

1994

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the fiscal quarter ended September 24, 1994 Commissions file number 1-569

MUELLER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction  
of incorporation or organization)

25-0790410

(I.R.S. Employer  
Identification No.)

2959 N. ROCK ROAD

WICHITA, KANSAS 67226-1191

(Address of principal executive offices)

Registrant's telephone number, including area code: (316) 636-6300  
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 / /

The number of shares of the Registrant's common stock outstanding as of October 10, 1994 was 8,697,530.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes /X/ No / /

MUELLER INDUSTRIES, INC.

FORM 10-Q

For the Period Ended September 24, 1994

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MUELLER INDUSTRIES, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)  
(In thousands, except share data)  
<CAPTION>

For the Quarter Ended For the Nine-months Ended

	Sep. 24, 1994	Sep. 25, 1993	Sep. 24, 1994	Sep. 25, 1993
<S>	<C>	<C>	<C>	<C>
Net sales	\$137,975	\$122,106	\$395,363	\$380,464
Cost of goods sold	113,253	96,329	325,483	308,008
Depreciation, depletion, and amortization	3,227	4,846	9,102	11,063
Selling, general, and administrative expense	10,497	11,427	32,411	34,061
Operating income	10,998	9,504	28,367	27,332
Interest expense	(1,988)	(1,434)	(5,300)	(4,379)
Environmental reserves	-	-	(412)	-
Unusual items	-	-	(1,406)	(637)
Other income, net	3,023	940	6,566	2,388
Income before income taxes	12,033	9,010	27,815	24,704
Current income tax expense	(3,221)	(825)	(5,342)	(2,573)
Deferred income tax expense	(294)	(2,550)	(3,995)	(6,971)
Total income tax expense	(3,515)	(3,375)	(9,337)	(9,544)
Net income	\$ 8,518	\$ 5,635	\$ 18,478	\$ 15,160

Net income per share:

Primary:

Average shares outstanding	9,499	10,473	10,036	10,437
Net income	\$ .90	\$ .54	\$ 1.84	\$ 1.45

Fully diluted:

Average shares outstanding	9,515	10,490	10,039	10,493
Net income	\$ .90	\$ .54	\$ 1.84	\$ 1.44

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

MUELLER INDUSTRIES, INC.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In thousands)

<CAPTION>

	Sep. 24, 1994	Dec. 25, 1993
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 39,832	\$ 77,336
Accounts receivable, less allowance for doubtful accounts of \$3,594 in 1994 and \$3,495 in 1993	69,303	59,197
Inventories	64,656	53,118
Current deferred income taxes	2,007	3,242
Other current assets	2,706	1,518
Total current assets	178,504	194,411
Property, plant and equipment, net	173,869	154,403
Deferred income taxes	27,778	12,751
Other assets	48,233	8,178
	\$ 428,384	\$ 369,743

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

MUELLER INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

<CAPTION>

	Sep. 24, 1994	Dec. 25, 1993
<S>	<C>	<C>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 17,817	\$ 8,391
Accounts payable	22,025	15,637
Accrued wages and other employee costs	13,277	11,787
Restructuring reserves	4,250	5,305
Current deferred income taxes	446	446
Other current liabilities	13,766	9,340
	-----	-----
Total current liabilities	71,581	50,906
Long-term debt	83,657	54,320
Pension and post retirement liabilities	18,267	18,834
Deferred income taxes	3,678	3,810
Other noncurrent liabilities	17,928	19,759
	-----	-----
Total liabilities	195,111	147,629
Stockholders' equity:		
Preferred stock-shares authorized 5,000,000; none outstanding	-	-
Common stock - \$.01 par value; shares authorized 20,000,000; issued and outstanding 10,000,000	100	100
Paid-in capital, common	254,275	236,406
Retained earnings (accumulated deficit)		
Since January 1, 1991	12,539	(5,939)
Cumulative translation adjustment	(2,048)	(1,944)
Treasury common stock at cost, 1,302,470 shares in 1994 and 416,807 shares in 1993	(31,593)	(6,509)
	-----	-----
Total stockholders' equity	233,273	222,114
Commitments and contingencies (Note 5)	-	-
	-----	-----
	\$ 428,384	\$ 369,743
	=====	=====

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

MUELLER INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)  
(In thousands)  
<CAPTION>

	For the Nine-months Ended	
	Sep. 24, 1994	Sep. 25, 1993
<S>	<C>	<C>
Cash flows from operating activities		
Net income	\$ 18,478	\$ 15,160
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for unusual items	1,406	-
Depreciation, depletion and amortization of intangibles	8,509	8,344
Amortization of deferred preparation costs	593	2,719
Provision for doubtful accounts receivable	146	-
Deferred income taxes	3,995	6,971
Gain on disposal of properties	(2,804)	(246)
Changes in assets and liabilities:		
Receivables	(10,252)	(1,942)
Inventories	(11,538)	10,071
Other assets	(1,344)	2,323
Current liabilities	10,107	(10,921)
Other liabilities	(2,662)	(776)
Other, net	291	69
	-----	-----
Net cash provided by operating activities	14,925	31,772
	-----	-----
Cash flows from investing activities		
Capital expenditures	(30,161)	(7,595)
Business acquired (temporarily included in other assets)	(12,964)	-
Proceeds from sales of properties	4,759	2,021
Escrowed IRB proceeds included in other assets	(27,695)	-
	-----	-----
Net cash used by investing activities	(66,061)	(5,574)
	-----	-----
Cash flows from financing activities		
Repayments of long-term debt	(6,581)	(4,585)
Acquisition of treasury stock	(25,897)	-
Issuance of long-term debt	45,344	386
Proceeds from issuance of treasury stock	766	494
	-----	-----
Net cash provided (used) by financing activities	13,632	(3,705)
	-----	-----
Increase (decrease) in cash and cash equivalents	(37,504)	22,493
Cash and cash equivalents at the beginning of the period	77,336	44,459
	-----	-----
Cash and cash equivalents at the end of the period	\$ 39,832	\$ 66,952
	=====	=====

<FN>  
See accompanying notes to consolidated financial statements.

</TABLE>

MUELLER INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

General

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Results of operations for the interim periods presented are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole. This quarterly report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K, including the annual financial statements incorporated therein by reference.

The accompanying unaudited interim financial statements include all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Certain amounts in the 1993 financial statements have been reclassified to conform with current period presentation.

Note 1 - Accounting Change - Inventory Method

Inventories are valued at the lower-of-cost-or-market on a last-in, first-out (LIFO) basis in 1994 and a first-in, first-out (FIFO) basis in 1993 as follows:

<TABLE>

<CAPTION>

<S>	September 24, 1994 <C>	December 25, 1993 <C>
Raw materials and supplies	\$ 16,680	\$ 5,704
Work-in-progress	14,455	16,501
Finished goods	33,521	30,913
	-----	-----
Total	\$ 64,656	\$ 53,118
	=====	=====

</TABLE>

During the third quarter of 1994, the Company changed its method of valuing the material component of its copper tube and fittings inventories from the FIFO method to the LIFO method. This change in accounting principle was applied retroactively to the beginning of fiscal 1994. Management believes the LIFO method results in a better matching of current costs with current revenues. Additionally, the LIFO method is widely used within the copper tube and fittings industry. This change reduced net income for the three and nine months ended September 24, 1994 by \$3.4 million (or 36 cents per share), and \$6.4 million (or 64 cents per share), respectively.

The effect of the change on the first and second quarters of 1994 follows:

<TABLE>

<CAPTION>

<S>	First Quarter <C>	Second Quarter <C>
Gross profit (1) as previously reported	\$ 23,339	\$ 26,536
Adjustment for adoption of LIFO	(2,312)	(2,405)
	-----	-----
Gross profit restated	\$ 21,027	\$ 24,131
	=====	=====
Net income as previously reported	\$ 5,637	\$ 7,300
Adjustment for adoption of LIFO	(1,455)	(1,522)
	-----	-----
Net income restated	\$ 4,182	\$ 5,778
	=====	=====
Net income per share as previously reported	\$ 0.54	\$ 0.72
Adjustment for adoption of LIFO	(.14)	(.15)
	-----	-----
Net income per share restated	\$ .40	\$ .57
	=====	=====

<FN>

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

</TABLE>

The cumulative effect of this accounting change and the pro forma effects on prior years' earnings have not been included because such effects are not reasonably determinable.

At September 24, 1994, \$21.8 million of inventories were valued using the LIFO method. Approximate replacement cost of inventories valued using the LIFO method totaled \$31.4 million at September 24, 1994.

#### Note 2 - Income Taxes

As discussed more fully in Note 6 of Notes to Consolidated Financial Statements included in the Company's 1993 Annual Report, the Company has substantial Net Operating Loss Carryforwards (NOLs). Use of these NOLs is generally limited to an annual amount of \$14.4 million by Section 382 of the Internal Revenue Code of 1986, as amended (the Code), as a result of the "change in ownership" that occurred on December 28, 1990. Section 382 limitations are, among other things, based upon the Company's value and certain statutory interest rates in effect at the time a "change in ownership" occurs. Based on information available to the Company, a "change of ownership" occurred in June, 1994. Nevertheless, the annual limitation of \$14.4 million will remain available under Section 382. A future "change in

ownership" could result in further limitations under certain circumstances.

The Internal Revenue Service (IRS) audit for 1992 and prior years was concluded in the third quarter of 1994 and resulted in no material changes. Following the conclusion of that audit, in September of 1994, the Company entered into a Closing Agreement with the IRS. This agreement is a definitive determination on certain tax attributes, including NOLs. Following execution of this agreement, the Company revised its estimates with respect to financial statement recognition of these tax attributes. In the third quarter, the Company recognized \$51.2 million of these tax attributes, which resulted in a tax effected direct addition to paid-in capital of \$17.9 million. As additional NOLs are utilized, the Company expects to recognize additional tax attributes over the next several years. The tax effect of future recognition of the remaining approximately \$47.8 million of tax attributes will reduce the deferred income tax provision in the periods recognized.

#### Note 3 - Earnings Per Common Share

Primary earnings per common share are based upon the weighted average number of common and common equivalent shares outstanding during the period. Fully diluted earnings per share are based upon the weighted average number of common shares outstanding plus the dilutive effects of all outstanding stock options.

#### Note 4 - Long-Term Debt

On December 28, 1993, the Company, through a wholly owned subsidiary, issued \$20.0 million of 6.95% taxable Industrial Development Revenue Bonds due December 15, 2000 (the 1993 Series IRBs). The 1993 Series IRBs are due in quarterly installments of \$0.7 million plus interest beginning March 15, 1994 through December 15, 2000. Proceeds of the 1993 Series IRBs will be used to fund a modernization project at the Company's Fulton, Mississippi facility.

On June 28, 1994, the Company entered into agreement with a syndicate of six banks to provide for (i) an unsecured line-of-credit facility (Credit Facility) and (ii) the issuance of unsecured taxable Industrial Revenue Bonds (the 1994 Series IRBs).

The Credit Facility provides availability of up to \$30 million which expires on June 30, 1996, but each year may be extended for up to 12 months. Borrowings under the Credit Facility bear interest, at the Company's option, at (i) prime rate less 1/2 of one percent, (ii) LIBOR plus .8%, (iii) certificate of deposit rate plus 1.35%, or (iv) Federal Funds Rate plus 1.8%. An annual commitment fee of 1/4 of one percent per annum on the unused portion of the Credit Facility is payable quarterly. Currently, the Company has no outstanding borrowings under the Credit Facility. Availability of funds under the Credit Facility is reduced by the amount of certain outstanding letters of credit, which currently total approximately \$3.5 million.

On June 28, 1994, the Company, through a wholly owned subsidiary, issued an aggregate of \$18.0 million of the 1994 Series IRBs which bear interest at 8.825%. The 1994 Series IRBs are due in quarterly installments of \$0.6 million plus interest beginning September, 1994 through June, 2001. Proceeds of the 1994 Series IRBs will be used to fund a new high volume copper fittings plant that will be located adjacent to the Company's existing copper tube mill in Fulton, Mississippi.

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

#### Note 5 - Commitments and Contingencies

The Company is subject to normal environmental standards imposed by federal, state and local environmental laws and regulations. Management believes that the outcome of pending environmental matters will not materially affect the overall financial position of the Company.

In addition, the Company is involved in certain litigation as either plaintiff or defendant as a result of claims that arise in the ordinary course of business which management believes will not have a material effect on the Company's financial condition.

#### Purchase Commitments

For three major projects, the Company has committed approximately \$55.0 million for capital expenditures to (i) modernize the copper tube mill in Fulton, Mississippi, (ii) modernize the brass rod mill in Port Huron,

Michigan, and (iii) construct a high volume copper fittings plant in Fulton, Mississippi. These approved major projects should become operational in the latter half of 1995.

#### Canco Litigation Settlement

On March 25, 1994, the Company's Canco Oil & Gas Ltd. (Canco) subsidiary settled all litigation against the Government of Saskatchewan and Scurry Rainbow Oil Limited in which Canco asserted, among other things, that its royalty interests continued against mineral titles transferred to the government as well as other expropriated properties. The Company recognized a gain of approximately \$0.6 million as a result of the settlement.

#### Note 6 - Stockholders' Equity

On June 3, 1994, the Company purchased 924,875 shares of its common stock, for an aggregate purchase price of approximately \$25.9 million, from the Quantum Fund N.V. These shares were placed in treasury and may be used for general Corporate purposes, such as requirements for future exercises of options under various option plans.

At the Company's Annual Meeting of Stockholders on May 12, 1994, the stockholders approved the adoption of two stock option plans, the 1994 Stock Option Plan and the 1994 Non-Employee Director Stock Option Plan. Under the 1994 Stock Option Plan, the Company may issue a maximum of 200,000 shares of common stock; under the 1994 Non-Employee Director Stock Option Plan, the Company may issue a maximum of 25,000 shares of common stock.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### General Overview

The Company's principal business is the manufacture and sale of copper tube, brass rod, fittings and other products made of copper, brass, bronze, plastic and aluminum. These core manufacturing businesses have been in operation for over 75 years. New housing starts and commercial construction are important determinants of the Company's sales to the air-conditioning, 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 units and commercial buildings.

Profitability of certain of the Company's product lines is dependent upon the "spreads" between the cost of metal and the gross selling prices of its products. The open market price for grade A copper cathode, for example, directly influences the selling price for copper tubing, a principal product manufactured by the Company. The Company attempts to minimize the effects of changes in copper prices by passing through to its customers base metal costs. In the third quarter of 1994, the Company adopted the LIFO method of accounting for the copper component of its copper tube and fittings inventories retroactive to the beginning of fiscal 1994. Management believes the LIFO method results in a better matching of current costs with current revenues. The market price of copper does, however, indirectly effect the carrying value (FIFO basis) of the Company's brass inventories. The Company's copper and brass inventories customarily total between 30 to 35 million pounds. "Spreads" fluctuate based upon competitive market conditions.

The Company also owns various natural resource properties in the Western United States and Canada. It operates a short line railroad in Utah and a placer gold mining company in Alaska. Additionally, certain other natural resource properties produce royalty income or are available for sale.

### Results of Operations

Net income was \$8.5 million, or 90 cents per common share, for the third quarter of 1994, which compares with net income of \$5.6 million, or 54 cents per common share, for the same period of 1993. Year-to-date, net income was \$18.5 million, or \$1.84 per common share, which compares to net income of \$15.2 million, or \$1.45 per common share, for 1993.

During the third quarter of 1994 the Company's net sales were \$138.0 million, which compares to net sales of \$122.1 million, or a 13 percent increase over the same period of 1993. Net sales were \$395.4 million in the first nine-months of 1994, which compares to net sales of \$380.5 million in the same



period of 1993. The change in net sales was primarily attributable to: (i) volume increases of eight percent in the third quarter and six percent in the first nine-months; and (ii) pricing increases due to higher average raw material costs (price of copper) in 1994 which, generally, are passed through to customers in certain product lines. The Company's core manufacturing businesses shipped 92.3 million pounds of product in the third quarter of 1994 which compares to 85.2 million pounds in the same quarter of 1993; year-to-date, volumes were 281.3 million pounds in 1994 and 266.1 million pounds in 1993. Third quarter operating income increased primarily due to: (i) productivity improvements at its manufacturing plants; (ii) selective price increases in fittings; (iii) cost reductions in the areas of selling, general and administrative expenses; and (iv) offset by lower margins on copper tube.

With the adoption of the LIFO method, Management believes the Company's operating results will better reflect operating performance by removing inventory gains and losses that result from wide fluctuations in copper prices. Nevertheless, comparisons of operating results to pre-LIFO periods must be analyzed carefully as the pro forma effects on those prior periods are not reasonably determinable. Had the Company not adopted LIFO effective at the beginning of fiscal 1994, operating income would have been \$15.9 million in the third quarter of 1994 and \$38.0 million for the first nine months.

Prior to 1994, the Company used the first-in, first-out (FIFO) method of accounting for the copper component of its inventories. Under this method, the inventory items acquired first are assumed to be sold first, thereby matching earliest costs with current selling prices. In two of the principal product line markets in which the Company competes, selling prices are influenced by the current price of metal (primarily copper as well as base metals used in the formation of brass alloys). Therefore, when metal prices change on the open market, the Company adjusts its selling prices, to the extent competitive pressures allow, to reflect such changes. Nonetheless, financial reporting, under the FIFO method, matches historical inventory costs with current selling prices, rather than current replacement costs with current selling prices. While the impact of metal price volatility is moderated by rapid inventory turns, upward and downward trends of longer duration may impact operating income under the FIFO method.

Interest expense increased approximately \$.6 million for the quarter and \$.9 million year-to-date due to (i) the 1993 Series IRBs issued early in the first quarter of 1994 for the purpose of financing a capital improvement program at the copper tube mill and (ii) the 1994 Series IRBs issued in June, 1994 for the purpose of financing a new high volume copper fittings plant. Year-to-date, other non-operating items included (i) a gain of \$.6 million related to the settlement of litigation as discussed in Note 5, (ii) a provision for environmental reserves of \$.4 million related to a site in which Mueller Brass Co., a subsidiary of the Company, was notified it was a potentially responsible party, (iii) a provision to further reduce the carrying cost of a note receivable from Sharon Specialty Steel Company, Inc., and (iv) gains of \$2.8 million primarily related to sales of natural resource properties. Additionally, the Company recorded an unusual item of \$1.1 million for outstanding insurance matters primarily related to estimated workers compensation claims for years prior to 1993.

During 1994, the effective income tax rate declined to approximately 29.2 percent for the third quarter and 33.6 percent year-to-date, primarily as a result of recognizing certain tax attributes as discussed in Note 2 and favorable tax credits in certain jurisdictions related to incentive financings.

#### Liquidity and Capital Resources

Cash provided by operating activities in the first nine months of 1994 totaled \$14.9 million which is primarily attributable to net income, depreciation, and deferred income taxes, offset by increases in receivables and inventories.

During the first nine months of 1994, the Company's capital expenditures totaled \$30.2 million which was provided for by cash from operations and financings, including that portion related to the copper tube mill project and the copper fittings high volume plant which were funded by IRB financings as discussed in Note 4. Investing activities also included approximately \$13.0 million for the acquisition of certain DWV plastic fittings manufacturing operations of Colonial Engineering, Inc. (Colonial).

During the first nine months, the Company issued the 1993 Series IRBs and the 1994 Series IRBs as described in Note 4. The proceeds from both IRB issues are escrowed until required for the respective projects. The escrowed funds as well as approximately \$13.0 million for the acquisition of Colonial (pending final classifications based upon asset appraisals and valuations) are included in other assets. At September 24, 1994, the Company's total debt was \$101.5 million or 30 percent of its capitalization.

The Company's financing obligations contain various covenants which require, among other things, the maintenance of minimum levels of tangible net worth, and certain minimum financial ratios. Additionally, certain notes issued by

its wholly-owned subsidiary restrict the amount of cash that may be loaned or divided by that subsidiary. The Company is in compliance with all debt covenants.

Management believes that cash provided by operations and currently available cash of \$39.8 million will be adequate to meet the Company's normal future capital expenditure and operational needs. The Company's current ratio remains strong at 2.5 to 1.

As part of its ongoing strategic planning process, the Company has approved three major capital expenditure projects for the following operations: (i) Fulton, Mississippi copper tube mill; (ii) Port Huron, Michigan brass rod mill; and (iii) a high volume copper fittings plant to be located adjacent to the Company's existing copper tube mill in Fulton, Mississippi. These projects will require capital of approximately \$15.0 to \$20.0 million each. The primary objective of these projects is to improve efficiency and productivity as well as add some capacity. As discussed above, both of the Fulton projects were financed by IRBs which were issued during fiscal 1994.

During the first nine months, the Company purchased treasury stock for an aggregate purchase price of \$25.9 million. The purchase was funded with existing cash balances and should not impair the Company's ability to finance operational requirements.

## Part II. OTHER INFORMATION

### Item 5. Other Information

The following discussion updates the disclosures in Item 1, Business, in the Company's Annual Report on Form 10-K, for the year ended December 25, 1993.

#### Environmental Matters

##### Alaska Gold Company (Alaska Gold)

During the third quarter, Alaska Gold substantially completed its plan for cleanup and removal of non-hazardous contaminated soil located at its gold house property in Fairbanks, Alaska. The soil was removed and placed in the existing Fairbanks North Star Borough landfill in accordance with a plan approved by the State of Alaska Department of Environmental Conservation. Costs associated with disposal approximated \$400,000.

##### Mining Remedial Recovery Company (MRRC)

###### 1. Cleveland Mill Site

During the third quarter, MRRC and Bayard Mining Company, along with an unaffiliated third party, executed a consent decree relating to the Cleveland Mill Site some five miles northeast of Silver City, New Mexico. The consent decree has yet to be executed by the governmental entities or entered by the federal district court, which is anticipated to occur by around year end.

###### 2. Bullfrog Site

By the end of the third quarter, MRRC had substantially completed its voluntary plan to regrade and cap the soil at the Bullfrog Site located in Grant County, New Mexico. Costs associated with capping and regrading at the site will be approximately \$.9 million.

#### Miscellaneous

On August 26, 1993, the Environmental Protection Agency (EPA) served notice to Mueller Brass Co. (MBCo) that it was one of 70 potentially responsible parties (PRPs) in the Stoller Chemical Company Site investigation in Jericho, South Carolina. The PRP steering committee which was formed to coordinate response activities retained a consultant to provide investigation and remediation alternatives on behalf of the PRPs. Total estimated cost of remediation at this site is \$5 million, and the Company does not anticipate that MBCo's allocated share of costs will be material.

On March 7, 1994, the Company received notice from the EPA that MBCo was a PRP at the Jack's Creek/Sitkin Smelting Superfund Site in Eastern Pennsylvania. MBCo is one of seventy-five de maximus PRPs and is alleged to have contributed less than one percent of the hazardous wastes at this site. The EPA has preliminarily estimated that total cleanup and remediation costs at the site could be \$43 million, including response costs. A PRP group has been formed, and MBCo is represented on the steering committee. The PRP group has retained an environmental consultant to make alternative recommendations for cleanup and remediation. It is anticipated that the EPA will issue its Record of Decision at this site within the next few months, which should result in more definitive cost estimates.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

18.1 Letter of Preferability from Ernst & Young, dated October 12, 1994 regarding the Company's change in accounting principle.

19.1 Mueller Industries, Inc.'s Quarterly Report to Stockholders for the quarter ended September 24, 1994. Such report is being furnished for the information of the Securities and Exchange Commission only and is not to be deemed filed as part of this Quarterly Report on Form 10-Q.

27.1 Financial Data Schedule

99.1 Press Release issued by Mueller Industries, Inc. on October 14, 1994.

(b) During the quarter ended September 24, 1994, the Registrant filed no Current Reports on Form 8-K.

Items 1, 2, 3 and 4 are not applicable and have been omitted.

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 October 14, 1994.

MUELLER INDUSTRIES, INC.

/s/ Earl W. Bunkers  
Earl W. Bunkers, Executive Vice President,  
and Chief Financial Officer

/s/ Roy C. Harris  
Roy C. Harris  
Corporate Controller

/s/ Kent A. McKee  
Kent A. McKee  
Treasurer and Assistant Secretary

October 12, 1994

Mr. Earl W. Bunkers  
Executive Vice President  
Chief Financial Officer  
Mueller Industries, Inc.  
2959 North Rock Road  
Wichita, Kansas 67226-1191

Dear Sir:

Note 2 of Notes to Consolidated Financial Statements of Mueller Industries, Inc. included in its Form 10-Q for the fiscal quarter ended September 24, 1994, describes a change in the method of accounting for the cost of the copper component of inventories from the first-in, first-out method (FIFO) to the last-in, first-out method (LIFO). You have advised us that you believe that the change is to a preferable method in your circumstances because the LIFO method of valuing the copper component of inventories more closely matches current costs with current selling prices. As a result, the income statement will more closely reflect the actual operating performance of the Company. Additionally, the LIFO method is widely used within the tube and fittings industry.

There are no authoritative criteria for determining a "preferable" inventory cost method based on the particular circumstances; however, we conclude that the change in the method of accounting for the copper component of inventories is to an acceptable alternative method which, based on your business judgment to make this change for the reasons cited above, is preferable in your circumstances. We have not conducted an audit in accordance with generally accepted auditing standards of any financial statements of the Company as of any date or for any period subsequent to December 25, 1993, and, therefore, we do not express any opinion on any financial statements of Mueller Industries, Inc. subsequent to that date.

Very truly yours,

ERNST & YOUNG LLP

TO OUR STOCKHOLDERS

Our Company had a good third quarter in 1994. Earnings rose to \$8.5 million, or 90 cents per share on 9,499,000 average shares outstanding, compared to earnings of \$5.6 million, or 54 cents per share on 10,473,000 average shares outstanding for the third quarter of 1993. For the first nine months of 1994, earnings were \$18.5 million, or \$1.84 per share compared to earnings of \$15.2 million, or \$1.45 per share for the same period in 1993. Earnings in 1994 were favorably effected by the sale of selected natural resource assets and lower state and federal income tax provisions.

Our earnings for the third quarter of 1994 and for the nine months ended September 24, 1994 are based on the last-in, first-out (LIFO) method of valuing the copper component of our inventories, instead of the first-in, first-out (FIFO) method previously used.

In recent years, the market price of copper, our principal raw material, has been particularly volatile. For example, copper was 80 cents per pound on January 3, 1994, and increased by 60 percent, to \$1.28 per pound on September 23, 1994. Consequently, the wide swings in copper prices have had a direct impact upon our earnings, sometimes favorably and sometimes unfavorably. The LIFO method of valuing the copper component of inventories should mitigate the income statement effect of copper price fluctuations by more closely matching current costs with current selling prices.

The change to LIFO also involves restatement of our earnings for the first and second quarters of 1994, the effect of which is included in the attached statement of income for the nine months ended September 24, 1994. Further, by adopting LIFO, Mueller has established a LIFO inventory reserve of \$9.6 million, as of September 24, 1994.

Net sales for the third quarter of 1994 totalled \$138.0 million compared to \$122.1 million for the same quarter of 1993. In terms of pounds of product shipped, which we believe is a more relevant indicator of our sales activity, pounds increased during the third quarter of 1994 by eight percent over 1993 levels.

In mid-September, Mueller acquired the DWV (drain, waste and vent) plastic fittings manufacturing operations of Colonial Engineering, Inc. These operations are located in Michigan and California, and will significantly increase our Polyvinyl Chloride (PVC) and Acrylonitrile Butadiene Styrene (ABS) plastic fittings manufacturing capacity. In addition, this acquisition will allow us to leverage our existing sales and distribution network and reduce costs.

In addition, we continue to make very good progress on other internal capital improvement projects including our Fulton copper tube expansion, installation of a new extrusion press at our Port Huron plant, and construction of a high volume copper fittings plant at Fulton, Mississippi. All of these projects were announced previously.

The Internal Revenue Service (IRS) audit for 1992 and prior years was concluded in the third quarter of 1994 and resulted in no material changes. Following the conclusion of that audit, the Company entered into a Closing Agreement with the IRS which definitized the NOL (net operating loss) which the Company is entitled to utilize. This led to the recognition of additional tax benefits in the amount of \$17.9 million, which has been added to paid-in capital in the third quarter of 1994.

We believe business will remain strong for the balance of 1994. Demand for housing continues to be vigorous and that is good for our business.

Sincerely,

/s/Harvey L. Karp  
Harvey L. Karp  
Chairman of the Board

/s/William D. O'Hagan  
William D. O'Hagan  
President and Chief Executive Officer

October 14, 1994

<TABLE>  
 MUELLER INDUSTRIES, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited)  
 (In thousands, except share data)  
 <CAPTION>

	For the Quarter Ended		For the Nine-months Ended	
	Sep. 24, 1994	Sep. 25, 1993	Sep. 24, 1994	Sep. 25, 1993
<S>	<C>	<C>	<C>	<C>
Net sales	\$137,975	\$122,106	\$395,363	\$380,464
Costs and expenses	126,977	112,602	366,996	353,132
	-----	-----	-----	-----
Operating income	10,998	9,504	28,367	27,332
Non operating income (expense), net	1,035	(494)	(552)	(2,628)
	-----	-----	-----	-----
Income before taxes	12,033	9,010	27,815	24,704
Income tax expense	3,515	3,375	9,337	9,544
	-----	-----	-----	-----
Net income	\$ 8,518	\$ 5,635	\$ 18,478	\$ 15,160
	=====	=====	=====	=====
Earnings per common and common equivalent share:				
Primary	\$ .90	\$ .54	\$ 1.84	\$ 1.45
	=====	=====	=====	=====
Fully diluted	\$ .90	\$ .54	\$ 1.84	\$ 1.44
	=====	=====	=====	=====

</TABLE>

<TABLE>

MUELLER INDUSTRIES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In thousands, except share data)  
<CAPTION>

	Sep. 24, 1994 <C>	Dec. 25, 1993 <C>
<b>&lt;S&gt;</b>		
Assets		
Current assets	\$ 178,504	\$ 194,411
Property, plant and equipment, net	173,869	154,403
Other assets	76,011	20,929
	-----	-----
	\$ 428,384	\$ 369,743
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities	\$ 71,581	\$ 50,906
Long-term debt	83,657	54,320
Other noncurrent liabilities	39,873	42,403
	-----	-----
Total liabilities	195,111	147,629
	-----	-----
Stockholders' equity:		
Common stock	100	100
Paid-in capital, common	254,275	236,406
Retained earnings (Accumulated deficit) since January, 1991	12,539	(5,939)
Cumulative translation adjustments	(2,048)	(1,944)
Treasury common stock at cost	(31,593)	(6,509)
	-----	-----
Total stockholders' equity	233,273	222,114
	-----	-----
	\$ 428,384	\$ 369,743
	=====	=====
Book value per share	\$ 26.82	\$ 23.18
	=====	=====

</TABLE>

DIRECTORS AND OFFICERS

DIRECTORS

Harvey L. Karp	Chairman of the Board Mueller Industries, Inc.
Rodman L. Drake (1) (2)	President of Rodman L. Drake & Co., Inc.
Allan Mactier (1) (2) (3)	Private Investor
William D. O'Hagan	President and Chief Executive Officer Mueller Industries, Inc.
Robert J. Pasquarelli (1) (3)	Chief Executive Officer of New Jersey Steel Corporation

OFFICERS

Harvey L. Karp	Chairman of the Board
William D. O'Hagan	President and Chief Executive Officer
Earl W. Bunkers	Executive Vice President and Chief Financial Officer
Harvey W. Clements	Vice President and General Manager - Tube Division
John B. Hansen	Vice President and General Manager- Fittings Division
William H. Hensley	Vice President, General Counsel and Secretary
Lee R. Nyman	Vice President - Manufacturing/ Management Engineering
James H. Rourke	Vice President and General Manager - Industrial Division
Roy C. Harris	Corporate Controller
Kent A. McKee	Treasurer and Assistant Secretary

Mueller Industries, Inc./2959 N. Rock Road/Wichita, KS 67226/(316)636-6300

[FN]

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

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FORM 10-Q FOR THE FISCAL QUARTER ENDED SEPTEMBER 24, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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MUELLER INDUSTRIES, INC. ANNOUNCES IMPROVED THIRD QUARTER EARNINGS

Wichita, KS - Mueller Industries, Inc. (NYSE: MLI) today reported net income for the quarter ended September 24, 1994 of \$8.5 million or 90 cents per share, on 9,499,000 weighted average shares outstanding. This compared with net income for the third quarter of 1993 of \$5.6 million, or 54 cents per share on 10,473,000 weighted average shares outstanding. Net sales for the third quarter of 1994 were \$138.0 million compared with net sales of \$122.1 million for the same quarter of 1993.

During the third quarter, the Company adopted the last-in, first-out (LIFO) method of accounting for the copper component of its inventories. This change in accounting principle is retroactive to the beginning of fiscal 1994, which required the restatement of the first and second quarter results. The LIFO method should mitigate the income statement effect of copper price fluctuations by more closely matching current costs with current selling prices.

For the first nine months of 1994, net income was \$18.5 million, or \$1.84 per share, on net sales of \$395.4 million, which compares with net income of \$15.2 million, or \$1.45 per share on net sales of \$380.5 million for the same period of 1993. The results for the first nine months of 1994 include the first and second quarter effect of restating income for adoption of the LIFO method. Also, earnings were favorably effected by the sale of selected natural resource assets and lower state and federal income tax provisions.

Harvey L. Karp, Chairman, stated, "We believe business will remain strong for the balance of 1994. Demand for housing continues to be vigorous and that is good for our business."

Mueller Industries, Inc. is a leading and diversified fabricator whose products include copper tube and fittings; brass and copper alloy rods, bars and shapes; brass and bronze forgings; aluminum and copper impact extrusions; plastic fittings and valves; and refrigeration valves, driers and flare fittings. The Company also owns a short line railroad in Utah and natural resource properties in the Western United States, Alaska and Canada.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)  
(In thousands, except per share data)  
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	-----	-----	-----	-----
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	=====	=====	=====	=====

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</TABLE>

<TABLE>

MUELLER INDUSTRIES, INC.  
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(Unaudited)  
(In thousands, except per share data)  
<CAPTION>

	Sep. 24, 1994 <C>	Dec. 25, 1993 <C>
<S>		
ASSETS		
Cash and cash equivalents	\$ 39,832	\$ 77,336
Accounts receivable, net	69,303	59,197
Inventories	64,656	53,118
Other current assets	4,713	4,760
	-----	-----
Total current assets	178,504	194,411
Property, plant and equipment, net	173,869	154,403
Other assets	76,011	20,929
	-----	-----
	\$ 428,384	\$ 369,743
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of long-term debt	\$ 17,817	\$ 8,391
Accounts payable	22,025	15,637
Other current liabilities	31,739	26,878
	-----	-----
Total current liabilities	71,581	50,906
Long-term debt	83,657	54,320
Other noncurrent liabilities	39,873	42,403
	-----	-----
Total liabilities	195,111	147,629
Stockholders' equity	233,273	222,114
	-----	-----
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