obligations of Mueller Europe S.A. is under the jurisdiction of the Court. In 2003, the Company recognized operating losses from discontinued operations incurred by Mueller Europe S.A. for the period the business operated.

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, and Europe. 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 27, 2003 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 at least eight European-based manufacturers of copper tubing as well as other foreign-based manufacturers. In the copper fittings market, competitors include Elkhart Products, a division of Amcast Industrial Corporation, and NIBCO, Inc., as well as several foreign manufacturers. Additionally, the Company's copper tube and fittings businesses compete with a large number of manufacturers of substitute products made from other metals and plastic. The plastic fittings competitors include NIBCO, Inc., Charlotte Pipe & Foundry, and other companies. Management believes that no single competitor offers such a wide-ranging product line as Mueller and that this is a competitive advantage in some markets.

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#### 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, as well as 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, and medical instruments. The total amount of order backlog for IPD as of December 27, 2003 was not significant.

On August 21, 2002, the Company acquired 100 percent of the outstanding stock of Overstreet-Hughes, Co., Inc. Overstreet-Hughes, located in Carthage, Tennessee, manufactures precision tubular components and assemblies primarily for the OEM air-conditioning market.

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.

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

#### Labor Relations

At December 27, 2003, the Company employed approximately 3,500 employees, of which approximately 1,200 were represented by various unions. The union contracts that cover employees at the Company's Port Huron, Michigan facilities expire April 1, 2004, and the union contract that covers employees at the Company's Wynne, Arkansas facility expires June 28, 2004. The Company expects to renew these contracts without material disruption of its operations. The union contract at the Company's U.K. operation is renewed annually. Other contracts expire on various dates through October 2006.

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#### 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 have historically been available to the Company from primary producers, metal brokers, and scrap dealers. 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, to date they have not materially hampered the Company's operations.

An increasing demand for copper and copper alloy from China has had an affect on the global distribution of such commodities. The extent and duration of these conditions and the consequent impact on price/availability, if any, in the long-term is unknowable at this time. In the short-term, due to the increased demand for copper (cathode and scrap) and copper alloy products from the export market, the raw material market is tightening. Mueller has commitments for a portion of its metal requirements through 2004 and has extended its forward purchases in the spot market more than normal. Historically, rising prices have resulted in increased availability of copper scrap in the United States, which can normally be purchased at then market prices. Mueller's copper tube facilities can accommodate copper scrap as the primary feedstock. To the extent scrap remains available, this represents an additional source of supply. While the Company will continue to react to market developments, resultant pricing volatility or supply disruptions, if any, could nonetheless adversely affect the Company.

#### Environmental Matters

Compliance with environmental laws and regulations is a matter of high priority for the Company. Mueller's provision for environmental compliance includes charges of \$1.2 million in 2003, \$1.6 million in 2002, and \$3.6 million in 2001. 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 2004 fiscal year, or for the next two fiscal years.

## Mining Remedial Recovery Company

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

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### Mammoth Mine Site

MRRRC owns certain inactive mines in Shasta County, California. MRRRC 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"), MRRRC completed a feasibility study in 1997 describing measures designed to mitigate the effects of acid rock drainage. In December 1998, the QCB modified the order extending MRRRC's time to comply with water quality standards until December 1, 2003. In September 2002, the QCB adopted a new order requiring MRRRC to adopt Best Management Practices ("BMP") to control discharges of acid mine drainage. The new order extends the time to comply with water quality standards until September 2007. MRRRC has agreed to implement BMP to reduce or prevent the discharge of acid mine drainage until such point as compliance with the order is achieved or, through the Use Attainability Analysis process, the designated, beneficial uses of the respective watercourses are modified, allowing for the adoption of alternative receiving water limits. MRRRC estimates it will spend between \$0.5 and \$1.0 million annually over the next several years to comply with the order.

### 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 February 27, 2004, the EPA had 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, were substantially concluded in the fourth quarter of 2002. Costs for remaining cleanup efforts on site are estimated to be less than \$0.5 million. In the process of remediating the site, Lead Refinery identified petroleum

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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 MRRRC, lacks the financial resources needed to complete any additional remediation determined to be required and may 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.

In October 2003, Lead Refinery received a settlement offer for \$929 thousand for CERCLA contribution to past and future response costs incurred at the NL/Taracorp Superfund site located in Granite City, Illinois. Lead Refinery declined that offer. In February of 2004, NL Industries, Inc. filed a contribution action against all non-settling PRPs on the EPA's allocation list, including Lead Refinery, seeking payments of an equitable share of clean-up costs incurred by that corporation. Lead Refinery intends to contest this action and seek a voluntary dismissal of Lead Refinery from the action.

#### Other

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 established a reserve for this project in connection with the acquisition of MCTP in 1998.

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#### 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 2003, 2002, or 2001. No material portion of the Registrant's business involves governmental contracts. Seasonality of the Company's sales is not significant.

#### SEC Filings

We make available through our Internet website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. To retrieve any of this information, you may access our Internet home page at [www.muellerindustries.com](http://www.muellerindustries.com), select Mueller Financials, and then select SEC Filings.

#### 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
Standard Products Division		
Fulton, MS	418,000 sq. ft. 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. 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) 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. 15.53 acres	Packaging and bar coding facility for retail channel sales.

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Location	Approximate Property Size	Description
Fulton, MS	70,000 sq. ft.(2) 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. 40.88 acres	Copper fittings plant. Facility produces copper fittings using tube feed stock from the Company's copper tube mills.
Port Huron, MI	40,000 sq. ft. 5.11 acres	Formed tube plant. Produces copper fittings using cold heading equipment.
Kalamazoo, MI	205,000 sq. ft. 18 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Cerritos, CA	115,000 sq. ft. 5.1 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Upper Sandusky, OH	82,000 sq. ft. 7.52 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Fort Pierce, FL	69,875 sq. ft. 5.60 acres	Plastic fittings plant. Produces pressure plastic fittings using injection molding equipment.
Bilston, England United Kingdom	402,500 sq. ft. 14.95 acres	Copper tube mill. Facility includes casting, extruding, and finishing equipment to produce copper tubing.

Industrial Products Division

Port Huron, MI	322,500 sq. ft. 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. 6.72 acres	Aluminum and copper impacts plant. Produces made-to-order parts using cold impact processes.

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Location	Approximate Property Size	Description
Hartsville, TN	78,000 sq. ft.	Refrigeration products plant.

	4.51 acres	Produces products used in refrigeration applications such as ball valves, line valves, and compressor valves.
Carthage, TN	67,520 sq. ft. 10.98 acres	Fabrication facility. Produces precision tubular components and assemblies.
Jacksboro, TN	65,066 sq. ft. 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) 5.0 acres	Gas valve plant. Facility produces brass valves and assemblies for the gas appliance industry.
North Wales, PA	174,000 sq. ft. 18.9 acres	Precision Tube factory. Facility fabricates copper tubing, copper alloy tubing, aluminum tubing, and fabricated tubular products.
Brighton, MI	65,000 sq. ft.(4)	Machining operation. Facility machines component parts for supply to automotive industry.
Middletown, OH	55,000 sq. ft. 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.

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##### Other Matters

The Company is aware of investigations of competition in markets in which it participates, or has participated in the past, in Europe, Canada and the United States. On October 21, 2003, the Company was informed that the investigations of which it was aware in the United States have been closed. On September 1, 2003, the European Commission released a statement alleging infringements in Europe of competition rules by manufacturers of copper tubes including the Company and businesses in France and England, which it acquired in 1997. The Company took the lead in bringing these issues to the attention of the European Commission and has fully cooperated in the resulting investigation from its inception. The Company does not anticipate any material adverse effect on its business or financial position as a result of the European Commission's action or other investigations.

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

None.

#### PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of February 24, 2004, the number of holders of record of Mueller's Common Stock was approximately 2,000. On February 25, 2004, the closing price for Mueller's Common Stock on the New York Stock Exchange was \$31.93.

Through December 27, 2003, the Company has paid no cash dividends on its Common Stock. Subsequent to December 27, 2003, the Company declared a



regular quarterly dividend of 10 cents per share on its Common Stock. Payment of dividends in the future is dependent upon the Company's financial condition, cash flows, capital requirements, earnings, and other factors.

The high, low, and closing prices of Mueller's Common Stock on the New York Stock Exchange for each fiscal quarter of 2003 and 2002 were as follows:

	High	Low	Close
<S>	<C>	<C>	<C>
2003			
Fourth quarter	\$ 34.83	\$ 24.95	\$ 34.83
Third quarter	29.65	25.40	25.40
Second quarter	28.38	24.70	27.06
First quarter	28.23	22.99	24.92
2002			
Fourth quarter	\$ 29.70	\$ 24.29	\$ 27.33
Third quarter	31.60	23.84	25.51
Second quarter	36.12	31.15	31.75
First quarter	35.43	30.44	34.99

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ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share data)

	2003	2002	2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>
For the fiscal year:					
Net sales (1)	\$ 999,078	\$ 952,983	\$ 969,106	\$ 1,157,660	\$ 1,110,361
Operating income (1)	49,384	85,756	105,529	145,638	145,676
Net income from continuing operations	44,221	71,177	65,423	92,985	99,362
Diluted earnings per share from continuing operations	1.19	1.92	1.76	2.44	2.51
At year-end:					
Total assets	1,055,184	987,947	916,065	910,276	904,080
Long-term debt	11,437	14,005	46,977	100,975	118,858

<FN>  
(1) From continuing operations

</TABLE>

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 in the caption "Financial Review" in the "Consolidated Financial Statements" submitted as a separate section of this Annual Report on Form 10-K commencing on page F-1.

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 "Consolidated Financial Statements" submitted as a separate section of this Annual Report on Form 10-K commencing on page F-1.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements required by this item are contained in the "Consolidated Financial Statements" submitted as a separate section of this Annual Report on Form 10-K commencing on page F-1.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective.

There were no changes in the Company's internal control over financial reporting during the Company's fiscal quarter ending December 27, 2003, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is contained under the captions "Ownership of Common Stock by Directors and Executive Officers and Information about Director Nominees," "Corporate Governance," "Audit Committee Report," and "Section 16(a) Beneficial Ownership Compliance Reporting" in the Company's Proxy Statement for its 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 24, 2004 which 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 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 24, 2004, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT  
AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table discloses information regarding the securities to be issued and the securities remaining available for issuance under the Registrant's stock-based incentive plans as of December 27, 2003 (shares in thousands):

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<TABLE>  
<CAPTION>

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted average exercise price of outstanding options warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders	1,110	\$ 23.665	714
Equity compensation plans not approved by security holders	3,015	6.083	-
Total	4,125	10.816	714

</TABLE>

Pursuant to Option Agreements, dated December 4, 1991 and March 3, 1992, Mr. Karp was granted options (the "Karp Options") to acquire 3.6 million shares of Common Stock at an exercise price of \$2.0625 per share (as adjusted for subsequent stock splits) of which 2.4 million shares remained unexercised at December 27, 2003. The Karp Options are currently fully exercisable and will remain exercisable until one year after termination of Mr. Karp's employment with the Company under Mr. Karp's employment agreement with the Company (the "Karp Employment Agreement"), unless Mr. Karp's employment is terminated for Cause (as defined in the Karp Employment Agreement), in which case the Karp Options shall only remain exercisable for a period of 30 days following Mr. Karp's receipt of written notice from the Company specifying the basis for Cause.

On May 7, 1997, Mr. O'Hagan was granted an option to acquire 180 thousand shares of Common Stock at an exercise price of \$19.875 per share (as adjusted for a subsequent stock split), on October 9, 1998 Mr. O'Hagan was granted an option to acquire 200 thousand shares of Common Stock at an exercise price of \$15.9375 per share, on February 13, 2002 Mr. O'Hagan was granted an option to acquire 100 thousand shares of Common Stock at an exercise price of \$31.75 per share and on February 13, 2003 Mr. O'Hagan was granted an option to acquire 100 thousand share of Common Stock at an exercise price of \$25.10 per share (collectively, the "O'Hagan Treasury Options"). Each of the O'Hagan Treasury Options has a term of ten years, subject to earlier expiration upon termination of employment, and vests ratably over a five-year period from the date of the grant, except that if there is a Change in Control as defined in Mr. O'Hagan's employment agreement with the Company (the "O'Hagan Employment Agreement"), all of the O'Hagan Treasury Options will become immediately exercisable on the later to occur of (i) the day Mr. O'Hagan notifies the Company he is terminating his employment with the Company as a result of said change, and (ii) ten days prior to the date Mr. O'Hagan's employment with the Company is terminated by the Company. In addition, all outstanding unvested O'Hagan Treasury Options will immediately vest and become exercisable if Mr. O'Hagan's employment is terminated by the Company without Cause (as defined in the O'Hagan Employment Agreement) or by Mr. O'Hagan for Good Reason (as defined in the O'Hagan Employment Agreement). The O'Hagan Treasury Options may only be exercised for shares of Common Stock held in treasury by the Company.

On June 30, 2000 and June 30, 2003, the Company granted to Messrs. Robert J. Pasquarelli and Michael O. Fifer, respectively, options to acquire 15 thousand and 20 thousand shares of Common Stock, respectively, at an exercise price of \$27.8125 and \$27.06 per share, respectively. Each of these options has a term of ten years, subject to earlier expiration upon termination of employment, and vests and becomes exercisable ratably over a five-year period from the date of the grant. These options may only be exercised for shares of Common Stock held in treasury by the Company.

Other 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 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 24, 2004 which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is contained under the caption "Principal Accounting Fees and Services" in the Company's Proxy Statement for its 2004 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 24, 2004 which is incorporated

herein by reference.

PART IV

ITEM 15. 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 Annual Report on Form 10-K are contained in the "Consolidated Financial Statements" submitted as a separate section of this Annual Report on Form 10-K commencing on page F-1.
  2. Financial Statement Schedule: the financial statement schedule described in Item 8 of this report contained in the "Consolidated Financial Statements" submitted as a separate section of this Annual Report on Form 10-K commencing on page F-1.
  3. Exhibits:
    - 3.1 Certificate of Incorporation of the Registrant and all amendments thereto.
    - 3.2 By-laws of the Registrant, as amended and restated, effective November 10, 1994 (Incorporated herein by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
    - 4.1 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 herein by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
    - 4.2 Credit Agreement among the Registrant (as Borrower) and Standard Federal Bank and other banking institutions and Standard Federal Bank (as Agent) dated as of November 6, 2003.
    - 4.3 Certain instruments with respect to long-term debt of the Registrant have not been filed as Exhibits to this Report since the total amount of securities authorized under any such instruments does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of each such instrument upon request of the Securities and Exchange Commission.
    - 10.1 Stock Option Agreement, dated December 4, 1991, by and between the Registrant and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
    - 10.2 Stock Option Agreement, dated March 3, 1992, by and between the Registrant and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
    - 10.3 Mueller Industries, Inc. 1991 Incentive Stock Option Plan (Incorporated herein by reference to Exhibit 10.6 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
    - 10.4 Summary description of the Registrant's 2004 bonus plan for certain key employees.
    - 10.5 Amended and Restated Employment Agreement, effective as of September 17, 1997, by and between the Registrant and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.8 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
    - 10.6 Amended and Restated Employment Agreement, effective as of September 17, 1997, by and between the Registrant and William

D. O'Hagan (Incorporated herein by reference to Exhibit 10.9 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).

- 10.7 Amendment to Amended and Restated Employment Agreement, effective May 12, 2000, by and between the Registrant and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q, dated July 24, 2000, for the quarter ended June 24, 2000).
- 10.8 Mueller Industries, Inc. 1994 Stock Option Plan (Incorporated herein by reference to Exhibit 10.11 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
- 10.9 Mueller Industries, Inc. 1994 Non-Employee Director Stock Option Plan (Incorporated herein by reference to Exhibit 10.12 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).

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- 10.10 Mueller Industries, Inc. Deferred Compensation Plan, effective December 1, 2000 (Incorporated herein by reference to Exhibit 10.13 of the Registrant's Annual Report on Form 10-K, dated March 26, 2001, for the fiscal year ended December 30, 2000).
- 10.11 Mueller Industries, Inc. 1998 Stock Option Plan (Incorporated herein by reference to Exhibit 10.14 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
- 10.12 Stock Option Agreement, dated May 7, 1997, by and between the Registrant and William D. O'Hagan.
- 10.13 Stock Option Agreement, dated October 9, 1998, by and between the Registrant and William D. O'Hagan.
- 10.14 Stock Option Agreement, dated February 13, 2002, by and between the Registrant and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
- 10.15 Employment Agreement, effective October 17, 2002, by and between the Registrant and Kent A. McKee (Incorporated herein by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002).
- 10.16 Stock Option Agreement, dated February 13, 2003, by and between the Registrant and William D. O'Hagan.
- 10.17 Nonqualified Stock Option Agreement, dated June 30, 2000, by and between the Registrant and Robert J. Pasquarelli.
- 10.18 Nonqualified Stock Option Agreement, dated June 30, 2003, by and between the Registrant and Michael O. Fifer.
- 14.0 Code of Business Conduct and Ethics.
- 21.0 Subsidiaries of the Registrant.
- 23.0 Consent of Independent Auditors (Includes report on Financial Statement Schedule).
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) During the three months ended December 27, 2003, the registrant filed the following Current Report on Form 8-K:

October 14, 2003: Item 7. Financial Statements and Exhibits. Item 12. Results of Operations and Financial Condition. Third Quarter Earnings Release.

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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 1, 2004.

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 Harvey L. Karp	Chairman of the Board, and Director	March 1, 2004
/s/ GENNARO J. FULVIO Gennaro J. Fulvio	Director	March 1, 2004
/s/ GARY S. GLADSTEIN Gary S. Gladstein	Director	March 1, 2004
/s/ TERRY HERMANSON Terry Hermanson	Director	March 1, 2004

/s/ ROBERT B. HODES          Director                                  March 1, 2004  
Robert B. Hodes

/s/ WILLIAM D. O'HAGAN      President, Chief Executive Officer,      March 1, 2004  
William D. O'Hagan          Director

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 Kent A. McKee Vice President and Chief Financial Officer (Principal Accounting Officer)	March 1, 2004
/s/ RICHARD W. CORMAN Richard W. Corman Corporate Controller	March 1, 2004

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MUELLER INDUSTRIES, INC.

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FINANCIAL STATEMENT SCHEDULE

Schedule for the fiscal years ended December 27, 2003, December 28, 2002, and December 29, 2001.	
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## 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 operations are located throughout the United States and in Canada, Mexico, and Great Britain.

The Company's businesses are managed and organized into two segments: (i) Standard Products Division (SPD) and (ii) Industrial Products Division (IPD). 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.

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. Repairs and remodeling projects are also important drivers of underlying demand for these products.

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. The Company's earnings and cash flow are dependent upon these spreads that fluctuate based upon market conditions.

Earnings and profitability is also subject to market trends such as substitute products and imports. Plastic plumbing systems are the primary substitute product; these products represent an increasing share of consumption. Imports of copper tubing from Mexico have increased in recent years, although U.S. consumption is still predominantly supplied by U.S. manufacturers.

## RESULTS OF OPERATIONS

## 2003 Performance Compared with 2002

Consolidated net sales in 2003 were \$999.1 million, a 4.8 percent increase over net sales of \$953.0 million in 2002. Pounds of product sold totaled 695.8 million in 2003 compared with 694.0 million pounds sold in 2002. Net selling prices generally fluctuate with changes in raw material prices. The COMEX average copper price in 2003 was approximately 80 cents per pound, or 13 percent more than the 2002 average of 71 cents. This change impacted the Company's net sales and cost of goods sold, particularly in the later part of the year as COMEX steadily climbed, ending the year at \$1.04 per pound.

Cost of goods sold increased \$71.1 million, to \$815.8 million in 2003. This increase was attributable primarily to higher raw material costs. Gross profit was \$183.2 million or 18.3 percent of net sales in 2003 compared with \$208.2 million or 21.8 percent of net sales in 2002. The decline in gross profit was due to lower spreads in core product lines, primarily copper tube, fittings, and brass rod. The quarterly gross profit trend bottomed out in the first quarter and steadily improved throughout the year.

Depreciation and amortization increased to \$39.0 million in 2003 from \$37.4 million in 2002; the increase was due to capital expenditures. Selling, general, and administrative expense increased to \$94.9 million in 2003; this increase was due to (i) higher distribution costs related to expansion of dedicated warehousing, (ii) health and medical benefit plans, (iii) pension costs, and (iv) additional provisions for doubtful accounts.

Interest expense decreased to \$1.2 million in 2003 from \$1.5 million in 2002. This decrease was primarily due to debt reductions. Environmental expense totaled \$1.2 million in 2003 compared with \$1.6 million in 2002. Other income was slightly lower due to lower interest income yields on invested cash balances.

Income tax expense declined substantially to \$7.2 million, for an effective rate of 14 percent, due to the recognition of a deferred income tax benefit. During the third quarter of 2003, the Company recognized a deferred income tax benefit, upon the closure of the open tax year, by reducing a valuation allowance of \$9.3 million related to an operating loss resulting from the 1999 sale of a subsidiary. Realization of the tax benefit occurred during the year of sale.

During 2002, the Company sold its wholly owned subsidiary, Utah Railway Company, and initiated steps to sell or liquidate its French manufacturing operations, Mueller Europe S.A. The Company expects no further obligations or contingencies from these discontinued operations and, therefore, during 2003 it recognized a \$1.7 million gain to reflect adjustments to the previous estimates on disposition.

The Company's employment was approximately 3,500 at the end of 2003 compared with 3,600 at the end of 2002.

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#### Standard Products Division

Net sales by SPD were \$718 million in 2003 compared with \$679 million in 2002 for a 5.6 percent increase. Operating income was \$54.1 million in 2003 compared with \$79.0 million in 2002. The decline in operating profit was due to lower spreads in certain product lines, primarily copper tube and fittings, and increased distribution costs.

#### Industrial Products Division

IPD's net sales were \$292 million in 2003 compared with \$280 million in 2002. Operating income was \$11.7 million in 2003 compared with \$20.4 million in 2002. Brass rod earnings declined on lower volume and spreads. The division's results also declined due to poor performance of certain product lines including Overstreet-Hughes, Co., Inc. (Overstreet-Hughes). The results of Overstreet-Hughes, which manufactures precision tubular components and assemblies primarily for the OEM air-conditioning market, did not meet expectation during 2003; the Company is evaluating alternatives to improve performance to an acceptable level. If the Company is unable to achieve improvements, a write-down of these assets could be necessary in the future.

#### 2002 Performance Compared with 2001

Consolidated net sales in 2002 were \$953 million, 1.7 percent less than net sales of \$969 million in 2001. Pounds of product sold totaled 694 million in 2002 or 6.8 percent more than the 650 million pounds sold in 2001. This increase in pounds sold was primarily attributable to the brass rod business. The COMEX average copper price in 2002 was approximately 1.2 percent less than the 2001 average. This change impacted the Company's net sales and cost of goods sold.

Cost of goods sold increased \$4.4 million, to \$745 million in 2002. This increase was attributable to increased volumes. Gross profit was \$208 million or 21.8 percent of net sales in 2002 compared with \$229 million or 23.6 percent of net sales in 2001. The decline in gross profit was due to lower spreads in certain product lines, primarily copper tube.

Depreciation and amortization decreased to \$37.4 million in 2002 from \$39.5 million in 2001. The decrease was due primarily to discontinuing goodwill amortization, totaling \$4.4 million in 2001, in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". Selling, general, and administrative expense increased 1.5 percent to \$85.0 million in 2002, reflecting increased volume.

Interest expense decreased to \$1.5 million in 2002 from \$3.3 million in 2001. This decrease was primarily due to debt reductions. No interest was capitalized during 2002, whereas \$1.4 million of interest was capitalized on major capital improvement projects in 2001. Environmental expense totaled

\$1.6 million in 2002 compared with \$3.6 million in 2001. Other income remained flat at \$5.8 million in 2002 and 2001.

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During 2002, the Company sold its wholly owned subsidiary, Utah Railway Company, to Genessee & Wyoming Inc. Proceeds from the sale were \$55.4 million. The Company recognized a gain of \$21.1 million, net of income taxes of \$11.6 million, from the sale. Also during 2002, the Company initiated steps to sell or liquidate its French manufacturing operations, Mueller Europe S.A. The Company recognized a loss of \$13.4 million, net of \$15.2 million income tax benefit, to write-down the value of the French business to its net realizable value.

The Company provided \$17.3 million for income taxes attributable to continuing operations in 2002, of which \$9.7 million was deferred. The sale of Utah Railway Company enabled the Company to utilize previously unrecognized capital loss carryforwards. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", the recognition of this capital loss carryforward benefit of \$12.7 million was classified as a reduction to current income taxes on continuing operations. Current income tax expense of \$7.6 million reflects the benefit of recognizing this capital loss carryforward. The 2002 effective tax rate was 19.5 percent while the 2001 rate was 37.3 percent.

The Company's employment at its ongoing operations was approximately 3,600 at the end of 2002. This compares with approximately 3,400 at the 2001 year-end. This increase is attributable to acquisitions.

#### Standard Products Division

Net sales by SPD were \$679 million in 2002 compared with \$722 million in 2001 for a 6 percent decrease. Operating income was \$79.0 million in 2002 compared with \$105 million in 2001. The decline in operating profit was due to lower spreads in certain product lines, primarily copper tube. In September 2002, the Company acquired certain assets of Colonial Engineering, Inc.'s Fort Pierce, Florida operations. These operations manufacture injected molded plastic pressure fittings for plumbing, agricultural, and industrial use including a line of PVC Schedule 40 and 80 and CPVC fittings. These operations generated sales of approximately \$15 million in 2001. Total consideration paid was approximately \$14.1 million.

#### Industrial Products Division

IPD's net sales were \$280 million in 2002 compared with \$252 million in 2001. Operating income was \$20.4 million in 2002 compared with \$17.5 million in 2001. Volume increases were responsible for the increase in 2002 earnings. In August 2002, the Company acquired 100 percent of the outstanding stock of Overstreet-Hughes. Overstreet-Hughes, located in Carthage, Tennessee, manufactures precision tubular components and assemblies primarily for the OEM air-conditioning market and had sales in 2001 of approximately \$8 million. Total consideration paid at closing, including assumption of debt, was approximately \$6.3 million. A contingent payment of up to \$2 million will be paid if certain financial targets are achieved.

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#### LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents balance increased to \$255.1 million at year-end. Major components of the 2003 change included \$73.4 million of cash provided by operating activities, \$36.2 million of cash used in investing activities and \$3.5 million of cash used in financing activities.

Net income from continuing operations of \$44.2 million in 2003 was the primary component of cash provided by operating activities. Depreciation and amortization of \$39.0 million were the primary non-cash adjustments. Major changes in working capital included a \$34.0 million increase in trade accounts receivable due to better volumes and higher raw material costs in the fourth quarter of 2003 compared with the fourth quarter of 2002.

The major components of net cash used for investing activities during

2003 included \$27.2 million used for capital expenditures and \$10.8 million used for acquiring an additional equity interest in Conbraco Industries, Inc. Conbraco, headquartered in Matthews, North Carolina, is a manufacturer of flow control products including Apollo ball valves, automation products, backflow preventers, butterfly valves, check valves, investment cast steel products, marine valves, safety relief valves, strainers and plumbing and heating products for commercial and industrial applications. The \$10.8 million investment, made at the beginning of the year, increased the Company's interest in Conbraco to approximately 34 percent.

Net cash used in financing activities totaled \$3.5 million consisting primarily of \$3.9 million for debt repayments partially offset by proceeds from the sale of treasury stock.

The Company has a \$150 million unsecured line-of-credit (Credit Facility) which expires in November 2006. At year-end, the Company had no borrowings against the Credit Facility. Approximately \$7.2 million in letters of credit were backed by the Credit Facility at the end of 2003. At December 27, 2003, the Company's total debt was \$14.3 million or 2 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. At December 27, 2003, the Company was in compliance with all of its debt covenants.

The Company expects to invest between \$20 and \$25 million for capital expenditures during 2004.

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Contractual cash obligations of the Company at December 27, 2003 included the following:

<TABLE>  
(In millions)  
<CAPTION>

	Total	Payments Due by Year				Thereafter
		2004	2005- 2006	2007- 2008		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt, including capital lease obligations	\$ 14.3	\$ 2.8	\$ 0.7	\$ 0.5	\$ 10.3	
Operating leases	22.4	6.6	8.4	5.6	1.8	
Purchase commitments (a)	143.3	143.3	-	-	-	
	-----	-----	-----	-----	-----	
Total contractual cash obligations	\$180.0	\$152.7	\$ 9.1	\$ 6.1	\$ 12.1	
	=====	=====	=====	=====	=====	

</TABLE>

(a) Purchase commitments include \$17.7 million of open fixed price purchases of raw materials. Additionally, the Company has contractual supply commitments, totaling \$125.6 million at year-end prices, for raw materials consumed in the ordinary course of business; these contracts contain variable pricing based upon COMEX.

The above obligations will be satisfied with existing cash (which net of indebtedness is \$240.1 million), and cash generated by operations. Additionally, the cash flow to fund pension and OPEB obligations is insignificant. During 2003, funded pension assets recovered a significant portion of market value declines experienced in 2002 and 2001. The Company has no off-balance sheet financing arrangements except for the operating leases identified above.

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. Since the end of the third quarter of 2003, there has been a significant increase in COMEX copper prices. From the September 30, 2003 close through late February of 2004, the cost has risen to approximately \$1.30 per pound, or

approximately 60 percent. This rise in the price of cathode has also resulted in sharp increases in the open market price for copper scrap and, to a lesser extent, the price of brass scrap.

Subsequent to year-end the Company's Board of Directors declared a regular quarterly dividend of 10 cents per share on its common stock. Payment of dividends in the future is dependent upon the Company's financial condition, cash flows, capital requirements, earnings, and other factors.

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Management believes that cash provided by operations and currently available cash of \$255.1 million will be adequate to meet the Company's normal future capital expenditure and operational needs. The Company's current ratio was 5 to 1 at December 27, 2003.

The Company's Board of Directors has authorized the repurchase until October 2004 of up to ten million shares of the Company's common stock through open market transactions or through privately negotiated transactions. 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. Any purchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares purchased in treasury or use a portion of the repurchased shares for employee benefit plans, as well as for other corporate purposes. Through December 27, 2003, the Company had repurchased approximately 2.4 million shares under this authorization.

#### Environmental Matters

The Company ended 2003 with total environmental reserves of approximately \$9.6 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 RISKS

The Company is exposed to market risk from changes in foreign currency 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 Consolidated Financial Statements.

#### 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 had no open forward contracts to exchange foreign currencies.

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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 \$60.6 million at December 27, 2003 and \$73.6 million at

December 28, 2002. 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 27, 2003 and December 28, 2002 amounted to \$6.1 million and \$7.6 million, respectively. This change would be reflected in the equity section of the Company's Consolidated Balance Sheet.

#### Cost and Availability 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, or the lack of availability 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 \$1.0 million of copper over the next 12 months.

Futures 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 \$1.0 million of natural gas over the next three months.

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#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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, assumptions, and judgments that affect the amounts reported in the Consolidated Financial Statements. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters which are inherently uncertain. The accounting policies and estimates 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 inventory is copper; the domestic copper inventories are valued under the LIFO method. The market price of copper cathode and scrap are subject to volatility. During periods when open market prices decline below net book value, the Company may need to provide an allowance to reduce the carrying value of its 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 those items to their net realizable value. Changes in these estimates related to the value of inventory, if any, may result in a materially adverse or positive impact on the Company's reported financial position or results of operations. The Company recognizes the impact of any changes in estimates, assumptions, and judgments in income in the period in which it is determined.

##### Deferred Taxes

Deferred tax assets and liabilities are recognized on the difference 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. These valuation allowances can be impacted by changes in tax laws, changes to statutory tax rates, and future taxable income levels and are based on the Company's judgment, estimates, and assumptions regarding those future events. In the event the Company were to determine that it would not be able to realize all or a portion of the net deferred tax assets in the future, the Company would increase the valuation allowance through a charge to income in the period that such determination is made. Conversely, if the Company were to determine that it would be able to realize its deferred tax assets in the future, in excess of the net carrying amounts, the Company would decrease the recorded valuation allowance through an increase to income in the period that such determination is made.

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##### Environmental Reserves

The Company recognizes an environmental liability when it is probable the liability exists and the amount is reasonably estimable. The Company estimates the duration and extent of 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. If the Company were to determine that its estimates of the duration or extent of its environmental obligations were no longer accurate, the Company would adjust its environmental liabilities accordingly in the period that such determination is made.

##### Allowance for Doubtful Accounts

The Company provides an allowance for receivables that may not be fully collected. In circumstances where the Company is aware of a customer's inability to meet its financial obligations (i.e., bankruptcy filings or substantial down-grading of credit ratings), it records a reserve for bad debts against amounts due to reduce the net recognized receivable to the amount it believes most likely will be collected. For all other customers, the Company recognizes reserves for bad debts based on its historical collection experience. If circumstances change (i.e., greater than expected defaults or an unexpected material adverse change in a major customer's ability to meet its financial obligations), the Company's estimates of the recoverability of amounts due could be reduced by a material amount.

##### Recently Issued Accounting Standards

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 149, "An Amendment of Statement 133 on Derivative Instruments and Hedging Activities", in April 2003 and Statement of Financial Accounting Standard No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" in May 2003, revised Statement of Financial Accounting Standard No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits - an amendment of FASB Statements No. 87, 88 and 106", in December 2003, and revised FASB Interpretation No. 46, "Variable Interest Entities", (the Statements). The provisions of these Statements, which are currently not applicable to the Company, became, or will become, effective in whole or in part at various times in 2003 and thereafter. These Statements will be considered and adopted, where and when applicable, by the Company at the appropriate future point in time. None of the Statements had a significant effect on the results of operations or financial position of the Company reported in the accompanying Consolidated Financial Statements.

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##### 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, the Company 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) the domestic housing and commercial construction industry environment; (iii) availability and price fluctuations in commodities (including copper, natural gas, and other raw materials, including crude oil that indirectly effects plastic resins); (iv) competitive factors and competitor responses to the Company's initiatives; (v) stability of government laws and regulations, including taxes; and (vi) continuation of the environment to make acquisitions, domestic and foreign, including regulatory requirements and market values of candidates.

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Mueller Industries, Inc.  
Consolidated Statements of Income  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001

<TABLE>

(In thousands, except per share data)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Net sales	\$ 999,078	\$ 952,983	\$ 969,106
Cost of goods sold	815,849	744,781	740,366
Gross profit	183,229	208,202	228,740
Depreciation and amortization	38,954	37,440	39,461
Selling, general, and administrative expense	94,891	85,006	83,750
Operating income	49,384	85,756	105,529
Interest expense	(1,168)	(1,460)	(3,311)
Environmental expense	(1,165)	(1,639)	(3,600)
Other income, net	4,385	5,810	5,787
Income from continuing operations before income taxes	51,436	88,467	104,405
Income tax expense	(7,215)	(17,290)	(38,982)



Income from continuing operations	44,221	71,177	65,423
Discontinued operations, net of income taxes:			
Income (loss) from operation of discontinued operations	(539)	(886)	1,532
Gain on disposition of discontinued operations	1,699	7,701	-
	-----	-----	-----
Net income	\$ 45,381	\$ 77,992	\$ 66,955
	=====	=====	=====

See accompanying notes to consolidated financial statements.

</TABLE>

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Mueller Industries, Inc.  
Consolidated Statements of Income (continued)  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001

<TABLE>

(In thousands, except per share data)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Weighted average shares for basic earnings per share	34,264	33,993	33,409
Effect of dilutive stock options	2,597	3,055	3,836
	-----	-----	-----
Adjusted weighted average shares for diluted earnings per share	36,861	37,048	37,245
	=====	=====	=====
Basic earnings (loss) per share:			
From continuing operations	\$ 1.29	\$ 2.09	\$ 1.96
From discontinued operations	(0.02)	(0.03)	0.04
From gain on disposition of discontinued operations	0.05	0.23	-
	-----	-----	-----
Basic earnings per share	\$ 1.32	\$ 2.29	\$ 2.00
	=====	=====	=====
Diluted earnings (loss) per share:			
From continuing operations	\$ 1.19	\$ 1.92	\$ 1.76
From discontinued operations	(0.01)	(0.02)	0.04
From gain on disposition of discontinued operations	0.05	0.21	-
	-----	-----	-----
Diluted earnings per share	\$ 1.23	\$ 2.11	\$ 1.80
	=====	=====	=====

See accompanying notes to consolidated financial statements.

</TABLE>

Mueller Industries, Inc.  
 Consolidated Balance Sheets  
 As of December 27, 2003 and December 28, 2002  
 <TABLE>  
 (In thousands)  
 <CAPTION>

<S>	2003 <C>	2002 <C>
Assets		
Current assets		
Cash and cash equivalents	\$ 255,088	\$ 217,601
Accounts receivable, less allowance for doubtful accounts of \$4,734 in 2003 and \$6,443 in 2002	163,006	132,427
Inventories	140,548	142,953
Current deferred income taxes	9,035	4,506
Other current assets	2,678	2,860
	-----	-----
Total current assets	570,355	500,347
Property, plant, and equipment, net	345,537	352,469
Goodwill, net	104,849	105,551
Other assets	34,443	29,580
	-----	-----
Total Assets	\$ 1,055,184 =====	\$ 987,947 =====

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

Mueller Industries, Inc.  
 Consolidated Balance Sheets (continued)  
 As of December 27, 2003 and December 28, 2002  
 <TABLE>  
 (In thousands, except share data)  
 <CAPTION>

<S>	2003 <C>	2002 <C>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 2,835	\$ 4,161
Accounts payable	42,081	41,004
Accrued wages and other employee costs	25,631	26,199
Other current liabilities	42,959	34,987
	-----	-----
Total current liabilities	113,506	106,351
Long-term debt, less current portion	11,437	14,005
Pension liabilities	18,077	22,364
Postretirement benefits other than pensions	13,566	13,186
Environmental reserves	9,560	9,110

Deferred income taxes	63,734	59,269
Other noncurrent liabilities	10,238	9,718
	-----	-----
Total liabilities	240,118	234,003
	-----	-----
Minority interest in subsidiaries	208	421
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 34,276,343 in 2003 and 34,257,419 in 2002	401	401
Additional paid-in capital, common	259,110	258,939
Retained earnings	655,495	610,114
Accumulated other comprehensive loss	(5,586)	(21,133)
Treasury common stock, at cost	(94,562)	(94,798)
	-----	-----
Total stockholders' equity	814,858	753,523
	-----	-----
Commitments and contingencies	-	-
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 1,055,184	\$ 987,947
	=====	=====

See accompanying notes to consolidated financial statements.

</TABLE>

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Mueller Industries, Inc.  
Consolidated Statements of Cash Flows  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001

<TABLE>

(In thousands)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Operating activities:			
Net income from continuing operations	\$ 44,221	\$ 71,177	\$ 65,423
Reconciliation of net income from continuing operations to net cash provided by operating activities:			
Depreciation	38,531	36,979	34,539
Amortization	423	461	4,922
Income tax benefit from exercise of stock options	18	13,243	356
Deferred income taxes	(287)	9,686	15,737
Provision for doubtful accounts receivable	3,172	374	526
Minority interest in subsidiaries, net of dividend paid	(213)	150	(26)
Loss (gain) on disposal of properties	290	(485)	(249)
Equity in loss of unconsolidated subsidiaries	460	-	-
Changes in assets and liabilities, net of businesses acquired:			
Receivables	(35,129)	6,021	1,293
Inventories	2,948	(13,744)	13,778
Other assets	3,240	(4,154)	1,534
Current liabilities	14,620	3,683	(14,591)
Other liabilities	(54)	(91)	(585)
Other, net	1,176	917	(1,204)
	-----	-----	-----
Net cash provided by operating activities	73,416	124,217	121,453
	-----	-----	-----
Investing activities:			
Proceeds from sale of Utah Railway Company	-	55,403	-
Capital expenditures	(27,236)	(23,265)	(46,624)
Acquisition of businesses	-	(20,457)	-
Proceeds from sales of properties	1,412	8,165	2,715
Purchase of Conbraco Industries, Inc. common stock	(10,806)	(7,320)	-
Escrowed IRB proceeds	449	2,445	(2,515)
	-----	-----	-----

Net cash (used in) provided by investing activities	(36,181)	14,971	(46,424)
	-----	-----	-----

See accompanying notes to consolidated financial statements.

</TABLE>

F-17

Mueller Industries, Inc.  
Consolidated Statements of Cash Flows (continued)  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001

<TABLE>

(In thousands)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Financing activities:			
Repayments of long-term debt	\$ (3,894)	\$ (34,119)	\$ (65,911)
Acquisition of treasury stock	-	(14,754)	-
Proceeds from the sale of treasury stock	389	3,204	1,729
Proceeds from issuance of long-term debt	-	-	10,000
	-----	-----	-----
Net cash used in financing activities	(3,505)	(45,669)	(54,182)
	-----	-----	-----
Effect of exchange rate changes on cash	3,505	719	(1,084)
	-----	-----	-----
Increase in cash and cash equivalents	37,235	94,238	19,763
Cash provided by discontinued operations	252	1,501	1,831
Cash and cash equivalents at the beginning of the year	217,601	121,862	100,268
	-----	-----	-----
Cash and cash equivalents at the end of the year	\$ 255,088	\$ 217,601	\$ 121,862
	=====	=====	=====

For supplemental disclosures of cash flow information, see Notes 1, 5, 7, and 13.

See accompanying notes to consolidated financial statements.

</TABLE>

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Mueller Industries, Inc.  
Consolidated Statements of Stockholders' Equity  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001

(In thousands)

<TABLE>

<CAPTION>

	Common Stock		Additional	Retained	Accumulated	Treasury Stock	
	Number	Amount	Paid-In	Earnings	Other	Number	Cost
	of Shares		Capital		Comprehensive	of Shares	
					Income (Loss)		
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>

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Mueller Industries, Inc.  
Consolidated Statements of Stockholders' Equity (continued)  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001  
(In thousands)  
<TABLE>  
<CAPTION>

	Common Stock	Additional	Retained	Accumulated	Treasury Stock		
	Number	Paid-In	Earnings	Other	Number	Cost	
	of Shares	Capital		Comprehensive	of Shares		
				Income (Loss)			
Total							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
<C>							
Balance, December 29, 2001	40,092	\$ 401	\$ 261,647	\$ 532,122	\$ (22,038)	6,625	\$ (99,199)
\$ 672,933							
Comprehensive income:							
Net income	-	-	-	77,992	-	-	
- 77,992							
Other comprehensive income (loss):							
Foreign currency translation	-	-	-	-	10,706	-	
- 10,706							
Minimum pension liability adjustment, net of applicable income taxes							

of \$1,153	-	-	-	-	(12,747)	-
(12,747)						
Change in fair value of derivatives, net of applicable income tax benefit of \$386	-	-	-	-	(630)	-
(630)						
Losses reclassified into earnings from other comprehensive income, net of applicable income tax benefit of \$685	-	-	-	-	3,576	-
3,576						
-----						
Comprehensive income						
78,897						
Issuance of shares under incentive stock option plan	-	-	(15,951)	-	-	(1,247)
19,155 3,204						
Repurchase of common stock	-	-	-	-	-	456
(14,754) (14,754)						
Tax benefit related to employee stock options	-	-	13,243	-	-	-
13,243						
-----						
Balance, December 28, 2002	40,092	401	258,939	610,114	(21,133)	5,834
753,523						

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

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Mueller Industries, Inc.  
Consolidated Statements of Stockholders' Equity (continued)  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001  
(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	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 28, 2002	40,092	\$ 401	\$ 258,939	\$ 610,114	\$ (21,133)	5,834	\$ (94,798)
\$ 753,523							
Comprehensive income:							
Net income	-	-	-	45,381	-	-	-
- 45,381							
Other comprehensive income:							
Foreign currency translation	-	-	-	-	10,941	-	-
- 10,941							
Minimum pension liability adjustment, net of applicable income taxes of \$3	-	-	-	-	4,277	-	-
- 4,277							
Change in fair value of derivatives, net of applicable income tax benefit of \$156	-	-	-	-	255	-	-
- 255							
Losses reclassified into earnings from other comprehensive income, net of applicable income tax							

benefit of \$45	-	-	-	-	74	-	
- 74							
-----							
Comprehensive income							
60,928							
Issuance of shares							
under incentive							
stock option plan	-	-	153	-	-	(19)	
236 389							
Tax benefit related to							
employee stock options	-	-	18	-	-	-	
- 18							
	-----	----	-----	-----	-----	-----	-----
Balance, December 27, 2003	40,092	\$ 401	\$ 259,110	\$ 655,495	\$ (5,586)	5,815	\$ (94,562)
\$ 814,858							
	=====	=====	=====	=====	=====	=====	=====
=====							

See accompanying notes to consolidated financial statements.

</TABLE>

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#### 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. Mueller's operations are located throughout the United States and in Canada, Mexico, and Great Britain.

###### Principles of Consolidation

The Consolidated Financial Statements include the accounts of Mueller Industries, Inc. and its majority owned 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.

###### Revenue Recognition

Revenue is recognized when products are shipped. The Company classifies the cost of shipping its product to customers as a component of cost of goods sold.

###### 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 27, 2003 and December 28, 2002, temporary investments consisted of certificates of deposit, commercial paper, bank repurchase agreements, and U.S. and foreign government securities totaling \$254.9 million and \$219.7 million, respectively.

###### Allowance for Doubtful Accounts

The Company provides an allowance for receivables that may not be fully collected. In circumstances where the Company is aware of a customer's inability to meet its financial obligations (i.e., bankruptcy filings or substantial down-grading of credit ratings), it records a reserve for bad debts against amounts due to reduce the net recognized receivable to the amount it believes most likely will be collected. For all other customers, the Company recognizes reserves for bad debts based on its historical

collection experience. If circumstances change (i.e., greater than expected defaults or an unexpected material adverse change in a major customer's ability to meet its financial obligations), the Company's estimates of the recoverability of amounts due could be reduced by a material amount.

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#### 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.

The market price of copper cathode and scrap are subject to volatility. During periods when open market prices decline below net book value, the Company may need to provide an allowance to reduce the carrying value of its 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 those items to their net realizable value. Changes in these estimates related to the value of inventory, if any, may result in a materially adverse or positive impact on the Company's reported financial position or results of operations. The Company recognizes the impact of any changes in estimates, assumptions, and judgments in income in the period in which it is determined.

#### Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation of buildings, machinery, and equipment 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.

#### Goodwill and Other Intangible Assets

Goodwill represents cost in excess of fair values assigned to the underlying net assets of acquired businesses and, prior to the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142) in 2002, was amortized using the straight-line method over 20 to 25 years. Following the adoption of SFAS No. 142, amortization of goodwill was discontinued. All other intangible assets are amortized over their estimated useful lives.

Under SFAS No. 142, goodwill is subject to impairment testing which compares carrying values to fair values and, when appropriate, the carrying value of these assets is required to be reduced to fair value. The Company performs its annual impairment assessment in the fourth quarter of each fiscal year, unless circumstances dictate more frequent assessments. For testing purposes, the Company uses components of its reporting segments; components of a segment having similar economic characteristics are combined. No impairment loss resulted from the 2003 or 2002 tests performed under SFAS No. 142. There can be no assurance that goodwill impairment will not occur in the future.

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#### Environmental Reserves

The Company recognizes an environmental liability when it is probable the liability exists and the amount is reasonably estimable. The Company estimates the duration and extent of 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. If the Company were to determine that its estimates of the duration or extent of its environmental obligations were no longer accurate, the Company would adjust its environmental liabilities accordingly in the period that such determination is made.

#### 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

Deferred tax assets and liabilities are recognized on the difference 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. These valuation allowances can be impacted by changes in tax laws, changes to statutory tax rates, and future taxable income levels and are based on the Company's judgment, estimates, and assumptions regarding those future events. In the event the Company were to determine that it would not be able to realize all or a portion of the net deferred tax assets in the future, the Company would increase the valuation allowance through a charge to income in the period that such determination is made. Conversely, if the Company were to determine that it would be able to realize its deferred tax assets in the future, in excess of the net carrying amounts, the Company would decrease the recorded valuation allowance through an increase to income in the period that such determination is made.

#### Stock-Based Compensation

The Company accounts for its stock-based compensation plans 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. No stock-based employee compensation expense is reflected in net income 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. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), to stock-based employee compensation.

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<TABLE>

(In thousands, except per share data)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Net income	\$ 45,381	\$ 77,992	\$ 66,955
SFAS No. 123 compensation expense, net of income taxes	(2,028)	(2,485)	(1,991)
	-----	-----	-----
SFAS No. 123 pro forma net income	\$ 43,353	\$ 75,507	\$ 64,964
	=====	=====	=====
Pro forma earnings per share:			
Basic	\$ 1.27	\$ 2.22	\$ 1.94
Diluted	\$ 1.18	\$ 2.04	\$ 1.75
Earnings per share, as reported:			
Basic	\$ 1.32	\$ 2.29	\$ 2.00
Diluted	\$ 1.23	\$ 2.11	\$ 1.80

</TABLE>

#### 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 geographic areas and 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 27, 2003, the Company held open forward commitments to purchase approximately \$1.0 million of copper in the next 12 months and approximately \$1.0 million of natural gas in the next three months.

## Derivative Instruments and Hedging Activities

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 Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (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 or consumption of the commodities 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 is expensed. 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 2003 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 Consolidated 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.

The Company primarily executes derivative contracts with major financial institutions. These counterparties expose the Company to credit risk in the event of non-performance. The amount of such exposure is limited to the unpaid portion of amounts due to the Company pursuant to terms of the derivative instruments, if any. Although there are no collateral requirements, if a downgrade in the credit rating of these counterparties occurs, management believes that this exposure is mitigated by provisions in the derivative arrangements which allow for the legal right of offset of any amounts due to the Company from the counterparties with any amounts payable to the counterparties by the Company. As a result, management considers the risk of counterparty default to be minimal.

## 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 \$1.2 million and \$1.0 million at December 27, 2003 and December 28, 2002, 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 \$1.0 million at December 27, 2003. This value represents the estimated amount the Company would need to

pay if such contract were terminated before maturity, principally resulting from market interest rate decreases. The contracted rates on committed forward contracts do not exceed the market rates for similar term contracts at December 27, 2003. 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, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Recently Issued Accounting Standards

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 149, "An Amendment of Statement 133 on Derivative Instruments and Hedging Activities", in April 2003 and Statement of Financial Accounting Standard No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", in May 2003, revised Statement of Financial Accounting Standard No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits - an amendment of FASB Statements No. 87, 88 and 106", in December 2003, and revised FASB Interpretation No. 46, "Variable Interest Entities", (the Statements). The provisions of these Statements, which are currently not applicable to the Company, became, or will become, effective in whole or in part at various times in 2003 and thereafter. These Statements will be considered and adopted, where and when applicable, by the Company at the appropriate future point in time. None of the Statements had a significant effect on the results of operations or financial position of the Company reported in the accompanying Consolidated Financial Statements.

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#### Note 2 - Inventories

<TABLE>  
(In thousands)  
<CAPTION>

	2003	2002
Raw material and supplies	\$ 22,261	\$ 22,692
Work-in-process	20,395	21,477
Finished goods	97,892	98,784
	-----	-----
Inventories	\$ 140,548	\$ 142,953
	=====	=====

</TABLE>

Inventories valued using the LIFO method totaled \$34.2 million at December 27, 2003 and \$37.2 million at December 28, 2002. At December 27, 2003, the approximate FIFO cost of such inventories was \$42.0 million. At December 28, 2002, the FIFO cost of inventories approximated the LIFO value.

#### Note 3 - Property, Plant, and Equipment, Net

<TABLE>  
(In thousands)  
<CAPTION>

	2003	2002
Land and land improvements	\$ 8,753	\$ 9,332
Buildings	90,279	86,924
Machinery and equipment	466,006	442,987
Construction in progress	16,976	13,618
	-----	-----
	582,014	552,861
Less accumulated depreciation	(236,477)	(200,392)

Property, plant, and equipment, net	\$ 345,537	\$ 352,469
	=====	=====

</TABLE>

Note 4 - Goodwill

Effective at the beginning of 2002, the Company ceased the amortization of goodwill in accordance with SFAS No. 142. A reconciliation of reported net income and earnings per share to pro forma net income and earnings per share that would have resulted if SFAS No. 142 had been adopted at the beginning of 2001 is as follows:

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<TABLE>

(In thousands, except per share data)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Net income	\$ 45,381	\$ 77,992	\$ 66,955
Goodwill amortization, net of tax	-	-	3,849
Pro forma net income	\$ 45,381	\$ 77,992	\$ 70,804
	=====	=====	=====
Pro forma earnings per share:			
Basic	\$ 1.32	\$ 2.29	\$ 2.12
Diluted	\$ 1.23	\$ 2.11	\$ 1.90
Earnings per share, as reported:			
Basic	\$ 1.32	\$ 2.29	\$ 2.00
Diluted	\$ 1.23	\$ 2.11	\$ 1.80

</TABLE>

The changes in the carrying amount of goodwill during the year ended December 27, 2003 were as follows:

<TABLE>

(In thousands)

<CAPTION>

	Standard Products Division	Industrial Products Division	Total
<S>	<C>	<C>	<C>
Balance at December 29, 2001	\$ 90,249	\$ 8,500	\$ 98,749
Goodwill acquired during the year	4,610	2,192	6,802
	-----	-----	-----
Balance at December 28, 2002	94,859	10,692	105,551
Adjustments to the fair value of businesses acquired during 2002	(789)	87	(702)
	-----	-----	-----
Balance at December 27, 2003	\$ 94,070	\$ 10,779	\$ 104,849
	=====	=====	=====

</TABLE>

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<TABLE>  
(In thousands)  
<CAPTION>

<S>	2003	2002
<C>	<C>	<C>
2001 Series IRBs with interest at 6.63%, due 2021	\$ 10,000	\$ 10,000
1997 Series IRBs with interest at 7.39%, due through 2014	3,125	6,625
Other, including capitalized lease obligations	1,147	1,541
	-----	-----
	14,272	18,166
Less current portion of long-term debt	(2,835)	(4,161)
	-----	-----
Long-term debt	\$ 11,437	\$ 14,005
	=====	=====

</TABLE>

The Company has a Credit Agreement (the Agreement) with a syndicate of five banks establishing an unsecured \$150 million revolving credit facility (the Credit Facility) which matures in November 2006. Borrowings under the Credit Facility bear interest, at the Company's option, at (i) LIBOR plus a variable premium or (ii) the greater 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 35 to 50 basis points. At December 27, 2003, the premium was 35 basis points. Additionally, a facility fee is payable quarterly on the total commitment and varies from 150 to 250 basis points based upon the Company's capitalization ratio. Availability of funds under the Credit Facility is reduced by the amount of certain outstanding letters of credit, which totaled approximately \$7.2 million at December 27, 2003.

Borrowings under the Agreement require the Company, among other things, to maintain certain minimum levels of net worth and meet certain minimum financial ratios. At December 27, 2003, the Company was in compliance with all debt covenants.

Aggregate annual maturities of the Company's debt are \$2.8 million, \$0.2 million, \$0.4 million, \$0.3 million, and \$0.2 million for the years 2004 through 2008 respectively, and \$10.4 million thereafter. Interest paid in 2003, 2002, and 2001 was \$1.2 million, \$1.6 million, and \$5.5 million, respectively. During 2001, the Company capitalized interest of \$1.4 million related to its major capital improvement programs. No interest was capitalized in 2003 or in 2002.

The Company has guarantees which are letters of credit issued by the Company generally to guarantee the payment of insurance deductibles and retiree health benefits. The terms of the Company's guarantees are generally one year but are renewable annually as required. The maximum potential amount of future payments the Company could be required to make under its guarantees at December 27, 2003 was \$7.2 million.

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#### Note 6 - 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.

The Company's Board of Directors has authorized the repurchase until October 2004 of up to ten million shares of the Company's common stock through open market transactions or through privately negotiated transactions. 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. Any purchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares purchased in treasury or use a portion of the repurchased shares for employee benefit plans, as well as for other corporate purposes. Through December 27, 2003, the Company had repurchased approximately 2.4 million shares under this authorization.

Components of accumulated other comprehensive loss are as follows:

<TABLE>		
(In thousands)		
<CAPTION>		
	2003	2002
<S>	<C>	<C>
Cumulative foreign currency translation adjustment	\$ 7,715	\$ (3,226)
Minimum pension liability, net of income tax	(12,840)	(17,117)
Unrealized derivative losses, net of income tax	(461)	(790)
	-----	-----
Accumulated other comprehensive loss	\$ (5,586)	\$ (21,133)
	=====	=====

</TABLE>

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The change in cumulative foreign currency translation adjustment primarily relates to the Company's investment in its U.K. and Canadian subsidiaries and fluctuations in exchange rates between their local currencies and the U.S. dollar.

#### Note 7 - Income Taxes

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

<TABLE>			
(In thousands)			
<CAPTION>			
	2003	2002	2001
<S>	<C>	<C>	<C>
Domestic	\$ 60,937	\$ 90,667	\$ 114,984
Foreign	(9,501)	(2,200)	(10,579)
	-----	-----	-----
Income from continuing operations before income taxes	\$ 51,436	\$ 88,467	\$ 104,405
	=====	=====	=====

</TABLE>

Income tax expense attributable to continuing operations consists of the following:

<TABLE>			
(In thousands)			
<CAPTION>			
	2003	2002	2001
<S>	<C>	<C>	<C>
Current tax expense:			
Federal	\$ 4,928	\$ 6,917	\$ 21,532
Foreign	1,744	287	595
State and local	830	400	1,118
	-----	-----	-----
Current tax expense	7,502	7,604	23,245
	-----	-----	-----
Deferred tax (benefit) expense:			
Federal	504	9,215	15,032
Foreign	(869)	137	(54)
State and local	78	334	759
	-----	-----	-----
Deferred tax (benefit) expense	(287)	9,686	15,737
	-----	-----	-----
Income tax expense	\$ 7,215	\$ 17,290	\$ 38,982
	=====	=====	=====

</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.

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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 from continuing operations before income taxes is reconciled as follows:

	2003	2002	2001
<S>	<C>	<C>	<C>
Expected income tax expense	\$ 18,003	\$ 30,964	\$ 36,542
State and local income tax, net of federal benefit	618	594	1,542
Foreign income taxes	220	1,330	3,657
Valuation allowance	(12,190)	(14,928)	(284)
Other, net	564	(670)	(2,475)
	-----	-----	-----
Income tax expense	\$ 7,215	\$ 17,290	\$ 38,982
	=====	=====	=====

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

	2003	2002
<S>	<C>	<C>
Deferred tax assets:		
Accounts receivable	\$ 1,640	\$ 1,806
Inventories	1,523	1,560
Pension, OPEB, and accrued items	11,103	10,531
Other reserves	8,035	7,905
Net operating loss carryforwards	10,175	22,043
Capital loss carryforwards	1,780	2,575
Foreign tax credits	2,119	-
Alternative minimum tax credit carryforwards	4,026	4,026
Other	32	398
	-----	-----
Total deferred tax assets	40,433	50,844
Less valuation allowance	(20,840)	(33,030)
	-----	-----
Deferred tax assets, net of valuation allowance	19,593	17,814
	-----	-----

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	2003	2002
<S>	<C>	<C>
Deferred tax liabilities:		
Property, plant, and equipment	72,884	70,356
Other	1,408	2,221
	-----	-----
Total deferred tax liabilities	74,292	72,577
	-----	-----
Net deferred tax liability	\$ (54,699)	\$ (54,763)
	=====	=====

As of December 27, 2003, the Company had domestic net operating loss carryforwards (NOLs) of \$1.1 million, which expire in 2006. In addition, the Company had alternative minimum tax credit carryforwards of approximately \$4.0 million, which are available to reduce future federal regular income taxes, if any, over an indefinite period, and capital loss carryforwards

totaling \$5.1 million, of which \$3.8 million expire in 2004, \$1.0 million expire in 2005, and \$0.3 million expire in 2006.

As of December 27, 2003, the Company had foreign net operating loss carryforwards (foreign NOLs) available to offset \$32.7 million of foreign subsidiary income. These foreign NOLs have not been recognized, and are available to offset foreign subsidiary income over an indefinite period. The disposition of Mueller Europe S.A. reduced the Company's foreign NOLs in 2002 by \$27.9 million, which had been entirely reserved by a valuation allowance.

During 2003, the Company recognized a deferred income tax benefit, upon the closure of the open tax year, by reducing a valuation allowance of \$9.3 million related to an operating loss resulting from the 1999 sale of a subsidiary. Realization of the tax benefit occurred during the year of sale.

During 2002, the Company realized capital gains totaling approximately \$41.4 million, primarily from the sale of Utah Railway Company. Existing capital loss carryforwards, which for financial reporting purposes were entirely reserved by a valuation allowance, were used to offset the 2002 capital gains. The income tax benefit of approximately \$14.9 million generated by eliminating this valuation allowance was recognized in 2002 as a reduction to income taxes provided for continuing operations in accordance with SFAS No. 109. No income tax expense was included in the operation of discontinued operations in 2003 whereas \$2.7 million was included in 2002 and \$2.1 million was included in 2001.

Income taxes paid (refunded) were approximately \$0.8 million in 2003, \$(0.2) million in 2002, and \$28.3 million in 2001.

#### Note 8 - Other Current Liabilities

Included in other current liabilities were accrued discounts and allowances of \$24.0 million at December 27, 2003 and \$21.2 million at December 28, 2002.

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#### Note 9 - 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 27, 2003, and a statement of the plans' funded status as of December 27, 2003 and December 28, 2002:

<TABLE>

(In thousands)

<CAPTION>

<S>	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
	<C>	<C>	<C>	<C>
Change in benefit obligation:				
Obligation at beginning of year	\$ 120,654	\$ 103,008	\$ 10,729	\$ 8,114
Service cost	1,766	1,354	5	5
Interest cost	7,495	7,407	694	853
Participant contributions	351	295	-	-
Actuarial loss	3,766	11,000	146	2,527
Benefit payments	(6,234)	(6,049)	(818)	(770)
Settlement	(67)	-	-	-
Foreign currency translation adjustment	4,611	3,639	-	-
	-----	-----	-----	-----
Obligation at end of year	\$ 132,342	\$ 120,654	\$ 10,756	\$ 10,729
	=====	=====	=====	=====
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	\$ 98,251	\$ 112,563	\$ -	\$ -
Actual return on plan assets	18,535	(13,086)	-	-
Employer contributions	1,047	1,938	818	770
Participant contributions	351	295	-	-
Benefit payments	(6,234)	(6,049)	(818)	(770)
Settlement	(67)	-	-	-
Foreign currency translation adjustment	3,006	2,590	-	-
	-----	-----	-----	-----
Fair value of plan assets at end of year	\$ 114,889	\$ 98,251	\$ -	\$ -
	=====	=====	=====	=====



Funded status:

Funded (underfunded)				
status at end of year	\$ (17,453)	\$ (22,403)	\$ (10,756)	\$ (10,729)
Unrecognized prior				
service cost	2,664	3,149	(80)	(88)
Unrecognized loss	17,765	24,688	2,817	2,791
	-----	-----	-----	-----
Net amount recognized	\$ 2,976	\$ 5,434	\$ (8,019)	\$ (8,026)
	=====	=====	=====	=====

</TABLE>

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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 \$104.6 million, \$103.1 million, and \$84.1 million, respectively, as of December 27, 2003, and \$93.9 million, \$91.8 million, and \$70.2 million, respectively, as of December 28, 2002.

The following table provides the amounts recognized in the Consolidated Balance Sheets as of December 27, 2003 and December 28, 2002:

<TABLE>

(In thousands)

<CAPTION>

	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Prepaid benefit cost	\$ 8,203	\$ 8,967	\$ -	\$ -
Intangible asset	-	1,702	-	-
Accrued benefit liability	(18,077)	(22,365)	(8,019)	(8,026)
Accumulated other				
comprehensive loss	12,850	17,130	-	-
	-----	-----	-----	-----
Net amount recognized	\$ 2,976	\$ 5,434	\$ (8,019)	\$ (8,026)
	=====	=====	=====	=====

</TABLE>

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

<TABLE>

(In thousands)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Pension benefits:			
Service cost	\$ 1,766	\$ 1,354	\$ 1,802
Interest cost	7,495	7,407	7,222
Expected return on			
plan assets	(7,724)	(9,061)	(9,794)
Amortization of prior			
service cost	491	856	904
Amortization of net (gain) loss	1,327	(714)	(1,749)
	-----	-----	-----
Net periodic benefit			
cost (income)	\$ 3,355	\$ (158)	\$ (1,615)
	=====	=====	=====
Other benefits:			
Service cost	\$ 5	\$ 5	\$ 13
Interest cost	694	853	702
Amortization of prior			
service cost	(8)	(8)	(8)
Amortization of net gain	120	122	-
Curtailement gain	-	-	(323)
	-----	-----	-----
Net periodic benefit cost	\$ 811	\$ 972	\$ 384
	=====	=====	=====

</TABLE>

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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>

<CAPTION>

	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>

Weighted average assumptions:				
Discount rate	6.08%	6.42%	6.25%	6.75%
Expected return on plan assets	8.07%	8.05%	N/A	N/A
Rate of compensation increases	4.25%	4.00%	N/A	N/A

The assumptions used in the measurement of the Company's net periodic benefit cost are as follows:

<TABLE>  
<CAPTION>

	Pension Benefits			Other Benefits		
	2003	2002	2001	2003	2002	2001
Weighted average assumptions:	<C>	<C>	<C>	<C>	<C>	<C>
Discount rate	6.42%	7.25%	7.17%	6.75%	6.75%	8.21%
Expected return on plan assets	8.05%	8.10%	7.96%	N/A	N/A	N/A
Rate of compensation increases	4.00%	4.25%	3.25%	N/A	N/A	N/A

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 7.6 to 10.4 percent for 2003, gradually decrease to 5.5 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 \$900 thousand and the service and interest cost components of net periodic postretirement benefit costs by \$60 thousand for 2003. 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 2003 by \$821 thousand and \$56 thousand, respectively.

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The weighted average asset allocation of the Company's pension fund assets are as follows:

<TABLE>  
<CAPTION>

	Pension Plan Assets	
	2003	2002
Equity securities	71%	60%
Index funds	10	8
Debt securities	6	9
Cash and equivalents	2	12
Other	11	11
	-----	-----
	100%	100%
	=====	=====

</TABLE>

The measurement date for the majority of the plans is at year-end.

The Company's pension plan obligations are long-term in nature and, accordingly, the plan assets are invested for the long-term. The Company believes that a diversified portfolio of equity securities (both actively managed and index funds) and private equity funds have an acceptable risk-return profile that, over the long-term, is better than fixed income securities. Consequently, the pension plan assets are heavily weighted to equity investments. Plan assets are monitored periodically. Based upon results, investment managers and/or asset classes are redeployed when considered necessary. Expected rates of return on plan assets were determined based on historical market returns giving consideration to the composition of each plan's portfolio.

The plans' assets do not include investment in securities issued by the Company. The Company expects to contribute between \$1.0 million and \$1.5 million to its pension plans and approximately \$1.0 million to its other postretirement benefit plans in 2004.

The Company sponsors voluntary employee savings plans that qualify under Section 401(k) of the Internal Revenue Code of 1986. Compensation expense for the Company's matching contribution to the 401(k) plans was \$2.0 million in

2003 and in 2002, and \$2.1 million in 2001. 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.

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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 which totaled \$6.3 million in 2003 and \$5.4 million in 2002.

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 2003, 2002 and 2001 were insignificant. The Company has invested in certain assets to assist in funding this plan. The fair value of these assets, included in other assets, was \$6.7 million at December 27, 2003 and \$5.5 million at December 28, 2002.

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 2003, 2002, and 2001.

#### Note 10 - Commitments and Contingencies

The Company is subject to environmental standards imposed by federal, state, local, and foreign environmental laws and regulations. The Company has provided and charged to income \$1.2 million in 2003, \$1.6 million in 2002, and \$3.6 million in 2001 for pending environmental matters. The basis for the provision is updated information and results of ongoing remediation and monitoring programs. Environmental reserves total \$9.6 million in 2003 and \$9.1 million in 2002. These projected costs will be funded in future years as remediation programs progress. Management believes that the outcome of pending environmental matters will not materially affect the financial position or results of operations of the Company.

The Company is involved in certain litigation as a result of claims that arose in the ordinary course of business, which management believes will not have a material adverse effect on the Company's financial position or results of operations. Additionally, the Company may realize the benefit of certain insurance and legal claims in the future; these gain contingencies are not recognized in the Consolidated Financial Statements.

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The Company is aware of investigations of competition in markets in which it participates, or has participated in the past, in Europe, Canada and the United States. On October 21, 2003, the Company was informed that the investigations of which it was aware in the United States have been closed. On September 1, 2003, the European Commission released a statement alleging infringements in Europe of competition rules by manufacturers of copper tubes including the Company and businesses in France and England, which it acquired

in 1997. The Company took the lead in bringing these issues to the attention of the European Commission and has fully cooperated in the resulting investigation from its inception. The Company does not anticipate any material adverse effect on its business or financial position as a result of the European Commission's action or other investigations.

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 \$6.6 million in 2004, \$4.6 million in 2005, \$3.8 million in 2006, \$3.1 million in 2007, \$2.5 million in 2008, and \$1.8 million thereafter. Total lease expense amounted to \$7.0 million in 2003, \$10.6 million in 2002, and \$8.8 million in 2001.

Note 11 - Other Income, Net

<TABLE>

(In thousands)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Rent and royalties	\$ 2,821	\$ 2,364	\$ 686
Interest income	2,466	3,111	4,826
(Loss) gain on disposal of properties, net	(290)	485	249
Minority interest in income of subsidiaries	(152)	(150)	26
Equity in loss of unconsolidated subsidiary	(460)	-	-
	-----	-----	-----
Other income, net	\$ 4,385	\$ 5,810	\$ 5,787
	=====	=====	=====

</TABLE>

Note 12 -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 equal 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.

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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 \$18 thousand in 2003, \$13.2 million in 2002, and \$0.4 million in 2001. Such benefits are reflected as additions directly to additional paid-in capital and, therefore, have no effect on the Company earnings.

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

<TABLE>

(Shares in thousands)

<CAPTION>

	Options	Weighted Average Exercise Price
<S>	<C>	<C>
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
Granted	261	31.79
Exercised	(1,255)	2.80
Expired, cancelled, or surrendered	(21)	30.39
	-----	
Outstanding at December 28, 2002	3,921	10.06
Granted	281	25.66
Exercised	(24)	21.78
Expired, cancelled, or surrendered	(53)	28.92

Outstanding at December 27, 2003	----- 4,125 =====	10.82
Options exercisable at:		
December 29, 2001	4,462	\$ 5.24
December 28, 2002	3,410	7.24
December 27, 2003	3,554	8.03

</TABLE>

Exercise prices for stock options outstanding at December 27, 2003, ranged from \$2.06 to \$37.04. Of the 4.1 million stock options outstanding at year-end, 2.4 million were owned by the Chairman of the Company's Board of Directors, 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 1.7 million shares is 5.5 years, and the weighted average exercise price of these shares is \$22.99. The weighted average fair value per option granted was \$10.06 in 2003, \$12.49 in 2002, and \$13.58 in 2001.

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Mr. Karp exercised options to purchase 1.2 million shares of Company stock during 2002 and none during 2003. As provided in Mr. Karp's option agreement, the Company withheld the number of shares, at their fair market value, sufficient to cover the minimum withholding taxes incurred by the exercise. These shares withheld have been classified as acquisition of treasury stock in the Company's Consolidated Financial Statements.

As of December 27, 2003, the Company had reserved 2.4 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 2003, 2002, and 2001: 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 3.81 percent for 2003, 3.44 percent for 2002, and 4.67 percent for 2001. The volatility factor of the expected market value of the Company's common stock was 0.331 in 2003, 0.344 in 2002, and 0.418 in 2001.

The pro forma information was 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 is included in the Summary of Significant Accounting Policies.

#### Note 13 - Acquisitions

On September 27, 2002, the Company acquired certain assets of Colonial Engineering, Inc.'s Fort Pierce, Florida operations. These operations manufacture injected molded plastic pressure fittings for plumbing, agricultural, and industrial use including a line of PVC Schedule 40 and 80 and CPVC fittings. These operations generated sales of approximately \$15 million in 2001. The purchase price was approximately \$14.1 million.

On August 21, 2002, the Company acquired 100 percent of the outstanding stock of Overstreet-Hughes, Co., Inc. Overstreet-Hughes, located in Carthage, Tennessee, manufactures precision tubular components and assemblies primarily for the OEM air-conditioning market and had sales in 2001 of approximately \$8 million. Total consideration paid at closing, including assumption of debt, was approximately \$6.3 million. A contingent payment of up to \$2 million will be paid if certain financial targets are achieved.

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Both of the acquisitions were accounted for using the purchase method of

accounting. Therefore, the results of operations of the acquired businesses were included in the Company's Consolidated Financial Statements from their respective acquisition dates. The purchase price for these acquisitions, which was financed by available cash balances, has been allocated to the assets of the acquired businesses based on their respective fair market values.

The final assessment of fair values of the assets and liabilities associated with the 2002 acquisitions was completed during 2003. The determination of final fair values resulted in adjustments from initially recorded values. These adjustments increased working capital by \$0.6 million, increased other assets by \$2.0 million, and decreased goodwill by \$0.8 million. The total fair value of assets acquired in 2002 was \$23.6 million, and the fair value of liabilities assumed in 2002 was \$1.9 million. The excess of the purchase price over the net assets acquired in 2002 was \$6.1 million.

During 2002, the Company acquired an equity interest in Conbraco Industries, Inc. for \$7.3 million in cash; early in 2003, the Company acquired an additional interest for \$10.8 million. Conbraco is a manufacturer of flow control products including ball valves, automation products, backflow preventers, butterfly valves, check valves, forged steel products, marine valves, safety relief valves, strainers and plumbing and heating products for commercial and industrial applications. The Company's interest totaled 39 percent of Conbraco's equity at December 27, 2003. This investment is accounted for by the equity method of accounting, and is included in the other assets classification in the Consolidated Balance Sheet.

Note 14 - Discontinued Operations

On August 28, 2002, the Company completed the sale of its wholly owned subsidiary, Utah Railway Company, to Genessee & Wyoming Inc. Proceeds from the sale were approximately \$55.4 million. The Company recognized a gain of \$21.1 million (net of income taxes of \$11.6 million) from the sale.

In December 2002, the Company initiated a plan to sell or liquidate its French manufacturing operations, Mueller Europe S. A. A loss of \$13.4 million was recognized to write-down this operation to its net realizable value. This loss is net of a \$15.2 million income tax benefit related to the operation's cumulative losses previously unrecognized for tax purposes. Included in the loss is a provision to expense the cumulative foreign currency translation adjustment of \$2.5 million, which was previously recognized as a component of other comprehensive loss. Major components of this operation included in the Consolidated Balance Sheet at December 28, 2002 were current assets of \$6.3 million and current liabilities of \$6.0 million. On March 3, 2003, Mueller Europe S.A. filed a petition for liquidation with the Commercial Court of Provins Province, France and on March 4, 2003 the Court declared the entity to be in liquidation. The disposition of remaining assets and obligations of Mueller Europe S.A. is under the jurisdiction of the Court. In 2003, the Company recognized operating losses from discontinued operations incurred by Mueller Europe S.A. for the period the business operated.

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The Company expects no further obligations or contingencies from these discontinued operations and, therefore, during 2003 it recognized a \$1.7 million gain to reflect adjustments to the previous estimates on disposition. Operating results of both businesses, net of applicable income taxes, are included in the Consolidated Statements of Income classified as income (loss) from operation of discontinued operations.

Operating results of discontinued operations were as follows:

<TABLE>  
(In thousands)  
<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Net sales:			
Utah Railway Company	\$ -	\$ 15,394	\$ 23,399
Mueller Europe S.A.	2,323	49,767	59,940
	-----	-----	-----
	\$ 2,323	\$ 65,161	\$ 83,339
	=====	=====	=====
Income (loss) before income taxes:			
Utah Railway Company	\$ -	\$ 7,482	\$ 5,502
Mueller Europe S.A.	(539)	(5,682)	(1,915)
	-----	-----	-----
	\$ (539)	\$ 1,800	\$ 3,587
	=====	=====	=====

Net income (loss):			
Utah Railway Company	\$	-	\$ 4,812
Mueller Europe S.A.		(539)	(5,698)
			\$ 3,465
			(1,933)
	\$	(539)	\$ (886)
			\$ 1,532

</TABLE>

Note 15 - Industry Segments

The Company's reportable segments include its Standard Products Division (SPD) and its Industrial Products Division (IPD). 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.

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Summarized segment and geographic information is shown in the following tables. Geographic sales data indicates the location from which products are shipped. Unallocated expenses include general corporate expenses, plus certain charges or credits not included in segment activity. Certain expenses related primarily to retiree benefits at inactive operations were formerly combined with the operations of Utah Railway Company under a third industry segment, Other Businesses. Following the sale of Utah Railway Company and its classification as discontinued operations, these expenses of inactive operations have been combined into the unallocated expenses classification. In addition, the operations of Mueller Europe S.A. are classified as discontinued operations and have been eliminated from the operating results of SPD.

Worldwide sales to one customer from the Standard Products Division totaled \$111.0 million in 2003, \$101.0 million in 2002, and \$97.2 million in 2001, which represented 11 percent in 2003 and in 2002, and 10 percent in 2001 of the Company's consolidated net sales. No other customer accounted for more than 10 percent of consolidated net sales.

SEGMENT INFORMATION:

<TABLE>

(In thousands)

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Net sales:			
Standard Products Division	\$ 717,606	\$ 679,264	\$ 721,520
Industrial Products Division	292,008	279,591	251,747
Elimination of intersegment sales	(10,536)	(5,872)	(4,161)
	\$ 999,078	\$ 952,983	\$ 969,106
Depreciation and amortization:			
Standard Products Division	\$ 26,038	\$ 24,975	\$ 27,588
Industrial Products Division	11,023	10,539	10,098
General corporate	1,893	1,926	1,775
	\$ 38,954	\$ 37,440	\$ 39,461
Operating income:			
Standard Products Division	\$ 54,123	\$ 78,964	\$ 104,603
Industrial Products Division	11,672	20,353	17,469
Unallocated expenses	(16,411)	(13,561)	(16,543)
	\$ 49,384	\$ 85,756	\$ 105,529
Expenditures for long-lived assets:			
Standard Products Division	\$ 21,465	\$ 27,400	\$ 33,902
Industrial Products Division	5,623	11,558	10,379

\$ 27,088	\$ 38,958	\$ 44,281
=====	=====	=====

</TABLE>

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<TABLE>  
(In thousands)  
<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Segment assets:			
Standard Products Division	\$ 594,236	\$ 594,516	\$ 604,099
Industrial Products Division	159,303	171,315	158,659
General corporate	301,645	222,116	153,307
	-----	-----	-----
	\$1,055,184	\$ 987,947	\$ 916,065
	=====	=====	=====

</TABLE>

GEOGRAPHIC INFORMATION:  
<TABLE>  
(In thousands)

	2003	2002	2001
<S>	<C>	<C>	<C>
Net sales:			
United States	\$ 895,994	\$ 870,457	\$ 881,357
Foreign	103,084	82,526	87,749
	-----	-----	-----
	\$ 999,078	\$ 952,983	\$ 969,106
	=====	=====	=====

Long-lived assets:			
United States	\$ 437,182	\$ 443,295	\$ 451,231
Foreign	47,647	44,305	60,921
	-----	-----	-----
	\$ 484,829	\$ 487,600	\$ 512,152
	=====	=====	=====

</TABLE>

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Note 16 - 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>
2003				
Net sales	\$ 232,022	\$ 248,221	\$ 251,053	\$ 267,782
Gross profit (1)	40,107	44,760	49,093	49,269
Income from				
continuing operations	4,460	8,979	19,737	11,045
Loss from operations				
of discontinued operations, net of tax	(539)	-	-	-
Gain on disposition of discontinued operations, net of tax	-	-	1,699	-
Net income	3,921	8,979	21,436	11,045
Basic earnings (loss)				



per share:				
From continuing operations	0.13	0.26	0.58	0.32
From discontinued operations	(0.02)	-	-	-
From sale of discontinued operations	-	-	0.05	-
Basic earnings per share	0.11	0.26	0.63	0.32
Diluted earnings (loss) per share:				
From continuing operations	0.12	0.24	0.53	0.30
From discontinued operations	(0.01)	-	-	-
From sale of discontinued operations	-	-	0.05	-
Diluted earnings per share	0.11	0.24	0.58	0.30

<FN>

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

</TABLE>

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<TABLE>

(In thousands, except per share data)

<CAPTION>

	First Quarter <C>	Second Quarter <C>	Third Quarter <C>	Fourth Quarter <C>
<S>				
2002				
Net sales	\$ 249,053	\$ 260,507	\$ 227,294	\$ 216,129
Gross profit (1)	57,247	59,156	50,992	40,807
Income from continuing operations	17,865	18,716	25,822	8,774
Income (loss) from operations of discontinued operations, net of tax	71	(251)	(313)	(393)
Gain (loss) on disposition of discontinued operations, net of tax	-	-	21,123	(13,422)
Net income (loss)	17,936	18,465	46,632	(5,041)
Basic earnings (loss) per share:				
From continuing operations	0.54	0.55	0.75	0.25
From discontinued operations	-	(0.01)	(0.01)	(0.01)
From sale of discontinued operations	-	-	0.62	(0.39)
Basic earnings (loss) per share	0.54	0.54	1.36	(0.15)
Diluted earnings (loss) per share:				
From continuing operations	0.48	0.50	0.70	0.24
From discontinued operations	-	-	-	(0.01)
From sale of discontinued operations	-	-	0.57	(0.37)
Diluted earnings (loss) per share	0.48	0.50	1.27	(0.14)

<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 27, 2003 and December 28, 2002, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 27, 2003. 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 27, 2003 and December 28, 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 27, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 4 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" in 2002.

/S/ERNST & YOUNG LLP

Memphis, Tennessee  
January 30, 2004

MUELLER INDUSTRIES, INC.  
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001  
(In thousands)  
<TABLE>  
<CAPTION>

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

<S>	<C>	<C>	<C>	<C>
2003				
Allowance for doubtful accounts	\$ 6,443	\$ 3,172	\$ -	\$ 4,881
\$ 4,734				
Environmental reserves	\$ 9,110	\$ 1,165	\$ 1,293 (1)	\$ 2,008
\$ 9,560				
Severance and related	\$ 13	\$ 46	\$ -	\$ -
\$ 59				
Other reserves (4)	\$ 1,721	\$ -	\$ -	\$ 986
\$ 735				
Valuation allowance for deferred tax assets	\$ 33,030	\$ 1,807	\$ -	\$ 13,997
\$ 20,840				
2002				
Allowance for doubtful accounts	\$ 6,573	\$ 374	\$ -	\$ 504
\$ 6,443				
Environmental reserves	\$ 9,203	\$ 1,739	\$ 543	\$ 2,375
\$ 9,110				
Severance and related	\$ 14	\$ -	\$ -	\$ 1
\$ 13				
Other reserves (4)	\$ 3,306	\$ -	\$ 200	\$ 1,785
\$ 1,721				
Valuation allowance for deferred tax assets	\$ 58,535	\$ 136	\$ -	\$ 25,641
\$ 33,030				
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				

<FN>

- (1) Includes insurance proceeds and currency translation changes.
- (2) Balance reclassified from other liabilities.
- (3) 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.
- (4) Other reserves are included in the balance sheet captions "Other current liabilities" and "Other noncurrent liabilities".

</TABLE>

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#### EXHIBIT INDEX

- 3.1 Certificate of Incorporation of the Registrant and all amendments thereto.
- 4.2 Credit Agreement among the Registrant (as Borrower) and Standard Federal Bank and other banking institutions and Standard Federal Bank (as Agent) dated as of November 6, 2003.
- 4.3 Certain instruments with respect to long-term debt of the Registrant have not been filed as Exhibits to this Report since the total amount of securities authorized under any such instruments does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of each such instrument upon request of the Securities and Exchange Commission.
- 10.4 Summary description of the Registrant's 2004 bonus plan for certain key employees.

- 10.12 Stock Option Agreement, dated May 7, 1997, by and between the Registrant and William D. O'Hagan.
- 10.13 Stock Option Agreement, dated October 9, 1998, by and between the Registrant and William D. O'Hagan.
- 10.16 Stock Option Agreement, dated February 13, 2003, by and between the Registrant and William D. O'Hagan.
- 10.17 Nonqualified Stock Option Agreement, dated June 30, 2000, by and between the Registrant and Robert J. Pasquarelli.
- 10.18 Nonqualified Stock Option Agreement, dated June 30, 2003, by and between the Registrant and Michael O. Fifer.
- 14.0 Code of Business Conduct and Ethics.
- 21.0 Subsidiaries of the Registrant.
- 23.0 Consent of Independent Auditor (Includes report on Financial Statement Schedule).
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
  
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATE OF INCORPORATION  
OF  
MBNR CORPORATION

I.

The name of the Corporation is MBNR Corporation (the "Corporation").

II.

The Corporation is organized pursuant to the General Corporation Law of the State of Delaware (the "GCL").

III.

The address of the Corporation's registered office in the State of Delaware is 32 Loockerman Square, Suite L-100, City of Dover, County of Kent, Delaware, 19901. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

IV.

The purposes for which the Corporation is organized are to act as a holding company of other firms, companies and corporations and to engage in any lawful act or activity for which corporations may be organized under the GCL, and the Corporation shall have all powers necessary to conduct such businesses and engage in such activities, including, but not limited to, the powers enumerated in the GCL or any amendment thereto.

V.

The total number of shares of stock which the Corporation shall have authority to issue is 25,000,000; of such shares the number of common shares which the Corporation shall have authority to issue is 20,000,000, par value \$.01 per share ("Common Stock"), and the number of preferred shares which the Corporation shall have authority to issue is 5,000,000, par value \$1.00 per share ("Preferred Stock").

- A. Common Stock. Subject to the provisions of any series of Preferred Stock which may at the time be outstanding, the holders of shares of Common Stock shall be entitled to receive, when and as declared by the Board of Directors out of any funds legally available for the purpose, such dividends as may be declared from time to time by the Board of Directors. In the event of the liquidation of the Corporation, or upon distribution of its assets, after the payment in full or the setting apart for payment of such preferential amounts, if any, as the holders of shares of Preferred Stock at the time outstanding shall be entitled, the remaining assets of the Corporation available for payment and distribution to shareholders shall, subject to any participating or similar rights of shares of Preferred Stock at the time outstanding, be distributed ratably among the holders of shares of Common Stock at the time outstanding. All shares of Common Stock shall have

-1-

equal non-cumulative voting rights, and shall have no preference, conversion, exchange, preemptive or redemption rights.

- B. Preferred Stock. The Board of Directors of the Corporation is hereby expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers (subject to Article IX hereof), full or limited, and with such designations, preferences and relative, participating, optional or other rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors and the certificate of designations filed under the GCL setting forth such resolution or resolutions, including (without limiting the generality thereof) the following as to each such series:

- (i) the designation of such series;
- (ii) the dividends, if any, payable with respect to such series, the rates or basis for determining such dividends, any conditions and dates upon which such dividends shall be payable, the preferences, if any, of such dividends over, or the relation of such dividends to, the dividends payable on Common Stock or other

series of Preferred Stock, whether such dividends shall be non-cumulative or cumulative, and, if cumulative, the date or dates from which such dividend shall be cumulative;

- (iii) whether shares of Preferred Stock shall be redeemable at the option of the Board of Directors or the holder, or both, upon the happening of a specified event and, if redeemable whether for cash, property or rights, including securities of the Corporation, the time, prices or rates and any adjustment and other terms and conditions of such redemption;
- (iv) the terms and amount of any sinking, retirement or purchase fund provided for the purchase or redemption of shares of Preferred Stock of such series;
- (v) whether or not shares of Preferred Stock of such series shall be convertible into or exchangeable for shares of Common Stock or other series of Preferred Stock, at the option of the Corporation or of the holder, or both, or upon the happening of a specified event and, if provision be made for such conversion or exchange, the terms, prices, rates, adjustments and any other terms and conditions thereof;
- (vi) the extent to which the holders of shares of Preferred Stock of such series shall be entitled to vote with respect to the election of Directors or otherwise, including, without limitation, the extent, if any, to which such holders shall be entitled, voting as a series or as a part of a class, to elect one or more Directors  
-2-  
upon the happening of a specified event or otherwise;
- (vii) the restrictions, if any, on the issue or reissue of shares of Preferred Stock of such series or any other series;
- (viii) the extent, if any, to which the holders of shares of Preferred Stock of such series shall be entitled to preemptive rights; and
- (ix) the rights of the holders of shares of Preferred Stock of such series upon the liquidation of the corporation or any distribution of its assets.

C. Certificates of Designations. Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate setting forth the resolution or resolutions of the Board of Directors, fixing the voting powers, designations, preferences and rights of such series, the qualifications, limitations or restrictions thereof, and the number of shares of Preferred Stock of such series authorized by the Board of Directors, shall be signed, attested to, filed, and recorded pursuant to Section 103 of the GCL. Unless otherwise provided in any such resolution or resolutions, the holders of the series so authorized shall have non-cumulative voting rights and shall have no conversion, exchange, preemptive or redemption rights. Unless otherwise provided in any such resolution or resolutions, the number of shares of Preferred Stock of the series authorized by such resolutions may be increased (but not above the total number of shares of Preferred Stock of such series) or decreased (but not below the number of shares of Preferred Stock of such series then outstanding) by a certificate setting forth a resolution or resolutions adopted by the Board of Directors, authorizing such increase or decrease, signed, attested to, filed, and recorded pursuant to Section 103 of the GCL. Unless otherwise provided in the resolution or resolutions creating such series, the number of shares of Preferred Stock specified in any such decrease shall be restored to the status of authorized but unissued shares of Preferred Stock (without designation as to series).

## VI.

The Corporation shall, to the fullest extent permitted by law and by the by-laws of the Corporation, indemnify any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that such person, or such person's testator or intestate is or was an officer, employee or agent of the Corporation or serves or served any other corporation, partnership, joint venture, trust or other enterprise as a director, officer, employee, agent or trustee at the express or implied request of the Corporation.

VII.

To the fullest extent permitted by the GCL as the same exists or hereafter may be amended, a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of

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the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the GCL, or (iv) for any transaction from which the Director derived any improper personal benefit.

VIII.

In furtherance of and not in limitation of the powers conferred by the GCL or any other statute, the Board of Directors is expressly authorized to make, alter or repeal the by-laws of the Corporation, subject to the right of the stockholders of the Corporation to alter or repeal any By-law made by the Board of Directors.

IX.

This Corporation shall not issue non-voting equity securities. This Article IX is included in this Certificate of Incorporation in compliance with Section 1123 of the United States Bankruptcy Code, 11 U.S.C Section 1123, and shall have no further force and effect beyond that required by such Section and for so long as such Section is in effect and applicable to the Corporation.

X.

The election of Directors of the Corporation need not be by written ballot, unless the By-laws of the Corporation otherwise provide.

XI.

The Corporation hereby elects not to be governed by Section 203 of the GCL.

XII.

Mark C. Catana is the sole incorporator and his mailing address is c/o Schulte Roth & Zabel, 900 Third Avenue, New York, New York 10022.

Dated: October 1, 1990

/S/Mark C. Catana  
Mark C. Catana  
Schulte Roth & Zabel  
900 Third Avenue  
New York, New York 10022

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CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
MBNR CORPORATION

(Under Section 241 of the General Corporation Law)

The undersigned, for the purpose of amending the Certificate of Incorporation of MBNR Corporation pursuant to Section 805 of the General Corporation Law of the State of Delaware (the "General Corporation Law"), does hereby certify:

1. The name of the corporation is MBNR Corporation (the "Corporation").

2. The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 3, 1990.

3. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article I relating to the name of the Corporation, and substituting in lieu of said Article the following:

"I

The name of the corporation is Mueller Industries, Inc. (the "Corporation")."

4. The foregoing amendment to the Certificate of Incorporation is being authorized by the sole incorporator of the Corporation pursuant to Section 241 of the General Corporation Law. The sole incorporator hereby certifies that the corporation has no shareholders of record and no directors and that the Corporation has not received any payments for its stock.

IN WITNESS WHEREOF, the sole incorporator has executed this Certificate of Amendment of the Certificate of Incorporation on the date set forth below, and does hereby affirm, under penalty of perjury, that the statements contained herein are true and correct.

Dated: October 18, 1990

/S/Mark C. Catana  
Mark C. Catana  
Sole Incorporator

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CERTIFICATE OF CHANGE OF REGISTERED AGENT  
AND  
REGISTERED OFFICE

MUELLER INDUSTRIES, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

The present registered agent of the corporation is The Prentice-Hall Corporation System, Inc. and the present registered office of the corporation is in the county of Kent.

The Board of Directors of MUELLER INDUSTRIES, INC. adopted the following resolution on the 13th day of December, 1990.

Resolved, that the registered office of in the state of Delaware be and it hereby is changed to Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, and the authorization of the present registered agent of this corporation be and the same is hereby withdrawn, and THE CORPORATION TRUST COMPANY, shall be and is hereby constituted and appointed the registered agent of the corporation at the address of its registered office.

IN WITNESS WHEREOF, Mueller Industries, Inc. has caused this statement to be signed by Robert J. Brown, its President and attested by Kent A. McKee, its Secretary this 13th day of December, 1990

By /S/Robert J. Brown  
Robert J. Brown  
President

ATTEST:  
By /S/Kent A. McKee  
Kent A. McKee  
Secretary



CERTIFICATE OF OWNERSHIP AND MERGER  
OF  
SHARON STEEL CORPORATION  
INTO  
MUELLER INDUSTRIES, INC.  
Pursuant to Sections 103 and 253  
of the  
General Corporation Law  
of the  
State of Delaware

Sharon Steel Corporation, a Pennsylvania corporation ("Sharon"), hereby certifies as follows:

FIRST: Sharon owns 100% of the outstanding shares of common stock, \$0.01 par value per share of Mueller Industries, Inc, a Delaware corporation ("Mueller").

SECOND: The Trustee of Sharon appointed pursuant to Title 11, Chapter 11 of the United States Code (the "Chapter 11 Trustee"), by written consent dated December 28 1990, pursuant to Section 1903(b) and Subchapter C. of Chapter 19 of the Pennsylvania Business Corporation Law of 1988 of the Commonwealth of Pennsylvania (the "PBCL"), duly adopted resolutions authorizing the merger of Sharon with and into Mueller (the "Merger"), pursuant to which Mueller will be the surviving corporation. A true copy of such resolutions is annexed hereto as Exhibit A. Such resolutions have not been modified or rescinded and are in full force and effect as of the date hereof.

THIRD: In accordance with Section 1903(b) of the PBCL, the Chapter 11 Trustee has approved the Merger, which merger is a part of and pursuant to the Third Amended and Restated Plan of Reorganization for Sharon, dated September 27, 1990, as modified by a motion dated November 19, 1990, for an Order approving modification of such plan, under Title 11, Chapter 11 of the United States Code (the "Plan of Reorganization"), which such Plan of Reorganization, as so modified, was confirmed by the Bankruptcy Court for the Western District of Pennsylvania, Erie Division on November 20, 1990.

FOUR: The Merger shall become effective (i) upon the filing of this Certificate of Ownership and Merger with the Secretary of State of the State of Delaware; (ii) upon the filing of the Articles of Merger with the Secretary of the Commonwealth of Pennsylvania in accordance with Section 1927 of the PBCL; and (iii) pursuant to the Plan of Reorganization, upon consummation of the Reorganized Sharon Private Placement (as defined in the Plan of Reorganization).

FIFTH: The Certificate of Incorporation, as amended, of Mueller shall continue to be the Certificate of Incorporation of Mueller Industries, Inc., the surviving corporation in the Merger.

NOTICE OF APPOINTMENT OF TRUSTEE is attached as Exhibit B.

IN WITNESS WHEREOF, the Chapter 11 Trustee has signed this Certificate of Ownership and Merger on behalf of Sharon Steel Corporation this 28 day of December, 1990.

SHARON STEEL CORPORATION  
By: /S/Franklin E. Agnew, III  
Name: Franklin E. Agnew, III  
Title: Chapter 11 Operating  
Trustee

Attest:  
/S/Melvin G. Sander  
Name: Melvin G. Sander

EXHIBIT A

RESOLVED, that the Trustee of the bankruptcy estate of the Corporation hereby declares it advisable and authorizes the corporation to merge itself with and into MUELLER INDUSTRIES, INC., ("Mueller") a Delaware corporation and wholly-owned subsidiary of the Corporation, whereupon (i) the separate existence of the Corporation shall cease and Mueller shall be the surviving corporation; (ii) each share of common stock of the Corporation outstanding immediately prior to the effective time of the merger shall be cancelled and (iii) 7,000,000 shares of common stock, par value \$0.01 per share, of Mueller shall be issued on a pro rata basis to the holders of the Allowed General Unsecured Claims (as defined in the Reorganization Plan referenced below) or otherwise held in a Disputed Claims Reserve (as defined in the Reorganization Plan referenced below) under the Third Amended and Restated Plan of Reorganization for the Corporation, dated September 27, 1990, as modified by a motion dated November 19, 1990, for an Order approving modification of such plan, under Title 11, Chapter 11 of the United States Code (the "Reorganization Plan") confirmed by the Bankruptcy Court for the Western District of Pennsylvania, Erie Division on November 20, 1990); and in furtherance thereof, that the Articles of Merger be filled with the Secretary of the Commonwealth of Pennsylvania and the Certificate of Ownership and Merger be filled with the Secretary of State of the State of Delaware substantially in the forms previously supplied to the Trustee;

RESOLVED, that the form, terms and provisions of the Agreement and Plan of Merger substantially in the form previously supplied to the Trustee, be, and hereby are, in all respects approved, and the Trustee and each of the officers of the Corporation be, and they hereby are, authorized to take such further actions as they, in their sole discretion, deem necessary or appropriate in order to effectuate the Agreement and Plan of Merger;

RESOLVED, that the Trustee and each of the officers of the Corporation be, and they hereby are, authorized to execute and acknowledge in the name and on behalf of the Corporation the Articles of Merger; and that the Trustee and each of the officers be, and they hereby are, authorized to cause such executed Articles of Merger to be filed with the

Secretary of the Commonwealth of Pennsylvania in accordance with Section 1927 of the Pennsylvania Business Corporation Law of 1988 ("PBCL");

RESOLVED, That the Trustee and each of the officers of the Corporation be, and they hereby are, authorized to execute and acknowledge in the name and on behalf of the Corporation a Certificate of Ownership and Merger; and that the Trustee and each of the officers be, and they hereby are, authorized to cause such executed Certificate to be filed in the office of the Secretary of State of the State of Delaware in accordance with Sections 103 and 253 of the Delaware General Corporation Law ("DGCL");

RESOLVED, that the merger shall become effective and the corporate existence of the Corporation shall cease (i) upon the filing of such Articles of Merger with the Secretary of the Commonwealth of Pennsylvania in accordance with Section 1927 of the PBCL, (ii) upon the filing of such Certificate of Ownership and Merger with the Secretary of State of the State of Delaware in accordance with Sections 103 and 253 of the DGCL and (iii) pursuant to the Reorganization Plan of the Corporation, the consummation of the Reorganized Sharon Private Placement (as defined in

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the Reorganization Plan); and

RESOLVED, that the Trustee and each of the officers of the Corporation be, and they hereby are authorized to take such actions and to execute and deliver such certificates, instruments and other documents and to do such other things as they or any of them shall deem necessary or advisable to effectuate the purposes and intent of the foregoing resolutions.

IN THE MATTER OF:  
SHARON STEEL CORPORATION  
Debtor

NOTICE OF APPOINTMENT OF TRUSTEE

TO: Franklin E. Agnew, Suite 1474, USX Tower, Pittsburgh, PA 15219

You are hereby notified of your appointment as Trustee of the estate of the above named debtor. The amount of your Bond has been fixed at \$1,500,000.00. Your Bond must be filed with the United States Trustee within five (5) days of the date of your appointment (Sec. 322).

/S/Hugh M. Leonard  
HUGH M. LEONARD  
UNITED STATES TRUSTEE

DATED: January 24, 1989

I HEREBY ACCEPT APPOINTMENT AS TRUSTEE HEREIN THIS 25th DAY OF January, 1987

/S/Franklin E. Agnew  
FRANKLIN E. AGNEW  
TRUSTEE

APPOINTMENT OF Franklin E. Agnew AS TRUSTEE IS APPROVED THIS 25th DAY OF January, 1989

/S/Warren W. Bentz  
HONORABLE WARREN W. BENTZ  
BANKRUPTCY JUDGE

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CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
MUELLER INDUSTRIES, INC.

Mueller Industries, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The first sentence of Article V of the Certificate of Incorporation of the Corporation is hereby amended so as to read in its entirety as follows:

"The total number of shares of stock which the Corporation shall have authority to issue is 105,000,000; of such shares the number of common shares which the Corporation shall have authority to issue is 100,000,000, par value \$.01 per share ("Common Stock"), and the number of preferred shares which the Corporation shall have authority to issue is 5,000,000, par value \$1.00 per share ("Preferred Stock")."

SECOND: The Amendment of the Certificate of Incorporation herein certified has been duly adopted by the holders of a majority of the issued and outstanding shares of Common Stock in accordance with the provisions of Section 242 of the General Corporate Law of the State of Delaware.

IN WITNESS WHEREOF, Mueller Industries, Inc., has caused this certificate to be signed by its President and attested by its Secretary this 7th day of May, 1998, pursuant to Section 103(a) of the General Corporation Law of the State of Delaware.

Mueller Industries, Inc.  
By:/S/William D. O'Hagan  
William D. O'Hagan  
President and Chief Executive  
Officer

ATTEST:  
By:/S/William H. Hensley  
William H. Hensley  
Secretary

CREDIT AGREEMENT

This Credit Agreement (the "Agreement"), dated as of November 6, 2003, is among each of the Banks (as defined below), Standard Federal Bank, N.A., as Agent (as defined below), and Mueller Industries, Inc., a Delaware corporation, as Borrower (as defined below).

In consideration of the mutual covenants, conditions and provisions as hereinafter set forth, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Definitions. For purposes of this Agreement, the following capitalized terms will have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Acquired Debt" means any Indebtedness of any Person existing at the time such Person became a Subsidiary or assumed by the Borrower or a Subsidiary of the Borrower pursuant to an Acquisition permitted hereunder (and not created or incurred in connection with or in anticipation of such Acquisition).

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of all or substantially all of any business or division of a Person, (b) the acquisition of' in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, (other than Conbraco Industries, Inc.), or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary).

"Advances" means the Loans and the Letter of Credit Advances.

"Advance Date" means a Business Day on which Borrower has requested in accordance with this Agreement that an Advance be made hereunder.

"Affiliate" when used with respect to any person means any other person which, directly or indirectly, controls or is controlled by or is under common control with such person, except that Conbraco Industries, Inc. shall not be considered an Affiliate unless Borrower or one or more of its Subsidiaries acquires a majority of the common stock of such corporation and a majority of the directors of such corporation are employees or representatives of Borrower or one or more of its Subsidiaries. For purposes of this definition "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), with respect to any person, means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

"Agent" means, Standard Federal Bank, N.A., a national banking association, when acting in its capacity as contractual representative of the Banks, and not in its individual capacity as a Bank, and any permitted successor(s) thereto, when so acting.

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"Agent's Address" means 800 Military Street, Port Huron, Michigan 48060, Attention: Joseph A. Vito, or at such other address as Agent may hereafter specify to Borrower in writing.

"Agent's Counsel" means Dickinson Wright PLLC.

"Aggregate Commitment Amount" means the aggregate amount of all the Commitments of the Banks.

"Alternate Base Rate" means the higher of (i) the Prime Rate or (ii) the Federal Funds Rate plus 0.50% per annum.

"Alternative Base Rate Advance" means Advances which bear interest calculated by reference to the Alternative Base Rate.

"Applicable Lending Office" means, with respect to any Advance made by any Bank or with respect to such Bank's Commitment, the office or branch of such Bank or of any Affiliate of such Bank located at the address specified as the applicable lending office or branch for such Bank set forth next to the name of such Bank in the signature pages hereof or any other office or Affiliate of such Bank or of any Affiliate of such Bank hereafter selected and notified to the Borrower and the Agent by such Bank.

"Applicable Margin" means, with respect to Eurocurrency Advances at any

time, the percentage rate per annum which is applicable at such time as set forth in the Pricing Schedule.

"Bank" means each and, when used in the plural, includes all of the banking institutions and other lenders which have signed (or which may hereafter become parties to) this Agreement (including Standard Federal Bank, N.A., when acting as a Bank and not as Agent) and their respective successor(s) and permitted assign(s).

"Borrower's Address" means 8285 Tournament Drive, Suite 150, Memphis, Tennessee 38125, Attention: Chief Financial Officer, or at such other address as Borrower may hereafter specify to Agent in writing.

"Borrower" means Mueller Industries, Inc., a Delaware corporation, and its permitted successor(s) and assign(s).

"Borrowing Date" means the date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.2.

"Borrower's Counsel" means William Hensley, General Counsel to Borrower.

"British Pounds Sterling" or " " means the lawful currency of the United Kingdom.

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"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurocurrency Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Detroit for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in deposits in Dollars or the relevant Permitted Currency are carried out in the relevant interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Detroit for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capital Lease" of any Person means any lease which, in accordance with GAAP, is or should be capitalized on the books of such Person.

"Capital Stock" means (i) in the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock and any warrants, rights or other options to purchase or otherwise acquire capital stock or such securities or any other form of equity securities, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalization" is the sum of Total Debt and Net Worth.

"Closing Date" means the date that the first Advance is funded pursuant to this Agreement.

"Commitment" means, with respect to each Bank, the commitment of each such Bank to make Line of Credit Loans and to participate in Letter of Credit Advances and Swingline Loans made through the Agent pursuant to Section 2.1, in amounts not exceeding the Equivalent in Dollars of the aggregate principal amount outstanding at any time equal to the respective commitment amount for each such Bank set forth for such Bank on the signature pages hereto or otherwise established pursuant to Section 8.13 or 9.2, as such amounts may be modified from time to time pursuant hereto.

"Consolidated Interest Expense" means interest expense of the Borrower and its Subsidiaries on a consolidated basis under GAAP.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consistent Basis" means, in reference to the application of GAAP (as hereinafter defined), that the accounting principles observed in the current period are comparable in all material respects to those applied in the preceding period.

"Defaulting Bank" means any Bank that fails to make available to the Agent such Bank's Loans required to be made hereunder or shall have not made a payment required to be made to the Agent hereunder. Once a Bank becomes a Defaulting Bank, such Bank shall continue as a Defaulting Bank until such time as such Defaulting Bank makes available to the Agent the amount of such Defaulting Bank's Loans and all other amounts required to be paid to the Agent pursuant to this Agreement.

"Dollars" and "\$" means the lawful money of the United States of America.

"Domestic Subsidiaries" means all Subsidiaries organized under the laws of any of the states of the United States of America which are engaged in the manufacturing business in the broadest sense of that term, but excluding Arava Natural Resources Company, Inc. and its Subsidiaries.

"Documents" means, in upper or lower case form, all "documents" and "instruments" as such terms are defined in the Uniform Commercial Code as adopted and in effect in the State of Michigan, in which Borrower now or hereafter has any right, title or interest.

"EBITDA" means consolidated net earnings of the Borrower and the Subsidiaries excluding extraordinary gains, plus, to the extent deducted in determining such net earnings, the sum of income taxes, interest expense, depreciation and amortization, all determined in accordance with GAAP.

"Effective Rate" means the interest rate in effect for each respective Loan from time to time when such Loan is not in default, as set forth in Section 2 hereof.

"Environmental Protection Statute" means any federal, state or local law, statute, or regulation enacted in connection with or relating to the protection or regulation of the environment, including, but not limited to, those laws, statutes and regulations regulating, relating to or imposing liability or standards of conduct concerning the disposal, removal, production, storing, refining, handling, transferring, processing or transporting of hazardous materials and any regulations issued or promulgated in connection with such statutes by any governmental agency or instrumentality, including, without limitation, the Comprehensive Environmental Response, Compensation and Liabilities Act, as amended (42 U.S.C. '9601 et seq.) and the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. '6901 et seq.).

"Equivalent" of an amount of one currency (the "first currency") denominated in another currency (the "second currency"), as of any date of determination, means the amount of the second currency which could be purchased with the amount of the first currency at the spot or other relevant rate of exchange quoted by the Agent at approximately 11:00 a.m. local time on such date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as the same may from time to time be amended or supplemented, including any rules or regulations issued in connection therewith.

"Euro" and/or " " means the Euro referred to in Council Regulation (EC) No. 1103/97 dated June 17, 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of Economic and Monetary Union.

"Eurocurrency Advance" means an Advance which, except as otherwise provided in Section 3.1, bears interest at the applicable Eurocurrency Rate.

"Eurocurrency Base Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the rate determined by the Agent to be the rate at which the Agent offers to place deposits in Permitted Currency in which such Eurocurrency Advance is to be denominated with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, approximately in the amount of the Agent's relevant Eurocurrency Advance and having a maturity equal to such Interest Period, plus all other applicable costs, expenses and reserves (including without limitation the cost of compliance



with any existing requirements of the Bank of England Act of 1998 and/or Bank of England and/or the Financial Services Authority to place non-interest bearing or special deposits with the Bank of England and/or pay fees to the Financial Services Authority in connection with Advances denominated in British Pounds Sterling) for any Eurocurrency Advance denominated in any Optional Currency.

"Eurocurrency Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurocurrency Base Rate applicable to such Interest Period, divided by (b) one, minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Event of Default" has the meaning set forth in Section 7.1 of this Agreement.

"FASB" means the Financial Accounting Standards Board.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to the Agent on such day on such transactions, as determined by the Agent.

"FLSA" means the federal Fair Labor Standards Act, as the same may from time to time be amended or supplemented, including any rules or regulations issued in connection therewith.

"Fundamental Subsidiaries" are those Subsidiaries identified on Exhibit 6.3.

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"GAAP" means generally accepted accounting principles as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the FASB or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination and which are applied on a Consistent Basis.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranties" means, collectively, the guaranties of the Borrower's obligations under the Loan Documents by each of the Domestic Subsidiaries listed in Exhibit 1.15(b) to this Agreement and all Domestic Subsidiaries that are hereafter required to sign Guaranties as provided in Section 5.12 hereof (individually, a "Guarantor" and, collectively, the "Guarantors").

"Indebtedness" means all items of indebtedness of any Person, direct or indirect, joint or several, including (without implied limitation):

(a) all obligations of such Person for borrowed money evidenced by bonds, notes, debentures or similar instruments, all reimbursement and similar obligations under outstanding letters of credit, banker's acceptances or similar instruments in respect of drafts or other claims which may be presented or have been presented and have not yet been paid, and the unpaid purchase price for goods, property or services acquired by such Person, except for trade accounts and accrued expenses payable arising in the ordinary course of business which are not past due within customary payment terms;

(b) All indebtedness guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business), or discounted with recourse by the Person;

(c) All indebtedness in effect guaranteed by the Person, directly or indirectly, through agreements, contingent or otherwise: (1) to purchase such indebtedness; or (2) to purchase, sell, or lease (as lessee or lessor) property, products, materials, or supplies or to purchase or sell services, primarily for the purpose of enabling the Person to make payment of such indebtedness or to insure the owner of the indebtedness against loss; or (3) to supply funds to, or in any other manner invest in, the Person;

(d) All indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by), any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance upon property owned or acquired by the Person subject thereto, whether or not the liabilities secured thereby have been assumed by the Person;

(e) the aggregate outstanding amount of all Off Balance Sheet Liabilities, based on the aggregate outstanding amount as if such transactions were structured as an on balance sheet financing, whether or not shown as a liability on a consolidated balance sheet of such Person, determined in a manner satisfactory to the Agent; and

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(f) all obligations of such Person as lessee which are capitalized in accordance with GAAP under any Capital Lease.

"Interest Coverage Ratio" means the sum of EBITDA, less extraordinary cash and non-cash income of the Borrower and its Subsidiaries, divided by the amount of Consolidated Interest Expense (including interest arising from any Capital Leases) for the applicable period, computed as of the end of each fiscal quarter for the period of four fiscal quarters then ended.

"Interest Period" means, with respect to a Eurocurrency Advance, a period of one, two or three months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement by the Agent, on behalf of the Banks, for the account of the Borrower.

"Letter of Credit Advance" has the meaning set forth in Section 2.2.5 of this Agreement.

"Lien" means any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement or any lease in the nature thereof) and any agreement to give any lien, mortgage, pledge, assignment, security interest, charge or other encumbrance of any kind.

"Line of Credit" means the line of credit established under Section 2.1 of this Agreement.

"Line of Credit Loans" means any loans made by the Banks pursuant to Section 2.1 of this Agreement.

"Line of Credit Maturity" means the earlier of November 6, 2006 or the date the Commitments are terminated.

"Line of Credit Notes" has the meaning set forth in Section 2.3 of this Agreement.

"Loans" means the Line of Credit Loans and the Swingline Loans.

"Loan Documents" means this Agreement, the Notes, the Guaranties, applications for Letters of Credit and all other documents, instruments or certificates executed and delivered to the Banks in connection with this Agreement and the Loans.

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"Margin Stock" means "margin stock" as defined in Regulations U or X or "marginable OTC stock" or "foreign margin stock" within the meaning of Regulation T or X.

"Maximum Rate" means the maximum non-usurious rate of interest that the Banks are allowed to contract for, charge, take, reserve or receive under the applicable laws of any applicable state or of the United States of America (whichever from time to time permits the highest rate for the use, forbearance or detention of money) after taking into account, to the extent required by applicable law, any and all relevant payments or charges under this Agreement, the Notes or under any other document or instrument executed

and delivered in connection herewith and the indebtedness evidenced by the Notes.

"Net Worth" means the sum of the par or stated value of all outstanding Capital Stock, amounts in excess of par or stated value, surplus and retained earnings and other comprehensive income, all as determined in accordance with GAAP for the Borrower and its Subsidiaries on a consolidated basis.

"Notes" means the Line of Credit Notes and any other promissory notes issued by Borrower to the order of any one or more of the Banks evidencing the Obligations of Borrower to repay the Loans.

"Obligations" means any and all liabilities, obligations, or indebtedness owing by Borrower to the Agent and/or the Banks, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising under any Loan Document.

"Off-Balance Sheet Liability" of a Person means (i) any obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, asset securitizations, factoring or similar transactions, (ii) any liability under any sale and leaseback transaction which is not a Capital Lease, (iii) any liability under any so-called "synthetic lease" or "tax ownership operating lease" transaction entered into by such Person, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing (as reasonably determined by the Agent) but which does not constitute a liability on the balance sheets of such Person, but excluding from this clause (iv) operating leases.

"Optional Currency" means any currency which is freely transferable and convertible into Dollars and acceptable to all the Banks; provided, that, subject to the terms of this Agreement, Euros and British Pounds Sterling shall be deemed acceptable to the Banks.

"Overdue Rate" means (a) in respect of principal of Alternate Base Rate Advance, a rate per annum that is equal to the sum of two percent (2%) per annum plus the Alternate Base Rate, (b) in respect of principal of Eurocurrency Advances, a rate per annum that is equal to the sum of two percent (2%) per annum plus the per annum rate in effect thereon until the end of the then current Interest Period for such Advance and, thereafter, a rate per annum that is equal to the sum of two percent (2%) per annum plus the Alternate Base Rate (or, in the case of any Eurocurrency Advance denominated in any Optional Currency, the per annum rate equivalent to the Alternate Base Rate for such

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currency as determined by the Agent), and (c) in respect of other amounts payable by the Borrower hereunder (other than interest), a per annum rate that is equal to the sum of two percent (2%) per annum plus the Alternate Base Rate.

"Permitted Currency" means Dollars and any Optional Currency.

"Permitted Liens" means (a) Liens for taxes, assessments or governmental charges or levies which, for Borrower and all Subsidiaries other than Arava Natural Resources Company and its Subsidiaries and DENO Holding Company, Inc. and its Subsidiaries are not yet due, or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith in accordance with this Agreement and against which appropriate reserves are being maintained under GAAP, (b) unfiled inchoate construction Liens for construction work in progress, (c) workmen's, repairmen's, warehousemen's and carrier's Liens and other similar Liens, if any, arising in the ordinary course of business, (d) Liens granted by Subsidiaries in favor of Borrower in connection with inter-company loans, (e) each of the liens described in Schedule 1.1(a) attached to this Agreement, and (f) other similar Liens incidental to the normal business conduct of the ordinary course of business of the Borrower and Subsidiaries in an aggregate amount not to exceed \$1,000,000.

"Person" or "Persons" means natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, lenders, trust companies, land trusts, vehicle trusts, business trusts or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Pricing Schedule" means the following schedule:

Tier	Capitalization Ratio 1	Facility Fee	Eurocurrency Applicable Margin and Letter of Credit Fee	All-in Drawn Cost
I 3	>20%	25.0 bp2	50.0 bp	75.0 bp
II	>10%, but	20.0 bp	42.5 bp	62.5 bp

III < = 20%  
<10% 15.0 bp 35.0 bp 50.0 bp

- 1 Defined as Total Debt/Capitalization.
- 2 "bp" means basis points per annum.
- 3 All fees will be calculated by the Capitalization Ratio as of the latest fiscal quarter for which financial statements have been delivered pursuant to Section 5.3.1, provided, however, that if such statements are not delivered as required by Section 5.3.1, the Tier I fees shall apply.

"Prime Rate" means and refers to the rate of interest announced publicly from time to time by the Agent as its prime commercial lending rate. Reference to the Prime Rate shall not be affected by the fact that Agent may make loans at different rates from time to time with respect to the class of Loans for which the Prime Rate is established. Any change in any of the interest rates chargeable hereunder resulting from a change in the Prime Rate shall become effective on the day on which each change in the Prime Rate is effective.

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"Prohibited Transaction" has the meaning set forth in Section 406 or Section 2003(a) of ERISA.

"Ratable Share" means for each Bank a percentage based on the ratio of such Bank's Commitment to the aggregate Commitments of all Banks, which as to aggregate Advances (including participations in Letter of Credit Advances and Swingline Loans) of such Bank will be limited to the respective Commitment amount for such Bank. If the Commitments have expired or been terminated, then such Bank's Commitment for purposes of determining its Ratable Share shall be deemed equal to the amount of its Commitment immediately prior to such expiration or termination.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors.

"Reportable Event" has the meaning set forth in Section 4043 of ERISA.

"Requirement of Law" means, with respect to any Person, the certificate (or articles) of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Requisite Banks" means Banks whose Ratable Shares equal or exceed 51%.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Restricted Subsidiaries" means those Domestic Subsidiaries that have executed or are required to execute Guarantees.

"Same Day Funds" means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in any Optional Currency, same day or other funds as may be determined by the Agent to be customary in the place of disbursement or payment for the settlement of international banking transactions in such Optional Currency.

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"SEC" means the Securities and Exchange Commission or any successor agency.

"Subsidiaries" means those entities listed on Schedule 1.1(b) to this

Agreement and all entities in which the Borrower hereafter acquires, directly or indirectly, any equity or ownership interest, except minority interests in (1) Conbraco Industries, Inc. and (2) other entities, the aggregate value of which interests (on a cost basis) does not exceed \$10,000,000, provided that, Conbraco Industries, Inc. shall not be considered a Subsidiary even if Borrower or one or more of its Subsidiaries acquires a majority of the common stock of such corporation unless and until a majority of the Directors of such corporation are employees or representatives of Borrower or its Subsidiaries.

"Swingline Loan" has the meaning set forth in Section 2.9 of this Agreement.

"Tangible Net Worth" means, as of any date, (a) Net Worth less (b) the net book value of all items of the following character which are included in the assets of the Borrower and its Subsidiaries on a consolidated basis: (i) goodwill, including, without limitation, the excess of cost over book value of any asset, (ii) organization or experimental expenses, (iii) unamortized debt discount and expense, (iv) patents, trademarks, trade names, copyrights and other intellectual property, (v) deferred taxes (net of valuation allowances) and deferred charges, (vi) franchises, licenses and permits, (vii) notes and other loans or receivables owing by any Affiliate, director or employee in excess of \$1,000,000 in the aggregate for all of the foregoing, and (viii) other assets which are deemed intangible assets under GAAP, all as determined in accordance with GAAP for the Borrower and its Subsidiaries on a consolidated basis.

"Taxes" means any taxes, charges, fees, levies or other assessments based upon or measured by net or gross income, gross receipts, sales, use, ad valorem, transfer, franchise, withholding, payroll, employment, excise, premium or property taxes, together with any interest and penalties, additions to tax and additional amounts imposed by any federal, state, local or foreign taxing authority upon any Person.

"Total Debt" means all Indebtedness of the Borrower and its Subsidiaries on a consolidated basis.

"Total Outstanding Amount" means the aggregate principal amounts at any time outstanding of the Line of Credit Advances, the outstanding face amount of Letters of Credit and all outstanding Swingline Loans, which shall not exceed in the aggregate an Equivalent in Dollars equal to the amount of the Aggregate Commitment Amount.

"Type" means, with respect to any Advance, its nature as a Alternative Base Rate Advance or a Eurocurrency Advance.

"United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.

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"Unmatured Event of Default" means an event, act, or occurrence which with the giving of notice or the lapse of time, or both, would become an Event of Default.

1.2 Accounting Terms. (a) All accounting terms not specifically defined herein, to the extent not inconsistent with definitions set forth in Section 1.1 of this Agreement, will be construed in accordance with GAAP as in effect from time to time, including, without limitation, applicable statements, bulletins and interpretations issued by the FASB and bulletins, opinions, interpretations and statements issued by the American Institute of Certified Public Accountants or its committees, provided that, if the Borrower notifies the Banks that it wishes to amend any covenant or term hereof to eliminate the effect of any change in GAAP (or if the Requisite Banks notify the Borrower that the Banks wish to amend any covenant or term for such purpose), then the Borrower's compliance with such covenants and terms shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective until either such notice is withdrawn or such covenant or term is amended in a manner satisfactory to the Borrower and the Requisite Banks. When used herein, the term "financial statements" will include the notes and schedules thereto.

(b) The Borrower shall deliver to the Banks, at the same time as the delivery of any annual or quarterly financial statement, (i) a description in reasonable detail of any material variation between the application or other modification of accounting principles employed in the preparation of such statement and the application or other modification of accounting principles employed in the preparation of the immediately prior annual or quarterly financial statements as to which no objection has been made in accordance with the first sentence of subsection (a) above and (ii) if requested by the Agent, reasonable estimates of the difference between

such statements arising as a consequence thereof.

(c) The Borrower agrees to take all necessary action, including without limitation any necessary acknowledgments or consents from the Borrower's auditors as may be required under applicable law, to ensure that the Agent and the Banks may rely on the audited financial statements of the Borrower and its Subsidiaries delivered to the Agent and the Banks after the Closing Date.

### 1.3 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement will have the defined meanings when used in the Loan Documents or any certificate or other document made or delivered pursuant hereto.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, subsection, Schedule and Exhibit references contained in this Agreement are references of Sections, subsections, Schedules and Exhibits in or to this Agreement unless otherwise specified.

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## 2. AMOUNT AND TERMS OF LOANS.

2.1 Amount of Line of Credit. Each Bank agrees, for itself only, subject to the terms and conditions of this Agreement, to make Line of Credit Loans to the Borrower and to participate in Letter of Credit Advances to the Borrower pursuant to Section 2.6 from time to time from and including the Closing Date to but excluding the Line of Credit Maturity not to exceed an aggregate principal amount at any time outstanding the Dollar Equivalent of the amount of its respective Commitment as of the date any such Advance is made; provided, however, that (i) the Equivalent in Dollars of the aggregate principal amount of Letter of Credit Advances outstanding at any time shall not exceed \$15,000,000, (ii) the Equivalent in Dollars of the aggregate principal amount of all Advances in Optional Currencies outstanding at any time shall not exceed \$15,000,000, and (iii) the Equivalent in Dollars of the aggregate principal amount of all Advances outstanding at any time shall not exceed the Aggregate Commitment Amount; and the Borrower will not be entitled to obtain any Advance if each such condition, in addition to other conditions contained herein, is not satisfied both before and after giving effect to such Advance.

### 2.2 Notice and Manner of Borrowing.

2.2.1 Nature of Advances. The Advances (other than Swingline Loans) may be Alternative Base Rate Advances or Eurocurrency Advances, or a combination thereof, selected by Borrower in accordance with Sections 2.2.2 and 2.2.3, provided that, notwithstanding anything herein to the contrary, Advances denominated in any Optional Currency cannot be Alternative Base Rate Advances.

2.2.2 Method of Selecting Types and Interest Periods for New Advances. The Borrower shall select the Type of Advances and, in the case of each Eurocurrency Advance, the Interest Period and Permitted Currency applicable thereto from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Detroit time) at least one Business Day before the Borrowing Date of each Alternative Base Rate Advance and three Business Days before the Borrowing Date for each Eurocurrency Advance, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,
- (iii) the Type of Advance selected, and
- (iv) in the case of each Eurocurrency Advance, the Interest Period and Permitted Currency applicable thereto.

Agent shall deliver to each Bank a copy of the Borrowing Notice timely received by Agent from Borrower on the day received. Not later than noon (local time) on each Borrowing Date, each Bank shall make available its Loan or Loans in Same Day Funds at the principal office of Agent in the case of Advances denominated in Dollars and to the designated Applicable Lending Office of the Agent or at such other place specified by the Agent in the case of Advances denominated in any Optional Currency. The Agent will make the funds so received from the Banks available to the Borrower at the Agent's aforesaid location.

2.2.3 Conversion and Continuation of Outstanding Advances.

Alternative Base Rate Advances shall continue as Alternative Base Rate Advances unless and until such Alternative Base Rate Advances are converted into Eurocurrency Advances pursuant to this Section 2.2.3. Each Eurocurrency Advance shall continue as a Eurocurrency Advance until the end of the then applicable Interest Period therefor, at which time such Eurocurrency Advance shall either be paid, or it will automatically be converted into an Alternative Base Rate Advance unless the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance shall continue as a Eurocurrency Advance for the same or another Interest Period; provided, that (a) Eurocurrency Advances may not be converted from one Permitted Currency to a different Permitted Currency and (b) Eurocurrency Advances owing in any Optional Currency shall not be automatically converted but shall be due and payable at the end of the relevant Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of an Alternative Base Rate Advance into a Eurocurrency Advance. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of an Alternative Base Rate Advance into a Eurocurrency Advance or continuation of a Eurocurrency Advance not later than 10:00 a.m. (Detroit time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date, which shall be a Business Day, of such conversion or continuation,
- (ii) the aggregate amount and Type of the Advance which is to be converted or continued, and
- (iii) the amount of such Advance which is to be converted into or continued as a Eurocurrency Advance and the duration of the Interest Period and Permitted Currency applicable thereto.

2.2.4 Changes in Interest Rate, etc. Each Alternative Base

Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurocurrency Advance into a Alternative Base Rate Advance pursuant to Section 2.2.3, but excluding the date it is paid or is converted into a Eurocurrency Advance pursuant to Section 2.2.3 hereof, at a rate per annum equal to the Alternative Base Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Alternative Base Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurocurrency Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Agent as applicable to such Eurocurrency Advance based upon the Borrower's selections under Sections 2.2.2 and 2.2.3 and otherwise in accordance with the terms hereof. No Interest Period may end after the Line of Credit Maturity.

2.2.5 Ratable Advances. Each Bank, on the date any Advance

(other than Swingline Loans) is requested to be made, shall make its Ratable Share of such Advance available in Same Day Funds at the principal office of Agent in the case of Advances denominated in Dollars and to the designated Applicable Lending Office of the Agent or at such other place specified by the Agent in the case of Advances denominated in any Optional Currency, in each case for disbursement to Borrower. Unless Agent shall have received notice from any Bank prior to the date such Advance is requested to be made under this Section 2.2 that such Bank will not make available to Agent such Bank's Ratable Share of such Advance, Agent may assume that such Bank has made such portion available to Agent on the date such Advance is requested to be made in accordance with this Section 2.2. If and to the extent such Bank shall not have so made such Ratable Share available to Agent, Agent may (but shall not be obligated to) make such amount available to Borrower, and such Bank agrees to pay to Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to Borrower by Agent until the date such amount is repaid to Agent, at the Federal Funds Rate (or, in the case of any Eurocurrency Advance denominated in any Optional Currency, the per annum rate equivalent to the Federal Funds Rate for such currency as determined by the Agent) for the first five days and thereafter at the applicable interest rate. If such Bank shall pay such amount to Agent together with interest, such amount so paid shall constitute a Loan by such Bank as a part of such Advance for purposes of this Agreement. The failure

of any Bank to make its Ratable Share of any such Advance available to Agent shall not relieve any other Bank of its obligations to make available its Ratable Share of such Advance on the date such Advance is requested to be made, but no Bank shall be responsible for failure of any other Bank to make such Ratable Share available to Agent on the date of any such Advance. Subject to the terms and conditions of this Agreement, Agent shall, on the date any issuance of a Letter of Credit advance (a "Letter of Credit Advance") is requested to be made, issue the related Letter of Credit on behalf of the Banks for the account of the Borrower. Notwithstanding anything herein to the contrary, Agent may decline to issue any requested Letter of Credit on the basis that the beneficiary, the purpose of issue or the terms and conditions of drawing are unacceptable to it in its reasonable discretion, including without limitation, if Agent determines that the purpose of such issuance is outside the ordinary course of business of Borrower.

2.2.6 Disbursement. Upon fulfillment of the conditions set forth in this Section 2.2, Section 3.5 (and subject to Agent's then current deadlines for wire transfers and crediting of Agent and Bank accounts), and Sections 8.2.1 and 8.2.2, Agent will disburse such Advance to Borrower in Same Day Funds at Borrower's expense.

2.2.7 Minimum Advances. Except for Swingline Loans, no Advances shall be for an aggregate amount of less than \$5,000,000 (or the approximate Equivalent thereof in any applicable Optional Currency). No more than five different Interest Periods may exist at any time.

2.3 Authorization and Issuance of Line of Credit Notes. All Advances made by the Banks pursuant to the Line of Credit will be evidenced by separate promissory notes of Borrower, in the form of Exhibit 2.3 to this Agreement (each a "Line of Credit Note" and collectively the "Line of Credit Notes"), to be executed and delivered by Borrower to each of the Banks, in the principal amount of each such Bank's Commitment, on the Closing Date.

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2.4 Facility Fees. On the last day of each March, June, September and December, commencing December 31, 2003, for the pro rata benefit of the Banks, the Borrower shall pay a Facility Fee equal to the per annum percentage identified as the Facility Fee in the Pricing Schedule to be determined by multiplying the amount of the aggregate Commitments of all Banks by the appropriate Facility Fee.

2.5 Use of Proceeds. The proceeds of the Line of Credit Loans will be used by Borrower (i) for working capital, (ii) to finance Acquisitions, (iii) to reimburse any Bank for any payment under Letters of Credit and (iv) for general corporate purposes.

2.6 Interest Payment Dates; Interest Basis. Interest accrued on each Alternative Base Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof. Interest accrued on each Eurocurrency Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurocurrency Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurocurrency Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.7 Prepayments. Borrower may prepay, in whole or in part, but in an amount not less than \$10,000,000 (or the approximate Equivalent thereof in the applicable Optional Currency) at any time upon one (1) Business Day's notice, without premium or penalty, any Alternative Base Rate Advances. Eurocurrency Advances may only be prepaid at the end of an Interest Period as provided above in Section 2.2.3. Swingline Loans may only be prepaid with the permission of the Agent. Any other provisions of this Agreement to the contrary notwithstanding, if at any time during the term of this Agreement, (a) the Equivalent in Dollars of the aggregate principal amount of Letter of Credit Advances outstanding at any time shall exceed \$15,000,000, (b) the Equivalent in Dollars of the aggregate principal amount of all Advances in Optional Currencies outstanding at any time shall exceed \$15,000,000, or (c) the Equivalent in Dollars of the aggregate principal amount of all Advances outstanding at any time shall exceed the Aggregate Commitment Amount, the Borrower will immediately, and in any event within two (2) Business Days, remit and pay to Agent such amounts as may be necessary so that no such excess as described in the foregoing clauses (a), (b) or (c) shall exist. Borrower may terminate the Line of Credit at any time upon delivery of written notice to Agent sixty (60) days prior to such termination.



2.8 Loan Account. Advances will be charged to an account in Borrower's name on Agent's books, and Agent will debit to such account the amount of each Advance when made and credit to such account the amount of each repayment thereunder. Agent will render Borrower, from time to time, a statement setting forth the debit balance in the loan account, which will be deemed conclusive absent manifest error. Such statement will be prima facie

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evidence of the correctness of the Advances owing to the Banks by Borrower hereunder, unless there is manifest error evident on its face. Similarly, each Bank is hereby authorized by Borrower to record in its books and records, the date, and amount and type of each Advance and the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon, which books and records shall constitute prima facie evidence of the information so recorded, provided, however, that failure of any Bank to record, or any error in recording, any such information shall not relieve Borrower of its obligation to repay the outstanding principal amounts of the Loans, all accrued interest thereon and other amounts payable with respect thereto in accordance with the terms of the Notes and this Agreement.

2.9 Swingline Loans. The Agent may, in its sole discretion and without having any obligation to do so, make interim advances (hereinafter sometimes referred to as "Swingline Loans") of its own funds to the Borrower prior to the Line of Credit Maturity in an aggregate amount not to exceed an Equivalent in Dollars of \$15,000,000 at any one time outstanding; provided, however, that no Swingline Loans shall be made after the Agent has received written requests not to make Swingline Loans from the Requisite Banks. Swingline Loans shall bear interest at a rate determined by the Agent, and interest and principal shall be payable by the Borrower upon demand by the Agent. The aggregate amount of all Swingline Loans outstanding on the date any regular Advance is made shall be included as a previously disbursed portion of such regular Advance in which each Bank shall participate based upon its Ratable Share and the Agent shall thereupon be immediately reimbursed for the full amount of such Swingline Loans from the proceeds of such regular Advance. If no regular Advance is made for any period of 60 days, whether by reason of the failure to comply with any condition for a regular Advance or otherwise, or at any other time as determined by the Agent in its sole discretion, each Bank shall absolutely and unconditionally, upon request of the Agent, on the Business Day after receiving such request, remit to the Agent such Bank's Ratable Share of all outstanding Swingline Loans, whereupon, such Swingline Loans shall be automatically converted to a regular Alternative Base Rate Advance in Dollars effective on such next Business Day. In no event will any Swingline Loan be made if, after giving effect to such Swingline Loan, the Equivalent in Dollars of the aggregate principal amount of all Advances would exceed the Aggregate Commitment Amount or the Equivalent in Dollars of the aggregate principal amount of all Swingline Loans would exceed \$15,000,000.

### 3. GENERAL PROVISIONS.

#### 3.1 Overdue Rate.

3.1.1 Overdue Rate. Upon the occurrence and during the continuance of an Event of Default, all outstanding Advances will bear interest thereafter, at the option of Agent and/or at the request of the Requisite Banks or automatically without any action by the Agent or the Banks in the case of any Event of Default under Section 7.1.6 or 7.1.7, and without affecting any of the Bank's rights and remedies provided for herein and in the Notes, at the Overdue Rate.

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3.1.2 Late Charge. If any required payment under any Advance is not paid within ten (10) days from the date it is due, at the option of Agent and/or at the request of the Requisite Banks, a late charge of five cents (\$.05) for each Dollar of the payment so overdue may be charged.

#### 3.2 Computation of Interest and Fees; Maximum Interest Rate.

3.2.1 Calculation Of Interest. Interest shall be calculated for actual days elapsed on the basis of a 360-day year, except for interest on Loans denominated in British Pounds Sterling which shall be calculated for actual days elapsed on the basis of a 365-day year. Interest will accrue from the date of any Advance up to but excluding the date of repayment of the Loan, in accordance with the provisions hereof.

3.2.2 Maximum Rate. Notwithstanding anything to the contrary contained in this Agreement, Borrower will not be obligated to pay, and the

Banks will not be entitled to charge, collect or receive, interest in excess of the Maximum Rate and in the event the Banks ever receive, collect or apply, as interest, any such excess, such amount which would be excessive interest will be deemed a partial prepayment of principal and treated hereunder as such; and, if the principal hereof is paid in full, any remaining excess will immediately be returned to Borrower. If any construction of this Agreement, the Notes or the other Loan Documents indicates a different right given to the Banks to ask for, demand or receive any larger sum as interest, such as a mistake in calculation or wording, this clause will override and control, it being the intention of Borrower and the Banks that this Agreement, the Notes and the other Loan Documents will in all respects comply with applicable law, and proper adjustment will automatically be made accordingly. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Rate, Borrower and the Banks will, to the maximum extent permitted by law (i) characterize any non-principal payment as an expense, fee or premium rather than as interest; (ii) exclude voluntary prepayments and the effects thereof; and (iii) amortize, prorate, allocate and spread the total amount of interest through the entire contemplated term of such indebtedness until payment in full of the principal (including the period of any extension or renewal thereof) so that the interest on account of such indebtedness will not exceed the Maximum Rate.

3.3 Conditions Precedent to the Execution and Delivery of this Agreement. The obligation of the Banks to execute and deliver this Agreement is subject to the fulfillment, in form and substance satisfactory to Agent and its counsel, of each of the following conditions, unless otherwise noted:

3.3.1 Line Of Credit Note, Guaranties, etc. Agent will have received each of the following documents, duly executed and delivered by Borrower, each of which will be in full force and effect:

- (a) The Line of Credit Notes, in the form of Exhibit 2.3.
- (b) The Guaranties, in the form of Exhibit 3.3.1(b) to this Agreement.
- (c) Such other documents and certificates as may be necessary or desirable to evidence the Obligations, representations, warranties and covenants of Borrower hereunder and the Guarantors under the Guaranties.

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3.3.2 Good Standing Certificates. Agent will have received a good standing certificate of Borrower and each of the Guarantors listed on Exhibit 3.3.2 hereto from each state in which Borrower and each such Guarantor is organized and each other state, if different, in which the principal part of its business activity is conducted, dated a recent date, indicating that Borrower and each such Guarantor is in good standing in each such state; provided, if such good standing certificates for any Guarantor is not available at closing, Borrower shall certify that such Guarantor is in good standing.

3.3.3 Resolutions. Agent will have received a copy of the resolutions of the Board of Directors of Borrower and each Restricted Subsidiary (i) authorizing the execution, delivery and performance of the Loan Documents, (ii) authorizing the borrowing contemplated hereunder, and (iii) certified by the Secretary of Borrower or the Restricted Subsidiary, respectively, as of the Closing Date, which certificate will state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate.

3.3.4 Charter. Agent will have received certified copies of the charter of Borrower and each Restricted Subsidiary, certified by an officer of Borrower and each Restricted Subsidiary, respectively, on the Closing Date, as true, complete and correct copies thereof.

3.3.5 Incumbency Certificates. Agent will have received a certificate of the Secretary of Borrower and each Restricted Subsidiary as to the incumbency and signatures of the person or persons authorized to execute and deliver the Loan Documents.

3.3.6 Certificate Regarding Representations and Warranties. Agent will have received a certificate of the Chief Financial Officer, the Vice President-Legal or Chief Executive Officer of Borrower stating, on behalf of Borrower, that each of the representations and warranties made in or pursuant to Section 4 of this Agreement or which are contained in any other Loan Document or any certificate, document or financial or other statement furnished by Borrower at any time under or in connection herewith, is true and correct in all respects on and as of the Closing Date.

3.3.7 Reimbursement. Agent will have received reimbursement for legal fees and expenses incurred by Agent in the preparation of the transactions contemplated by this Agreement.

3.3.8 No Litigation or Investigation. No suit, action, investigation, inquiry or other proceeding, including, without limitation, the enactment or promulgation of a statute or rule by or before any arbitrator or any Governmental Authority will be pending and no preliminary or permanent injunction or order by a state or federal court will have been entered (i) in connection with any Loan Document or any of the transactions contemplated hereby or thereby or (ii) which, in any such case, in the reasonable judgment of the Banks, would have a material adverse effect on (A) the transactions contemplated by this Agreement or (B) the business, operations, properties, condition (financial or otherwise) or prospects of Borrower.

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3.3.9 Insurance. Agent will have received a schedule, entitled Schedule 3.3.9, setting forth the policies of insurance, including the effective dates of such policies, carried by Borrower and its Subsidiaries on the Closing Date.

3.3.10 No Event of Default. No Event of Default and no Unmatured Event of Default will have occurred and be continuing on the date of the Loans, nor will either result from the making of such Loans.

3.3.11 Opinion of Counsel. Agent and each of the Banks will have received the written opinion, dated the Closing Date, of Borrower's and Restricted Subsidiaries' Counsel in substantially the same form as that attached hereto as Exhibit 3.3.11.

3.3.12 Repayment of Existing Obligations. The entire amount owing under the Credit Agreement dated November 29, 2000 among the Borrower, the Banks named therein and the Agent is fully paid and all obligations to loan money or make advances thereunder are terminated.

3.3.13 Fees. The Borrower shall have paid the Agent and the Banks all closing fees agreed upon among the Borrower, the Agent and the Banks, or any of them.

3.3.14 Financial Statements. The Agent shall have received audited consolidated financial statements for the Borrower and its Subsidiaries for the fiscal years ending in 2000, 2001 and 2002, unaudited interim consolidated financial statements for the Borrower and its Subsidiaries for each fiscal quarter ended after the most recently ended fiscal year, and such other financial statements as required by the Agent, in each case in form and substance satisfactory to the Agent.

3.3.15 Lien Searches. The Agent shall have received satisfactory results of such Lien searches as required by the Agent.

3.3.16 Certificate Regarding USA Patriot Act. Agent shall have received a certificate of the Borrower with respect to the USA Patriot Act in form satisfactory to the Agent.

3.3.17 Other Matters. All other documents and legal matters in connection with the transactions contemplated by this Agreement will have been delivered and/or executed and will be in form and substance satisfactory to Agent and its counsel.

3.4 Conditions Precedent to all Advances under the Line of Credit Loans. The obligation of the Banks and each of them to make Advances, including any Letter of Credit Advance, is subject to the fulfillment, in form and substance satisfactory to Agent and its counsel, of each of the following conditions on or before the date of each such Advance:

3.4.1 No Event Of Default. As of the date of making the Advance, no Event of Default and no Unmatured Event of Default will have occurred or be continuing, nor will either result from or exist after the making of such Advance.

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3.4.2 Agreement in Full Force and Effect. This Agreement and each of the other Loan Documents will be in full force and effect.

3.4.3 Representations and Warranties True and Correct. Each of the representations and warranties made in or pursuant to Section 4 of this Agreement or which are contained in any other Loan Document or any certificate, document or financial or other statement furnished by Borrower and/or any Subsidiary at any time under or in connection with any of the transactions contemplated by the Loan Documents, will be true and correct in

all material respects on and as of the date of the Advance as if made on and as of the date of the Advance (unless stated to relate to a specific earlier date, in which case such representations and warranties will be true and correct in all material respects as of such earlier date).

3.4.4 Financial Statements. Agent will have received the consolidated quarterly financial statements of Borrower as delivered to Agent in accordance with Sections 5.3.1 and 5.3.2 below.

3.4.5 No Change. There has been no change that has a materially adverse effect on the business, operations, properties, condition (financial or otherwise) or prospects of Borrower and its Subsidiaries, taken as a whole, since the date of the last financial statements of Borrower delivered to Agent.

3.5 Compensation for Increased Costs.

(a) In the event after the date of execution of this Agreement, any introduction of any law, or any change in any law, or the interpretation or application thereof by any court or Governmental Authority charged with the administration thereof, or the compliance with any guideline or request from any Governmental Authority (whether or not having the force of law), which has the effect of:

(i) subjecting any Bank to any tax, deduction or withholding with respect to this Agreement or any other Loan Document (other than any tax based upon the overall net income of any such Bank), or

(ii) imposing, modifying or deeming applicable any reserve, special deposit, insurance premium or similar requirement against assets held by, or deposits in or for the account of, or loans by, any Bank, with respect to this Agreement or the other Loan Documents, or

(iii) imposing upon any Bank any other condition or expense with respect to this Agreement or any other Loan Document and the result of any of the foregoing is to increase the cost to any such Bank, reduce the income receivable by any such Bank, impose any expense upon any such Banker reduce the amount of any payment receivable by any such Bank with respect to any Note, or with respect to any Bank's Commitment hereunder or under any Letter of Credit Advance, or any portion thereof, by an amount which any such Bank deems to be material, such Bank shall from time to time notify the Agent and Borrower thereof by delivery of a certificate of an officer of such Bank of the nature described in the next sentence, and the Borrower shall pay to the Agent for delivery to such Bank that amount which shall compensate such Bank (on an after tax basis) for such increase in cost, reduction in income, additional expense, reduced amount or reduced rate of

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return. A certificate setting forth in reasonable detail such increase in cost, reduction in income or additional expense or reduced amount or reduced rate of return, and the manner of calculating the same as determined by such Bank, shall be submitted by such Bank to the Agent and Borrower and, absent manifest error, shall be conclusive as to the amount thereof (provided that such determination be made reasonably and in good faith).

(b) If any Bank shall have determined that the introduction of or any change in any applicable law regarding capital adequacy, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or any of its branches) with any request or directive regarding capital adequacy (whether or not having the force of law) or any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital as a consequence of its obligations hereunder, its Commitment hereunder, or the transactions contemplated hereby to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to liquidity and capital adequacy) by an amount deemed by such Bank to be material, then the Borrower shall pay to the Agent for delivery to such Bank promptly, such additional amount or amounts determined by such Bank as will compensate such Bank for such reduced rate of return.

(c) Borrower acknowledges that compensation to the Bank for any increased costs incurred by the Bank and payable by Borrower pursuant to this subsection may take the form of an effective increase in the interest rate payable under the Loans.

(d) Borrower shall have access to any and all documentation relied upon by the Bank in determining the events set forth in subsection (b) of this Section 3.5, any calculations of a reduced rate of return, and the interest rate calculation pursuant to Section 3.5(c).

3.6 Letters of Credit. Any Letter of Credit shall have a term not

exceeding one year, not including renewals, and shall not in any event expire later than the Line of Credit Maturity. In no event shall the aggregate face amount of all outstanding Letter of Credit Advances exceed an Equivalent in Dollars of \$15,000,000. Borrower will pay to Agent for the pro rata benefit of the Banks a per annum fee equal to the Applicable Margin multiplied by the face amount of any newly issued or renewed Letter of Credit at the time of issuance or renewal of such Letter of Credit. Additionally, Borrower will pay a fee to the Agent for its own account computed at a rate agreed upon between the Agent and the Borrower multiplied by the face amount of any newly issued or renewed Letter of Credit at the time of issuance or renewal of such Letter of Credit. The Borrower further agrees to pay to the Agent, on demand, such other customary administrative fees, charges and expenses of the Agent in respect of the issuance, negotiation, acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued. Such fees are non-refundable and Borrower shall not be entitled to any rebate of any portion thereof if such Letter of Credit does not remain outstanding through its stated expiry date or for any other reason. Nothing in this Agreement shall be construed to require or authorize any Bank to issue any Letter of Credit, it being recognized that Agent has the sole

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obligation under this Agreement (subject to the terms and conditions of this Agreement) to issue Letters of Credit on behalf of the Banks. Upon such issuance by Agent, each Bank shall automatically acquire a pro rata risk participation interest in such Letter of Credit Advance based on its Ratable Share. If Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, Agent shall provide notice thereof to each Bank prior to 2:00 p.m. Eastern Time on the second Business Day immediately preceding the date such draft or demand is to be honored. Unless Borrower shall have satisfied its reimbursement obligation by payment to Agent on the date that such draft or demand is to be honored, each Bank, on the date the draw under the Letter of Credit is to be honored, shall make its Ratable Share of the amount paid by Agent available in Same Day Funds at the principal office of Agent for the account of Agent. If and to the extent such Bank shall not have made such Ratable Share portion available to Agent, such Bank agrees to pay to Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid by Agent until such amount is so made available to Agent at a per annum rate equal to the Federal Funds Rate (or, in the case of any Eurocurrency Advance denominated in any Optional Currency, the per annum rate equivalent to the Federal Funds Rate for such currency as determined by the Agent) for the first five days and thereafter at the applicable interest rate. If such Bank shall pay such amount to Agent together with such interest, such amount so paid shall constitute an Advance by such Bank disbursed in respect of the reimbursement obligation of Borrower. The failure of any Bank to make its pro rata portion of any such amount paid by Agent available to Agent shall not relieve any other Bank of its obligation to make available its pro rata portion of such amount, but no Bank shall be responsible for failure of any other Bank to make such pro rata portion available to Agent.

3.7 Termination of Commitments and Payment on Line of Credit Maturity. Notwithstanding anything to the contrary contained herein, no Bank shall be obligated to make any Line of Credit Advance beyond the date of the Line of Credit Maturity, and all amounts due and owing the Banks shall be due and payable on the date of the Line of Credit Maturity.

3.8 Tax Documents (a) At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Bank, each Bank that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI and Form W-8 or W-9 and any additional forms necessary for claiming complete exemption from United States withholding taxes (or any successor or substitute forms), certifying in either case that such Bank is entitled to receive payments under this Agreement and the Loans without deduction or withholding of any United States federal income taxes. Each Bank which so delivers a Form W-8BEN or W-8ECI and a Form W-8 or W-9 and any additional forms necessary for claiming complete exemption from United States withholding taxes (or any successor or substitute forms) further undertakes to deliver to each of the Borrower and the Agent two additional copies of such forms (or any successor or substitute forms) on or before the date that such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Agent to the

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extent it may lawfully do so, in each case certifying that such Bank is entitled to receive payments under this Agreement and the Loans without

deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such form with respect to it and such Bank advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(b) Each Bank which is neither a resident of the United Kingdom nor a bank carrying on a bona fide banking business in the United Kingdom agrees to furnish, to the extent it is required to do so to be exempt from any withholding tax, on or before the date such Bank makes a Loan to the Borrower in British Pounds Sterling in the United Kingdom, to the Agent and the relevant Borrower evidence satisfactory to the Agent and the Borrower that such Bank has filed with the United Kingdom Inland Revenue a "Claim on Behalf of a United States Domestic Corporation to Relief from United Kingdom Income Tax on Interest and Royalties Arising in the United Kingdom" or other appropriate form or forms of exemption from withholding tax and received from the Inland Revenue authority that payments to such Bank by the Borrower hereunder may be made gross; provided that such Bank's failure to furnish such evidence shall not relieve the Borrower of any of its obligations under this Agreement.

(c) If any governmental authority of any jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered or was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason relating to such Bank's failure to comply with the terms of this Agreement) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including attorney costs). The obligations of the Banks under this subsection shall survive the payment of all Obligations.

3.9 Applicable Lending Office. Each Bank and the Agent may make and book its Loans and, in the case of the Agent, issue Letters of Credit, at any Applicable Lending Office(s) selected by such Bank or the Agent, as the case may be, and each Bank and the Agent may change its Applicable Lending Office(s) from time to time. Each Bank may, by written notice to the Agent and the Borrower, designate one or more Applicable Lending Offices which are to make and book Loans and for whose account Loan payments are to be made. The Agent may, by written notice to the Borrower, designate one or more Applicable Lending Offices which are to make and book Swingline Loans and issue and book Letters of Credit and for whose accounts Loan payments and Letter of Credit reimbursements are to be made and through which its functions are to be performed. All terms of this Agreement shall apply to any such Applicable Lending Office(s) and the Notes shall be deemed held by each Bank and the Agent, as the case may be, for the benefit of such Applicable Lending Office.

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3.10 Limitation of Requests and Elections. Notwithstanding any other provision of this Agreement to the contrary, if, upon receiving a request for a Eurocurrency Advance, or a request for a continuation or conversion of a Eurocurrency Advance or a request for a conversion of a Alternate Base Rate Advance to a Eurocurrency Advance, (a) in the case of any Eurocurrency Advance, deposits in the relevant Permitted Currency for periods comparable to the Interest Period elected by the Borrower are not available to any Bank in the relevant interbank or secondary market, or (b) any Bank reasonably determines that the Eurocurrency Base Rate will not adequately and fairly reflect the cost to such Bank of making, funding or maintaining the related Eurocurrency Advance and such Bank has provided to the Agent and the Borrower a certificate prepared in good faith to that effect, or (c) by reason of national or international financial, political or economic conditions or by reason of any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect, or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank with any directive of such authority (whether or not having the force of law), including without limitation exchange controls, it is impracticable, unlawful or impossible for any Bank (i) to make or fund the relevant Eurocurrency Advance or (ii) to continue such Eurocurrency Advance as a Eurocurrency Advance of the then existing type or (iii) to convert a Loan to such a Eurocurrency Advance, then the Borrower shall not be entitled, so long as such circumstances continue, to request a Eurocurrency Advance of the affected type or a continuation of or conversion to a Eurocurrency Advance of the affected type. In the event that such circumstances no longer exist, the Banks shall again honor requests, subject to this Agreement, for Eurocurrency Advances of the affected type and requests for continuations of and conversions to Eurocurrency Advances of the affected type.

3.11 Substitution of Bank. If (i) the obligation of any Bank to make or maintain Eurocurrency Advances has been suspended pursuant to Section 3.10 when not all Banks' obligations have been suspended or (ii) any Bank is a Defaulting Bank, the Borrower shall have the right, if no Default or Event of Default then exists, to replace such Bank (a "Replaced Bank") with one or more other Banks or other lenders (collectively, the "Replacement Bank") acceptable to the Agent, provided that (x) at the time of any replacement pursuant to this Section 3.11, the Replacement Bank shall enter into one or more Assignment and Acceptances, pursuant to which the Replacement Bank shall acquire the Commitments and outstanding Advances and other obligations of the Replaced Bank and, in connection therewith, shall pay to the Replaced Bank in respect thereof an amount equal to the sum of (A) the amount of principal of, and all accrued interest on, all outstanding Loans of the Replaced Bank, (B) the amount of all accrued, but theretofore unpaid, fees owing to the Replaced Bank and (C) the amount which would be payable by the Borrower to the Replaced Bank pursuant to Section 7.4 if the Borrower prepaid at the time of such replacement all of the Loans of such Replaced Bank outstanding at such time and (y) all obligations of the Borrower then owing to the Replaced Bank (other than those specifically described in clause (x) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Bank concurrently with such replacement. Upon the execution of the respective Assignment and Acceptances, the payment of amounts referred to in clauses (x) and (y) above and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Note or Notes executed by the Borrower, the

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Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder. The provisions of this Agreement shall continue to govern the rights and obligations of a Replaced Bank with respect to any Loans made or any other actions taken by such Bank while it was a Bank. Nothing herein shall release any Defaulting Bank from any obligation it may have to the Borrower, the Agent or any other Bank. Each Bank agrees to take such actions, at the Borrower's expense, as may be reasonably necessary to effect the foregoing if it shall become a Replaced Bank.

3.12 No Setoff or Deduction. All payments of principal of and interest on the Advances and other amounts payable by the Borrower hereunder shall be made by the Borrower without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority, unless required by applicable laws. If any such taxes, levies, imposts, duties, fees, assessments, or other charges are required to be withheld from any amounts payable hereunder with respect to any Advance in any Optional Currency, the amounts so payable shall be increased to the extent necessary to yield to the payee thereof the interest or any such other amounts payable hereunder at the rates and in the amounts specified in this Agreement.

3.13 International Transaction. (a) This Agreement arises in the context of an international transaction, and the specification of payment in a specific currency at a specific place pursuant to this Agreement is of the essence. Such specified currency shall be the currency of account and payment under this Agreement. The obligations of the Borrower hereunder shall not be discharged by an amount paid in any other currency or at another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid, on prompt conversion into the applicable currency and transfer to the Banks under normal banking procedure, does not yield the amount of such currency due under this Agreement. In the event that any payment, whether pursuant to a judgment or otherwise, upon conversion and transfer, does not result in payment of the amount of such currency due under this Agreement, the Banks shall have an independent cause of action against the Borrower for the currency deficit.

(b) If for purposes of obtaining judgment in any court it becomes necessary to convert any currency due hereunder into any other currency, the Borrower will pay such additional amount, if any, as may be necessary to ensure that the amount paid in respect of such judgment is the amount in such other currency which, when converted at the Agent's spot rate of exchange prevailing on the date of payment, would yield the same amount of the currency due hereunder. Any amount due from the Borrower under this Section 3.12(b) will be due as a separate debt and shall not be affected by judgment being obtained for any other sum due under or in respect of this Agreement.

4. REPRESENTATIONS AND WARRANTIES. In order to induce each Bank to enter into this Agreement and to provide the Loans, Borrower represents and warrants to each Bank that the following statements are true, correct and complete at the date hereof and at the date of each Advance and the issuance of each Letter of Credit:

4.1 Organization, Powers, Good Standing.

4.1.1 Organization and Good Standing. Each of the Borrower and its Subsidiaries (a) is a legal entity duly organized, validly existing and in good standing under the laws of the respective jurisdiction of its organization, (b) has full power, authority and legal right to own and operate its property and to conduct the business in which it is currently

engaged, (c) is duly qualified and is in good standing under the laws of each jurisdiction in which the failure to so qualify may have a material adverse affect on its business, its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents, and (d) is in compliance in all material respects with all Requirements of Law, except where the lack of compliance could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

4.1.2 Power and Authority. Borrower has full power and authority to execute, deliver and perform the Loan Documents, including, without limitation, to borrow under this Agreement. Each Guarantor has full power and authority to execute, deliver and perform the Guaranties. Borrower and each Guarantor has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents and Borrower has taken all necessary action to borrow under this Agreement. No consent or authorization of, or filing with, any Person (including, without limitation, any Governmental Authority) is required in connection with the execution, delivery and performance by Borrower or any Guarantor or the validity or enforceability against Borrower or any Guarantor of the Loan Documents.

4.2 Authorization of Borrowing; Etc.

4.2.1 No Violation. The execution, delivery and performance by Borrower of this Agreement and the other Loan Documents and the execution, delivery and performance by any Guarantor of the Guaranties do not and will not (a) violate any Requirement of Law applicable to Borrower or any Subsidiary, (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of Borrower or any Subsidiary, (c) result in or require the creation or imposition of any Lien of any nature whatsoever upon any of Borrower's or any Subsidiary's properties or assets, other than in favor of the Banks, or (d) require any approval of any court or Governmental Authority or any approval or consent of any Person under any contractual obligation of Borrower.

4.2.2 Legally Valid and Binding. The Loan Documents and all other documents contemplated hereby and thereby, when executed and delivered, will be the legally valid and binding obligations of Borrower and of the Guarantors, as the case may be, enforceable against it and them in accordance with their respective terms, except as enforcement may be limited by equitable principals or by bankruptcy, insolvency, reorganization, moratorium or similar laws, or equitable principles relating to or limiting creditors' rights generally.

4.3 Subsidiaries. Schedule 1.1(b) correctly sets forth as to each Subsidiary, its name, the jurisdiction of its organization, the name of its immediate parent and the percentage of its Capital Stock that is directly or indirectly owned by Borrower. Other than (1) as set forth in its annual reports as filed with the SEC, which have been disclosed in writing to the Banks, (2) stock acquisitions made since its most recent annual report filed with the SEC, (3) the Subsidiaries, and (4) the existing minority stock interests owned by Borrower in Conbraco Industries, Inc., Borrower does not own more than \$10,000,000 (on a cost basis) in the aggregate of Capital Stock in any Persons.

4.4 Title. Borrower and Subsidiaries, as applicable, have good and valid legal title to the assets reflected in Borrower's consolidated financial statements dated as of December 28, 2002 previously submitted to each of the Banks. There are no Liens, charges or encumbrances (other than Permitted Liens), on such property or assets referenced in the prior sentence except those reflected on such financial statements.

4.5 Litigation; Adverse Facts. Except as set forth on Schedule 4.5 to this Agreement, there is no action, suit, dispute, investigation, inquiry, arbitration, tax claim or other proceeding (including, without limitation,



the enactment or promulgation of a statute or rule) at law or in equity or before or by any arbitrator or Governmental Authority pending or, to the knowledge of Borrower, threatened, against Borrower or any Subsidiary which might reasonably be expected to result in any material adverse change in the business, operations, properties or in the business prospects or condition (financial or otherwise), of Borrower and its Subsidiaries, taken as a whole, or would materially adversely affect Borrower's ability to perform its Obligations hereunder and under any other Loan Document.

4.6 Payment of Taxes. Other than Mining Remedial Recovery Corporation and its Subsidiaries and DENO Holding Company, Inc. and its Subsidiaries all material tax returns and reports required to be filed by Borrower and each Subsidiary have been prepared in accordance with acceptable standards and have been timely filed, and all Taxes, assessments, fees and amounts required to be withheld and paid to a Governmental Authority, and other governmental charges upon Borrower and each Subsidiary and upon their properties, assets, income and franchises which are shown on such returns to be due and payable have been paid when due and payable. Borrower does not know of any proposed, asserted or assessed tax deficiency against it or any Subsidiary which might reasonably be expected to result in any material adverse change in the condition (financial or otherwise) of Borrower or any Subsidiary (other than Mining Remedial Recovery Corporation and its Subsidiaries). Neither Borrower nor any Subsidiary is a party to, bound by or obligated under any tax sharing or similar agreement.

#### 4.7 Materially Adverse Agreements; Performance.

4.7.1 No Material Adverse Agreements. Neither Borrower nor any Subsidiary is a party to or subject to any material agreement, instrument, charter or other internal restriction materially adversely affecting the business, properties or assets of Borrower or any Guarantor or the operations, business prospects or condition (financial or otherwise) of Borrower and Guarantors, taken as a whole.

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4.7.2 No Default. Neither Borrower nor any Subsidiary is in material default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any of its contractual obligations and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a default, which, taken as a whole, could reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of its Subsidiaries taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents

4.7.3 Ownership of Intellectual Property. Borrower and each Domestic Subsidiary owns or possesses all patents, trademarks, service marks, trade names, copyrights, licenses and rights necessary for the present and planned future conduct of its business, without any known conflict with the rights of others.

4.8 Disclosure. No representation or warranty of Borrower contained in this Agreement or in any other Loan Document or other document, certificate or written statement furnished to the Banks by or on behalf of Borrower with respect to the business prospects or condition (financial or otherwise) of Borrower and each Subsidiary for use in connection with the transactions contemplated by this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. For purposes of the previous sentence the phrase "material fact," is a fact or facts which, taken as a whole, could reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of Borrower and its Subsidiaries taken as a whole, or the ability of Borrower to repay the Loans or to observe and perform its obligations under the Loan Documents. There is no material fact known to Borrower which adversely affects the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of Borrower and its Subsidiaries, taken as a whole, which has not been disclosed herein or in such other documents, certificates and statements furnished to the Banks for use in connection with the transactions contemplated hereby.

4.9 ERISA Compliance. Borrower and Subsidiaries are in compliance in all material respects with any applicable provisions of ERISA. Except as set forth on Schedule 4.9 to this Agreement, (i) neither a Reportable Event nor a Prohibited Transaction has occurred or is continuing in relation to any pension plan, which, taken as a whole, could reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of Borrower and its Subsidiaries taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents, and (ii) Borrower and each Subsidiary have not incurred any liability to the Pension

Benefit Guaranty Corporation, except where the occurrence of such event could not reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of Borrower and its Subsidiaries taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

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4.10 Environmental Matters. Except as set forth in Schedule 4.10 to this Agreement, Borrower and each Subsidiary has complied in all respects with all Environmental Protection Statutes, except where the lack of compliance could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of Borrower and its Subsidiaries, taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents. Except as set forth on Schedule 4.10 to this Agreement, neither Borrower nor any Subsidiary, nor, to the best of Borrower's knowledge, any other person, used any real property owned or leased by Borrower or any Subsidiary in the disposal of or to refine, generate, produce, store, treat, transfer, release or transport any hazardous waste or hazardous substance, or been designated by the United States Environmental Protection Agency or under any Environmental Protection Statute as a hazardous waste or hazardous substance disposal or removal site, superfund or clean-up site or candidate for removal or closure pursuant to any Environmental Protection Statute, which, taken as a whole, could reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of its Subsidiaries taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents. Other than Mining Remedial Recovery Corporation and its Subsidiaries and DENO Holding Company, Inc. and its Subsidiaries, no lien arising under or in connection with any environmental protection statute has attached to any revenues or to any real or personal property owned by Borrower or any Subsidiary. Borrower agrees to indemnify and hold each Bank harmless from any and all violations by Borrower or any Subsidiary of any Environmental Protection Statute.

4.11 Investment Company. Borrower is not directly or indirectly controlled by, or acting on behalf of, a Person which is an "Investment Company" within the meaning of the Investment Company Act of 1940, as amended, that is organized or otherwise created under the laws of the United States, any State of the United States, the District of Columbia, Puerto Rico, the Philippine Islands, the Virgin Islands or any other possession of the United States.

4.12 Regulations T, U and X. No part of the proceeds of the Advances will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying any Margin Stock. If requested by Agent, Borrower will furnish Agent with a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in said Regulation. Borrower also warrants that no part of the proceeds of the borrowings hereunder will be used by it for any purpose which violates, or which is inconsistent with, the provisions of Regulation T, U or X. After applying the proceeds of each Advance, Margin Stock will not constitute more than 25% of the value of the assets (either of the Borrower alone or of the Borrower and its Subsidiaries on a consolidated basis) that are subject to any provisions of this Agreement that may cause the Advances to be deemed secured, directly or indirectly, by Margin Stock.

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4.13 Indebtedness. Neither Borrower nor any Subsidiary has any outstanding Indebtedness except Indebtedness described in (1) Schedule 4.13 to this Agreement or (2) permitted under Section 6.1 of this Agreement.

4.14. Solvency. Immediately after the consummation of the transactions to occur on the date hereof and immediately following the making of each Advance, including Line of Credit Loans and the issuance of any Letter of Credit, if any, made on the date hereof and after giving effect to the application of the proceeds of such Advances, (a) the fair value of the assets of the Borrower and its Fundamental Subsidiaries on a consolidated basis will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Fundamental Subsidiaries on a consolidated basis; (b) the Borrower and its Fundamental Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated,

contingent or otherwise, as such debts and liabilities become absolute and matured; and (c) the Borrower and its Fundamental Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are not conducted and are proposed to be conducted after the date hereof.

4.15 Reportable Transaction. Unless the Borrower has made the determination referred to in the following sentence, the Borrower does not intend to treat the Obligations and related transactions contemplated by the Loan Documents as a "reportable transaction" under Sections 6011, 6111 or 6112 of the Internal Revenue Code or the treasury regulations promulgated thereunder. In the event the Borrower determines to treat any of the Obligations or such transactions as such a "reportable transaction", the Borrower shall immediately notify the Agent.

4.16 Survival. All of the representations and warranties set forth in this Section 4 will survive until all of the Obligations are satisfied in full and there remain no outstanding Commitments hereunder.

5. AFFIRMATIVE COVENANTS. Borrower covenants and agrees that, until all of the Obligations are satisfied and the Commitments hereunder have been terminated, Borrower will perform each and all of the following:

5.1 Use of Proceeds. Borrower will use the proceeds of the Advances only for the purposes set forth in Section 2.5.

5.2 Accounting Records. Borrower will maintain adequate records in accordance with sound business practices and GAAP, applied on a Consistent Basis, except for changes required by GAAP, changes in accordance with GAAP and approved by the Agent or other changes consented to in writing by the Requisite Banks (which consent will not be unreasonably withheld). Upon five (5) days' prior notice, Borrower will provide, and cause each Subsidiary to provide, access to representatives of each Bank to visit any of the properties of Borrower or any Subsidiary and examine the books of account and discuss Borrower's and each Subsidiary's affairs, finances and accounts with, and be advised of the same by, Borrower's and each Subsidiary's officers and outside auditors, all at such reasonable times and as often as any Bank may reasonably request.

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5.3 Reports. Borrower will deliver to the Banks and the Agent:

5.3.1 Quarterly Reports. As soon as available and in any event within forty five (45) days after the end of each of the first three quarters of each fiscal year of Borrower, management prepared consolidated financial statements of Borrower and Subsidiaries as of the end of such quarter, and the consolidated statements of profit and loss and surplus of Borrower and Subsidiaries from the beginning of Borrower's and Subsidiaries' fiscal year to the end of such quarter, certified as correct (subject to year end adjustments) by the chief financial officer of Borrower.

5.3.2 Annual Reports. As soon as available, and in any event within ninety (90) days after the end of each fiscal year of Borrower, the complete audited, consolidated financial statements of Borrower and Subsidiaries, including the consolidated balance sheet of Borrower and Subsidiaries as of the end of such year and the consolidated statements of profit and loss and surplus of Borrower and Subsidiaries for the fiscal year then ended, certified by Ernst & Young (without a going concern or similar financially adverse qualification), or such other independent certified public accountants of recognized standing, to be prepared in accordance with GAAP and to present fairly the financial position and results of operation of Borrower and Subsidiaries. Additionally, if requested by the Agent, the Borrower will provide internally prepared consolidating financial statements within 90 days after the end of each fiscal year.

5.3.3 Accounts Receivable and Payable Aging. Upon the request of Agent or Requisite Banks, accounts receivable aging reports, accounts payable aging reports and inventory certifications.

5.3.4 Compliance Certificate. Within forty five (45) days after the end of each calendar quarter, a compliance certificate in the form of Exhibit 5.3.4 to this Agreement, duly completed and executed by the Chief Financial Officer of Borrower.

5.3.5 Copies of Reports Sent to the Banks. Unless otherwise specified, copies of all of the reports furnished under this Section 5.3 shall be sent by Borrower directly to the Banks.

5.3.6 Report of Certain Events. Promptly upon Borrower becoming aware of the occurrence of any: (a) Unmatured Event of Default or

Event of Default; (b) Reportable Event; or (c) Prohibited Transaction in connection with any pension plan or any trust created thereunder, a written notice specifying the nature thereof, what action Borrower is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto, will be delivered to Agent by Borrower.

5.3.7 Threat of Bankruptcy. Promptly upon becoming aware of any Person's seeking to obtain or threatening in writing to seek to obtain a decree or order for relief with respect to Borrower or any Restricted Subsidiary in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, a written notice thereof specifying what action Borrower or such Restricted Subsidiary is taking or proposes to take with respect thereto.

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5.3.8 Amendments to Charter or Bylaws. Promptly, copies of all amendments to the charter or bylaws of Borrower and, if requested by the Agent, any Guarantor.

5.3.9 Copy of Process. Promptly, and in any event within five (5) days after the receipt thereof by Borrower or any Subsidiary, a copy of any notice, summons, citation, directive, letter or other form of communication from any Governmental Agency or instrumentality, in any way concerning any action or omission on the part of Borrower or any Subsidiary in connection with any Environmental Protection Statute, or concerning the filing of a lien upon, against or in connection with Borrower or any Subsidiary, or any of their real or personal property, in connection with any Environmental Protection Statute, except where such action or omission by Borrower or any Subsidiary could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

5.3.10 Copy of SEC Filings. Promptly after the sending or filing thereof, copies of all reports, proxy statements and financial statements which Borrower files with its shareholders or any securities exchange or the SEC, including, without limitation, all reports on Form 10-K, 10-Q, and 8-K. Such reports need not include exhibits. Borrower agrees to promptly provide Agent with exhibits specifically requested by Agent or any Bank.

5.3.11 Copy of Process From Governmental Authority. Promptly, and in any event within five (5) days of the receipt thereof by Borrower, a copy of a notice, summons, citation, directive, letter, complaint, or other form of communication from the U.S. Department of Labor, or any other Governmental Authority or instrumentality, or any other Person, in any way concerning any action or omission on the part of Borrower or any Subsidiary in connection with the payment of minimum and/or overtime wages to its employees, or concerning the filing of a lien upon, against or in connection with Borrower or any Subsidiary, or any of its real or personal property, in connection with the FLSA, except where such action or omission by Borrower or any Subsidiary could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

5.3.12 Notice Of Litigation. Promptly, upon Borrower making a determination with respect to any litigation or proceeding in which it or any Restricted Subsidiary is a party that an adverse decision in any such matter is reasonably likely to require it to pay more than \$10,000,000 in excess of the amount of any insurance covering such claim, or deliver assets the value of which exceeds such sum or of the institution of any other suit or proceeding to which Borrower or any Subsidiary is a party that, by itself or together with any other such matters, might materially and adversely affect the operations, financial condition, property, or business prospects of the Borrower and its Subsidiaries, taken as a whole.

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5.3.13 Other Information. Promptly, such other information and data with respect to Borrower or any Subsidiary as from time to time may be reasonably requested by any Bank.

5.3.14 Pro Forma Compliance Certificate. Not less than 30 days prior to the consummation of any proposed Acquisition which, when aggregated with all other Acquisitions consummated directly or indirectly by the

Borrower since the date of the most recent Compliance Certificate furnished pursuant to Section 5.3.4 hereof, will result in a cumulative increase in the Borrower's Total Debt as a result of all such Acquisitions of \$25,000,000 or more, a pro forma management compliance certificate certifying that all covenants set forth in Sections 5 and 6 hereof will be complied with as of the date of such Acquisition(s).

5.3.15 Other Information. Such other information as any Bank may reasonably request.

5.4 Financial Covenants. Borrower will at all times comply with the following financial covenants:

5.4.1 Tangible Net Worth Requirements. Borrower will maintain a minimum Tangible Net Worth of \$566,000,000, to be adjusted upward at the end of each fiscal quarter, commencing with the fiscal quarter ending September 27, 2003, by twenty five percent (25%) of positive net income after taxes and before dividends for such quarter. Once adjusted upward, the Tangible Net Worth requirement set forth herein will not decrease downward except for the cash cost of repurchases of treasury stock at cost.

5.4.2 Total Debt to Capitalization Ratio. Borrower will not permit the ratio of Borrower's Total Debt to Capitalization to exceed 35.0%, on a consolidated basis.

5.4.3 Interest Coverage Ratio. Borrower will not permit the Interest Coverage Ratio to be less than 4.50 to 1.00, on a consolidated basis as calculated on a rolling four (4) quarter basis.

5.5 Corporate Existence. Except as permitted under Section 6.3, Borrower will at all times preserve and keep in full force and effect its and each Restricted Subsidiary's corporate existence except for (i) Mining Remedial Recovery Corporation and its Subsidiaries, the book value of which, when combined with other Restricted Subsidiaries made subject to this exception is less than \$5,000,000 in the aggregate, and (ii) individual Restricted Subsidiaries whose book value is less than \$1,000,000 and any rights material to its business and will maintain its and each Restricted Subsidiary's right to transact business in each jurisdiction where its assets or the nature of its activities makes such qualification necessary, except where the failure could not reasonably be expected to materially impact, adversely impact for business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

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5.6 Payment of Taxes and Claims. Borrower will pay all Taxes, assessments and other governmental charges imposed upon Borrower or any Restricted Subsidiary (other than Mining Remedial Recovery Corporation and its Subsidiaries) before any penalty or interest accrues thereon; provided, however, that Borrower will not be required to pay any such Taxes, assessments, or charges if (a) the validity thereof will currently be contested in good faith by appropriate proceedings, (b) Borrower will have set aside on its books adequate reserves with respect to such Taxes, assessments, or charges and (c) Borrower gives notice in writing of such action to Agent and the Banks; provided that any such Taxes, assessments, or charges will be paid immediately upon the commencement of proceedings to foreclose any liens securing the same, or upon institution of distraint proceedings.

5.7 Insurance. Borrower will maintain and cause each Subsidiary to maintain, in full force and effect, adequate fire and extended risk coverage, business interruption, workers' compensation, public liability and such other insurance coverage's as may be required by law and/or in such amounts as is customary in the case of entities of well-established reputation engaged in the same or similar business. Borrower will allow representatives of each Bank to meet with senior management of Borrower and any Subsidiary, from time to time as the Banks reasonably request in order to assess the adequacy of such insurance policies.

5.8 Compliance With Laws, etc. Borrower will exercise all due diligence in order to comply, in all material respects, with all Requirements of Laws, except where the lack of compliance could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of Borrower and the Subsidiaries, taken as a whole, or the ability of Borrower to repay the Loan or observe and perform any of its obligations under the Loan Documents, including, without limitation, the following:

5.8.1 Workers Compensation Laws. Borrower will comply with all applicable workers' compensation laws, regulations and administrative rules, directives or requirements. Borrower will furnish Agent upon demand evidence in form and substance as Agent or its counsel may reasonably require in order to verify such compliance. In the event that Borrower is qualified to self-insure under such laws, regulations and administrative rules, directives or requirements, and that Borrower is not otherwise precluded from so self-insuring by the terms of this Agreement, Borrower will fully comply with all such laws, regulations, rules, directives and requirements pertaining to its self-insured status.

5.8.2 Pension Plans. Neither Borrower nor any of its pension plans will engage in any Prohibited Transaction; incur any "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA) whether or not waived; or terminate any such pension plan in a manner which could result in the imposition of a lien on the property of Borrower, pursuant to Section 4068 of ERISA or any successor provision thereto.

5.8.3 FLSA Compliance. Borrower will comply with FLSA and will furnish Agent upon demand evidence in form and substance as Agent or its counsel will require to verify such compliance.

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5.8.4 Environmental Compliance. Borrower will comply with all applicable Environmental Protection Statutes.

5.9 Payment of Indebtedness. Borrower and each of its majority owned Subsidiaries (except Mining Remedial Recovery Corporation and its Subsidiaries and DENO Holding Company, Inc. and its Subsidiaries) will pay all of its Indebtedness, promptly when due in accordance with the terms of such Indebtedness, except to the extent that failure to pay such Indebtedness would not constitute an Event of Default under Section 7.1.4 hereof.

5.10 Maintenance of Franchises, etc. Borrower and each Restricted Subsidiary will do or cause to be done all things necessary to preserve, renew and keep in full force and effect the rights, licenses, permits, franchises, agency agreements, and trade names material to the conduct of its business, and maintain and operate such businesses properly and efficiently, and in substantially the manner in which they are presently conducted and operated (subject to changes in the ordinary course of business), except where the failure to do so could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of Borrower and the Subsidiaries, taken as a whole, or the ability of Borrower to repay the Loan or observe and perform any of its obligations under the Loan Documents.

5.11 Further Assurances. At any time or from time to time, upon the request of Agent, Borrower will execute and deliver such further documents and do such other acts and things as Agent may reasonably request in order to effect fully the purpose of this Agreement, the other Loan Documents and other agreements contemplated hereby and to provide for payment of and security for the Loan made hereunder in accordance with the terms of this Agreement.

5.12 New Guaranties. If at the end of any Fiscal Year, as required under Section 6.3 or as otherwise required hereunder, the Restricted Subsidiaries do not meet the test set forth in the following sentence, additional Domestic Subsidiaries must, within sixty (60) days of the end of such most recent Fiscal Year, execute Guaranties so that the Domestic Subsidiaries that have executed guarantees meet such test. The test is that the Domestic Subsidiaries that have executed Guarantees must have (a) the net earnings, before taxes, which, together with the respective Subsidiaries, and Borrower (but excluding Subsidiaries that are not Restricted Subsidiaries) for the most recent fiscal year of the Borrower constitute eighty percent (80%) percent or more of the consolidated net earnings of the Borrower and the Subsidiaries, as determined in accordance with GAAP, and (b) total assets, calculated in accordance with GAAP, which, together with their respective Subsidiaries and Borrower (but excluding Subsidiaries that are not Restricted Subsidiaries) for most recent fiscal year end of the Borrower, constitute eighty percent (80%) percent or more of the consolidated Total Assets of the Borrower and the Subsidiaries. The Guaranty shall be in the form of Exhibit 3.5.1(b) and the Subsidiaries executing the guaranty shall deliver with the executed guaranty certified copies of such Subsidiary's organizational documents, including resolutions authorizing the execution and delivery of such Guaranty, and together with an opinion of counsel for such Subsidiary in form and substance satisfactory to the Agent and its counsel. Notwithstanding the foregoing, no newly acquired Domestic Subsidiary shall be

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required to deliver such a guaranty so long as the giving of such a guaranty would constitute a default under the terms of any loan document between such acquired Domestic Subsidiary and a bona fide lending institution which was entered into prior to, but not in contemplation of, such Acquisition.

6. NEGATIVE COVENANTS. Borrower covenants and agrees that, until all of the Obligations are satisfied and the Commitments hereunder have been terminated, Borrower will not, without the prior written consent of the Requisite Banks do any of the following:

6.1 Indebtedness. Except as set forth on Schedule 4.13 to this Agreement, Borrower will not, and will cause each of the Subsidiaries (but excluding any Subsidiary organized in Europe and any Subsidiary in which Borrower directly or indirectly owns less than a majority interest) not to, create, incur, assume, permit or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness except for (i) the Obligations, (ii) Indebtedness with respect to Permitted Liens, (iii) Indebtedness of Borrower and its wholly-owned Subsidiaries in an aggregate amount not to exceed \$25,000,000 Dollars, (iv) Acquired Debt in an aggregate amount not to exceed \$50,000,000 and (v) consolidating inter-company indebtedness as shown on consolidating financial statements delivered pursuant to Section 5.3.1 of this Agreement. Furthermore, Borrower and Restricted Subsidiaries, from and after the Closing Date, shall not make new loans or advances to transfer assets to, or make investments in Subsidiaries that are not Restricted Subsidiaries, net of repayments or advances from Subsidiaries that are not Restricted Subsidiaries, in excess of \$45,000,000.

6.2 Liens. Borrower will not, and will cause each Restricted Subsidiary not to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind of Borrower or any Subsidiary, whether now owned or hereafter acquired except (i) Permitted Liens, (ii) liens created by or resulting from any litigation or legal proceeding (including any regulatory enforcement actions) and against which adequate reserves under GAAP are being maintained which is currently being contested in good faith by appropriate proceedings, and, if the amount of any such Lien exceeds \$1,000,000 and the Requisite Banks so request, such Lien shall have been bonded over in a manner reasonably satisfactory to the Requisite Banks, (iii) Liens for taxes not delinquent or being contested in good faith, (iv) Liens created in connection with workers' compensation, unemployment insurance, and social security, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money), leases, statutory obligations, surety and appeal bonds, (v) Liens existing on the Closing Date as set forth on Schedule 6.2 hereof, (vi) Liens representing the extension, renewal or replacement of a Lien under immediately preceding clause (v) in respect of the same property of the same Subsidiary, (vii) Liens securing Acquired Debt permitted by Section 6.1(iv), provided that such Liens do not extend to any assets other than the property financed with such Acquired Debt and such Lien was not created or incurred in connection with or in anticipation of the related Acquisition; and (viii) Liens securing indebtedness permitted under Section 6.1(iii) up to an aggregate amount of \$25,000,000.

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6.3 Restriction on Fundamental Changes. Borrower will not, and will cause each Fundamental Subsidiary not to fundamentally change the nature of its business, enter into any merger, consolidation, reorganization or recapitalization, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell (other than in the ordinary course of its business), assign, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, property, assets or securities, whether now owned or hereafter acquired, or acquire by purchase or otherwise, all or substantially all the business, property, assets, securities or interest of any Person; provided that (a) a Domestic Subsidiary may merge or consolidate with Borrower, provided that the Borrower will be the surviving corporation; (b) a Domestic Subsidiary may merge or consolidate with another Domestic Subsidiary that is both a Fundamental Subsidiary and a Restricted Subsidiary; (c) a Domestic Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to Borrower or another Domestic Subsidiary that is both a Fundamental Subsidiary and a Restricted Subsidiary; (d) Borrower may acquire or form additional Subsidiaries; provided that each such newly formed or acquired Subsidiary is wholly-owned by Borrower (unless Borrower has obtained the prior written consent of the Requisite Banks to acquire or form a Subsidiary which will not be wholly-owned, which consent will not be unreasonably withheld); and further provided that each such newly formed or acquired Subsidiary becomes, on its formation, both a Restricted Subsidiary and a Fundamental Subsidiary; and (e) Borrower and its Subsidiaries may dispose of any assets if the aggregate book value (disregarding any write-downs of such book value other than ordinary depreciation and amortization) of all of the business, assets,

rights, revenues and property disposed of after the date of this Agreement shall be less than 5% of such aggregate book value of the Consolidated total assets of the Borrower and its Subsidiaries as of the most recently ended fiscal year, and if immediately after such transaction, no Unmatured Event of Default or Event of Default shall exist or shall have occurred and be continuing. On the closing of any transaction permitted by this Section 6.3, the test required by Section 5.12 must be met.

6.4 Environmental Statutes. Borrower will not, and will not permit any other Person to violate an Environmental Protection Statute, except where such violation could not reasonably be expected to materially adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

6.5 Conflicting Agreements. Borrower will not, and will cause each Subsidiary not to, enter into any agreement containing any material provisions which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.

6.6 Misrepresentations. Borrower will not, and will cause each Subsidiary not to, furnish any Bank any certificate or other document that will contain any untrue statement of material fact or that will omit to state a material fact necessary to make it not misleading in light of the circumstances under which it was furnished. For purposes of the previous sentence the phrase "material fact," is a fact or facts which, taken as a

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whole, could reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of Borrower and its Subsidiaries taken as a whole, or the ability of Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

6.7 Violation of Regulations. Borrower will not make any investment of any nature which would result in the violation of Regulations T, U or X.

6.8 Subsidiary Distribution of Earnings. Borrower will not, and will cause each Subsidiary not to, enter into any agreement which could prohibit, or have the effect of prohibiting, the payment of dividends by or other distribution of the earnings of any Subsidiary to Borrower.

6.9 Scope of Business Activity. Borrower will not and will cause each Subsidiary not to engage in any business or activities other than those representing its respective, present business, provided that Borrower or any Subsidiary may acquire or commence new or additional related businesses which do not materially adversely affect the nature or operation of Borrower's or such Subsidiary's existing business.

6.10 Dividends and Distributions; Capital Structure. Borrower will not, and will cause each Subsidiary not to, pay or declare any dividends or other distributions upon its Capital Stock (except, in the case of the Subsidiaries, dividends or other distributions to such Subsidiary's parent corporation), or purchase or retire, or commit Borrower or any Subsidiary to purchase or retire, any of its Capital Stock at any time, during any period that Borrower is in default under Section 5.4 hereof or such distribution, purchase or retirement would render Borrower in default under Section 5.4 hereof.

## 7. EVENTS OF DEFAULT; ACCELERATION; REMEDIES.

7.1 Events of Default. The occurrence of any one or more of the following events, acts or occurrences will constitute an event of default (an "Event of Default") hereunder:

7.1.1 Failure to Make Payments When Due. Borrower fails to pay any principal and/or interest owing under any Note when such amount is due (whether at stated maturity, as a result of a mandatory prepayment requirement, by acceleration, by notice of prepayment or otherwise) and the continuation thereof for three (3) days beyond the date due, or Borrower fails to pay any other amounts (including, without limitation, interest, fees, costs and expenses) payable under this Agreement, and the continuation thereof for three (3) days beyond the date due, or any other Loan Document or in connection with any Letter of Credit, when such amounts are due.

7.1.2 Breach of Representation, Warranty or Certification. Any representation, warranty or certification made or furnished by Borrower or any Subsidiary under this Agreement, any other Loan Document or in any statement, document, letter or other writing or instrument furnished or delivered to any Bank pursuant to or in connection with this Agreement or



other Loan Document or as an inducement to the Banks to enter into this Agreement, will, at any time, prove to have been materially false, incorrect or incomplete when made, effective or reaffirmed, as the case maybe.

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7.1.3 Default Under Loan Documents, etc. Borrower or any Subsidiary (to the extent such term, covenant, condition or agreement is applicable to such Subsidiary) fails to observe, or perform any term, covenant, condition, agreement set forth in Sections 5.1, 5.2, 5.4, 5.5, 5.8, 6.1, 6.2, 6.3, 6.5, 6.6, 6.7, 6.8, 6.9 and 6.10.

7.1.4 Default on Other Agreements. (i) the Borrower or any Subsidiary shall fail to make any payment in respect of Indebtedness owing on any bond, debenture, note or other evidence of Indebtedness for borrowed money in an aggregate amount in excess of \$15,000,000 (other than the Notes) when due or within any applicable grace period; or (ii) any event or condition shall occur which results in the acceleration of the maturity of Indebtedness owing on any bond, debenture, note or other evidence of Indebtedness for borrowed money outstanding in an aggregate amount in excess of \$15,000,000 of the Borrower or any Subsidiary (including, without limitation, any required mandatory prepayment or "put" of such Indebtedness to the Borrower or any Subsidiary) or enables (or, with the giving of notice or lapse of time or both, would enable) the holders of such Indebtedness or commitment or any Person acting on such holders' behalf to accelerate the maturity thereof or terminate any such commitment (including, without limitation, any required mandatory prepayment or "put" of such Indebtedness to the Borrower or any Subsidiary). As used in this Section 7.1.4, the term "Subsidiary" shall be deemed to exclude Mining Remedial Recovery Corporation and its Subsidiaries and DENO Holding Company, Inc. and its Subsidiaries.

7.1.5 Other Defaults Under Loan Documents. Borrower or any Subsidiary will default in the performance of or compliance with any term or covenant contained in this Agreement or the other Loan Documents (other than those referred to above in Sections 7.1.1, 7.1.2 or 7.1.3 of this Agreement or in the following sentence), and such default will continue unremedied for a period of thirty (30) days; provided, that the thirty (30) day time period will not start until Agent or any Bank provides Notice to Borrower in the case of defaults under Sections 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.9, 5.10, 5.11 and 5.12.

7.1.6 Involuntary Bankruptcy; Appointment of Trustee, etc.

(a) If an involuntary case seeking the liquidation or reorganization of Borrower or any Restricted Subsidiary under any chapter of the federal Bankruptcy Code or any similar proceeding will be commenced against Borrower or any Restricted Subsidiary under any other applicable law and any one or more of the following events occur: (i) Borrower or such Subsidiary consents to the institution of the involuntary case; (ii) the petition commencing the involuntary case is not timely controverted; (iii) the petition commencing the involuntary case is not dismissed within sixty (60) days of its filing; (iv) an interim trustee is appointed to take possession of all or a substantial portion of the property and/or to operate all or any substantial portion of the business of Borrower or such Subsidiary; or (v) an order for relief will have been issued or entered therein.

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(b) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, custodian, trustee or other officer having similar powers of Borrower or any Restricted Subsidiary to take possession of all or a substantial portion of the property and/or to operate all or a substantial portion of the business of Borrower or such Subsidiary will have been entered and, within sixty (60) days from the date of entry, is not vacated, discharged or bonded against, or any similar relief will be granted against Borrower or such Subsidiary under any applicable federal or state law, and, within sixty (60) days from the date of entry, is not vacated, discharged or bonded against.

7.1.7 Voluntary Bankruptcy; Appointment of Trustee, etc.

(a) Borrower or any Restricted Subsidiary will (i) institute a voluntary case seeking liquidation or reorganization under any chapter of the federal Bankruptcy Code; (ii) file a petition, answer or complaint or will otherwise institute any similar proceeding under any other applicable law, or will consent thereto; (iii) consent to the conversion of a voluntary case to an involuntary case; (iv) consent to the conversion of an

involuntary case to a voluntary case; (v) consent or acquiesce to the appointment of a trustee, receiver, liquidator, sequestrator, custodian or other officer with similar powers to take possession of all or a substantial portion of the property and/or to operate all or a substantial portion of the business of Borrower or any Restricted Subsidiary; or (vi) make a general assignment for the benefit of creditors.

(b) The Board of Directors of Borrower or the governing body of any Restricted Subsidiary adopts any resolution or otherwise authorizes action to approve any of the foregoing; provided, that nothing herein shall be construed to prevent Arava Natural Resources Company, Inc., in its capacity as a shareholder of Mining Remedial Recovery Corporation, from adopting resolutions or authorizing action with respect to Mining Remedial Recovery Corporation and or its Subsidiaries.

#### 7.1.8 Judgments and Attachments.

(a) Borrower or any Restricted Subsidiary will suffer any money judgment(s), fines or penalties not covered by insurance, writ(s) or warrant(s) of attachment or similar process(es) involving an amount, in the aggregate, in excess of \$15,000,000 and will not satisfy, discharge, vacate, bond or stay the same within a period of thirty (30) days or, in any event, within ten (10) days of the date of any proposed sale thereunder.

(b) A judgment creditor will obtain possession of any material portion of the properties or assets of Borrower or any Restricted Subsidiary by any means, including, without limitation, levy, distraint, replevin or self-help.

7.1.9 Dissolution. Any order, judgment or decree will be entered against Borrower or any Restricted Subsidiary having assets in excess of \$1,000,000 decreeing the dissolution or division of it and such order will remain undischarged or unstayed for a period in excess of thirty (30) days.

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7.1.10 Termination of Loan Documents, etc. Any of the Loan Documents will cease to be in full force and effect for any reason other than a release or termination thereof upon the full payment and satisfaction of the Obligations.

7.1.11 Environmental Violations. A breach of Sections 4.10, 5.8.4 or 6.4 will have occurred.

7.1.12 Change of Control. Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of the voting stock of the Borrower; or (ii) as of any date a majority of the Board of Directors of the Borrower consists of individuals who were not either (A) directors of the Borrower as of the corresponding date of the previous year, (B) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A), or (C) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A) and individuals described in clause (B).

7.2 Remedies; Termination of Commitments. Upon the occurrence of an Event of Default all Obligations will, at the request of the Requisite Banks, immediately be due and payable without presentment, demand, protest, notice or other requirements of any kind, all of which are hereby expressly waived by Borrower, and all Commitments of the Banks hereunder will terminate, at the direction of the Requisite Banks, without further action of any kind, provided, however, if any of the events described in Section 7.1.6 or 7.1.7 occurs, all Obligations and Commitments of the Banks shall immediately terminate. Upon acceleration, Agent will proceed to protect, exercise and enforce the Banks' rights and remedies hereunder and under the other Loan Documents and any other rights and remedies as are provided bylaw or equity. If the Loan being repaid is a Eurocurrency Advance, the Borrower shall pay the compensation set forth in Section 7.4 below. Agent may determine, in its sole discretion, the order and manner in which the Banks' rights and remedies are to be exercised, and all payments received by Agent will be applied as follows: first, to all costs and expenses incurred by Agent in collecting any Obligations by reason of such Event of Default; second, pro rata to accrued interest; third, pro rata to other Obligations; fourth, to a cash collateral account maintained at the Agent up to the aggregate face amount of all outstanding Letters of Credit issued hereunder to secure Borrower's reimbursement obligation in connection with such Letters of Credit; and fifth, to Borrower or as otherwise provided by any Requirement of Law. During the existence of any Event of Default, at the request of the Agent and/or the Requisite Banks, Borrower shall forthwith deposit into a cash

collateral account with the Agent an amount of cash equal to the aggregate face amount of all outstanding Letters of Credit issued hereunder, to secure Borrower's reimbursement obligation in connection with such Letters of Credit.

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7.3 Right of Set-Off. In addition to all other remedies available to the Banks, after any Event of Default, each Bank is hereby authorized at any time and from time to time, without further notice to Borrower, to setoff and proportionately apply said amount between the other Banks, any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of Borrower, against any and all the obligations of Borrower, now or hereafter existing under any Loan Document.

7.4 Compensation. Upon the request of any Bank, delivered to the Borrower and the Agent, the Borrower shall pay to such Bank such amount or amounts as shall compensate such Bank for any loss, cost or expense incurred by such Bank as a result of:

(a) any payment or prepayment of a Eurocurrency Advance on a date other than the last day of an Interest Period for such Loan; or

(b) any failure by the Borrower to prepay a Eurocurrency Advance on the date for such prepayment specified in the relevant notice of prepayment hereunder; or

(c) any failure by the Borrower to borrow a Eurocurrency Advance on the date for the Borrowing of which such Eurocurrency Advance is a part specified in the applicable Borrowing Notice delivered pursuant to Section 2.2.2; such compensation to include, without limitation, an amount equal to the excess, if any, of (x) the amount of interest which would have accrued on the amount so paid or prepaid or not prepaid or borrowed for the period from the date of such payment, prepayment or failure to prepay or borrow to the last day of the then current Interest Period for such Eurocurrency Advance (or, in the case of a failure to prepay or borrow, the Interest Period for such Eurocurrency Advance which would have commenced on the date of such failure to prepay or borrow) at the applicable rate of interest for such Eurocurrency Advance provided for herein over (y) the amount of interest (as reasonably determined by such Bank) such Bank would have paid on deposits in Dollars of comparable amounts having terms comparable to such period placed with it by leading lenders in the London interbank market (if such Loan is a Eurocurrency Advance).

## 8. THE AGENT AND RELATIONS AMONG BANKS, ETC.

8.1 Appointment. Each Bank hereby designates and appoints the Agent the limited administrative agent for all Banks under this Agreement and the other Loan Documents. Each Bank hereby irrevocably authorizes Agent on its behalf to take or refrain from taking any action, and to exercise or refrain from the exercise of any power, as is required or permitted by the Banks to be taken under the provisions of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto, subject only to the express limitations of this Agreement. The duties of Agent under this Agreement and the other Loan Documents are mechanical and administrative in nature, are limited to those expressly provided herein, and do not establish a fiduciary relationship as between the Agent and any Bank. In performing its function and duties under this Agreement and the other Loan Documents, Agent will act solely as an agent of Banks and assumes no obligation towards or relationship of agency or trust with Borrower. Agent may perform any of its duties under this Agreement or another Loan Document by or through its agents or employees.

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### 8.2 Advances and Payments.

8.2.1 Advances: In General. All Advances will be made by Agent on behalf of the Banks on the requested Advance Date, except that the Ratable Share of any Bank which the Agent receives after 12:00 p.m. Eastern Time on the Advance Date, or at any time after the Advance Date, will be disbursed on the Business Day following its receipt. Nothing in this Agreement or any other Loan Document is to be construed to require Agent to advance funds on behalf of any Bank or to relieve any Bank from its obligation to make Advances or to prejudice any rights that Borrower may have against any Bank as a result of any default by that Bank hereunder.

8.2.2 Advances. In order to minimize transfers between the Agent and each Bank of funds representing the Bank's Ratable Share of an Advance, a Borrower payment, or (to the extent that Agent has not been promptly reimbursed by Borrower) other amounts for which the Agent is entitled to Bank reimbursement or indemnification, coincidental transfer and loan account adjustments may be made on a "net" basis. Not later than the Business Day immediately preceding an Advance Date or a date on which Bank reimbursement of the Agent is requested, Agent will advise each Bank by telephone or telecopy as to the purpose and aggregate amount to be disbursed or paid by Agent and the Advance Date or actual or anticipated payment date, as the case may be; the amount which is such Bank's Ratable Share thereof; and, if in order to cause all loan accounts maintained by Agent for such Bank to conform to its Ratable Share of the Loan, the amount which such Bank is requested to remit to Agent will be different, the identity of the loan account(s) requiring adjustment and the nature and amounts due to or from the Bank with respect thereto. All amounts which a Bank is required to remit to Agent will be made available to Agent by transfer of same day funds to the designated wire account of Agent not later than 12:00 p.m. Eastern Time on the Advance Date, as evidenced by a wire transfer number or actual receipt by Agent. Agent will have no liability to Borrower for the failure of any Bank to make an Advance on the Advance Date, and if any Advance Date is on a day when any of the Banks are not open for business, then each Bank shall transfer to Agent its Ratable Share on the next day such Bank is open for business.

8.2.3 Distribution of Payments. All Loan payments in respect of Advances, interest, fees or expenses incurred by the Banks and required by Borrower to be reimbursed will be deemed paid when immediately available U.S. currency or its equivalent is paid in the amount required by Borrower to Agent. On the Business Day Agent receives a Borrower payment, Agent will advise each Bank by telephone or telecopy of the aggregate amount and such Bank's Ratable Share of amounts actually received by Agent in respect of Advances, interest, fees, or, to the extent that the Banks previously have remitted to Agent therefor, reimbursements for other amounts for which Agent has required Bank reimbursement or indemnification. Agent will pay to such Bank on the same Business Day, by transfer to such Bank's wire account (as specified by such Bank on Exhibit 8.2.3 to this Agreement or as amended by such Bank from time to time after the date hereof) its Ratable Share, "netted" as permitted herein, of any such payment received by Agent not later than 12:00 p.m. (Eastern Time), and otherwise on the next Business Day.

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8.2.4 Return of Payments. Any Agent payment to a Bank under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from Borrower, which related payment in fact is not received by Agent, will entitle Agent to recover such amount from the Bank without set-off, counterclaim or deduction of any kind. If Agent determines at any time that an amount received by Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any solvency law or otherwise, then, notwithstanding any other term or condition of this Agreement, Agent will not be required to distribute any portion thereof to any Bank. However, if Agent has previously distributed such amount, each Bank will repay to Agent on demand any portion of such amount that Agent has distributed to such Bank, together with interest at such rate, if any, as Agent is required to pay to Borrower or such other Person, without set-off, counterclaim or deduction of any kind by the Bank.

8.3 Dissemination of Information. Agent will distribute promptly to each Bank the executed promissory notes evidencing such Bank's Ratable Share of the Loans. Agent will have no duty or responsibility, either initially or on a continuing basis, to provide any Bank with any credit or other information with respect to Borrower (other than information or notices received by it in accordance herewith and only if not received by the Banks from Borrower), whether coming into its possession before the date of this Agreement or at any time or times thereafter. Agent will use its best efforts after written request therefor by any Bank, and only if not received by such Bank from Borrower, to distribute promptly to each Bank copies of every notice, request, communication, report or other information received by Agent from Borrower pursuant to this Agreement or another Loan Document; provided, that Agent will be liable to the Banks for a failure to do so only if such failure is attributable to Agent's gross negligence or willful misconduct, which will not include the Agent's failure to obtain any of the foregoing from Borrower.

8.4 Amendments, Consents and Waivers for Certain Actions. Agent is authorized and empowered on behalf of the Banks to amend or modify in writing any provision of this Agreement or another Loan Document which relates or pertains to the Borrower, or to consent to or waive Borrower's performance of any obligation hereunder or of any Event of Default, only with the prior written consent of the Requisite Banks or all of the Banks, as the case may

be. When Agent requests the written consent of any Bank and does not receive a written approval of such consent from any Bank within ten (10) Business Days after such Bank's receipt of such request, then such Bank will be deemed to have denied such consent. Borrower agrees that it will not assert any claim of amendment, modification, consent or waiver which is not in writing, which writing (i) references this Agreement or any of the other Loan Documents and (ii) is signed by the Requisite Banks or all of the Banks, as the case may be.

8.5 Exculpation. Agent and its officers, directors, employees and agents will be liable to any Bank only for the performance of their express obligations under this Agreement and the other Loan Documents and for their own gross negligence or willful misconduct in the performance of any action taken or omitted in connection therewith. If any apportionment or distribution of payments made by Agent in good faith is subsequently determined to have been made in error, Agent will not be liable therefor, but

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the sole recourse of any Bank to whom payment was due but not made will be to recover from other Banks any payment in excess of the amount to which they are determined to be entitled (and such other Banks hereby agree to return to such Bank any such erroneous payments received by them). The Agent shall use its best efforts to assist the Banks in determining when any such excess payment has been made and in facilitating the recovery thereof. In performing its functions and duties hereunder, Agent will exercise the same care which it would in dealing with loans for its own account. Agent will not be responsible to any Bank for the truth or completeness of any recitals, statements, representations or warranties herein, the execution, effectiveness, genuineness, validity, enforceability, collectability, or sufficiency of this Agreement or any other Loan Document or the transactions contemplated thereby, or the financial condition of Borrower. Agent will not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Loan Document, the financial condition of Borrower, or the existence or possible existence of any Event of Default. Agent at any time may request instructions from the Requisite Banks with respect to any action, inaction, failure or approval which, by the terms of this Agreement or any other Loan Document, Agent is permitted or required to take or to grant, and if such instructions are promptly requested, Agent may refrain from taking any action or withhold any approval and may refrain from any action or withhold any approval until it has received such instructions from the Requisite Banks. No Bank will have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting in accordance with instructions of the Requisite Banks or all of the Banks, as the case may require.

8.6 Reliance. Agent may rely upon any written notices, statements, certificates, orders or other documents or any telephone message or other communication (including any writing, telecopy or telegram) believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any other Loan Document, upon advice of legal counsel as to legal matters, independent accountants as to audit and accounting matters, and other experts selected by it, and when doing so will not be liable to any Bank for any action taken or omitted by Agent in good faith. If any written confirmation of a telephonic notice or instructions differs from the action taken by Agent in connection with such telephonic notice of instructions, Agent's records will govern absent manifest error.

8.7 Credit Decisions. Each Bank acknowledges that, independently of Agent and each other Bank and based on the financial information received by it and such other documents, information, and independent investigation of the financial condition and affairs of Borrower as it has deemed appropriate, it has made and will continue to make its own appraisal of the creditworthiness of Borrower and credit decisions to participate in the Loans in accordance with this Agreement. Each Bank also acknowledges that, independently of Agent and each other Bank, and based on such other documents, information, and investigations as it deems appropriate at anytime, it will continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

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8.8 Indemnification.

8.8.1 Agent Indemnification. Each Bank agrees (which agreement shall survive any termination of this Agreement) to indemnify Agent according to such Bank's Ratable Share from and against any and all liabilities,

obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, excess Advances or payments of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or another Loan Document, including (without limitation) the reimbursement of Agent for all expenses (including reasonable attorneys' and paralegals' fees, the allocated expense of in-house attorneys and paralegals, and all out-of-pocket expenses) incurred by Agent under or in connection with this Agreement or another Loan Document or in enforcing the Obligations, in all cases as to which Agent is not reimbursed by Borrower, provided that no Bank will be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, Advances or payments as are determined by a court of competent jurisdiction in a final, non-appealable decision or order to have resulted solely from Agent's gross negligence or, willful misconduct. Agent will not be required to take any action hereunder or under any other Loan Document, or to prosecute or defend any action or proceeding in respect of this Agreement or another Loan Document, unless it is indemnified to its satisfaction by the Banks against losses, costs, liabilities, and expenses. If any indemnity in favor of Agent is impaired, Agent may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given.

8.8.2 Borrower Indemnification. The Borrower hereby agrees to

indemnify the Agent, each Bank, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, any Bank or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. In no event will any Bank's claim for indemnification, as damages, losses arising, in the ordinary course of each Bank's business, out of Loans for which the rate charged by Bank is less than the rate paid by such Bank for borrowed funds. The obligations of the Borrower under this Section 8.8.2 shall survive the termination of this Agreement.

8.9 Successor. Agent may resign as such at any time upon at least 30 days' prior notice to Borrower and all Banks, which resignation will be effective when a successor Agent is in place. If Agent resigns, the Requisite Banks may appoint another Person as a successor Agent which thereupon will become the Agent. If no successor to the Agent is appointed by the Requisite Banks and accepts such appointment within 30 days after the retiring Agent's notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which will be one of the

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Banks or a commercial banking institution organized under the laws of the United States or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance by any successor an appointment as Agent hereunder, such successor Agent will be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and will thereupon succeed to, and become vested with all rights, powers, privileges, and duties of the retiring Agent, and the retiring Agent will be discharged from all duties and obligations arising under this Agreement and the other Loan Documents from and after the date on which its resignation is effective. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Agreement and the other Loan Documents will continue to bind and inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent. If the successor Agent is not one of the Banks, Borrower shall have right to reasonably approve such successor Agent.

8.10 Agent as a Bank. Agent, in its capacity as a Bank, will have the same rights, powers, duties and liabilities with respect to the Loans as any other Bank and may exercise the same as if it were not the Agent. Unless otherwise required by the context, the terms "Bank", "Banks" and "Requisite Banks" or any similar terms will include the Agent when acting in its individual capacity. Agent may lend money to, and generally engage in any kind of banking, trust or other business with Borrower to the same extent as any other financial institution.

8.11 Borrower Not A Beneficiary. The provisions of this Section 8 are solely for the benefit of Agent and the Banks and Borrower will have no rights as a third party beneficiary of any of the provisions hereof; provided, however, Borrower will be bound by the provisions hereof. Borrower will have no right against Agent acting in its capacity as Agent, for any

claims of Borrower arising from this Agreement, all such claims being assertable only against the Banks.

8.12 Sharing Among Banks. Without affecting the rights of the Borrower hereunder, each of the Banks agrees with every other Bank that, in the event it shall receive payment on account of the Loan in excess of its pro rata portion, according to the principal amount of its participation in Advances then outstanding, of a payment due all of the Banks, whether such payment be voluntary, involuntary or by operation of law, by application of setoff of any indebtedness or otherwise, then such Bank shall promptly purchase from each of the other Banks, without recourse, for cash and at face value, ratably in accordance with the principal amounts of the participations in Advances then outstanding, interest of the other Banks in the Loans in such an amount that each of the Banks shall have received payment pro rata on account of its participation in the Loans in accordance with the unpaid principal amount thereof then owing to it; provided, that if any such purchase be made by any Bank and if any such excess payment relating thereto or any part thereof is thereafter recovered from such Bank, appropriate adjustments in the related purchases from the other Banks shall be made by rescission and restoration of the purchase price as to the portion of such excess payment so recovered.

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#### 8.13 Assignments/Participations

8.13.1. Permitted Assignments. Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit 8.13.1 or in such other form as may be agreed to by the parties thereto. The consent of the Borrower and the Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Bank or an affiliate thereof; provided, however, that if an Event of Default has occurred and is continuing, the consent of the Borrower shall not be required. Such consent shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Bank or an affiliate thereof shall (unless each of the Borrower and the Agent otherwise consents) be in an amount not less than the lesser of (i) \$10,000,000 or (ii) the remaining amount of the assigning Bank's outstanding Loans.

8.13.2. Effect; Closing Date. Upon (i) delivery to the Agent of an assignment, together with any consents required by Section 8.13.1, and (ii) payment of a \$3,500 fee to the Agent for processing such assignment (unless such fee is waived by the Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Loans under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Bank party to this Agreement and any other Loan Document executed by or on behalf of the Banks and shall have all the rights and obligations of a Bank under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Banks or the Agent shall be required to release the transferor Bank with respect to the percentage of the Aggregate Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 8.13.2, the transferor Bank, the Agent and the Borrower shall, if the transferor Bank or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Bank and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective and outstanding Loans, as adjusted pursuant to such assignment.

8.13.3. Participations. Any Bank may sell to any financial institution or institutions, and such financial institution or institutions may further sell, a participation interest (undivided or divided) in, the Advances and such Bank's rights and benefits under this Agreement, the Notes and the other Loan Documents, and to the extent of that participation interest such participant or participants shall have the same rights and benefits against the Borrower under Section 3.5 and 7.3 as it or they would have had if such participant or participants were the Bank making the Advances to the Borrowers hereunder, provided, however, that (i) such Bank's obligations under this Agreement shall remain unmodified and fully effective and enforceable against such Bank, (ii)

such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of its Notes for all purposes of this Agreement, (iv) the Borrowers, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (v) such Bank shall not grant to its participant (other than a participant which is an Affiliate of that Bank) any rights to consent or withhold consent to any action taken by such Bank or the Agent under this Agreement other than action requiring the consent of all of the Banks hereunder.

8.14 Other Agents. No Bank designated as a "managing agent", "syndication agent", "documentation agent" or "co-agent" in its capacity as such shall have any rights, duties or responsibilities hereunder, or any fiduciary relationship with any Bank or the Borrower, and no implied covenants, functions, responsibilities, duties, obligations, or liabilities shall be read into this Agreement or otherwise exist against any it in such capacity.

## 9. MISCELLANEOUS.

9.1 Costs and Attorneys' Fees. All fees, costs and expenses incurred by Agent in connection with the preparation, execution, delivery, performance and administration of the Loan Documents, any and all amendments, supplements and modifications thereof and the other instruments and documents to be delivered hereunder in connection with any matters contemplated by or arising out of this Agreement, whether (a) to commence, defend any action commenced by any party other than Borrower, or intervene in any litigation or to file a petition, complaint, answer, motion or other pleadings, (b) to take any other action in or with respect to any suit or proceedings (bankruptcy or otherwise), (c) to consult with officers of Agent or to advise Agent or (d) to enforce any rights of the Banks to collect any of the Obligations, including, without limitation, reasonable fees, costs and expenses of Agent's attorneys and paralegals, the allocated costs of Agent's internal counsel, together with interest thereon at the rate equal to 2% above the highest Effective Rate hereunder, will be part of the Obligations, payable on demand. Upon and during the continuance of an Event of Default, Borrower shall reimburse each Bank for such Bank's reasonable fees, costs and expenses incurred in connection with the enforcement of this Agreement and the other Loan Documents. All of the foregoing amounts may, at Agent's option, be charged as an Advance under the Loan.

9.2 Waivers, Modifications in Writing. No failure or delay on the part of Agent or any Bank in exercising any right, power or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for under this Agreement, in the Notes and in the other Loan Documents are cumulative and are not exclusive of any remedies that may be available to the Banks at law, in equity or otherwise. No amendment, modification, supplement, termination, consent or waiver of or to any provision of this Agreement, the Notes or the other Loan Documents, nor any consent to any departure therefrom, will in any event be effective unless the same will be in writing and signed by or on behalf of the Borrower and the Requisite Banks and, to the extent any rights or duties of the Agent may be affected thereby, the Agent, provided, however, that no such amendment,

modification, termination, waiver or consent shall, without the consent of the Agent and all of the Banks, (i) authorize or permit the extension of time for, or any reduction of the amount of, any payment of the principal of, or interest on, the Notes or any Letter of Credit reimbursement obligation, or any fees or other amount payable hereunder, (ii) amend or terminate the respective Commitment of any Bank or modify the provisions of this Section regarding the taking of any action under this Section or the provisions of this Section 9.2 or the definition of Requisite Banks, or (iii) provide for the discharge of any material Guarantor, except to the extent provided in this Agreement. Notwithstanding anything herein to the contrary, no Defaulting Bank shall be entitled to vote (whether to consent or to withhold its consent) with respect to any amendment, modification, termination or waiver of any provision of this Agreement or any departure therefrom or any direction from the Banks to the Agent, and, for purposes of determining the Requisite Banks at any time when any Bank is a Defaulting Bank under this Agreement, the Commitments and Advances of such Defaulting Banks shall be disregarded.

9.3 Notices, etc. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto will be in writing and (except for financial statements and other related informational documents to be furnished pursuant hereto which maybe sent by first-class mail, postage prepaid), will be personally delivered or sent by registered or certified mail, postage prepaid or sent by nationally recognized overnight delivery service and, if mailed, will be deemed to be



received for purposes of this Agreement three (3) Business Days after mailing by the sender or one (1) Business Day if sent by overnight delivery service. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 9.3, notices, demands, instruments and other communications in writing will be given to or made upon the respective parties hereto as follows: if to Agent, at Agent's Address, with a copy to Agent's Counsel; if to Borrower, at Borrower's Address, with a copy to Borrower's Counsel and if to a Bank, the address that appears on the signature page to this Credit Agreement.

9.4 Notice of Wrongful Act or Omission by Agent or Banks. No action will be commenced by Borrower against Agent or any Bank arising out of or attributable to any act or omission of Agent or any Bank unless a notice specifically describing the act or omission will have been given to Agent or such Bank thirty (30) days prior to such judicial action.

9.5 Agent's Failure to Advance. If Agent will be in breach of the Banks' obligation under this Agreement by reason of failure to make an Advance, notwithstanding Borrower's conformance with the provisions of hereof, Borrower's sole remedies on account thereof will be: (a) to compel Agent to make the Advance which is determined to have been wrongfully withheld; and (b) to recover actual and provable damages on account of such breach, and neither Agent nor any Bank will ever be liable to Borrower for consequential damages, whatever the nature of the breach by Agent or such Bank hereunder.

9.6 Headings. Section headings used in this Agreement are for convenience of reference only and will not constitute a part of this Agreement for any other purpose or affect the construction of this Agreement.

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9.7 Execution in Counterparts. This Agreement may be executed in counterparts and by different parties on separate counterparts, both of which counterparts, when so executed and delivered, will be deemed to be an original and both of which counterparts, taken together, will constitute but one and the same agreement. This Agreement will become effective upon the execution of a counterpart hereof by each of the parties hereto.

9.8 Binding Effect; Assignment. This Agreement will be binding upon, and inure to the benefit of, Borrower and the Banks, and the irrelative successors and assigns; provided, however, that Borrower may not assign its rights hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of all of the Banks. This Agreement will not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and each of their respective successors and assigns.

9.9 Severability of Provisions. Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

9.10 Survival of Agreements; Representations, Warranties Indemnities and Covenants. All agreements, representations, warranties, indemnities and covenants made herein will survive the execution and delivery of this Agreement, the making of the Loans hereunder and the execution and delivery of the Notes.

9.11 Independence of Covenants. All covenants under this Agreement will each be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by another covenant, by an exception thereto, or be otherwise within the limitations thereof, will not avoid the occurrence of an Event of Default or Unmatured Event of Default if such action is taken or condition exists.

9.12 Construction of Agreement. Neither this Agreement nor any uncertainty or ambiguity herein will be construed or resolved against any Bank, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties and their counsel and will be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto.

9.13 Complete Agreement. This Agreement, together with the exhibits and schedules to this Agreement, the Notes and the other Loan Documents, and the other agreements referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their

9.14 Equitable Relief. Borrower recognizes that, in the event Borrower fails to perform, observe or discharge any of its Obligations under this Agreement, any remedy at law may prove to be inadequate relief to the Banks; therefore, Borrower agrees that the Banks will be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

9.15 No Fiduciary Relationship. No provision herein or in any of the other Loan Documents and no course of dealing between the parties will be deemed to create any fiduciary duty by Agent or the Banks to Borrower.

9.16 Choice of Law. The validity of this Agreement, its construction, interpretation and enforcement and the rights of the parties hereto will be determined under, governed by and construed in accordance with the internal laws of the State of Michigan, without regard to principles of conflicts of law.

9.17 Venue; Jurisdiction. The parties agree that all actions or proceedings arising in connection with this Agreement, the Loan Documents, the Advances may be tried and litigated in the federal courts of the United States of the Eastern District of Michigan. Borrower hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts. Borrower irrevocably consents to the service of process out of any such courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Borrower, at its address set forth for notices in this Agreement, such service to become effective ten (10) days after such mailing. Nothing herein will affect the right of any Bank to serve process in any other manner permitted by law. Borrower irrevocably waives any right it may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceeding is brought in accordance with this Section 9.17.

9.18 Other Waivers. Borrower hereby waives, to the extent permitted by applicable law, in connection with a "claim and delivery" action by any Bank or Agent on any Bank's behalf pursuant to Michigan Court Rule 3.105, the right to request that a court require any Bank to post a bond pursuant to Michigan Court Rule 3.105(E) (4) (c) (i).

9.19 Waivers Voluntary. The waivers contained in this Agreement are freely, knowingly and voluntarily given by each party, without any duress or coercion, after each party has had opportunity to consult with its counsel and has carefully and completely read all of the terms and provisions of this Agreement, specifically including the waivers contained in this Section 9. Neither the Banks nor Borrower will be deemed to have relinquished the waivers contained herein except by a writing signed by the party to be charged with having relinquished any such waiver.

9.20 Waiver of Jury Trial. Banks and Borrower acknowledge and agree that there may be a constitutional right to a jury trial in connection with any claim, dispute or lawsuit arising between them, but that such right may be waived. Accordingly, the parties agree that notwithstanding such constitutional right, in this commercial matter the parties believe and agree that it will be in their best interest to waive such right, and accordingly,

hereby waive such right to jury trial, and further agree that the best forum for hearing any claim, dispute or lawsuit, if any, arising in connection with this Agreement, any Loan Document or the relationship between the Banks and Borrower, will be a court of competent jurisdiction sitting without a jury.

BORROWER ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, AND BORROWER ACKNOWLEDGES AND AGREES THAT (a) EACH OF THE WAIVERS SET FORTH HEREIN, WERE KNOWINGLY AND VOLUNTARILY MADE; (b) THE OBLIGATIONS OF THE BANKS HEREUNDER, INCLUDING THE OBLIGATION TO ADVANCE AND LEND FUNDS TO BORROWER IN ACCORDANCE HEREWITH, WILL BE STRICTLY CONSTRUED AND WILL BE EXPRESSLY SUBJECT TO SUCH BORROWER'S COMPLIANCE IN ALL RESPECTS WITH THE TERMS AND CONDITIONS HEREIN SET FORTH; AND (c) NO REPRESENTATIVE OF ANY BANK HAS WAIVED OR MODIFIED ANY OF THE PROVISIONS OF THIS AGREEMENT AS OF THE DATE HEREOF AND NO SUCH WAIVER OR MODIFICATION FOLLOWING THE DATE HEREOF WILL BE EFFECTIVE UNLESS MADE IN ACCORDANCE WITH SECTION 9.2 HEREOF.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first hereinabove set forth.

"BORROWER"

MUELLER INDUSTRIES, INC.

By:

Print Name:

Its:

"BANKS"

STANDARD FEDERAL BANK, N.A., as a  
Bank and as Agent

By:

Print Name:

Its:

Ratable Share as of the Closing Date:  
30.00%

Commitment as of the Closing Date:  
\$45,000,000

Address for Notice:

800 Military Street  
Port Huron, MI 48060-5440  
Attn: Joe Vito

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SUNTRUST BANK, as a Bank and as  
Syndication Agent

By:

Print Name:

Its:

Ratable Share as of the Closing Date:  
21.666666667%

Commitment as of the Closing Date:  
\$32,500,000

Address for Notice:

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Attn: -----

UNION PLANTERS BANK, NATIONAL  
ASSOCIATION, as a Bank and as  
Documentation Agent

By:

Print Name:

Its:

Ratable Share as of the Closing Date:  
21.666666667%

Commitment as of the Closing Date:  
\$32,500,000

Address for Notice:

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Attn: -----

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FIRST TENNESSEE BANK, as a Bank and as  
Managing Agent

By:

Print Name:

Its:

Ratable Share as of the Closing Date:  
16.666666667%

Commitment as of the Closing Date:  
\$25,000,000

Address for Notice:

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Attn: -----

REGIONS BANK, as a Bank

By:

Print Name:

Its:

Ratable Share as of the Closing Date:  
10.00%

Commitment as of the Closing Date:  
\$15,000,000

Address for Notice:

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Attn: -----

2004 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 Compensation Committee of the Board of Directors.

STOCK OPTION AGREEMENT

This Option Agreement (the "Agreement") is made as of the 7th day of May, 1997, between Mueller Industries, Inc., a Delaware corporation (the "Company"), and William D. O'Hagan (the "Optionee").

WHEREAS, the Company desires to afford the Optionee the opportunity to purchase shares of Common Stock, par value \$.01 per share (the "Common Stock"), of the Company.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. By action of its Board of Directors dated May 7, 1997, the Company hereby grants to the Optionee the right and option (the "Option") to purchase up to, but not exceeding in the aggregate, 90,000 shares of Common Stock, on the terms and conditions herein set forth. Provided that the Compensation Committee gives its prior written approval, Optionee shall have the right to transfer all or part of the options granted hereunder to family members or family trusts.

2. Definitions; Conflicts. The Option is not being granted pursuant to the Mueller Industries, Inc. 1994 Stock Option Plan (the "Plan"), and shall be exercisable only for shares of Common Stock held in treasury by the Company. The Company shall at all times maintain a sufficient number of treasury shares to allow for the exercise of the vested and exercisable portion of the Option. Notwithstanding that the Option is not being granted under the Plan, the terms and provisions of the Plan are incorporated herein by reference as if it had been so granted, except for the provisions of Sections 3, 5(h) and 8 thereof.

3. Purchase Price. The purchase price of each share of Common Stock covered by the Option shall be \$39.75 (the "Purchase Price").

4. Term of Options. The term of the Option shall be ten (10) years from the date hereof, subject to earlier termination as provided in Section 6 hereof.

5. Vesting of Options. The Option, subject to the terms, conditions and limitations contained herein, shall vest and become exercisable with respect to the shares of Common Stock in accordance with the following installments: 20% on the first anniversary of the date hereof, and an additional 20% on each of the succeeding four anniversaries of the date hereof; provided that, with respect to each such installment, the Optionee has remained in continuous employment with the Company from the date hereof through the date such installment is designated to vest. Notwithstanding the foregoing, if there is a "Change in Control," as such term is defined in the Amendment, effective as of August 10, 1995, in the Employment Agreement between Optionee and the Company, all remaining options shall become exercisable as provided in said Employment Agreement, as amended.

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6. Termination of Employment. Except as otherwise provided in Optionee's existing employment agreement with the Company:

(a) In the event the Optionee's employment with the Company is terminated for any reason other than death or disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code")), the Option shall immediately lapse as of the date of such termination whether or not exercisable on such date.

(b) In the event the Optionee's employment with the Company is terminated by reason of the Optionee's death or disability (within the meaning of Section 22(e)(3) of the Code), the Option shall remain exercisable for a period of up to twelve months after termination of employment, to the extent exercisable at the time of termination of employment, and shall lapse as to any shares of Common Stock for which it has yet to become exercisable as of the date of such termination of employment.

7. No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock issuable upon the exercise of the Option until the date of issuance to the Optionee of a certificate evidencing such shares of Common Stock. No adjustments, other than as provided in Section 7 of the Plan, shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions for which the record date is prior to the date the certificate for such shares of Common Stock issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Company at its principal executive offices, presently located at 6799 Great Oaks Road, Suite 200, Memphis, TN 38183-2100, Attn: General Counsel. Such notice shall state the election to exercise the Option and the number of shares of Common Stock in respect of which the Option is being exercised, shall be signed by the person or persons so exercising the Option and shall either:

(a) be accompanied by payment in full of the Purchase Price for such shares of Common Stock; or

(b) fix a date, not less than five (5) nor more than ten (10) business days from the date such notice shall be delivered to the Company, for the payment in full of the Purchase Price for such shares of Common Stock.

Payment of such Purchase Price shall be made in United States dollars by certified check or bank cashier's check payable to the order of the Company. Subject to such procedures and rules as may be adopted from time to time by the Option Plan Committee of the Board of Directors, the Optionee may also pay such Purchase Price by (i) tendering to the Company shares of Common Stock with an aggregate Fair Market Value (as defined in the Plan) on the date of exercise equal to such Purchase Price, (ii) delivery to the Company of a copy of irrevocable instructions to a stockbroker to sell shares of Common Stock and to deliver promptly to the Company an amount sufficient to pay such Purchase Price, or (iii) any combination of the methods of payment described in clauses (i) and (ii) and in the preceding sentence. The certificate for shares of Common Stock as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option. All shares of

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Common Stock purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Income Tax Withholding. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local and other taxes required by law to be withheld with respect to the exercise of the Option and the issuance of the shares of Common Stock, including, but not limited to, deducting the amount of any such withholding taxes from any other amount then or thereafter payable by the Company, or any subsidiary thereof, to the Optionee, or requiring the Optionee, or the beneficiary or legal representative of the Optionee, to pay to the Company the amount required to be withheld or to execute such documents as the Company deems necessary or desirable to enable it to satisfy its withholding obligations.

10. Non-Incentive Stock Option. The Option granted hereunder is not intended to be an "incentive stock option" within the meaning of Section 422 of the Code.

11. Registration. The Company shall file a registration statement on Form S-8 under the Securities Act of 1933, as amended (the "Act"), with respect to the sale of shares of Common Stock subject to the Option and shall take such other action as may be required to complete the registration of such shares under the Act and to comply with applicable blue sky laws.

12. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State.

14. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

MUELLER INDUSTRIES, INC.

By: /S/HARVEY L. KARP  
Name: Harvey L. Karp  
Title: Chairman of Board

OPTIONEE

/S/WILLIAM D. O'HAGAN  
William D. O'Hagan





STOCK OPTION AGREEMENT

This Option Agreement (the "Agreement") is made as of the 9th day of October, 1998, between Mueller Industries, Inc., a Delaware corporation (the "Company"), and William D. O'Hagan (the "Optionee").

WHEREAS, the Company desires to afford the Optionee the opportunity to purchase shares of Common Stock, par value \$.01 per share (the "Common Stock"), of the Company.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. By action of its Board of Directors dated October 9, 1998, the Company hereby grants to the Optionee the right and option (the "Option") to purchase up to, but not exceeding in the aggregate, 200,000 shares of Common Stock, on the terms and conditions herein set forth. Provided that the Compensation Committee gives its prior written approval, Optionee shall have the right to transfer all or part of the options granted hereunder to family members or family trusts.

2. Definitions; Conflicts. The Option is not being granted pursuant to the Mueller Industries, Inc. 1994 Stock Option Plan (the "Plan"), and shall be exercisable only for shares of Common Stock held in treasury by the Company. The Company shall at all times maintain a sufficient number of treasury shares to allow for the exercise of the vested and exercisable portion of the Option. Notwithstanding that the Option is not being granted under the Plan, the terms and provisions of the Plan are incorporated herein by reference as if it had been so granted, except for the provisions of Sections 3, 5(h) and 8 thereof.

3. Purchase Price. The purchase price of each share of Common Stock covered by the Option shall be \$15.9375 (the "Purchase Price").

4. Term of Options. The term of the Option shall be ten (10) years from the date hereof, subject to earlier termination as provided in Section 6 hereof.

5. Vesting of Options. The Option, subject to the terms, conditions and limitations contained herein, shall vest and become exercisable with respect to the shares of Common Stock in accordance with the following installments: 20% on the first anniversary of the date hereof, and an additional 20% on each of the succeeding four anniversaries of the date hereof; provided that, with respect to each such installment, the Optionee has remained in continuous employment with the Company from the date hereof through the date such installment is designated to vest. Notwithstanding the foregoing, if there is a "Change in Control," as such term is defined in the Amended and Restated Employment Agreement, effective September 17, 1997, between Optionee and the Company, all remaining options shall become exercisable as provided in said Employment Agreement, as amended.

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6. Termination of Employment. Except as otherwise provided in Optionee's existing employment agreement with the Company:

(a) In the event the Optionee's employment with the Company is terminated for any reason other than death or disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code")), the Option shall immediately lapse as of the date of such termination whether or not exercisable on such date.

(b) In the event the Optionee's employment with the Company is terminated by reason of the Optionee's death or disability (within the meaning of Section 22(e)(3) of the Code), the Option shall remain exercisable for a period of up to twelve months after termination of employment, to the extent exercisable at the time of termination of employment, and shall lapse as to any shares of Common Stock for which it has yet to become exercisable as of the date of such termination of employment.

7. No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock issuable upon the exercise of the Option until the date of issuance to the Optionee of a certificate evidencing such shares of Common Stock. No adjustments, other than as provided in Section 7 of the Plan, shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions for which the record date is prior to the date the certificate for such shares of Common Stock issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Company at its principal executive offices, presently located at 6799 Great Oaks Road, Suite 200, Memphis, TN 38183-2100, Attn: General Counsel. Such notice shall state the election to exercise the Option and the number of shares of Common Stock in respect of which the Option is being exercised, shall be signed by the person or persons so exercising the Option and shall either:

(a) be accompanied by payment in full of the Purchase Price for such shares of Common Stock; or

(b) fix a date, not less than five (5) nor more than ten (10) business days from the date such notice shall be delivered to the Company, for the payment in full of the Purchase Price for such shares of Common Stock.

Payment of such Purchase Price shall be made in United States dollars by certified check or bank cashier's check payable to the order of the Company. Subject to such procedures and rules as may be adopted from time to time by the Option Plan Committee of the Board of Directors, the Optionee may also pay such Purchase Price by (i) tendering to the Company shares of Common Stock with an aggregate Fair Market Value (as defined in the Plan) on the date of exercise equal to such Purchase Price, (ii) delivery to the Company of a copy of irrevocable instructions to a stockbroker to sell shares of Common Stock and to deliver promptly to the Company an amount sufficient to pay such Purchase Price, or (iii) any combination of the methods of payment described in clauses (i) and (ii) and in the preceding sentence. The certificate for shares of Common Stock as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option. All shares of

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Common Stock purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Income Tax Withholding. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local and other taxes required by law to be withheld with respect to the exercise of the Option and the issuance of the shares of Common Stock, including, but not limited to, deducting the amount of any such withholding taxes from any other amount then or thereafter payable by the Company, or any subsidiary thereof, to the Optionee, or requiring the Optionee, or the beneficiary or legal representative of the Optionee, to pay to the Company the amount required to be withheld or to execute such documents as the Company deems necessary or desirable to enable it to satisfy its withholding obligations.

10. Non-Incentive Stock Option. The Option granted hereunder is not intended to be an "incentive stock option" within the meaning of Section 422 of the Code.

11. Registration. The Company shall file a registration statement on Form S-8 under the Securities Act of 1933, as amended (the "Act"), with respect to the sale of shares of Common Stock subject to the Option and shall take such other action as may be required to complete the registration of such shares under the Act and to comply with applicable blue sky laws.

12. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State.

14. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

MUELLER INDUSTRIES, INC.

By: /S/HARVEY L. KARP  
Name: Harvey L. Karp  
Title: Chairman of the Board

OPTIONEE

/S/WILLIAM D. O'HAGAN  
William D. O'Hagan



STOCK OPTION AGREEMENT

This Option Agreement (the "Agreement") is made as of the 13th day of February, 2003, between Mueller Industries, Inc., a Delaware corporation (the "Company"), and William D. O'Hagan (the "Optionee").

WHEREAS, the Company desires to afford the Optionee the opportunity to purchase shares of Common Stock, par value \$.01 per share (the "Common Stock"), of the Company.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. By action of its Board of Directors dated February 13, 2003, the Company hereby grants to the Optionee the right and option (the "Option") to purchase up to, but not exceeding in the aggregate, 100,000 shares of Common Stock, on the terms and conditions herein set forth. Provided that the Compensation Committee of the Board of Directors of the Company gives its prior written approval, Optionee shall have the right to transfer all or part of the options granted hereunder to family members or family trusts.

2. Definitions; Conflicts. The Option is not being granted pursuant to the Mueller Industries, Inc. 2002 Stock Option Plan (the "Plan"), and shall be exercisable only for shares of Common Stock held in treasury by the Company. The Company shall at all times maintain a sufficient number of treasury shares to allow for the exercise of the vested and exercisable portion of the Option. Notwithstanding that the Option is not being granted under the Plan, the terms and provisions of the Plan are incorporated herein by reference as if it had been so granted, except for the provisions of Sections 4(a) and 8 thereof.

3. Purchase Price. The purchase price of each share of Common Stock covered by the Option shall be \$25.10 (the "Purchase Price").

4. Term of Options. The term of the Option shall be ten (10) years from the date hereof, subject to earlier termination as provided in Section 6 hereof.

5. Vesting of Options. The Option, subject to the terms, conditions and limitations contained herein, shall vest and become exercisable with respect to the shares of Common Stock in accordance with the following installments: 20% on the first anniversary of the date hereof, and an additional 20% on each of the succeeding four anniversaries of the date hereof; provided that, with respect to each such installment, the Optionee has remained in continuous employment with the Company from the date hereof through the date such installment is designated to vest. Notwithstanding the foregoing, if there is a "Change in Control," as such term is defined in the Amended and Restated Employment Agreement, effective September 17, 1997, as amended May 12, 2000, between Optionee and the Company, all remaining options shall become exercisable as provided in said Employment Agreement, as amended.

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6. Termination of Employment. Except as otherwise provided in Optionee's existing employment agreement with the Company:

(a) In the event the Optionee's employment with the Company is terminated for any reason other than death or disability (within the meaning of Section 22(e) (3) of the Internal Revenue Code of 1986, as amended (the "Code")), the Option shall immediately lapse as of the date of such termination whether or not exercisable on such date.

(b) In the event that the Optionee's employment with the Company is terminated by reason of the Optionee's death or disability (within the meaning of Section 22(e) (3) of the Code), the Option shall remain exercisable for a period of up to twelve months after termination of employment, to the extent exercisable at the time of termination of employment, and shall lapse as to any shares of Common Stock for which it has yet to become exercisable as of the date of such termination of employment.

7. No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock issuable upon the exercise of an Option until the date of issuance to the Optionee of a certificate evidencing such shares of Common Stock. No adjustments, other than as provided in Section 7 of the Plan, shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions for which the record date is prior to the date the

certificate for such shares of Common Stock issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Company at its principal executive offices, presently located at 8285 Tournament Drive, Suite 150, Memphis, TN 38125, Attn: General Counsel. Such notice shall state the election to exercise the Option and the number of shares of Common Stock in respect of which the Option is being exercised, shall be signed by the person or persons so exercising the Option and shall either:

(a) be accompanied by payment in full of the Purchase Price for such shares of Common Stock; or

(b) fix a date, not less than five (5) nor more than ten (10) business days from the date such notice shall be delivered to the Company, for the payment in full of the Purchase Price for such shares of Common Stock.

Payment of such Purchase Price shall be made in United States dollars by certified check or bank cashier's check payable to the order of the Company. Subject to such procedures and rules as may be adopted from time to time by the Option Plan Committee of the Board of Directors, the Optionee may also pay such Purchase Price by (i) tendering to the Company shares of Common Stock with an aggregate Fair Market Value (as defined in the Plan) on the date of exercise equal to such Purchase Price, (ii) delivery to the Company of a copy of irrevocable instructions to a stockbroker to sell shares of Common Stock and to deliver promptly to the Company an amount sufficient to pay such Purchase Price, or (iii) any

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combination of the methods of payment described in clauses (i) and (ii) and in the preceding sentence. The certificate for shares of Common Stock as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option. All shares of Common Stock purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Income Tax Withholding. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local and other taxes required by law to be withheld with respect to the exercise of the Option and the issuance of the shares of Common Stock, including, but not limited to, deducting the amount of any such withholding taxes from any other amount then or thereafter payable by the Company, or any subsidiary thereof, to the Optionee, or requiring the Optionee, or the beneficiary or legal representative of the Optionee, to pay to the Company the amount required to be withheld or to execute such documents as the Company deems necessary or desirable to enable it to satisfy its withholding obligations.

10. Non-Incentive Stock Option. The Option granted hereunder is not intended to be an "incentive stock option" within the meaning of Section 422 of the Code.

11. Registration. The Company shall file a registration statement on Form S-8 under the Securities Act of 1993, as amended (the "Act"), with respect to the sale of shares of Common Stock subject to the Option and shall take such other action as may be required to complete the registration of such shares under the Act and to comply with applicable blue sky laws.

12. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State.

14. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

MUELLER INDUSTRIES, INC.

By: /s/Harvey L. Karp  
Name: Harvey L. Karp  
Title: Chairman of the Board

OPTIONEE

/s/William D. O'Hagan  
Name: William D. O'Hagan

NONQUALIFIED  
STOCK OPTION AGREEMENT

This Option Agreement (the "Agreement") is made as of the 30th day of June, 2000, between Mueller Industries, Inc., a Delaware corporation (the "Company"), and Robert J. Pasquarelli (the "Optionee").

WHEREAS, the Company desires to afford the Optionee the opportunity to purchase shares of Common Stock, par value \$.01 per share (the "Common Stock"), of the Company.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

"Committee" shall mean members of the Company's 1998 Stock Option Plan Committee.

2. Grant of Options. The Company hereby grants to the Optionee the right and option (the "Option") to purchase up to, but not exceeding in the aggregate, 15,000 shares of Common Stock, on the terms and conditions herein set forth.

3. Purchase Price. The purchase price of each share of Common Stock covered by the Option shall be \$27.8125 (the "Purchase Price").

4. Term of Options. The term of the Option shall be ten (10) years from the date hereof, subject to earlier termination as provided in Section 6 hereof.

5. Vesting of Options. The Option, subject to the terms, conditions and limitations contained herein, shall vest and become exercisable with respect to the shares of Common Stock in accordance with the following installments: as to 20% on the underlying shares of Common Stock on the first anniversary of the date hereof, and an additional 20% on each of the succeeding three anniversaries of the date hereof, as to the remaining 20% of the underlying shares of common stock on the fifth anniversary of the date hereof; provided that, with respect to each such installment, the Optionee has remained in continuous employment with the Company from the date hereof through the date such installment is designated to vest.

6. Termination of Employment. In the event the Optionee's employment with the Company is terminated for any reason other than death or disability (within the meaning of Section 22(e)(3) of the Code), the Option shall immediately lapse as of the date of such termination whether or not exercisable on such date. In the event the Optionee's employment with the Company is terminated by reason of the Optionee's death or disability (within the meaning of Section 22(e)(3) of the Code), the Option shall remain exercisable for a period of up to twelve months after termination of

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employment, to the extent exercisable at the time of termination of employment, and shall lapse as to any shares of Common Stock for which it has yet to become exercisable as of the date of such termination of employment.

7. No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock issuable upon the exercise of an Option until the date of issuance to the Optionee of a certificate evidencing such shares of Common Stock. No adjustments, other than as provided in Section 7 of the Plan, shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions for which the record date is prior to the date the certificate for such shares of Common Stock is issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Secretary of the Company at the Company's principal executive offices. Such notice shall state the election to exercise the Option and the number of Common Shares in respect of which the Option is being exercised, shall be signed by the person or persons so exercising the Option and shall either:

(a) be accompanied by payment in full of the Purchase Price for such shares of Common Stock; or



(b) fix a date, not less than five (5) nor more than ten (10) business days from the date such notice shall be delivered to the Company, for the payment in full of the Purchase Price for such shares of Common Stock.

Payment of such Purchase Price shall be made in United States dollars by payable to the order of the Company. Subject to such procedures and rules as may be adopted from time to time by the Committee, the Optionee may also pay such Purchase Price by (i) tendering to the Company shares of Common Stock (held by the Optionee for at least six months prior to such delivery) with an aggregate Fair Market Value on the date of exercise equal to such Purchase Price, (ii) delivery to the Company of a copy of irrevocable instructions to a stockbroker to sell shares of Common Stock and to deliver promptly to the Company an amount sufficient to pay such Purchase Price, or (iii) any combination of the methods of payment described in clauses (i) and (ii) and in the preceding sentence. The certificate for shares of Common Stock as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option. All shares of Common Stock purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Income Tax Withholding. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local and other taxes required by law to be withheld with respect to the exercise of the Option and the issuance of the shares of Common Stock, including, but not limited to, retaining shares of Common Stock otherwise to be delivered upon exercise, deducting the amount of any such withholding taxes from any other amount then or thereafter payable by the Company, or any Subsidiary, to the Optionee, or

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requiring the Optionee, or the beneficiary or legal representative of the Optionee, to pay to the Company the amount required to be withheld or to execute such documents as the Company deems necessary or desirable to enable it to satisfy its withholding obligations.

10. Non-Transferability. Unless otherwise determined by the Committee, this Option is not assignable or transferable other than by will or the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee. The Option shall not be subject to execution, attachment or other process.

11. Further Conditions to Exercise.

(a.) The obligation of the Company to issue shares of Common Stock pursuant to the exercise of the Option shall be subject to all applicable laws, rules and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any of the provisions hereof, the Optionee may not exercise the Option, and the Company will be under no obligation to offer to sell or to sell and shall be prohibited from offering to sell or selling any shares of Common Stock pursuant to the exercise of any Option unless such exercise, offer or sale shall be properly registered pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended) (the "Securities Act") with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall use reasonable efforts to register the offer or sale of shares of Common Stock underlying the Option pursuant to the Securities Act and to take any other affirmative action in order to cause the exercise of the Options or the issuance or transfer of shares pursuant thereto to comply with any law or regulation of any governmental authority. If the shares of Common Stock offered for sale or sold under any Option are offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such shares and may legend the Common Stock certificates representing such shares in such manner as it deems advisable to ensure the availability of any such exemption.

(b.) The Company is relieved from any liability for the non-issuance or non-transfer or any delay in issuance or transfer of any shares of Common Stock subject to the Option which results from the inability of the Company to obtain or in any delay in obtaining from any regulatory body having jurisdiction all requisite authority to issue or transfer shares of Common Stock of the Company either upon exercise of the Option or shares of Common Stock issued as a result of such exercise if counsel for the Company deems such authority necessary for lawful issuance or transfer of any such shares.

(c.) The Company is relieved from any liability for the non-issuance or non-transfer or any delay in issuance or transfer of any shares

of Common Stock subject to the Option which results from the inability of the Company to obtain or in any delay in obtaining from any regulatory body having jurisdiction all requisite authority to issue or transfer shares of

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Common Stock of the Company either upon exercise of the Option or shares of Common Stock issued as a result of such exercise if counsel for the Company deems such authority necessary for lawful issuance or transfer of any such shares.

(d.) For purposes of this Agreement, the term "Cause" shall mean (i) Optionee's continued failure to substantially perform his employment duties, (ii) the engaging by Optionee in willful misconduct injurious to the Company, or (iii) the commission by the Optionee of an act of moral turpitude which is punishable as a felony. For purposes of this Agreement, the term "Noncompetitive Action" shall mean (i) the Optionee's taking action which would, assuming Optionee were a party to the Company's standard Employee Confidentiality and Non-Solicitation Agreement, violate the terms of such agreement (whether or not Optionee has actually executed such agreement), or (ii) engaging by the Optionee in willful conduct which benefits a direct competitor of the Company or is demonstrably injurious to the Company.

(e.) If the Optionee employment with the Company is terminated for "Cause" (as defined herein), then to the extent the Optionee exercised any Options within the six month period preceding such termination, the Optionee will be required to repay to the Company (and the Optionee agrees to repay as a condition of exercise) the difference between (a) the average of the high and low selling prices of the Common Stock on the exercise date and (b) the exercise price per share, multiplied by the number of shares for which the Option was exercised. The Committee will determine whether an Optionee's employment is terminated for Cause. However, the Committee, in its discretion, may choose not to enforce the foregoing provisions in the case of any particular Optionee.

(f.) In the event that the outstanding shares of Common Stock or the capital structure of the Company are changed by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split, reverse stock split, combination or exchange of shares and the like, or dividends payable in shares of Common Stock, the Committee may make such appropriate adjustment to the number of shares of Common Stock subject to the Option and the Purchase Price as determined by the Committee, in its sole discretion, to be appropriate. If the Company shall be reorganized, consolidated, or merged with another corporation, or if all or substantially all of the assets of the Company shall be sold or exchanged, the Optionee shall at the time of issuance of the stock under such corporate event be entitled to receive upon the exercise of the Option the same number and kind of shares of stock or the same amount of property, cash or securities as Optionee would have been entitled to receive upon the occurrence of any such corporate event as if Optionee had been, immediately prior to such event, the holder of the number of shares of Common Stock covered by the unexercised portion of the Option; provided however, that if any such event occurs or if the Company enters into an agreement to undertake any such event, the Committee may, in its sole discretion, cancel the Option and pay to the Optionee, in cash or stock, or any combination thereof, the value of such option as determined by the Committee based on the price per share of Common Stock received or to be received by the stockholders of the Company upon such event. If fractions of a share would result from any such adjustment, the adjustment shall be revised to the next lower whole number of shares.

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(g.) This agreement shall be administered by the Committee. The Committee shall have the authority, in its discretion, to interpret this Agreement, to prescribe, amend and rescind rules and regulations relating to this Agreement, to accelerate the vesting of the Option, and to make all other determinations and take all other actions necessary or advisable for the administration of the Agreement. The Committee's determinations on all matters relating to the Agreement shall be conclusive.

(h.) If the Optionee's employment with the Company is terminated for any reason other than Cause, and within the following six months the Optionee engages in Noncompetitive Action, then to the extent the Optionee has exercised any Options within the period beginning six months prior to the Optionee's termination of employment with the Company and ending on the date the Optionee engages in Noncompetitive Action, the Optionee will be required to repay to the Company (and the Optionee agrees to so repay as a condition to exercise) the difference between (a) the average of the high and low selling prices of the Common Stock on the exercise date and (b) the exercise price per share, multiplied by the number of shares for which the

Option was exercised. The Committee will determine whether an Optionee has engaged in a Noncompetitive Action. However, the Committee, in its discretion, may choose not to enforce the foregoing provisions with respect to Noncompetitive Action.

12. Nonqualified Stock Option. The Option granted hereunder is not intended to be an "incentive stock option" within the meaning of Section 422 of the Code.

13. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

14. Not a Contract of Employment. Nothing contained in this Agreement shall be deemed to confer upon the Optionee any right to remain in the employ of the Company or of any subsidiary thereof.

15. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State.

16. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

MUELLER INDUSTRIES, INC.

By: /s/William D. O'Hagan  
Name: William D. O'Hagan  
Title: Chief Executive Officer

OPTIONEE

/s/Robert J. Pasquarelli  
Name: Robert J. Pasquarelli

NONQUALIFIED  
STOCK OPTION AGREEMENT

This Option Agreement (the "Agreement") is made as of the 30th day of June, 2003, between Mueller Industries, Inc., a Delaware corporation (the "Company"), and Michael O. Fifer (the "Optionee").

WHEREAS, the Company desires to afford the Optionee the opportunity to purchase shares of Common Stock, par value \$.01 per share (the "Common Stock"), of the Company.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

"Committee" shall mean members of the Company's 2002 Stock Option Plan Committee.

2. Grant of Options. The Company hereby grants to the Optionee the right and option (the "Option") to purchase up to, but not exceeding in the aggregate, 20,000 shares of Common Stock, on the terms and conditions herein set forth.

3. Purchase Price. The purchase price of each share of Common Stock covered by the Option shall be \$27.06 (the "Purchase Price").

4. Term of Options. The term of the Option shall be ten (10) years from the date hereof, subject to earlier termination as provided in Section 6 hereof.

5. Vesting of Options. The Option, subject to the terms, conditions and limitations contained herein, shall vest and become exercisable with respect to the shares of Common Stock in accordance with the following installments: as to 20% on the underlying shares of Common Stock on the first anniversary of the date hereof, and an additional 20% on each of the succeeding three anniversaries of the date hereof, as to the remaining 20% of the underlying shares of common stock on the fifth anniversary of the date hereof; provided that, with respect to each such installment, the Optionee has remained in continuous employment with the Company from the date hereof through the date such installment is designated to vest.

6. Termination of Employment. In the event the Optionee's employment with the Company is terminated for any reason other than death or disability (within the meaning of Section 22(e)(3) of the Code), the Option shall immediately lapse as of the date of such termination whether or not exercisable on such date. In the event the Optionee's employment with the Company is terminated by reason of the Optionee's death or disability (within the meaning of Section 22(e)(3) of the Code), the Option shall remain exercisable for a period of up to twelve months after termination of

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employment, to the extent exercisable at the time of termination of employment, and shall lapse as to any shares of Common Stock for which it has yet to become exercisable as of the date of such termination of employment.

7. No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock issuable upon the exercise of an Option until the date of issuance to the Optionee of a certificate evidencing such shares of Common Stock. No adjustments, other than as provided in Section 7 of the Plan, shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions for which the record date is prior to the date the certificate for such shares of Common Stock is issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Secretary of the Company at the Company's principal executive offices. Such notice shall state the election to exercise the Option and the number of Common Shares in respect of which the Option is being exercised, shall be signed by the person or persons so exercising the Option and shall either:

(a) be accompanied by payment in full of the Purchase Price for such shares of Common Stock; or

(b) fix a date, not less than five (5) nor more than ten (10) business days from the date such notice shall be delivered to the Company, for the payment in full of the Purchase Price for such shares of Common Stock.

Payment of such Purchase Price shall be made in United States dollars by payable to the order of the Company. Subject to such procedures and rules as may be adopted from time to time by the Committee, the Optionee may also pay such Purchase Price by (i) tendering to the Company shares of Common Stock (held by the Optionee for at least six months prior to such delivery) with an aggregate Fair Market Value on the date of exercise equal to such Purchase Price, (ii) delivery to the Company of a copy of irrevocable instructions to a stockbroker to sell shares of Common Stock and to deliver promptly to the Company an amount sufficient to pay such Purchase Price, or (iii) any combination of the methods of payment described in clauses (i) and (ii) and in the preceding sentence. The certificate for shares of Common Stock as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option. All shares of Common Stock purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Income Tax Withholding. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local and other taxes required by law to be withheld with respect to the exercise of the Option and the issuance of the shares of Common Stock, including, but not limited to, retaining shares of Common Stock otherwise to be delivered upon exercise, deducting the amount of any such withholding taxes from any other amount then or thereafter payable by the Company, or any Subsidiary, to the Optionee, or

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requiring the Optionee, or the beneficiary or legal representative of the Optionee, to pay to the Company the amount required to be withheld or to execute such documents as the Company deems necessary or desirable to enable it to satisfy its withholding obligations.

10. Non-Transferability. Unless otherwise determined by the Committee, this Option is not assignable or transferable other than by will or the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee. The Option shall not be subject to execution, attachment or other process.

11. Further Conditions to Exercise.

(a.) The obligation of the Company to issue shares of Common Stock pursuant to the exercise of the Option shall be subject to all applicable laws, rules and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any of the provisions hereof, the Optionee may not exercise the Option, and the Company will be under no obligation to offer to sell or to sell and shall be prohibited from offering to sell or selling any shares of Common Stock pursuant to the exercise of any Option unless such exercise, offer or sale shall be properly registered pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended) (the "Securities Act") with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall use reasonable efforts to register the offer or sale of shares of Common Stock underlying the Option pursuant to the Securities Act and to take any other affirmative action in order to cause the exercise of the Options or the issuance or transfer of shares pursuant thereto to comply with any law or regulation of any governmental authority. If the shares of Common Stock offered for sale or sold under any Option are offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such shares and may legend the Common Stock certificates representing such shares in such manner as it deems advisable to ensure the availability of any such exemption.

(b.) The Company is relieved from any liability for the non-issuance or non-transfer or any delay in issuance or transfer of any shares of Common Stock subject to the Option which results from the inability of the Company to obtain or in any delay in obtaining from any regulatory body having jurisdiction all requisite authority to issue or transfer shares of Common Stock of the Company either upon exercise of the Option or shares of Common Stock issued as a result of such exercise if counsel for the Company deems such authority necessary for lawful issuance or transfer of any such shares.

(c.) For purposes of this Agreement, the term "Cause" shall mean (i) Optionee's continued failure to substantially perform his employment

duties, (ii) the engaging by Optionee in willful misconduct injurious to the Company, or (iii) the commission by the Optionee of an act of moral

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turpitude which is punishable as a felony. For purposes of this Agreement, the term "Noncompetitive Action" shall mean (i) the Optionee's taking action which would, assuming Optionee were a party to the Company's standard Employee Confidentiality and Non-Solicitation Agreement, violate the terms of such agreement (whether or not Optionee has actually executed such agreement), or (ii) engaging by the Optionee in willful conduct which benefits a direct competitor of the Company or is demonstrably injurious to the Company.

(d.) If the Optionee employment with the Company is terminated for "Cause" (as defined herein), then to the extent the Optionee exercised any Options within the six month period preceding such termination, the Optionee will be required to repay to the Company (and the Optionee agrees to repay as a condition of exercise) the difference between (a) the average of the high and low selling prices of the Common Stock on the exercise date and (b) the exercise price per share, multiplied by the number of shares for which the Option was exercised. The Committee will determine whether an Optionee's employment is terminated for Cause. However, the Committee, in its discretion, may choose not to enforce the foregoing provisions in the case of any particular Optionee.

(e.) In the event that the outstanding shares of Common Stock or the capital structure of the Company are changed by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split, reverse stock split, combination or exchange of shares and the like, or dividends payable in shares of Common Stock, the Committee may make such appropriate adjustment to the number of shares of Common Stock subject to the Option and the Purchase Price as determined by the Committee, in its sole discretion, to be appropriate. If the Company shall be reorganized, consolidated, or merged with another corporation, or if all or substantially all of the assets of the Company shall be sold or exchanged, the Optionee shall at the time of issuance of the stock under such corporate event be entitled to receive upon the exercise of the option the same number and kind of shares of stock or the same amount of property, cash or securities as optionee would have been entitled to receive upon the occurrence of any such corporate event, the holder of the number of shares of Common Stock covered by the unexercised portion of the Option; provided however, that if any such event occurs or if the Company enters into an agreement to undertake any such event, the Committee may, in its sole discretion, cancel the Option and pay to the Optionee, in cash or stock, or any combination thereof, the value of such option as determined by the Committee based on the price per share of Common Stock received or to be received by the stockholders of the Company upon such event. If fractions of a share would result from any such adjustment, the adjustment shall be revised to the next lower whole number of shares.

(f.) This agreement shall be administered by the Committee. The Committee shall have the authority, in its discretion, to interpret this Agreement, to prescribe, amend and rescind rules and regulations relating to this Agreement, to accelerate the vesting of the Option, and to make all other determinations and take all other actions necessary or advisable for the administration of the Agreement. The Committee's determinations on all matters relating to the Agreement shall be conclusive.

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(g.) If the Optionee's employment with the Company is terminated for any reason other than Cause, and within the following six months the Optionee engages in Noncompetitive Action, then to the extent the Optionee has exercised any Options within the period beginning six months prior to the Optionee's termination of employment with the Company and ending on the date the Optionee engages in Noncompetitive Action, the Optionee will be required to repay to the Company (and the Optionee agrees to so repay as a condition to exercise) the difference between (a) the average of the high and low selling prices of the Common Stock on the exercise date and (b) the exercise price per share, multiplied by the number of shares for which the Option was exercised. The Committee will determine whether an Optionee has engaged in a Noncompetitive Action. However, the Committee, in its discretion, may choose not to enforce the foregoing provisions with respect to Noncompetitive Action.

12. Nonqualified Stock Option. The Option granted hereunder is not intended to be an "incentive stock option" within the meaning of Section 422 of the Code.

13. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

14. Not a Contract of Employment. Nothing contained in this Agreement shall be deemed to confer upon the Optionee any right to remain in the employ of the Company or of any subsidiary thereof.

15. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such State.

16. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

MUELLER INDUSTRIES, INC.

By: /s/William D. O'Hagan  
Name: William D. O'Hagan  
Title: Chief Executive Officer

OPTIONEE

/s/Michael O. Fifer  
Name: Michael O. Fifer

CODE OF BUSINESS CONDUCT AND ETHICS  
OF  
MUELLER INDUSTRIES, INC.  
AND ITS DOMESTIC SUBSIDIARIES

EFFECTIVE DATE: February 12, 2004

INTRODUCTION

Mueller Industries, Inc. expects that directors, officers and employees will conduct themselves ethically and properly as a matter of course and comply with the guidelines set forth below.

This Code of Business Conduct and Ethics (this "Code") is prepared, in large part, due to the requirements of the Sarbanes-Oxley Act of 2002 and rules of the New York Stock Exchange. and is applicable to Mueller Industries, Inc. and all direct and indirect U.S. subsidiaries (hereinafter referred to collectively as the "Company"). Directors, officers and employees of foreign subsidiaries are also expected to act properly and consistent with country-specific guidelines developed for such subsidiaries.

This Code exists to provide the Company's directors, officers, employees, shareholders, suppliers and members of the general public with an official statement as to how the Company conducts itself internally and in the marketplace and certain standards that the Company shall require of its directors, officers and employees.

The Company's Compliance Officer on the Effective Date of this Code is William H. Hensley and the term "Compliance Officer", as used in this Code, refers to the Company's current Compliance Officer and any subsequent person appointed to that office.

PURPOSE

This Code is intended to provide a codification of standards that is reasonably designed to deter wrongdoing and to promote the following:

- \* Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- \* Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the "SEC") and in other public communications made by the Company;
- \* Compliance with applicable governmental laws, rules and regulations;
- \* The prompt internal reporting to an appropriate person or persons identified in this Code for violations of this Code; and
- \* Accountability for adherence to this Code.

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SCOPE

This Code applies to the Company's Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Controller and persons performing similar functions as well as to all directors, officers and employees of the Company. As used herein, the term "employees" shall be deemed to include each of the foregoing persons unless specifically stated otherwise or unless the context clearly indicates otherwise.

POLICY PROVISIONS

Under this Code, all directors, officers (including the Company's Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Controller and persons performing similar functions) and employees are expected to conduct business for the Company in the full spirit of honest and lawful behavior and shall not cause another director, officer, employee or non-employee to act otherwise, either through inducement or coercion.

I. Conflicts of Interest and Other Matters

Conflicts of interest may arise when an employee's position or responsibilities with the Company present an opportunity for personal gain apart from the normal compensation provided through employment. The following guidelines are provided:



#### A. Protection and Proper Use of Company Funds and Assets

The assets of the Company are much more than its properties, facilities, equipment, corporate funds and computer systems; they include technologies and concepts, business strategies and plans, as well as information about its business. These assets may not be improperly used and/or used to provide personal benefits for employees. In addition, employees may not provide outside persons with assets of the Company for the employee's personal gain or in such a manner as to be detrimental to the Company. Employees should protect the Company's assets and ensure their efficient and proper use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

#### B. Confidential Information

As part of an employee's job, he/she may have access to confidential information about the Company, its employees, agents, contractors, customers, suppliers and competitors. Unless released to the public by management, this information should not be disclosed to fellow employees who did not have a business need to know or to non-employees for any reason, except in accordance with established corporate procedures. Confidential information of this sort includes, but is not limited to, information or data on operations, business strategies and growth, business relationships, processes, systems, procedures and financial information.

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#### C. Outside Financial Interests Influencing an Employee's Decisions or Actions

Employees should avoid any outside financial interest that might influence their decisions or actions on matters involving the Company or its businesses or property. Such interests include, among other things: (i) a significant personal or immediate family interest in an enterprise that has significant business relations with the Company; or (ii) an enterprise or contract with a supplier, service-provider or any other company or entity where the employee or a member of the immediate family of the employee is a principal or financial beneficiary other than as an employee. All such interests should be disclosed by the employee to the Company's Compliance Officer.

#### D. Outside Activities Having Negative Impact On Job Performance

Employees should avoid outside employment or activities that would have a negative impact on their job performance with the Company, or which are likely to conflict with their job or their obligations to the Company.

#### E. Business Opportunities; Competitive Interests; Corporate Opportunities

No employee may enter into any contract or arrangement, own any interest or be a director, officer or consultant in or for an entity which enters into any contract or arrangement (except for the ownership of non-controlling interests in publicly-traded entities) with the Company for the providing of services to the Company unless and until the material facts as to the relationship or interest and the contract or transaction are fully disclosed to the Company's Compliance Officer and, if approved by the Company, the Company's Compliance Officer shall provide written confirmation of the approval of said contract or transaction.

Employees owe a duty to the Company to advance its legitimate interests when the opportunity arises to do so. Employees should refrain from and shall be prohibited from: (i) taking for themselves or for their personal benefit opportunities that could advance the interests of the Company or benefit the Company when such opportunities are discovered through the use of Company property, information or position; (ii) using Company property, information or position for personal gain; or (iii) competing with the Company.

### II. Dealing With Suppliers, Customers And Other Employees

The Company obtains and keeps its business because of the quality of its operations. Conducting business, however, with other employees, suppliers and customers can pose ethical or even legal problems. The following guidelines are intended to help all employees make the appropriate decision in potentially difficult situations.

#### A. Bribes and Kickbacks

No employee of the Company may ever accept or pay bribes, kickbacks or other types of unusual payments from or to any organization or individual seeking to do business with, doing business with or competing with the Company.

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#### B. Gifts

Employees may accept gifts or entertainment of nominal value as part of the normal business process if public knowledge of the employee's acceptance could cause the Company no conceivable embarrassment. Even a nominal gift and/or entertainment should not be accepted if it might appear to an observer that the gift and/or entertainment would influence the employee's business decisions. The term "nominal value" applies to the amount of the gift and/or its frequency; i.e., frequent gifts, even if of nominal value, are unacceptable. The term "entertainment" includes, but is not limited to, meals, charitable and sporting events, parties, plays and concerts. If you have any questions about the acceptance of entertainment or gifts, ask the Company's Compliance Officer for advice.

#### C. Travel and Entertainment Expenses

Employees must comply with the Company's policy on travel and entertainment expenses as set forth in the Company's Policies and Procedures, as the same may be amended or supplemented from time to time.

#### D. Relations with Government Personnel

The Company will not offer, give or reimburse expenses for entertainment or gratuities (including transportation, meals at business meetings or tickets to sporting or other events) to government officials or employees who are prohibited from receiving such by applicable government regulations.

#### E. Payments to Agents, Consultants, Distributors, Contractors

Agreements with agents, sales representatives, distributors, contractors and consultants should be in writing and should clearly and accurately set forth the services to be performed, the basis for earning the commission or fee involved and the applicable rate or fee. Payments should be reasonable in amount and not excessive in light of the practice in the trade and commensurate with the value of services rendered.

#### F. Fair Dealing

Each employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and other employees.

### III. Books and Records

False or misleading entries shall not be made in any reports, ledgers, books or records of the Company nor shall any misrepresentation be made regarding the content thereof. No employee may engage in an arrangement that in any way may be interpreted or construed as misstating or otherwise concealing the nature or purpose of any entries in the books and records of the Company. No payment or receipt on behalf of the Company may be approved or made with the intention or understanding that any part of the payment or receipt is to be used for a purpose other than that described in the documents supporting the transaction.

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### IV. Competitive Practices

In business, it is inevitable that the Company and its competitors will meet and talk from time to time; this is neither against the law nor to be avoided. What will not be tolerated is collaboration with competitors in violation of the law on such things as pricing, production, marketing, inventories, product development, sales territories and goals, market studies and proprietary or confidential information.

As a vigorous competitor in the marketplace, the Company seeks economic knowledge about its competitors; however, it will not engage in illegal acts to acquire a competitor's trade secrets, financial data, information about company facilities, technical developments or operations.

### V. Political Activities & Contributions

The Company encourages each of its employees to be good citizens and to participate in the political process. Employees should, however, be aware

that: (1) federal law and the statutes of some states in the U.S. prohibit the Company from contributing, directly or indirectly, to political candidates, political parties or party officials; and (2) employees who participate in partisan political activities should ensure that they do not leave the impression that they speak or act for the Company.

#### VI. Compliance with Laws, Rules and Regulations

The Company proactively promotes compliance by all employees with applicable laws, rules and regulations of any governmental unit, agency or divisions thereof and the rules and regulations of the New York Stock Exchange and/or any exchange upon which the Company's stock may be traded. The Company requires its employees to abide by the provisions of applicable law on trading on inside information and all employees of the Company are directed to refrain from trading in the Company's stock based on inside information. The Company requires its employees to abide by applicable law and the Company's procedures with respect to periods of time within which all or some cross-section of the Company's employees will be prevented from trading in the Company's stock. The Company requires its employees to abide by applicable law and the Company's policies with respect to disclosures of material non-public information (Regulation FD).

#### VII. Protection of Employees from Reprisal for Whistleblowing ("Whistleblowing Policy")

##### A. Purpose

To encourage employees to report Alleged Wrongful Conduct.

To prohibit supervisory personnel from taking Adverse Personnel Action against a Company employee as a result of the employee's good faith disclosure of Alleged Wrongful Conduct to a Designated Company Officer or Director or to the Company's Audit Committee. An employee who discloses and subsequently suffers an adverse Personnel Action as a result is subject to the protection of this Whistleblowing Policy.

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##### B. Applicability

All employees of the Company who disclose Alleged Wrongful Conduct, as defined in this Whistleblowing Policy, and, who, as a result of the disclosure, are subject to an Adverse Personnel Action.

##### C. Whistleblowing Policy

All employees of the Company are encouraged promptly to report Alleged Wrongful Conduct. No Adverse Personnel Action may be taken against a Company employee in Knowing Retaliation for any lawful disclosure of information to a Designated Company Officer or Director or to the Company's Audit Committee, which information the employee in good faith believes evidences: (i) a violation of any law; (ii) fraudulent or criminal conduct or activities; (iii) questionable accounting or auditing matters or matters; (iv) misappropriation of Company funds; or (v) violations of provisions of this Code (such matters being collectively referred to herein as "Alleged Wrongful Conduct").

No supervisor, officer, director, department head or any other employee with authority to make or materially influence significant personnel decisions shall take or recommend an Adverse Personnel Action against an employee in Knowing Retaliation for disclosing Alleged Wrongful Conduct to a Designated Company Officer or Director or to the Company's Audit Committee.

##### D. Definitions

In addition to other terms as defined above, the terms set forth on Exhibit A attached hereto shall have the meanings set forth thereon for purposes of this Whistleblowing Policy.

##### E. Making A Disclosure

An employee who becomes aware of Alleged Wrongful Conduct is encouraged to make a Disclosure to a Designated Company Officer or Director or to the Company's Audit Committee as soon as possible.

##### F. Legitimate Employment Action

This Whistleblowing Policy may not be used as a defense by an employee against whom an Adverse Personnel Action has been taken for legitimate reasons or cause. It shall not be a violation of this Whistleblowing Policy to take Adverse Personnel Action against an employee whose conduct

or performance warrants that action separate and apart from the employee making a disclosure.

#### G. Whistleblowing Statutes

An employee's protection under this Whistleblowing Policy is in addition to any protections such employee may have pursuant to any applicable state or federal law and this Whistleblowing Policy shall not be construed as limiting any of such protections.

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#### VIII. Audit Committee Procedures - Receipt, Retention and Treatment of Complaints Regarding Accounting, Internal Accounting Controls or Auditing Matters

Pursuant to the requirements of the Sarbanes-Oxley Act of 2002, the Company's Audit Committee has established the following procedures for the receipt, retention and treatment of complaints by Company employees regarding the Company's accounting, internal accounting controls or auditing matters.

##### A. Purpose

To promote and encourage Company employees to report complaints, problems or questionable practices relative to accounting, internal accounting controls or auditing matters (collectively referred to herein as "Accounting Concerns").

##### B. Applicability

All employees of the Company.

##### C. Procedures

Any Company employee who has, knows of or has reason to know or suspect the existence of any Accounting Concern is encouraged to report such Accounting Concern, promptly and in writing, to the Company's Compliance Officer and the Audit Committee at the following address:

Compliance Officer

Mueller Industries, Inc.  
c/o William H. Hensley  
8285 Tournament Drive, Suite 150  
Memphis, Tennessee 38125

with a copy to:

Chairman of the Audit Committee  
Mueller Industries, Inc.  
c/o Gary Gladstein  
888 7th Avenue, 33rd Floor  
New York, NY 10106

Submissions by Company employees of Accounting Concerns may be signed by the employee or may be anonymous. Submissions by Company employees of Accounting Concerns should be sufficiently detailed so as to provide the necessary information to the Company's Audit Committee as to the nature of the Accounting Concerns, the violation or potential violation of any federal or state law or regulation or the nature of any questionable accounting or auditing practice or matter. Company employees are encouraged to include as much factual data as possible in any submissions of Accounting Concerns and Company employees shall not utilize the submission of an Accounting Concern for the sole purpose of harassing

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another Company employee or officer. Submissions by Company employees of Accounting Concerns shall be copied by the Compliance Officer's Administrative Assistant and retained in a file entitled "Accounting Concerns Report File" to be kept separate from the files of the Company's Accounting Department.

The Chairman of the Audit Committee shall review and investigate or cause to be investigated each submission by Company employees of Accounting Concerns that suggests any violation of Company policies, violation of any federal or state laws or regulations or any questionable accounting or auditing practice or matter. The Chairman of the Audit Committee may

utilize the services of the Company's outside legal counsel in any such investigations. In the event the Chairman of the Audit Committee shall determine that any Accounting Concern is of sufficient veracity and significance so as to mandate any action by the Company, the Chairman of the Audit Committee shall report the Accounting Concern to the Audit Committee and, if necessary, to the Company's Board of Directors with a recommendation as to specific action to be taken. In extreme cases where an Accounting Concern has been reported that involves a violation or potential violation of federal or state laws or regulations and the Chairman of the Audit Committee has determined that such report is accurate or that sufficient evidence exists to create a significant concern as to whether such violation has occurred or will occur, the Chairman of the Audit Committee may report such Accounting Concern to the appropriate government authority.

#### D. Protections

Company employees who submit reports of Accounting Concerns shall be entitled to the protection of the Whistleblowing Policy set forth above.

#### IX. Public Company Reporting

As a public company, it is important that the Company's filings with the SEC and other public disclosures of information be complete, fair, accurate and timely. An employee, officer or director of the Company may be called upon to provide necessary information to ensure that the Company's public reports are complete, fair and accurate. The Company expects each Company employee, officer and director to take this responsibility seriously and to provide prompt, complete, fair and accurate responses to inquiries with respect to the Company's public disclosure requirements. With respect to the Company's employees, officers and directors who may be participating in the preparation of reports, information, press releases, forms or other information to be publicly disclosed through filings with the SEC or as mandated by the SEC, such employees, officers and directors are expected to use their diligent efforts to ensure that such reports, press releases, forms or other information are complete, fair, accurate and timely.

#### X. Compliance and Discipline

All Company employees are required to comply with this Code. Employees are expected to report violations of this Code and assist the Company, when necessary, in investigating violations. All department heads, managers and supervisors are charged with the responsibility of supervising their employees in accordance with this Code.

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Failure to comply with this Code will result in disciplinary action that may include suspension, termination, referral for criminal prosecution and/or reimbursement to the Company for any losses or damages resulting from the violation. The Company reserves the right to terminate any employee immediately for a single violation of this Code.

All employees of the Company may be asked from time to time to reaffirm their understanding of and willingness to comply with this Code by signing an appropriate certificate (see Appendix A).

#### XI. Adoption, Amendment and Waiver

##### A. Adoption and Amendment

This Code has been adopted by the Company's Board of Directors and may be changed, altered or amended at any time. The interpretation of any matter with respect to this Code by the Board of Directors shall be final and binding.

##### B. Waiver

Waivers of the provisions of this Code may be granted or withheld from time to time by the Company in its sole discretion. Waivers are only effective if set forth in writing after full disclosure of the facts and circumstances surrounding the waiver. Waivers for the benefit of directors and executive officers must be approved by the Board of Directors and will be publicly disclosed by the Company. All other waivers may be approved by the Compliance Officer and may be publicly disclosed by the Company.

#### NO EMPLOYMENT CONTRACT

Nothing contained herein shall be construed as limiting the Company's right to terminate an employee immediately for any reason. This Code does not provide any guarantees of continued employment, nor does it constitute an employment contract between the Company and any employee.

APPENDIX A

EMPLOYEE STATEMENT

I acknowledge having received a copy of the Company's Code of Business Conduct and Ethics. I have read it completely and I understand that the Code applies to me. I understand the Code does not constitute an employment contract and I agree to comply fully with each of the provisions of the Code, including such changes to the Code as the Company may announce from time to time. I have reviewed with my department head or the Compliance Officer any matters concerning ownership or other activities which are required to be disclosed to the Company by the Code.

Employee Name

Employee Signature

Date

EXHIBIT A

1. "Adverse Personnel Action": an employment-related act or decision or a failure to take appropriate action by a supervisor or higher level authority which affects an employee negatively as follows:
  - a. Termination of employment;
  - b. Demotion;
  - c. Suspension;
  - d. Written reprimand;
  - e. Retaliatory investigation;
  - f. Decision not to promote;
  - g. Receipt of an unwarranted performance rating;
  - h. Withholding of appropriate salary adjustments;
  - i. Elimination of the employees' position, absent an overall reduction in work force, reorganization, or a decrease in or lack of sufficient funding, monies, or work load; or
  - j. Denial of awards, grants, leaves or benefits for which the employee is then eligible.
2. "Disclosure": oral or written report by an employee to a Designated Company Officer or Director or to the Company's Audit Committee of Alleged Wrongful Conduct.
3. "Knowing Retaliation": An Adverse Personnel Action taken by a supervisor or other authority against an employee where such employee's prior disclosure of Alleged Wrongful Conduct is a direct or indirect reason or basis for the Adverse Personnel Action.
4. "Designated Company Officer or Director": The Company's Compliance Officer, any executive officer of the Company of the level of Senior Vice President or above and any member of the Company's Board of Directors.

MUELLER INDUSTRIES, INC.  
List of Subsidiaries

Subsidiary*	State or Country of Incorporation
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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
Overstreet-Hughes, Co., Inc.	Tennessee
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 S.A. de C.V. (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

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MUELLER INDUSTRIES, INC.  
List of Subsidiaries (continued)

Subsidiary*	State or Country of Incorporation
-----	-----
Arava Natural Resources Company, Inc.	Delaware
United States Fuel Company	Nevada
King Coal Company	Utah
Canco Oil & Gas Ltd.	Alberta, Canada
Aegis Oil & Gas Leasing Ltd.	Alberta, Canada
Bayard Mining Corporation	Delaware
Washington Mining Company	Maine
Amwest Exploration Company	Delaware
USSRAM Exploration Company	Maine
Richmond-Eureka Mining Company (81%)	Maine
Ruby Hill Mining Company (75%)	Nevada
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  
Macomber Building and Land Corporation  
DENO Investment Company II, Inc.  
MII Financial Corporation

Ohio  
Delaware  
Michigan  
Michigan

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

- (1) Owned by DENO Investment Company, Inc. (99.8%) and Mueller Streamline Co. (.2%).
- (2) On March 3, 2003, Mueller Europe S.A. filed a petition for liquidation with the Commercial Court of Provins Province, France and, on March 4, the Court declared the entity to be in liquidation. Less than 1% owned by non-affiliated individuals.

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-91237, No. 333-72726, No. 333-52325, No. 33-54705, No. 33-41478 and No. 33-47307) pertaining to the 2002 Stock Option Plan, 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 January 30, 2004, with respect to the consolidated financial statements of Mueller Industries, Inc. included in the Annual Report (Form 10-K) for the year ended December 27, 2003.

Our audits also included the financial statement schedule of Mueller Industries, Inc. listed in Item 15(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.

/s/ERNST & YOUNG LLP

Memphis, Tennessee  
February 27, 2004

CERTIFICATION

I, William D. O'Hagan, certify that:

1. I have reviewed this annual report on Form 10-K of Mueller Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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Date: March 1, 2004

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



CERTIFICATION

I, Kent A. McKee, certify that:

1. I have reviewed this annual report on Form 10-K of Mueller Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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Date: March 1, 2004

/S/ KENT A. MCKEE  
Kent A. McKee  
Vice President and  
Chief Financial Officer



CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Mueller Industries, Inc. (the "Company") on Form 10-K for the period ending December 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William D. O'Hagan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ WILLIAM D. O'HAGAN  
William D. O'Hagan  
Chief Executive Officer  
March 1, 2004

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Mueller Industries, Inc. (the "Company") on Form 10-K for the period ending December 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kent A. McKee, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ KENT A. MCKEE  
Kent A. McKee  
Chief Financial Officer  
March 1, 2004