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For Immediate Release

### Paul Mueller Company Announces Its Third Quarter Earnings of 2016

Springfield, Missouri – October 28, 2016, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended September 30, 2016.

The Company has made progress on important initiatives previously discussed in the 2015 annual report. Of note, the Company successfully completed a lump sum offer to some of its pension participants which had a \$6.7 million noncash negative effect on pretax earnings.

#### PAUL MUELLER COMPANY NINE-MONTH REPORT Unaudited

CONSOLIDATED STATEMENTS OF INCOME							
(In thousands)	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30		
	2016	2015	2016	2015	2016	2015	
	Net Sales	\$ 44,116	\$ 40,102	\$ 130,801	\$ 134,456	\$ 174,940	\$ 185,011
Cost of Sales	33,117	27,133	94,682	94,266	126,778	131,551	
Gross Profit	\$ 10,999	\$ 12,969	\$ 36,119	\$ 40,190	\$ 48,162	\$ 53,460	
Selling, General and Administrative Expense	16,045	10,295	38,766	30,324	47,477	41,606	
Operating Income	\$ (5,046)	\$ 2,674	\$ (2,647)	\$ 9,866	\$ 685	\$ 11,854	
Interest Expense	(86)	(80)	(185)	(301)	(246)	(528)	
Other Income (Expense)	(49)	17	(160)	(309)	(74)	(441)	
Income before Provision for Income Taxes	\$ (5,181)	\$ 2,611	\$ (2,992)	\$ 9,256	\$ 365	\$ 10,885	
Provision (Benefit) for Income Taxes	(1,982)	318	(1,466)	2,330	213	2,973	
Net Income	\$ (3,199)	\$ 2,293	\$ (1,526)	\$ 6,926	\$ 152	\$ 7,912	
Earnings per Common Share —							
Basic	(\$2.66)	\$1.85	(\$1.26)	\$5.61	\$0.12	\$6.41	
Diluted	(\$2.66)	\$1.85	(\$1.26)	\$5.60	\$0.12	\$6.39	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
	Nine Months Ended September 30		
	2016	2015	
Net Income (Loss)	\$ (1,526)	\$ 6,926	
Other Comprehensive Income, Net of Tax:			
Foreign Currency Translation Adjustment	754	(2,108)	
Change in Pension Liability	(1,478)	-	
Amortization of De-Designated Hedges	15	(1)	
Comprehensive Income	\$ (2,235)	\$ 4,817	

CONSOLIDATED BALANCE SHEETS			
	September 30 2016	December 31 2015	
Accounts Receivable	\$ 24,128	\$ 22,587	
Inventories	26,040	31,941	
Other Current Assets	5,310	8,312	
Current Assets	\$ 55,478	\$ 62,840	
Net Property, Plant, and Equipment	35,781	35,718	
Other Assets	25,841	20,038	
Total Assets	\$ 117,100	\$ 118,596	
Accounts Payable	\$ 11,722	\$ 11,672	
Current Maturities and Short-Term Debt	13,016	10,868	
Other Current Liabilities	19,060	25,775	
Current Liabilities	\$ 43,798	\$ 48,315	
Long-Term Debt	4,753	5,003	
Long-Term Pension Liabilities	39,138	32,527	
Other Long-Term Liabilities	950	1,004	
Total Liabilities	88,639	86,849	
Shareholders' Investment	28,461	31,747	
Total Liabilities and Shareholders' Investment	\$ 117,100	\$ 118,596	

**SELECTED FINANCIAL DATA**

	September 30 2016	December 31 2015
Book Value per Common Share	\$23.67	\$25.66
Total Shares Outstanding	1,202,212	1,237,220
Backlog	\$ 45,166	\$ 58,385

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT**

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance, December 31, 2015</b>	\$ 1,508	\$ 9,708	\$ 63,863	\$ (5,114)	\$ (38,218)	\$ 31,747
<b>Add (Deduct):</b>						
Net Income			(1,526)			(1,526)
Other Comprehensive Income, Net of Tax					(709)	(709)
Treasury Stock Acquisition				(1,051)		(1,051)
Deferred Compensation						
<b>Balance, September 30, 2016</b>	\$ 1,508	\$ 9,708	\$ 62,337	\$ (6,165)	\$ (38,927)	\$ 28,461

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
<b>Operating Activities:</b>		
Net Income	\$ (1,526)	\$ 6,926
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	5,132	(621)
Bad Debt Expense (Recovery)	12	36
Depreciation & Amortization	4,545	4,094
Deferred Tax (Benefit) Expense	-	(596)
(Gain) Loss on Sales of Equipment	(20)	48
Other	(66)	(65)
Change in Assets and Liabilities		
(Inc) Dec in Accts and Notes Receivable	(1,532)	(3,335)
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	(521)	(1)
(Inc) Dec in Inventories	6,301	(8,827)
(Inc) Dec in Prepayments	(1,907)	1,844
(Inc) Dec Other Assets	(1)	(1,691)
Inc (Dec) in Accounts Payable	136	4,285
Inc (Dec) Other Accrued Expenses	(1,304)	(2,736)
Inc (Dec) Advanced Billings	(4,095)	6,091
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	(1,616)	241
Inc (Dec) in Other Liabilities	(478)	(176)
<b>Net Cash Provided by Operating Activities</b>	\$ 3,060	\$ 5,517
<b>Investing Activities</b>		
Proceeds from Sales of Equipment	61	48
Additions to Property and Equipment	(3,859)	(6,483)
<b>Net Cash Required for Investing Activities</b>	\$ (3,798)	\$ (6,435)
<b>Financing Activities</b>		
Proceeds (Repayment) of Short-Term Borrowings, Net	1,983	(5,444)
(Repayment) Proceeds of Long-Term Debt	(311)	5,526
Treasury Stock Acquisitions	(1,051)	(5)
<b>Net Cash Provided for Financing Activities</b>	\$ 621	\$ 77
<b>Effect of Exchange Rate Changes</b>	(77)	18
<b>Net (Decrease) in Cash and Cash Equivalents</b>	\$ (194)	\$ (823)
<b>Cash and Cash Equivalents at Beginning of Year</b>	545	1,402
<b>Cash and Cash Equivalents at End of Quarter</b>	\$ 351	\$ 579

PAUL MUELLER COMPANY  
SUMMARIZED NOTES TO THE FINANCIAL STATEMENTS

(1) Results of Operations (In thousands):

- A. The chart below depicts the net revenue on a consolidating basis for the three months ended September 30.

Three Months Ended September 30		
Revenue	2016	2015
Domestic	\$31,095	\$28,308
Mueller BV	\$13,352	\$12,201
Eliminations	(\$331)	(\$407)
Net Revenue	\$44,116	\$40,102

The chart below depicts the net revenue on a consolidating basis for the nine months ended September 30.

Nine Months Ended September 30		
Revenue	2016	2015
Domestic	\$85,767	\$90,784
Mueller BV	\$45,941	\$45,597
Eliminations	(\$907)	(\$1,925)
Net Revenue	\$130,801	\$134,456

The chart below depicts the net revenue on a consolidating basis for the twelve months ended September 30.

Twelve Months Ended September 30		
Revenue	2016	2015
Domestic	\$112,364	\$124,756
Mueller BV	\$63,921	\$63,245
Eliminations	(\$1,345)	(\$2,990)
Net Revenue	\$174,940	\$185,011

The chart below depicts the net income on a consolidating basis for the three months ended September 30.

Three Months Ended September 30		
Net Income	2016	2015
Domestic	(\$3,244)	\$1,471
Mueller BV	\$62	\$825
Eliminations	(\$17)	(\$3)
Net Income	(\$3,199)	\$2,293

The chart below depicts the net income on a consolidating basis for the nine months ended September 30.

Nine Months Ended September 30		
Net Income	2016	2015
Domestic	(\$3,233)	\$3,239
Mueller BV	\$1,642	\$3,764
Eliminations	\$65	(\$77)
Net Income	(\$1,526)	\$6,926

The chart below depicts the net income on a consolidating basis for the twelve months ended September 30.

Twelve Months Ended September 30		
Net Income	2016	2015
Domestic	(\$1,886)	\$3,165
Mueller BV	\$1,948	\$4,933
Eliminations	\$90	(\$186)
Net Income	\$152	\$7,912

- B.** Third quarter results were negatively affected by two events which we described in previous communications including our 2015 annual report.

First, we began significant roof repairs on our Springfield, Missouri, facilities. The portion to be completed this year was estimated to cost approximately \$2.0 million. During the third quarter, we incurred \$620,000 of expense for a YTD total of \$932,000.

Second, we completed the lump sum pension payments to participants who elected to take the settlement. These payments, paid from the assets of the plans, were available for participants who were no longer employed by the Company as of May 6, 2016, but who had not yet begun receiving their benefit. These eligible participants had until August 5th to make an election. The eligible participants represented about a quarter of the obligations of the plans and just over 50% of those eligible elected the settlement. The payments, totaling \$13.8 million to 218 participants, were made on or about September 26, 2016.

This settlement had a negative noncash effect on the pretax earnings of the Company of \$6.72 million caused by pension deficits, previously recorded in accumulated other comprehensive income, moving through net income. \$1 million of this amount was booked in the second quarter based on participants who had already elected to participate by June 30<sup>th</sup> with the remaining \$5.72 million booked in the third quarter.

In addition to this \$6.72 million reduction in long-term pension liability, a reduction in discount rates increased the liability by approximately \$13.5 million. Finally, cash contributions into the plans during 2016 are expected to be \$4.1 million.

- C. The pretax results for the three months ended September 30, 2016, were not affected by LIFO reserve. The pretax results for the nine months ended September 30, 2016, were unfavorably affected by a \$1,000,000 increase in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2016, were unfavorably affected by a \$450,000 increase in the LIFO reserve. The pretax results for the three and nine months ended September 30, 2015, were favorably affected by a \$500,000 decrease in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2015, were unfavorably affected by a \$16,000 increase in the LIFO reserve.
- D. On March 18, 2016, the Company announced a repurchase program of up to \$3 million of the Company's common stock. The stock repurchases may be made from time to time in the open market, in compliance with a Rule 10b5-1 share repurchase plan adopted by the Company, or in privately negotiated transactions in compliance with applicable state and federal securities laws. The timing and amounts of any repurchases will be based on market conditions and other factors including price, regulatory requirements, and capital availability. The program does not require the repurchase of any minimum number of shares and may be suspended, modified, or discontinued at any time, without prior notice. As of September 30, 2016, the Company has repurchased 35,008 shares at a total cost of \$1,051,000.
- E. The consolidated financials are affected by the euro to dollar exchange rate when consolidating Mueller B.V., the Dutch subsidiary. The month-end euro to dollar exchange rate was 1.12 for September, 2015; 1.09 for December, 2015, and 1.12 for September, 2016, respectively.

This press release contains forward-looking statements that provide current expectations of future events based on certain assumptions. All statements regarding future performance growth, conditions, or developments are forward-looking statements. Actual future results may differ materially from those described in the forward-looking statements due to a variety of factors, including, but not limited to, the factors described on page 30 of the Company's 2015 Annual Report, which is available at [paulmueller.com](http://paulmueller.com). The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future events or circumstances.

**The accounting policies related to this report and additional management discussion and analysis are provided in the 2015 annual report, available at [www.paulmueller.com](http://www.paulmueller.com).**