IMMEDIATE RELEASE
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SPRINGFIELD, MISSOURI — PAUL MUELLER COMPANY TODAY RELEASED ITS SECOND QUARTER REPORT FOR THE PERIOD ENDED JUNE 30, 2006, AS FOLLOWS:

Paul Mueller Company and Subsidiaries

SIX-MONTH REPORT

(Unaudited)

CONSOLIDATED SUMMARIES OF OPERATIONS

	Three Months Ended June 30		Six Months Ended June 30		Twelve Months Ended June 30	
	2006	2005	2006	2005	2006	2005
Net Sales	$ 34,115,000	$ 34,516,000	$ 59,591,000	$ 67,299,000	$ 130,425,000	$ 136,526,000
Cost of Sales	28,305,000	27,971,000	48,863,000	53,124,000	105,722,000	113,320,000
Gross Profit	$ 5,810,000	$ 6,545,000	$ 10,728,000	$ 14,175,000	$ 24,703,000	$ 23,206,000
Selling, General and Admin. Expenses	5,092,000	5,891,000	10,055,000	10,929,000	20,430,000	20,010,000
Operating Income	$ 718,000	$ 654,000	$ 673,000	$ 3,246,000	$ 4,273,000	$ 3,196,000
Other Income	228,000	90,000	454,000	203,000	542,000	379,000
Income before Provision for Income Taxes	$ 946,000	$ 744,000	$ 1,127,000	$ 3,449,000	$ 4,815,000	$ 3,575,000
Provision (Benefit) for Income Taxes	264,000	399,000	298,000	1,079,000	(261,000)	5,714,000
Net Income (Loss)	$ 682,000	$ 345,000	$ 829,000	$ 2,370,000	$ 5,076,000	$ (2,139,000)
Earnings (Loss) per Common Share –						
Basic	$ 0.59	$ 0.29	$ 0.72	$ 2.02	$ 4.40	$ (1.83)
Diluted	$ 0.59	$ 0.29	$ 0.71	$ 2.01	$ 4.36	$ (1.83)

NOTES:

1) The effective tax rate for the three months and six months ended June 30, 2006, varied from the statutory rate (34%) due to the effect of the alternative minimum tax. The effective rate for the quarter ended June 30, 2005, varied from the statutory rate (34%) due to a non-cash charge made during the second quarter of $520,000, after tax, and has been treated differently for book and tax purposes; and the effective rate for the six months ended June 30, 2005, was lower than the statutory rate (34%) due to utilization of a net operating loss carryforward and tax credits.

2) The effective tax rate for the twelve months ended June 30, 2006, varied from the statutory rate (34%) due to the effect of the alternative minimum tax and a partial reduction of the valuation allowance established during 2004 for all the Company's net deferred tax assets.

3) The tax provision for the twelve months ended June 30, 2005, included a non-cash charge of $6,193,000 recorded during 2004 to establish a valuation allowance for all the Company's net deferred tax assets. A consolidated cumulative loss before tax was incurred during the three-year period ended December 31, 2004, and is sufficient objective evidence to preclude the assertion that the ultimate realization of the net deferred tax assets is more likely than not; and a full valuation allowance was required under the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." The consolidated cumulative loss before tax was attributable principally to LIFO provisions recorded during the three years ended December 31, 2004, due to a significant increase in stainless steel prices.

FINANCIAL HIGHLIGHTS

	June 30 2006	December 31 2005
Total Assets	$ 70,532,000	$ 55,171,000
Working Capital	$ 6,984,000	$ 7,705,000
Current Ratio	1.16 : 1	1.28 : 1
Net Worth	$ 20,868,000	$ 21,449,000
Book Value Per Share	$ 17.78	$ 18.46
Backlog	$ 54,644,000	$ 37,027,000

MUELLER®

August 2, 2006