

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 26, 1998 Commission file number 1-6770

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

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

8285 TOURNAMENT DRIVE, SUITE 150
MEMPHIS, TENNESSEE 38125
(Address of principal executive offices)

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

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

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

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

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

The number of shares of the Registrant's common stock outstanding as of March 10, 1999 was 35,851,396, excluding 4,240,106 treasury shares. The aggregate market value of the 34,945,190 shares of common stock held by non-affiliates of the Registrant was \$705,456,023 at March 10, 1999 (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 26, 1998 (Part I and II); Registrant's Definitive Proxy Statement for the 1999 Annual Meeting of Stockholders, scheduled to be mailed on or about March 17, 1999 (Part III).

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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.

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PART I

ITEM 1. BUSINESS

Introduction

The Company is a leading manufacturer of copper, brass, plastic and aluminum products. The range of these products is broad: copper tube and fittings; brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; and fabricated tubular products. Mueller's plants are located throughout the United States, and in Canada, France and Great Britain. The Company also owns a short line railroad in Utah and natural resource properties in the Western U.S.

The Company's businesses are managed and organized into three segments: (i) Standard Products Division ("SPD"); (ii) Industrial Products Division ("IPD"); and (iii) Other Businesses. SPD manufactures and sells copper tube, and copper and plastic fittings and valves. Outside of the United States, SPD manufactures copper tube in Europe and copper fittings in Canada. SPD sells these products to wholesalers in the HVAC (heating, ventilation and air-conditioning), plumbing and refrigeration markets, and to distributors to the manufactured housing and recreational vehicle industries. IPD manufactures and sells brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. IPD sells its products primarily to original equipment manufacturers ("OEMs"), many of which are in the HVAC, plumbing and refrigeration markets. Other Businesses include Utah Railway Company, Alaska Gold Company and other natural resource properties and interests. SPD and IPD account for more than 96 percent of consolidated net sales and more than 86 percent of consolidated net assets. The majority of the Company's manufacturing facilities operated at high levels during 1998, 1997 and 1996.

Information concerning segments appears under "Note 13 - Industry Segments" in the Notes to Consolidated Financial Statements in Mueller's Annual Report to Stockholders for the year ended December 26, 1998. Such information is incorporated herein by reference.

Standard Products Division

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

SPD also includes copper and plastic fittings and related components for the plumbing and heating industry that are used in water distribution

systems, heating systems, air-conditioning and refrigeration applications, and drainage, waste, and vent systems. A major portion of Mueller's products are ultimately used in the domestic residential and commercial construction markets and, to a lesser extent, in the automotive and heavy on and off-the-road vehicle markets.

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During the fourth quarter of 1998, the Company acquired Halstead Industries, Inc. ("Halstead"), with 1998 sales of approximately \$200 million. Halstead operates a tube mill in Wynne, Arkansas, and a line sets factory in Clinton, Tennessee. This acquisition expands the Company's copper tube and line sets businesses and should create opportunities for rationalization of production and distribution. In addition, in August 1998, the Company acquired B&K Industries, Inc. ("B&K"), an import distributor of residential and commercial plumbing products with 1998 sales of approximately \$60 million. The acquisition of B&K will facilitate the sale of Mueller's manufactured products in the large, and growing, retail marketplace. In 1997, the Company acquired copper tube manufacturing operations in England and France. These acquisitions established a significant manufacturing and sales presence in Europe for the Company's operations.

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

The businesses in which SPD is engaged are highly competitive. The principal methods of competition for Mueller's products are customer service 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 SPD as of December 26, 1998 was not significant.

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

Industrial Products Division

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

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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. Other products include valves and custom OEM products for refrigeration and air-conditioning applications and shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, medical instruments, etc. The total amount of order backlog for IPD as of December 26, 1998 was not significant.

In September 1998, the Company acquired Lincoln Brass Works, Inc. ("Lincoln"), which operates manufacturing facilities in Jacksboro, Tennessee and Waynesboro, Tennessee. Lincoln produces custom control valve assemblies, custom metal assemblies, gas delivery systems and tubular products primarily for the gas appliance market. Lincoln, with

1998 sales of approximately \$35 million, is a large consumer of the Company's brass rod and forgings.

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

Other Businesses

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

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

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In late 1998, there was a fire at one of the coal mines served by Utah Railway. We expect the mine to re-open in 1999, though this is not certain. Extensive delays would have a negative impact on the future profitability of the railroad.

Gold Mining

Alaska Gold mines placer gold in Nome, Alaska. Its properties consist of approximately 14,500 acres in and adjacent to Nome, plus patented claims on approximately 10,400 acres in the Fairbanks, Alaska area, and approximately 3,000 acres in the Hogatza, Alaska area. Continuing low gold prices have caused suspension of Alaska Gold's winter open pit mining operations, although summer mining activity will continue. Separately, the Company has entered into an agreement to sell Alaska Gold, subject to various contingencies.

Other Properties

In early 1998, Ruby Hill Mining Company ("Ruby Hill") received a final \$1.0 million installment payment from Homestake Mining Company of California ("Homestake") for Ruby Hill's mining property near Eureka, Nevada. As of December 26, 1998, the Company has received and recognized as gains \$4.0 million from this transaction. 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.

Labor Relations

At December 26, 1998, the Company employed approximately 4,800 employees of which approximately 2,700 were represented by various unions. The union contracts that cover employees at the Company's Port Huron facilities expire April 1, 1999. The union contract that covers employees at the newly acquired Wynne copper tube mill expires November 30, 1999. The Company expects to renew these contracts without material disruption of its operations. Union contracts at the Company's European operations are renewed annually. Other contracts expire on various dates from July 2000 to August 2002.

On December 30, 1998, the Company began implementing the social plan related to the closure of its Laigneville, France, facility. Management anticipates a net reduction of 125 positions as operations are rationalized in Europe.

Raw Material and Energy Availability

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.

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

Environmental Matters

Compliance with environmental laws and regulations is a matter of high priority. Mueller's provision for environmental compliance includes charges of \$2.1 million in 1998, \$3.1 million in 1997 and \$2.0 million in 1996. 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 1999 fiscal year, or for the next two fiscal years.

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

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

1. Mammoth Mine Site

MRRRC owns title to certain inactive mines in Shasta County, California. MRRRC has continued a program, begun in the late 1980s, of sealing mine portals with concrete plugs in mine adits which were discharging water. The sealing program has achieved a reduction in the metal load in discharges from these adits; however, additional reductions are being required. In response to a 1996 Order issued by the California Regional Water Quality Control Board ("QCB"), MRRRC completed a feasibility study in 1997 describing measures designed to mitigate the effects of acid rock drainage. In December 1998, the QCB issued a new order extending MRRRC's time to comply with water quality standards until December 1, 2003. MRRRC agreed to continue remedial activities to reduce or prevent discharge of acid mine drainage and submit a use attainability analysis for review by July 1, 2000. MRRRC estimates it will spend between \$1.0 and \$2.0 million on planned remedial activities and the use attainability analysis. Further remediation may be required depending on how effective MRRRC's remedial options are in reducing acid rock drainage.

2. 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 potentially responsible parties ("PRPs") that had

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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; however, as of March 17, 1999, EPA has deferred such listing.

In 1993, Lead Refinery entered into a Consent Order with the EPA pursuant to Section 3008(h) of the Resource Conservation and Recovery Act ("RCRA"). The Consent Order covers remediation activities at the East Chicago, Indiana site and provides for Lead Refinery to complete certain on-site interim remedial activities and studies that extend off-site. In November 1996, the EPA approved, with modifications, the Interim Stabilization Measures Workplan and designated a Corrective Action Management Unit ("CAMU") at the Lead Refinery site. Site activities, based on the approval, began during December 1996. Costs for studies and interim clean up efforts were estimated at approximately \$4.5 million in the first quarter of 1997. In the process of remediating the site, Lead Refinery subsequently identified suspected petroleum contamination on site. As a result, Lead Refinery installed a slurry wall at a cost of approximately \$1.0 million around the CAMU and initiated characterization of areas suspected to have petroleum contamination. Lead Refinery is evaluating whether and how to address remediation of this contamination as part of the CAMU. 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 MRRRC, 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 \$400,000. Clean-up commenced in 1998.

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Other Business Factors

The Registrant's business is not materially dependent on patents, trademarks, licenses, franchises or concessions held. In addition, expenditures for company-sponsored research and development activities were not material during 1998, 1997 or 1996. No material portion of the Registrant's business involves governmental contracts.

ITEM 2. PROPERTIES

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

Location	Approximate Property Size	Description
Fulton, MS	418,000 sq. ft. 52.37 acres	Copper tube mill. Facility includes casting, extruding and finishing equipment to produce copper tubing, including tube feed stock for the Company's copper fittings plants, Line sets plant, and Precision Tube factory.
Fulton, MS	103,000 sq. ft. 11.9 acres	Casting facility. Facility includes casting equipment to produce copper billets used in the adjoining copper tube mill.
Wynne, AR	682,000 sq. ft. 39.2 acres	Copper tube mill. Facility includes extrusion and finishing equipment to produce copper tubing, including feed stock for

the Clinton, TN line sets plant.

Clinton, TN	166,000 sq. ft.(1) 8.5 acres	Line sets plant. Produces copper tube line sets using tube feed stock from the Company's copper tube mills and other mills.
Fulton, MS	58,500 sq. ft. 15.53 acres	Line sets plant. Production of line sets has been moved from this facility and merged into the newly acquired Clinton, TN facility. This facility is now used to package and bar code copper tube and fittings.
Fulton, MS	70,000 sq. ft.(2) 7.68 acres	Copper fittings plant. High-volume facility that produces copper fittings using tube feed stock from the Company's 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.
Port Huron, MI	40,000 sq. ft. 5.11 acres	Formed tube plant. Produces copper fittings using cold heading equipment.
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.
Kalamazoo, MI	205,000 sq. ft. 18 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Cerritos, CA	115,000 sq. ft. 5.1 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Upper Sandusky, OH	82,000 sq. ft. 7.52 acres	Plastic fittings plant. Produces DWV fittings using injection molding equipment.
Bilston, England United Kingdom	402,500 sq. ft. 14.95 acres	Copper tube mill. Facility includes casting, extruding and finishing equipment to produce copper tubing.
Longueville, France	332,500 sq. ft. 16.3 acres	Copper tube mill. Facility includes extrusion and finishing equipment to produce copper tubing.
Laigneville, France	387,500 sq. ft. 18.8 acres	Copper tube mill. Facility includes drawing and finishing equipment to produce copper tubing. Operations at this facility were discontinued in December 1998.
Port Huron, MI	322,500 sq. ft. 71.5 acres	Brass rod mill. Facility includes casting, extruding and finishing equipment to produce brass rods and bars, in various shapes and sizes.
Port Huron, MI	127,500 sq. ft.	Forgings plant. Produces brass and aluminum forgings.
Marysville, MI	81,500 sq. ft. 6.72 acres	Aluminum and copper impacts plant. Produces made-to-order parts using cold impact processes.

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Hartsville, TN	78,000 sq. ft. 4.51 acres	Refrigeration products plant. Produces products used in refrigeration applications such as ball valves, line valves and
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compressor valves.

Jacksboro, TN	65,066 sq. ft. 11.78 acres	Bending and fabricating facility. Produces gas burners, supply tubes and manifolds for the gas appliance industry.
Waynesboro, TN	57,000 sq. ft. (3) 5.0 acres	Gas valve plant. Facility produces brass valves and assemblies for the gas appliance industry.
North Wales, PA	174,000 sq. ft. 18.9 acres	Precision Tube factory. Facility fabricates copper tubing, copper alloy tubing, aluminum tubing and fabricated tubular products.
Salisbury, MD	12,000 sq. ft. (4)	Coaxial cable plant. Facility manufactures semi-rigid coaxial cable and high-performance cable assemblies.

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

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

ITEM 3. LEGAL PROCEEDINGS

Environmental Proceedings

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

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

None.

PART II

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

The information required by Item 5 of this Report is included under the caption "Capital Stock Information" in the Registrant's Annual Report to Stockholders for the year ended December 26, 1998, which information is incorporated herein by reference.

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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 26, 1998, 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 26, 1998 and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are contained in the caption "Financial Review" in the Registrant's Annual Report to Stockholders for the year ended December 26, 1998 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 Executive Officers and Information about Director Nominees" in the Company's Proxy Statement for its 1999 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 17, 1999 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 1999 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 17, 1999 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

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"Principal Stockholders" and "Ownership of Common Stock by Directors and Executive Officers and Information about Director Nominees" in the Company's Proxy Statement for its 1999 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 17, 1999 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 1999 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission on or about March 17, 1999 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:
 - 2.1 Amended and Restated Agreement and Plan of Merger among Mueller Industries, Inc., Mueller Acquisition Corp. and Halstead Industries, Inc., dated as of October 30, 1998 (Incorporated herein by reference to Exhibit 2.1 of the Registrant's Report on Form 10-Q, dated November 6, 1998 for the quarter ended September 26, 1998).
 - 2.2 Form of Stock Purchase Agreement with William B. Halstead (Incorporated herein by reference to Exhibit 2.2 of the Registrant's Report on Form 10-Q, dated November 6, 1998 for the quarter ended September 26, 1998).
 - 2.3 Form of Stock Purchase Agreement with remaining Halstead stockholders (Incorporated herein by reference to Exhibit 2.3 of the Registrant's Report on Form 10-Q, dated November 6, 1998 for the quarter ended September 26, 1998).
 - 3.1 Certificate of Incorporation of Mueller Industries, Inc. and all amendments thereto.
 - 3.2 By-laws of Mueller Industries, Inc., as amended and restated, effective November 10, 1994 (Incorporated herein by reference to Exhibit 3 (ii) of the Registrant's Current Report on Form 8-K, dated November 14, 1994).

- 4.1 Common Stock Specimen (Incorporated herein by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K dated December 28, 1990).
- 4.2 Rights Agreement, dated as of November 10, 1994, between the Registrant and Continental Stock Transfer and Trust Company, as Rights Agent, which includes the Form of Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of the Registrant, as Exhibit A, the Form of Rights Certificate, as Exhibit B, and the Summary of Rights to Purchase Preferred Stock, as Exhibit C (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, dated November 14, 1994).
- 10.1 Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated as of June 1, 1994 (Incorporated herein by reference to Exhibit 4.3 of the Registrant's Report on Form 10-K, dated March 20, 1997, for the fiscal year ended December 28, 1996).
- 10.2 First Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated as of December 14, 1994 (Incorporated herein by reference to Exhibit 4.4 of the Registrant's Report on Form 10-K, dated March 20, 1997, for the fiscal year ended December 28, 1996).
- 10.3 Second Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated as of June 1, 1995 (Incorporated herein by reference to Exhibit 4.5 of the Registrant's Report on Form 10-K, dated March 20, 1997, for the fiscal year ended December 28, 1996).
- 10.4 Third Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated as of December 18, 1996 (Incorporated herein by reference to Exhibit 4.6 of the Registrant's Report on Form 10-K, dated March 20, 1997, for the fiscal year ended December 28, 1996).
- 10.5 Fourth Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated December 31, 1997 (Incorporated herein by reference to Exhibit 4.7 of the Registrant's Report on Form 10-K, dated March 19, 1998, for the fiscal year ended December 27, 1997).
- 10.6 Fifth Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated November 20, 1998.

- 10.7 Amended and Restated Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated December 30, 1998.
- 10.8 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.
- 10.9 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).
- 10.10 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).

- 10.11 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).
- 10.12 Summary description of the Registrant's 1999 bonus plan for certain key employees.
- 10.13 Amended and Restated Employment Agreement, effective as of September 17, 1997, by and between Mueller Industries, Inc. and Harvey L. Karp (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Report on Form 10-Q, dated October 21, 1997, for the quarter ended September 27, 1997).
- 10.14 Amended and Restated Employment Agreement, effective as of September 17, 1997, by and between Mueller Industries, Inc. and William D. O'Hagan (Incorporated herein by reference to Exhibit 10.2 of the Registrant's Report on Form 10-Q, dated October 21, 1997, for the quarter ended September 27, 1997).
- 10.15 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).
- 10.16 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).

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- 10.17 Mueller Industries, Inc. Deferred Compensation Plan, effective January 1, 1997 (Incorporated herein by reference to Exhibit 10.12 of the Registrant's Report on Form 10-K, dated March 20, 1997, for the fiscal year ended December 28, 1996).
- 10.18 Mueller Industries, Inc. 1998 Stock Option Plan. (Incorporated herein by reference to Exhibit A of the Registrant's Definitive Proxy Statement, dated March 18, 1998).
- 10.19 Stock Option Agreement, dated May 7, 1997 by and between Mueller Industries, Inc. and William D. O'Hagan.
- 10.20 Stock Option Agreement, dated October 9, 1998 by and between Mueller Industries, Inc. and William D. O'Hagan.
- 13.0 Mueller Industries, Inc.'s Annual Report to Stockholders for the year ended December 26, 1998. 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 26, 1998, 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 23, 1999.

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 23, 1999
/S/ROBERT B. HODES Robert B. Hodes	Director	March 23, 1999
/S/G.E. MANOLOVICI G.E. Manolovici	Director	March 23, 1999
/S/WILLIAM D. O'HAGAN William D. O'Hagan	President, Chief Executive Officer, Director	March 23, 1999
/S/ROBERT J. PASQUARELLI Robert J. Pasquarelli	Director	March 23, 1999

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 23, 1999
/S/ KENT A. MCKEE Kent A. McKee Vice President	March 23, 1999
/S/ RICHARD W. CORMAN Richard W. Corman Corporate Controller	March 23, 1999

INDEX TO FINANCIAL STATEMENTS

The consolidated financial statements, together with the report thereon of Ernst & Young LLP dated February 5, 1999, appearing on page 23 through and including 49, of the Company's 1998 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 1998 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 1998 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

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Schedule for the fiscal years ended December 26, 1998,
December 27, 1997 and December 28, 1996.

Valuation and Qualifying Accounts (Schedule II) 19

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MUELLER INDUSTRIES, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 26, 1998, December 27, 1997 and December 28, 1996
(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>				
1998				
Allowance for doubtful accounts \$ 4,929	\$ 3,680	\$ 556	\$ 1,197 (1)	\$ 504
Environmental reserves \$ 16,321	\$ 10,368	\$ 2,133	\$ 7,472 (1)	\$ 3,652
Severance and related \$ 9,266	\$ -	\$ -	\$ 9,464 (1)	\$ 198
Other reserves (2) \$ 15,748	\$ 10,448	\$ 200	\$ 6,838 (1)	\$ 1,738
Valuation allowance for deferred tax assets \$ 46,592	\$ 52,073	\$ -	\$ -	\$ 5,481
1997				
Allowance for doubtful accounts \$ 3,680	\$ 3,188	\$ 107	\$ 677 (1)	\$ 292
Environmental reserves	\$ 9,105	\$ 3,100	\$ 3,949 (1)	\$ 5,786

\$ 10,368					
Other reserves (2)	\$ 10,368	\$ 250	\$ 2,089 (1)	\$ 2,259	
\$ 10,448					
Valuation allowance for deferred tax assets	\$ 56,299	\$ -	\$ -	\$ 4,226	
\$ 52,073					
1996					
Allowance for doubtful accounts	\$ 2,986	\$ 435	\$ -	\$ 233	
\$ 3,188					
Environmental reserves	\$ 9,585	\$ 2,045	\$ -	\$ 2,525	
\$ 9,105					
Other reserves (2)	\$ 10,051	\$ 828	\$ -	\$ 511	
\$ 10,368					
Valuation allowance for deferred tax assets	\$ 60,921	\$ -	\$ -	\$ 4,622	
\$ 56,299					

<FN>

- (1) Resulted from acquisitions during 1998 and 1997.
- (2) Other reserves are included in the balance sheet captions "Other current liabilities" and "Other noncurrent liabilities".

</TABLE>

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EXHIBIT INDEX

Exhibits	Description	Page
3.1	Certificate of Incorporation of Mueller Industries, Inc. and all amendments thereto.	
10.6	Fifth Amendment to Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated November 20, 1998.	
10.7	Amended and Restated Credit Agreement among Mueller Industries, Inc. (as Borrower) and Michigan National Bank and other banking institutions and Michigan National Bank (as Agent) dated December 30, 1998.	
10.12	Summary description of the Registrant's 1999 bonus plan for certain key employees.	
10.19	Stock Option Agreement, dated May 7, 1997 by and between Mueller Industries, Inc. and William D. O'Hagan.	
10.20	Stock Option Agreement, dated October 9, 1998 by and between Mueller Industries, Inc. and William D. O'Hagan.	
13.0	Mueller Industries, Inc.'s Annual Report to Stockholders for the year ended December 26, 1998. 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).	
27.0	Financial Data Schedule (EDGAR filing only)	

CERTIFICATE OF INCORPORATION
OF
MBNR CORPORATION

I.

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

II.

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

III.

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

IV.

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

V.

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

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

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

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

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

date or dates from which such dividend shall be cumulative;

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

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

VI.

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

VII.

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

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

VIII.

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

IX.

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

X.

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

XI.

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

XII.

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

Dated: October 1, 1990

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

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CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
MBNR CORPORATION

(Under Section 241 of the General Corporation Law)

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

1. The name of the corporation is MBNR Corporation (the "Corporation").
2. The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 3, 1990.
3. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article I relating to the name of the Corporation,

and substituting in lieu of said Article the following:

"I

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

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

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

Dated: October 18, 1990

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

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CERTIFICATE OF CHANGE OF REGISTERED AGENT
AND
REGISTERED OFFICE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTICE OF APPOINTMENT OF TRUSTEE is attached as Exhibit B.

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

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

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

EXHIBIT A

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

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

RESOLVED, that the Trustee and each of the officers of the Corporation be, and they hereby are, authorized to execute and acknowledge in the name and on behalf of the Corporation the Articles of Merger; and that the Trustee and each of the officers be, and they hereby are, authorized to cause such executed Articles of Merger to be filed with the Secretary of the Commonwealth of Pennsylvania in accordance with Section 1927 of the Pennsylvania Business Corporation Law of 1988 ("PBCL");

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

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

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

SHARON STEEL CORPORATION
Debtor

NOTICE OF APPOINTMENT OF TRUSTEE

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

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

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

DATED: January 24, 1989

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

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

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

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

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

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

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

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

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

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

Mueller Industries, Inc.

By:/S/William D. O'Hagan
William D. O'Hagan
President and Chief Executive
Officer

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

FIFTH AMENDMENT
TO
CREDIT AGREEMENT

This Fifth Amendment to Credit Agreement (this "Fifth Amendment"), dated as of November 20, 1998, 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 Fifth 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, as amended, 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 \$100,000,000. The Credit Agreement was amended by a First Amendment to Credit Agreement, dated as of December 14, 1994, by a Second Amendment to Credit Agreement, dated as of June 1, 1995, by a Third Amendment to Credit Agreement, dated as of December 18, 1996, and by a Fourth Amendment to Credit Agreement, dated as of December 31, 1997 (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 a temporary increase in the aggregate principal amount of the loans that can be outstanding under the Amended Credit Agreement at any one time to \$125,000,000.00, 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 November 20, 1998, as follows:

1. The definition of the term "Brass Guaranties" in Section 1, shall be amended, effective as of December 27, 1997, by adding thereto, immediately following the word "Ltd." in the parenthetical clause thereof, the words "and any direct or indirect foreign subsidiaries of Mueller Brass Co. formed subsequent to December 27, 1997."

2. 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 Fifth Amendment, which as to aggregate Advances of the Loan will be limited to the maximum U.S. dollar amount shown on said Exhibit A."

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3. Section 2.1 shall be amended by inserting the following phrase after the amount "\$100,000,000" at the beginning of the sixth line thereof: "provided, however that from November 20, 1998 to February 18, 1999, or such earlier date that the parties agree to one or more term loans to replace the Line of Credit Loan (the "Increased Credit Period"), such maximum aggregate principal amount shall be "\$125,000,000."

4. Section 2.7 shall be amended by inserting the following phrase after the term "\$100,000,000" in the two places in which it appears: "or \$125,000,000 during the Increased Credit Period."

5. A new Section 3.7 is added to the Amended Credit Agreement, reading as follows:

3.7.1 Halstead Industries Inc. Guaranty

At such time as the outstanding principal balance outstanding on the Loan first exceeds \$100,000,000.00, the Borrower shall forthwith cause Halstead Industries, Inc. to execute and deliver to the Agent for the prorate benefit of the Banks an unlimited guaranty of all of the Obligations in form and substance satisfactory to the Agent.

6. Contemporaneously with the execution of this Fifth Amendment, the Borrower shall pay the Agent, for the prorate benefit of the Banks, an additional fully-earned, non-refundable commitment fee of \$25,000.

7. 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 Fifth 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 Fifth Amendment, such execution (and delivery of such Notes and Brass Guaranties to the Agent) being a condition to the effectiveness of this Fifth Amendment.

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

9. 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.

10. 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.

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IN WITNESS WHEREOF, the parties hereto have caused this Fifth 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

NATIONSBANK, N.A.

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:

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EXHIBIT A

Name of Bank -----	Ratable Share -----	Maximum Amount During Increased Credit Period -----	Maximum Amount Other Times -----
Michigan National Bank	25%	\$31,250,000	\$25,000,000
The First National Bank of Chicago	18.75%	\$23,437,500	\$18,750,000
NationsBank, N.A.	18.75%	\$23,437,500	\$18,750,000
Key Bank National Association	18.75%	\$23,437,500	\$18,750,000
Mercantile Bank National Association	18.75%	\$23,437,500	\$18,750,000

AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement (the "Agreement"), dated as of December 30, 1998, 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. The Agent, the Borrower and some of the Banks, together with several other financial institutions, executed a certain Credit Agreement, dated as of June 1, 1994, which has previously been amended five times (as so amended, the "Credit Agreement").

B. The Borrower has now requested the Banks to consider certain amendments to the Credit Agreement, including an increase in the aggregate principal amount of the loans that can be outstanding under the Credit Agreement at any one time, 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.

C. The parties desire to amend and restate the Credit Agreement in its entirety as hereinafter set forth.

NOW, THEREFORE, the parties hereto agree that the Credit Agreement shall be amended and restated in its entirety, effective on and as of December 30, 1998, 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 the Line of Credit Advances and the Letter of Credit Advances, but shall exclude Interim Advances unless the context otherwise requires, and "Advance" means any of the Advances.

"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.

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"Agent's Counsel" means Dykema Gossett PLLC, 1577 North Woodward Avenue, Suite 300, Bloomfield Hills, Michigan 48304.

"Bank" means each and, when used in the plural, includes all of the banking institutions which have signed (or which may hereafter become parties to) 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 8285 Tournament Drive, Suite 150, Memphis, Tennessee 38125, Attention: Chief Financial Officer, or at such other address as Borrower may hereafter specify to Agent in writing.

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

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

"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.

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

"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.

"Debt Service Coverage" means the sum of net income after taxes plus (1) depreciation, depletion and amortization, (2) interest, (3) net tax loss carry forwards 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.

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

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"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.

"EBITDA" means consolidated net earnings of the Borrower and the Subsidiaries excluding extraordinary gains before income taxes, interest expense, depreciation and amortization, all determined in accordance with GAAP.

"Effective Rate" means the interest rate in effect for each respective Loan from time to time when such Loan is not in default, as set forth in Section 2 hereof and/or in the Term Notes, as the case may be.

"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 Rate" means, for any day, the Fed Funds Effective Rate as most recently shown on page 73 of the Knight Ridder Money Center. If page 73 of the Knight Ridder Money Center is not available for any reason, the Agent may in its reasonable discretion select a comparable reference.

"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.

"Funded Debt" means all interest bearing obligations payable, which under GAAP are shown on the balance sheet as a liability, plus the face amount of all outstanding Letter of Credit Advances, plus the amount of all guaranties of indebtedness for borrowed money to the extent not otherwise shown on the balance sheet as a liability, plus the unpaid balance of all capitalized leases as determined in accordance with GAAP.

"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

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such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination and which are applied on a Consistent Basis.

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

"Guaranties" means, collectively, the guaranties of the Borrower's obligations under the Loan Documents by each of the Domestic Subsidiaries listed in Exhibit 3.5.1(c) to this Agreement and all Domestic Subsidiaries that are hereafter required to sign Guaranties as provided in Section 5.12 hereof (individually, a "Guarantor" and, collectively, the "Guarantors").

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

(a) All 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 by 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 Line of Credit Loan bearing interest based upon a reference to LIBOR, means a specified time period of one (1) month, two (2) months, three (3) months, or six (6) months, with a specified due date not later than the Line of Credit Maturity, and, with respect to the Term Loans, means a specified time period of, three (3) months, with a specified due date not later than the stated maturity date of the Term Notes.

"Interim Advance" has the meaning set forth in Section 2.9 of this Agreement.

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"Letter of Credit Advance" has the meaning set forth in Section 2.2.3 of this Agreement.

"LIBOR Advances" means Advances which bear interest calculated by reference to LIBOR.

"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:

$$\text{LIBOR} = \text{Unadjusted LIBOR} / (1 - \text{LIBOR Reserve}).$$

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.

"LIBOR Reserve" means relative to an Interest Period for which the Effective Rate is LIBOR, 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.

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

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

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

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"Line of Credit Maturity" means May 30, 2001.

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

"Loans" means the Line of Credit Loans and the Term Loans, and "Loan" means any of the Loans.

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

"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, the Term Notes and any other promissory notes issued by Borrower to the order of the Banks evidencing the Obligations of Borrower to repay the Loans.

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

"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) each of the liens described in Schedule 1.1(a) attached to this 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 reported as the "Prime Rate" in The Wall Street Journal as of each respective business day or, in the case of each non-business day, as reported as of the immediately preceding business day. In the event that The Wall Street Journal ceases reporting the Prime Rate, then "Prime Rate shall mean the rate announced

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publicly from time to time by Agent, 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.

"Prime Rate Advances" means Advances which bear interest calculated by reference to the Prime Rate.

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

"Ratable Share" means for each Bank the respective percentage shown on the signature pages of this Agreement, which as to aggregate Advances of the Line of Credit Loan and the Term Loan will be limited to the respective maximum U.S. dollar amounts 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 Shares equals or exceeds 66-2/3% in the aggregate of the Loans from time to time outstanding, excluding from both the numerator and denominator, however, the amount of the outstanding Loans by 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 or waive a maturity date, Advance Date, payment date for any obligation, interest rate, fees, commitment amount of any Bank, Section 8 hereof, this definition of Requisite Banks, release any of the Guaranties or modify in writing this Agreement or any other Loan Documents with respect to the foregoing, 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 Loans is 100% in the aggregate. Interim Advances shall not be included in any determination of Requisite Banks.

"Restricted Subsidiaries" means those individual Subsidiaries which from time to time (a) are Guarantors, and/or (b) the net earnings of which, together with their respective subsidiaries, for any one or more of the most recent three fiscal years of the Borrower, constitute five percent (5%) or more of the consolidated net earnings of the Borrower and

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the Subsidiaries, as determined in accordance with GAAP, and/or (c) the Tangible Net Worth of which, together with their respective subsidiaries, for any one or more of the most recent three fiscal years of the Borrower, constitute five percent (5%) or more of the consolidated Tangible Net Worth of the Borrower and the Subsidiaries.

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

"Subsidiaries" means those entities listed on Schedule 1.1(b) to this Agreement and all entities in which the Borrower hereafter acquires, directly or indirectly, any equity or ownership interest, except minority interests in entities the aggregate value of which interests (on a cost basis) does not exceed \$10,000,000.

"Tangible Net Worth" means the sum of the par or stated value of all outstanding capital stock, amounts in excess of par or stated value, surplus and retained earnings less intangibles, all as determined in accordance with GAAP.

"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.

"Term Loans" has the meaning set forth in Section 2.10 of this Agreement.

"Term Notes" has the meaning set forth in Section 2.10 of this Agreement.

"Total Outstanding Amount" means the aggregate principal amounts at any time outstanding of the Line of Credit Advances, the outstanding face amount of Letters of Credit and all outstanding Interim Advances, which shall not exceed \$100,000,000 in aggregate amount at any time.

"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 the sum of (a) an amount, if positive, which the Borrower is required to pay to maintain each Bank's anticipated Loan yield, which for any LIBOR Advance and for the Term Loans, is the product of (i) the dollar amount of Advances and/or the Term Loans which for any voluntary or involuntary reason other than its scheduled maturity is paid on a date which is not the last day of the respective Interest Period, (ii) the difference between (a) the Effective Rate immediately prior to such payment and (b) the LIBOR rate as determined by Agent in accordance with Section 2.2.1(ii) hereof for the same interest calculation 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 Interest Period and 360 days and (b) all costs incurred by the Agent and/or the Banks in connection with the breakage of any related LIBOR contracts. In the event that Borrower requests a LIBOR

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Advance, but such Advance is not funded for any reason, then a Yield Maintenance Payment shall be payable by Borrower as though the requested Advance had been made on the date requested and prepaid on the same day.

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 Financial Accounting Standards Board 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 LOANS.

2.1 Amount of Line of Credit. Subject to the terms and conditions hereof, Banks, severally in accordance with their respective Ratable Share, 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 \$100,000,000 (the "Line of Credit Loans"). Subject to the terms and conditions hereof, the amounts borrowed under the Line of Credit Loans 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% (a "Prime Rate Advance"); or
- (ii) LIBOR, plus 0.27% whenever the outstanding principal amount of the Line of Credit Loans is less than \$33,000,000, plus 0.37% whenever the outstanding principal amount of the Line of Credit Loans is \$33,000,000 or more but less than \$66,000,000, or plus 0.47% whenever the outstanding principal amount of the Line of Credit Loans is equal to or more than \$66,000,000, as the case may be (a "LIBOR Advance") in each case calculated as of the respective Advance Date or

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date of each paydown, as the case may be, and including the amount of any requested Advance in such calculation, with any change in the margin above LIBOR being effective with respect to all outstanding LIBOR Advances as of the date of such Advance Date or paydown date; or

- (iii) The Federal Funds Rate, plus 0.65% (a "Federal Funds Advance").

2.2.2 Each LIBOR Advance will have an Interest Period of one (1) month, two (2) months, three (3) months, or six (6) months, 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 for the prorata benefit of the Banks. 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 Notes will be immediately due and payable by Borrower to Agent for the prorata benefit of the Banks. No more than six (6) LIBOR Advances shall be outstanding at any one time and no LIBOR Advance shall be for less than \$5,000,000 in the aggregate.

2.2.3 Borrower shall give Agent notice of its request for each Advance and each Letter of Credit 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. Eastern 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) in all other cases, one (1) Business Day prior to the date such Advance is requested to be made. Each notice shall specify whether a Prime Rate Advance, a LIBOR Advance, a Federal Funds Advance or a Letter of Credit Advance is requested and, in the case of each requested LIBOR Advance, the Interest Period to be initially applicable to such Advance and, in the case of each Letter of Credit Advance, such information as may be necessary for the issuance thereof by Agent and accompanied by a completed and signed copy of the Agent's standard letter of credit application. 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 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. Agent shall give each Bank notice of each requested Advance no later than 2:00 p.m. Eastern Time on the Business Day immediately preceding the Advance Date, or in the case of a LIBOR Advance or a Letter of Credit Advance, on the third Business Day immediately preceding the Advance Date. Agent shall give each Bank notice of each draw under a letter of credit issued under this

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Agreement no later than 2:00 p.m. Eastern Time on the second Business Day immediately preceding the date on which such draw will be honored.

2.2.4 Each Bank, on the date any Advance is requested to be made, shall make its Ratable 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 Ratable Share of such Advance, Agent may assume that such Bank has made such portion available to Agent on the date such Advance is requested to be made in accordance with this Section 2.2. If and to the extent such Bank shall not have so made such Ratable Share available to Agent, Agent may (but shall not be obligated to) make such amount available to Borrower, and such Bank agrees to pay to Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to Borrower by Agent until the date such amount is repaid to Agent, at the Federal Funds Rate. If such Bank shall pay such amount to Agent together with interest, such amount so paid shall constitute a Loan by such Bank as a part of such Advance for purposes of this Agreement. The failure of any Bank to make its Ratable Share of any such Advance available to Agent shall not relieve any other Bank of its obligations to make available its Ratable Share of such Advance on the date such Advance is requested to be made, but no Bank shall be responsible for failure of any other Bank to make such Ratable Share available to Agent on the date of any such Advance.

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 to Borrower in immediately available funds at Borrower's expense.

2.2.6 Except for Interim Advances, no Prime Rate Advance or Federal Funds Advance shall be for an aggregate amount of less than \$5,000,000.

2.3 Authorization and Issuance of Line of Credit Notes. 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 Line of Credit commitment as set forth on the signature page(s) to this Agreement, on the Closing Date.

2.4 Unused Commitment Fee. Borrower will pay to Agent for the Banks on the last day of each March, June, September and December, in arrears, during the term of the Line of Credit, beginning December 31, 1998, from funds other than those supplied by the Line of Credit, an amount equal to one hundred and seventy-five one thousandths of 1% (0.175%) per annum of the daily average unused portion of the Line of Credit. Michigan National Bank's share of any such unused commitment fee shall be reduced by, and the share of the other Banks therein shall be ratably increased by, an amount equal to 0.175% per annum of the daily average outstanding amount of Interim Advances during each respective calculation period. Such fee shall be prorated with respect to any

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quarter in which the Line of Credit is not in effect for the entire quarter.

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

2.6 Payments, Conversions and Rollovers.

2.6.1 Interest will be paid monthly by Borrower to Agent upon the outstanding principal balance of all Prime Rate Advances and all Fed Fund Advances from the date advanced at the applicable rates as determined according to Section 2.2.1 above. Interest will be paid at the end of the respective Interest Periods or, in the case of LIBOR Advances having six month Interest Periods, at the end of every three (3) months, by Borrower to Agent upon the outstanding principal balance of all LIBOR Advances from the date advanced at the applicable rates as determined according to Section 2.2.1 above.

2.6.2 Unless converted or rolled over as hereafter provided, the principal on LIBOR Advances will be paid at the end of the respective Interest Periods. 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 Loans, 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.

2.6.3 All or any portion of an outstanding Prime Rate Advance or Federal Funds Advance may be converted to a LIBOR Advance upon Borrower giving Agent written notice of its request for each such conversion not

later than 11:00 a.m. Eastern Time three (3) Business Days prior to the date such conversion is requested to be made. Such notice shall specify the length of the Interest Period.

2.6.4 All or any portion of an outstanding Prime Rate Advance or Federal Funds Advance may be converted to a Federal Funds Advance or a Prime Rate Advance, respectively, upon Borrower giving Agent written notice of its request for each such conversion not later than 11:00 a.m. Eastern Time one(1) Business Day prior to the date such conversion is requested to be made.

2.6.5 All or any portion of an outstanding LIBOR Advance may be converted to a Federal Funds Advance or a Prime Rate Advance upon Borrower giving Agent written notice of its request for each such conversion not later than 11:00 a.m. Eastern Time one (1) Business Day prior to the end of the applicable Interest Period.

2.6.6 All or any portion of an outstanding LIBOR Advance may be rolled over into a new Interest Period upon Borrower giving Agent written notice of its request for each such roll over not later than 11:00 a.m. Eastern Time three (3) Business Days prior to the end of the then current Interest Period. Such notice shall specify the length of the new Interest Period.

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2.6.7 Agent shall give each Bank notice of each conversion and rollover requested under this Section 2.6 not later than 2:00 p.m. Eastern Time three (3) Business Days prior to the end of the effective date of such conversion or roll over.

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. LIBOR Advances may only be prepaid upon five (5) days' prior written notice, from Borrower to Agent, and upon payment by Borrower 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 \$100,000,000, 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 \$100,000,000. 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 Loans 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 is manifest error evident on its face. Similarly, each Bank is hereby authorized by Borrower to record in its books and records, the date, and amount and type of each Advance and the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon, which books and records shall constitute prima facie evidence of the information so recorded, provided, however, that failure of any Bank to record, or any error in recording, any such information shall not relieve Borrower of its obligation to repay the outstanding principal amounts of the Loans, all accrued interest thereon and other amounts payable with respect thereto in accordance with the terms of the Notes and this Agreement.

2.9 Interim Advances. The Agent may, in its sole discretion and without having any obligation to do so, make interim advances (hereinafter sometimes referred to as "Interim Advances") of its own funds to the Borrower in an aggregate amount not to exceed \$5,000,000 at any one time outstanding; provided, however, that no Interim Advances shall be made after the Agent has received written requests not to make Interim Advances from the Requisite Banks or unless all conditions precedent for an Advance have been met. The aggregate amount of all Interim Advances outstanding on the date any regular Advance is made shall be included as a previously disbursed portion of such regular Advance in which each Bank shall participate based upon its Ratable Share and the Agent shall thereupon be immediately reimbursed for the full amount of such Interim Advances from the proceeds of such regular Advance. If no regular Advance is made for any period of 60 days, whether by reason of the failure to comply with any condition for a regular Advance or otherwise, each Bank shall, upon request of the Agent, on the Business Day after receiving such request, remit to the Agent such Bank's Ratable Share of all outstanding

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Interim Advances, whereupon, such Interim Advances shall be automatically converted to a regular Prime Rate Advance effective on such next Business Day. In no event will any Interim Advance be made if, after giving effect to such Interim Advance, the aggregate principal amount of all Advances would exceed \$100,000,000.00.

2.10 Term Loans. On the Closing Date, each Bank shall make a term loan to the Borrower in the amount of its Ratable Share of \$125,000,000 (collectively, the "Term Loans"). Simultaneously with the making of the Term Loans, the Borrower shall repay the principal of all of the outstanding Line of Credit Notes under the Credit Agreement and all accrued and unpaid interest thereon. The Term Loans will be evidenced by separate promissory notes of Borrower, in the form of Exhibit 2.10 to this Agreement (each a "Term Note" and collectively the "Term Notes"), to be executed and delivered by Borrower to each of the Banks, in the principal amount of each such Bank's Term Loan commitment as set forth on the signature page(s) to this Agreement. The Term Loans shall have a term of five (5) years, with interest only payable quarterly for the first six (6) months. Thereafter, regular payments of principal, based upon a ten-year amortization of principal (i.e. \$3,289,473.68 per quarter), and interest shall be payable on the last day of each Interest Period. The Term Loans shall bear interest as follows: (a) whenever the ratio of Funded Debt to EBITDA is 1.10 or less, the interest rate shall be the 3 month LIBOR, plus 110 basis points; (b) whenever the ratio of Funded Debt to EBITDA is greater than 1.10 but less than 2.25, the interest rate shall be the 3 month LIBOR, plus 120 basis points; and (c) whenever the ratio of Funded Debt to EBITDA is 2.25 or more, the interest rate shall be the 3 month LIBOR, plus 130 basis points. From the Closing Date until the ratio is recalculated, the interest rate shall be the 3 month LIBOR, plus 120 basis points. Such ratio shall be recalculated as of the end of each fiscal quarter of the Borrower hereafter based upon the information set forth in the Borrower's quarterly compliance certificates and the Term Notes shall bear interest at the respective Effective Rate thus determined effective as of the first day of the current fiscal quarter, provided, however, that if Borrower fails to timely deliver any compliance certificate to Agent, the interest rate shall be the 3 month LIBOR, plus 130 basis points effective as of the first day of the current fiscal quarter until two (2) Business Days after the Agent has received such compliance certificate. For any date that the Agent is unable to determine LIBOR and for any period after the last day of the last Interest Period for the Term Loans, the Term Loans shall bear interest at the Prime Rate. The Term Loans may be prepaid in whole or in part at any time and from time to time, without premium or penalty, provided, however, that any partial prepayments shall be in aggregate principal amounts of not less than \$5,000,000 and integral multiples thereof, and shall be applied to the installments due under the Term Notes in the reverse order of their maturities, and provided, further, that simultaneously with making such prepayment the Borrower will pay the Banks any applicable Yield Maintenance Payment.

3. GENERAL PROVISIONS.

3.1 Commitment Fees. On the Closing Date, the Borrower shall pay to the Agent for the pro rata benefit of the Banks fully earned and nonrefundable commitment fees in the amount of \$175,000.00 with respect to the Line of Credit and \$218,750.00 with respect to the Term Loans.

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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/or at the request of the Requisite Banks, and without affecting any of the Bank's rights and remedies provided for herein and in the Notes, 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 and/or at the request of the Requisite Banks, a late charge of five cents (\$.05) for each dollar of the payment so overdue may be charged.

3.4 Computation of Interest and Fees; Maximum Interest Rate.

3.4.1 All computations of interest on the Loans 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 Notes or the other Loan Documents indicates a different right given to the Banks to ask for, demand or receive any larger sum as interest, such as a mistake in calculation or wording, this clause will override and control, it being the intention of Borrower and the Banks that this Agreement, the Notes and the other Loan Documents will in all respects comply with applicable law, and proper adjustment will automatically be made accordingly. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Rate, Borrower and the Banks will, to the maximum extent permitted by law (i) characterize any 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

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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 Term Notes, in the form of Exhibit 2.10.

(c) The Guaranties, in the form of Exhibit 3.5.1(c) to this Agreement.

(d) Such other documents and certificates as may be necessary or desirable to evidence the Obligations, representations, warranties and covenants of Borrower hereunder and the Guarantors under the Guaranties.

3.5.2 Agent will have received a good standing certificate of Borrower and each of the Guarantors listed on Exhibit 3.5.2 hereto from each state in which Borrower and each such Guarantor is organized and each other state, if different, in which the principal part of its business activity is conducted, dated a recent date, indicating that Borrower and each such Guarantor is in good standing in each such state; provided that Borrower covenants to deliver to Agent, as soon as practicable but not later than ninety (90) 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.

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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 Commitment Fees 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 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 Loans, nor will either result from the making of such Loans.

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

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

3.6.1 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

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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 quarterly 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 under any Letter of Credit Advance, or any portion thereof, by an amount which any such Bank deems to be material, such Bank shall from time to time notify the Agent and Borrower thereof by delivery of a certificate of an officer of such Bank of the nature described in the next sentence, and the Borrower shall pay to the Agent for delivery to such Bank that amount which shall compensate such Bank (on an after tax basis) for such increase in cost, reduction in income, additional expense, reduced amount or reduced rate of 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).

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(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 Loans.

3.6.7 Letters of Credit. Any letter of credit issued pursuant to the Line of Credit shall have a term not exceeding one year, not including renewals and shall not in any event expire later than the Line of Credit Maturity Date. In no event shall the aggregate face amount of all outstanding Letter of Credit Advances exceed \$15,000,000.00. Borrower will pay to Agent for the pro rata benefit of the Banks a fee of four hundred eighty-five thousandths of one percent (0.485%) 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 Ratable Share. If Agent shall honor a draft or other demand for payment presented or made under any letter of credit, Agent shall provide notice thereof to each Bank prior to 2:00 p.m. Eastern Time on the second Business Day immediately preceding the date such draft or demand is to be

honored. Unless Borrower shall have satisfied its reimbursement obligation by payment to Agent on the date that such draft or demand is to be honored, each Bank, on the date the draw under the letter of credit is to be honored, shall make its Ratable Share of the amount paid by Agent available in 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 Ratable Share portion available to Agent, such Bank agrees to pay to Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid by Agent until such amount is so made available to Agent at a per annum rate equal to the Federal Funds Rate. If such Bank shall pay such amount to Agent together with such interest, such amount so paid shall constitute a Loan by such

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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.

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 legal entity duly organized, validly existing and in good standing under the laws of the respective jurisdiction of its organization, (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 adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

4.1.2 Borrower has full power and authority to execute, deliver and perform the Loan Documents, including, without limitation, to borrow under this Agreement. Each Guarantor has full power and authority to execute, deliver and perform the Guaranties. Borrower and each Guarantor has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents and Borrower has taken all necessary action to borrow under this Agreement. No consent or authorization of, or filing with, any Person (including, without limitation, any Governmental Authority) is required in connection with the execution, delivery and performance by Borrower or any Guarantor of the validity or enforceability against Borrower or any Guarantor 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 and the execution, delivery and performance by any Guarantor of the Guaranties do not and will not (a) violate any Requirement of Law applicable to Borrower or any Subsidiary, (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of Borrower or any Subsidiary, (c) result in or require the creation or imposition of any Lien of any nature whatsoever upon any of Borrower's or any Subsidiary's properties or assets, other than in favor of the Banks, or (d) require any approval of any court or Governmental Authority or any approval or consent of any Person under any contractual obligation of Borrower.

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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 and of the Guarantors, as the case may be, enforceable against it and them in accordance with their respective terms, except as enforcement may be limited by equitable principals or by bankruptcy, insolvency, reorganization, moratorium or similar laws, or equitable principles relating to or limiting creditors' rights generally.

4.3 Subsidiaries. Schedule 1.1(b) correctly sets forth as to each Subsidiary, its name, the jurisdiction of its organization, the name of its immediate parent and the percentage of its capital stock or other

ownership interest that is directly or indirectly owned by Borrower. Other than (1) as set forth in its annual reports as filed with the SEC, (2) stock acquisitions made since its most recent annual report filed with the SEC, (3) the Subsidiaries, and (4) the existing minority stock interests owned by Mueller Copper Tube Products, Inc. (formerly known as Halstead Industries, Inc.), Borrower does not own more than \$10,000,000 (on a cost basis) in the aggregate of capital stock or other ownership interest in any Persons.

4.4 Title. Borrower and Subsidiaries, as applicable, have good and valid legal title to the assets reflected in Borrower's consolidated financial statements dated as of September 26, 1998 previously submitted to each of the Banks. Borrower and Subsidiaries have good and valid legal title to all of the assets acquired in the recent acquisition of Mueller Copper Tube Products, Inc. (formerly known as Halstead Industries, Inc.) There are no Liens, charges or encumbrances (other than Permitted Liens), on such property or assets referenced in the prior two sentences 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

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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 Guarantor or the operations, business prospects or condition (financial or otherwise) of Borrower and Guarantors, 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 material obligations, covenants or conditions contained in any of its contractual obligations and no condition exists which, with the giving of notice or the lapse of time or both, would constitute such a default, and which could reasonably be expected to adversely affect the business, operations, property or assets, the business prospects, or condition (financial or otherwise), of Borrower and its Subsidiaries, taken as a whole.

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

4.8 Disclosure. No representation or warranty of Borrower contained in this Agreement or in any other Loan Document or other document, certificate or written statement furnished to the Banks by or on behalf of Borrower with respect to the business prospects or condition (financial or otherwise) of Borrower and each Subsidiary for use in connection with the transactions contemplated by this Agreement, 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, 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 adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

4.10 Environmental Matters. Except as set forth in Schedule 4.10 to this Agreement, to the best of Borrower's knowledge, Borrower and

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

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

4.12 Regulations 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 of Governors of the Federal Reserve System) 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) permitted under Section 6.1 of this Agreement.

4.14 Year 2000 Problem. Borrower has reviewed or is currently reviewing all of Borrower's and its Subsidiaries' material computer systems, including all material hardware, software, tools and equipment with embedded computer chips, networks, interfaces and data storage (the "Computer Systems") which could be affected by the Year 2000 Problem (as defined below) and has developed and implemented or is developing and will implement by not later than January 31, 1999, a comprehensive program (including emergency, backup, and business continuation plans) to ensure

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that the Computer Systems will not have a Year 2000 Problem, and by September 30, 1999, will be fully Year 2000 Compliant. Borrower further warrants that it has reviewed, or is presently attempting to review the Year 2000 Problem with all of its, and the Restricted Subsidiaries', material customers, service providers, suppliers, vendors, trading

partners with whom the Computer Systems are linked or have any material reliance, and Borrower will use its best efforts to obtain by January 31, 1999, assurances from all such customers, service providers, suppliers, vendors and trading partners that their computer systems will not have a Year 2000 Problem affecting Borrower or any of the Subsidiaries. Borrower agrees to provide Banks from time to time with written updates and such other information as any of the Banks may reasonably request concerning the Year 2000 Problem and Borrower's progress in solving said problem. Borrower agrees and acknowledges that it will be an Event of Default if the Computer Systems are not Year 2000 Compliant in all material respects by September 30, 1999 (for this purpose, "material respects" shall be determined taking the Borrower and the Subsidiaries as a whole). As used herein, "Year 2000 Problem" means the risk that the computer applications (including internal and external programs, systems and networks) used by Borrower, its Subsidiaries or by third parties with whom Borrower and/or the Subsidiaries do business may not recognize or properly perform date sensitive functions involving certain dates prior to and any date after December 31, 1999. As used herein, "Year 2000 Compliant" means that neither the performance nor functionality of the Computer Systems will be materially affected by the Year 2000 Problem. If requested by any Bank, as soon as possible, but no later than September 30, 1999, the Borrower shall send a certification to the Banks as to whether or not the Computer Systems are Year 2000 Compliant in all material respects on or before September 30, 1999.

4.15 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 the Requisite Banks (which consent will not be unreasonably withheld). Upon five (5) days' prior notice, Borrower will provide, and cause each Subsidiary to provide, access to representatives of each Bank to visit any of the properties of Borrower or any g32

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:

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5.3.1 As soon as available and in any event within forty-five (45) days after the end of each of the first three quarters of each fiscal year of Borrower, management prepared consolidated 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.

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. Additionally, the Borrower will provide internally prepared consolidating financial statements within 120 days after the end of each fiscal year.

5.3.3 Upon the request of Agent or Requisite Banks, 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 Unless otherwise specified, copies of all of the reports furnished under this Section 5.3 shall be sent by Borrower directly to the Banks.

5.3.6 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 Restricted Subsidiary in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, a written notice thereof specifying what action Borrower or such Domestic 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 and, if requested by the Agent, any Guarantor.

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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 adversely impact the business, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to repay the Loan or to observe and perform its obligations under the Loan Documents.

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

5.3.11 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 Five Million (\$5,000,000) Dollars in excess of the amount of any insurance covering such claim, or deliver assets the value of which exceeds such sum or of the institution of any other suit or proceeding to which Borrower or any Subsidiary is a party that, by itself or together with any other such matters, might materially and adversely affect the operations, financial condition, property, or business prospects of the Borrower and its Subsidiaries, taken as a whole.

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

5.3.14 Not less than 30 days prior to the consummation of any proposed acquisition which, when aggregated with all other acquisitions consummated directly or indirectly by the Borrower since the date of the most recent Compliance Certificate furnished pursuant to Section 5.3.4 hereof, will result in a cumulative increase in the Borrower's Funded Debt as a result of all such acquisitions of \$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).

5.3.15 Such other information as any Bank may reasonably request.

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

5.4.1 Borrower will maintain a minimum consolidated Tangible Net Worth of Two Hundred Seventy-Five Million (\$275,000,000) Dollars to be adjusted upward at the end of each fiscal quarter commencing December 26, 1998, by thirty-three percent (33%) 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 not permit the ratio of Borrower's debt (current liabilities plus long-term liabilities) to Tangible Net Worth to exceed 1.50 to 1.00, on a consolidated basis.

5.4.3 Borrower will not permit the ratio of Current Assets to Current Liabilities (including, for this purpose, any amounts drawn and outstanding under the Line of Credit) to be less than 1.5 to 1.00, on a consolidated basis.

5.4.4 Borrower will not permit the Debt Service Coverage ratio to be less than 1.25 to 1.00, on a consolidated basis.

5.4.5 Borrower will not permit the ratio of Funded Debt to EBITDA to exceed 3.00 to 1.00, as calculated on a rolling four (4) quarter basis, on a consolidated basis.

5.5 Corporate Existence. Except as permitted under Section 6.3, Borrower will at all times preserve and keep in full force and effect its and each Subsidiary's corporate existence (except for (i) Mining Remedial Recovery Corporation and its subsidiaries (ii) individual Subsidiaries whose book value is less than \$1,000,000 and (iii) more than one of such Subsidiaries whose collective book value is not greater than \$5,000,000, 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 Restricted Subsidiary (other than Mining Remedial Recovery Corporation and its subsidiaries) before any penalty or interest accrues thereon; provided, however, that Borrower will not be required to pay any such Taxes, assessments, or charges if (a) the validity thereof will currently be contested in good faith by appropriate proceedings, (b) Borrower will have set aside on its books adequate reserves with respect to such Taxes, assessments, or charges and (c) Borrower gives notice in writing of such action to Agent; 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 any Subsidiary, from time to time as the Banks reasonably request in order to assess the adequacy of such insurance policies.

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

5.8.1 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 (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.

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

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

5.12 New Guaranties. Within 30 days after the acquisition or formation of any new Domestic Subsidiary, Borrower shall send written notice to the Agent of such acquisition or formation and Agent shall promptly provide a copy of notice to each Bank. At any time thereafter, at the request of the Requisite Banks, or if such Domestic Subsidiary also qualifies as a Restricted Subsidiary, Borrower shall forthwith cause such Domestic Subsidiary to execute and deliver to the Agent sufficient copies of a guaranty, substantially in the form executed by the Guarantors on or about December 30, 1998, 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. Borrower shall comply with any such request within 60 days after its receipt of the request. Notwithstanding the foregoing, no newly acquired Domestic Subsidiary shall be required to deliver such a guaranty so long as the giving of such a guaranty would constitute a default under the terms of any loan document between such acquired Domestic Subsidiary and a bona fide lending institution which was entered into prior to, but not in contemplation of, such acquisition,.

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

6.1 Indebtedness. Except as set forth on Schedule 4.13 to this Agreement, Borrower will not, and will cause each of the Subsidiaries (but excluding any Subsidiary organized in Europe and any Subsidiary in which Borrower directly or indirectly owns less than a majority interest) not

to, create, incur, assume, permit or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness except for (i) the Obligations, (ii) Indebtedness with respect to Permitted Liens, (iii) Indebtedness of Borrower and its wholly-owned Subsidiaries in an aggregate amount not to exceed Twenty-Five Million (\$25,000,000) Dollars and (iv) consolidating inter-company indebtedness as shown on consolidating financial statements delivered pursuant to Section 5.3.1 of this

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Agreement. Furthermore, Borrower and the Guarantors shall not make new loans or advances in an aggregate amount in excess of \$25,000,000 at any one time outstanding to any Subsidiaries which are not Guarantors, excluding, however, possible loans and advances to the European operations in an aggregate amount not to exceed \$10,000,000, which amounts are reflected as restructuring reserves on Borrower's September 26, 1998 balance sheet.

6.2 Liens. Borrower will not, and will cause each Restricted Subsidiary not to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind of Borrower or any 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, and, if the amount of any such Lien exceeds \$1,000,000 and the Requisite Banks so request, such Lien shall have been bonded over in a manner reasonably satisfactory to the Requisite Banks, (iii) Liens for taxes not delinquent or being contested in good faith, (iv) Liens created in connection with workers' compensation, unemployment insurance, and social security, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money), leases, statutory obligations, surety and appeal bonds, (v) other similar Liens incidental to the normal conduct of the ordinary course of business of the Borrower and the Subsidiaries in an aggregate amount not to exceed \$250,000, (vi) Liens existing on the Closing Date as set forth on Schedule 6.2 hereof, (vii) Liens representing the extension, renewal or replacement of a Lien under immediately preceding clause (vi) in respect of the same property of the same Subsidiary, and (viii) Liens securing indebtedness permitted under Section 6.1(iii) up to an aggregate amount of \$25,000,000.

6.3 Restriction on Fundamental Changes. Borrower will not, and will cause each Restricted Subsidiary not to fundamentally change the nature of its business, enter into any merger, consolidation, reorganization or recapitalization, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell (other than in the ordinary course of its business), assign, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, property, assets or securities, whether now owned or hereafter acquired, or acquire by purchase or otherwise, all or substantially all the business, property, assets, securities or interest of any Person; provided that (a) a Domestic Subsidiary may merge or consolidate with Borrower, provided that the Borrower will be the surviving corporation, (b) a Domestic Subsidiary may merge or consolidate with another Domestic Subsidiary, (c) a Domestic Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to Borrower or another Domestic Subsidiary, (d) Borrower may acquire or form additional Subsidiaries; provided that each such newly formed Subsidiary is wholly-owned by Borrower (unless Borrower has obtained the prior written consent of the Requisite Banks to acquire or form a Subsidiary which will not be wholly-owned, which consent will not be unreasonably withheld), and (e) Borrower may dispose of any assets owned by Lincoln Brass Works, Inc. or its subsidiaries, any assets owned by the coaxial cable division of the Precision Tube Division of Mueller Streamlining Co., and/or the assets of Mueller Copper Tube Products, Inc. which are not core manufacturing assets.

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

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

6.6 Misrepresentations. Borrower will not, and will cause each Subsidiary not to, 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 (except the existing provisions of the loan agreement among B&K Industries, Inc., Northern Trust Company and LaSalle National Bank, which exception shall cease to apply when and to the extent the restrictive covenants contained in such loan agreement are terminated or changed) not to, enter into any agreement which could prohibit, or have the effect of prohibiting, the payment of dividends by or other distribution of the earnings of any Subsidiary to Borrower.

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

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

7. EVENTS OF DEFAULT; ACCELERATION; REMEDIES.

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

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7.1.1 Failure to Make Payments When Due. Borrower fails to pay any principal and/or interest owing under any Note when such amount is due (whether at stated maturity, as a result of a mandatory prepayment requirement, by acceleration, by notice of prepayment or otherwise), or Borrower fails to pay any other amounts (including, without limitation, fees, costs and expenses) payable under this Agreement or any other Loan Document or in connection with any letter of credit issued hereunder, 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 (to the extent such term, covenant, condition or agreement is applicable to such 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, 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 Restricted Subsidiary declares any Indebtedness owing on any bond, debenture, note or other evidence of Indebtedness for borrowed money in an aggregate amount in excess of Two Million Five Hundred Thousand (\$2,500,000) Dollars of Borrower or such Restricted Subsidiary to be due and payable prior to its expressed maturity by reason of any default by Borrower or such Restricted Subsidiary in the performance or observance of any obligation or condition.

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, 5.11 and

5.12, 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 Restricted Subsidiary under Chapter 7 or Chapter 11, respectively, of the federal Bankruptcy Code or any similar proceeding will be commenced against Borrower or any Restricted Subsidiary under any other applicable law and any one or more of the following events occur: (i) Borrower or such Subsidiary consents to the institution of the involuntary case, (ii) the petition commencing the involuntary case is not timely controverted; (iii) the petition commencing the involuntary case is

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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 Restricted Subsidiary to take possession of all or a substantial portion of the property and/or to operate all or a substantial portion of the business of Borrower or such Subsidiary will have been entered and, within sixty (60) days from the date of entry, is not vacated, discharged or bonded against, or any similar relief will be granted against Borrower or such Subsidiary under any applicable federal or state law, and, within sixty (60) days from the date of entry, is not vacated, discharged or bonded against.

7.1.7 Voluntary Bankruptcy; Appointment of Trustee, etc.

(a) Borrower or any Restricted Subsidiary will (i) institute a voluntary case seeking liquidation or reorganization under 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 Restricted Subsidiary; or (vi) make a general assignment for the benefit of creditors.

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

7.1.8 Judgments and Attachments.

(a) Borrower or any Restricted Subsidiary will suffer any money judgment(s), fines or penalties not covered by insurance, writ(s) or warrant(s) of attachment or similar process(es) involving an amount, in the aggregate, in excess of Five Million (\$5,000,000) 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 Restricted Subsidiary by any means, including, without limitation, levy, distraint, replevin or self-help.

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7.1.9 Dissolution. Any order, judgment or decree will be entered against Borrower or any Restricted Subsidiary having assets in excess of \$100,000 decreeing the dissolution or division of it and such order will remain undischarged or unstayed for a period in excess of thirty (30) days.

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 request of the Requisite Banks, immediately be due and payable without presentment, demand, protest, notice or other requirements of any kind, all of which are hereby expressly waived by Borrower, and all commitments of the Banks hereunder will terminate, at each Bank's option, without further action of any kind. Upon acceleration, Agent will proceed to protect, exercise and enforce the Banks' rights and remedies hereunder and under the other Loan Documents and any other rights and remedies as are provided by law or equity. If the Loan is then one which may be repaid only upon payment of a Yield Maintenance Payment, the Agent will 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; fourth, to a cash collateral account maintained at the Agent up to the aggregate face amount of all outstanding letters of credit issued hereunder to secure Borrower's reimbursement obligation in connection with such letters of credit; and fifth, to Borrower or as otherwise provided by any Requirement of Law. During the existence of any Event of Default, at the request of the Agent and/or the Requisite Banks, Borrower shall forthwith deposit into a cash collateral account with the Agent an amount of cash equal to the aggregate face amount of all outstanding letters of credit issued hereunder, to secure Borrower's reimbursement obligation in connection with such letters of credit.

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

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

8.2.2 Advances. In order to minimize transfers between the Agent and each Bank of funds representing the Bank's Ratable Share of an Advance, a Borrower payment, or (to the extent that Agent has not been promptly reimbursed by Borrower) other amounts for which the Agent is entitled to Bank reimbursement or indemnification, coincidental transfer and loan account adjustments may be made on a "net" basis. Not later than the Business Day immediately preceding an Advance Date or a date on which Bank reimbursement of the Agent is requested, Agent will advise each Bank

by telephone, telex or teletype as to the purpose and aggregate amount to be disbursed or paid by Agent and the Advance Date or actual or anticipated payment date, as the case may be; the amount which is such Bank's Ratable Share thereof; and, if in order to cause all loan accounts maintained by Agent for such Bank to conform to its Ratable Share of the Loan, the amount which such Bank is requested to remit to Agent will be different, the identity of the loan account(s) requiring adjustment and the nature and amounts due to or from the Bank with respect thereto. All amounts which a Bank is required to remit to Agent will be made available to Agent by transfer of same day funds to the designated wire account of Agent not later than 12:00 p.m. Eastern Time on the Advance Date, as evidenced by a wire transfer number or actual receipt by Agent. Agent will have no liability to Borrower for the failure of any Bank to make an Advance on the Advance Date, and if any Advance Date is on a day when any of the Banks are not open for business, then each Bank shall transfer to Agent its Ratable Share on the next day such Bank is open for business.

8.2.3 Distribution of Payments. All Loan payments in respect of Advances, interest, fees or expenses incurred by the Banks and required by Borrower to be reimbursed will be deemed paid when immediately available U.S. currency or its equivalent is paid in the amount required

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

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

8.3 Dissemination of Information. Agent will distribute promptly to each Bank the executed promissory notes evidencing such Bank's Ratable Share of the Loans. Agent will have no duty or responsibility, either initially or on a continuing basis, to provide any Bank with any credit or other information with respect to Borrower (other than information or notices received by it in accordance herewith and only if not received by the 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, only with the prior written consent of the Requisite Banks or all of the Banks, as the case may be. When Agent requests the consent of the Requisite Banks and does not receive a written denial thereof from any Bank within ten (10) Business Days after such Bank's receipt of such request, then such Bank will be deemed to have denied such consent. Borrower agrees that it will

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

8.6 Reliance. Agent may rely upon any written notices, statements, certificates, orders or other documents or any telephone message or other communication (including any writing, 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

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independent investigation of the financial condition and affairs of Borrower as it has deemed appropriate, it has made and will continue to make its own appraisal of the creditworthiness of Borrower and credit decisions to participate in the Loans in accordance with this Agreement. Each Bank also acknowledges that, independently of Agent and each other Bank, and based on such other documents, information, and investigations as it deems appropriate at 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 from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, excess Advances or payments of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or another Loan Document, including (without limitation) the reimbursement of Agent for all expenses (including reasonable attorneys' and paralegals' fees, the allocated expense of in-house attorneys and paralegals, and all out-of-pocket expenses) incurred by Agent under or in connection with this Agreement or another Loan Document or in enforcing the Obligations, in all cases as to which Agent is not reimbursed by Borrower, provided that no Bank will be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, Advances or payments as are determined by a court of competent jurisdiction in a final, non-appealable decision or order to have resulted solely from Agent's gross negligence, willful misconduct, violation of any

relevant statute, law, ordinance, rule or regulation or violation of this Agreement or another 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 another Loan Document, unless it is indemnified to its satisfaction by the Banks against losses, costs, liabilities, and expenses. If any indemnity in favor of Agent is impaired, Agent may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given.

8.9 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

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

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

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

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

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officers of Agent or to advise Agent or (d) to enforce any rights of the Banks to collect any of the Obligations, including, without limitation, reasonable fees, costs and expenses of Agent's attorneys and paralegals, the allocated costs of Agent's internal counsel, together with interest thereon at the rate equal to 2% above the highest Effective Rate hereunder, will be part of the Obligations, payable on demand. Upon and during the continuance of an Event of Default, Borrower shall reimburse each Bank for such Bank's reasonable fees, costs and expenses incurred in connection with the enforcement of this Agreement and the other Loan Documents. All of the foregoing amounts may, at Agent's option, be charged as an Advance under the Loan.

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

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(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 all of the Banks. This Agreement will not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and each of their respective successors and assigns.

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

9.10 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 Loans hereunder and the execution and delivery of the Notes.

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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, the letters of credit issued under this Agreement and the Loans may be tried and litigated in the federal courts of the United States of the Eastern District of Michigan. Borrower hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts. Borrower irrevocably consents to the service

of process out of any such courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Borrower, at its address set forth for notices in this Agreement, such service to become effective ten (10) days after such mailing. Nothing herein will affect the right of any Bank to serve process in any other manner permitted by law. Borrower irrevocably waives any right it may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceeding is brought in accordance with this Section 9.18.

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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.

[PURPOSELESSLY LEFT BLANK - SIGNATURES ON FOLLOWING PAGES]

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

WITNESS:

"BORROWER"

MUELLER INDUSTRIES, INC.

By:

Its:

"BANKS"

WITNESS:

MICHIGAN NATIONAL BANK, a national
banking association

By:

Joseph A. Vito
Its: City Manager

Ratable Share: 16%

Line of Credit Commitment: \$16,000,000

Term Loan Commitment: \$20,000,000

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NATIONSBANK, N.A.

By:

Its:

Ratable Share: 12.8%

Line of Credit Commitment: \$12,800,000

Term Loan Commitment: \$16,000,000

THE FIRST NATIONAL BANK OF CHICAGO

By:

Its:

Ratable Share: 12.8%

Line of Credit Commitment: \$12,800,000

Term Loan Commitment: \$16,000,000

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MERCANTILE BANK NATIONAL ASSOCIATION

By:

Its:

Ratable Share: 10%

Line of Credit Commitment: \$10,000,000

Term Loan Commitment: \$12,500,000

FIRST TENNESSEE BANK NATIONAL
ASSOCIATION

By:

Its:

Ratable Share: 12.8%

Line of Credit Commitment: \$12,800,000

Term Loan Commitment: \$16,000,000

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FIRST UNION NATIONAL BANK

By:

Its:

Ratable Share: 12.8%

Line of Credit Commitment: \$12,800,000

Term Loan Commitment: \$16,000,000

FIRST AMERICAN NATIONAL BANK

By:

Its:

Ratable Share: 12.8%

Line of Credit Commitment: \$12,800,000

Term Loan Commitment: \$16,000,000

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UNION PLANTERS BANK, N.A.

By:

Its:

Ratable Share: 10%

Line of Credit Commitment: \$10,000,000

Term Loan Commitment: \$12,500,000

"AGENT"

MICHIGAN NATIONAL BANK, a
national banking association

By:

Joseph A. Vito
Its: City Manager

EXHIBIT 2.3

AMENDED AND RESTATED
LINE OF CREDIT NOTE

Amount: \$12,800,000.00
Due Date: May 30, 2001 Dated as of December 30, 1998

FOR VALUE RECEIVED, MUELLER INDUSTRIES, INC., a Delaware corporation ("Borrower") promises to pay to the order of FIRST UNION NATIONAL BANK ("Bank"), in immediately available United States funds, the principal sum of TWELVE MILLION EIGHT HUNDRED THOUSAND and no/100 (\$12,800,000.00) Dollars or such lesser sum as will have been advanced by Bank to Borrower under this Note, pursuant to the terms of the Amended and Restated Credit Agreement dated as of December 30, 1998, as from time to time amended, among Borrower, the Banks identified therein, and Michigan National Bank, as Agent, (the "Credit Agreement"), plus interest, per annum, at the Effective Rate (as hereafter defined). Except as otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Credit Agreement, all of the terms and conditions of which are herein incorporated by this reference.

This Note is one of the Line of Credit Notes referred to in the Credit Agreement. Advances of principal, repayment, and readvances may be made under the Credit Agreement and this Note from time to time as provided therein, but the Bank may refuse to make advances or readvances during the existence of any Event of Default or Unmatured Event of Default or when the conditions precedent set forth in the Credit Agreement are not satisfied. No individual Advance will have a maturity date beyond the Line of Credit Maturity.

Advances under this Note shall bear interest as provided in the Credit Agreement (each, an "Effective Rate").

Interest and principal shall be paid on the dates and in the manner provided in the Credit Agreement. 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.

Borrower may prepay, in whole or in part, any Prime Rate or Federal Funds Advances under this Note at any time. LIBOR Advances may only be prepaid upon five (5) days' prior written notice and upon payment by Borrower on the date of prepayment of the applicable Yield Maintenance Payment. If at any time during the term of this Note, the Total Outstanding Amount will exceed \$100,000,000, 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 \$100,000,000.

All Advances will be charged to an account in Borrower's name on Agent's books, and Agent will debit to such account the amount of each Advance when made and credit to such account the amount of each repayment thereunder. Agent will render Borrower, from time to time, a statement setting forth the debit balance in the loan account, which will be deemed to be correct and accepted by Borrower, unless Agent receives a written

rendered to Borrower. Such statement will be prima facie evidence of the correctness of the Advances owing to the Bank 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 this Note and the Credit Agreement.

Both principal and interest are payable in immediately available United States funds to the Agent on behalf of the Bank at 800 Military Street, Port Huron, Michigan 48060, Attention: Joseph A. Vito, or at such other address as Agent may hereto specify to Borrower in writing.

Interest will be calculated on a daily, outstanding balance basis and will be computed for the actual number of days elapsed on the basis of a 360 day year. At no time will the interest charged hereunder be greater than the Maximum Rate. Payments received by Agent which would otherwise cause said interest rate to exceed such Maximum Rate will, to the extent of such excess, be deemed principal payments.

During the existence of any Event of Default, or after the Line of Credit Maturity, or after demand or acceleration of maturity, Borrower will be obligated to Bank and will pay Bank, in addition to the interest stated above, additional interest which will accrue at a default rate equal to two percent (2%) per annum of the outstanding principal balance hereof and which will be reflected in the statement of account sent to Borrower prior to each payment date.

If any required installment is not paid within ten (10) days after the date the same is due, upon Agent's demand Borrower will forthwith pay Bank a late charge equal to 5 cents (\$.05) for each dollar of the installment so overdue. The late charge will apply individually to all payments past due, and there will be no daily pro rata adjustment.

Any other provision of the Credit Agreement or any other Loan Document to the contrary notwithstanding, Borrower hereby grants Bank a right 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 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. Borrower agrees to pay all of Agent's costs incurred in the collection of this Note, including reasonable attorneys' fees.

Acceptance by Bank of any payment in an amount less than the amount then due will be deemed an acceptance on account only, and Borrower's failure to pay the entire amount then due will be and continue to be an event of default. Borrower waives presentment for payment, demand, notice

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of non-payment, notice of protest or protest of this Note. The liability of Borrower under this Note will be absolute and unconditional, without regard to the liability of any other party.

Borrower expressly assumes all risk of loss or delay in the delivery of any payments by mail, and no course of conduct or dealing will affect Borrower's assumption of these risks.

Upon any occurrence of an Event of Default as defined in the Credit Agreement ("Event of Default"), Bank may, without further notice and without demand or presentation, declare the entire unpaid principal balance hereunder and all accrued interest, to be immediately due and payable, anything contained herein or in any document executed in connection herewith to the contrary notwithstanding.

Upon the occurrence of an Event of Default, neither the failure of the Bank promptly to exercise its right to declare the outstanding principal and accrued and unpaid interest hereunder to be immediately due and payable, nor failure to exercise any other right or remedy the Bank may have upon default, nor the acceptance by the Bank of late payments, nor the failure of the Bank to demand strict performance of any obligation of Borrower or of any other person who may be liable hereunder, will constitute a waiver of any such rights in connection with any future Event of Default.

Bank may hold and apply at any time after an Event of Default its own indebtedness or liability to Borrower in payment of any indebtedness

hereunder.

Borrower and all endorsers, sureties and guarantors hereof, hereby jointly and severally waive presentment for payment, notice of non payment, notice of protest or protest of this Note, diligence in collection or bringing suit, and hereby consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by Bank with respect to payment or any other provisions of this Note, and to the release of any collateral or any part thereof, with or without substitution and hereby waive any and all defenses of a surety. The liability of Borrower will be absolute and unconditional, without regard to the liability of any other party hereto.

Borrower, and any other person who may be liable hereunder in any capacity, agrees to pay all reasonable costs of collection, including reasonable attorney's fees and expenses, in case the principal on this Note or any payment of interest hereon is not paid on the respective dates due (whether by demand, maturity, acceleration or otherwise), or in case it becomes necessary to protect any security for this Note, whether suit is brought or not.

Any default in any of the conditions, covenants, obligations or agreements contained in any of the Loan Documents or any other instruments securing and/or evidencing this indebtedness will constitute an Event of Default under this Note. Reference is hereby made to the agreement(s) and document(s) described above for additional terms and conditions relating to this Note.

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This Note, made in the State of Michigan, will be governed and construed according to the laws of the State of Michigan.

WITNESS:

MUELLER INDUSTRIES, INC.

By:

Its: Executive Vice President

EXHIBIT 2.10

TERM NOTE

Amount: \$20,000,000
Due Date: December 31, 2003 Dated as of December 30, 1998

FOR VALUE RECEIVED, MUELLER INDUSTRIES, INC., a Delaware corporation ("Borrower") promises to pay to the order of MICHIGAN NATIONAL BANK ("Bank"), in immediately available United States funds, the principal sum of TWENTY MILLION and no/100 (\$20,000,000.00) Dollars, plus interest, per annum, at the Effective Rate (as hereafter defined).

This Note is one of the Term Notes referred to in the Amended and Restated Credit Agreement dated as of December 30, 1998, as from time to time amended, among Borrower, the Banks identified therein, and Michigan National Bank, as Agent (the "Credit Agreement"). Except as otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Credit Agreement, all of the terms and conditions of which are herein incorporated by this reference.

This Note shall bear interest as provided in the Credit Agreement.

Interest and installment principal payments hereon shall be made on the dates and in the manner provided in the Credit Agreement. Installment payments of principal, in the amount of \$526,315.79 each, shall commence on the last day of the Interest Period that ends in June, 1999. On the Due Date, the entire balance hereof shall be due and payable. The Borrower acknowledges that, absent prepayment, there will be a significant balloon payment due at maturity.

This Term Note may be prepaid in whole or in part at any time and from time to time, pursuant to the terms of the Credit Agreement.

Both principal and interest are payable in immediately available United States funds to the Agent on behalf of the Bank at 800 Military Street, Port Huron, Michigan 48060, Attention: Joseph A. Vito, or at such other address as Agent may hereto specify to Borrower in writing.

Interest will be calculated on a daily, outstanding balance basis and will be computed for the actual number of days elapsed on the basis of a 360 day year. At no time will the interest charged hereunder be greater than the Maximum Rate. Payments received by Agent which would otherwise cause said interest rate to exceed such Maximum Rate will, to the extent of such excess, be deemed principal payments.

During the existence of any Event of Default, or after the Line of Credit Maturity, or after demand or acceleration of maturity, Borrower will be obligated to Bank and will pay Bank, in addition to the interest stated above, additional interest which will accrue at a default rate equal to two percent (2%) per annum of the outstanding principal balance hereof and which will be reflected in the statement of account sent to Borrower prior to each payment date.

If any required installment is not paid within ten (10) days after the date the same is due, upon Agent's demand Borrower will forthwith pay Bank a late charge equal to 5 cents (\$.05) for each dollar of the installment so overdue. The late charge will apply individually to all payments past due, and there will be no daily pro rata adjustment.

Any other provision of the Credit Agreement or any other Loan Document to the contrary notwithstanding, Borrower hereby grants Bank a right 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 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. Borrower agrees to pay all of Agent's costs incurred in the collection of this Note, including reasonable attorneys' fees.

Acceptance by Bank of any payment in an amount less than the amount then due will be deemed an acceptance on account only, and Borrower's failure to pay the entire amount then due will be and continue to be an event of default.

Borrower waives presentment for payment, demand, notice of non-payment, notice of protest or protest of this Note. The liability of Borrower under

this Note will be absolute and unconditional, without regard to the liability of any other party.

Borrower expressly assumes all risk of loss or delay in the delivery of any payments by mail, and no course of conduct or dealing will affect Borrower's assumption of these risks.

Upon any occurrence of an Event of Default as defined in the Credit Agreement ("Event of Default"), Bank may, without further notice and without demand or presentation, declare the entire unpaid principal balance hereunder and all accrued interest, to be immediately due and payable, anything contained herein or in any document executed in connection herewith to the contrary notwithstanding.

Upon the occurrence of an Event of Default, neither the failure of the Bank promptly to exercise its right to declare the outstanding principal and accrued and unpaid interest hereunder to be immediately due and payable, nor failure to exercise any other right or remedy the Bank may have upon default, nor the acceptance by the Bank of late payments, nor the failure of the Bank to demand strict performance of any obligation of Borrower or of any other person who may be liable hereunder, will constitute a waiver of any such rights in connection with any future Event of Default.

Bank may hold and apply at any time after an Event of Default its own indebtedness or liability to Borrower in payment of any indebtedness hereunder.

Borrower and all endorsers, sureties and guarantors hereof, hereby jointly and severally waive presentment for payment, notice of non payment, notice of protest or protest of this Note, diligence in collection or bringing suit, and hereby consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by Bank with respect to payment or any other provisions of this Note, and to the release of any collateral or any part thereof, with or without substitution and hereby waive any and all defenses of a surety. The liability of Borrower will be absolute and unconditional, without regard to the liability of any other party hereto.

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Borrower, and any other person who may be liable hereunder in any capacity, agrees to pay all reasonable costs of collection, including reasonable attorney's fees and expenses, in case the principal on this Note or any payment of interest hereon is not paid on the respective dates due (whether by demand, maturity, acceleration or otherwise), or in case it becomes necessary to protect any security for this Note, whether suit is brought or not.

Any default in any of the conditions, covenants, obligations or agreements contained in any of the Loan Documents or any other instruments securing and/or evidencing this indebtedness will constitute an Event of Default under this Note. Reference is hereby made to the agreement(s) and document(s) described above for additional terms and conditions relating to this Note.

This Note, made in the State of Michigan, will be governed and construed according to the laws of the State of Michigan.

WITNESS:

MUELLER INDUSTRIES, INC.

By:

Its: Executive Vice President

1999 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 4.125 percent to 144 percent of base annual salary. The CEO and Chairman participate in this plan, however, their bonuses are specifically determined by the board of directors. The bonus percent is based on a variety of guidelines including the performance levels of the respective business units measured by earnings before tax.

STOCK OPTION AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written

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

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

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

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

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

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

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

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

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

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

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

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

MUELLER INDUSTRIES, INC.

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

OPTIONEE

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

STOCK OPTION AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written

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

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

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

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

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

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

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

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

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

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

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

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

MUELLER INDUSTRIES, INC.

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

OPTIONEE

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

MUELLER INDUSTRIES, INC.
1998 ANNUAL REPORT

Mueller Industries, Inc. 1998 Annual Report

Mueller: Focused on Growth

Mueller Industries, Inc.

Mueller Industries, Inc. is a leading manufacturer of copper tube and fittings; brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; and fabricated tubular products. Mueller's plants are located throughout the United States and in Canada, France and Great Britain. The Company also owns a short line railroad in Utah and various natural resource properties.

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MUELLER INDUSTRIES, INC.

Financial Highlights

(Dollars in thousands, except per share data)

<TABLE>

<CAPTION>

	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Summary of Operations					
Net sales	\$ 929,391	\$ 888,997	\$ 718,312	\$ 678,838	\$ 550,003
Product shipments (in millions of pounds)	644.6	545.3	447.0	388.3	380.6
Net income	\$ 75,445	\$ 69,770	\$ 61,173	\$ 44,823	\$ 27,926
Diluted earnings per share	\$ 1.90	\$ 1.78	\$ 1.57	\$ 1.17	\$ 0.70
Significant Year-End Data					
Cash and cash equivalents	\$ 80,568	\$ 69,978	\$ 96,956	\$ 48,357	\$ 34,492
Ratio of current assets to current liabilities	2.7 to 1	3.1 to 1	3.5 to 1	3.1 to 1	2.7 to 1
Long-term debt (including current portion)	\$ 194,549	\$ 72,093	\$ 59,650	\$ 75,902	\$ 94,736
Debt as a percent of total capitalization	27.9%	14.7%	14.6%	21.0%	28.1%
Stockholders' equity	\$ 502,122	\$ 418,040	\$ 348,082	\$ 285,875	\$ 241,948

Book value per share	\$ 14.02	\$ 11.94	\$ 9.98	\$ 8.24	\$ 6.95
Capital expenditures	\$ 55,440	\$ 36,865	\$ 18,868	\$ 40,980	\$ 48,152

</TABLE>

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A Report to our Stockholders, Customers and Employees

Mueller is focused on growth. We are committed to building a world-class manufacturing company, with the objective of increasing shareholder value. It is therefore a pleasure to report that 1998 was a year of both financial and strategic achievement.

Sales, net earnings, pounds of product shipped and earnings per share all set records. Substantial improvements were made in manufacturing and customer service. Also, we completed three acquisitions that offer major opportunities for future growth.

A Seventh Year of Record Results

Net income increased to \$75.4 million in 1998, compared to \$69.8 million in 1997, a gain of 8 percent. Earnings rose to \$1.90 a diluted share, up 7 percent from \$1.78 in the prior year. Net sales increased to \$929.4 million in 1998, up from \$889.0 million in 1997. Mueller shipped 645 million pounds of product in 1998, 18 percent more than in 1997.

Capital Investments Fuel Organic Growth

Mueller's U.S. manufacturing operations performed well in 1998. Brass rod had a record year, while copper tube, copper fittings and plastic fittings all posted their second best annual earnings. Volume increased in each of these four key businesses.

In 1997, we began a two-year program to build a copper casting facility adjoining our tube mill in Fulton, Mississippi; this program is discussed further on page 6. A separate program to improve our ACR tube operation, begun late last year, should be completed in 1999. This investment will reduce the cost of making ACR tube, while enhancing throughput and quality.

A multi-year program to improve the efficiency of our copper fittings operations is proceeding well. Conversion costs continue to decline at both the Covington, Tennessee facility and the high-volume copper fittings plant in Fulton, Mississippi. We anticipate further improvement in 1999 and beyond.

We are also continuing to invest in our plastic fittings factories. A new program was initiated in the fall of 1998 to upgrade our molds, which will reduce part weight and material cost.

The brass rod mill in Port Huron, Michigan is improving its casting and finishing capabilities. These initiatives, to be completed in 1999, should result in increased efficiency. Other businesses in the Industrial Products Division performed well in 1998, and are positioned to show further improvement in 1999.

European Operations Reach Milestone

In the first half of 1997, Mueller acquired three copper tube mills in

Europe for a modest investment. We determined that the best way to reduce costs and increase productivity was to consolidate operations. In

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accordance with that program, manufacturing ceased at our mill in Laigneville, France, in December 1998. We are consolidating operations from that facility into our other two European mills. After incurring losses in 1998, we expect our European operations to break even by the second half of 1999, and thereafter make increasingly positive contributions. We continue to view Europe's large market for copper tube as a substantial opportunity for earnings growth.

Progress at Other Businesses

Utah Railway Company had a good year, with an earnings increase of 27 percent. Coal tonnage hauled increased by 12 percent over 1997. Revenue from its new switching services in Utah's central corridor also grew. Separately, Mueller has entered into a contract to sell Alaska Gold Company. This sale is subject to various contingencies. If completed, the transaction will result in a modest capital gain.

Acquisitions Provide Further Opportunities for Growth

Mueller completed three acquisitions in 1998. In November, we acquired Halstead Industries, Inc., with 1998 sales in excess of \$200 million. This purchase strengthens our copper tube and line sets businesses, by adding a copper tube mill in Wynne, Arkansas, and a line sets plant in Clinton, Tennessee, creating opportunities for rationalization of production and distribution. We also have the opportunity of reducing manufacturing costs in Wynne through capital investments.

In August, we purchased B&K Industries, Inc., a significant import distributor of residential and commercial plumbing products in the United States. B&K had sales of approximately \$60 million in 1998. B&K has the expertise to facilitate the sale of Mueller's manufactured products in the large, and growing, retail marketplace. Rapid progress has already been made with the establishment of major new national accounts.

In September, we purchased Lincoln Brass Works, Inc., with 1998 sales of about \$35 million. Lincoln has strong metal fabrication and machining capabilities that complement our existing brass forging business. Lincoln's know-how in metal valves is of particular value to us.

Mueller will continue to seek acquisitions that relate to our core businesses and product lines. Our acquisition strategy is discussed later in this report.

Mueller's Financial Condition is Excellent

Our strong balance sheet enabled us to invest more than \$200 million for acquisitions and capital improvements in 1998. At the end of the year, Mueller held \$81 million in cash and had a modest 28 percent debt-to-total capitalization ratio. Shortly after our fiscal year-end, we completed a \$125 million unsecured bank financing on attractive terms. At the same time, we restored availability under our \$100 million line of credit. We have the financial resources, earnings and cash flow to fund substantial additional growth.

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Management Strength Continues to Grow

The dedication, initiative and enthusiasm of our management team, and of all our employees, has been indispensable to Mueller's success. Mueller continues to attract dynamic and talented employees. The individuals pictured on the following pages are symbolic of the growing strength of our management team.

In 1997, Mueller introduced a strategic management system, the Balanced Scorecard (BSC). The BSC expands corporate goals beyond traditional financial objectives to include measurements of long-term strength, such as customer service, internal process improvement and employee development. The BSC helps management focus on those facets of our business that are critical to Mueller's continued, long-term growth. It was an essential part of 1998's accomplishments, and it will enable us to effectively manage our rapidly growing enterprise.

Allan Mactier retired from Mueller's Board of Directors in November 1998, after serving on the Board since 1990. His wisdom and counsel contributed materially to the Board's deliberations. G. E. Manolovici, a Mueller Board member from 1990 to 1993, has returned to the Board. He now chairs the

Board's Audit Committee, and serves on the Compensation Committee. Also, effective April 1, 1999, Earl W. Bunkers will retire as our chief financial officer; he contributed significantly to the success we have enjoyed during his 8 years of service.

The Economic Outlook is Positive

Key economic factors indicate another solid year for the U.S. housing industry. Mortgage rates remain low by historical standards; the interest rate on thirty-year fixed rate mortgages is near 7 percent. Housing starts are currently running at an annual rate of over 1.8 million units; the last full year with 1.8 million starts was 1986. Consumer confidence continues strong. Inflation last year was only 1.6 percent, the lowest rate since 1965. Unemployment is at its lowest level in a generation. This is a very positive environment for our business.

Sincerely,

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

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

March 17, 1999

[PHOTO]
Harvey L. Karp, Chairman of the Board (right), and William D. O'Hagan, President and Chief Executive Officer

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[GRAPH]
<TABLE>
Product shipments have grown rapidly...
(millions of pounds)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Product shipments	380.6	388.3	447.0	545.3	644.6

[GRAPH]
<TABLE>
...as has net income...
(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Net income	\$27.9	\$44.8	\$61.2	\$69.8	\$75.4

[GRAPH]
<TABLE>
...and earnings per share.
(dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Earnings per share	\$0.70	\$1.17	\$1.57	\$1.78	\$1.90

[GRAPH]
Company Overview

Standard Products Division

[GRAPH]
<TABLE>
Net Sales
(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$309	\$397	\$442	\$561	\$624

[GRAPH]
<TABLE>
Operating Income
(millions of dollars)

	1994	1995	1996	1997	1998
--	------	------	------	------	------

<S>	<C>	<C>	<C>	<C>	<C>
Operating Income	\$28	\$41	\$75	\$73	\$86

</TABLE>

U.S. Copper Tube

PLANTS:

Fulton, Mississippi
Wynne, Arkansas
Clinton, Tennessee

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PRODUCTS AND APPLICATIONS

Water tube, in straight lengths and coils for plumbing and construction
Dehydrated coils and nitrogen-charged straight lengths for refrigeration and air-conditioning
Industrial tube, in straight lengths and level-wound coils, for fittings, redraw, etc.
Line sets for controlling the flow of refrigerant gases

CUSTOMERS

Plumbing wholesalers, home centers and hardware wholesalers and co-ops
Air-conditioning and refrigeration wholesalers and OEMs
Mueller's copper fittings plants and OEMs
Wholesalers and OEMs

1998 HIGHLIGHTS

Acquired Halstead Industries (renamed Mueller Copper Tube Products, Inc.) * Acquired B&K Industries * Completed major work on Fulton copper casting facility * Expanded distribution warehouse * Installed new runout table in Fulton

1999 OBJECTIVES

Rationalize production between Wynne and Fulton mills * Initiate capital investments at Wynne, including new extruding and drawing equipment * Start-up copper casting facility * Improve process to wash, rinse and dry ACR tube * Enhance information systems supporting customer service

Copper Fittings

PLANTS

Fulton, Mississippi
Covington, Tennessee
Port Huron, Michigan
Strathroy, Ontario, Canada

PRODUCTS AND APPLICATIONS

Over 1,500 wrot copper elbows, tees and adapters, and assorted cast copper fittings for plumbing, heating, air-conditioning and refrigeration

CUSTOMERS

Plumbing and air-conditioning wholesalers, home centers, hardware wholesalers and co-ops, and OEMs

1998 HIGHLIGHTS

Acquired B&K Industries * Continued modernization of Covington plant * Achieved substantial efficiency improvements at Fulton facility * Developed integrated customer service facility

1999 OBJECTIVES

Finish modernization of Covington plant * Rebuild coldheader equipment in Port Huron * Upgrade warehouse management technology at regional distribution centers

Plastic Fittings

PLANTS

Kalamazoo, Michigan
Cerritos, California
Upper Sandusky, Ohio

PRODUCTS AND APPLICATIONS

A full line of over 1,000 PVC and ABS plastic fittings and valves for drainage, waste and ventilation, in housing and commercial construction, recreational vehicles and manufactured housing

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CUSTOMERS

Plumbing wholesalers, home centers, hardware wholesalers and co-ops, and distributors to the manufactured housing and recreational vehicle industry

1998 HIGHLIGHTS

Acquired B&K Industries * Installed additional presses * Updated molds * Purchased previously leased facilities in Cerritos

1999 OBJECTIVES

Upgrade Kalamazoo warehouse * Install new tooling * Increase direct shipments from Kalamazoo and Cerritos

European Copper Tube

PLANTS

Bilston, Great Britain

Longueville, France

PRODUCTS AND APPLICATIONS

Copper tube in various lengths, diameters and hardnesses for plumbing, refrigeration and heating
Industrial tube for redraw, copper fittings, etc.

CUSTOMERS

Builders' merchants, plumbing, refrigeration and heating wholesalers
OEMs

1998 HIGHLIGHTS

Ceased manufacturing at Laigneville on December 30, 1998 * Installed spinner blocks and material handling equipment in Longueville *
Acquired drawbenches and other equipment for Longueville and Bilston

1999 OBJECTIVES

Rationalize tube production and distribution * Install new information systems * Update bundling and capping equipment in Bilston

Industrial Products Division

[GRAPH]

<TABLE>

Net Sales

(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$225	\$251	\$256	\$293	\$275

</TABLE>

[GRAPH]

<TABLE>

Operating Income

(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Operating Income	\$17	\$20	\$27	\$30	\$31

</TABLE>

Brass Rod

PLANTS

Port Huron, Michigan

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PRODUCTS AND APPLICATIONS

A broad range of rounds, squares, hexagons and special shapes in free machining, thread rolling and forging alloys for numerous end products, including plumbing brass, valves and fittings, and industrial machinery and equipment

CUSTOMERS

OEMs, contract machining companies and distributors

1998 HIGHLIGHTS

Achieved record shipments * Increased casting capacity * Installed automated bundling system

1999 OBJECTIVES

Upgrade casting process * Upgrade straighteners * Continue to improve yield

Engineered Products

PLANTS

Port Huron, Michigan
Marysville, Michigan
Hartsville, Tennessee
Jacksboro, Tennessee
Waynesboro, Tennessee
North Wales, Pennsylvania
Salisbury, Maryland

PRODUCTS AND APPLICATIONS

Brass and aluminum hot metal forgings in assorted alloys for plumbing brass, valves and fittings, and industrial machinery and equipment

Cold formed aluminum and copper products for automotive, industrial and recreational components

Valves and custom OEM products for refrigeration and air-conditioning applications

Custom valve and other metal assemblies for the gas appliance and BBQ grill markets

Shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, medical instruments, etc.;
coaxial cables

CUSTOMERS

OEMs

1998 HIGHLIGHTS

Acquired Lincoln Brass Works * Consolidated sales organization *

Invested in annealing, cleaning and machining
1999 OBJECTIVES

Invest to improve manufacturing processes and reduce costs * Offer customers additional value-added products, based on our full range of manufacturing capabilities

Other Businesses

Utah Railway Company, established in 1912, hauls coal to connections with national carriers, power plants and to other destinations. Utah Railway Company also provides train switching services in Utah's central corridor. Separately, Alaska Gold Company mines placer gold in Nome, Alaska. Mueller also owns other natural resource properties.

1998 HIGHLIGHTS

Purchased 10 locomotives to support switching operations

1999 OBJECTIVES

Build new yard track to strengthen switching capabilities * Divest Alaska Gold Company

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MANUFACTURING EXCELLENCE LEADS TO GROWTH

Mueller is a world-class manufacturing company. Over the past five years we have invested more than \$200 million in capital improvements. These investments have eliminated bottlenecks, improved quality and pushed down production costs. Mueller is now one of the lowest-cost manufacturers in each of our product lines.

For 1999, we have budgeted \$50 million for more capital additions and improvements. Our objective is to achieve a return on investment of at least 20 percent.

The largest investment project in 1999 is the modernization of our recently acquired copper tube mill in Wynne, Arkansas. Plans are in place to upgrade the Wynne facility with new extruding and drawing equipment. We anticipate cost reductions and productivity improvements similar to those achieved from the modernization of our mill in Fulton, Mississippi.

The rationalization of production between Wynne and the mill in Fulton is already under way. Instead of making a full product line in Wynne, and a full line in Fulton, each facility will focus on those items at which it is most efficient. This specialization will minimize changeovers, reduce tooling costs and increase capacity.

[PHOTO]

A program is under way to reduce the cost of making ACR tube.

[PHOTO]

Casting facility near completion

[PHOTO]

In 1997, we began a two-year program to build a copper casting facility adjoining our tube mill in Fulton, Mississippi. This \$33.4 million investment will allow the mill to use a lower-cost mix of copper scrap and cathode, while improving billet quality. This project is on schedule to start operations this spring. Since copper represents by far Mueller's largest production cost, savings can be realized when the spread between the price of scrap and the price of cathode widens.

"Two mills can make tube much more efficiently than one. The possibilities are incredible!"

[PHOTO]

BRUCE CLEMENTS joined Mueller in September 1998, as Vice President of Copper Tube Manufacturing.

[GRAPH]

<TABLE>

Capital improvements have pushed down manufacturing and distribution costs

(Costs per pound, excluding raw materials; 1995=100)

	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>
Copper Tube (Fulton)	100	90	88	88
Copper Fittings	100	95	91	88
Plastic Fittings	100	88	81	74
Brass Rod	100	97	92	87

</TABLE>

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SUPERIOR CUSTOMER SERVICE ADDS VALUE TO MUELLER PRODUCTS

Mueller is dedicated to superior customer service. We will not be satisfied until every order is shipped complete, error-free and delivered on time. In pursuit of this goal, we have programs in place to ensure product availability and timely delivery.

We have installed state-of-the-art information systems, including Electronic Data Interchange (EDI), and have invested in employee training programs. Recently, we inaugurated an integrated customer service facility. This facility allows the same individual to support the customer from order entry throughout fulfillment, thereby ensuring quality service.

B&K Industries, Inc., acquired in August 1998, is known for going beyond the call of duty to find solutions for customer needs. B&K's extensive import line, coupled with Mueller's manufactured products, provides our retail customers with one-stop sourcing and efficient purchasing. B&K's expertise in serving the retail marketplace has already allowed Mueller to establish major new national accounts.

[PHOTO]

B&K's logo is recognized as a mark of quality in home centers and hardware stores nationwide.

"Mueller believes in long-term business relationships. Knowing our customers is key to our own success!"

[PHOTO]

PETER BERKMAN is the President of B&K Industries, acquired in August 1998.

[PHOTO]

DIRECT SHIPMENT GETS TUBE TO THE CUSTOMER FASTER

Last year we expanded the Fulton tube mill's distribution capabilities. More than 65 percent of the shipments from the mill now go directly to the customer, instead of through distribution centers. Direct shipment reduces handling costs, improves service and enables more effective use of inventory.

[PHOTO]

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ACQUISITIONS STRENGTHEN OUR CORE BUSINESSES

Mueller has made nine acquisitions over the past five years. Every acquisition has strengthened our core businesses. By focusing on our industry, we have been able to leverage existing manufacturing, sales and distribution capabilities.

This acquisition strategy has created economies of scale, extended our product lines, opened up new markets and made our Company an increasingly valuable resource to our customers.

We expect to continue to grow through strategic acquisitions. The candidates of greatest interest are sound businesses where new investment can generate long-term growth. We do not require an acquisition to be immediately accretive to earnings; however, we do insist on a clear vision of the acquisition's ability to build future value.

Mueller ended 1998 with \$81 million in cash, a \$100 million line of credit available and a modest 28 percent debt-to-total-capitalization ratio. We have the resources to support further acquisitions and to make the investments required to realize the potential of the companies we buy.

"Every acquisition has strengthened our core businesses!"

[PHOTO]

DAVID RICE joined Mueller in April 1998, as Controller of the Industrial Products Division.

[PHOTO]

Mueller's line sets business grew substantially with the acquisition of Halstead in November 1998.

[PHOTO]

Lincoln Brass Works, acquired in September 1998, is a large consumer of Mueller brass rod.

NINE ACQUISITIONS IN FIVE YEARS STRENGTHEN MUELLER'S CORE BUSINESSES

SEPTEMBER 1994 DWV PLASTIC FITTINGS

Purchased plants in Michigan and California. Began rationalizing production of over 1,000 different DWV plastic fittings between new plants and existing plant in Ohio. By 1998, per pound production and distribution costs had fallen 45 percent from 1993 levels.

JUNE 1996 LINE SETS

Entered line sets business. Line sets are made from copper tube and sold by our sales force to wholesale and OEM customers.

JUNE 1996 MUELLER TOOL & MACHINE

Purchased a custom tool fabricator, enabling faster tool and machine development in support of copper fittings and other manufacturing operations.

DECEMBER 1996 PRECISION TUBE

Bought redraw facility, manufacturing copper tubing, copper alloy tubing, aluminum tubing and fabricated tubular products. Strong presence in the baseboard heating industry.

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FEBRUARY 1997 WEDNESBURY TUBE

Purchased copper tube mill in England. Mueller's manufacturing expands to Europe, which has a copper tube market as large as the United States.

MAY 1997 DESNOYERS

Acquired copper tube operations near Paris, expanding our presence in Europe. Both Desnoyers and Wednesbury were acquired for a modest investment, with the objective of reducing their cost structure and increasing productivity.

AUGUST 1998 B&K INDUSTRIES

Bought a significant import distributor of residential and commercial plumbing products. B&K's distribution network and expertise give Mueller new access to the retail marketplace.

SEPTEMBER 1998 LINCOLN BRASS WORKS

Purchased operation with strong metal fabrication and machining capabilities that complement existing brass forging operation. Lincoln is also a large consumer of Mueller brass rod and forgings.

NOVEMBER 1998 HALSTEAD INDUSTRIES

Acquired a U.S. producer of copper tube and line sets, creating opportunity to realize substantial economies of scale.

[GRAPH]

<TABLE>

Over the past five years, Mueller has invested more than \$400 million to grow our businesses.

(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Capital Expenditures	\$48.2	\$41.0	\$18.9	\$36.9	\$ 55.4
Acquisitions	\$12.8	\$ 0.0	\$ 0.4	\$37.9	\$158.5

</TABLE>

[GRAPH]

<TABLE>

However, debt remains a modest percent of total capitalization...

(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Debt	\$ 94.7	\$ 75.9	\$ 59.6	\$ 72.1	\$194.5
Equity	\$241.9	\$285.9	\$348.1	\$418.0	\$502.1
Ratio (percent)	28.1%	21.0%	14.6%	14.7%	27.9%

</TABLE>

[GRAPH]

<TABLE>

...supported by powerful cash flow.

(millions of dollars)

	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	\$ 56.4	\$ 81.9	\$108.9	\$123.2	\$135.0

</TABLE>

Overview

Mueller Industries, Inc. is a leading manufacturer of copper tube and fittings; brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; and fabricated tubular products. Mueller's plants are located throughout the United States and in Canada, France and Great Britain. The Company also owns a short line railroad in Utah and natural resource properties in the Western U.S.

The Company's businesses are managed and organized into three segments: (i) Standard Products Division (SPD); (ii) Industrial Products Division (IPD); and (iii) Other Businesses. SPD manufactures and sells copper tube, and copper and plastic fittings and valves. Outside of the United States, SPD manufactures copper tube in Europe and copper fittings in Canada. SPD sells these products to wholesalers in the HVAC (heating, ventilation and air-conditioning), plumbing and refrigeration markets, and to distributors to the manufactured housing and recreational vehicle industries. IPD manufactures and sells brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. IPD sells its products primarily to original equipment manufacturers (OEMs), many of which are in the HVAC, plumbing and refrigeration markets. Other Businesses include Utah Railway Company, Alaska Gold Company and other natural resource properties and interests. SPD and IPD account for more than 96 percent of consolidated net sales and more than 86 percent of consolidated total assets.

During 1998, the Company completed three acquisitions: (i) Halstead Industries, Inc. (Halstead) operates a copper tube mill in Wynne, Arkansas and a line sets factory in Clinton, Tennessee; (ii) B&K Industries, Inc. (B&K), based in Elk Grove Village, Illinois, is a significant import distributor of residential and commercial plumbing products in the United States that sells through all major distribution channels including hardware co-ops, home centers, plumbing wholesalers, hardware wholesalers, OEMs and manufactured housing wholesalers; and (iii) Lincoln Brass Works, Inc. (Lincoln) produces custom valve assemblies, custom metal assemblies, gas delivery systems and tubular products, primarily for the gas appliance market, at two manufacturing facilities in Tennessee.

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

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

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Results of Operations

1998 Performance Compared to 1997

Consolidated net sales in 1998 were \$929.4 million or 4.5 percent higher than \$889.0 million in 1997. Pounds of product sold totaled 644.6 million in 1998 or 18.2 percent more than the 545.3 million pounds sold in 1997. Net selling prices generally fluctuate with changes in raw material prices; therefore, pounds sold is an additional measurement of the Company's growth. For example, the COMEX average copper price in 1998 was approximately 27 percent lower than the 1997 average. This decline impacts the Company's net sales and cost of goods sold.

Acquisitions contributed to growth in 1998. Businesses acquired in 1997 added approximately \$168.6 million to the Company's 1998 net sales and those acquired in 1998 added approximately \$59.7 million. The Halstead acquisition was completed in the fourth quarter of 1998 and the other two acquisitions were completed in the third quarter. Growth from core product lines that existed prior to the 1997 and 1998 acquisitions added 6.1 percent to the Company's 1998 growth measured in pounds of product shipped.

Cost of goods sold increased \$15.5 million, or 2.2 percent, to \$720.3 million in 1998. This increase is primarily attributable to acquisitions and higher sales of core products. Gross profit was 22.5 percent of net sales in 1998 compared to 20.7 percent in 1997 and cost of sales improved

accordingly. This 1.8 percent rate improvement resulted from lower manufacturing costs, continued higher yields from production, reduced metal costs and improved spreads in certain products, particularly copper tube.

Depreciation and amortization increased \$3.9 million, or 18.6 percent, to \$24.9 million in 1998 compared to \$21.0 million in 1997. This increase was due to capital expenditures in recent years, \$55.4 million in 1998 and \$36.9 million in 1997, and to the 1997 and 1998 acquisitions.

Selling, general and administrative expense increased \$11.9 million, or 18.7 percent, to \$75.4 million in 1998. When measured on a basis of cost per pound of product sold, these expenses averaged 11.7 cents a pound in 1998 and 11.6 cents a pound in 1997. Approximately 90 percent of the \$11.9 million increase was attributable to businesses acquired in 1997 and 1998.

Interest expense increased 17.5 percent in 1998 to \$5.8 million. The 1998 increase resulted primarily from funds borrowed against the Company's line of credit in the fourth quarter of 1998 to purchase Halstead and from certain debt assumed by the Company in the acquisition of B&K. The Company capitalized interest of \$.8 million for major capital improvement projects in 1998 compared to \$.1 million in 1997.

The provision for environmental reserves totaled \$2.1 million in 1998 compared to \$3.1 million in 1997. This provision is based on updated information and on results of ongoing environmental remediation and monitoring programs at previously identified sites.

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Other income decreased to \$8.5 million in 1998 from \$9.2 million in 1997. Within this classification, interest income increased \$1.5 million to \$5.1 million in 1998 while gains from disposal of non-manufacturing properties decreased \$1.5 million to \$2.2 million in 1998. Rent and royalty income decreased \$.8 million from \$2.2 million in 1997.

The Company provided \$33.9 million for income taxes in 1998, of which \$4.9 million was deferred. Current income tax expense of \$29.0 million increased approximately \$.8 million over 1997 primarily because of increased taxable income. The 31.0 percent effective tax rate for 1998, which is comparable to the 1997 rate, reflects the recognition of certain tax attributes discussed in Note 6 and certain favorable state tax credits, including IRB financings.

The Company's employment increased from 3,378 positions at the end of 1997 to 4,788 at the 1998 year-end. Of this increase, 1,335 positions relate to businesses acquired during 1998.

Standard Products Division

Net sales by SPD were \$624.4 million in 1998 compared to \$560.8 million in 1997 for an 11.3 percent increase. Operating income was \$85.5 million in 1998 compared to \$73.0 million in 1997. The profit improvement resulted from increased volume, lower manufacturing costs and improved spreads in certain products, particularly copper tube.

Industrial Products Division

IPD's net sales were \$274.6 million in 1998 compared to \$292.9 million in 1997. Due to the lower cost of raw materials, the average selling price for finished product was approximately 20 percent lower in 1998 compared to 1997's levels. Operating income was \$31.2 million in 1998 compared to \$29.6 million in 1997. Increased volume and lower manufacturing costs accounted for the profit improvement.

Other Businesses

Utah Railway Company hauled 5.5 million tons of coal in 1998 or 11.6 percent more than in 1997. Revenue totaled \$23.5 million in 1998 compared to \$19.7 million in 1997. In late 1998, there was a fire at one of the coal mines served by Utah Railway Company. We expect the mine to re-open in 1999, though this is not certain. Extensive delays would have a negative impact on the future profitability of the railroad. Alaska Gold Company's net sales were \$8.2 million in 1998 compared to \$15.5 million in 1997. Alaska Gold sold its 1998 gold production in 1998, whereas in 1997 it sold two years of gold production. Continuing low gold prices have caused suspension of Alaska Gold's winter open pit mining, although summer mining activity will continue. Separately, Mueller has entered into a contract to sell Alaska Gold Company, subject to various contingencies.

1997 Performance Compared to 1996

Consolidated net sales of \$889.0 million in 1997 compares with \$718.3 million in 1996. The increase was due to acquisitions, internal growth and gold sales of \$15.5 million. Businesses acquired during 1997 added approximately \$128.6 million to net sales. In 1997, the Company's core

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manufacturing businesses shipped 545.3 million pounds of product compared to 447.0 million pounds in 1996. Of this increase, 73.9 percent was attributable to acquired businesses. Net sales were also affected by lower copper prices, which were partially offset by higher prices of other products.

Cost of goods sold totaled \$704.8 million in 1997 compared to \$554.6 million in 1996. The increase is primarily attributable to acquisitions, higher sales volume and gold sales. The Company's gross profit, excluding acquisitions, was 23.4 percent compared to 22.8 percent in 1996. This improvement resulted from continued higher yields, cost reductions and certain price increases. Including acquisitions, gross profit increased \$20.5 million to \$184.2 million, or 20.7 percent of net sales in 1997.

Depreciation and amortization totaled \$21.0 million in 1997 compared to \$18.5 million in 1996. This increase was due to heavy capital investment programs in recent years and to the 1997 acquisitions.

Selling, general and administrative expense increased \$8.7 million in 1997 to \$63.5 million or 7.1 percent of net sales. It was 7.6 percent in 1996. The 1997 increase was due mainly to the acquisitions and higher sales volume.

Interest expense decreased 7.1 percent in 1997 to \$5.0 million compared to \$5.3 million in 1996. The provision for environmental reserves totaled \$3.1 million in 1997 compared to \$2.0 million in 1996. The 1997 provision relates to Mining Remedial Recovery Company, a non-core subsidiary, and is based on updated information and results of ongoing environmental remediation and monitoring programs at previously identified sites. Other income increased to \$9.2 million in 1997 from \$5.3 million in 1996. This increase occurred primarily from higher gold royalty income and gains from the sale of coal mining property in Hiawatha, Utah, and certain other properties at Alaska Gold.

The Company provided \$31.1 million for income taxes in 1997, of which \$2.8 million was deferred. Current tax expense of \$28.3 million increased \$5.1 million over 1996 because of higher taxable income. The 30.8 percent effective tax rate for 1997, which is equal to the 1996 rate, reflects the recognition of certain tax attributes discussed in Note 6 and certain favorable state tax credits including IRB financings.

The Company's employment level increased to 3,378 at year-end. Substantially all of the additional employees relate to businesses acquired during 1997.

Standard Products Division

In 1997, SPD net sales increased \$118.6 million to \$560.8 million, a 26.8 percent increase over 1996. Much of the increase in net sales is attributable to acquisitions that occurred in the first half of 1997. Operating income was \$73.0 million in 1997, a \$2.2 million decrease from 1996. Losses at acquired European businesses offset operating income improvements at the Company's U.S. businesses. Improvements at the Company's domestic operations resulted from higher sales volumes, favorable pricing in copper and plastic fittings, and overall productivity gains.

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Industrial Products Division

IPD's net sales were \$292.9 million in 1997, a 14.3 percent increase over 1996. Operating income was \$29.6 million in 1997 compared to \$27.5 million in 1996. Operating income increased primarily due to higher sales volume, as well as productivity and yield improvements in manufacturing operations.

Other Businesses

Net sales were \$35.7 million in 1997 compared to \$20.3 million in 1996. The increase was primarily due to gold sales of \$15.5 million in 1997; none was sold in 1996. Transportation revenues of Utah Railway Company were \$19.7 million in 1997 compared to \$20.0 million in 1996. Utah Railway Company hauled 4.9 million tons of coal in 1997, down 21.7 percent from 1996. This decline was the result of temporary operating difficulties at the coal mines served, along with service disruptions in the Union Pacific system. Alaska Gold Company sold 54,500 ounces of gold in 1997, including production and royalty gold from both 1997 and 1996.

Liquidity and Capital Resources

The Company's cash and cash equivalents balance increased \$10.6 million during 1998 to \$80.6 million at year-end. Major components of the 1998 change include \$98.9 million of cash provided by operating activities, \$201.1 million of cash used in investing activities and \$113.3 million of cash provided by financing activities.

Net income of \$75.4 million in 1998 was the primary component of cash provided by operating activities. Depreciation and amortization of \$24.9 million and deferred income taxes of \$4.9 million were the primary non-cash adjustments. Major changes in working capital included a \$13.0 million decrease in receivables, a \$3.2 million increase in other assets and a \$9.2 million decrease in current and other liabilities.

Major components of net cash used in investing activities in 1998 included \$55.4 million for capital expenditures and \$158.5 million for business acquisitions. Investments in acquisitions include Halstead, B&K and Lincoln. Other components include escrowed IRB proceeds and a note receivable. Capital expenditures were primarily related to improvements in manufacturing processes as well as the purchase of previously leased land and buildings for one of the Company's existing facilities.

Net cash provided by financing activities totaled \$113.3 million. In 1997, the Company entered into IRB financing agreements for two capital projects in Mississippi. These IRB financing obligations totaled \$27.5 million, of which \$6.4 million remained in escrow at the 1998 year-end. These IRBs have favorable tax attributes. Also, during 1998 the Company paid \$19.4 million of scheduled debt repayments.

The Company used its line of credit facility to fund the acquisition of Halstead in the fourth quarter of 1998. This involved implementation of a temporary bulge facility to increase the Company's borrowing availability under its existing line of credit to \$125 million. At the end of the fiscal year, borrowings outstanding under this facility were at \$120 million.

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Subsequent to fiscal year-end, the Company completed a restructured financing arrangement by borrowing \$125 million in an unsecured term note (Term Note) from its bank syndicate. The Term Note matures on December 31, 2003 and carries an interest rate based on 90-day LIBOR. Additionally, the restructured financing restored to its original level the Company's \$100 million unsecured line of credit (Credit Facility) which expires in May 2001. The Credit Facility may be extended for successive one-year periods by agreement of the parties. Subsequent to the restructuring, there are no outstanding borrowings against the Credit Facility. The Company did, however, have approximately \$4.2 million in letters of credit backed by this Credit Facility at the end of 1998. At December 26, 1998, the Company's total debt was \$194.5 million or 27.9 percent of its total capitalization.

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.

The Company is implementing a \$33.4 million capital improvement project at its Fulton copper tube mill to improve the utilization of scrap metal and enhance the mill's casting processes. This project is also expected to improve yield, productivity and billet quality. The project, when completed in the first half of 1999, will allow the tube mill to use more scrap copper when market conditions warrant.

The Company is considering various long-term capital investments for its businesses, including its recently acquired Wynne, Arkansas copper tube mill, European operations and others, that will improve their cost structure and productivity.

Management believes that cash provided by operations and currently available cash of \$80.6 million will be adequate to meet the Company's normal future capital expenditure and operational needs. Additionally, the remaining escrowed IRB cash will be used to partially fund certain capital improvement projects. The Company's current ratio is 2.7 to 1 at December 26, 1998.

Environmental Matters

The Company ended 1998 with total environmental reserves of approximately \$16.3 million. This balance includes \$7.3 million for businesses acquired in 1998. Based upon information currently available, management believes that the outcome of pending environmental matters will not materially affect the overall financial position and results of

operations of the Company.

Market Risk

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

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Interest Rates

At December 26, 1998, the fair value of the Company's debt is estimated at \$195.2 million, using yields obtained for similar types of borrowing arrangements and taking into consideration the underlying terms of the debt. Such fair value exceeds the carrying value of debt at December 26, 1998 by \$.7 million. Market risk is estimated as the potential change in fair value resulting from a hypothetical 10 percent decrease in interest rates and amounts to \$.6 million at December 26, 1998.

The Company had \$142.2 million of variable rate debt outstanding at December 26, 1998. At this borrowing level, a hypothetical 10 percent increase in interest rates would have a \$.8 million unfavorable impact on the Company's pretax earnings and cash flows. The primary interest rate exposure on floating rate debt is based on LIBOR.

Foreign Currency Exchange Rates

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than an entity's functional currency. The Company and its subsidiaries generally enter into transactions denominated in their respective functional currencies. Foreign currency exposures arising from transactions denominated in currencies other than the functional currency are not material; however, the Company may utilize certain forward fixed rate contracts to hedge such transactional exposures.

The Company's primary foreign currency exposure arises from foreign-denominated revenues and profits and their translation into U.S. dollars. The primary currencies to which the Company is exposed include the Canadian dollar, the British pound sterling, and the French franc. The Company generally views as long-term its investments in foreign subsidiaries with a functional currency other than the U.S. dollar. As a result, the Company generally does not hedge these net investments. The net investment in foreign subsidiaries translated into U.S. dollars using the year-end exchange rates is \$27.3 million at December 26, 1998. The potential loss in value of the Company's net investment in foreign subsidiaries resulting from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates at December 26, 1998 amounts to \$2.7 million. This change would be reflected in the equity section of the Company's Consolidated Balance Sheet.

Cost of Raw Materials

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

The Company enters into forward fixed price arrangements with certain customers. The Company may utilize futures or option contracts to hedge risks associated with forward fixed price arrangements. The Company may also utilize futures or option contracts to manage price risk associated

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with inventory. The total amount of such contracts was approximately 5.3 million pounds at December 26, 1998 and includes varying maturity dates in 1999. Gains or losses with respect to these positions are reflected in earnings upon the sale of inventory. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying fixed price transactions or inventory.

Year 2000 Program

The Company has established a Year 2000 program to evaluate, confirm compliance and identify any necessary changes to its information technology (IT) and operating (non-IT) systems to address Year 2000

requirements. The Company has retained a consulting firm specializing in this area to assist in the program. To date, the Company has expensed approximately \$.7 million related to this outside consultant and it believes that future expenses will be approximately \$.4 million in 1999. There are four phases to this program: assessment; inventory; test and correction; and certification. Assessment involves the examination of the Company's IT and non-IT systems for specific date impacts, component complexity and inter-relationships. Inventory involves the identification and categorization of the Company's systems, applications, data structures, system interfaces, programmable logic controllers, etc., which, based on the assessment, potentially raise certain Year 2000 issues. Once the assessment and inventory are completed, the Company plans to determine Year 2000 compliance through a combination of corrections, testing, use assessments and third party verifications. Once this is completed, Mueller will be positioned to certify its systems and facilities as Year 2000 compliant. The Company expects its Year 2000 Program will be completed by September 30, 1999.

The Company has completed its assessment and inventory of its IT systems. Based on this assessment, Mueller has replaced certain hardware and modified its developed software code at a cost which is immaterial. Certain business systems of the Company's European businesses are not Year 2000 compliant, but this will be resolved within the context of an overall upgrade to these information systems in order to accommodate, among other things, the Euro single currency. Total implementation costs for this upgrade are estimated at approximately \$.9 million.

The Company has completed its assessment and inventory of non-IT systems at over half of its North American manufacturing facilities. Mueller selected these factories for assessment and inventory because of their importance or likelihood of Year 2000 issues. Assessment and inventory at the remaining factories is scheduled for completion by the end of the second quarter. At the surveyed facilities, Mueller has identified a small number of non-IT systems which were not Year 2000 compliant. The Company plans to replace and/or correct and certify as compliant these systems by the second quarter of 1999 at an estimated cost that is not material. To the extent Mueller does not identify all non-IT systems which are not Year 2000 compliant, production on individual pieces of equipment might be curtailed for a period of time. However, management believes that the risk that it would be unable to maintain customer services due to Year 2000 equipment failures is low.

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The Company is in the process of contacting its major product and service suppliers to determine their Year 2000 readiness, and will continue to follow up these inquiries to ensure, to the best of its ability, that these suppliers will be Year 2000 compliant. Nonetheless, there can be no assurance that the systems used by these suppliers will be remediated in a timely manner, which, if not remediated, may have an adverse effect on Mueller. The Company intends to defer development of any Year 2000 contingency plans until it completes its assessment of third party suppliers, which is scheduled to be completed at all currently owned locations by June 1999. The Company estimates that it has no exposure for contingencies related to the Year 2000 issue for the products it has sold.

Recently Issued Accounting Standards

During 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). This statement requires companies to record derivative instruments on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of a derivative would be accounted for depending on the use of a derivative and whether it qualifies for hedge accounting. SFAS No. 133 is effective for the Company's fiscal year 2000. Because of the Company's minimal historical use of derivatives, management anticipates that the adoption of SFAS No. 133 will not have a significant effect on earnings or the financial position of the Company.

Cautionary Statement Regarding Forward-Looking Information

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

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

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Mueller Industries, Inc.
Consolidated Statements of Income
Years Ended December 26, 1998, December 27, 1997 and December 28, 1996

<TABLE>

(In thousands, except per share data)

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales	\$ 929,391	\$ 888,997	\$ 718,312
Cost of goods sold	720,293	704,801	554,570
Gross profit	209,098	184,196	163,742
Depreciation and amortization	24,899	20,998	18,472
Selling, general and administrative expense	75,390	63,489	54,808
Operating income	108,809	99,709	90,462
Interest expense	(5,839)	(4,968)	(5,346)
Environmental reserves	(2,133)	(3,100)	(2,045)
Other income, net	8,503	9,180	5,341
Income before income taxes	109,340	100,821	88,412
Income tax expense	(33,895)	(31,051)	(27,239)
Net income	\$ 75,445	\$ 69,770	\$ 61,173
Weighted average shares for basic earnings per share	35,452	34,997	34,799
Effect of dilutive stock options	4,192	4,253	4,194
Adjusted weighted average shares for diluted earnings per share	39,644	39,250	38,993
Basic earnings per share	\$ 2.13	\$ 1.99	\$ 1.76
Diluted earnings per share	\$ 1.90	\$ 1.78	\$ 1.57

See accompanying notes to consolidated financial statements.

</TABLE>

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Mueller Industries, Inc.
Consolidated Balance Sheets
As of December 26, 1998 and December 27, 1997

<TABLE>

(In thousands)

<CAPTION>

	1998	1997
<S>	<C>	<C>
Assets		
Current assets		
Cash and cash equivalents	\$ 80,568	\$ 69,978
Accounts receivable, less allowance for doubtful accounts of \$4,929 in 1998 and \$3,680 in 1997	155,601	128,902
Inventories	134,732	98,181
Current deferred income taxes	5,140	5,023
Other current assets	6,283	6,967
	-----	-----
Total current assets	382,324	309,051
Property, plant and equipment, net	379,082	260,364
Goodwill, net	75,988	-
Deferred income taxes	-	7,837
Other assets	37,300	33,524
	-----	-----
Total Assets	\$ 874,694	\$ 610,776
	=====	=====

See accompanying notes to consolidated financial statements.

</TABLE>

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Mueller Industries, Inc.
Consolidated Balance Sheets
As of December 26, 1998 and December 27, 1997

<TABLE>

(In thousands, except share data)

<CAPTION>

	1998	1997
<S>	<C>	<C>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 19,980	\$ 18,980
Accounts payable	46,641	30,530
Accrued wages and other employee costs	26,636	21,095
Other current liabilities	49,317	29,952
	-----	-----
Total current liabilities	142,574	100,557
Long-term debt, less current portion	174,569	53,113
Pension liabilities	5,924	6,743
Postretirement benefits other than pensions	6,660	7,479
Environmental reserves	16,321	10,368
Deferred income taxes	10,490	2,040
Other noncurrent liabilities	15,680	11,745
	-----	-----
Total liabilities	372,218	192,045
	-----	-----

Minority interest in subsidiaries 354 691

Stockholders' equity

Preferred stock - shares authorized 4,985,000; none outstanding	-	-
Series A junior participating preferred stock - \$1.00 par value; shares authorized 15,000; none outstanding	-	-
Common stock - \$.01 par value; shares authorized 100,000,000; issued 40,091,502 in 1998 and 40,000,000 in 1997; outstanding 35,807,596 in 1998 and 35,017,416 in 1997	401	200
Additional paid-in capital, common	258,171	253,928
Retained earnings since January 1, 1991	273,198	197,753
Cumulative translation adjustments	(3,317)	(3,232)
Treasury common stock, at cost	(26,331)	(30,609)
	-----	-----
Total stockholders' equity	502,122	418,040
Commitments and contingencies	-	-
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 874,694	\$ 610,776
	=====	=====

See accompanying notes to consolidated financial statements.

</TABLE>

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Mueller Industries, Inc.
Consolidated Statements of Cash Flows
Years Ended December 26, 1998, December 27, 1997 and December 28, 1996

<TABLE>

(In thousands)

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Operating activities:			
Net income	\$ 75,445	\$ 69,770	\$ 61,173
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	24,899	20,998	18,472
Provision for doubtful accounts receivable	556	107	435
Minority interest in subsidiaries, net of dividend paid	(337)	294	397
Deferred income taxes	4,870	2,830	4,144
Gain on disposal of properties	(2,156)	(3,702)	(973)
Changes in assets and liabilities, net of businesses acquired:			
Receivables	12,973	(24,422)	(5,628)
Inventories	(4,875)	1,329	(10,070)
Other assets	(3,219)	(5,451)	(793)
Current liabilities	(6,016)	(3,543)	12,477
Other liabilities	(3,165)	(5,416)	(495)
Other, net	(65)	136	(439)
	-----	-----	-----
Net cash provided by operating activities	98,910	52,930	78,700
	-----	-----	-----
Investing activities:			
Acquisition of businesses	(158,514)	(37,874)	(417)
Capital expenditures	(55,440)	(36,865)	(18,868)
Proceeds from sales of properties	2,559	5,826	4,142
Escrowed IRB proceeds	14,739	(21,146)	-
Note receivable	(4,484)	-	-
	-----	-----	-----
Net cash used in investing activities	(201,140)	(90,059)	(15,143)
	-----	-----	-----
Financing activities:			
Proceeds from issuance of long-term debt	120,000	27,500	-
Repayments of long-term debt	(19,396)	(18,133)	(16,252)
Proceeds from the sale of treasury stock	7,284	615	1,294
Proceeds from line of credit, net	5,451	-	-
	-----	-----	-----
Net cash provided by (used in) financing activities	113,339	9,982	(14,958)
	-----	-----	-----

See accompanying notes to consolidated financial statements.

Effect of exchange rate changes on cash	(519)	169	-
	-----	-----	-----
Increase (decrease) in cash and cash equivalents	10,590	(26,978)	48,599
Cash and cash equivalents at the beginning of the year	69,978	96,956	48,357
	-----	-----	-----
Cash and cash equivalents at the end of the year	\$ 80,568	\$ 69,978	\$ 96,956
	=====	=====	=====

</TABLE>

For supplemental disclosures of cash flow information, see Notes 1, 4, 6 and 12.
See accompanying notes to consolidated financial statements.

Mueller Industries, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 26, 1998, December 27, 1997 and December 28, 1996
(In thousands)

<TABLE>
<CAPTION>

	Common Stock Number of Shares	Amount	Additional Paid-In Capital	Retained Earnings	Cumulative Translation Adjustments	Treasury Stock Number of Shares	Stock Cost
Total	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 30, 1995	40,000	\$ 200	\$ 253,969	\$ 66,810	\$ (2,545)	5,301	\$ (32,559)
\$285,875							
Comprehensive income:							
Net income	-	-	-	61,173	-	-	-
61,173							
Other comprehensive income:							
Foreign currency translation	-	-	-	-	(260)	-	-
(260)							

Comprehensive income

60,913								
Issuance of shares under employee stock purchase plan	-	-	484	-	-	(79)	484	
968								
Issuance of shares under incentive stock option plan	-	-	(239)	-	-	(92)	565	
326								
-	-----	---	-----	-----	-----	-----	-----	-----
Balance, December 28, 1996	40,000	200	254,214	127,983	(2,805)	5,130	(31,510)	
348,082								
Comprehensive income:								
Net income	-	-	-	69,770	-	-	-	
69,770								
Other comprehensive income:								
Foreign currency translation	-	-	-	-	(427)	-	-	
(427)								

Comprehensive income								
69,343								
Issuance of shares under incentive stock option plan	-	-	(286)	-	-	(148)	901	
615								
-	-----	---	-----	-----	-----	-----	-----	-----
Balance, December 27, 1997	40,000	200	253,928	197,753	(3,232)	4,982	(30,609)	
418,040								
Comprehensive income:								
Net income	-	-	-	75,445	-	-	-	
75,445								
Other comprehensive income:								
Foreign currency translation	-	-	-	-	(85)	-	-	
(85)								

Comprehensive income								
75,360								
Issuance of shares under incentive stock option plan	-	-	(765)	-	-	(698)	4,278	
3,513								
Par value of shares issued in connection with a two-for- one stock split	-	200	(200)	-	-	-	-	
-								
Issuance of shares for business acquisition	92	1	2,837	-	-	-	-	
2,838								
Note receivable from officer (1,400)	-	-	(1,400)	-	-	-	-	
3,771								
Tax benefit related to employee stock options	-	-	3,771	-	-	-	-	
3,771								
-	-----	---	-----	-----	-----	-----	-----	-----
Balance, December 26, 1998	40,092	\$ 401	\$ 258,171	\$ 273,198	\$ (3,317)	4,284	\$ (26,331)	
\$502,122								
	=====	===	=====	=====	=====	=====	=====	=====

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

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Notes to Consolidated Financial Statement

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

The principal business of Mueller Industries, Inc. is the manufacture and sale of copper tube and fittings; brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. The Company markets its products to the HVAC, plumbing, refrigeration, hardware and other industries. During 1998, the Company operated 22 factories in 8 states, Canada, Great Britain and France and had distribution facilities nationwide and sales representation worldwide.

The Company also operates a short line railroad through its subsidiary, Utah Railway Company, 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 its U.S. copper tube and copper fittings inventories is valued on a last-in, first-out (LIFO) basis. Other inventories, including the non-material components of U.S. copper tube and copper fittings, are valued on a first-in, first-out (FIFO) basis. Inventory costs include material, labor costs and manufacturing overhead.

Depreciation

Depreciation of buildings, machinery and equipment is provided on the straight-line method over the estimated useful lives ranging from 20 to 40 years for buildings and 5 to 20 years for machinery and equipment.

Amortization

Amortization of goodwill is computed on a straight-line basis over 25 or 30 years. Other intangible assets are amortized on a straight-line basis over estimated useful lives ranging from 3 to 10 years.

Revenue Recognition

Revenue is recognized when products are shipped or services are performed.

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Pensions and Other Postretirement Benefit Plans

During 1998, the Company adopted Statement of Financial Accounting Standards No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits (SFAS No. 132). The provisions of SFAS No. 132 revise disclosure requirements related to pension and other postretirement benefit plans. It does not change the methods of measurement or recognition of assets, liabilities and benefit costs of these plans.

Stock-Based Compensation

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

Earnings Per Share

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

Income Taxes

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

Cash Equivalents

Temporary investments with maturities of three months or less are considered to be cash equivalents. These investments are stated at cost. At December 26, 1998 and December 27, 1997, temporary investments consisted of certificates of deposit, commercial paper, bank repurchase agreements and U.S. and foreign government securities totaling \$81.4 million and \$70.9 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 HVAC, plumbing, refrigeration, hardware, automotive, OEMs and others.

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

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The Company enters into forward fixed price arrangements with certain customers. The Company may utilize futures or option contracts to hedge risks associated with forward fixed price arrangements. The Company may also utilize futures or option contracts to manage price risk associated with inventory. Gains or losses with respect to these positions are reflected in earnings upon the sale of inventory. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying fixed price transactions or inventory. At year-end, the Company held open hedge forward contracts to deliver approximately \$3.8 million of copper.

The Company's sales are principally denominated and collected in the U.S. dollar. Certain sales are collected in other currencies. The market risk regarding currency exchange rate fluctuations may be hedged using forward contracts. At year-end, the Company held open forward contracts to deliver the equivalent of approximately \$1.0 million in other currencies.

Foreign Currency Translation

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

Comprehensive Income

In 1998, the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (SFAS No. 130). This statement establishes rules for the reporting of comprehensive income and its components. Comprehensive income for the Company consists of net income and foreign currency translation adjustments and is presented in the Consolidated Statements of Stockholders' Equity. The adoption of SFAS No. 130 by the Company had no impact on total stockholders' equity. Prior year financial statements have been reclassified to conform to the SFAS No. 130 requirements.

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 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). This statement requires companies to record derivative instruments on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of a derivative would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. SFAS No. 133 is

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effective for the Company's fiscal year 2000. Because of the Company's minimal historical use of derivatives, management anticipates that the adoption of SFAS No. 133 will not have a significant effect on earnings or the financial position of the Company.

Reclassifications

Certain amounts in the 1997 and 1996 consolidated financial statements have been reclassified to conform to the 1998 presentation.

Inventories consist of the following:

	1998	1997
Raw material and supplies	\$ 26,544	\$ 19,960
Work-in-process	18,196	20,283
Finished goods	89,672	57,531
Gold	320	407
Inventories	\$ 134,732	\$ 98,181

Inventories valued using the LIFO method totaled \$28.9 million at December 26, 1998 and \$20.2 million at December 27, 1997. The approximate FIFO cost of such inventories was \$26.9 million at December 26, 1998 and \$22.8 million at December 27, 1997.

Note 3 - Properties

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

	1998	1997
Land and land improvements	\$ 12,537	\$ 9,859
Buildings	67,879	38,099
Machinery and equipment	370,080	281,013
Construction in progress	41,686	20,531
	492,182	349,502
Less accumulated depreciation	(113,100)	(89,138)
Property, plant and equipment, net	\$ 379,082	\$ 260,364

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Note 4 - Long-Term Debt

Long-term debt consists of the following:

	1998	1997
Line of credit at floating rate subsequently refinanced by a term note	\$ 120,000	\$ -
Line of credit at floating rate, matures March 31, 2000	19,840	-
8.38% Unsecured notes payable, due through 2000	7,142	10,714
7.54% Unsecured note payable, due through 1999	5,000	9,000
1993 Series IRBs with interest at 6.95%, due through 2000	5,714	8,571
1994 Series IRBs with interest at 8.825%, due through 2001	6,429	9,000
1997 Series IRBs with interest at 7.39%, due through 2014	20,625	24,125
1997 Series IRBs with interest at 7.31%, due through 2009	1,925	2,385
Other, including capitalized lease obligations	7,874	8,298
	194,549	72,093
Less current portion of long-term debt	(19,980)	(18,980)
Long-term debt	\$ 174,569	\$ 53,113

The Company has an unsecured \$100 million line of credit (the Credit Facility) which was temporarily increased to \$125 million in November

1998. During the fourth quarter of 1998, the Company borrowed \$120 million under the Credit Facility. Proceeds from this borrowing were used to fund the acquisition of Halstead Industries, Inc. (Halstead) including payment of Halstead's existing debt.

On December 30, 1998, subsequent to fiscal year-end, the Company executed an Amended and Restated Credit Agreement (the Agreement) with its syndicate of eight banks. The Agreement established an unsecured, \$125 million term note, the proceeds of which were primarily used to pay down the balance under the Credit Facility. The Agreement also returned the ceiling under the Credit Facility to its original level of \$100 million. The Agreement requires quarterly principal payments on the term note of approximately \$3.3 million plus interest through 2003, with a balloon payment of \$62.5 million due December 31, 2003. Interest is based on the 90-day LIBOR interest rate plus a premium of 110 to 130 basis points as determined by certain financial ratios.

The Company's Credit Facility expires in May 2001, but may be extended for successive one-year periods by agreement of the parties.

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Borrowings under the Credit Facility bear interest, at the Company's option, at (i) prime rate less .5 percent, (ii) LIBOR plus .27 percent, subject to adjustment, or (iii) Federal Funds rate plus .65 percent. A commitment fee of 17.5 basis points per year on the unused portion of the Credit Facility is payable quarterly. Availability of funds under the Credit Facility is reduced by the amount of certain outstanding letters of credit, which totaled approximately \$4.2 million at December 26, 1998. During 1998, the Company assumed an additional \$22 million line of credit under similar terms in connection with the acquisition of B&K Industries, Inc. (B&K). This line of credit is secured by certain assets of B&K and matures March 31, 2000.

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

Aggregate annual maturities of the Company's debt after execution of the Agreement are \$26.6 million, \$51.8 million, \$16.3 million, \$17.7 million and \$17.4 million (not including the balloon payment of \$62.5 million under the Agreement due December 31, 2003) for the fiscal years 1999 through 2003, respectively, and \$69.7 million thereafter. Interest paid in 1998, 1997 and 1996 was \$6.3 million, \$4.8 million and \$5.2 million, respectively. During 1998, 1997 and 1996 the Company capitalized interest of \$.8 million, \$.1 million and \$.3 million, respectively, related to its major capital improvement programs. Using a discounted cash flow analysis, the fair value of the Company's debt approximates book value at the end of 1998 and 1997, based on the estimated current incremental borrowing rates for similar types of borrowing arrangements.

Note 5 - Stockholders' Equity

In May 1998, the Company declared a two-for-one stock split 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.

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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.

Note 6 - Income Taxes

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

	1998	1997	1996
Domestic	\$ 108,135	\$ 101,577	\$ 80,557
Foreign	1,205	(756)	7,855
Income before income taxes	\$ 109,340	\$ 100,821	\$ 88,412

Income tax expense consists of the following:

	1998	1997	1996
Current tax expense:			
Federal	\$ 24,882	\$ 23,855	\$ 18,296
Foreign	2,400	2,666	3,249
State and local	1,743	1,700	1,550
Current tax expense	29,025	28,221	23,095
Deferred tax expense (benefit):			
Federal	4,226	3,872	3,995
Foreign	595	(1,263)	-
State and local	49	221	149
Deferred tax expense	4,870	2,830	4,144
Income tax expense	\$ 33,895	\$ 31,051	\$ 27,239

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

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

	1998	1997	1996
Expected income tax expense	\$ 38,269	\$ 35,287	\$ 30,944
State and local income tax, net of federal benefit	1,133	1,254	1,027
Foreign income taxes	2,119	(398)	1,035
Closing Agreement	(3,105)	-	-
Valuation allowance	(5,481)	(4,226)	(4,622)
Other, net	960	(866)	(1,145)
Income tax expense	\$ 33,895	\$ 31,051	\$ 27,239

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

	1998	1997

Deferred tax assets:		
Accounts receivable	\$ 988	\$ 1,047
Inventories	1,762	1,762
Pension, OPEB and accrued items	7,335	9,939
Other reserves	11,668	9,963
Deferred loss	26,562	-
Net operating loss carryforwards	29,612	38,218
Loss carryforward-prior abandonment of preferred stock	16,887	40,757
Foreign tax credits	1,711	2,106
Alternative minimum tax credit carryforwards	4,026	4,053
	-----	-----
Total deferred tax assets	100,551	107,845
Less valuation allowance	(46,592)	(52,073)
	-----	-----
Deferred tax assets, net of valuation allowance	53,959	55,772
	-----	-----
Deferred tax liabilities:		
Property, plant and equipment	59,005	43,522
Other	304	1,430
	-----	-----
Total deferred tax liabilities	59,309	44,952
	-----	-----
Net deferred tax (liability) asset	\$ (5,350)	\$ 10,820
	=====	=====

</TABLE>

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As of December 26, 1998, the Company had net operating loss carryforwards (NOLs) available to offset future federal taxable income of \$84.6 million, of which \$73.8 million have been recognized. These NOLs expire as follows: \$11.5 million in 2001, \$6.5 million in 2002, \$59.8 million in 2005 and \$6.8 million in 2006. Annual limitations on these NOLs are approximately \$17.3 million through 2001 and approximately \$14.4 million through 2006. During 1998, 1997 and 1996, the Company recognized \$4.1 million, \$3.8 million and \$.7 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 in the future by reducing the valuation allowance. The tax effect of future recognition of any of the remaining NOLs of approximately \$10.8 million will reduce the deferred income tax provisions in the periods recognized. In addition, the Company has alternative minimum tax credit carryforwards of approximately \$4.0 million which are available to reduce future federal regular income taxes, if any, over an indefinite period.

In August 1998, the Company entered into a comprehensive closing agreement (the Closing Agreement) with the Internal Revenue Service, which concluded the audit of the years 1993 through 1995. 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 abandonment of the preferred stock resulted in the Company recognizing a tax loss. The Closing Agreement specifies that the character of the tax loss is a capital loss. The remaining \$44.4 million of this unrecognized capital loss is available to offset capital gains of the Company, if any, through December 30, 2000. The tax benefits relating to this loss will be recognized primarily as additions to paid-in capital.

The Closing Agreement also provides for an ordinary loss of approximately \$70 million, of which \$14 million has been recognized. Realization of this ordinary loss is dependent upon the occurrence of certain events. For financial reporting purposes, additional recognition may occur in future periods based upon the assessment of realization. Such assessments would consider relevant risks associated with realization.

Income taxes paid were approximately \$26.8 in 1998, \$29.9 million in 1997 and \$19.3 million in 1996.

Note 7 - Other Current Liabilities

Other current liabilities consist of the following:

<TABLE>
(In thousands)
<CAPTION>

	1998	1997
<S>	<C>	<C>
Accrued discounts and allowances	\$ 15,022	\$ 6,985
Accrued severance and related costs for acquired businesses	9,266	-
Freight settlements due to other railroads	2,866	3,724
Income taxes payable	1,393	1,559
Other	20,770	17,684
	-----	-----
Other current liabilities	\$ 49,317	\$ 29,952
	=====	=====

</TABLE>

Note 8 - Employee Benefits

The Company sponsors several qualified and nonqualified pension plans and other postretirement benefit plans for certain of its employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and the fair value of the plans' assets over the two-year period ending December 26, 1998, 1998, and a statement of the plans' funded status as of December 26, 1998 and December 27, 1997:

<TABLE>
(In thousands)
<CAPTION>

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Change in benefit obligation:				
Obligation at beginning of year	\$ 47,394	\$ 47,498	\$ 8,118	\$ 9,320
Service cost	2,384	525	14	24
Interest cost	5,305	3,476	633	636
Participant contributions	177	-	-	-
Actuarial loss (gain)	3,343	(124)	(111)	(1,275)
Business acquisitions	25,209	-	-	-
Benefit payments	(3,812)	(3,981)	(613)	(587)
Foreign currency translation adjustment	227	-	-	-
	-----	-----	-----	-----
Obligation at end of year	\$ 80,227	\$ 47,394	\$ 8,041	\$ 8,118
	=====	=====	=====	=====

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	\$ 59,567	\$ 49,523	\$ -	\$ -
Actual return on plan assets	7,693	13,903	-	-
Employer contributions	3,087	122	613	587
Participant contributions	177	-	-	-
Business acquisitions	25,072	-	-	-
Benefit payments	(3,812)	(3,981)	(613)	(587)
Foreign currency translation adjustment	227	-	-	-
	-----	-----	-----	-----
Fair value of plan assets at end of year	\$ 92,011	\$ 59,567	\$ -	\$ -
	=====	=====	=====	=====

Funded status:

Funded (underfunded) status at end of year	\$ 11,784	\$ 12,173	\$ (8,041)	\$ (8,118)
Unrecognized prior service cost	2,389	2,957	-	-
Unrecognized gain	(17,481)	(22,304)	(1,197)	(1,132)
	-----	-----	-----	-----
Net amount recognized	\$ (3,308)	\$ (7,174)	\$ (9,238)	\$ (9,250)
	=====	=====	=====	=====

</TABLE>

The following table provides the amounts recognized in the Consolidated Balance Sheets as of December 26, 1998 and December 27, 1997:

<TABLE>

(In thousands)

<CAPTION>

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Prepaid benefit cost	\$ 1,806	\$ 1,027	\$ -	\$ -
Accrued benefit liability	(5,114)	(8,201)	(9,238)	(9,250)
	-----	-----	-----	-----
Net amount recognized	\$ (3,308)	\$ (7,174)	\$ (9,238)	\$ (9,250)
	=====	=====	=====	=====

</TABLE>

For actuarial purposes, the annual rate of increase in the per capita cost of covered health care benefits ranges from 8.2 to 8.9 percent for 1999. The rate is assumed to decrease gradually to 6.25 percent for 2003 and remain at that level thereafter.

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The components of net periodic benefit cost are as follows:

<TABLE>

(In thousands)

<CAPTION>

	1998	1997	1996
	<C>	<C>	<C>
<S>			
Pension Benefits:			
Service cost	\$ 2,384	\$ 525	\$ 490
Interest cost	5,305	3,476	3,232
Expected return on plan assets	(6,838)	(3,956)	(3,372)
Amortization of prior service cost	568	560	560
Amortization of net gain	(1,462)	(738)	(598)
	-----	-----	-----
Net periodic benefit cost	\$ (43)	\$ (133)	\$ 312
	=====	=====	=====
Other Benefits:			
Service cost	\$ 14	\$ 24	\$ 25
Interest cost	633	636	717
Amortization of net gain	(34)	(26)	-
	-----	-----	-----
Net periodic benefit cost	\$ 613	\$ 634	\$ 742
	=====	=====	=====

</TABLE>

The Company acquired Lincoln Brass Works, Inc. (Lincoln) on September 15, 1998, and Halstead on October 30, 1998, including their pension benefit plans.

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

<TABLE>

(In thousands)

<CAPTION>

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Weighted-average assumptions:				
Discount rate	7.0%-7.75%	7.0%-7.75%	7.5%-8.5%	7.5%-8.5%
Expected return on plan assets	7.5%-8.5%	7.5%-8.5%	N/A	N/A
Rate of compensation increases	3.25%	3.50%	N/A	N/A

</TABLE>

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

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The assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percent change in the assumed health care cost trend rates would have had the following effects during 1998:

<TABLE>

(In thousands)

<CAPTION>

	1 Percent Increase <C>	1 Percent Decrease <C>
<S>		
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 49	\$ (44)
Effect on the health care component of the accumulated postretirement benefit obligation	580	(524)

</TABLE>

The Company has employee savings plans that qualify under Section 401(k). Compensation expense for the 401(k) match was \$1.2 million in 1998, \$.8 million in 1997 and \$.5 million in 1996.

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

In 1996, the Company established a nonqualified, deferred compensation plan, which permits certain management employees to annually elect to defer, on a pre-tax basis, a portion of their compensation. The deferred benefit to be provided is based on the amount of compensation deferred, Company match and earnings on the deferrals. The expense associated with the deferred compensation plan was \$.5 million, \$.3 million and \$.1 million in 1998, 1997 and 1996, respectively. 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 \$2.9 million and \$2.1 million at December 26, 1998 and December 27, 1997, respectively.

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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 1998, 1997 and 1996.

Note 9 - Commitments and Contingencies

The Company is subject to environmental standards imposed by federal, state, local and foreign environmental laws and regulations. It has provided and charged to income \$2.1 million in 1998, \$3.1 million in 1997 and \$2.0 million in 1996, for pending environmental matters. 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.

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

The Company leases certain facilities and equipment under operating leases expiring on various dates through 2008. The lease payments under these agreements aggregate to approximately \$7.9 million in 1999, \$5.1 million in 2000, \$3.1 million in 2001, \$2.3 million in 2002, \$2.3 million in 2003 and \$7.9 million thereafter. Total lease expense amounted to \$8.8 million in 1998, \$7.7 million in 1997 and \$7.7 million in 1996.

Note 10 - Other Income

Other income, net included in the Consolidated Statements of Income consists of the following:

<TABLE>
(In thousands)
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Rent and royalties	\$ 1,420	\$ 2,188	\$ 1,413
Interest income	5,127	3,584	3,352
Gain on disposal of properties, net	2,156	3,702	973
Minority interest in income of subsidiaries	(200)	(294)	(397)
Other income, net	\$ 8,503	\$ 9,180	\$ 5,341

</TABLE>

Note 11 - Stock Options

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

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Under existing plans, the Company may grant options to purchase shares of common stock at prices not less than the fair market value of the stock on the date of the grant. Generally, the options vest annually in 20 percent increments over a 5 year period beginning one year from the date of the grant. Any unexercised options expire after not more than 10 years. No options may be granted after 10 years from the date of plan adoption.

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

On June 15, 1998, the Company loaned \$4.5 million, on a full recourse basis, to an officer. The officer used \$1.4 million of the proceeds to exercise options to purchase Company stock. That portion of the loan has been classified as a reduction of additional paid-in capital, while the remaining balance of the loan is included in other assets in the Company's consolidated financial statements. The loan is secured by common stock of the Company.

The income tax benefit associated with the exercise of these options reduced income taxes payable, classified as other current liabilities, by \$3.8 million. Such benefits are reflected as additions directly to additional paid-in capital.

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

<TABLE>
(Shares in thousands)
<CAPTION>

	Options	Weighted Average Exercise Price
<S>	<C>	<C>
Outstanding at December 30, 1995	5,301	\$ 3.68
Granted	149	18.71
Exercised	(92)	3.57
Expired, cancelled, or surrendered	(10)	2.03
Outstanding at December 28, 1996	5,348	4.11

Granted	321	21.33
Exercised	(148)	4.20

Outstanding at December 27, 1997	5,521	5.11
Granted	403	20.62
Exercised	(698)	5.05
Expired, cancelled, or surrendered	(54)	15.20

Outstanding at December 26, 1998	5,172	\$ 6.22
	=====	
Options exercisable at:		
December 28, 1996	4,383	\$ 2.74
December 27, 1997	4,601	3.07
December 26, 1998	4,194	3.46

</TABLE>

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Exercise prices for stock options outstanding at December 26, 1998, ranged from \$2.06 to \$37.04. Of the 5.2 million stock options that are outstanding at year-end, 3.6 million are owned by Mr. Harvey Karp and expire one year after Mr. Karp's separation from employment with the Company. Mr. Karp's options have an exercise price of \$2.06 per share. The weighted average remaining life of the remaining 1.6 million shares is 6.8 years, and the weighted average exercise price of these shares is \$15.74. The weighted average fair value per option granted was \$8.69 in 1998, \$9.31 in 1997 and \$8.45 in 1996.

As of December 26, 1998, the Company had reserved 4.3 million shares of its common stock for issuance pursuant to certain stock option plans. Additionally, the Company had reserved 15 thousand shares of preferred stock for issuance pursuant to the shareholder rights plan.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method. The fair value for these options at the date of grant was estimated using the following weighted average assumptions for the years 1998, 1997 and 1996: 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; and no dividend payments. The risk free interest rate used in the model was 4.85 percent for 1998, 5.55 percent for 1997 and 6.50 percent for 1996.

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

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

<TABLE>

(In thousands, except per share data)

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net income	\$ 75,445	\$ 69,770	\$ 61,173
SFAS No. 123 compensation expense	(1,316)	(960)	(560)
	-----	-----	-----
SFAS No. 123 pro forma net income	\$ 74,129	\$ 68,810	\$ 60,613
	=====	=====	=====
Pro forma earnings per share:			
Basic	\$ 2.09	\$ 1.97	\$ 1.74
Diluted	\$ 1.88	\$ 1.76	\$ 1.56
	=====	=====	=====

</TABLE>

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Because SFAS No. 123 applies only to stock-based compensation awards for 1995 and later 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.

Note 12 - Acquisitions

On October 30, 1998, the Company acquired approximately 58 percent of Halstead's outstanding shares. The remaining shares were acquired on

November 20, 1998, for a total purchase price of approximately \$95 million cash. The Company also paid off existing bank debt of Halstead for approximately \$24.8 million. Halstead operates a copper tube mill in Wynne, Arkansas, and a line sets facility in Clinton, Tennessee.

On September 15, 1998, the Company acquired Lincoln, which operates manufacturing facilities in Jacksboro, Tennessee and Waynesboro, Tennessee. Lincoln produces custom control valve assemblies, as well as custom metal assemblies, gas delivery systems and tubular products primarily for the gas appliance market. For a nominal consideration, the Company acquired 100 percent of the outstanding common shares of Lincoln. Lincoln's existing bank debt of approximately \$7.5 million was paid off by the Company at closing.

On August 10, 1998, the Company completed the acquisition of B&K, an import distributor of residential and commercial plumbing products in the United States. B&K sells to all major distribution channels including hardware co-ops, home centers, plumbing wholesalers, hardware wholesalers, OEMs and manufactured housing wholesalers. The purchase price was \$33.5 million, of which approximately 90 percent was paid in cash and the remainder paid in shares of Mueller common stock.

During the first half of 1997, the Company acquired the assets and certain liabilities of Precision Tube Company, Inc., the assets of Wednesbury Tube Company and Desnoyers S.A.

Each of the acquisitions was accounted for using the purchase method of accounting. Therefore, the results of operations of the acquired businesses were included in the consolidated financial statements of the Company from their respective acquisition dates. The purchase price for these acquisitions, which was financed by available cash balances and credit facilities, has been allocated to the assets of the acquired businesses based on their respective fair market values. The total fair value of assets acquired in 1998 and 1997 was \$240.1 million and \$69.8 million, respectively. Liabilities assumed in the acquisitions were \$78.7 million in 1998 and \$31.9 million in 1997. The excess of the purchase price over the net assets acquired in 1998 was approximately \$76.5 million which is being amortized over 25 or 30 years. The consolidated financial statements reflect the preliminary allocations of the Halstead and Lincoln purchase prices, as the purchase price allocations have not been finalized.

The following condensed pro forma consolidated results of operations are presented as if the acquisitions had occurred at the beginning of 1997. This information combines the historical results of operations of the Company and the acquired businesses after the effects of estimated purchase accounting adjustments. The pro forma information does not

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purport to be indicative of the results that would have been obtained if the operations had actually been combined during the periods presented and is not necessarily indicative of operating results to be expected in future periods.

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

	1998	1997
<S>	<C>	<C>
Net sales	\$1,168,103	\$1,283,175
Net income	71,369	54,644
Pro forma earnings per share:		
Basic	\$ 2.01	\$ 1.56
Diluted	\$ 1.80	\$ 1.39
	=====	=====

</TABLE>

The final assessment of fair values of the assets and reserves associated with the Desnoyers S.A. acquisition was completed during 1998. The determination of final fair values resulted in adjustments consisting of changes from initially recorded values. These adjustments increased property, plant and equipment and other current liabilities by approximately \$12.4 million and \$8.6 million, respectively, and decreased other assets by approximately \$3.8 million.

Note 13 - Industry Segments

In 1998, the Company adopted Statement of Financial Accounting Standards No. 131, Disclosures About Segments of an Enterprise and Related Information, which changes the way the Company reports information about its operating segments. The information for 1997 and 1996 has been restated from the prior year's presentation in order to conform to the 1998 presentation.

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

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

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

The Other Businesses segment is comprised primarily of a short line railroad.

Summarized segment and geographic information is shown in the following tables. Geographic sales data indicates the location from which

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products are shipped. Unallocated expenses include general corporate expenses, plus certain charges or credits not included in segment activity.

Segment Information:

<TABLE>
(In thousands)
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales:			
Standard Products Division	\$ 624,437	\$ 560,787	\$ 442,206
Industrial Products Division	274,597	292,869	256,206
Other Businesses	31,637	35,688	20,286
Elimination of intersegment sales	(1,280)	(347)	(386)
	-----	-----	-----
	\$ 929,391	\$ 888,997	\$ 718,312
	=====	=====	=====
Depreciation and amortization:			
Standard Products Division	\$ 14,913	\$ 12,410	\$ 10,467
Industrial Products Division	5,948	5,057	4,243
Other Businesses	1,699	1,479	1,388
General corporate	2,339	2,052	2,374
	-----	-----	-----
	\$ 24,899	\$ 20,998	\$ 18,472
	=====	=====	=====
Operating income:			
Standard Products Division	\$ 85,530	\$ 72,972	\$ 75,210
Industrial Products Division	31,216	29,555	27,472
Other Businesses	5,661	3,458	2,385
Unallocated expenses	(13,598)	(6,276)	(14,605)
	-----	-----	-----
	\$ 108,809	\$ 99,709	\$ 90,462
	=====	=====	=====
Expenditures for long-lived assets:			
Standard Products Division	\$ 198,135	\$ 49,880	\$ 6,460
Industrial Products Division	16,735	8,273	5,361
Other Businesses	4,782	2,727	3,131
	-----	-----	-----
	\$ 219,652	\$ 60,880	\$ 14,952
	=====	=====	=====
Segment assets:			
Standard Products Division	\$ 610,914	\$ 357,646	\$ 239,589
Industrial Products Division	144,004	127,609	109,877
Other Businesses	50,446	51,378	52,285
General corporate	69,330	74,143	107,606
	-----	-----	-----
	\$ 874,694	\$ 610,776	\$ 509,357
	=====	=====	=====

</TABLE>

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Geographic Information:

<TABLE>
(In thousands)
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales:			
United States	\$ 754,024	\$ 753,771	\$ 687,745
Foreign	175,367	135,226	30,567
	-----	-----	-----
	\$ 929,391	\$ 888,997	\$ 718,312
	=====	=====	=====
Long-lived assets:			
United States	\$ 448,852	\$ 264,747	\$ 221,433
Foreign	43,518	29,141	3,148
	-----	-----	-----
	\$ 492,370	\$ 293,888	\$ 224,581
	=====	=====	=====

</TABLE>

Note 14 - Quarterly Financial Information (Unaudited)

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
1998				
Net sales	\$ 226,652	\$ 225,867	\$ 212,746	\$ 264,126
Gross profit (1)	51,195	52,349	48,794	56,760
Net income	19,265	19,710	18,765	17,705
Diluted earnings per share	0.49	0.50	0.47	0.45
1997				
Net sales	\$ 201,366	\$ 215,437	\$ 229,133	\$ 243,061
Gross profit (1)	45,582	42,752	47,757	48,105
Net income	15,758	16,339	18,051	19,622
Diluted earnings per share	0.40	0.42	0.46	0.50

<FN>

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

</TABLE>

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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 26, 1998 and December 27, 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 26, 1998. 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 26, 1998 and December 27, 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 26, 1998, in conformity with generally accepted accounting principles.

Memphis, Tennessee
February 5, 1999

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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 1998 and 1997 were as follows:

<TABLE>
<CAPTION>

	High	Low	Close
<S>	<C>	<C>	<C>
1998			
Fourth quarter	\$ 27	\$ 14 7/8	\$ 20 1/16
Third quarter	40	23 13/16	26 1/2
Second quarter	38 1/16	29 11/16	37
First quarter	32 1/2	25 1/32	31 31/32
1997			
Fourth quarter	\$ 28 11/16	\$ 21 7/32	\$ 26 19/32
Third quarter	24 1/8	21 1/4	22 5/8
Second quarter	22 11/16	18 1/16	21 1/2
First quarter	22 7/8	18	19 7/8

</TABLE>

As of March 1, 1999, the number of holders of record of Mueller's common stock was approximately 3,200. The New York Stock Exchange's closing price for Mueller's common stock on March 1, 1999 was \$21.50.

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>

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<S>	1998 (1)	1997 (1)	1996	1995	1994
<C>	<C>	<C>	<C>	<C>	<C>
For the fiscal year:					
Net sales	\$ 929,391	\$ 888,997	\$ 718,312	\$ 678,838	\$ 550,003
Operating income	108,809	99,709	90,462	64,011	43,952
Net income	75,445	69,770	61,173	44,823	27,926
Diluted earnings per share (2)	1.90	1.78	1.57	1.17	0.70

At year-end:

Total assets	874,694	610,776	509,357	450,835	430,755
Long-term debt	174,569	53,113	44,806	59,653	76,125

<FN>

- (1) Includes the effects of acquisitions described in Note 12 to the consolidated financial statements.
- (2) In 1998 and 1995, the Company declared two-for-one stock splits effected in the form of 100 percent dividends. Diluted earnings per share has been restated to reflect the splits for all periods presented.

</TABLE>

Directors, Corporate Officers and Divisional Management

Board of Directors

Harvey L. Karp	Chairman of the Board, Mueller Industries, Inc.
Robert B. Hodes(1) (3)	Counsel, Willkie Farr & Gallagher
G.E. Manolovici(1) (2)	Private Investor
William D. O'Hagan	President and Chief Executive Officer, Mueller Industries, Inc.
Robert J. Pasquarelli(1) (2) (3)	General Manager - Mansfield, Armco, Inc.

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

Executive Officers

Harvey L. Karp	Chairman of the Board
William D. O'Hagan	President and Chief Executive Officer
Earl W. Bunkers	Executive Vice President and Chief Financial Officer*
Lee R. Nyman	Senior Vice President Manufacturing/Engineering
William H. Hensley	Vice President, General Counsel and Secretary
Kent A. McKee	Vice President and Chief Financial Officer **

*Retiring April 1, 1999
**Effective April 1, 1999

Other Officers and Management

Robert A. Haskins	Vice President Sales and Marketing
Lowell J. Hill	Vice President Human Resources
Richard G. Miller	Vice President Business Development
Michael E. Stoll	Vice President Purchasing
Richard W. Corman	Corporate Controller

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Standard Products Division

Roy C. Harris	Division General Manager
Larry D. Birch	Vice President North American Sales
Gregory L. Christopher	Vice President Supply Chain Management
Bruce R. Clements	Vice President Manufacturing - Copper Tube
Daniel R. Corbin	Vice President Manufacturing - Plastic Fittings
Robert L. Fleeman	Vice President International Sales
John B. Hansen	Vice President Marketing
Tommy L. Jamison	Vice President Manufacturing - Copper Fittings
Louis F. Pereira	General Manager Canadian Operations
Andrew A. Sippel	Controller
B&K Industries	
Peter D. Berkman	President
European Operations	
Roger Y. Boutonnet	Director - French Operations
Peter J. S. Brookes	Finance Director
Peter J. Marsh	Sales Director - U.K.
Brian Parsons	Manufacturing Director - U.K.
Industrial Products Division	
James H. Rourke	Group Vice President
Chuck W. Blackledge	General Manager - Precision Tube

Gerald J. Leary	Vice President & General Manager - Engineered Products
Kevin N. McGrath	Vice President Sales and Marketing
William F. Navarre	Vice President Manufacturing
David G. Rice	Controller

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Other Businesses

Gary L. Barker	President - Arava Natural Resources Company
Michael W. Baum	President - Mining Remedial Recovery Company
John E. West III	Executive Vice President - Utah Railway Company

Shareholder Information

Annual Meeting

The Annual Meeting of Stockholders will be held at the Company's Headquarters at 8285 Tournament Drive, Suite 150, Memphis, TN 38125, 10:00 A.M. local time, May 6, 1999.

Common Stock

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

Form 10-K

Copies of the Company's Annual Report on Form 10-K are available upon written request:
c/o Mueller Industries, Inc.
8285 Tournament Drive, Suite 150 Memphis, TN 38125
Attention: Investor Relations

Independent Auditors

Ernst & Young LLP
Memphis, Tennessee

Transfer Agent and Registrar

Continental Stock Transfer & Trust Co.,
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.

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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 Refrigeration Company, Inc.	Michigan
Mueller Refrigeration Holding Co., Inc.	Delaware
Mueller Refrigeration Products L.P. (2)	
Mueller LBHC, Inc. (3)	Delaware
Lincoln Brass Works, Inc.	Michigan
Advanced Catalyst Systems, L.L.C.	Michigan
Lincoln Brass Works, L.P. (4)	
Mueller Streamline Co.	Delaware
Precision Tube Company, Inc.	Pennsylvania
Mueller Tool and Machine, Inc.	Delaware
Mueller Casting Company, Inc.	Delaware
WTC Holding Company, Inc.	Michigan
Wednesbury Tube & Fittings Company Limited	United Kingdom
DENO Investment Company, Inc.	Michigan
Mueller de Mexico (5)	Mexico
DENO Holding Company, Inc.	Michigan
DENO Acquisition	France
Desnoyers, S.A. (6)	France
Toutubes, S.A.R.L.	France
B & K Industries, Inc.	Illinois
Mueller Copper Tube Products, Inc.	Delaware
Mueller Streamline FSC Ltd.	Virgin Islands
Arava Natural Resources Company, Inc.	Delaware
United States Fuel Company	Nevada
King Coal Company	Utah

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List of Subsidiaries (continued)

Subsidiary*	State or Country of Incorporation
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) Tennessee Limited Partnership between Mueller East, Inc. and Mueller Fittings Company, Inc.

- (2) Tennessee Limited Partnership between Mueller Refrigeration Holding Co., Inc. and Mueller Refrigeration Company, Inc.
- (3) Owned by Mueller Refrigeration Company, Inc. and Mueller Refrigeration Products, L.P.
- (4) Tennessee Limited Partnership between Mueller Refrigeration Company, Inc. and Mueller Refrigeration Products, L.P.
- (5) Owned by DENO Investment Company (99.8%) and Mueller Streamline Co. (.2%).
- (6) Less than 1% of the outstanding common stock of Desnoyers, S.A. is owned by third parties.

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Mueller Industries, Inc. of our report dated February 5, 1999, included in the 1998 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. 333-52325, No. 33-54705, No. 33-41478 and No. 33-47307) pertaining to the 1998 Stock Option Plan, 1994 Stock Option Plan and 1994 Non-Employee Director Stock Option Plan, 1991 Employee Stock Purchase Plan and the 1991 Incentive Stock Option Plan of Mueller Industries, Inc., respectively, of our report dated February 5, 1999, 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 26, 1998, and the related financial statement schedule included therein filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Memphis, Tennessee
March 23, 1999

<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 26, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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