

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 28, 1996      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.)

6799 GREAT OAKS ROAD, SUITE 200  
MEMPHIS, TENNESSEE 38138  
(Address of principal executive offices)

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

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

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

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

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

The number of shares of the Registrant's common stock outstanding as of March 12, 1997 was 17,485,988, excluding 2,514,012 treasury shares. The aggregate market value of the 15,931,835 shares of common stock held by non affiliates of the Registrant was \$702,992,000 at March 12, 1997 (based on the closing price on the consolidated transaction reporting system on that date).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference into this Report: (1) Registrant's Annual Report to Stockholders for the year ended December 28, 1996 (Part I and II); Registrant's Definitive Proxy Statement for the 1997 Annual Meeting of Stockholders, scheduled to be mailed on or about March 18, 1997 (Part III).

MUELLER INDUSTRIES, INC.

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.

TABLE OF CONTENTS

	Page
PART I	
Item 1. Business.....	3
Item 2. Properties.....	9
Item 3. Legal Proceedings.....	11
Item 4. Submission of Matters to a Vote of Security Holders.....	11
PART II	
Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters.....	12
Item 6. Selected Financial Data.....	12
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	12
Item 8. Financial Statements and Supplementary Data.....	12
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	12
PART III	
Item 10. Directors and Executive Officers of the Registrant.....	12
Item 11. Executive Compensation.....	13
Item 12. Security Ownership of Certain Beneficial Owners and Management.....	13
Item 13. Certain Relationships and Related Transactions.....	13
Part IV	
Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.....	13
Signatures.....	16

PART I

ITEM 1. BUSINESS

Introduction

The Company is a leading fabricator of copper, brass, plastic and aluminum products. The range of these products is broad: copper tube and

fittings; brass and copper alloy rods, bars and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves, driers and flare fittings; and copper alloy tubing, aluminum tubing and fabricated tubular products. These operations ("Manufacturing Segment") accounted for approximately 97% of the Company's total net sales and 84% of total identifiable assets on a consolidated basis in 1996. The Company markets its products to the heating and air conditioning, refrigeration, plumbing, hardware and other industries. Mueller operates sixteen factories in the United States, Canada, and the United Kingdom and has distribution facilities in each of these countries and sales representation worldwide.

The Company's natural resource operations are conducted through its wholly-owned subsidiaries Arava Natural Resources Company, Inc. ("Arava") and Alaska Gold Company ("Alaska Gold"). Natural resource operations consist principally of the operation of a short line railroad in Utah and a placer gold mining operation in Alaska.

Information concerning net sales, operating income, and identifiable assets of each segment appears under "Note 13 - Industry Segments" in the Notes to Consolidated Financial Statements in Mueller's Annual Report to Stockholders for the year ended December 28, 1996. Such information is incorporated herein by reference.

#### Manufacturing Segment

##### Products and Manufacturing Operations

Mueller's standard products include 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.

Other standard products include 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 ("DWV") systems. Additionally, valves, wrought copper and brass fittings, filter driers and other related assemblies are manufactured for commercial air conditioning and refrigeration applications such as vending machines, ice machines, walk-in coolers, and numerous refrigeration applications. The refrigeration product line also includes products for the refrigeration and air conditioning installation and service markets. 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.

Mueller's industrial products include brass rod, nonferrous forgings and impact extrusions that are sold primarily to Original Equipment Manufacturers ("OEM") in the plumbing, refrigeration, fluid power, and automotive industries, as well as to other manufacturers and distributors. The Port Huron, Michigan mill extrudes brass, bronze and copper alloy rod in sizes ranging from 3/8 inches to 4 inches in diameter. These alloys are used in applications that require a high degree of machinability, wear and corrosion resistance, and electrical conductivity. Mueller brass and aluminum forgings are used in a wide variety of end products, including automotive components, brass fittings, industrial machinery, valve bodies, gear blanks, computer hardware, and fire fighting equipment. 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.

The Company's manufacturing facilities have operated at high levels during 1996, 1995, and 1994.

##### Marketing and Distribution

Mueller's standard products are marketed primarily through its own sales and distribution organization, which maintains sales offices and distribution centers throughout the United States and in Canada. Additionally, these 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.

Industrial products are sold, primarily, direct to OEM customers. Outside of North America, the Company sells its products through various channels including exclusive distributors, agents and direct sales channels in over 65 countries, primarily in Europe, the Far East and the Middle East.

## Competition

The businesses in which Mueller is engaged are highly competitive. The principal methods of competition for Mueller's products are customer service and availability. No material portion of Mueller's business is dependent upon a single customer or a small group of related customers. The total amount of order backlog for Mueller's products on December 28, 1996 and December 30, 1995 was not significant.

The Company competes with various companies depending on the product line. In copper tubing, the domestic competition includes Cerro Copper Products Co., Inc., Halstead Industries, Inc., Reading Tube Corporation, and Wolverine Tube, Inc. as well as many actual and potential foreign competitors. Additionally, it competes with a large number of manufacturers of substitute products made from plastic, iron and steel. In the copper fittings market, competitors include Elkhart Products, a division of Amcast Industrial Corporation, and NIBCO, Inc. The plastic fittings competitors include more than a dozen companies. The brass rod competitors include Cerro Metal Products Company, Inc., Chase Brass Industries, Inc., Extruded Metals Inc., and others both domestic and foreign. As illustrated above, no other single competitor offers such a wide ranging product line; management believes that this is a competitive advantage in some markets.

### Raw Materials and Supplies

The major portion of Mueller's base metal requirements (primarily copper) are normally obtained through short-term supply contracts with competitive pricing provisions. 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.

## Natural Resources Segment

Mueller, through its subsidiaries Arava and Alaska Gold, is engaged in the operation of a short line railroad in Utah and placer gold mining in Alaska. It also owns interests in other natural resource properties.

### Short Line Railroad

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

In February, 1996, Utah Railway entered into an agreement with Union Pacific Railroad (UP) whereby UP was granted rights to operate over a portion of Utah Railway track. In exchange, UP granted limited rights to Utah Railway for operations over Southern Pacific (SP) tracks to Grand Junction, Colorado and access to additional coal customers.

### Gold Mining

Alaska Gold mines placer gold in Nome, Alaska. Alaska Gold produced 22,918 net ounces of gold in 1996, 18,731 net ounces of gold in 1995, 14,173 net ounces of gold in 1994, 22,440 net ounces of gold in 1993, and 17,965 net ounces of gold in 1992, at a net production cost of \$352 per ounce in 1996, \$307 per ounce in 1995, \$376 per ounce in 1994, \$280 per ounce in 1993, and \$306 per ounce in 1992. Based on the results of past exploratory drilling, Alaska Gold believes there may be various areas available on its properties to sustain open pit mining for ten years.

Properties consist of approximately 14,500 acres in and adjacent to Nome. In addition, Alaska Gold owns or has patented claims on approximately 10,400 acres in the Fairbanks, Alaska area, and approximately 3,000 acres in the Hogatza, Alaska area.

On March 14, 1996, the Company acquired the minority shareholders' fifteen percent interest in Alaska Gold, thereby making Alaska Gold a wholly-owned subsidiary.

### Other Natural Resources Properties

The Company also has interests in various mineral properties located

in the United States. None of these mineral properties are significant to the Company's business, and they may be sold, developed, or leased.

United States Fuel Company ("U.S. Fuel"), a wholly-owned subsidiary of Arava, owns approximately 8,900 acres of coal properties and leases an additional 2,700 acres. U.S. Fuel mined steam coal by the deep-mine process at its coal properties located in Carbon and Emery Counties, Utah, until coal production ceased in March 1993. Currently, these properties are undergoing environmental remediation. The Company continues to pursue divestiture of these properties.

In 1992, Ruby Hill Mining Company ("Ruby Hill") entered into a four-year Exploration Agreement with a Purchase Option (the "Exploration Agreement") with Homestake Mining Company of California ("Homestake") for its property near Eureka, Nevada. Homestake has a substantial exploration and drilling program underway on the property. In 1994, Homestake exercised its option to purchase the property; the total purchase price is \$4 million payable over up to a six-year period depending on timing of production decisions and commencement of production. As of December 28, 1996, the Company has received and recognized as gains \$2.0 million of the total purchase price. If Homestake produces a total of 500,000 ounces of gold or "gold equivalents" of other metals from this property, Ruby Hill is thereafter entitled to a three percent net smelter return royalty, after deduction for certain taxes and transportation. Arava owns 81% of the stock of Richmond-Eureka Mining Company, which owns 75% of the stock of Ruby Hill.

#### Labor Relations

At December 28, 1996, the Company employed approximately 2,350 employees of which approximately 1,100 were represented by various unions. A majority of the unionized employees are under contracts which expire in 1999.

#### Raw Material and Energy Availability

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

#### Environmental Matters

The Company is subject to various laws and regulations relating to environmental quality. Compliance with these laws and regulations is a matter of high priority.

Mueller's provision for environmental compliance includes charges of \$2.0 million in 1996, \$1.4 million in 1995, \$2.9 million in 1994, and \$1.1 million in 1993. 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 1997 fiscal year, or for the next two fiscal years.

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

##### 1. Cleveland Mill Site

In 1993, the EPA issued special notice letters to all known potentially responsible parties ("PRPs") regarding the Cleveland Mill Superfund Site in Grant County, New Mexico. In response, MRRC, Bayard Mining Corp. ("Bayard"), a wholly-owned subsidiary of Arava, and a third party filed a good faith offer to implement the remedy set forth in the EPA's Record of Decision ("ROD"). Total future costs for remediating the site were estimated by the EPA in the ROD at approximately \$6.2 million. MRRC and Bayard, along with said third party, have entered into a consent decree relating to the site and have agreed to an allocation formula requiring Bayard and MRRC to pay 29.20% of future costs. The third party has agreed to pay the balance. No satisfactory bids to process the Cleveland Mill tailings were received and MRRC, Bayard and said third party are negotiating with the New Mexico Environmental Department about the terms of a consent order which would permit placement of the Cleveland Mill site mill tailings at the nearby Hanover site.

##### 2. Hanover Site

MRRC owns 80 acres in Grant County, New Mexico called the Hanover site, which contains in excess of 3.0 million cubic yards of mill tailings. A voluntary plan to regrade and cap the soil at this site has been substantially completed. Regrading and capping of approximately twenty acres at Hanover has been deferred pending a decision on storage of

tailings from the nearby Cleveland Mill site.

### 3. Mammoth Mine Site

MRRC owns title to some inactive mines in Shasta County, California. MRRC has continued a program begun in the late 1980s of sealing mine portals with concrete plugs in mine adits which were discharging water. The sealing program has achieved a reduction in the metal load in discharges from these adits; however, additional reductions are being required. In addition, during 1996, the California Regional Water Quality Control Board issued an Order whereby MRRC is required to perform certain studies to establish planning for future remedial actions. MRRC has commenced these activities as described by the Order and has performed other remediation activities to improve the quality of water discharges.

In April, 1996, MRRC settled a Lawsuit from an adjoining landowner. As part of the settlement, MRRC acquired approximately 4,000 acres of patented mining claims and other property located in Shasta County. MRRC intends to remediate the mine sites on this acquired property as part of its overall efforts at Mammoth.

### 4. U.S.S. Lead

In 1991, U.S.S. Lead Refinery, Inc. ("Lead Refinery"), responded to an information request from 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 PRPs that had adversely impacted natural resources. Based on the prescreening assessment, IDEM has requested that Lead Refinery agree to fund the preparation of an assessment plan which will, in part, quantify the loss of natural resources. By letter dated March 11, 1997, lead Refinery responded to the February 4 letter and without waiving its affirmative defenses, stated its willingness to participate in the preparation of an assessment plan. In 1991, Lead Refinery also responded to an information request under Superfund regarding the Lead Refinery site in East Chicago, Indiana. In 1992, EPA advised Lead Refinery of its intent to list the property as a Superfund site. Lead Refinery opposed such listing and, as of March 20, 1997, EPA has deferred such listing.

In 1993, Lead Refinery entered into a Consent Order with the EPA pursuant to Section 3008(h) of the Resource Conservation and Recovery Act ("RCRA"). The Consent Order covers remediation activities at the East Chicago, Indiana site and provides for Lead Refinery to complete certain on-site interim remedial activities and studies that extend off site. In November 1996 the EPA approved, with modifications, the Interim Stabilization Measures Workplan and designated a Corrective Action Management Unit at the Lead Refinery site. Site activities, based on the approval, began during December 1996. The costs for the studies and interim clean up efforts are expected to be approximately \$2.5 million, the majority of which would be required to be expended in 1997 and 1998. Once these activities are completed, additional work would likely be needed to investigate and remediate any contamination not addressed by the Consent Order. Lead Refinery, without additional assistance from MRRC, lacks the financial resources needed to complete the additional remediation and intends to seek financial assistance from other PRPs to permit Lead Refinery to conduct a private-party cleanup under RCRA.

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 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.

## Miscellaneous

In 1994, the Company received notice from the EPA that Mueller Brass Co. was a PRP at the Jack's Creek/Sitkin Smelting Superfund Site in Eastern Pennsylvania. Mueller Brass Co. is alleged to have contributed less than 1 percent of the hazardous wastes at this site. Based upon its estimated allocation ranking, its share of the EPA's estimated cleanup costs would be less than \$500,000. In November, 1996, Mueller Brass Co. submitted a ballot in support of an alternative cleanup plan proposed by the PRP working group. If the alternative plan is approved by the EPA, Mueller Brass Co.'s portion of the cleanup would be approximately \$300,000. A decision by the EPA is expected in 1997.

## 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 1996, 1995, or 1994. No material portion of the Registrant's business involves governmental contracts.

## ITEM 2. PROPERTIES

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

Location	Property Size	Description
Port Huron, MI	260,000 sq. ft. 23.19 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	46,500 sq. ft.	Forgings plant. Produces brass and aluminum forgings.
Marysville, MI	62,500 sq. ft. 6.72 acres	Aluminum and copper impacts plant. Produces made to order parts using cold impact processes.
Port Huron, MI	13,500 sq. ft. 5.11 acres	Formed tube plant. Produces copper fittings using cold heading equipment.
Fulton, MS	405,500 sq. ft. 60.70 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, Line sets plant, and Precision Tube factory.
Fulton, MS	70,500 sq. ft.(1)	Copper fittings plant. High-volume facility that produces copper fittings using tube feed stock from the Company's copper tube mill.
Fulton, MS	20,000 sq. ft.(2)	Line sets plant. Produces copper tube line sets using tube feed stock from the Company's 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 mill.
Strathroy, Ontario Canada	54,000 sq. ft. 4.67 acres	Copper fittings plant. Facility produces copper fittings for the Canadian domestic markets and for export to European markets.
Upper Sandusky, OH	82,000 sq. ft. 7.52 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Kalamazoo, MI	130,000 sq. ft.	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Cerritos, CA	115,000 sq. ft.(3)	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Hartsville, TN	78,000 sq. ft. 4.51 acres	Refrigeration products plant. Produces products used in refrigeration applications such as ball valves, line valves, compressor valves, and filter driers.
North Wales, PA(4)	173,900 sq. ft. 18.9 acres	Precision Tube factory. Facility fabricates copper tubing, copper alloy tubing, aluminum tubing, and fabricated tubular products.
Salisbury, MD(4)	12,000 sq. ft.(2)	Coaxial cable plant. Facility manufactures semi-rigid coaxial cable and high-performance cable assemblies.
Bilston, England(4) United Kingdom	402,500 sq. ft. 14.95 acres	Copper tube mill. Facility includes casting, extruding and finishing equipment to produce copper tubing.

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

- (1) Facility is leased under long-term lease agreement, with option to purchase at nominal cost.
- (2) Facility is leased under operating lease.
- (3) Facility is leased under long-term lease agreement, with option to purchase for a stipulated purchase price prior to December 31, 1997.
- (4) Operations acquired subsequent to the fiscal year-ended December 28, 1996.

### ITEM 3. LEGAL PROCEEDINGS

#### Environmental Proceedings

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

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

None.



PART II

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

The information required by Item 5 of this Report is included under the caption "Capital Stock Information" in the Registrant's Annual Report to Stockholders for the year ended December 28, 1996, which information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data are included under the caption "Selected Financial Data" in the Registrant's Annual Report to Stockholders for the year ended December 28, 1996, which selected financial data is incorporated herein by reference.

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

Management's discussion and analysis of financial condition and results of operations is contained under the caption "Financial Review" in the Registrant's Annual Report to Stockholders for the year ended December 28, 1996 and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Financial Statements and Supplemental Financial Information of this Annual Report on Form 10-K which is incorporated herein by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is contained under the caption "Ownership of Common Stock by Directors and Officers and Information about Director Nominees" in the Company's Proxy Statement for its 1997 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 18, 1997 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is contained under the caption "Executive Compensation" in the Company's Proxy Statement for its 1997 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 18, 1997 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is contained under the captions "Principal Stockholders" and "Ownership of Common Stock by Directors and

Officers and Information about Director Nominees" in the Company's Proxy Statement for its 1997 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 18, 1997 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is contained under the caption "Certain Relationships and Transactions with Management" in the Company's Proxy Statement for its 1997 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 18, 1997 and is incorporated herein by reference.

PART IV

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

- (a) The following documents are filed as part of this report:
1. Financial Statements: the financial statements, notes, and report of independent auditors described in Item 8 of this report, which are incorporated by reference.
  2. Financial Statement Schedule: the financial statement schedule described in Item 8 of this report which is incorporated herein by reference.
  3. Exhibits:
    - 3.1 Certificate of Incorporation of Mueller Industries, Inc. and all amendments thereto (Incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K dated December 28, 1990).
    - 3.2 By-laws of Mueller Industries, Inc., as amended and restated, effective November 10, 1994. (Incorporated herein by reference to Exhibit 3 (ii) of the Registrant's Current Report on Form 8-K, dated November 14, 1994.)
    - 4.1 Common Stock Specimen (Incorporated herein by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K dated December 28, 1990).
    - 4.2 Rights Agreement, dated as of November 10, 1994, between the Registrant and Continental Stock Transfer and Trust Company, as Rights Agent, which includes the Form of Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of the Registrant, as Exhibit A, the Form of Rights Certificate, as Exhibit B, and the Summary of Rights to Purchase Preferred Stock, as Exhibit C. (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, dated November 14, 1994.)
    - 4.3 Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of June 1, 1994.
    - 4.4 First Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of December 14, 1994.
    - 4.5 Second Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of June 1, 1995.
    - 4.6 Third Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of December 18, 1996.
    - 4.7 Certain instruments with respect to long-term debt of the Company have not been filed as Exhibits to the Report since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of each such instrument upon request of the Securities and Exchange Commission.

- 10.1 Employment Agreement, effective October 1, 1991 by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K dated November 22, 1991).
- 10.2 Stock Option Agreement, dated December 4, 1991 by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K dated November 22, 1991).
- 10.3 Mueller Industries, Inc. 1991 Employee Stock Purchase Plan (Incorporated herein by reference to Exhibit 4(a) of the Registrant's Registration Statement on Form S-8 dated June 28, 1991).
- 10.4 Mueller Industries, Inc. 1991 Incentive Stock Option Plan (Incorporated herein by reference to Exhibit 4(a) of the Registrant's Registration Statement on Form S-8 dated April 17, 1992).
- 10.5 Employment Agreement, effective June 3, 1992 by and between Mueller Industries, Inc. and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K dated June 3, 1992).
- 10.6 Summary description of the Registrant's 1997 bonus plan for certain key employees.
- 10.7 Amendment to Employment Agreement, effective January 1, 1994, to Employment Agreement by and between Mueller Industries, Inc. and Harvey L. Karp. (Incorporated herein by reference to Exhibit 10.28 of the Registrant's Report on Form 10-K, dated March 23, 1994, for the fiscal year ended December 25, 1993.)
- 10.8 Employment Agreement, effective as of January 1, 1994, by and between Mueller Industries, Inc. and William D. O'Hagan. (Incorporated herein by reference to Exhibit 10.29 of the Registrant's Report on Form 10-K, dated March 23, 1994, for the fiscal year ended December 25, 1993.)
- 10.9 Amendment to Employment Agreement, effective as of August 10, 1995, by and between Mueller Industries, Inc. and William D. O'Hagan. (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Report on Form 10-Q, dated October 20, 1995, for the quarter ended September 30, 1995.)
- 10.10 Mueller Industries, Inc. 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10.13 of the Registrant's Report on Form 10-K, dated March 17, 1995, for the fiscal year ended December 31, 1994.)
- 10.11 Mueller Industries, Inc. 1994 Non-Employee Director Stock Option Plan. (Incorporated herein by reference to Exhibit 10.14 of the Registrant's Report on Form 10-K, dated March 17, 1995, for the fiscal year ended December 31, 1994.)
- 10.12 Mueller Industries, Inc. Deferred Compensation Plan, effective January 1, 1997.
- 13.0 Mueller Industries, Inc.'s Annual Report to Stockholders for the year ended December 28, 1996. Such report, except to the extent incorporated herein by reference, is being furnished for the information of the Securities and Exchange Commission only and is not to be deemed filed as a part of this Annual Report on Form 10-K.
- 21.0 Subsidiaries of the Registrant.
- 23.0 Consent of Independent Auditor. (Includes report on Supplemental Financial Information.)

(b) During the three months ended December 28, 1996, no Current Reports on Form 8-K were filed.

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be

signed on its behalf by the undersigned, thereunto duly authorized, on March 20, 1997.

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 20, 1997
/S/ROBERT B. HODES Robert B. Hodes	Director	March 20, 1997
/S/ALLAN MACTIER Allan Mactier	Director	March 20, 1997
/S/WILLIAM D. O'HAGAN William D. O'Hagan	President, Chief Executive Officer, Director	March 20, 1997
/S/ROBERT J. PASQUARELLI Robert J. Pasquarelli	Director	March 20, 1997

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/ EARL W. BUNKERS Earl W. Bunkers Executive Vice President Chief Financial Officer (Principal Accounting Officer)	March 20, 1997
/S/ KENT A. MCKEE Kent A. McKee Vice President Business Development/ Investor Relations	March 20, 1997
/S/ RICHARD W. CORMAN Richard W. Corman Director of Corporate Accounting	March 20, 1997

#### INDEX TO FINANCIAL STATEMENTS

The consolidated financial statements, together with the report thereon of Ernst & Young LLP dated February 7, 1997 (except for the second paragraph of Note 12, as to which the date is February 28, 1997), appearing on page 16 through and including 41, of the Company's 1996 Annual Report to Stockholders are incorporated by reference in this Annual Report on Form 10-K. With the exception of the aforementioned information, no other information appearing in the 1996 Annual Report to Stockholders is deemed to be filed as part of this Annual Report on Form 10-K under Item 8. The following Consolidated Financial Statement Schedule should be read in conjunction with the consolidated financial statements in such 1996 Annual Report to Stockholders. Consolidated Financial Statement Schedules not included with this Annual Report on Form 10-K have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

#### SUPPLEMENTAL FINANCIAL INFORMATION

	Page
Schedule for the fiscal years ended December 28, 1996, December 30, 1995, and December 31, 1994.	
Valuation and Qualifying Accounts (Schedule II)	18

MUELLER INDUSTRIES, INC.  
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
Years Ended December 28, 1996, December 30, 1995, and December 31, 1994  
(In thousands)  
<TABLE>  
<CAPTION>

Balance at end of year	Balance at beginning of year	Additions		
		Charged to costs and expenses	Other Additions	Deductions
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
1996				
Allowance for Doubtful Accounts \$ 3,188	\$ 2,986	\$ 435	\$ -	\$ 233
Environmental Reserves \$ 9,105	\$ 9,585	\$ 2,045	\$ -	\$ 2,525
Other Reserves (2) \$ 10,368	\$ 10,051	\$ 828	\$ -	\$ 511
Valuation Allowance for Deferred Tax Assets \$ 56,299	\$ 60,921	\$ -	\$ -	\$ 4,622
1995				
Allowance for Doubtful Accounts \$ 2,986	\$ 3,336	\$ 75	\$ -	\$ 425
Environmental Reserves \$ 9,585	\$ 11,178	\$ 1,421	\$ -	\$ 3,014
Other Reserves (2) \$ 10,051	\$ 16,150	\$ (1,157)	\$ -	\$ 4,942
Valuation Allowance for Deferred Tax Assets \$ 60,921	\$ 65,927	\$ -	\$ -	\$ 5,006
1994				
Allowance for Doubtful Accounts \$ 3,336	\$ 3,495	\$ 186	\$ -	\$ 345
Environmental Reserves \$ 11,178	\$ 10,448	\$ 2,914	\$ 125 (1)	\$ 2,309
Other Reserves (2) \$ 16,150	\$ 15,508	\$ 4,062	\$ (125) (1)	\$ 3,295
Valuation Allowance for Deferred Tax Assets	\$ 85,338	\$ -	\$ -	\$ 19,411

<FN>

- (1) Reclass from Other Reserves to Environmental Reserves.
- (2) Other reserves are included in the balance sheet captions "Other current liabilities" and "Other noncurrent liabilities."

</TABLE>

EXHIBIT INDEX

Exhibits	Description	Page
4.3	Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of June 1, 1994.	
4.4	First Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of December 14, 1994.	
4.5	Second Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of June 1, 1995.	
4.6	Third Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank (as a Bank) and Michigan National Bank (as Agent) dated as of December 18, 1996.	
4.7	Certain instruments with respect to long-term debt of the Company have not been filed as Exhibits to the Report since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of each such instrument upon request of the Securities and Exchange Commission.	
10.6	Summary description of the Registrant's 1997 bonus plan for certain key employees.	
10.12	Mueller Industries, Inc. Deferred Compensation Plan, effective January 1, 1997.	
13.0	Mueller Industries, Inc.'s Annual Report to Stockholders for the year ended December 28, 1996. Such report, except to the extent incorporated herein by reference, is being furnished for the information of the Securities and Exchange Commission only and is not to be deemed filed as a part of this Annual Report on Form 10-K.	
21.0	Subsidiaries of the Registrant.	
23.0	Consent of Independent Auditor. (Includes report on Supplemental Financial Information.)	

## CREDIT AGREEMENT

This Credit Agreement (the "Agreement"), dated as of June 1, 1994, is among Michigan National Bank, a national banking association, and the other banking institutions who appear as signatories to this Agreement (each a "Bank" and collectively the "Banks"), Michigan National Bank, as agent ("Agent"), and Mueller Industries, Inc., a Delaware corporation ("Borrower").

### Recitals

A. Borrower has requested and, subject to the terms and conditions of this Agreement, the Banks have agreed to provide to Borrower a line of credit in the amount of \$30,000,000.

B. Borrower's obligations under this Agreement are being guaranteed by Mueller Brass Co., a Michigan corporation ("Mueller Brass") and wholly-owned subsidiary of Borrower, and all of the subsidiaries of Mueller Brass (including Mueller Brass, the "Brass Subsidiaries"), each pursuant to separate Guaranty and Covenant Agreements dated as of June 1, 1994, in favor of the Banks.

C. Concurrently with the execution of this Agreement, Borrower is also executing a Guaranty and Covenant Agreement dated as of June 1, 1994, in favor of the Banks, pursuant to which Borrower is guaranteeing the obligations of Mueller Copper Fittings Company, Inc., a Delaware corporation (the "Company"), which is a wholly-owned subsidiary of Mueller Brass, under a Loan Agreement (the "Loan Agreement") dated as of June 1, 1994, between the Company and the Mississippi Business Finance Corporation ("MBFC"). Pursuant to the Loan Agreement, the MBFC is loaning to the Company the principal sum of \$18,000,000. The MBFC is obtaining the \$18,000,000 to lend to the Company from the Banks, which are simultaneously purchasing the MBFC's \$18,000,000 Taxable Industrial Development Revenue Bonds, Series 1994 (Mueller Copper Fittings Company, Inc. Project) (the "Bonds"). The Loan Agreement and the Promissory Note (the "Promissory Note") of the Company issued under the Loan Agreement in favor of the Trustee which is acting on behalf of the Banks as purchasers of the Bonds, evidence the obligations of the Company to repay the MBFC the \$18,000,000 principal, plus interest and other amounts due by the MBFC on the Bonds. The amounts repaid by the Company to the MBFC under the Loan Agreement and the Promissory Note will be used by the MBFC to make payments on the Bonds. The Company's obligations under the Loan Agreement and the Promissory Note are also being guaranteed by all of the Brass Subsidiaries pursuant to separate Guaranty and Covenant Agreements dated as of June 1, 1994, in favor of the Banks.

NOW, THEREFORE, 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):

"Advances" means funds disbursed pursuant to the Line of Credit Loan.

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

"Agent" means Michigan National Bank, a national banking association, when acting as administrative agent for the Banks and not as a Bank, and any permitted successor(s) thereto, when so acting.

"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 Dykema Gossett, 505 North Woodward Avenue, Bloomfield Hills, Michigan 48304.

"Bank" means each and, when used in the plural, includes all of the banking institutions which have signed this Agreement

(including Michigan National Bank, when acting as a Bank and not as Agent) and their respective successor(s) and permitted assign(s).

"Borrower's Address" means 2959 North Rock Road, Wichita, Kansas 67226, Attention: Earl W. Bunkers, 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).

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

"Brass Guaranties" means, collectively, the guaranties of each and every Brass Subsidiary unconditionally guaranteeing the Loan hereunder, in the form of Exhibit 3.5.1(b) to this Agreement.

"Brass Subsidiary" means Mueller Brass Co. and all of its direct and indirect subsidiaries.

"Business Day" means any day except Saturday, Sunday or any other day on which the Agent is not open to the public for carrying on substantially all of its banking functions.

"CD Advance" means an Advance which bears interest at the CD Rate.

"CD Rate" means the rate of interest payable on a CD Advance, determined in accordance with Section 2.2.1(iii) hereof.

"Certificate of Deposit Rate" means the secondary market certificate of deposit rate as published in the money rate section of the Wall Street Journal on the date of the advance request, with a maturity closest to the due date of the particular advance.

"Closing Date" means the date this Agreement is executed and delivered.

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

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

"Current Assets" and "Current Liabilities" are to be determined, both as to classification of items and amounts, in accordance with GAAP applied on a Consistent Basis, provided, that there will be excluded from Current Assets: (1) all amounts due to Borrower from any of its officers or employees; and (2) any appraised surplus in excess of book value.

(1) depreciation, depletion and amortization, (2) interest, (3) net tax loss carryforwards utilized during the applicable year, and (4) extraordinary cash and non-cash losses, less dividends paid and extraordinary cash and non-cash income; divided by the sum of interest requirements for the applicable period plus the current portion of long term debt and capitalized lease obligations for the applicable period, computed on a rolling four-quarter basis.

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

"Effective Rate" means the interest rate in effect for a 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.).

"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.

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



"FASB" means the Financial Accounting Standards Board.

"Federal Funds Advance" means an Advance which bears interest at the Federal Funds Rate.

"Federal Funds Rate" means, for any day, the weighted average of the rates on overnight federal funds transactions with member banks of the Federal Reserve System arranged by federal funds brokers as published by the Federal Reserve Bank of New York for such day (or, if such rate is not so published for any day, the average rate charged by Agent on such day on such transactions as determined by 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.

"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.

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

(a) 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;

(b) 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;

(c) 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; and

(d) All indebtedness incurred by the Person as the lessee of goods or services under leases that, in accordance with GAAP, should be reflected on the lessee's balance sheet.

"Interest Period", with respect to a CD Advance or a LIBOR Advance, has the meaning set forth in Section 2.2.2 hereof.

"Letter of Credit Advance" means the issuance of a letter of credit by Agent for the account of Borrower under the provisions 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.

"LIBOR" means (A) the London Interbank Offered Rate ("Unadjusted LIBOR"), determined as the arithmetic mean, truncated to the nearest one-hundredth of a percent, of interbank interest rates offered by major banks in the London, United Kingdom market at 11:00 a.m. London time two (2) Business Days immediately preceding the commencement of an Interest Period using LIBOR, for U.S. dollar denominated deposits delivered on the first day of that Interest Period and maturing on the last day of that Interest Period, as referenced and reported by one of the following sources, selected by the Agent on an availability basis in descending order of priority: (1) the Dow Jones Telerate System "LIBO Page" report of such interest rates as determined by Reuter's News Service; (2) the Dow Jones Telerate System "Page 3750" report of such interest rates as determined by the British Bankers Association; or (3) the Wall Street Journal, Midwest Edition, report of such interest rate; or (4) any other generally accepted authoritative source as the Agent may reference, (B) AS ADJUSTED for the LIBOR Reserve Percentage, if any, in accordance with the formula:

LIBOR = Unadjusted LIBOR / (1 - LIBOR Reserve).

LIBOR, as so determined, will be fixed when calculating the Effective Rate until the last day of the specified Interest Period, if such last day is a Business Day, and if not, then until the next succeeding Business Day unless the next succeeding Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day, whereupon LIBOR will be redetermined in the same manner for each successive Interest Period of the same duration commencing with the next calendar day and, as so determined, fixed for each day of that Interest Period.

"LIBOR Advance" means an Advance which bears interest at the LIBOR Rate.

"LIBOR Rate" means the rate of interest payable on a LIBOR Advance, determined in accordance with Section 2.2.1(ii) hereof.

"LIBOR Reserve" means relative to an Interest Period for which the Effective Rate is the LIBOR Rate, a percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the Board of Governors of the Federal Reserve System, or any successor agency, and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the Board of Governors of the Federal Reserve System, having a term approximately equal or comparable to such Interest Period.

"Line of Credit Loan" or "Loan" has the meaning set forth in Section 2.1 of this Agreement.

"Line of Credit Maturity" means June 30, 1996; provided that if Borrower delivers to Agent, on or before March 31, 1995, and each anniversary thereof, Borrower's written request to extend the next June 30 maturity date for the Line of Credit, then the Line of Credit Maturity Date may be extended by written consent of the Requisite Banks, in their sole discretion, for the twelve month period succeeding the existing Line of Credit Maturity, subject to all of the terms and conditions of this Agreement, as the same may be supplemented or amended.

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

"Loan Documents" means this Agreement, the Notes, the Brass Guaranties and all other documents, instruments or certificates executed and delivered to the Banks in connection with this Agreement and the Loan.

"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.

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

"Obligations" means any and all liabilities, obligations, or indebtedness owing by Borrower to 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.

"Permitted Liens" means (a) Liens for taxes, assessments or governmental charges or levies which, for Borrower and all Subsidiaries other than Mining Remedial Recovery Corporation 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, (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, and (e) "Permitted Liens" as defined in Section 1.1 of the Prior Credit Agreement.

"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.

"Prime Rate" means the rate of interest announced publicly from time to time by Citibank, N.A., New York, N.Y. ("Citibank"), to be its prime commercial lending rate. Reference to the Prime Rate will not be affected by the fact that the Banks 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 will become effective on the day on which each change in the Prime Rate is effective. In the event Citibank will no longer announce a prime commercial lending rate, the Prime Rate will be the prime rate announced by Agent, from time to time.

"Prime Rate Advance" means an Advance which bears interest at the Prime Rate.

"Prior Credit Agreement" means the Third Amendment and Restatement of Credit Agreement dated as of June 1, 1994, between Borrower, as borrower, and Michigan National Bank, as lender.

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

"Ratable Share" means for each Bank the percentage shown on the signature pages of this Agreement, which as to aggregate Advances of the Loan will be limited to the maximum U.S. dollar amount shown on the signature pages of this Agreement.

"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 Share of the Loan equals or exceeds 66-2/3% in the aggregate of the Banks, excluding from both the numerator and denominator, however, any Bank then in default for a continuous period greater than ten (10) Business Days of any obligation for the payment of money to the Agent in respect of its Ratable Share of an Advance or other expense or liability for which the Agent has in writing requested reimbursement or indemnification and which the Banks have agreed to pay by the respective terms, and within the respective meanings, of this Agreement; provided, Agent will not agree (and Borrower acknowledges that written consent is required) to change a maturity date, Advance Date, payment date, interest rate, this definition of Requisite Banks, modify in writing this Agreement or any other Loan Documents with respect to the foregoing, or release any of the Brass Guaranties, without the prior written consent of the "Requisite Banks" which shall mean for those purposes Banks (determined without regard to the foregoing exclusions) whose Ratable Share of the Loan is 100% in the aggregate.

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

"Subsidiaries" means those entities listed on Schedule 1.1 to this Agreement.

"Tangible Net Worth" has the meaning given that term by the FASB.

"Taxes" means to 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 Outstanding Amount" means the aggregate principal amounts at any time outstanding under the Line of Credit Loan.

"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.

"Yield Maintenance Payment" means, for all CD and LIBOR Advances, an amount, if positive, which the Borrower is required to pay to maintain each Bank's anticipated Loan yield with respect to such CD and LIBOR Advances, which is the product of (i) the dollar amount of CD or LIBOR Advances, as

applicable, which for any voluntary or involuntary reason other than its scheduled maturity is paid on a date which is not the last day of a CD or LIBOR Interest Period, as applicable, (ii) the difference between the Effective Rate immediately prior to such payment and the CD Rate or LIBOR Rate, as applicable, as determined by Agent for the same Interest Period on the payment date, and (iii) the ratio of the number of full calendar days which on the date of payment remain until the conclusion of the applicable Interest Period and 360 days.

1.2 Accounting Terms. 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. When used herein, the term "financial statements" will include the notes and schedules thereto.

### 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.

## 2. AMOUNT AND TERMS OF LINE OF CREDIT LOAN.

2.1 Amount of Line of Credit. Subject to the terms and conditions hereof, Banks agree to advance to Borrower from the Closing Date until the Line of Credit Maturity, at such times and in such amounts as Borrower may request in accordance with Section 2.2 hereof, up to the aggregate principal amount of \$30,000,000 (the "Line of Credit Loan" or "Loan"). The amounts borrowed under the Line of Credit Loan may be borrowed, repaid and reborrowed.

### 2.2 Notice and Manner of Borrowing.

2.2.1 Borrower may select from one of the following interest rate options when requesting an Advance:

- (i) The Prime Rate, less .50%; or
- (ii) LIBOR, plus 0.80%; or
- (iii) The Certificate of Deposit Rate, plus 1.35%; or
- (iv) The Federal Funds Rate, plus 1.80%.

2.2.2 Each Advance using the interest rate options set forth in subsections 2.2.1(ii) and 2.2.1(iii) will be for a specified time period (each an "Interest Period") of (i) for LIBOR Advances, one (1) month, two (2) months, three (3) months, or six (6) months, and (ii) for CD Advances, thirty (30) days, sixty (60) days, ninety (90) days, or one hundred eighty (180) days, in each instance with a specified due date not later than the Line of Credit Maturity, on which date all outstanding principal and interest related to the Advance will be repaid in full to Agent. Advances may be obtained under the Line of Credit until the Line of Credit Maturity, at which time all principal and interest outstanding on the Line of Credit will be immediately due and payable by Borrower to Agent.

2.2.3 Borrower shall give Agent notice of its request for each Advance in substantially the form of Exhibit 2.2.3 hereto (with sufficient executed copies for each Bank) not later than 11:00 a.m. Detroit time (i) three (3) Business Days prior to the date such Advance is requested to be made if such Advance is to be a LIBOR Advance, (ii) three (3) Business Days prior to the date a letter of credit is requested to be issued (a "Letter of Credit Advance"), (iii) on the date such Advance is requested to be made in all other cases, which notice shall specify whether a Prime Rate Advance, a LIBOR Advance, a CD Advance, a Federal Funds Advance or a Letter of Credit Advance is requested and, in the case of each requested CD Advance and LIBOR Advance, the Interest Period to be initially applicable to such Advance and, in the case of each Letter of Credit Advance, the interest rate option to be applicable in the event Borrower fails to reimburse Agent immediately upon Agent's honoring of the letter of credit and such other information as may be necessary for the issuance thereof by Agent. Agent shall provide notice of such requested Advance to each Bank. Subject to the terms and conditions of this Agreement, the proceeds of each such requested Advance (other than a Letter of Credit Advance) shall be made available to Borrower by depositing the proceeds thereof, in immediately available funds, in an account maintained

and designated by Borrower at the principal office of Agent. Subject to the terms and conditions of this Agreement, Agent shall, on the date any Letter of Credit Advance is requested to be made, issue the related letter of credit on behalf of the Banks for the account of 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 or the 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 Agent.

2.2.4 Each Bank, on the date any Advance is requested to be made, shall make its pro rata share of such Advance available in immediately available funds at the principal office of Agent 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 pro rata portion 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 pro rata portion available to Agent, Agent may (but shall not be obligated to) make such amount available to Borrower, and such Bank and Borrower severally agree 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 a rate per annum equal to the interest rate applicable to such Advance during such period. 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 pro rata portion of any such Advance available to Agent shall not relieve any other Bank of its obligations to make available its pro rata portion 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 pro rata portion available to Agent on the date of any such Advance.

2.2.5 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 (other than a Letter of Credit Advance) to Borrower in immediately available funds at Borrower's expense.

2.3 Authorization and Issuance of Line of Credit Note. All Advances made by the Banks pursuant to the Line of Credit Loan 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 as set on the signature pages to this Agreement, on the Closing Date.

2.4 Unused Commitment. Borrower will pay to Agent for the Banks on a quarterly basis, in arrears, during the term of the Line of Credit, beginning October 1, 1994, from funds other than those supplied by the Line of Credit, an amount equal to one quarter of 1% (0.25%) per annum of the daily average unused portion of the Line of Credit.

2.5 Use of Proceeds. The proceeds of the Line of Credit Loan will be used by Borrower (i) to repay and replace certain line of credit indebtedness outstanding immediately prior to the execution of this Agreement and (ii) for general corporate purposes.

2.6 Payment. Interest will be paid monthly by Borrower to Agent upon the outstanding principal balance of the Line of Credit Loan from the date advanced at the applicable rates as determined according to Section 2.2.1 above. Repayment of principal on CD Advances or LIBOR Advances will be made at maturity. Repayment of principal on Prime Rate Advances and Federal Funds Advances will be made as Borrower, in its sole discretion, determines that working capital permits. The outstanding principal balance of the Line of Credit Loan, together with accrued interest, will be due and payable in full at the Line of Credit Maturity. All payments of principal and interest by Borrower to Agent shall be made in immediately available United States funds.

2.7 Prepayments. Borrower may prepay, in whole or in part, at any time, without premium or penalty, any Prime Rate or Federal Funds Advances under the Line of Credit. CD Advances and LIBOR Advances may only be prepaid upon five (5) days' prior written notice, from Borrower to Agent, and upon payment by Borrower on the date of prepayment of the applicable Yield Maintenance Payment. Any other provisions of this Agreement to the contrary notwithstanding, if at any time during the term of this Agreement, the Total Outstanding Amount will exceed \$30,000,000, Borrower will immediately, and in any event within two (2) Business Days, remit and pay to Agent such amounts as may be necessary to reduce the Total Outstanding Amount to \$30,000,000. 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 under the Line of Credit Loan 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 to be correct and accepted by Borrower, unless Agent receives a written statement of exceptions within ten (10) days after such statement has been rendered to Borrower. Such statement will be prima facie evidence of the correctness of the Advances owing to the Banks by Borrower hereunder, unless there will be 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 Loan, all accrued interest thereon and other amounts payable with respect thereto in accordance with the terms of the Notes and this Agreement.

### 3. GENERAL PROVISIONS.

3.1 Upfront Fee. Borrower will pay to Agent for the Banks on the Closing Date an upfront fee in the amount of one-eighth of 1% for each Bank's commitment.

3.2 Agent Administrative Fee. Borrower will pay to Agent on the Closing Date and during the term of this Agreement such administrative fees as may be agreed in writing from time to time by Agent and Borrower for Agent's services as such hereunder.

#### 3.3 Overdue Rate.

3.3.1 Any payments of principal or interest not paid when due or declared due, whether at maturity, by acceleration, by lapse of time or otherwise, including any fees, costs or expenses advanced or paid by Agent, will bear interest thereafter, at the option of Agent, and without affecting any of the Bank's rights and remedies provided for herein and in the Note, at two percent (2%) per annum in excess of the Effective Rate.

3.3.2 If any required payment under any Note is not paid within ten (10) days from the date it is due, at the option of Agent, a late charge of five cents (\$.05) for each dollar of the payment so overdue may be charged.

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

3.4.1 All computations of interest on the Loan and interest due thereunder for any period will be calculated on the basis of the actual number of days elapsed over a year of three hundred sixty (360) days. 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.

3.4.2 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 Note 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 nonprincipal 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.

3.5 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:

3.5.1 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 Brass Guaranties, in the form of Exhibit 3.5.1(b) to this Agreement (the "Brass Guaranties").

(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 Brass Subsidiaries under the Brass Guaranties.

3.5.2 Agent will have received a good standing certificate of Borrower and each Brass Subsidiary from each state in which Borrower and each Brass Subsidiary is incorporated 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 Subsidiary is in good standing in each such state; provided that Borrower covenants to deliver to Agent, within thirty (30) days of the Closing Date, those good standing certificates which have not been so delivered to Agent on the Closing Date.

3.5.3 Agent will have received a copy of the resolutions of the Board of Directors of Borrower (i) authorizing the execution, delivery and performance of the Loan Documents, (ii) authorizing the borrowings contemplated hereunder, and (iii) certified by the Secretary of Borrower 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.

3.5.4 Agent will have received certified copies of the charter of Borrower, certified by an officer of Borrower on the Closing Date, as true, complete and correct copies thereof.

3.5.5 Agent will have received a certificate of the Secretary of Borrower as to the incumbency and signatures of the person or persons authorized to execute and deliver the Loan Documents.

3.5.6 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

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

3.5.8 Agent will have received on behalf of the Banks the Upfront Fee required by Section 3.1 hereof.

3.5.9 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 each 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.

3.5.10 Agent will have received a schedule, entitled Schedule 3.5.10, setting forth the policies of insurance, including the effective dates of such policies, carried by Borrower and its Subsidiaries on the Closing Date.

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

3.5.12 Agent will have received the written opinion, dated the Closing Date, of Borrower's Counsel suitable to Agent in form and substance satisfactory to Agent.

3.5.13 Agent will have determined that Borrower has met all Requirements of Law which may adversely impact, as determined solely by Agent, the enforceability, validity or collectibility of the Loan.

3.5.14 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.

3.6 Conditions Precedent to all Advances under the Line of Credit Loan. The obligation of the Banks and each of them to make Advances 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:

3.6.1 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.

3.6.2 This Agreement and each of the other Loan Documents will be in full force and effect.

3.6.3 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).

3.6.4 Agent will have received, reviewed and approved the consolidated and consolidating monthly financial statements of Borrower as delivered to Agent in accordance with Sections 5.3.1 and 5.3.2 below.

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

3.6.6 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 incurred by or 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 Bank or 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 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 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 increase in the interest rate payable under the Loan.

#### 3.6.7 Letters of Credit.

(a) Subject to the terms and conditions hereof, Borrower and any wholly-owned Subsidiary may request the Agent to issue standby letters of credit for Borrower's account, each of which, upon the issuance thereof, will constitute a Letter of Credit Advance. Any letter of credit issued pursuant to the Line of Credit shall have a term, not including renewals, not exceeding the earlier of one year or the Line of Credit Maturity. The Line of Credit shall be reduced by the face amount of each letter of credit issued by Agent hereunder until the earlier of the expiration or termination thereof and payment by Borrower to Agent of its reimbursement obligation hereunder with respect thereto. At such time as a draw is made upon a letter of credit issued hereunder, the amount of such draw will be deemed drawn under the Notes and immediately will begin to bear interest thereunder. Borrower will pay to Agent for the Banks a fee of one percent (1%) per annum of the face amount of any newly issued or renewed letter of credit at the time of issuance or renewal of such letter of credit. Such fee is nonrefundable 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 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 respective commitment. 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 on the date such draft or demand is honored unless Borrower shall have satisfied its reimbursement obligation by payment to Agent on such date. Each Bank, on such date, shall make its pro rata share of the amount paid by Agent available in immediately available funds at the principal office of Agent for the account of Agent. If and to the extent such Bank shall not have made such pro rata portion available to Agent, such Bank and the Borrower severally agree 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 interest rate applicable during such period to the related Advance disbursed hereunder in respect of the reimbursement obligation of Borrower. If such Bank shall pay such amount to Agent together with such interest, such amount so paid shall constitute a Loan by such Bank as part of the Line of Credit Advance 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.

(b) Borrower assumes all risks of the acts or omissions of any beneficiary under any letter of credit issued pursuant to this Agreement with respect to the use by such beneficiary of such letter of credit. In addition to all undertakings and indemnities of Borrower contained in the application for any letter of credit or this Agreement, Borrower acknowledges that neither the Banks, the Agent nor any of their officers or directors will be liable or responsible for (i) the use which may be made of any letter of credit or for any acts or omissions of any beneficiary in connection therewith, (ii) the validity or genuineness of any documents delivered in connection with any letter of credit, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or (iii) any other circumstances whatsoever in connection with honoring or dishonoring any letter of credit except, in all cases, the foregoing persons shall not be relieved of liability in the case of (a) payment under a letter of credit against presentation of a draft or other document that does not comply with the terms of the letter of credit or (b) acts constituting the gross negligence or willful misconduct of any such person. In furtherance and not in limitation of the foregoing, the Agent may, subject to applicable United States law, accept documents that appear on their face to be in order, without responsibility for further investigation regardless of any notice or information to the contrary.

(c) Borrower hereby indemnifies Agent and the Banks and agrees to keep Agent and the Banks at all times indemnified against all liabilities (including costs and reasonable attorneys' fees) which Agent and the Banks may incur or which may be claimed against Agent and the Banks by any Person by reason of or relating to any matters arising in connection with any letter of credit or any of the transactions contemplated thereby.

4. REPRESENTATIONS AND WARRANTIES. In order to induce each Bank to enter into this Agreement and to provide the Loan, 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:

4.1 Organization, Powers, Good Standing.

4.1.1 (a) Borrower and each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the respective states of its incorporation, (b) Borrower and each Subsidiary 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) Borrower and each Subsidiary 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, and (d) Borrower and each Subsidiary 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 impact the future 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 Borrower has full power and authority to execute, deliver and perform the Loan Documents, including, without limitation, to borrow under this Agreement. Borrower 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 the validity or enforceability against Borrower of the Loan Documents.

4.2 Authorization of Borrowing; Etc.

4.2.1 The execution, delivery and performance by Borrower of this Agreement and the other Loan Documents 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 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, enforceable against it in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws, usury laws, or equitable principles relating to or limiting creditors' rights generally.

4.3 Subsidiaries. Schedule 1.1 correctly sets forth as to each Subsidiary, its name, the jurisdiction of its incorporation, 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, (2) Sharon Specialty Steel, Inc., and (3) the Subsidiaries, Borrower does not own any material amount of capital stock in any Person.

4.4 Title. Borrower and Subsidiaries, as applicable, have good and valid legal title to the assets reflected in Borrower's audited consolidated financial statements dated as of December 25, 1993 previously submitted to each of the Banks and there are no Liens, charges or encumbrances (other than Permitted Liens), on such property or assets 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. 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 that would be material to the condition (financial or otherwise) of Borrower or any Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries). Except for the tax sharing agreements described in Schedule 4.6 to this Agreement, 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 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 Subsidiary or the operations, business prospects or condition (financial or otherwise) of Borrower and Subsidiaries, taken as a whole.

4.7.2 To the best of Borrower's knowledge, neither Borrower nor any Subsidiary is in material default in the performance, observance or fulfillment of any of the 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.

4.7.3 Borrower and each 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, knowingly 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. There is no fact known to Borrower which adversely affects the business, operations, property or assets of Borrower or any Subsidiary or 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, to the best of Borrower's knowledge, neither a Reportable Event nor a Prohibited Transaction has occurred or is continuing in relation to any pension plan and 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 materially impact the future 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.

4.10 Environmental Matters. Except as set forth in Schedule 4.10 to this Agreement, to the best of Borrower's knowledge, 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 impact the future 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, to the best of Borrower's knowledge, neither Borrower nor any Subsidiary nor any other Person has 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. 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 (other than Mining Remedial Recovery Corporation and its subsidiaries). 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 U and X. No part of the proceeds of the Loan will be used to purchase or carry any margin stock (within the meaning of Regulation U of the Board) 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 such 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 X of said Board of Governors.

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) Section 6.1 to this Agreement.

4.14 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, Borrower will perform each and all of the following:

5.1 Use of Proceeds. Borrower will use the proceeds of the Loan 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 or consented to in writing by Agent (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, all at such reasonable times and as often as any Bank may reasonably request.

5.3 Reports. Borrower will deliver to Agent:

5.3.1 As soon as available and in any event within forty-five (45) days after the end of each fiscal month of Borrower, management prepared consolidated and consolidating financial statements of Borrower and Subsidiaries as of the end of such month, and the consolidated and consolidating 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 month, certified as correct (subject to year end adjustments) by the chief financial officer of Borrower.

5.3.2 As soon as available, and in any event within one hundred twenty (120) 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, 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.

5.3.3 Upon Agent's request, accounts receivable aging reports, accounts payable aging reports and inventory certifications.

5.3.4 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 Promptly, and in any event within fifteen (15) days of the filing thereof, certification that Borrower has filed its federal income tax return.

5.3.6 Promptly upon Borrower becoming aware of the occurrence of any: (a) Reportable Event; or (b) 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 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 wholly-owned 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 Subsidiary is taking or proposes to take with respect thereto.

5.3.8 Promptly, copies of all amendments to the charter or bylaws of Borrower or any Brass Subsidiary.

5.3.9 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 impact the future 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 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.

5.3.11 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 material 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.

5.3.12 Promptly, upon Borrower's learning of any litigation or proceeding in which it or any Subsidiary is a party if an adverse decision in any such matter is reasonably likely to require it to pay more than One Million (\$1,000,000) Dollars or deliver assets the value of which exceeds such sum (whether or not the claim is considered to be covered by insurance) 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.

5.3.13 Promptly, such other information and data with respect to any Bank.

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

5.4.1 Borrower will maintain a minimum Tangible Net Worth of One Hundred Seventy-Five Million (\$175,000,000) Dollars, to be adjusted upward at the end of each fiscal quarter commencing September 24, 1994, by twenty-five percent (25%) of net income after taxes and before dividends for such quarter. Once adjusted upward, the Tangible Net Worth requirement set forth herein will not decrease.

5.4.2 Borrower will maintain the ratio of Borrower's debt (current liabilities plus long-term liabilities) to Tangible Net Worth equal to or less than 1.50 to 1.00, on a consolidated basis.

5.4.3 Borrower will maintain a ratio of Current Assets to Current Liabilities (including, for this purpose, any amounts drawn and outstanding under the Line of Credit) of at least 1.5 to 1.00, on a consolidated basis.

5.4.4 Borrower will maintain a Debt Service Coverage ratio of at least 1.25 to 1.00, as measured quarterly on a rolling four-quarter basis and as reflected in Borrower's audited financial statements.

5.5 Corporate Existence. Except as provided in Section 6.3, Borrower will at all times preserve and keep in full force and effect its and each Subsidiary's corporate existence (except for (i) individual Subsidiaries whose book value is less than \$100,000 and (ii) more than one of such Subsidiaries whose collective book value is not greater than \$1,000,000, at the time of the event affecting such Subsidiary's or Subsidiaries' corporate existence) and any rights material to its business and will maintain its and each 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 the Borrower or such Subsidiary, as the case may be.

5.6 Payment of Taxes and Claims. Borrower will pay all Taxes, assessments and other governmental charges imposed upon Borrower or any 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; 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 coverages 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 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 impact the future 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 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 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 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.

5.8.4 Borrower will comply with all applicable Environmental Protection Statutes.

5.9 Payment of Indebtedness. Borrower and each of its wholly-owned 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, and except to the extent a good faith basis exists for delay or non-payment thereof and Borrower or Subsidiary, as the case may be, is contesting in good faith any claim for payment thereof.

5.10 Maintenance of Franchises, etc. Borrower and each Brass 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).

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.

6. NEGATIVE COVENANTS. Borrower covenants and agrees that, until all of the Obligations are satisfied, 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 its wholly-owned Subsidiaries 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 Ten Million (\$10,000,000) Dollars and (iv) consolidating inter-company indebtedness as shown on consolidating financial statements delivered pursuant to Section 5.3.1 of this Agreement.

6.2 Liens. Borrower will not, and will cause each Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) 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 wholly-owned Subsidiary, whether now owned or hereafter acquired except (i) Permitted Liens, (ii) liens created by or resulting from any litigation or legal proceeding which is currently being contested in good faith by appropriate proceedings, (iii) the Liens incidental to the normal conduct of the ordinary course of business of the Borrower and the Subsidiaries, (iv) Liens existing on the Closing Date as set forth on Schedule 6.2 hereof, and (v) Liens representing the extension, renewal or replacement of a Lien under immediately preceding clause (iv) in respect of the same property.

6.3 Restriction on Fundamental Changes. Borrower will not, and will cause each Brass 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 Brass Subsidiary may merge or consolidate with Borrower, provided that the Borrower will be the surviving corporation, (b) a Brass Subsidiary may merge or consolidate with another Brass Subsidiary, (c) a Brass Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to Borrower or another Brass 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 Agent to acquire or form a subsidiary which will not be wholly-owned, which consent will not be unreasonably withheld), and (e) Borrower may complete the divestiture of its iron assets.

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 impact the future 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, knowingly 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.

6.7 Violation of Regulations. Borrower will not make any investment of any nature which would result in the violation of Regulations G, U, or X of the Board of Governors of the Federal Reserve System as the same may from time to time be amended or modified.

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 Brass Subsidiary to Borrower.

6.9 Scope of Business Activity. Borrower will not engage in any business or activities other than those representing its present business, provided that Borrower may acquire or commence new or additional related businesses which do not materially adversely effect the nature or operation of Borrower'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 if 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 will fail 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), or Borrower will fail to pay any other amounts (including, without limitation, fees, costs and expenses) payable under this Agreement 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 may be.

7.1.3 Default Under Loan Documents, etc. Borrower or any Subsidiary will fail to observe, or perform any term, covenant, condition,



agreement set forth in Sections 5.1, 5.2, 5.4, 5.5, 5.8, 5.9, 5.10, 5.11, 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. Any creditor or representative of any creditor of Borrower or any wholly-owned Subsidiary declares or is or becomes entitled to declare any Indebtedness owing on any bond, debenture, note or other evidence of Indebtedness for borrowed money in an aggregate amount in excess of One Million (\$1,000,000) Dollars of Borrower or such Subsidiary to be due and payable prior to its expressed maturity by reason of any default by Borrower or such Subsidiary in the performance or observance of any obligation or condition (whether or not such creditor or representative has declared such Indebtedness to be due and payable) or any such Indebtedness becomes due by its terms and is not promptly paid or extended; provided, however, that an Event of Default will not occur under this Agreement if such other default or breach is being contested in good faith by appropriate proceedings, notice thereof is promptly given to Agent and adequate reserves in accordance with GAAP have been made therefor and no other Event of Default has occurred.

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), and such default will continue unremedied for a period of ten (10) days; provided, that (1) the ten (10) day time period will not start until Agent 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 and 5.11, and (2) no Bank will be obligated to make an Advance once such a default has occurred until such default has been remedied to each Bank's satisfaction.

#### 7.1.6 Involuntary Bankruptcy; Appointment of Trustee, etc.

(a) If an involuntary case seeking the liquidation or reorganization of Borrower or any wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) under Chapter 7 or Chapter 11, respectively, of the federal Bankruptcy Code or any similar proceeding will be commenced against Borrower or any wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) 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.

(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 wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) 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 wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) will (i) institute a voluntary case seeking liquidation or reorganization under Chapter 7 or Chapter 11, respectively, 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 Subsidiary; or (vi) make a general assignment for the benefit of creditors.

(b) The Board of Directors of Borrower or any wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) adopt 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 wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) 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 One Million (\$1,000,000) Dollars 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 wholly-owned Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) 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 wholly-owned Subsidiary having assets in excess of \$100,000 (other than Mining Remedial Recovery Corporation and its subsidiaries) decreeing the dissolution or division of it and such order will remain undischarged or unstayed for a period in excess of thirty (30) days.

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.

7.2 Remedies; Termination of Commitments. Upon the occurrence of an Event of Default, all Obligations will, at the option 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 each Bank's option, without further action of any kind. Upon acceleration, Agent may 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 by law or equity. If the Loan is then one which may be repaid only upon payment of a Yield Maintenance Payment, the Agent may also assess a Yield Maintenance Payment. 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, to accrued interest; third, to other Obligations in such order as Agent may determine in its sole discretion; and fourth, to Borrower or as otherwise provided by any Requirement of Law.

7.3 Right of Set-Off. In addition to all other remedies available to the Banks, after any Event of Default which has not been cured within any applicable period provided in this Section 7, each Bank is hereby authorized at any time and from time to time, without further notice to Borrower, to set off and apply 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.

## 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.

## 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 1:00 p.m. Detroit 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, telex 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 1:00 p.m. Detroit 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, telex, 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 1:00 p.m. Detroit time, and otherwise on the next Business Day.

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 Loan. 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 financial information received by it in accordance herewith and only if not received by the Bank

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 any 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 on any Event of Default, with the prior written consent of the Requisite Banks. When Agent requests the consent of the Requisite Banks and does not receive a written denial thereof from any Bank within five (5) 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.

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 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). 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, enforce- ability, 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.

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, telex, 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 decision to participate in the Loan 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 any time, 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.

8.8 Indemnification. Each Bank agrees (which agreement shall survive any termination of this Agreement) to indemnify Agent according to such Bank's Ratable Share of the Loan 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 any other 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 reasonable out-of-pocket expenses) incurred by Agent under or in connection with this Agreement or any other 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, willful misconduct, violation of any relevant statute, law, ordinance, rule or regulation or violation of this Agreement or any other Loan Document. 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 any other Loan Document, unless it is indemnified, in accordance with each Bank's Ratable Share of the Loan, to its satisfaction by the Banks against losses, costs, liabilities, and expenses. If any indemnity in favor of Agent is impaired, Agent, in its reasonable judgment, may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given.

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 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 provision 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 Loan 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 for any claims of Borrower arising from this Agreement,

all such claims being assertable only against the Banks.

#### 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 highest applicable Default Rate hereunder, will be part of the Obligations, payable on demand. 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 Banks and Borrower.

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 may be 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; and if to Borrower, at Borrower's Address, with a copy to Borrower's Counsel.

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.

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 their respective 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 the Requisite 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 Changes in Accounting Principles. If any changes in accounting principles from those used in the preparation of the financial statements referred to in this Agreement are hereafter occasioned by the promulgation of rules, regulations, pronouncements or opinions of or required by the FASB or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), or there will occur any change in Borrower's fiscal or tax years and, as a result of any such changes, there will result in a change in the method of calculating any of the financial covenants, negative covenants, standards, or other terms or conditions found in this Agreement, then the parties hereto agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating Borrower's financial condition will be the same after such changes as if such changes had not been made.

9.11 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 Loan hereunder and the execution and delivery of the Notes.

9.12 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.

9.13 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.

9.14 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 agreement.

9.15 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.

9.16 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.

9.17 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.

9.18 Venue; Jurisdiction. The parties agree that all actions or proceedings arising in connection with this Agreement, the Loan Documents and the Loan will be tried and litigated only 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 or to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction. 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 9.18.

9.19 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).

9.20 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.

9.21 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.

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.

WITNESS:

By: \_\_\_\_\_  
Its: Executive Vice  
President

"BANKS"

MICHIGAN NATIONAL BANK

WITNESS:

By: \_\_\_\_\_  
Its: Vice President

Ratable Share: 6.25%  
Commitment: \$1,875,000



BANK IV KANSAS, N.A.  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Ratable Share: 18.75%  
Commitment: \$5,625,000

FIRST BANK NATIONAL  
ASSOCIATION  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Ratable Share: 18.75%  
Commitment: \$5,625,000

LASALLE NATIONAL BANK  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Ratable Share: 18.75%  
Commitment: \$5,625,000

NBD BANK, N.A.  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Ratable Share: 18.75%  
Commitment: \$5,625,000

SOCIETY NATIONAL BANK  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Ratable Share: 18.75%  
Commitment: \$5,625,000

"AGENT"  
MICHIGAN NATIONAL BANK  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

FIRST AMENDMENT  
TO  
CREDIT AGREEMENT

This First Amendment to Credit Agreement (this "First Amendment"), dated as of December 14, 1994, is among Michigan National Bank, a national banking association, and the other banking institutions who appear as signatories to this First Amendment (each a "Bank" and collectively the "Banks"), Michigan National Bank, as agent ("Agent"), and Mueller Industries, Inc., a Delaware corporation ("Borrower").

Recitals

The parties hereto executed a certain Credit Agreement (the "Credit Agreement") dated as of June 1, 1994, providing for, among other things, the establishment by the Banks for the benefit of the Borrower of a line of credit in the amount of \$30,000,000.

The Borrower has now requested the Banks to consider certain amendments to the Credit Agreement and the Banks have consented to such amendments as set forth herein upon the terms and conditions set forth herein.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Credit Agreement.

NOW, THEREFORE, the parties hereto agree that the Credit Agreement shall be amended, effective on and as of December 14, 1994, as follows:

1. Section 5.3.5 shall be revised by deleting the contents thereof in their entirety and replacing the same with the term "RESERVED".

2. Schedule 4.13 to the Credit Agreement shall be revised by adding thereto the following additional Indebtedness, the effect of which is to increase, but only while and to the extent such additional Indebtedness is outstanding, the amount of Indebtedness permitted to be outstanding under the Credit Agreement:

\$2,161,500 obligation of Alaska Gold Company and guaranty by Borrower thereof

\$5,182,495 obligation of Mueller West, Inc. for the purchase of a Beechcraft Aircraft and guaranty by Borrower thereof

\$21,428,500 outstanding principal amount of 8.38% Senior Notes to John Hancock Life Insurance Company (due 2000) (listed above), to be assumed by Borrower from Utah Railway Company, the original issuer, and guaranties thereof by Utah Railway Company and the Brass Subsidiaries

3. Except as herein provided, the Credit Agreement shall remain in full force and effect, including the provisions of Section 9 thereof which are herein incorporated by this reference.

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

"BORROWER"  
MUELLER INDUSTRIES, INC.

WITNESS:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: Executive Vice President

"BANKS"  
MICHIGAN NATIONAL BANK

WITNESS:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: Vice President

Ratable Share: 6.25%  
Commitment: \$1,875,000

BANK IV KANSAS, N.A.

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 18.75%  
Commitment: \$5,625,000

FIRST BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 18.75%  
Commitment: \$5,625,000

LASALLE NATIONAL BANK

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 18.75%  
Commitment: \$5,625,000

NBD BANK, N.A.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 18.75%  
Commitment: \$5,625,000

SOCIETY NATIONAL BANK

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 18.75%  
Commitment: \$5,625,000

"AGENT"

MICHIGAN NATIONAL BANK

By: \_\_\_\_\_  
Its: \_\_\_\_\_

SECOND AMENDMENT  
TO  
CREDIT AGREEMENT

This Second Amendment to Credit Agreement (this "Second Amendment"), dated as of June 1, 1995, is among Michigan National Bank, a national banking association, and the other banking institutions who appear as signatories to this Second Amendment (each a "Bank" and collectively the "Banks"), Michigan National Bank, as agent ("Agent"), and Mueller Industries, Inc., a Delaware corporation ("Borrower").

Recitals

The parties hereto executed a certain Credit Agreement (the "Credit Agreement") dated as of June 1, 1994, providing for, among other things, the establishment by the Banks for the benefit of the Borrower of a line of credit in the amount of \$30,000,000. The Credit Agreement was first amended by a First Amendment to Credit Agreement, dated as of December 14, 1994 (the Credit Agreement, as so amended, the "Amended Credit Agreement").

The Borrower has now requested the Banks to consider certain amendments to the Amended Credit Agreement and the Banks have consented to such amendments as set forth herein upon the terms and conditions set forth herein.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Amended Credit Agreement.

NOW, THEREFORE, the parties hereto agree that the Amended Credit Agreement shall be amended, effective (unless otherwise specified herein) on and as of June 1, 1995, as follows:

1. The definition of the term "Brass Guaranties" in Section 1, on page 3, shall be revised, effective as of June 1, 1994, by adding thereto, immediately following the word "Subsidiary" in the second line thereof, the parenthetical clause "(other than Streamline Copper & Brass Ltd.)".

2. The first line and first clause of the definition of the term "Line of Credit Maturity" (which ends with the date "June 30, 1996") in Section 1, on page 7, shall be revised in its entirety to read as follows:

"Line of Credit Maturity" means June 30, 1997;

3. Section 2.1, on page 11, shall be revised by substituting for the amount "\$30,000,000" at the beginning of the sixth line thereof the amount "\$50,000,000".

4. Clause (ii) of Section 2.2.1, on page 11, shall be revised in its entirety to read as follows:

(ii) LIBOR, plus 0.625%; or

5. Section 2.4, on page 13, shall be revised by substituting for the term "one quarter of 1% (0.25%)" at the beginning of the fifth line thereof the term "fifteen one-hundredths of 1% (0.15%)".

6. Section 3.6.7(a), on page 20, shall be revised by substituting for the term "one percent (1%)" in the sixteenth line thereof the term "eight-tenths of one percent (0.8%)".

7. Section 4.3, on page 23, shall be revised by adding to the end of the first sentence thereof on the fifth line thereof, immediately preceding the period and following the word "Borrower", the parenthetical clause "(except, for purposes of this Section 4.3 only, with respect to those Subsidiaries listed on Schedule 1.1 hereof in which Borrower is shown as owning less than 100% of the capital stock, the direct or indirect percentage ownership of Borrower may be more than as shown on Schedule 1.1)".

8. Section 5.3.1, on pages 26 and 27, shall be revised in its entirety to read as follows:

5.3.1 As soon as available and in any event within forty-five (45) days after the end of each fiscal quarter of Borrower, management prepared consolidated and consolidating financial statements of Borrower and Subsidiaries as of the end of such quarter, and the consolidated and consolidating 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.

9. The signature pages of the Amended Credit Agreement shall be revised to reflect the addition of Boatmen's First National Bank of Kansas City and Mercantile Bank of Kansas City as Bank parties to the Amended Credit Agreement and the ratable shares and commitments of all Banks, conforming in each instance to the signature pages of this Second Amendment to Credit Agreement.

10. The terms and provisions of the Form of Request for Advance attached to the Amended Credit Agreement as Exhibit 2.2.3, the Form of Line of Credit Note attached to the Amended Credit Agreement as Exhibit 2.3 and the Form of Brass Guaranties attached to the Amended Credit Agreement as Exhibit 3.5.1 shall be revised as necessary to conform to the provisions of this Second Amendment. The Borrower shall execute new Notes and shall cause the Brass Subsidiaries to execute new or amended Brass Guaranties which conform to the provisions of this Second Amendment, such execution (and delivery of such Notes and Brass Guaranties to the Agent) being a condition to the effectiveness of this Second Amendment.

11. Except as herein provided, the Amended Credit Agreement shall remain in full force and effect, including the provisions of Section 9 thereof which are herein incorporated by this reference.

12. The Borrower hereby affirms the representations and warranties set forth in Section 4 of the Amended Credit Agreement and certifies that no Event of Default has occurred or is existing under the Amended Credit Agreement.

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

"BORROWER"  
MUELLER INDUSTRIES, INC.

WITNESS:  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: Executive Vice President

"BANKS"  
MICHIGAN NATIONAL BANK

WITNESS:  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: Vice President

Ratable Share: 7.6%  
Commitment: \$3,800,000

BANK IV KANSAS, N.A.

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000

BOATMEN'S FIRST NATIONAL BANK  
OF KANSAS CITY

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000

FIRST BANK NATIONAL ASSOCIATION

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000

LASALLE NATIONAL BANK

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000  
MERCANTILE BANK OF KANSAS CITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000

NBD BANK, N.A.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000

SOCIETY NATIONAL BANK

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Ratable Share: 13.2%  
Commitment: \$6,600,000

"AGENT"

MICHIGAN NATIONAL BANK

By: \_\_\_\_\_  
Its: \_\_\_\_\_

THIRD AMENDMENT  
TO  
CREDIT AGREEMENT

This Third Amendment to Credit Agreement (this "Third Amendment"), dated as of December 18, 1996, is among Michigan National Bank, a national banking association, and the other banking institutions listed on Exhibit A attached hereto and who appear as signatories to this Third Amendment (each a "Bank" and collectively the "Banks"), Michigan National Bank, as agent ("Agent"), and Mueller Industries, Inc., a Delaware corporation ("Borrower").

Recitals

The Agent, the Borrower and some of the Banks executed a certain Credit Agreement (the "Credit Agreement") dated as of June 1, 1994, providing for, among other things, the establishment by the Banks for the benefit of the Borrower of a line of credit in the amount of \$30,000,000. The Credit Agreement was amended by a First Amendment to Credit Agreement, dated as of December 14, 1994, and by a Second Amendment to Credit Agreement, dated as of June 1, 1995 (the Credit Agreement, as so amended, the "Amended Credit Agreement").

The Borrower has now requested the Banks to consider certain amendments to the Amended Credit Agreement, including an increase in the aggregate principal amount of the loans that can be outstanding at any one time to \$100,000,000.00, as well as certain changes in the identity of the banks that are to be parties to the Credit Agreement, and the Banks have consented to such amendments as set forth herein upon the terms and conditions set forth herein.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Amended Credit Agreement.

NOW, THEREFORE, the parties hereto agree that the Amended Credit Agreement shall be amended, effective (unless otherwise specified herein) on and as of December 18, 1996, as follows:

1. The definition of the term "Agent's Counsel" in Section 1, shall be amended to read in its entirety, as follows: "Agent's Counsel" means Dykema Gossett PLLC, 1577 North Woodward Avenue, Suite 300, Bloomfield Hills, Michigan 48304.
2. The definition of the term "Borrower's Address" in Section 1, shall be amended to read in its entirety, as follows: "Borrower's Address" means 6799 Great Oaks Road, Suite 200, Memphis, Tennessee 38138."
3. CD Advances shall no longer be available and, accordingly, all references to "CD Advance," "CD Rate" and "Certificate of Deposit Rate" are hereby deleted from wherever they appear in the Amended Agreement.
4. The definition of the term "Line of Credit Maturity" in Section 1 shall be amended in its entirety to read as follows:  
  
"Line of Credit Maturity" means December 15, 1999; provided that if Borrower delivers to Agent, on or before September 15, 1997, and each anniversary thereof, Borrower's written request to extend the next December 15 maturity date for the Line of Credit, then the Line of Credit Maturity Date may be extended by written consent of the Requisite Banks, in their sole discretion, for the twelve month period succeeding the existing Line of Credit Maturity, subject to all of the terms and conditions of this Agreement, as the same may be supplemented or amended.
5. The definition of the term "Ratable Share" in Section 1, shall be amended to read in its entirety, as follows:  
  
"Ratable Share" means for each Bank the percentage shown on Exhibit A of the Third Amendment, which as to aggregate Advances of the Loan will be limited to the maximum U.S. dollar amount shown on said Exhibit A."
6. Section 2.1 shall be amended by substituting for the amount "\$50,000,000" at the beginning of the sixth line thereof the amount "\$100,000,000".
7. Sections 2.2.1 and 2.2.2 shall be amended in their entirety to read as follows:  
  
2.2.1 Borrower may select from one of the following interest rate options when requesting an Advance:
  - (i) The Prime Rate, less .50%; or
  - (ii) LIBOR, plus 0.27%; or

(iii) The Federal Funds Rate, plus 0.65%.

2.2.2 Each Advance using the interest rate options set forth in subsection 2.2.1(ii) will be for a specified time period (each an "Interest Period") of one (1) month, two (2) months, three (3) months, or six (6) months, in each instance with a specified due date not later than the Line of Credit Maturity, on which date all outstanding principal and interest related to the Advance will be repaid in full to Agent. Advances may be obtained under the Line of Credit until the Line of Credit Maturity, at which time all principal and interest outstanding on the Line of Credit will be immediately due and payable by Borrower to Agent.

8. Section 2.4 shall be amended by substituting for the term "fifteen one-hundredths of 1% (0.15%)" at the beginning of the fifth line thereof the term "eleven one-hundredths of 1% (0.11%)".

9. Section 2.5 shall be amended in its entirety to read as follows:

2.5 Use of Proceeds. The proceeds of the Line of Credit Loan will be used by Borrower (i) to finance acquisitions (iii) for letters of credit and (iii) for general corporate purposes.

10. Section 2.7 shall be amended by substituting for the term "\$50,000,000" in the two places in which it appears the term "\$100,000,000."

11. Section 3.6.7(a) shall be amended by substituting for the term "eight-tenths of one percent (0.8%)" in the sixteenth line thereof the term "four hundred eighty-five one-thousandths of 1% (0.485%)" and by adding the following clause to the end of the first sentence thereof: "provided, however, that the aggregate face amount of the Letters of Credit outstanding hereunder at any one time shall not exceed \$15,000,000."

12. A new Section 5.3.14 shall be added at the end of Section 5.3, reading in its entirety as follows:

5.3.14 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 after December 18, 1996, will result in a cumulative increase in the Borrower's Indebtedness as a result of all such acquisitions to be \$25,000,000 or more, a proforma 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).

13. Section 5.4.1 shall be amended in its entirety to read as follows:

Borrower will maintain a minimum Tangible Net Worth of Two Hundred Twenty-Six Million (\$226,000,000) Dollars, to be adjusted upward at the end of each fiscal quarter commencing December 28, 1996, by twenty-five percent (25%) of net income after taxes and before dividends for such quarter. Once adjusted upward, the Tangible Net Worth requirement set forth herein will not decrease.

14. Section 5.9 shall be amended in its entirety to read as follows:

5.9 Payment of Indebtedness. Borrower and each of its wholly-owned Subsidiaries (except Mining Remedial Recovery Corporation and its subsidiaries and inter-company indebtedness between Borrower and its wholly owned subsidiary, Alaska Gold Company, Inc.) 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, and except to the extent a good faith basis exists for delay or non-payment thereof and Borrower or Subsidiary, as the case may be, is contesting in good faith any claim for payment thereof.

15. A new Section 5.12 shall be added at the end of Section 5, reading in its entirety as follows:

5.12 Within 60 days after the formation of any new Brass Subsidiary, Borrower shall cause such subsidiary to execute and deliver to the Agent sufficient copies of a guaranty, substantially in the form attached to the Third Amendment as Exhibit 3.5.1(b), together with 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.

16. Schedules 1.1 and 8.2.3 shall be amended in their entirety to read as Schedules 1.1 and 8.2.3, respectively, attached to this Third Amendment.



17. The parties acknowledge and agree that on and as of the date of this Third Amendment NBD Bank ("NBD") is selling and assigning to The First National Bank of Chicago ("FNBC"), and FNBC is purchasing and taking from NBD, all Obligations held by and owed to NBD under the Amended Credit Agreement. On and after the date of this Third Amendment: (a) FNBC shall have all of the rights and obligations of a Bank under the Amended Credit Agreement and the other Loan Documents, (b) FNBC shall assume the Ratable Share previously held by NBD and agrees to the Ratable Share as set forth on Exhibit A attached to this Third Amendment, and (c) NBD shall cease to be a "Bank" under the Amended Credit Agreement and shall have no rights or corresponding obligations under the Amended Credit Agreement and the other Loan Documents.

18. The parties acknowledge and agree that Mercantile Bank of Kansas City ("MBKC") has sold and assigned to Mercantile Bank National Association ("MBNA"), and MBNA has purchased and taken from MBKC, all Obligations held by and owed to MBKC under the Amended Credit Agreement. On and after the date of this Third Amendment: (a) MBNA shall have all of the rights and obligations of a Bank under the Amended Credit Agreement and the other Loan Documents, (b) MBNA shall assume the Ratable Share previously held by MBKC and agrees to the Ratable Share as set forth on Exhibit A attached to this Third Amendment, and (c) MBKC shall cease to be a "Bank" under the Amended Credit Agreement and shall have no rights or corresponding obligations under the Amended Credit Agreement and the other Loan Documents.

19. The parties acknowledge and agree that on and as of the date of this Third Amendment LaSalle National Bank ("LNB") and First Bank National Association ("FBNA") are withdrawing as lenders under the Amended Credit Agreement. Accordingly, from and after the date of this Third Amendment LNB and FBNA shall each cease to be a "Bank" under the Amended Credit Agreement and shall have no rights or corresponding obligations under the Amended Credit Agreement and the other Loan Documents.

20. The parties acknowledge and agree that Bank IV Kansas, N.A. ("Bank IV") has been merged into Boatmen's National Bank (formerly, Boatmen's First National Bank of Kansas City; "Boatmen's") and, accordingly, that Boatmen's has assumed all of the rights and corresponding obligations of Bank IV under the Amended Credit Agreement and the other Loan Documents and the Ratable Share previously held by Bank IV.

21. The terms and provisions of the Form of Request for Advance attached to the Amended Credit Agreement as Exhibit 2.2.3, the Form of Line of Credit Note attached to the Amended Credit Agreement as Exhibit 2.3 and the Form of Brass Guaranties attached to the Amended Credit Agreement as Exhibit 3.5.1 shall be revised as necessary to conform to the provisions of this Third Amendment. The Borrower shall execute new Notes and shall cause the Brass Subsidiaries to execute new or amended Brass Guaranties which conform to the provisions of this Third Amendment, such execution (and delivery of such Notes and Brass Guaranties to the Agent) being a condition to the effectiveness of this Third Amendment.

22. Except as herein provided, the Amended Credit Agreement shall remain in full force and effect, including the provisions of Section 9 thereof which are herein incorporated by this reference.

23. The Borrower hereby reaffirms the representations and warranties set forth in Section 4 of the Amended Credit Agreement and certifies that no Event of Default has occurred or is existing under the Amended Credit Agreement.

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

"BORROWER"

MUELLER INDUSTRIES, INC.

WITNESS:

By: \_\_\_\_\_  
Its: Executive Vice President

"BANKS"

MICHIGAN NATIONAL BANK

WITNESS:

By: \_\_\_\_\_  
Its: Senior Relationship  
Manager

BOATMEN'S NATIONAL BANK

By: \_\_\_\_\_  
Its:

THE FIRST NATIONAL BANK  
OF CHICAGO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

MERCANTILE BANK NATIONAL  
ASSOCIATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_

KEY BANK NATIONAL ASSOCIATION  
(formerly known as Society  
National Bank)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

"AGENT"

MICHIGAN NATIONAL BANK

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT A

THE BANKS AND THEIR COMMITMENTS AND RATABLE SHARES

Name of Bank	Commitment	Ratable Share
Michigan National Bank	\$25,000,000	25%
Boatmen's National Bank	\$18,750,000	18.75%
The First National Bank of Chicago	\$18,750,000	18.75%
Mercantile Bank National Association	\$18,750,000	18.75%
Key Bank National Association	\$18,750,000	18.75%
TOTAL	\$100,000,000	100%



1997 BONUS PLAN FOR CERTAIN KEY EMPLOYEES

The Company has a discretionary bonus program under which exempt salaried employees (other than the CEO and Chairman) may be paid bonuses up to amounts ranging from 9.75% to 97.5% of base annual salary. The CEO and Chairman participate in this plan, with bonuses specifically determined by the board of directors. The bonus percent is based on a variety of guidelines including performance levels of the respective business unit measured by earnings before tax.

Mueller Industries, Inc.  
Deferred Compensation Plan  
Amendment and Restatement  
Effective January 1, 1997

Purpose

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of MUELLER INDUSTRIES, INC., a Delaware corporation, and its subsidiaries

ARTICLE 1  
Definitions

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 "Account Balance" shall mean, with respect to a Participant, the sum of (i) his or her Elective Deferral Account plus (ii) his or her Employer Matching Contribution Account. This account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to or in respect of a Participant pursuant to the Plan.
- 1.2 "Annual Bonus" shall mean any compensation, in addition to Base Annual Salary, paid annually in respect of a Plan Year to a Participant as an employee under any Employer's annual bonus and incentive plans. An annual Bonus for a Plan Year may, but need not, be paid during such Plan Year
- 1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Annual Salary and/or Annual Bonus that a Participant elects to have and is deferred, in accordance with Article 3, for any one Plan Year
- 1.4 "Base Annual Salary" shall mean the annual compensation (excluding bonuses, commissions, overtime, incentive payments, non-monetary awards, Directors Fees, and other fees) paid to a Participant for services rendered to any Employer, before reduction for compensation deferred pursuant to all qualified, non-qualified and Code Section 125 plans of any Employer
- 1.5 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 9, that are entitled to receive benefits under the Plan upon the death of a Participant
- 1.6 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries
- 1.7 "Board" shall mean the board of directors of the Company
- 1.8 "Change in Control" shall mean the first to occur of any of the following events:
  - (a) Any "person" (as that term is used in Section 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")), after the date hereof becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of 50 percent or more of the Company's capital stock entitled to vote in the election of directors;
  - (b) During any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director was approved by a vote of at least three-quarters of the directors still in office who were directors at the beginning of the period;
  - (c) Any consolidation or merger of the Company, other than a consolidation or merger of the Company in which the holders of the common stock of the Company immediately prior to the consolidation or merger hold more than 50 percent of the common stock of the surviving corporation immediately after the consolidation or merger;
  - (d) The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or
  - (e) Substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within a "controlled

group of corporations" (as defined in Section 1563 of the Code) in which the Company is a member.

- 1.9 "Claimant" shall have the meaning set forth in Section 13.1.
- 1.10 "Code" shall mean the Internal Revenue Code of 1986, as amended.
- 1.11 "Committee" shall mean the administrative committee appointed to manage and administer the Plan in accordance with its provisions pursuant to Article 12.
- 1.12 "Company" shall mean MUELLER INDUSTRIES, INC., a Delaware corporation.
- 1.13 "Company Matching Contribution" shall mean any contribution made and credited to Employer Matching Contribution Accounts by the Company in accordance with Section 3.5 below.
- 1.14 "Crediting Rate" shall mean, for each Plan Year as selected by the Participant on the Election Form for such year, a rate equal to (a) an interest rate represented by the "Moody's Corporate Bond Rate" in effect for October (as published in the immediately following November) of the prior year or (b) the rate of return of any benchmark fund selected by the Committee. For purposes of the foregoing, the "Moody's Corporate Bond Rate" is an arithmetic average of yields of representative bonds, including industrials, public utilities, Aaa, Aa, A and Baa bonds, published by Moody's Investors Service, Inc. or any successor to that service.
- 1.15 "Deduction Limitation" shall mean the following described limitation on the annual benefit that may be distributed pursuant to the provisions of this Plan. The limitation shall be applied to distributions under this Plan as set forth in this Plan. If the Company determines in good faith prior to a Change in Control that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Company would not be deductible by the Company solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Company to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, the Company may defer all or any portion of the distribution. Any amounts deferred pursuant to this limitation shall continue to be credited with interest in accordance with Section 3.6 below. The amounts so deferred and interest thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Company in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Company during which the distribution is made will not be limited by Section 162(m), or if earlier, the effective date of a Change in Control.
- 1.16 "Deferral Amount" shall mean the sum of all of a Participant's Annual Deferral Amounts.
- 1.17 "Directors Fees" shall mean the annual cash fees paid by any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors of an Employer.
- 1.18 "Disability" shall mean a period of disability during which a Participant qualifies for benefits under the Participant's Employer's long-term disability plan, or, if a Participant does not participate in such a plan, a period of disability during which the Participant would have qualified for benefits under such a plan had the Participant been a participant therein, as determined in the sole and absolute discretion of the Committee.
- 1.19 "Election Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.
- 1.20 "Elective Deferral Account" shall mean the sum of (i) a Participant's Deferral Amount, plus (ii) interest thereon credited in accordance with all the applicable interest crediting provisions of the Plan, net of all distributions from such Account. This account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to the Plan.
- 1.21 "Employer" shall mean the Company and/or any of its subsidiaries that have been selected by the Board to participate in the Plan.

- 1.22 "Employer Matching Contribution Account" shall mean the sum of (i) a Participant's share of Company Matching Contributions plus (ii) interest thereon credited in accordance with the applicable interest crediting provisions of the Plan, net of all distributions from such Account. This Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to the Plan.
- 1.23 "Participant" shall mean any employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (iv) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, (v) who commences participation in the Plan, and (vi) whose Plan Agreement has not terminated.
- 1.24 "Plan" shall mean the Company's Deferred Compensation Plan, which shall be evidenced by this instrument and, with respect to each Participant, by his or her Plan Agreement, as each may be amended from time to time.
- 1.25 "Plan Agreement" shall mean a written agreement, as may be amended from time to time, which is entered into by and between one or more Employers and a Participant. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled to under the Plan, and shall specify the Employer or Employers liable for the Participant's benefits hereunder and the magnitude or extent of such liability. The Plan Agreement bearing the latest date of acceptance by the Committee shall govern such entitlement and each Employer's liability. Upon the complete payment of a Participant's Account Balance, each individual's Plan Agreement and his or her status as a Participant shall terminate.
- 1.26 "Plan Year" shall be the calendar year, starting with 1996.
- 1.27 "Preferred Rate" for a Plan Year shall be 120% of the Crediting Rate for such year.
- 1.28 "Pre-Retirement Survivor Benefit" shall mean the benefit set forth in Article 6.
- 1.29 "Retirement," "Retire," "Retires," or "Retired" shall mean severance from employment or service with all Employers for any reason other than a leave of absence on or after the attainment of (a) age fifty (50) and the completion of ten (10) Years of Service, (b) age fifty-five (55) and the completion of five (5) Years of Service, (c) age sixty-five (65), whichever is earliest.
- 1.30 "Retirement Benefit" shall mean the benefit set forth in Article 5.
- 1.31 "Short-Term Payout" shall mean the payout set forth in Section 4.1.
- 1.32 "Termination Benefit" shall mean the benefit set forth in Article 7.
- 1.33 "Termination of Employment" shall mean the ceasing of employment with all Employers, voluntarily or involuntarily, for any reason other than Retirement, death or an authorized leave of absence.
- 1.34 "Trust" shall mean the trust established pursuant to that certain Trust Agreement, dated as of January 1, 1996, between the Company and the trustee named therein, as amended from time to time.
- 1.35 "Withdrawal Amount" shall mean all of a Participant's Account Balance calculated as if such Participant were receiving a lump sum Termination Benefit, less a penalty equal to 10 percent of the Account Balance determined immediately prior to the date of the Participant's election.
- 1.36 "Years of Service" shall mean the total number of years in which a Participant has been employed by or in the service of an Employer. For purposes of this definition only, a year of employment or service shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Participant's date of hire (or engagement) and that, for any subsequent year, commences on an anniversary of that hiring date.

ARTICLE 2  
Selection, Enrollment, Eligibility

- 2.1 Selection by Committee. Participation in the Plan shall be limited to employees of an Employer who are part of a select group of management or highly compensated employees. From the foregoing, the Committee shall select, in its sole and absolute discretion, employees to participate in the Plan.
- 2.2 Enrollment Requirements. As a condition to participation, each selected employee shall complete, execute and return to the Committee within 30 days of selection a Plan Agreement, an Election Form and a Beneficiary Designation Form. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines in its sole and absolute discretion are necessary.
- 2.3 Eligibility; Commencement of Participation. An employee selected to participate herein shall commence participation on the first day of the Plan Year following the employee's completion of all enrollment requirements set forth herein and required by the Committee, including returning all required documents to the Committee and the Committee's acceptance of all submitted documents. Under no circumstances may participation commence in the middle of a Plan Year.



ARTICLE 3

Deferral Commitments/Interest Crediting

- 3.1 Minimum Deferral. For each Plan Year, a Participant may elect to defer Base Annual Salary and/or Annual Bonus paid in respect of such Plan Year in the following minimum amounts for each deferral elected:

Deferral	Minimum Amount
Base Annual Salary	\$2,000
Annual Bonus	\$2,000

If no election is made, the amount deferred shall be zero.

- 3.2 Maximum Deferral. For each Plan Year, a Participant may elect to defer Base Annual Salary and/or Annual Bonus up to the following maximum amounts for each deferral elected:

Deferral	Maximum Amount
Base Annual Salary	100%
Annual Bonus	100%

- 3.3 Election to Defer; Effect of Election Form. In connection with a Participant's commencement of participation in the Plan, the Participant shall make a deferral election by delivering to the Committee a completed and signed Election Form, which election and form must be accepted by the Committee for a valid election to exist. For each succeeding Plan Year, a new Election Form must be delivered to the Committee, in accordance with its rules and procedures, before the end of the Plan Year preceding the Plan Year for which the election is made. If no Election Form is timely delivered for a Plan Year, no Annual Deferral Amount shall be withheld for that Plan Year.

- 3.4 Withholding of Deferral Amounts. For each Plan Year, the Base Annual Salary portion of the Annual Deferral Amount shall be withheld each payroll period in equal amounts from the Participant's Base Annual Salary. The Annual Bonus portion of the Annual Deferral Amount shall be withheld at the time the Annual Bonus is or otherwise would be paid to the Participant. Each amount so withheld shall be credited to the Participant's Elective Deferral Account, as of the first day of the month in which the amount is withheld. The Annual Deferral Amount shall be credited to the Participant's Elective Deferral Account. A Participant shall at all times have a fully vested and nonforfeitable interest in his or her Elective Deferral Account.

- 3.5 Company Matching Contribution. Each Plan Year the Company shall make a Company Matching Contribution on behalf of the Participant. Such contribution shall be equal to the matching contribution the Company would have made to its qualified Section 401(k) plan, assuming no antidiscrimination limitations applied, had the Participant's Annual Deferral Amount hereunder been contributed to the Section 401(k) plan, less the actual matching contribution, if any, made to such qualified plan. These contributions shall be deemed credited to the Participant's Employer Matching Contribution Account on the first day of the Plan Year in respect of which they are made. A Participant will at all times have a fully vested and nonforfeitable interest in each year's contribution (including interest to be credited thereto).

- 3.6 Earnings Crediting Prior to Distribution. Prior to any distributions of benefits under Articles 4, 5, 6 or 7, earnings shall be credited and compounded monthly to a Participant's Account Balance, as such balance is determined each month in accordance with Section 3.4 above. The rate for crediting shall be the Preferred Rate, except as otherwise expressly provided herein. If the Crediting or Preferred Rate is based on Section 1.14 (a) hereof, such rate shall be determined each month by dividing the applicable Preferred Rate (or , if expressly provide otherwise, the Crediting Rate) by 12. If the Crediting or Preferred Rate is based on Section 1.14 (b) hereof, such rate will be determined each month based on the actual performance of the applicable benchmark fund for such month. In the event of Retirement, death, or a Termination of

Employment, earnings will be credited to the Participant's Account Balance under this Section 3.6 to the end of the month in which such event occurs. If a distribution is made under this Plan, for purposes

of crediting earnings, the Account Balance shall be reduced as of the first day of the month in which the distribution is made.

- 3.7 Interest Crediting for Installment Distributions. In the event a benefit is paid in installments under Articles 5, 6, or 7, interest shall be credited and compounded monthly on the undistributed portion of the Participant's Account Balance in the following manner. Beginning with the first day of the month following the month during which the Participant Retires, dies, or experiences a Termination of Employment, the Participant's Account Balance shall be amortized over the months elected, using the applicable Crediting or Preferred Rate specified below, in either case based on Section 1.14 (a) hereof. As of the first day of the subsequent Plan Year and each Plan Year thereafter until the Participant's Account Balance is paid in full, the Participant's remaining Account Balance, determined as of the first day of the Plan Year, shall be reamortized over the remaining payment period using the applicable monthly interest rate specified below. The applicable monthly rate of interest for crediting shall be the current Preferred Rate in the case of distributions under Article 5 and 6, and the Crediting Rate in the case of distributions under Article 7, divided by 12 and compounded over the remaining period of distribution.
- 3.8 FICA Taxes. For each Plan Year in which an Annual Deferral Amount is being withheld, the Participant's Employer(s) shall ratably withhold from that portion of the Participant's Base Annual Salary and/or Annual Bonus that is not being deferred, the Participant's share of FICA and Medicare taxes on deferred amounts. If necessary, the Annual Deferral Amount shall be reduced (a) in order to meet any group benefit or similar commitment and/or applicable state withholding taxes to be paid out of the Participant's Base Annual Salary and/or Annual Bonus, and (b) in order to comply with this Section.

#### ARTICLE 4

##### Short-Term Payout; Withdrawal Election

- 4.1 Short-Term Payout. Subject to the Deduction Limitation, in connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive a future "Short-Term Payout" from the Plan with respect to that Annual Deferral Amount. The Short-Term Payout shall be a lump sum payment in an amount that is equal to the Annual Deferral Amount plus interest credited at the Preferred Rate on that amount. Subject to the other terms and conditions of this Plan, each Short-Term payout elected shall be paid within 60 days of the first day of the elected Plan Year that is 3 or more years after the first day of the Plan Year in which the Annual Deferral Amount is actually deferred. Notwithstanding the foregoing, should an event occur that triggers a benefit under Article 5, 6, or 7, any Annual Deferral Amount, plus interest thereon, that is subject to a Short-Term Payout election under this Section 4.1 shall not be paid in accordance with Section 4.1, but shall be paid in accordance with the other applicable Article.
- 4.2 Withdrawal Election. A Participant may elect, at any time, to withdraw the Withdrawal Amount. No partial withdrawals shall be allowed. The Participant shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once the Withdrawal Amount is paid, the Participant shall be suspended from eligibility to participate in the Plan until the beginning of the third Plan Year following the date such amount is paid, and the Participant may only resume participation at such time or a later Plan Year by completing again the enrollment requirements specified on Article 2 hereof.

ARTICLE 5  
Retirement Benefit

- 5.1 Retirement Benefit. Subject to the Deduction Limitation, a Participant who retires shall receive, as a Retirement Benefit, his or her Account Balance with interest credited in accordance with Section 3.6 hereof and, if applicable, Section 3.7 hereof.
- 5.2 Payment of Retirement Benefits. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or in monthly payments over a period of 60, 120, or 180 months (as determined in accordance with Section 3.7 above). If no election is made payments shall be made over a 180 month period. The Participant may change this election to an allowable alternative payout period by submitting a new Election Form to the Committee, provided that any such Election Form is submitted at least two (2) years prior to the Participant's Retirement. The Election Form most recently accepted by the Committee which meets the requirement of the preceding sentence shall govern the payout of the Retirement Benefit. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days from the date the Participant Retires.
- 5.3 Death Prior to Completion of Retirement Benefits. If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit payments shall continue and shall be paid to the Participant's Beneficiary (a) over the remaining number of months and in the same amounts as that benefit would have been paid to the Participant had the Participant survived, or (b) in a lump sum, if requested by the beneficiary and allowed at the sole and absolute discretion of the Committee. The lump sum payment will be the Participant's Account Balance at the time of his or her death, or, if later, the time the lump sum payment is actually made.

ARTICLE 6  
Pre-Retirement Survivor Benefit

- 6.1 Pre-Retirement Survivor Benefit. Subject to the Deduction Limitation, if a Participant dies before he or she Retires or has a Termination of Employment, the Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's Account Balance with interest credited in accordance with Section 3.6 hereof and, if applicable 3.7 hereof.

- 6.2 Payment of Pre-Retirement Survivor Benefits. The Pre-Retirement Survivor Benefit shall be paid in the payment period previously elected by the Participant for the payment of the Retirement Benefit, or, if no election was made, monthly for 15 years. However, the Pre-Retirement Survivor Benefit payment may be made as a lump sum at the request of the Beneficiary and at the sole and absolute discretion of the Committee. The first (or only payment, if made in lump sum) shall be made within 60 days of the Committee's receiving proof of the Participant's death.

#### ARTICLE 7

##### Termination Benefit

- 7.1 Termination Benefits. Subject to the Deduction Limitation, if a Participant experiences a Termination of Employment prior to his or her Retirement, the Participant shall receive a Termination Benefit, which shall be equal to the Participant's Account Balance with interest credited in accordance with Section 3.6 hereof and, if applicable, Section 3.7 hereof.
- 7.2 Payment of Termination Benefit. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Termination Benefit in a lump sum or in monthly payments over a period of 60, 120, or 180 months (as determined in accordance with Section 3.7 above). The Participant may change the selection to an allowable alternative pay out period by submitting a new election form to the Committee, provided that any such Election Form is submitted at least two (2) years prior to the Participant's Termination of Employment. The Election Form most recently accepted by the Committee which meets the requirement of the preceding sentence shall govern the payout of the Termination Benefit. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days from the date of the Participant's Termination of Employment.
- 7.3 Death Prior to Completion of Termination Benefits. If a Participant dies after Termination of Employment but before the Termination Benefit is paid in full, the Participant's unpaid termination benefit payments shall continue and shall be paid to the Participant's beneficiary (a) over the remaining number of months and in the same amounts as the benefit would have been paid to the Participant had the Participant survived, or (b) in a lump sum, if requested by the beneficiary and allowed at the sole and absolute discretion of the Committee. The lump sum payment will be the Participant's Account Balance at the time of his or her death, or, if later, the time the lump sum payment is actually made.

ARTICLE 8  
Disability Waiver and Benefit

8.1 Disability Waiver.

- (a) Eligibility. By participating in the Plan, all Participants are eligible for this waiver.
- (b) Waiver of Deferral; Credit for Plan Year of Disability. A Participant who is determined by the Committee to be suffering from a Disability shall be excused from fulfilling that portion of the Annual Deferral Amount commitment that would otherwise have been withheld from a Participant's Base Annual Salary and/or Annual Bonus for the Plan Year during which the Participant first suffers a Disability. During the period of Disability, the Participant shall not be allowed to make any additional deferral elections.
- (c) Return to Work. If a Participant returns to employment with an Employer after a Disability ceases, the Participant may elect to to employment or service and for every Plan Year thereafter while a Participant in the Plan; provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.3 above.

- 8.2 Benefit Eligibility. A Participant suffering a Disability shall, for benefit purposes under this Plan but subject to Section 8.1, above, continue to be considered to be employed and shall be eligible for the benefits provided for in Articles 4, 5, 6 and 7 in accordance with the provisions of those Articles. Employee shall be considered an active employee for purposes of Section 1.36 hereof during a Disability. Notwithstanding the above, the Committee shall have the right, in its sole and absolute discretion and for purposes of this Plan only, to terminate a Participant's employment at any time after such Participant is determined to be permanently and totally disabled under the Participant's Employer's long-term disability plan or would have been determined to be permanently and totally disabled had he or she participated in such plan. In such case, the Participant's Termination Benefit under Article 7 hereof shall, if payable in installments, be computed, notwithstanding Section 3.7 hereof, using the Preferred Rate for the Plan Year in which the particular installment is paid.

- 9.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary (both primary as well as contingent) to receive any benefits payable under the Plan to a Beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.
- 9.2 Beneficiary Designation; Change; Spousal Consent. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Where required by law or by the Committee, in its sole and absolute discretion, if the Participant names someone other than his or her spouse as a Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.
- 9.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent
- 9.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 9.1, 9.2 and 9.3 above, or, if all designated Beneficiaries predecease the Participant, then the Participant's designated Beneficiary shall be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan shall be paid to the Participant's estate.
- 9.5 Doubt as to Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its sole and absolute discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.
- 9.6 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 10  
Leave of Absence

- 10.1 Paid Leave of Absence. If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered actively employed by the Employer for purposes of Section 1.36 hereof and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.
- 10.2 Unpaid Leave of Absence. If a Participant is authorized by the Participant's Employer for any reason to take an unpaid leave of absence from the employment of the Employer, the Participant shall continue to be considered actively employed by the Employer for purposes of Section 1.36 hereof, but the Participant shall be excused from making deferrals until the earlier of the date the leave of absence expires or the date the Participant returns to paid employment status. Upon such expiration or return, deferrals shall resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 11  
Termination, Amendment or Modification

- 11.1 Termination. Any Employer reserves the right to terminate the Plan at any time with respect to Participants employed by the Employer. Upon the termination of the Plan, the Participant's Account Balance shall be paid out as though the Participant had experienced a Termination of Employment on the date of Plan termination, or, if Plan termination occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired on the date of Plan termination, or, if Plan termination occurs after the Participant Retired or had a Termination of Employment and commenced (but not completed) distribution hereunder, benefits shall continue to the Participant pursuant to the terms hereof without regard to the Plan termination.
- 11.2 Amendment. Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer; provided, however, that no amendment or modification shall be effective to decrease a Participant's Account Balance, calculated as though the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification, or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. In addition, no amendment or modification of the Plan shall affect the right of any Participant or Beneficiary who was eligible to or did Retire or who did have a Termination of Employment on or before the effective date of such amendment or modification to receive benefits in the manner he or she elected.
- 11.3 Interest Rate in the Event of a Change in Control and Interest. In connection with a Termination of Employment or a Plan termination, amendment or modification under Sections 11.1 and 11.2, above, occurring within two years following a Change in Control, the interest rate for an installment payment shall in all events, notwithstanding Section 3.7 hereof, be the Preferred Rate for the Plan Year in which the installment payments commence.
- 11.4 Effect of Payment. The full payment of the applicable benefit under Articles 4, 5, 6, or 7 of the Plan shall completely discharge all obligations to a Participant under this Plan and the Participant's Plan Agreement shall terminate.

ARTICLE 12  
Administration

- 12.1 Committee Duties. This Plan shall be administered by a Committee, to be known as the Mueller Deferred Compensation Plan Committee, which shall consist of individuals approved by the Board. The initial members shall include the Chairman of the Board, and the Chief Executive Officer and Chief Financial Officer of the Company. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. Any Committee member must recuse himself or herself on any matter of personal interest to such member that comes before the Committee.
- 12.2 Agents. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit and may from time to time consult with counsel who may be counsel to any Employer.
- 12.3 Binding Effect of Decisions. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.
- 12.4 Indemnity of Committee. All Employers shall indemnify and hold harmless the members of the Committee against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan to the fullest extent permitted by applicable law.
- 12.5 Employer Information. To enable the Committee to perform its functions, each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee may reasonably require.

ARTICLE 13  
Claims Procedure

- 13.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.
- 13.2 Notification of Decision. The Committee shall consider a Claimant's claim within 60 days of the making of the claim, and shall notify the Claimant in writing:
- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or



(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

- (i) the specific reason(s) for the denial of the claim, or any part of it;
- (ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
- (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
- (iv) an explanation of the claim review procedure set forth in Section 13.3 below.

13.3 Review of a Denied Claim. Within 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than 30 days after the review procedure begins, the Claimant (or the Claimant's duly authorized representative):

- (a) may review pertinent documents;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Committee, in its sole discretion, may grant.

13.4 Decision on Review. The Committee shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and
- (c) such other matters as the Committee deems relevant.

13.5 Legal Action. A Claimant's compliance with the foregoing provisions of this Article 13 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 14  
Trust

- 14.1 Establishment of Trust. The Company shall establish the Trust. While no Employer guarantees the level of funding, it is the Employers' intention that sufficient assets be transferred to the Trust so that the value of the Trust at all times equals or exceeds the aggregate value of Account Balances.
- 14.2 Interrelationship of the Plan and the Trust. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Participant and the creditors of the Employers to the assets transferred to the Trust. The Employers shall at all times remain liable to carry out their obligations under the Plan. The Employers' obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust.

ARTICLE 15  
Miscellaneous

- 15.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable right, interest or claim in any specific property or assets of an Employer. Any and all of an Employer's assets shall be, and remain, the general, unpledged and unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 15.2 Employer's Liability. An Employer's liability for the payment of benefits shall be defined only by the Plan. An Employer shall have no obligation to a Participant under the Plan except as expressly provided

in the Plan.

- 15.3 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.
- 15.4 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.
- 15.5 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, with or without cause, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an employee or a director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.
- 15.6 Furnishing Information. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be reasonably requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.
- 15.7 Terms. Whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply. The masculine pronoun shall be deemed to include the feminine and vice versa, unless the context clearly indicates otherwise.
- 15.8 Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 15.9 Governing Law. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the laws of the State of Tennessee.
- 15.10 Notice. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to:
- Vice President, Human Resources  
MUELLER INDUSTRIES, INC.  
8001 Centerview Parking, Suite 103  
Cordova, TN 38018
- Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. The Committee may from time to time change its address for the purpose of notice or filing required or permitted to be given to the Committee under this Plan by giving written notice to the Participants specifying a new address.
- Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.
- 15.11 Successors. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant, the Participant's Beneficiaries, and their permitted successors and assigns.
- 15.12 Spouse's Interest. The interest in the benefits hereunder of a spouse

of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

- 15.13 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.
- 15.14 Incompetent. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetency, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.
- 15.15 Distribution in the Event of Taxation. If, for any reason, all or any portion of a Participant's benefit under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee for a distribution of assets sufficient to meet the Participant's tax liability (including additions to tax, penalties and interest). Upon the grant of such a petition, which grant shall not be unreasonably withheld, a Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to that Participant's federal, state and local tax liability associated with such taxation (which amount shall not exceed the Participant's vested Account Balance), which liability shall be measured by using that Participant's then current highest federal, state and local marginal tax rate, plus the rates or amounts for the applicable additions to tax, penalties and interest. If the petition is granted, the tax liability distribution shall be made within 90 days of the date when the Participant's petition is granted. Such a distribution shall reduce the benefits to be paid under this Plan.
- 15.16 Legal Fees to Enforce Rights After Change in Control. The Company is aware that upon the occurrence of a Change in Control, the Board (which might then be composed of new members) or a shareholder of the Company, or of any successor corporation might then cause or attempt to cause the Company or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company or the Committee has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant or Beneficiary the benefits intended to be provided, then the Company irrevocably authorizes such person to retain counsel of his or her choice at the expense of the Company to represent such person in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company, the Committee, or any director, officer, shareholder or other person affiliated with the Company or any successor thereto in any jurisdiction.

IN WITNESS WHEREOF, the Company has signed this amended and restated Plan document as of \_\_\_\_\_, 1997.

By: \_\_\_\_\_

Its: \_\_\_\_\_

MUELLER INDUSTRIES, INC.  
1996 ANNUAL REPORT

COMMITMENT TO EXCELLENCE

We are committed to being the supplier of choice in our industry. Continual investment in state-of-the-art technology, equipment, and people will set us apart...and allow us to anticipate and exceed the needs of our customers. Serving our customers and employees well should prove to be a worthwhile reward for our long-term shareholders.

In 1997, we will be able to better serve our customers' needs because of our recent investments:

High efficiency extrusion and continuous tube drawing;  
Indirect extrusion press increasing yield at our brass rod mill;  
Plastic fittings capacity;  
Key item/high-volume copper fittings factory;  
Entry into the line set business; and  
Acquisition of Precision Tube Company business.

Our goal is to continually improve existing operations, pursue additional areas of growth, and provide our customers with superior service. Areas of focus in 1997 include:

Improving the utilization of scrap metal with enhanced refining processes;  
Broadening our plastics product offering;  
Building a prototype distribution center in Covington, Tennessee;  
and  
Streamlining our distribution network.

You will also see continuing focus in the future on external growth of our Company through strategic acquisitions.

As you can imagine, our employees are never satisfied with simply maintaining the status quo. Originality is the principal source of human improvement. Original thinkers don't fear change, they embrace it! They look forward to change because they know it is where they thrive. The happiness and well-being of our employees is dependent on their ability to be flexible and receptive to change. They can and will continue to meet every future challenge.

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

<TABLE>

<CAPTION>

	1992	1993	1994	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
Summary of Operations					
Net sales	\$ 517,339	\$ 501,885	\$ 550,003	\$ 678,838	\$ 718,312
Sales of manufactured products (in millions of pounds)	329.5	362.1	380.6	388.3	447.0
Net income	\$ 16,666	\$ 21,136	\$ 27,926	\$ 44,823	\$ 61,173
Average shares outstanding (in thousands)	20,110	20,886	19,780	19,149	19,497
Net income per share - primary	\$ .83	\$ 1.01	\$ 1.41	\$ 2.34	\$ 3.14

Significant Year-End Data

Cash and cash equivalents	\$ 44,459	\$ 77,336	\$ 34,492	\$ 48,357	\$ 96,956
Ratio of current assets to current liabilities	3.1 to 1	4.1 to 1	2.7 to 1	3.1 to 1	3.5 to 1
Working capital	\$ 124,355	\$ 146,981	\$ 116,330	\$ 143,154	\$ 195,756
Long-term debt (including current portion)	\$ 69,477	\$ 62,711	\$ 94,736	\$ 75,902	\$ 59,650

Debt as a percent of total capitalization	25.4%	22.0%	28.1%	21.0%	14.6%
Stockholders' equity	\$ 204,421	\$ 222,114	\$ 241,948	\$ 285,875	\$ 348,082
Book value per share	\$ 10.61	\$ 11.59	\$ 13.91	\$ 16.48	\$ 19.96
Capital expenditures	\$ 10,952	\$ 11,083	\$ 48,152	\$ 40,980	\$ 18,868
Number of employees	2,055	2,010	2,256	2,274	2,339

</TABLE>

[GRAPH]

<TABLE>

<CAPTION>

	1992	1993	1994	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
Net Income (Dollars In Thousands)	\$ 16,666	\$ 21,136	\$ 27,926	\$ 44,823	\$ 61,173
Primary Earnings Per Share	\$ .83	\$ 1.01	\$ 1.41	\$ 2.34	\$ 3.14

</TABLE>

#### A REPORT TO OUR STOCKHOLDERS, CUSTOMERS, AND EMPLOYEES

In 1996, Mueller Industries, Inc. again achieved record earnings. Sales, net earnings, pounds of product shipped, and earnings per share all reached record levels. Our major capital investments of the past few years have resulted in increased production capacity, higher yields, and improved efficiency at the Company's manufacturing operations. Our excellent balance sheet, dedicated employees, and strong customer relationships provide Mueller with many opportunities for growth in the years ahead.

#### Record Results

Net income increased to \$61.2 million in 1996, compared to \$44.8 million in 1995, a gain of 37 percent. Earnings per share rose 34 percent, to \$3.14 for 1996 from \$2.34 per share in 1995. Despite a decline in copper prices, which are largely incorporated into our selling prices, net sales climbed to \$718.3 million in 1996, from \$678.8 million in the prior year. Mueller shipped 447.0 million pounds of product in 1996, up 15 percent from 388.3 million pounds in 1995.

#### Manufacturing Operations

Mueller's copper tube mill, located in Fulton, Mississippi, had a busy and productive year. Market demand for tube products was strong, but by working around-the-clock, Mueller's employees beat all prior production records and met our customers' needs. An enlarged billet package and state-of-the-art drawing equipment enabled the mill to increase deliveries, while maintaining quality standards and reducing conversion costs.

Demand for wrought copper fittings was also strong in 1996. Selling prices dropped slightly, but overall, our margins remained solid. Manufacturing productivity at Mueller's low-volume copper fittings plant in Covington, Tennessee, improved. All production lines at our new high-volume copper fittings plant in Fulton, Mississippi, are now operational. Although this plant provides needed additional capacity, it is not yet operating at planned levels of throughput and yield. Mueller's Canadian copper fittings plant, located in Strathroy, Ontario, had another good year, despite the slow economy in Canada and Europe.

Our plastic fittings business had a breakthrough year. Mueller's plants in Ohio, Michigan, and California operated at unprecedented volume and efficiency. Our decision in 1994 to expand our presence in the plastics business has proved worthwhile giving us the size and leverage to become one of the lowest cost producers in the industry.

Our refrigeration business, based in Hartsville, Tennessee, continued to grow both in sales and profitability. We are working to achieve further growth, while delivering products more effectively through our OEM and wholesale channels of distribution.

Mueller's Port Huron, Michigan, brass rod mill ran near capacity for the entire year. The new indirect extrusion press, installed in late 1995, permitted an increase in throughput to meet brisk market demand. Sales at our

forgings plant, also in Port Huron, remained solid. Production improved significantly at our aluminum impact extrusion facility in Marysville, Michigan. This business has successfully transitioned from dependence on munitions to a more diverse product portfolio with greater potential for growth.

#### Natural Resource Operations

The Utah Railway Company had its best year ever in 1996. Tonnage shipped increased by 14 percent, resulting in increased operating profits. As a result of the Union Pacific/Southern Pacific merger, the railroad gained trackage rights and access to additional coal mining customers. We are exploring these new opportunities.

In March 1996, Mueller acquired the minority interest in Alaska Gold Company, thereby making it a wholly-owned subsidiary. Alaska Gold, which operates open-pit placer gold mines in Nome, Alaska, had a difficult year due to lower grade pay gravel and increased exploration costs. In 1997, Alaska Gold will focus on profitable extraction of gold from ongoing open-pit operations.

#### Internal Growth

The Company has begun a two-year program to upgrade its copper casting and refining processes at the Fulton copper tube mill. This investment, totaling approximately \$25 million, will increase copper tube capacity and allow greater flexibility in the use of copper scrap when market conditions warrant.

In the plastic fittings business, Mueller has embarked on an \$11 million capital investment program to increase productivity and capacity at our manufacturing plants. In addition, we will invest approximately \$7 million over the next two years in our Covington, Tennessee, low-volume copper fittings plant to increase output and improve efficiency.

Finally, Mueller is implementing several initiatives to improve our distribution systems. Warehouse capacity at the Fulton tube mill will expand substantially, permitting more large orders to ship direct to customers. Direct shipments will increase availability and reduce handling costs. We also plan to install a new, highly automated part-picking and shipping system in Covington, allowing for faster order processing.

#### Acquisitions

Mueller made two acquisitions in 1996. In June, we entered the line sets business by acquiring the assets of Vanguard Industries, Inc. Line sets, made from copper tube, are used to control the flow of refrigerant gases. The acquisition was immediately accretive to earnings. Our sales force has had considerable success distributing line sets to both OEMs and wholesalers. To keep up with anticipated demand, we will construct a new line sets factory in Fulton, Mississippi, during 1997.

On December 30, 1996, Mueller acquired the assets of Precision Tube Company, Inc., with operations in North Wales, Pennsylvania, and Salisbury, Maryland. Precision Tube manufactures copper tubing, copper alloy tubing, aluminum tubing, and fabricated tubular products. Precision Tube's largest market is the baseboard heating industry. The acquisition should be accretive to earnings in 1997.

Mueller will continue to seek acquisitions, on a global basis, that will add to the basic value of our Company. We look for logical extensions to our existing product lines that can benefit from our manufacturing or marketing expertise. In anticipation of continued growth, Mueller increased its unsecured line-of-credit facility to \$100 million in December 1996.

#### Philosophy

Mueller is committed to long-term business relationships. We work every day to understand and anticipate our customers' needs. We will continue to invest the care and capital to ensure quality, availability, and service.

Empowering employees is the key to successful change. The progress of the past few years would not have been possible without the dedication and enthusiasm of our many talented and hard-working employees. Mueller will continue to respect and to support our employees, to reward thoughtful initiative, and to provide opportunities for career advancement.

#### Outlook

Economic indicators going into 1997 are favorable for our business. Housing starts are near the highest levels of the 1990s. Larger homes are being built, with more bathrooms, generating increasing demand for our products. Consumer confidence is high. Fixed rate 30-year mortgages are available at interest rates below 8 percent. These favorable economic conditions hold the promise for another good year for Mueller.



Enthusiasm and excitement pervade Mueller. Our Company has achieved much in the past five years with each accomplishment creating new opportunities. We will pursue these opportunities with energy and purpose.

Sincerely,

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

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

March 18, 1997

#### BUSINESS INTERESTS

##### STANDARD PRODUCTS DIVISION

###### Copper Fittings

Copper fittings are found in virtually all water distribution systems, heating systems, and air-conditioning and refrigeration applications in residential, office and commercial construction. Mueller manufactures Streamline wrot copper fittings at four plants located in Fulton, Mississippi; Covington, Tennessee; Port Huron, Michigan; and Strathroy, Ontario, Canada. The plants convert tube produced at Mueller's copper tube mill and copper rod into over 1,500 different sizes and shapes. Our newest facility, a high-volume copper fittings plant, is adjacent to our tube mill in Fulton. This plant opened in late 1995 and increased Mueller's capacity to produce its most popular copper fittings. This specialized high-volume factory enables the Company's facility in Covington to focus on a much broader range of low-volume items, where careful scheduling and quick changeovers are critical to profitable and efficient operation. Mueller is also undertaking a modernization program at this plant in Covington to reduce conversion costs and expand capacity. Our Strathroy facility produces inch and metric sized fittings and is ISO certified. The Strathroy operation serves many of our European customers where metric sized products are required.

###### Plastic Fittings

Mueller manufactures a full DWV plastic fittings product line. These operations are located in Kalamazoo, Michigan; Cerritos, California; and Upper Sandusky, Ohio. Injection molding equipment at these three plants produces over 1,000 different parts in PVC and ABS in various diameters. Recent investments in new production equipment and processing technology have greatly enhanced the Company's efficiency making Mueller a low cost producer of plastic fittings and valves. The Company plans to broaden its plastics offering in the future to better supply our customers' needs.

###### Copper Tube

The Company's copper tube mill, located in Fulton, Mississippi, produces one of the broadest lines of copper tube offered by any single manufacturer. Products include dehydrated coils and nitrogen-charged straight lengths used primarily for refrigeration and air-conditioning, copper water tube in straight lengths and coils used for plumbing and construction, and redraw tubing for OEMs. We sell to plumbing and refrigeration wholesalers and to OEM customers in North America and numerous foreign countries.

A mill modernization program, completed in 1995, included an upgrade of

extrusion technology and installation of state-of-the-art tube drawing and material handling equipment, significantly increasing productivity and efficiency. Because of this investment, the Company was better able to serve its customers' growing demand for tube in 1996.

#### Line Sets

The Company entered the line sets business during the second quarter by acquiring the assets of Vanguard Industries, Inc. We sell this product, which is used for controlling the flow of refrigerant gases, to both OEMs and wholesalers. Line sets are a logical extension of our product line as they are made from copper tube and are distributed by our present sales organization. The Company manufactures line sets at a separate factory in Fulton, Mississippi.

#### PRECISION TUBE COMPANY

Precision Tube manufactures copper tubing, copper alloy tubing, aluminum tubing and fabricated tubular products. Precision Tube's principal product line, manufactured at its plant in North Wales, Pennsylvania, is copper tubing for the baseboard heating industry. Other applications include appliances, aircraft, connectors, medical instruments, musical instruments, and sports and leisure products.

Precision Tube also manufactures semi-rigid and flexible coaxial cables and assemblies at its facility in Salisbury, Maryland (Coaxitube Division). Applications of these products include defense and microwave technologies. The Coaxitube Division also has exclusive North American rights to market and distribute Spinner GmbH connectors, which are used in applications where precise tolerances are critical.

The Precision Tube acquisition, completed on December 30, 1996, is a logical extension of the Company's copper fabricating business. With access to additional capital, Precision Tube should be able to expand its customer base and improve its operating efficiency and profitability.

#### INDUSTRIAL PRODUCTS DIVISION

Mueller rod products, hot forgings and impact extrusions are found in a variety of end products including plumbing brass, automotive components, valves and fittings, and industrial machinery and equipment. Industrial products are sold through service centers and to OEM customers.

#### Brass Rod

The Port Huron, Michigan, mill is a leading extruder of free-machining brass rod. Mueller produces a broad range of rounds, squares, and hexagons for machining, thread rolling, and forging applications. The rod mill also produces special purpose alloys and continues to expand its line of special shapes and profiles.

During 1996, Mueller completed a two-year, \$16 million investment program at its brass rod mill. This investment included the installation of a state-of-the-art indirect extrusion press, new billet heating furnaces, rod coilers and run out conveyors, and product cleaning and material handling systems. This modernization program significantly upgrades the manufacturing process. Mueller is enhancing these operations to achieve greater throughput enabling us to satisfy the growing, changing needs of our customers.

#### Forgings

The forging operation, also located in Port Huron, Michigan, produces a wide variety of brass and aluminum parts. The Company continues to invest in automated forging technology. This has opened new market opportunities for the production of high-volume, close tolerance custom parts close to final shape and dimensions.

#### Impact Extrusions

Impact extrusions produced at Marysville, Michigan, are QS 9000 certified. These cold formed aluminum and copper wrought products combine toughness with versatility of design and finish. Mueller impacts enable

customers to replace multi-part assemblies with simple one piece designs, resulting in increased strength, reduced weight, and improved appearance.

#### REFRIGERATION PRODUCTS DIVISION

Mueller manufactures a broad line of valves, fittings, filters, driers and custom OEM products for refrigeration and air-conditioning applications at its Hartsville, Tennessee, plant. Many Hartsville products are machined and assembled from rod stock and forged products manufactured in the Company's Port Huron plants. These fittings and assemblies are used in refrigeration applications such as residential and commercial air-conditioning systems, walk-in coolers, and ice and vending machines. Customers for Mueller's refrigeration products include OEMs and refrigeration wholesalers in the United States and throughout the world.

#### NATURAL RESOURCE OPERATIONS

The Utah Railway Company, established in 1912, hauls coal to connections with national carriers, power plants and to other destinations. In 1996, Utah Railway hauled 6.2 million tons of coal mined primarily in Carbon and Emery Counties, Utah. In February 1996, Utah Railway reached an agreement with the Union Pacific Railroad granting us overhead trackage rights to Grand Junction, Colorado, and access to additional coal mining customers.

In 1996, Alaska Gold Company mined approximately 24,100 ounces of gold through open-pit and other operations. Alaska Gold will continue open-pit mining in Nome during 1997.

[GRAPH]

#### EARNINGS PER SHARE BY QUARTER

<TABLE>

<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Fourth quarter	\$ .91	\$ .65	\$ .50
Third quarter	.83	.60	.45
Second quarter	.71	.56	.28
First quarter	.69	.53	.20

</TABLE>

[GRAPH]

#### DEBT AS A PERCENT OF TOTAL CAPITALIZATION BY QUARTER

<TABLE>

<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Fourth quarter	14.6%	21.0%	28.1%
Third quarter	16.8%	22.7%	30.3%
Second quarter	18.1%	25.1%	27.3%
First quarter	19.5%	26.7%	26.3%

</TABLE>

## FINANCIAL REVIEW

### OVERVIEW

The Company's principal business is the manufacture and sale of copper tube, brass rod, copper and plastic fittings, forgings, valves, and other products made of copper, brass, bronze, plastic and aluminum. 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, commercial buildings, and other construction. A majority of the Company's product is sold through wholesalers in the plumbing, air-conditioning and refrigeration markets and to OEMs in these and other markets.

Profitability of certain of the Company's product lines depends upon the "spreads" between the cost of metal and the gross selling prices of its completed products. The open market price for copper cathode, for example, directly influences the selling price of copper tubing, a principal product manufactured by the Company. The Company minimizes the effects of changes in copper prices by passing base metal costs through to its customers as metal prices fluctuate.

In 1994, Mueller adopted the LIFO method of accounting for the copper component of certain of its copper tube and fittings inventories. Management believes the LIFO method results in a better matching of current costs with current revenues. The market price of copper does, however, indirectly affect the carrying value (FIFO basis) of the Company's brass and other inventories. The Company's copper and brass inventories customarily total between 30 and 40 million pounds. "Spreads" between material costs and selling prices of finished products 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. Also, certain other natural resource properties are leased while others are offered for sale. Certain properties produce rental or royalty income.

### RESULTS OF OPERATIONS

#### 1996 Performance Compared to 1995

Consolidated net sales were \$718.3 million in 1996, up \$39.5 million or 5.8 percent from net sales of \$678.8 million in 1995. In the manufacturing businesses, sales reached 447.0 million pounds, for a 15.1 percent volume increase over the prior year. Lower copper raw material costs, which are largely reflected in the selling price of the Company's products, account for the difference in the rates of increase in sales dollars and pounds. Natural resource sales declined to \$20.3 million in 1996 from \$31.9 million in 1995 due to the timing of gold sales.

Cost of goods sold increased \$4.7 million to \$554.6 million in 1996. This increase is primarily attributable to higher sales volume. The Company's gross profit increased \$34.8 million, or 27 percent, to \$163.7 million as the Company leveraged its operating costs. This increase reflects cost reductions and yield improvements in our manufacturing operations as well as price improvements in certain product lines.

Depreciation and amortization totaled \$18.5 million in 1996 compared with \$15.5 million in 1995. This increase results from heavy capital expenditure programs in recent years.

Selling, general, and administrative expense increased \$5.3 million in 1996 from \$49.5 million in 1995. This increase was due mainly to the relocation of the Company's corporate office to Memphis, Tennessee, higher sales volume in 1996, increased employee incentive compensation, and growth related expenses.

Interest expense in 1996 totaled \$5.3 million, or \$1.2 million more than in 1995. The Company capitalized \$2.6 million less interest in 1996 on major, long-term, capital improvement programs than it capitalized in 1995 because most of these capital programs became operational in late 1995 and early 1996. Total interest payments in 1996 decreased due to reductions in long-term debt.

The 1996 provision for environmental reserves totaled \$2.0 million compared to \$1.4 million in 1995. This additional provision is mainly for Mueller's Mining Remedial Recovery Company and is based on updated information and results of ongoing environmental remediation and monitoring programs for previously identified environmental sites.

Other income decreased to \$5.3 million in 1996 from \$6.1 million in 1995. This decrease was due mainly to lower rent and royalty income and a reduced gain from disposal of properties, both in our natural resource businesses. This decrease was partially offset by higher interest income as the Company's cash balance increased during 1996.

The Company provided \$27.2 million for income taxes in 1996, of which \$4.1 million was deferred. The current tax expense of \$23.1 million for 1996 increased due to higher taxable income. During 1996, the effective tax rate of 30.8 percent reflects the recognition of certain tax attributes discussed in Note 6 and certain favorable state tax credits including IRB financings.

#### Manufacturing Group

In 1996, net sales increased \$51.1 million to \$698.0 million, a 7.9 percent increase over 1995. Sales volume, measured in pounds of product sold, increased 15.1 percent in 1996. Copper raw material costs were lower in 1996 than they were in 1995. Pricing changes incorporate fluctuations in raw material cost. Increased volume and spread, combined with improved operating efficiency and yield, resulted in a 35 percent improvement in gross profit.

Operating income increased primarily due to: (i) productivity and yield improvements in manufacturing operations; (ii) selective price increases in fittings; and (iii) higher margins on copper tube.

#### Natural Resources Group

Net sales of the Company's natural resources segment were \$20.3 million in 1996 compared to \$31.9 million in 1995. This decline was primarily due to lower gold sales, offset by increased revenues at Utah Railway. Transportation revenues of Utah Railway were \$20.0 million in 1996, a 9.8 percent increase over 1995. Utah Railway hauled 6.2 million tons of coal in 1996, which was a 13.6 percent increase over 1995. Alaska Gold did not sell gold during 1996; in 1995, gold sales totaled \$13.0 million (33,820 ounces). At December 28, 1996, approximately 24,100 ounces of gold remained in inventory.

#### 1995 Performance Compared to 1994

Consolidated net sales of \$678.8 million in 1995 compares with \$550.0 million in 1994. The increase is primarily attributable to higher copper prices, which are generally passed through to customers, and to higher volumes. In 1995, the Company's core manufacturing businesses shipped 388.3 million pounds of product compared to 380.6 million pounds in 1994. This improvement in shipments was due to modest market share gains in certain core product lines and the acquisition of two plastic fittings manufacturing facilities in September, 1994.

Depreciation and amortization totaled \$15.5 million in 1995, an increase from the 1994 level of \$12.7 million. The increase is due primarily to added depreciation from higher capital investments.

Selling, general, and administrative expenses were \$49.5 million in 1995 compared with \$44.9 million in 1994. This increase is primarily attributable to increased sales activity.

Interest expense totaled \$4.2 million in 1995, down from \$6.7 million

in 1994. The decrease is due to scheduled debt repayments and capitalized interest of approximately \$2.9 million related to three major capital improvement programs. Environmental charges of \$1.4 million in 1995 were expensed. These charges pertain to certain added costs incurred or to be incurred at various, previously identified environmental sites. Other income declined to \$6.1 million in 1995 from \$7.6 million due primarily to fewer gains on asset disposals.

The Company's 1995 effective tax rate of 30.6 percent is primarily due to the recognition of NOLs available to offset future federal taxable income. Recognition of NOLs, along with all other tax attributes, requires judgmental estimates of, among other things, the Company's ability to generate future federal taxable income.

#### Manufacturing Group

During 1995, net sales of the Company's manufacturing segment were \$646.9 million. This compares to net sales of \$533.4 million in 1994. This change was primarily attributable to: (i) sales volume increases and (ii) pricing increases due to higher average raw material costs (primarily copper) in 1995. The Company's core manufacturing businesses shipped 388.3 million pounds of product in 1995 which compares to 380.6 million pounds in 1994.

Operating income increased primarily due to: (i) productivity improvements at the manufacturing plants; (ii) selective price increases for copper fittings and brass rod products; and (iii) leveraging and containment of certain other costs and expenses throughout the Company.

#### Natural Resources Group

Net sales of the natural resources segment were \$31.9 million in 1995 compared to \$16.6 million in 1994. Transportation revenues of Utah Railway increased 14.5 percent in 1995 over 1994. Utah Railway hauled 5.5 million tons of coal in 1995, compared with 4.9 million tons of coal in 1994. Gold sales were \$13.0 million (33,820 ounces) in 1995 compared to \$.3 million (594 ounces) in 1994. Approximately 14,500 ounces of gold, held in inventory at December, 1994, were included in the total ounces sold during 1995.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalent balance increased \$48.6 million during 1996 to \$97.0 million at year-end. Major components of the 1996 change include \$78.7 million of cash provided by operating activities, \$19.3 million of cash used for capital expenditures and acquisitions, and \$16.3 million of cash used for repayment of long-term debt.

Net income of \$61.2 million in 1996 was the primary component of cash provided by operating activities. Depreciation and amortization of \$18.5 million and deferred income taxes of \$4.1 million were the primary non-cash adjustments. Major changes in working capital included a \$10.1 million increase in inventories, a \$5.6 million increase in receivables, and a \$12.5 million increase in current liabilities. Much of this increase in inventories is attributable to gold, whereas receivables increased \$5.6 million primarily from higher 1996 sales volume. Current liabilities increased due to higher federal and state tax liabilities, increased discounts and allowances from higher 1996 sales volume, certain railroad track maintenance costs and interline charges, higher accounts payable and accrued employee costs and increased reserves for certain medical, workers' compensation and insurance costs.

Net cash used in investing activities in 1996 was \$15.1 million, \$19.3 million for capital expenditures and a business acquisition, offset by \$4.1 million received from the sale of properties. Capital expenditures were primarily related to improvements in manufacturing technology, cost reductions, increased productivity and yield, quality improvements, and capacity expansion. A majority of these expenditures is associated with the Company's major capital improvement programs in its manufacturing businesses.

Net cash used in financing activities totaled \$15.0 million which includes \$16.3 million for repayment of debt, offset by \$1.3 million from sales of treasury stock under terms of outstanding stock option grants and the employee stock purchase plan.

The Company has a \$100.0 million unsecured line-of-credit agreement which expires in December 1999, but which may be extended for successive one year periods by agreement of the parties. This credit facility was increased from \$50.0 million in December 1996. There are no outstanding borrowings against the credit facility. However, the Company did have \$4.7 million in letters of credit backed by the credit facility at the end of 1996. At December 28, 1996, the Company's total debt was \$59.7 million or 14.6 percent of its total capitalization, down from 21.0 percent at the end of 1995.

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

Management believes that cash provided by operations, and currently available cash of \$97.0 million at the end of 1996, will be adequate to meet the Company's normal future capital expenditure and operational needs. The Company's current ratio is 3.5 to 1 at December 1996, compared to 3.1 to 1 at December 1995.

The Company has approved a \$25.0 million capital improvement project at its Fulton copper tube mill to improve the utilization of scrap metal and enhance the mill's refining processes. This project is also expected to improve yield and productivity and increase capacity. Moreover, the project, when completed in approximately two years, will allow the tube mill to use more scrap copper when market conditions warrant.

The Company is also committed to an \$11.0 million capital investment program to increase productivity and capacity at its plastic fittings manufacturing operations. Another important ongoing program is the modernization of the Company's low-volume, copper fittings plant in Covington, Tennessee. Modernization of this facility, which produces a broad range of low-volume copper fittings, is estimated to require approximately \$7.1 million in capital improvements and will be completed in 1998. This project, when completed, will also increase output and improve efficiency. Further, the Company has approved capital expenditures totaling approximately \$4.5 million to develop a prototype copper fittings distribution center in Covington, Tennessee, and expand its Fulton, Mississippi, copper tube distribution capabilities.

These capital improvement projects will be funded with existing cash balances and cash generated by operations. Additionally, the Company is evaluating other financing alternatives for certain of these projects.

The Company has also completed two acquisitions in fiscal 1997 as discussed in Note 12. The purchase price and working capital requirements for these acquisitions are funded from existing cash.

#### OTHER MATTERS

At December 28, 1996, the Company has total environmental reserves of approximately \$9.1 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.

The Company anticipates that the 1997 adoption of a recently issued accounting standard, as discussed in Note 1, will not have a material impact on the Company's financial statements.

The impact of inflation on the Company's operations in 1996, 1995 and 1994 was not material.

#### OUTLOOK

New housing starts and commercial construction are important determinants of Mueller's sales to the plumbing, air-conditioning and refrigeration markets and to OEMs. We remain optimistic about 1997 due to prevailing low mortgage interest rates which have historically stimulated the housing market.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 28, 1996, December 30, 1995 and December 31, 1994

<TABLE>

(In thousands, except per share data)

<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Net sales	\$ 718,312	\$ 678,838	\$ 550,003
Cost of goods sold	554,570	549,884	448,467
	-----	-----	-----
Gross profit	163,742	128,954	101,536
Depreciation and amortization	18,472	15,452	12,689
Selling, general, and administrative expense	54,808	49,491	44,895
	-----	-----	-----
Operating income	90,462	64,011	43,952
Interest expense	(5,346)	(4,168)	(6,718)
Environmental reserves	(2,045)	(1,421)	(2,914)
Other income, net	5,341	6,127	6,504
	-----	-----	-----
Income before income taxes	88,412	64,549	40,824
Income tax expense	(27,239)	(19,726)	(12,898)
	-----	-----	-----
Net income	\$ 61,173	\$ 44,823	\$ 27,926
	=====	=====	=====
Net income per share:			
Primary			
Average shares outstanding	19,497	19,149	19,780
Net income	\$ 3.14	\$ 2.34	\$ 1.41
Fully diluted			
Average shares outstanding	19,499	19,328	19,780
Net income	\$ 3.14	\$ 2.32	\$ 1.41

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>



CONSOLIDATED BALANCE SHEETS

As of December 28, 1996 and December 30, 1995

<TABLE>

(In thousands, except share data)

<CAPTION>

<S>	1996	1995
ASSETS	<C>	<C>
Current assets		
Cash and cash equivalents	\$ 96,956	\$ 48,357
Accounts receivable, less allowance for doubtful accounts of \$3,188 in 1996 and \$2,986 in 1995	88,905	83,712
Inventories	76,647	66,360
Current deferred income taxes	6,508	7,354
Other current assets	5,696	5,255
Total current assets	----- 274,712	----- 211,038
Property, plant and equipment, net	219,855	221,012
Deferred income taxes	10,064	13,174
Other assets	4,726	5,611
TOTAL ASSETS	----- \$ 509,357 =====	----- \$ 450,835 =====

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 28, 1996 and December 30, 1995

<TABLE>

(In thousands, except share data)

<CAPTION>

<S>	1996	1995
LIABILITIES AND STOCKHOLDERS' EQUITY	<C>	<C>
Current liabilities		
Current portion of long-term debt	\$ 14,844	\$ 16,249
Accounts payable	18,305	16,931
Accrued wages and other employee costs	16,872	14,499
Other current liabilities	28,935	20,205
Total current liabilities	----- 78,956	----- 67,884
Long-term debt	44,806	59,653

Pension liabilities	7,735	7,093
Postretirement benefits other than pensions	8,140	8,883
Environmental reserves	9,105	9,585
Deferred income taxes	2,922	2,734
Other noncurrent liabilities	9,214	9,128
	-----	-----
Total liabilities	160,878	164,960
	-----	-----
Minority interest in subsidiaries	397	-
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 50,000,000; issued 20,000,000; outstanding 17,434,888 in 1996 and 17,349,498 in 1995	200	200
Additional paid-in capital, common	254,214	253,969
Retained earnings since January 1, 1991	127,983	66,810
Cumulative translation adjustments	(2,805)	(2,545)
Treasury common stock, at cost	(31,510)	(32,559)
	-----	-----
Total stockholders' equity	348,082	285,875
Commitments and contingencies	-	-
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 509,357	\$ 450,835
	=====	=====

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 28, 1996, December 30, 1995 and December 31, 1994

<TABLE>

(In thousands)

<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES:			
Net income	\$ 61,173	\$ 44,823	\$ 27,926
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	18,472	15,452	12,689
Provision for doubtful accounts receivable	435	75	186
Minority interest in subsidiaries	397	-	-
Deferred income taxes	4,144	7,112	4,748
Gain on disposal of properties	(973)	(1,835)	(3,159)
Changes in assets and liabilities:			
Receivables	(5,628)	(16,862)	(7,914)
Inventories	(10,070)	8,008	(20,835)
Other assets	(793)	(1,885)	(382)
Current liabilities	12,477	3,491	8,801
Other liabilities	(495)	(3,856)	376
Other, net	(439)	445	(473)
	-----	-----	-----
Net cash provided by operating activities	78,700	54,968	21,963
	-----	-----	-----
INVESTING ACTIVITIES:			
Acquisition of business	(417)	-	(12,815)
Capital expenditures	(18,868)	(40,980)	(48,152)
Proceeds from sales of properties	4,142	3,827	5,333
Escrowed IRB proceeds	-	16,067	(16,078)
	-----	-----	-----
Net cash used in investing activities	(15,143)	(21,086)	(71,712)
	-----	-----	-----
FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	-	-	45,343
Repayments of long-term debt	(16,252)	(18,834)	(13,318)
Acquisition of treasury stock	-	(2,055)	(25,897)
Proceeds from the sale of treasury stock	1,294	872	777
	-----	-----	-----
Net cash (used in) provided by financing activities	(14,958)	(20,017)	6,905

Increase (decrease) in cash and cash equivalents	48,599	13,865	(42,844)
Cash and cash equivalents at the beginning of the year	48,357	34,492	77,336
Cash and cash equivalents at the end of the year	\$ 96,956	\$ 48,357	\$ 34,492

<FN>

For supplemental disclosures of cash flow information, see Notes 1, 4, and 6. See accompanying notes to consolidated financial statements.

</TABLE>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
Years Ended December 28, 1996, December 30, 1995 and December 31, 1994  
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Cumulative Translation Adjustments	Treasury Stock	
	Number of Shares	Amount				Number of Shares	Cost
Total	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 25, 1993 (6,509) \$222,114	20,000	\$ 100	\$ 236,406	\$ (5,939)	\$ (1,944)	834	\$
Repurchase of common stock (25,897) (25,897)	-	-	-	-	-	1,850	
Net income - 27,926	-	-	-	27,926	-	-	
Issuance of shares under employee stock purchase plan 515 618	-	-	103	-	-	(43)	
Recognition of income tax benefits of preconfirmation net of operating loss carryforwards - 17,916	-	-	17,916	-	-	-	
Issuance of shares under incentive stock option plan 333 159	-	-	(174)	-	-	(39)	
Cumulative translation adjustments - (888)	-	-	-	-	(888)	-	
Balance, December 31, 1994 (31,558) 241,948	20,000	100	254,251	21,987	(2,832)	2,602	
Repurchase of common stock (2,055) (2,055)	-	-	-	-	-	135	
Net income - 44,823	-	-	-	44,823	-	-	
Issuance of shares under employee stock purchase plan 559 669	-	-	110	-	-	(46)	
Issuance of shares under incentive stock option plan 495 203	-	-	(292)	-	-	(40)	
Cumulative translation adjustments - 287	-	-	-	-	287	-	
Par value of shares issued in connection with a two-for-one stock split - -	-	100	(100)	-	-	-	
Balance, December 30, 1995 (32,559) 285,875	20,000	200	253,969	66,810	(2,545)	2,651	
Net income - 61,173	-	-	-	61,173	-	-	
Issuance of shares under employee stock purchase plan 484 968	-	-	484	-	-	(40)	
Issuance of shares under incentive stock option plans 565 326	-	-	(239)	-	-	(46)	
Cumulative translation adjustments	-	-	-	-	(260)	-	

-	(260)						
Balance, December 28, 1996	20,000	\$ 200	\$ 254,214	\$ 127,983	\$ (2,805)	2,565	
\$(31,510) \$348,082							

<FN>  
See accompanying notes to consolidated financial statements.

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The principal business of Mueller Industries, Inc. is the manufacture and sale of copper tube and fittings; brass and copper alloy rods, bars and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; and refrigeration valves, driers and flare fittings. The Company markets its products to the heating and air-conditioning, refrigeration, plumbing, hardware and other industries. During 1996, the Company operated thirteen factories in five states and Canada and had distribution facilities nationwide and sales representation worldwide.

The Company also operates a short line railroad through its subsidiary Utah Railway Company and conducts placer gold mining through its subsidiary Alaska Gold Company. In addition, the Company owns interests in or leases other natural resource properties.

PRINCIPLES OF CONSOLIDATION

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

INVENTORIES

The Company's inventories are valued at the lower of cost or market. The material component of certain of its copper tube and copper fittings inventories is valued on a last-in, first-out (LIFO) basis. Other inventories, including the non-material components of copper tube and copper fittings inventories, are valued on a first-in, first-out (FIFO) basis. Generally, inventory costs include material, labor costs and manufacturing overhead. Prior to 1994, all inventories were accounted for on a FIFO basis. See Note 2 for discussion of the accounting change.

DEPRECIATION AND AMORTIZATION

In general, depreciation of buildings, machinery and equipment, and amortization of intangibles are provided on the straight-line method over the estimated useful lives ranging from 20 to 40 years for buildings, 5 to 20 years for machinery and equipment, and 3 to 10 years for intangibles.

REVENUE RECOGNITION

Revenue from the sale of products is recognized upon passage of title to the customer, which, in most cases, coincides with shipment.

EMPLOYEE BENEFITS

The Company sponsors certain defined benefit pension plans that are noncontributory and cover certain union employees. The plans provide pension benefits based on years of service and stated benefit amounts for each year of service.

In addition to providing pension benefits, the Company sponsors certain postretirement health and life insurance programs for certain union and salaried employees, which are accounted for on the accrual method in accordance with SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. These benefits are funded on a pay-as-you-go basis and the cost is recognized as earned during the active service life of employees. Certain retirees pay a premium for health insurance which is based on benefits paid less an agreed upon amount that is paid by the Company.

#### STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB No. 25) and related Interpretations.

#### EARNINGS PER COMMON SHARE

Primary earnings per common share are based upon the weighted average number of common and common equivalent shares outstanding during each 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.

#### INCOME TAXES

The Company accounts for income taxes using the liability method required by SFAS No. 109, Accounting for Income Taxes.

#### CASH EQUIVALENTS

Temporary investments with maturities of three months or less are considered to be cash equivalents. These investments are stated at cost. At December 28, 1996, and December 30, 1995, temporary investments consisted of certificates of deposit, commercial paper, bank repurchase agreements, and U.S. and foreign government securities totaling \$98.1 million and \$51.7 million, respectively. These carrying amounts approximate fair value.

#### CONCENTRATIONS OF CREDIT AND MARKET RISK

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

The Company minimizes its market risk of 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 to its customers.

Occasionally, the Company hedges portions of its inventories against price fluctuations through the purchase of option contracts. Gains and losses on hedging transactions are recognized in income at the time the underlying inventory is sold. At year-end, there were no open hedge transactions nor any deferred gains or losses.

The Company's sales are principally denominated and collected in U.S. currency. Certain sales of the Company's foreign operations are collected in foreign currencies. Occasionally, the market risk regarding foreign currency exchange rate fluctuations is hedged using forward contracts. At year-end, there were no open forward contracts nor any deferred gains or losses.

#### FOREIGN CURRENCY TRANSLATION

For foreign subsidiaries, the functional currency is the local foreign 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 as a separate component of stockholders' equity. Transaction gains and losses included in the statement of income were not significant.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

During 1996, the American Institute of Certified Public Accountants issued Statement of Position 96-1, Environmental Remediation Liabilities (SOP 96-1), effective for fiscal years beginning after December 15, 1996. SOP 96-1 provides authoritative guidance on the recognition, measurement and disclosure of environmental remediation liabilities. The Company will adopt SOP 96-1 in the first quarter of 1997 and, based on current circumstances, does not believe the effect of the adoption will be material.

#### RECLASSIFICATIONS

Certain amounts in the 1995 and 1994 consolidated financial statements have been reclassified to conform with the 1996 presentation.

NOTE 2 - INVENTORIES

Inventories consist of the following:

	1996	1995
Inventories		
Raw material and supplies	\$ 15,416	\$ 14,538
Work-in-process	12,540	17,133
Finished goods	42,041	34,681
Gold	6,650	8
	-----	-----
Inventories	\$ 76,647	\$ 66,360
	=====	=====

During 1994, the Company elected to change its method of valuing the material component of certain of its copper tube and copper fittings inventory from the FIFO method to the LIFO method. This change in accounting principle was applied 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 copper fittings industry. The effect of this change reduced net income for the year ended December 31, 1994, by \$9.0 million (or 46 cents per share).

Inventories valued using the LIFO method were \$20.9 million in 1996 and \$21.2 million in 1995. The approximate FIFO current cost of such inventories was \$26.7 million at December 28, 1996, and \$35.4 million at December 30, 1995.

NOTE 3 - PROPERTIES

Properties stated at fair value as of December 28, 1990, with subsequent additions recorded at cost, are as follows:

	1996	1995
Properties		
Land and land improvements	\$ 6,646	\$ 7,464
Buildings, machinery and equipment	279,116	247,655
Construction in progress	5,001	20,182
	-----	-----
	290,763	275,301
Less accumulated depreciation	(70,908)	(54,289)
	-----	-----
Property, plant and equipment, net	\$ 219,855	\$ 221,012
	=====	=====

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following:

	1996	1995
<TABLE>		
(In thousands)		
<CAPTION>		
<S>	<C>	<C>
8.38% Unsecured Notes, due through 2000	\$ 14,286	\$ 17,857
7.54% Unsecured Note Payable, due through 1999	13,000	16,000
1993 Series IRBs with interest at 6.95%, due through 2000	11,429	14,286
1994 Series IRBs with interest at 8.825%, due through 2001	11,571	14,143
Other, including capitalized lease obligations	9,364	13,616
	-----	-----
	59,650	75,902
Less current portion of long-term debt	(14,844)	(16,249)
	-----	-----
Long-term debt	\$ 44,806	\$ 59,653
	=====	=====
</TABLE>		

Aggregate annual maturities of such debt are \$14.8 million, \$15.0 million, \$15.3 million, \$10.0 million and \$2.4 million for the years 1997 through 2001, respectively. Interest paid in 1996, 1995 and 1994 was \$5.2 million, \$7.1 million and \$8.1 million, respectively. During 1996 and 1995, the Company capitalized interest of \$.3 million and \$2.9 million, respectively, related to its major capital improvement programs. Using a discounted cash flow analysis, the book value of the Company's long-term debt approximates fair value, based on the estimated current incremental borrowing rates for similar types of borrowing arrangements.

During the fourth quarter of 1996, the Company increased to \$100.0 million its unsecured line-of-credit agreement (the Credit Facility) which expires on December 15, 1999, but may be extended for successive one year periods by agreement of the parties. Borrowings under the Credit Facility bear interest, at the Company's option, at (i) prime rate less .50 percent, (ii) LIBOR plus .27 percent, or (iii) Federal Funds Rate plus .65 percent. An annual commitment fee of 11 basis points 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 totaled approximately \$4.7 million at December 28, 1996.

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.

The Company leases certain facilities and equipment under operating leases expiring on various dates through 2001. The lease payments under these agreements aggregate to approximately \$4.7 million in 1997, \$4.4 million in 1998, \$3.9 million in 1999, \$2.5 million in 2000, and \$.6 million in 2001. Total lease and rent expense amounted to \$7.7 million in 1996, \$7.4 million in 1995 and \$6.9 million in 1994.

#### NOTE 5 - STOCKHOLDERS' EQUITY

In 1995, the Company declared a two-for-one stock split to be effected in the form of a 100 percent stock dividend. All presentations of share data herein, including earnings per share, have been restated to reflect the split for all periods presented.

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

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

On June 3, 1994, the Company purchased 1,849,750 shares of its common stock, for an aggregate purchase price of approximately \$25.9 million. 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.

As of December 28, 1996, the Company had reserved 2,562,656 shares of its common stock for issuance pursuant to certain stock option plans. Additionally, the Company had reserved 15,000 shares of preferred stock for issuance pursuant to the Shareholder Rights Plan.

#### NOTE 6 - INCOME TAXES

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

	1996	1995	1994
<TABLE> (In thousands) <CAPTION>			
<S>	<C>	<C>	<C>
Domestic	\$ 80,557	\$ 56,632	\$ 35,641
Foreign	7,855	7,917	5,183
	-----	-----	-----
Income before income taxes	\$ 88,412	\$ 64,549	\$ 40,824
	=====	=====	=====

</TABLE>

Income tax expense consists of the following:

	1996	1995	1994
<TABLE> (In thousands) <CAPTION>			
<S>	<C>	<C>	<C>
Current tax expense:			
Federal	\$ 18,296	\$ 7,838	\$ 4,172
Foreign	3,249	2,769	2,476
State and local	1,550	2,007	1,502
	-----	-----	-----
Current tax expense	23,095	12,614	8,150
	-----	-----	-----
Deferred tax expense (benefit):			
Federal	3,995	7,031	5,621
State and local	149	81	(873)
	-----	-----	-----
Deferred tax expense	4,144	7,112	4,748
	-----	-----	-----
Income tax expense	\$ 27,239	\$ 19,726	\$ 12,898
	=====	=====	=====

</TABLE>

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

	1996	1995	1994
<TABLE> (In thousands) <CAPTION>			
<S>	<C>	<C>	<C>
Expected income tax expense	\$ 30,944	\$ 22,592	\$ 14,288
State and local income tax, net of federal benefit	1,027	1,357	976
Foreign income taxes	1,035	230	641
Reduction in valuation allowance	(4,622)	(5,006)	(1,495)



Other, net	(1,145)	553	(1,512)
	-----	-----	-----
Income tax expense	\$ 27,239	\$ 19,726	\$ 12,898
	=====	=====	=====

</TABLE>

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

<TABLE>

(In thousands)

<CAPTION>

	1996	1995
<S>	<C>	<C>
Deferred tax assets:		
Accounts receivable	\$ 1,140	\$ 1,013
Inventories	3,617	4,864
Pension, OPEB and accrued items	11,109	10,661
Other reserves	11,134	10,519
Net operating loss carryforwards	43,924	47,143
Loss carryforward-prior abandonment of preferred stock	41,301	45,228
Alternative minimum tax credit carryforwards	4,053	4,217
	-----	-----
Total deferred tax assets	116,278	123,645
Less valuation allowance	(56,299)	(60,921)
	-----	-----
Deferred tax assets, net of valuation allowance	59,979	62,724
	-----	-----
Deferred tax liabilities:		
Property, plant and equipment	44,398	42,940
Undistributed income of foreign subsidiaries	1,931	1,931
Other	-	59
	-----	-----
Total deferred tax liabilities	46,329	44,930
	-----	-----
Net deferred tax asset	\$ 13,650	\$ 17,794
	=====	=====

</TABLE>

The Company's net operating loss carryforwards (NOLs) for federal income tax purposes that expire prior to 2007 are subject to an annual limitation of approximately \$17.3 million through 2001 and approximately \$14.4 million through 2006. This annual limitation is, among other things, based upon the Company's value and certain statutory interest rates in effect at the time a "change in ownership" occurs. A future "change in ownership", should it occur, could result in further limitations.

The Internal Revenue Service (IRS) audit for 1992 and prior years was concluded in 1994 and resulted in no material changes. Following conclusion of that audit, 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 realization of the related deferred tax assets in future years. During 1994, the Company recognized \$17.9 million of these tax attributes, which reduced the valuation allowance and allocated the benefit to paid-in capital. During 1996 and 1995, the Company recognized \$0.7 million and \$4.5 million, respectively, of these tax attributes, reducing the deferred income tax provision in each year. As additional NOLs are utilized, the Company expects to recognize additional tax attributes over the next several years by reducing the valuation allowance. The tax effect of future recognition of any of the remaining NOLs of approximately \$31.7 million will reduce the deferred income tax provisions in the periods recognized.

As of December 28, 1996, the Company had net operating loss carryforwards available to offset future federal taxable income of \$125.5 million of which \$93.8 million have been recognized. These NOLs expire as follows: \$31.7 million in 2000, \$20.7 million in 2001, \$6.5 million in

2002, \$59.8 million in 2005, and \$6.8 million in 2006. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management believes it is more likely than not that much of the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. In addition, the Company has alternative minimum tax credit carryforwards of approximately \$4.1 million which are available to reduce future federal regular income taxes, if any, over an indefinite period.

In 1995, the Company "abandoned" all its rights and interests in the Preferred Stock of Sharon Specialty Steel Inc. (a Delaware corporation) which filed for bankruptcy protection. The fair value of the preferred stock was negligible and, for book purposes, had been previously written down. However, the Preferred Stock had a tax basis of approximately \$120 million. The "abandonment" of the Preferred Stock resulted in the Company recognizing a tax loss. The character of the tax loss, capital or ordinary, has not yet been definitively determined. Pending this determination, the Company reduced its valuation allowance by \$3.9 million in 1996 and \$1.2 million in 1995. If the character of this loss is determined to be capital, the Company's ability to realize additional benefit, if any, will be limited and recognition will occur as certain gains are realized for federal tax purposes. If this loss is determined to be ordinary, the Company may realize a substantial benefit by reducing its federal taxable income. The tax benefits relating to this loss will be recognized primarily as additions to paid-in capital and, to a lesser extent, reductions to current income tax expense. Based on current facts and circumstances, management cannot predict the likelihood that a favorable outcome will be achieved. The tax loss carryforwards from this loss will expire in 2000 if the loss is determined to be capital and will expire in 2010 if the loss is determined to be ordinary.

Income taxes paid were approximately \$19.3 million in 1996, \$12.0 million in 1995 and \$7.8 million in 1994.

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

<TABLE>  
(In thousands)  
<CAPTION>

	1996	1995
<S>	<C>	<C>
Accrued discounts and allowances	\$ 6,923	\$ 4,102
Freight settlements due to other railroads	6,166	4,991
Income taxes payable	3,389	75
Other	12,457	11,037
	-----	-----
Other current liabilities	\$ 28,935	\$ 20,205
	=====	=====

</TABLE>

NOTE 8 - EMPLOYEE BENEFITS

PENSION PLANS

Pension cost for the defined benefit plans sponsored by the Company includes the following components:

<TABLE>  
(In thousands)  
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost of benefits earned during the year	\$ 490	\$ 473	\$ 377
Interest cost on the projected benefit obligation	3,232	3,214	3,144
Actual return on plan assets	(6,530)	(9,846)	127
Net amortization and deferral	3,120	7,792	(2,681)
	-----	-----	-----
Net periodic pension cost	\$ 312	\$ 1,633	\$ 967
	=====	=====	=====

</TABLE>

The expected long-term rate of return on plan assets was 8.5 percent in 1996, 1995, and 1994. Differences between the actual returns and the related expected returns on plan assets are deferred and considered in the determination of net pension cost in future periods. The decrease in 1996 pension cost resulted primarily from the amortization of actual over

expected investment returns on plan assets.

Generally, the Company contributes such amounts as are necessary to pay benefits to plan participants and to meet ERISA minimum funding requirements. The plans' investments are held by bank-administered trust funds. Prior service costs and unrecognized net gains or losses are amortized on a straight-line basis over the average future service lives of the covered group.

A reconciliation of the funded status of the plans at December 28, 1996, and December 30, 1995, respectively, to the amounts recognized in the consolidated balance sheet is as follows:

<TABLE>  
(In thousands)  
<CAPTION>

	1996	1995
<S>	<C>	<C>
Actuarial present value of:		
Vested benefit obligation	\$ (39,920)	\$ (39,811)
	-----	-----
Accumulated benefit obligation	(43,766)	(43,482)
	-----	-----
Projected benefit obligation	(43,766)	(43,482)
Plan assets at fair value held in the pension plan trusts, primarily listed stocks and U.S. Government obligations	45,512	40,205
	-----	-----
Projected benefit obligation less than (in excess of) plan assets	1,746	(3,277)
Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	(13,708)	(11,061)
Prior service cost not yet recognized in net periodic pension cost	3,434	3,993
	-----	-----
Accrued pension cost	\$ (8,528)	\$ (10,345)
	=====	=====

</TABLE>

The range of assumed discount rates used in determining the actuarial present value of the projected benefit obligations presented above was 7.0 percent to 7.75 percent for 1996 and 1995.

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 \$.3 million for 1996, 1995 and 1994.

The Company has employee savings plans that qualify under Section 401(k). Most employees of the Company (other than those covered by certain collective bargaining agreements) may participate by deferring from 1 percent to 15 percent of their eligible compensation. Beginning July 1, 1995, for employees not covered by collective bargaining agreements, the Company began matching 10 percent of each employee's contribution. The Company increased the matching percentage to 50 percent of the first 4 percent of each employee's contribution effective January 1, 1996, and 50 percent of the first 6 percent of each employee's contribution effective January 1, 1997. The Company's match vests 25 percent for each year of service. Compensation expense for the 401(k) match was \$.5 million in 1996 and \$.1 million in 1995.

In 1996, the Company established a nonqualified, deferred compensation plan which permits certain management employees to annually elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred, Company match, and earnings on the deferrals. The expense associated with the deferred compensation plan was \$.1 million in 1996. The Company has invested in corporate-owned life insurance policies to assist in funding this plan. The cash surrender value of these policies, included in "other assets", was \$.8 million at December 28, 1996.

#### POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the Company provides a fixed portion of the costs of medical and life insurance benefits to

certain retired hourly and salary employees. Contribution rates are dictated by the employees' retirement plan which is subject to periodic contract renegotiation. The Company also provides the full cost of medical and life benefits to certain United Mine Workers of America (UMWA) retirees and certain qualified dependents.

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 this liability 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 is classified as other noncurrent liabilities.

The following table shows funded status reconciled with the amounts recognized in the Company's financial statements:

<TABLE>  
(In thousands)  
<CAPTION>

	1996	1995
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees	\$ (8,364)	\$ (8,671)
Fully eligible active plan participants	(506)	(496)
Other active plan participants	(450)	(464)
	-----	-----
	(9,320)	(9,631)
Plan assets at fair value	-	-
	-----	-----
Accumulated postretirement benefit obligation in excess of plan assets	(9,320)	(9,631)
Unrecognized net loss	139	554
	-----	-----
Accrued postretirement benefit cost	\$ (9,181)	\$ (9,077)
	=====	=====

</TABLE>

Net periodic postretirement benefit cost was \$2.0 million in 1996, \$.8 million in 1995, and \$.8 million in 1994. The 1996 cost includes charges of \$1.3 million to establish a provision for certain of the health care and life insurance benefits described above.

The cost of medical and life insurance benefits for retired employees reflected above does not include \$.9 million at December 28, 1996, and \$.9 million at December 30, 1995, related to the provision of medical and other welfare benefits under certain defined benefit multiemployer plans. The actuarially determined present value of the accumulated postretirement benefit obligation was calculated using discount rates ranging from 7.0 percent to 8.5 percent for 1996 and 1995.

The assumed weighted average annual rate of increase in the per capita cost of covered benefits ranges from 9.05 percent to 9.95 percent for 1997

and is assumed to ultimately decrease to a rate of 6.25 percent by 2003 and remain at that level thereafter. A one percentage point increase in the assumed trend rates for each year would not have a significant effect on the expected postretirement benefit obligation.

Included in the caption "Accrued wages and other employee costs" is the current portion of postretirement benefit obligation of \$.8 million in 1996 and \$.7 million in 1995.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Company is subject to environmental standards imposed by federal, state and local environmental laws and regulations. It has provided and charged to income \$2.0 million in 1996, \$1.4 million in 1995, and \$2.9 million in 1994 for pending environmental matters related to natural resources operations. The basis for the increase is updated information and results of ongoing remediation and monitoring programs. Management believes that the outcome of pending environmental matters will not materially affect the financial condition or results of operations of the Company.

LITIGATION

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

NOTE 10 - OTHER INCOME

Other income, net included in the consolidated statements of income consists of the following:

<TABLE>  
(In thousands)  
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Rent and royalties	\$ 1,413	\$ 2,009	\$ 1,068
Interest income	3,352	2,283	2,865
Gain on disposal of properties, net	973	1,835	3,159
Minority interest in income of subsidiaries	(397)	-	-
Unusual items	-	-	(1,140)
Other	-	-	552
	-----	-----	-----
Other income, net	\$ 5,341	\$ 6,127	\$ 6,504
	=====	=====	=====

</TABLE>

During 1994, the Company recognized as unusual items a \$1.1 million charge for outstanding insurance matters primarily related to estimated workers' compensation claims for years prior to 1993.

NOTE 11 - STOCK OPTIONS AND EMPLOYEE STOCK PURCHASE PLANS

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.

During 1994, the stockholders approved the adoption of the 1994 Stock Option Plan (SOP Plan). Under this plan, the Company may grant options to purchase up to 400,000 shares of common stock at prices not less than the fair market value of the stock on the day of the grant. Generally, the options vest annually in 20 percent increments over a five year period beginning one year from the date of the grant. Any unexercised options expire after not more than ten years. No options may be granted under this plan after ten years from the date the SOP Plan was adopted. The stockholders also approved the adoption of the 1994 Non-Employee Director Stock Option Plan. Options to purchase up to 50,000 shares of common stock may be granted under this plan at a price not less than the fair market value of the stock on the day of the grant. Generally, any unexercised options granted under this plan shall expire on a date which is five years from the date of option grant.

Under the 1991 Incentive Stock Option Plan (ISO Plan), the Company may grant options to purchase up to 500,000 shares of common stock at prices not less than the fair market value of the stock on the date of grant. Generally, the options vest annually in 20 percent increments over a five year period beginning one year from the date of the grant. Any unexercised options expire after not more than ten years. No options may be granted under this plan after ten years from the date the ISO Plan was adopted.

On December 4, 1991, the Company authorized a special stock option grant of 1,000,000 shares to induce Mr. Harvey L. Karp to enter into an employment agreement with the Company. The exercise price, \$4.125 per share, was the fair market value on the date of grant. Generally, the options expire one year after Mr. Karp's separation from employment with the Company unless Mr. Karp is terminated for cause. On January 30, 1992, the Board approved and authorized a transaction whereby Mr. Karp was granted options to purchase an additional 1,000,000 shares, which was subsequently reduced by 200,000 option shares which the Company issued to secure the employment of Mr. William D. O'Hagan. Mr. Karp's additional grant of options is on the same terms and conditions, and at the same price, as the original grant. Although neither Mr. Karp's nor Mr. O'Hagan's options were granted under the ISO Plan, the terms and conditions of Mr. O'Hagan's options are generally similar to those granted under the ISO Plan.

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

<TABLE>  
<CAPTION>

	1996	
	Options	Weighted Average Exercise Price
<S>	<C>	<C>
Outstanding at beginning of year	2,650,606	\$ 7.37
Granted	74,500	37.41
Exercised	(45,950)	7.14
Expired, cancelled, or surrendered	(5,000)	4.06
	-----	-----
Outstanding at year-end	2,674,156	\$ 8.22
	-----	-----
Options exercisable at year-end	2,191,456	\$ 5.49
	-----	-----
Weighted average fair value per option granted during the year		\$ 16.89
	=====	

</TABLE>

<TABLE>  
<CAPTION>

	1995	
	Options	Weighted Average Exercise Price
<S>	<C>	<C>
Outstanding at beginning of year	2,532,106	\$ 5.94
Granted	179,000	26.31

Exercised	(40,500)	5.00
Expired, cancelled, or surrendered	(20,000)	7.06
	-----	-----
Outstanding at year-end	2,650,606	\$ 7.37
	-----	-----
Options exercisable at year-end	2,086,606	\$ 4.87
	-----	-----
Weighted average fair value per option granted during the year		\$ 11.99
	=====	=====

</TABLE>

Exercise prices for stock options outstanding at December 28, 1996, ranged from \$4.06 to \$40.25. Of the 2,674,156 stock options that are outstanding at year-end, 1,800,000 are owned by Mr. Harvey Karp, and, as explained above, these options expire one year after Mr. Karp's separation from employment with the Company. The weighted average remaining life of the remaining 874,156 shares is 1.6 years, and the weighted average exercise price of these shares is \$16.64.

Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (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 a Black-Scholes option pricing model with the following weighted average assumptions for the years 1996 and 1995: volatility factor of the expected market value of the Company's common stock of 0.344; weighted average expected life of the options of 6 years; risk free interest rate of 6.5%; and no dividend payments.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, 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 input 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 period. The Company's pro forma information follows:

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

	1996	1995
<S>	<C>	<C>
Net income	\$ 61,173	\$ 44,823
SFAS No. 123 compensation expense	(560)	(164)
	-----	-----
SFAS No. 123 pro forma net income	60,613	44,659
	=====	=====
Pro forma earnings per share:		
Primary	\$ 3.12	\$ 2.34
Fully diluted	\$ 3.12	\$ 2.31
	=====	=====

</TABLE>

Because SFAS No. 123 applies only to stock-based compensation award for 1995 and future years, the pro forma disclosures under SFAS No. 123 are not likely to be indicative of future disclosures until the disclosures reflect all outstanding, nonvested awards.

The Amended and Restated Mueller Industries, Inc. 1991 Employee Stock Purchase Plan (the EMSP Plan) expired on June 30, 1996. Under this plan, the Company could offer to eligible employees (generally all full-time employees) options to purchase up to six shares of the Company's common stock for each \$1,000 of compensation. The option price was the lower of (i) 85 percent of the fair value of the stock on the offering date, or (ii) 85 percent of the fair value of the stock on the last day of the one-year offering period. The maximum number of shares available for sale under the EMSP Plan during all offerings was 900,000 shares. Under the EMSP Plan, 215,714 shares were issued. During the final offering period beginning July 1, 1995, and ending June 30, 1996, 39,440 shares were issued at an exercise price of \$20.88 per share.

NOTE 12 - SUBSEQUENT EVENTS

On December 30, 1996, the Company acquired the assets and certain liabilities of Precision Tube Company, Inc. (Precision) for approximately \$6.8 million. Precision, which fabricates tubing and coaxial cables and assemblies, had net sales of approximately \$20.0 million in 1996. Precision's tubing and coaxial divisions are located in North Wales, Pennsylvania, and Salisbury, Maryland, respectively.

On February 28, 1997, the Company acquired certain assets of Wednesbury Tube Company (Wednesbury) for approximately \$20.3 million. Wednesbury, which manufactures copper tube and is located in Bilston, West Midlands, England, had net sales of approximately \$94.0 million in 1996.

Both acquisitions will be accounted for using the purchase method.

NOTE 13 - INDUSTRY SEGMENTS

The Company is engaged in the manufacture and sale of copper, brass, bronze, aluminum, and plastic products, and in natural resource operations consisting principally of a short line railroad, as well as the operation of a placer gold mine. Income and expenses not allocated to industry segments in computing operating income include general corporate income and expense, interest expense and interest income. General corporate assets are principally cash and temporary investments. There are no intersegment sales. During 1996, 1995 and 1994 the Company did not have significant foreign operations and, accordingly, geographical segment information is not presented. Industry segment information is as follows:

<TABLE>

(In thousands)

<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Net sales:			
Manufacturing	\$ 698,026	\$ 646,894	\$ 533,389
Natural resources	20,286	31,944	16,614
	-----	-----	-----
	\$ 718,312	\$ 678,838	\$ 550,003
	=====	=====	=====
Operating income:			
Manufacturing	\$ 98,669	\$ 61,384	\$ 47,932



Natural resources	2,037	7,874	1,651
General corporate	(10,244)	(5,247)	(5,631)
	-----	-----	-----
	90,462	64,011	43,952
Non operating income, net	3,296	4,706	3,590
Interest expense	(5,346)	(4,168)	(6,718)
	-----	-----	-----
Consolidated income before income taxes	\$ 88,412	\$ 64,549	\$ 40,824
	=====	=====	=====
Provision for depreciation and amortization:			
Manufacturing	\$ 14,594	\$ 11,967	\$ 9,845
Natural resources	1,388	1,157	1,159
General corporate	2,490	2,328	1,685
	-----	-----	-----
	\$ 18,472	\$ 15,452	\$ 12,689
	=====	=====	=====
Capital expenditures:			
Manufacturing	\$ 14,277	\$ 38,478	\$ 37,095
Natural resources	3,131	2,198	4,028
General corporate	1,460	304	7,029
	-----	-----	-----
	\$ 18,868	\$ 40,980	\$ 48,152
	=====	=====	=====
Identifiable assets:			
Manufacturing	\$ 355,429	\$ 339,764	\$ 318,351
Natural resources	65,785	47,453	38,042
	-----	-----	-----
	421,214	387,217	356,393
General corporate	88,143	63,618	74,362
	-----	-----	-----
	\$ 509,357	\$ 450,835	\$ 430,755
	=====	=====	=====

</TABLE>

NOTE 14 - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Financial results by quarter are as follows:

<TABLE>

(In thousands, except per share data)

<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
1996				
Net sales	\$ 180,515	\$ 189,557	\$ 175,991	\$ 172,249
Gross profit (1)	36,983	40,021	42,787	43,951
Net income	13,292	13,897	16,182	17,802
Net income per share	.69	.71	.83	.91
1995				
Net sales	171,770	181,380	171,549	154,139
Gross profit (1)	31,210	31,793	34,139	31,812 (2)
Net income	10,050	10,663	11,605	12,505 (2)
Net income per share	.53	.56	.60	.65 (2)

<FN>

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

(2) A change in inventory estimate was recognized.

</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 28, 1996 and December 30, 1995 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 28, 1996. 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 generally accepted auditing standards. 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 28, 1996 and December 30, 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 28, 1996, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Memphis, Tennessee  
February 7, 1997,  
except for the second paragraph of Note 12,  
as to which the date is February 28, 1997

<TABLE>  
CAPITAL STOCK INFORMATION

The high, low and closing prices of Mueller's common stock on the New York Stock Exchange for each fiscal quarter of 1996 and 1995 were as follows:

<CAPTION>

1996	High	Low	Close
<S>	<C>	<C>	<C>
Fourth quarter	\$ 42 5/8	\$ 36 1/8	\$ 36 1/8
Third quarter	42 3/8	31 3/8	39 3/4
Second quarter	44 1/4	35 1/4	41 1/2
First quarter	35 5/8	26	35 3/8

<CAPTION>

1995	High	Low	Close
<S>	<C>	<C>	<C>

Fourth quarter	\$ 29 1/2	\$ 22 1/4	\$ 29 1/4
Third quarter	28 1/4	24 1/8	25 15/16
Second quarter	24 15/16	16 3/8	24 5/8
First quarter	17 1/8	14 1/4	16 11/16

</TABLE>

As of March 7, 1997, the number of holders of record of Mueller's common stock was 3,656. The New York Stock Exchange's closing price for Mueller's common stock on March 7, 1997 was \$44 3/4.

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

SELECTED FINANCIAL DATA

(In thousands, except per share data)

<TABLE>

<CAPTION>

<S>	<C> 1992	<C> 1993	<C> 1994	<C> 1995	<C> 1996
For the fiscal year:					
Net sales	\$ 517,339	\$ 501,885	\$ 550,003	\$ 678,838	\$ 718,312
Operating income (1)	29,318	38,027	43,952	64,011	90,462
Net income (2)	16,666	21,136	27,926	44,823	61,173
Net income per common share(2) (3)	.83	1.01	1.41	2.34	3.14

-----  
At year-end:

Total assets	372,547	369,743	430,755	450,835	509,357
Long-term debt	62,376	54,320	76,125	59,653	44,806

<FN>

- (1) In 1994, the Company changed its method of accounting for the copper component of certain of its copper tube and copper fittings inventories to the LIFO method.
- (2) Includes charges for unusual items of \$1.1 million, or \$.06 per common share, in 1994, \$2.0 million, or \$.10 per common share, in 1993, \$5.6 million, or \$.28 per common share, in 1992.
- (3) Per share amounts have been restated for a two-for-one stock split effected in September, 1995.

</TABLE>

BOARD OF DIRECTORS

Harvey L. Karp	Chairman of the Board, Mueller Industries, Inc.
Robert B. Hodes (1) (3)	Counsel, Willkie Farr & Gallagher
Allan Mactier (1) (2) (3)	Private Investor
William D. O'Hagan	President and Chief Executive Officer, Mueller Industries, Inc.
Robert J. Pasquarelli (1) (2)	Metals Industry Consultant

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

CORPORATE 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
William H. Hensley	Vice President, General Counsel and Secretary
Lowell J. Hill	Vice President Human Resources
Kent A. McKee	Vice President Business Development/Investor Relations
Richard G. Miller	Vice President and Chief Information Officer
Lee R. Nyman	Vice President Manufacturing/Management Engineering
James H. Rourke	Group Vice President Industrial Products Division

DIVISIONAL MANAGEMENT

STANDARD PRODUCTS DIVISION

Harvey W. Clements	Vice President - Copper Tube Manufacturing
Roy C. Harris	Controller
Larry D. Birch	Vice President - Domestic Sales and Marketing
Robert L. Fleeman Gregory L. Christopher	Vice President - International Sales Vice President - Supply Chain Management
Louis F. Pereira	General Manager - Canadian Operations
Daniel R. Corbin	General Manager - Plastic Fittings Manufacturing
Tommy L. Jamison	General Manager - Copper Fittings Manufacturing

INDUSTRIAL PRODUCTS DIVISION

Felista S. Amburgey Vice President Sales - Rod  
Timothy J. Keck Vice President Sales - Forgings/Impacts  
William F. Navarre Vice President Manufacturing -  
Rod/Forgings  
David F. O'Brien Plant Manager - Impacts  
Richard D. Holmes Controller

REFRIGERATION PRODUCTS DIVISION

Roland P. Robichaud General Manager  
Dennis K. Anthony Vice President - Sales  
Kent K. Miller Director of Engineering  
Anthony D. Donato Plant Manager

PRECISION TUBE DIVISION

H. Eugene Passmore President  
Charles W. Blackledge Vice President - Operations  
John R. Gentile Director of Sales & Marketing  
Thomas M. Sarisky Director of Engineering

ARAVA NATURAL RESOURCES DIVISION

Gary L. Barker President - Arava Natural Resources  
Company, Inc., Utah Railway Company and  
Alaska Gold Company  
Michael P. Watson Vice President -  
Arava Natural Resources Company, Inc.  
Michael W. Baum President -  
Mining Remedial Recovery Company  
John E. West III Executive Vice President -  
Utah Railway Company

Corporate Headquarters Mueller Industries, Inc.  
6799 Great Oaks Road, Suite 200,  
Memphis, TN 38138-2572

Annual Meeting The Annual Meeting of Stockholders will  
be held at the Fogelman Executive  
Center at The University of Memphis,  
330 DeLoach Street, Memphis, Tennessee,  
10:00 A.M. local time, May 7, 1997.

Form 10-K Copies of the Company's Annual Report  
on Form 10-K are available upon written  
request c/o Mueller Industries, Inc.,  
P.O. Box 382100, Memphis, TN 38183-2100  
Attention: Investor Relations

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

Independent Auditors Ernst & Young LLP, Memphis, Tennessee

Transfer Agent and Registrar Continental Stock Transfer & Trust Co.,  
2 Broadway, New York, NY 10004

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



MUELLER INDUSTRIES, INC.  
List of Subsidiaries

Subsidiary*	State or Country of Incorporation
Mueller Brass Co.	
Assumed name: Mueller Brass Products	Michigan
Mueller Industrial Realty Co.	Michigan
Itawamba Industrial Gas Company, Inc.	Mississippi
Streamline Copper & Brass Ltd.	Canada
Mueller Plastics Holding Company, Inc.	Ohio
Mueller Plastics Corporation, Inc.	Delaware
MPC Foundry, Inc.	Delaware
MPC Machine Shop, Inc.	Delaware
Mueller Brass Forging Company, Inc.	Delaware
Mueller Copper Fittings Company, Inc.	Delaware
Mueller Fittings Company, Inc.	Michigan
Mueller Copper Tube Company, Inc.	Delaware
Mueller East, Inc.	Delaware
Mueller Fittings, L.P. (1)	
Mueller Formed Tube Company, Inc.	Delaware
Mueller Impacts Company, Inc.	Delaware
Mueller Line Set Inc.	Delaware
Mueller Refrigeration Products Company, Inc.	Delaware
Mueller Streamline Co.	Delaware
Precision Tube Company, Inc. (2)	Pennsylvania
Mueller Tool and Machine, Inc.	Delaware
WTC Holding Company, Inc. (2)	Michigan
Wednesbury Tube & Fittings Company Limited (2)	United Kingdom
Mueller Streamline FSC Ltd.	Virgin Islands
Arava Natural Resources Company, Inc.	Delaware
United States Fuel Company	Nevada
King Coal Company	Utah
Utah Railway Company	Utah
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%)	Maine
White Knob Mining Company	Idaho
Arava Exploration Company	Colorado
Summit Systems, Inc.	Delaware
Kennet Company Limited	Bermuda
Mining Remedial Recovery Company	Delaware
Carpentertown Coal & Coke Company	Pennsylvania
USS Lead Refinery, Inc.	Maine
Leon Water Enterprises, Inc. (50%)	Texas
Alaska Gold Company	Delaware
Macomber Construction Company	Ohio
Macomber Incorporated	Ohio
Macomber Building and Land Corporation	Delaware

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

(1) Limited Partnership between Mueller East, Inc. and  
Mueller Fittings Company, Inc.

(2) Formed subsequent to fiscal year-end 1996.





Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Mueller Industries, Inc. of our report dated February 7, 1997 (except for the second paragraph of Note 12, as to which the date is February 28, 1997), included in the 1996 Annual Report to Stockholders of Mueller Industries, Inc.

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

We also consent to the incorporation by reference in the Registration Statements (Forms S-8 No. 33-54705, No. 33-41478 and No. 33-47307) pertaining to the 1994 Stock Option Plan and 1994 Non-Employee Director Stock Option Plan, 1991 Employee Stock Purchase Plan and the 1991 Incentive Stock Option Plan of Mueller Industries, Inc., respectively, of our report dated February 7, 1997 (except for the second paragraph of Note 12, as to which the date is February 28, 1997), with respect to the consolidated financial statements of Mueller Industries, Inc. incorporated by reference in its Annual Report (Form 10-K) for the year-ended December 28, 1996, and the related financial statement schedule included therein filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Memphis, Tennessee  
March 17, 1997

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 28, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000089439

<NAME> MUELLER INDUSTRIES, INC.

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	DEC-28-1996
<PERIOD-END>	DEC-28-1996
<CASH>	96,956
<SECURITIES>	0
<RECEIVABLES>	92,093
<ALLOWANCES>	3,188
<INVENTORY>	76,647
<CURRENT-ASSETS>	274,712
<PP&E>	290,763
<DEPRECIATION>	(70,908)
<TOTAL-ASSETS>	509,357
<CURRENT-LIABILITIES>	78,956
<BONDS>	44,806
<COMMON>	200
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	347,882
<TOTAL-LIABILITY-AND-EQUITY>	509,357
<SALES>	718,312
<TOTAL-REVENUES>	718,312
<CGS>	554,570
<TOTAL-COSTS>	554,570
<OTHER-EXPENSES>	73,280
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	5,346
<INCOME-PRETAX>	88,412
<INCOME-TAX>	27,239
<INCOME-CONTINUING>	61,173
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	61,173
<EPS-PRIMARY>	3.14
<EPS-DILUTED>	3.14

</TABLE>