

MUELLER

News Release

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FOR FURTHER INFORMATION CONTACT:

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SPRINGFIELD, MO., 18 FEBRUARY 2005. PAUL MUELLER COMPANY TODAY REPORTED ITS EARNINGS FOR THE YEAR 2004.

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2004	2003	2004	2003
Net Sales	\$ 35,279,000	\$ 29,506,000	\$ 112,928,000	\$ 116,766,000
Income (Loss) from Operations before Taxes	\$ 726,000	\$ (1,535,000)	\$ (6,364,000)	\$ 2,683,000
Provision (Benefit) for Taxes	(89,000)	(835,000)	2,241,000	664,000
Net Income (Loss)	<u>\$ 815,000</u>	<u>\$ (700,000)</u>	<u>\$ (8,605,000)</u>	<u>\$ 2,019,000</u>
Earnings (Loss) per Common Share:				
Basic	\$ 0.70	\$(0.60)	\$(7.36)	\$ 1.73
Diluted	\$ 0.69	\$(0.60)	\$(7.36)	\$ 1.71

- NOTES: 1) 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 diluted basis.
- 2) A non-cash charge of \$5,047,000 was recorded during the third quarter of 2004 to establish a valuation allowance for all of the Company's net deferred tax assets. The Company continues to be in a cumulative loss-before-tax position for the past three years; and this 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 is required under the provisions of Statement of Financial Accounting Standards No. 109 – "Accounting for Income Taxes." The charge increased the loss for 2004 by \$5,047,000 and has been included in the tax provision in the above Consolidated Summaries of Operations for the twelve months ended December 31, 2004.
- 3) Results for the three months and twelve months ended December 31, 2003, were adversely affected by the settlement of a lawsuit on March 5, 2004. Under the settlement, the Company was responsible for a payment of \$300,000, which has been reflected in the results for the fourth quarter of 2003 and for the year of 2003. The effect on the 2003 fourth quarter results was to increase the net loss by \$189,000, or \$0.16 per share; and 2003 net income was reduced by \$189,000, or \$0.16 per share on a diluted basis.
- 4) Fourth quarter 2003 results were unfavorably affected by an adjustment to the LIFO reserve, which increased the net loss by \$253,000, or \$0.22 per share.

PAUL MUELLER COMPANY

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