

MUELLER

News Release

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FOR FURTHER INFORMATION CONTACT:

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SPRINGFIELD, MO., 27 FEBRUARY 2008. PAUL MUELLER COMPANY TODAY REPORTED ITS EARNINGS FOR THE YEAR 2007.

PAUL MUELLER COMPANY AND SUBSIDIARIES CONSOLIDATED SUMMARIES OF OPERATIONS (UNAUDITED)

	Three Months		Twelve Months	
	Ended December 31	Ended December 31	Ended December 31	Ended December 31
	2007	2006	2007	2006
Net Sales	\$ 79,444,000	\$ 56,598,000	\$ 241,147,000	\$ 152,887,000
Cost of Sales	63,578,000	45,719,000	200,859,000	125,442,000
Gross Profit.....	\$ 15,866,000	\$ 10,879,000	\$ 40,288,000	\$ 27,445,000
Selling, General & Administrative Expenses	6,298,000	6,490,000	25,275,000	22,146,000
Operating Income.....	\$ 9,568,000	\$ 4,389,000	\$ 15,013,000	\$ 5,299,000
Other Income (Expense)	(1,103,000)	(173,000)	(419,000)	494,000
Income before Provision (Benefit) for Income Taxes.....	\$ 8,465,000	\$ 4,216,000	\$ 14,594,000	\$ 5,793,000
Provision (Benefit) for Income Taxes	3,276,000	(1,779,000)	5,508,000	(1,229,000)
Net Income	<u>\$ 5,189,000</u>	<u>\$ 5,995,000</u>	<u>\$ 9,086,000</u>	<u>\$ 7,022,000</u>
Earnings per Common Share:				
Basic	\$ 4.49	\$ 5.21	\$ 7.88	\$ 6.10
Diluted.....	\$ 4.42	\$ 5.12	\$ 7.74	\$ 6.04

- NOTES: 1) Fourth quarter 2007 results were favorably affected by an adjustment to the LIFO reserve, which increased net income by \$2,163,000, or \$1.87 per share (\$1.84 diluted). The reduction in the inventory level during the fourth quarter due to the high level of sales contributed to the adjustment.
- 2) For the year ended December 31, 2007, net income was adversely affected by an increase to the LIFO reserve, which reduced net income by \$1,005,000, or \$0.87 per share (\$0.86 diluted). The high price of stainless steel during 2007 contributed to the LIFO reserve increase.
- 3) A noncash credit of \$3,157,000 was recorded during the fourth quarter of 2006 to reduce the balance of a valuation allowance established during 2004 for all of the Company's net deferred tax assets. The reduction in the valuation allowance was directly related to the improved financial performance of the Company during 2006 and 2005, and the backlog of \$116,913,000 as of December 31, 2006. The noncash credit increased net income for 2006 by \$3,157,000 and has been included in the tax provisions on the above Consolidated Summaries of Operations for the three months and twelve months ended December 31, 2006.
- 4) Fourth quarter 2006 results were unfavorably affected by an adjustment to the LIFO reserve, which decreased net income by \$285,000, or \$0.25 per share (\$0.24 diluted). The high year-end inventory level contributed to the adjustment.
- 5) For the year ended December 31, 2006, net income was adversely affected by an increase to the LIFO reserve, which reduced net income by \$2,202,000, or \$1.91 per share (\$1.89 diluted). The increase in inventory during 2006 and the increase in stainless steel over the prior year contributed to the LIFO reserve increase.

PAUL MUELLER COMPANY

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