MUELLER

PAUL MUELLER COMPANY

1600 West Phelps Street • Springfield, Missouri 65802 U.S.A.

DATE: August 6, 2013

IMMEDIATE RELEASE

SYMBOL: MUEL (OTC)

FOR FURTHER INFORMATION CONTACT:

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SPRINGFIELD, MISSOURI -- PAUL MUELLER COMPANY (OTC: MUEL) TODAY REPORTED ITS SECOND QUARTER REPORT FOR THE PERIOD ENDED JUNE 30, 2013

PAUL MUELLER COMPANY AND SUBSIDIARIES

SIX-MONTH REPORT

Unaudited

	Three Months Ended June 30		Six Months Ended June 30		Twelve Months Ended June 30	
	2013	2012	2013	2012	2013	2012
Net Sales	$ 45,605,000	$43,490,000	$ 87,119,000	$ 84,638,000	$ 182,042,000	$ 165,430,000
Cost of Sales	31,908,000	30,944,000	61,185,000	60,177,000	134,455,000	117,469,000
Gross Profit	$ 13,697,000	$12,546,000	$ 25,934,000	$ 24,461,000	$ 47,587,000	$ 47,961,000
Selling, General and Administrative Expense	9,929,000	10,549,000	20,166,000	20,724,000	41,478,000	40,909,000
Operating Income	$ 3,768,000	$ 1,997,000	$ 5,768,000	$ 3,737,000	$ 6,109,000	$ 7,052,000
Other Income (Expense)	(197,000)	(255,000)	(437,000)	(245,000)	(1,005,000)	(704,000)
Income before Provision for Income Taxes	$ 3,571,000	$ 1,742,000	$ 5,331,000	$ 3,492,000	$ 5,104,000	$ 6,348,000
Provision for Income Taxes	420,000	362,000	759,000	818,000	1,241,000	199,000
Net Income	$ 3,151,000	$ 1,380,000	$ 4,572,000	$ 2,674,000	$ 3,863,000	$ 6,149,000
Earnings per Common Share - Basic	$2.60	$1.13	$3.78	$2.20	$3.19	$5.07
Diluted	$2.60	$1.13	$3.78	$2.20	$3.19	$5.07

SUMMARIZED CONSOLIDATED COMPREHENSIVE INCOME (LOSS)

	Six Months Ended June 30	
	2013	2012
Net Income	$ 4,572,000	$ 2,674,000
Other Comprehensive Income, Net of Tax:		
Foreign Currency Translation Adjustment	$ (303,000)	$ (421,000)
Amortization of De-Designated Hedges	14,000	34,000
Total Comprehensive Income	$ 4,283,000	$ 2,287,000

SUMMARIZED CONSOLIDATED BALANCE SHEETS

	June 30 2013	December 31 2012
Current Assets	$ 51,174,000	$ 48,825,000
Net Property, Plant, and Equipment	33,170,000	34,024,000
Other Assets	18,240,000	18,617,000
Total Assets	$ 102,584,000	$101,466,000
Current Liabilities	$ 55,373,000	$ 52,430,000
Long-Term Debt	8,717,000	14,404,000
Other Long-Term Liabilities	35,659,000	36,097,000
Shareholders' Investment (Deficit)	2,835,000	(1,465,000)
Total Liabilities and Shareholders' Investment	$ 102,584,000	$101,466,000
Book Value per Common Share	$2.29	($1.18)
Total Shares Outstanding	1,237,591	1,239,628
Backlog	$ 55,111,000	$ 47,929,000

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CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Comprehensive Income (Loss)	Total
Balance, December 31, 2012	$ 1,508,000	$ 9,550,000	$ 29,489,000	$ (5,057,000)	$ (36,955,000)	$ (1,465,000)
Add (Deduct):						
Net Income			4,572,000			$ 4,572,000
Other Comprehensive Income(Loss),Net of Tax					(289,000)	(289,000)
Treasury Stock Acquisition				(45,000)		(45,000)
Deferred Compensation		62,000				62,000
Balance, June 30, 2013	$ 1,508,000	$ 9,612,000	$ 34,061,000	$ (5,102,000)	$ (37,244,000)	$ 2,835,000

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2013
Cash Flows from Operating Activities:	
Net Income	$ 4,572,000
Adjustment to Reconcile Net Income to	
Net Cash (Required) Provided by Operating Activities:	
Pension Liability	(234,000)
Bad Debt Expense (Recovery)	(9,000)
Depreciation & Amortization	3,136,000
Gain on Sales of Equipment	(31,000)
Other	(80,000)
Change in Assets and Liabilities, Net of Effect	
of Acquisitions-	
(Inc) Dec in Accts and Notes Receivable	232,000
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	908,000
(Inc) Dec in Inventories	(4,886,000)
(Inc) Dec in Prepayments	541,000
(Inc) Dec Other Assets	27,000
Inc (Dec) in Accounts Payable	(843,000)
Inc (Dec) Other Accrued Expenses	(323,000)
Inc (Dec) Advanced Billings	1,404,000
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	(1,775,000)
Inc (Dec) In Long-Term Liabilities	(58,000)
Net Cash (Required) Provided from Operating Activities	$ 2,581,000
Cash Flows (Requirements) from Investing Activities	
Proceeds from Sale of Equipment	42,000
Additions to Property and Equipment	(2,291,000)
Net Cash (Required) Provided by Investing Activities	$ (2,249,000)
Cash Flow Provisions (Requirements) from Financing Activities	
Proceeds (Repayment) of Short-Term Borrowings	1,092,000
Repayment of Long-Term Debt	(1,818,000)
Treasury Stock Acquisition	(45,000)
Net Cash (Required) Provided by Financing Activities	$ (771,000)
Effect of Exchange Rate Changes	9,000
Net Decrease in Cash and Cash Equivalents	$ (430,000)
Cash and Cash Equivalents at Beginning of Year	430,000
Cash and Cash Equivalents at End of Period	$ -

Paul Mueller Company is a manufacturer of high quality stainless steel equipment used worldwide on dairy farms and in wide varieties of industrial applications, including food, dairy, and beverage processing; transportation; pharmaceutical, biotechnological, and chemical processing; water distillation; heat transfer; heat recovery HVAC; and process cooling.

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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 33 of the Company's 2012 Annual Report. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future events or circumstances.

SUMMARIZED NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Accounting Policies:

Principles of Consolidation and Lines of Business – The financial statements include the accounts of Paul Mueller Company ("Company") and its wholly owned subsidiaries: Mueller Transportation, Inc.; Mueller Field Operations, Inc.; and Mueller B.V., a Dutch holding company and parent to the companies acquired during 2008. All significant intercompany balances and transactions have been eliminated in consolidation. The Company is a global process solution provider of manufactured equipment and components and integrated process systems for the food, dairy, beverage, transportation, chemical, pharmaceutical, biotechnological, and other process industries, as well as the dairy farm market. The Companies also offer expanded-scope construction encompassing large field-erected vessels, equipment installation, retrofit and/or repair of process systems, process piping, and turnkey design and construction of complete processing plants.

Joint Ventures – As a part of the acquisitions made during 2008, Mueller B.V. acquired a 49% interest in DEG Engineering GmbH, a German engineering firm that designs and sells heat transfer equipment. The investment is accounted for under the equity method and is included in other assets on the Consolidated Balance Sheets; and the equity in the results is included in equity in (loss) of joint ventures on the Consolidated Statements of Income.

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 reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue Recognition and Retainages – Revenue from sales of fabricated products is recognized upon passage of title to the customer. Passage of title may occur at the time of shipment from the Company's dock, at the time of delivery to the customer's location, or when projects are completed in the field and accepted by the customer. For large multi-unit projects that are fabricated in the plant, revenue is recognized under the units-of-delivery method, which is a modification of the percentage-of-completion method of accounting for contracts. The units-of-delivery method recognizes as revenue the contract price of units completed and shipped or delivered to the customer (as determined by the contract) or completed and accepted by the customer for field-fabrication projects. The applicable manufacturing cost of each unit is identified and charged to cost of sales as revenue is recognized.

Revenues from long-term, fixed-price contracts that involve only a few deliverables are generally recognized under the percentage-of-completion method of accounting. Under this method, revenues and profits for plant-fabricated projects are recorded by applying the ratio of total manufacturing hours incurred to date for each project to estimated total manufacturing hours for each project. For field-fabricated projects, revenues and profits are recorded by applying the ratio of costs incurred to date for each contract to the estimated total costs for each contract at completion.

Estimates of total manufacturing hours and total contract costs for relevant contracts are reviewed continually and, if necessary, are updated to properly state the estimates.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Costs and estimated earnings in excess of billings on uncompleted contracts arise when costs have been incurred and revenues have been recorded, but the amounts are not yet billable under the terms of the contracts. Such amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units, or completion of the contracts. Billings in excess of costs and estimated earnings on uncompleted contracts arise as a result of advance and progress billings on contracts.

Costs and estimated earnings in excess of billings and billings in excess of costs and estimated earnings relate to contracts in progress and are included in the accompanying Consolidated Balance Sheets as current assets and current liabilities, respectively, as they will be liquidated in the normal course of contract completion, although completion may require more than one year.

Contracts with some customers provide for a portion of the sales amount to be retained by the customer for a period of time after completion of the contract.

Shipping fees charged are included in revenue, whereas sales, use, and other taxes collected from customers are excluded from revenue.

Trade Accounts Receivable – Trade accounts receivable, reduced by a reserve for doubtful accounts, are reported at the resulting net realizable value on the Consolidated Balance Sheets. The Companies' reserves for doubtful accounts are determined based on a variety of factors, including length of time receivables are past due, customer credit ratings, financial stability of customers, past customer history, historical trends, and market conditions. Accounts are evaluated on a regular basis and reserves are established as deemed appropriate, based on the above criteria. Increases to the reserves are charged to the provision for doubtful accounts, and reductions to the reserves are recorded when receivables are written off or subsequently collected.

In certain instances, the Companies invoice customers when a contract is signed in advance of work being performed (commonly referred to as "advanced billing" transactions). In such circumstances, once the contract is signed by the customer to perform the work, the Companies issue an invoice or advance billing. No revenue is recognized on these transactions. The effect on the financial statements is to record an accounts receivable and a liability (advanced billing). These amounts are netted together at each reporting period.

Inventories – Effective January 1, 2010, the Company changed the method of valuing its inventory from the single-pool, dollar value, last-in, first-out ("LIFO") method to the inventory price index computation ("IPIC") method of LIFO. The IPIC method bases inflation measurements on data published by the U.S. Bureau of Labor Statistics. Under the IPIC LIFO method, the Company will no longer be required to reconstruct base year (1973) cost for new parts. The reconstruction of base year costs for new parts results in a degree of variability as the costs are typically reconstructed through comparisons to similar parts. This variability will not be present in the new IPIC LIFO calculation method, which will also significantly reduce the administrative burden of calculating LIFO inventory. Management believes this will provide a more accurate calculation of the LIFO of inventory.

Property, Plant, and Equipment – Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets retired are removed from the accounts, and any resulting gains or losses are recorded in the Consolidated Statements of Income.

Research and Development – Research and development costs are charged to expense as incurred.

Impairment of Plant and Equipment – Plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is evaluated by comparing the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is determined by measuring the amount by which the carrying amount of the asset exceeds the fair value of the asset as determined by the future net undiscounted cash flows.

Statements of Cash Flows – For purposes of the Consolidated Statements of Cash Flows, the Company considers investments with an original maturity of three months or less to be cash equivalents.

Goodwill, Intangibles, and Other Assets – Amortizable intangible assets with definite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is evaluated by comparing the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is determined by measuring the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Goodwill is not amortized, but instead is tested for impairment as of November 30, or more frequently, if events or changes in circumstances indicate that impairment may be present. Application of goodwill impairment testing involves judgment, including but not limited to, the identification of reporting units and estimating the fair value of each reporting unit. A reporting unit is defined as an operating segment or one level below an operating segment. Goodwill is tested at the reporting unit level. The goodwill impairment test consists of comparing the fair value of each reporting unit, determined using discounted cash flows, to each reporting unit's respective carrying value. If the estimated fair value of a reporting unit exceeds its carrying value, there is no impairment. If the carrying amount of the reporting unit exceeds its estimated fair value, goodwill impairment is indicated. The amount of the impairment is determined by comparing the fair value of the net assets of the reporting unit, excluding goodwill, to its estimated fair value, with the difference representing the implied fair value of goodwill. If the implied fair value of the goodwill is lower than its carrying value, the difference is recorded as an impairment charge in the consolidated statements of income.

Fair Value of Financial Instruments – Financial instruments consist mainly of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, and bank borrowings. These instruments are short-term in nature and their carrying amount approximates fair value. The Company estimated the fair value of interest rate swaps by using pricing models developed based on the Euribor swap rate and other observable market data.

Income Taxes – The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 – "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes, as measured by the enacted tax rates which will be in effect when these differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is

recognized in income in the period that includes the enactment date. In assessing the realizability of deferred income tax assets, the Company considers whether it is “more likely than not,” according to the criteria of FASB ASC 740, that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. FASB ASC 740 requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Recent Accounting Pronouncements – In December 2011, the FASB issued ASU 2011-11 – “Balance Sheet (Topic 210): Disclosures About Offsetting Assets and Liabilities.” This update requires additional disclosures about offsetting and related arrangements on assets and liabilities to enable users of financial statements to understand the effect of such arrangements on an entity’s financial position as reported. This amendment is effective for fiscal 2014, and adoption of this standard change will only affect the footnote disclosures within the consolidated financial statements. Once adopted, these disclosure provisions will apply retrospectively for all comparative periods presented.

In July 2012, the FASB issued ASU 2012-2 – “Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.” This update provides an entity with the option to make a qualitative assessment about the likelihood that an indefinite-lived intangible asset is impaired and then determine whether it should perform a quantitative impairment test. The amendment is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The additional option for evaluating impairment will not have a material impact on the Company’s financial statements.

(2) Results of Operations:

A. The chart below depicts the net sales on a consolidating basis for the three months ended June 30.

	Three Months Ended June 30	
Sales	2013	2012
Domestic	$ 32,069,000	$ 29,663,000
Mueller BV	$ 14,238,000	$ 14,680,000
Eliminations	$ (702,000)	$ (853,000)
Net Sales	$ 45,605,000	$ 43,490,000

The chart below depicts the net sales on a consolidating basis for the six months ended June 30.

	Six Months Ended June 30	
Sales	2013	2012
Domestic	$ 59,402,000	$ 56,278,000
Mueller BV	$ 28,788,000	$ 30,029,000
Eliminations	$ (1,071,000)	$ (1,669,000)
Net Sales	$ 87,119,000	$ 84,638,000

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

	Twelve Months Ended June 30	
Sales	2013	2012
Domestic	$ 128,113,000	$ 109,132,000
Mueller BV	$ 56,276,000	$ 58,881,000
Eliminations	$ (2,347,000)	$ (2,583,000)
Net Sales	$ 182,042,000	$ 165,430,000

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

	Three Months Ended June 30	
Net Income	2013	2012
Domestic	$ 2,202,000	$ 424,000
Mueller BV	$ 949,000	$ 956,000
Net Income	$ 3,151,000	$ 1,380,000

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

	Six Months Ended June 30	
Net Income	2013	2012
Domestic	$ 2,873,000	$ 285,000
Mueller BV	$ 1,699,000	$ 2,389,000
Net Income	$ 4,572,000	$ 2,674,000

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

	Twelve Months Ended June 30	
Net Income	2013	2012
Domestic	$ 950,000	$ 2,577,000
Mueller BV	$ 2,913,000	$ 3,572,000
Net Income	$ 3,863,000	$ 6,149,000

B. The results for the twelve months ended June 30, 2012 were adversely affected by an increase in the LIFO reserve of $883,000. No material LIFO adjustment was recorded in 2013.

C. The results for the twelve months ended June 30, 2012 were favorably affected by the reduction of the valuation allowance against a portion of the company's net deferred tax assets of $880,000. No material valuation allowance was recorded in 2013.