

MUELLER

News Release

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SYMBOL: OTC (MUEL)

FOR RELEASE: Immediate

FOR FURTHER INFORMATION CONTACT:

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SPRINGFIELD, MISSOURI – PAUL MUELLER COMPANY (OTC: MUEL.PK) TODAY REPORTED ITS UNAUDITED EARNINGS FOR THE YEAR 2010:

Paul Mueller Company today released its unaudited results for the year ended December 31, 2010. The Company expects to issue audited 2010 financial statements in late May when it mails the proxy statement for the 2011 Annual Meeting of Shareholders and 2010 Annual Report. The Annual Meeting will be held on July 28, 2011.

The attached earnings release for 2010 reports a consolidated net loss of \$7,984,000, a significant part of which was a non-cash charge of \$5,605,000 recorded during the fourth quarter of 2010 as a valuation allowance against a portion of the Company's net deferred tax assets. The charge is included in the tax provisions on the accompanying Consolidated Summaries of Operations. The valuation allowance is required by generally accepted accounting principles because domestic operations incurred a cumulative loss before tax during the three-year period ended December 31, 2010, due to the extremely challenging economic conditions.

Domestically, market conditions appear to be improving in 2011 compared to 2010 as bookings are up 38% during the first quarter while shipments have increased by 34%. European operations continue to perform well during 2011 and their results remain profitable. Leading economists indicate that a general, economic recovery has begun and that economic growth will increase in the United States during 2011. Industrial capital expenditures are forecasted to grow at a favorable rate this year, and the Company's recent activity supports that expectation.

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 2009 Annual Report. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future event or circumstances.

PAUL MUELLER COMPANY

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PAUL MUELLER COMPANY AND SUBSIDIARIES
CONSOLIDATED SUMMARIES OF OPERATIONS
Unaudited

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2010	2009	2010	2009
		<i>As Restated</i>		<i>As Restated</i>
Net Sales	\$ 34,878,000	\$ 40,356,000	\$ 129,633,000	\$ 167,519,000
Cost of Sales	24,119,000	30,376,000	93,946,000	124,222,000
Gross Profit	\$ 10,759,000	\$ 9,980,000	\$ 35,687,000	\$ 43,297,000
Selling, General and Admin. Expenses	9,992,000	9,877,000	38,383,000	42,383,000
Operating Income	\$ 767,000	\$ 103,000	\$ (2,696,000)	\$ 914,000
Other Income (Expense)	(377,000)	(775,000)	(2,118,000)	(2,767,000)
Earnings (Loss) before Tax (EBT)	\$ 390,000	\$ (672,000)	\$ (4,814,000)	\$ (1,853,000)
Provision for Income Taxes:				
Tax expense (benefit)	\$ (392,000)	\$ (739,000)	\$ (2,435,000)	\$ (1,535,000)
Valuation allowance - change	5,605,000	(131,000)	5,605,000	(131,000)
Total Provision for Income Taxes	5,213,000	(870,000)	3,170,000	(1,666,000)
Net Income (Loss)	\$ (4,823,000)	\$ 198,000	\$ (7,984,000)	\$ (187,000)
Earnings per Common Share – Basic	(\$4.05)	\$0.17	(\$6.70)	(\$0.16)
Diluted	(\$4.05)	\$0.17	(\$6.70)	(\$0.16)

NOTES: Effective January 1, 2010, the Company changed the method of valuing its inventory from the single-pool, dollar value, LIFO method to the inventory price index computation (IPIC) LIFO method. As a result, 2009 results have been restated to be comparable to 2010 results. The effect of the change was to reduce fourth quarter 2009 net income from \$510,000 to \$198,000, and to reduce the results for 2009 from a net income of \$424,000 to a loss of \$187,000.

For the three and twelve months ended December 31, 2010, domestic sales were \$19,344,000 and \$75,507,000, respectively, and the net loss was \$6,314,000 and \$11,044,000, respectively. For the three months and twelve months ended December 31, 2010, Mueller B.V. sales were \$15,535,000 and \$54,126,000, respectively, and net income was \$1,491,000 and \$3,060,000, respectively.

A non-cash charge of \$5,605,000 was recorded during the fourth quarter of 2010 to establish a valuation allowance for a portion of the domestic net deferred tax assets. The charge has been included in the tax provisions for the three months and twelve months ended December 31, 2010. The Company incurred a domestic cumulative loss before tax for the three-year period ended December 31, 2010, which was attributable to the extremely challenging economic conditions. Management believes the company will generate sufficient taxable income in the future to utilize the net deferred tax assets. However, in accordance with the FASB Accounting Standard Codification 740, "Accounting for Income Taxes," a valuation allowance is required for net deferred tax assets in such circumstances unless the ultimate realization of the net deferred tax assets is more likely than not.