

# MUELLER

## News Release

**DATE:** Friday, February 24, 2006

**SYMBOL:** OTC (MUEL)

**FOR RELEASE:** Immediate

**FOR FURTHER INFORMATION CONTACT:**

Donald E. Golik  
Executive Vice President & CFO  
Springfield, Missouri  
(417) 831-3000

SPRINGFIELD, MO., 24 FEBRUARY 2006. PAUL MUELLER COMPANY TODAY REPORTED ITS EARNINGS FOR THE YEAR 2005.

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2005	2004	2005	2004
Net Sales .....	\$ 39,512,000	\$ 35,279,000	\$ 138,133,000	\$ 112,928,000
Cost of Sales .....	<u>31,006,000</u>	<u>30,061,000</u>	<u>109,983,000</u>	<u>100,261,000</u>
Gross Profit .....	\$ 8,506,000	\$ 5,218,000	\$ 28,150,000	\$ 12,667,000
Selling, General, and Administrative Expenses..	<u>5,343,000</u>	<u>4,579,000</u>	<u>21,304,000</u>	<u>19,342,000</u>
Operating Income (Loss) .....	\$ 3,163,000	\$ 639,000	\$ 6,846,000	\$ (6,675,000)
Other Income (Expense) .....	(11,000)	87,000	291,000	311,000
Income (Loss) before Provision (Benefit) for Income Taxes .....	\$ 3,152,000	\$ 726,000	\$ 7,137,000	\$ (6,364,000)
Provision (Benefit) for Income Taxes .....	<u>(677,000)</u>	<u>(89,000)</u>	<u>520,000</u>	<u>2,241,000</u>
Net Income (Loss) .....	<u>\$ 3,829,000</u>	<u>\$ 815,000</u>	<u>\$ 6,617,000</u>	<u>\$ (8,605,000)</u>
Earnings (Loss) per Common Share:				
Basic .....	\$ 3.33	\$ 0.70	\$ 5.68	\$(7.36)
Diluted .....	\$ 3.31	\$ 0.69	\$ 5.64	\$(7.36)

NOTES: 1) A non-cash credit of \$1,200,000 was recorded during the fourth quarter of 2005 to reduce a portion of the valuation allowance established during 2004 for all of the Company's net deferred tax assets. The valuation allowance was reduced due to the improved performance of the Company during 2005, particularly during the fourth quarter, when net income was \$3,829,000. The non-cash credit increased net income for 2005 by \$1,200,000 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, 2005. The effective tax rate for the year 2005 was also favorably affected by the utilization of a net operating loss carryforward and tax credits.

2) Fourth quarter 2005 results were favorably affected by an adjustment to the LIFO reserve, which increased net income by \$1,085,000, or \$0.94 per share on a basic and diluted basis. The favorable adjustment was due to a significant reduction in inventory during the fourth quarter of 2005.

3) A non-cash charge of \$6,193,000 was recorded during 2004 to establish a valuation allowance for all of the Company's net deferred tax assets. The Company was in a cumulative loss-before-tax position for the three years ended December 31, 2005. This was 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 No. 109 – "Accounting for Income Taxes." The charge increased the loss for 2004 by \$6,193,000 and has been included in the tax provision in the above Consolidated Summaries of Operations for the twelve months ended December 31, 2004.

4) Fourth quarter 2004 results were unfavorably affected by an adjustment to the LIFO reserve, which decreased net income by \$192,000, or \$0.16 per share on a basic and diluted basis.

### PAUL MUELLER COMPANY

P.O. Box 828 • Springfield, Missouri 65801-0828, U.S.A.  
Telephone: (417) 831-3000 • Facsimile: (417) 575-9669