



2013
ANNUAL REPORT

5-YEAR REVIEW

(Dollars in thousands except per share data)

SUMMARY OF OPERATIONS

	2013	2012	2011	2010	2009
Net sales	\$ 2,158,541	\$ 2,189,938	\$ 2,417,797	\$ 2,059,797	\$ 1,547,225
Operating income	\$ 270,937	\$ 126,705	\$ 139,802	\$ 136,147	\$ 32,220
Net income	\$ 172,600	\$ 82,395	\$ 86,321	\$ 86,171	\$ 4,675
Diluted earnings per share	\$ 6.11	\$ 2.31	\$ 2.26	\$ 2.28	\$ 0.12
Dividends per share	\$ 0.50	\$ 0.425	\$ 0.40	\$ 0.40	\$ 0.40

SIGNIFICANT YEAR-END DATA

Cash and cash equivalents	\$ 311,800	\$ 198,934	\$ 514,162	\$ 394,139	\$ 346,001
Ratio of current assets to current liabilities	4.0 to 1	2.9 to 1	4.8 to 1	4.7 to 1	4.4 to 1
Book value per share	\$ 24.85	\$ 18.04	\$ 22.38	\$ 20.84	\$ 18.94

BOARD OF DIRECTORS

Gary S. Gladstein

Chairman of the Board,
Mueller Industries, Inc.
Independent Investor & Consultant

Gregory L. Christopher

Chief Executive Officer
Mueller Industries, Inc.

Paul J. Flaherty

Advisory Board Member,
AON Risk Services, Inc.

Gennaro J. Fulvio

Member,
Fulvio & Associates, LLP

Scott J. Goldman

CEO and Co-Founder,
TextPower, Inc.

Terry Hermanson

President,
Mr. Christmas Incorporated

Harvey L. Karp

Chairman Emeritus,
Mueller Industries, Inc.

EXECUTIVE LEADERSHIP TEAM

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Chief Executive Officer

Daniel R. Corbin

Vice President,
Corporate Manufacturing Engineering

John B. Hansen

Executive Vice President

Jeffrey A. Martin

Chief Financial Officer
and Treasurer

Mark Millerchip

Executive Director,
European Operations

Nicholas W. Moss

President,
Retail Business

Douglas J. Murdock

President,
Fabricated Products

Steffen Sigloch

President,
Extruded Products

Gary C. Wilkerson

Vice President,
General Counsel and Secretary

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 28, 2013

Commission file number 1-6770



MUELLER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

25-0790410

(I.R.S. Employer
Identification No.)

8285 Tournament Drive, Suite 150
Memphis, Tennessee

(Address of principal executive offices)

38125

(Zip Code)

Registrant's telephone number, including area code: (901) 753-3200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$0.01 Par Value

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by a check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter was \$1,409,029,613.

The number of shares of the Registrant's common stock outstanding as of February 24, 2014 was 28,334,746 excluding 11,756,756 treasury shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated by reference into this Report: Registrant's Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders, scheduled to be mailed on or about March 19, 2014 (Part III).

MUELLER INDUSTRIES, INC.

As used in this report, the terms “Company,” “Mueller,” and “Registrant” mean Mueller Industries, Inc. and its consolidated subsidiaries taken as a whole, unless the context indicates otherwise.

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PART I

ITEM 1. BUSINESS

Introduction

The Company is a leading manufacturer of copper, brass, aluminum, and plastic products. The range of these products is broad: copper tube and fittings; brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic pipe, fittings and valves; refrigeration valves and fittings; fabricated tubular products; and steel nipples. The Company also resells imported brass and plastic plumbing valves, malleable iron fittings, faucets and plumbing specialty products. Mueller's operations are located throughout the United States and in Canada, Mexico, Great Britain, and China.

The Company's businesses are aggregated into two reportable segments: the Plumbing & Refrigeration segment and the Original Equipment Manufacturers (OEM) segment. For disclosure purposes, as permitted under Accounting Standards Codification (ASC) 280, *Segment Reporting*, certain operating segments are aggregated into reportable segments. The Plumbing & Refrigeration segment is composed of Standard Products (SPD), European Operations, and Mexican Operations. The OEM segment is composed of Industrial Products (IPD), Engineered Products (EPD), and Jiangsu Mueller-Xingrong Copper Industries Limited (Mueller-Xingrong), the Company's Chinese joint venture. Certain administrative expenses and expenses related primarily to retiree benefits at inactive operations are combined into the Corporate and Eliminations classification. These reportable segments are described in more detail below.

SPD manufactures and sells copper tube, copper and plastic fittings, line sets, plastic pipe, and valves in North America and sources products for import distribution in North America. European Operations manufacture copper tube in Europe, which is sold in Europe and the Middle East; activities also include import distribution in the U.K. and Ireland. Mexican Operations consist of pipe nipple manufacturing and import distribution businesses including product lines of malleable iron fittings and other plumbing specialties. The Plumbing & Refrigeration segment sells products to wholesalers in the heating, ventilation, and air-conditioning (HVAC), plumbing, and refrigeration markets, to distributors to the manufactured housing and recreational vehicle industries, and to building material retailers.

The OEM segment manufactures and sells brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. Mueller-Xingrong manufactures engineered copper tube primarily for air-conditioning applications; these products are sold primarily to OEMs located in China. The OEM segment sells its products primarily to original equipment manufacturers, many of which are in the HVAC, plumbing, and refrigeration markets.

New housing starts and commercial construction are important determinants of the Company's sales to the HVAC, refrigeration, and plumbing markets because the principal end use of a significant portion of the Company's products is in the construction of single and multi-family housing and commercial buildings. Repairs and remodeling projects are also important drivers of underlying demand for these products.

Information concerning segments and geographic information appears under "Note 15 - Industry Segments" in the Notes to Consolidated Financial Statements for the year ended December 28, 2013 in Item 8 of this Report, which is incorporated herein by reference.

The majority of the Company's manufacturing facilities operated at significantly below capacity during 2012 and 2013 due to the reduced demand for the Company's products arising from the general economic conditions in the U.S. and foreign markets that the Company serves. These conditions have significantly affected the demand for virtually all of the Company's core products in recent years.

Residential construction activity improved in 2012 and the improvement continued in 2013, but is still at levels below long-term historical averages. Continued recovery in the near-term is expected, but may be tempered by continuing high rates of unemployment, tighter lending standards, and rising mortgage rates. According to the U.S. Census Bureau, actual housing starts in the U.S. were 923 thousand in 2013, which compares to 781 thousand in 2012 and 609 thousand in 2011. While mortgage rates have risen in 2013, they remain at historically low levels, as the average 30-year fixed mortgage rate was approximately 3.98 percent in 2013 and 3.66 percent in 2012.

The private nonresidential construction sector, which includes offices, industrial, health care and retail projects, began showing modest improvement in 2012 after declining each year from 2009 to 2011. However, the pace of the improvement appears to have slowed through the end of 2013. According to the U.S. Census Bureau, at December 2013, the seasonally adjusted annual rate of private nonresidential value of construction put in place was \$311.3 billion compared to \$316.8 billion at December 2012. The actual private nonresidential value of construction put in place was \$296.5 billion in 2013, \$297.7 billion in 2012, and \$257.5 billion in 2011. The Company expects that most of these conditions will gradually improve, but at an irregular pace.

The Company is a Delaware corporation incorporated on October 3, 1990.

Plumbing & Refrigeration Segment

The Company's Plumbing & Refrigeration segment includes SPD, which manufactures a broad line of copper tube, in sizes ranging from 1/8 inch to 8 inch diameter, which are sold in various straight lengths and coils. The Company is a market leader in the air-conditioning and refrigeration service tube markets. Additionally, the Company supplies a variety of water tube in straight lengths and coils used for plumbing applications in virtually every type of construction project. SPD also manufactures copper and plastic fittings, line sets, and related components for the plumbing and heating industry that are used in water distribution systems, heating systems, air-conditioning, and refrigeration applications, and drainage, waste, and vent systems. A major portion of SPD's products are ultimately used in the domestic residential and commercial construction markets.

The Plumbing & Refrigeration segment also fabricates steel pipe nipples and resells imported brass and plastic plumbing valves, malleable iron fittings, faucets, and plumbing specialty products to plumbing wholesalers, distributors to the manufactured housing and recreational vehicle industries and building materials retailers.

On August 6, 2010, the Company expanded its existing line sets business by purchasing certain assets from Linesets, Inc., a manufacturer of assembled line sets with operations in Phoenix, Arizona and Atlanta, Georgia.

On October 17, 2013, the Company closed on the acquisition of Howell Metal Company (Howell), and on October 18, 2013 entered into a definitive agreement to acquire KME Yorkshire Limited (Yorkshire), which received regulatory approval in the United Kingdom on February 11, 2014. Howell manufactures copper tube and line sets for U.S. distribution while Yorkshire produces European standard copper distribution tubes.

The Plumbing & Refrigeration segment markets primarily through its own sales and distribution organization, which maintains sales offices and distribution centers throughout the United States and in Canada, Mexico, and Europe. Additionally, products are sold and marketed through a network of agents, which, when combined with the Company's sales organization, provide the Company broad geographic market representation.

These businesses are highly competitive. The principal methods of competition for the Company's products are customer service, availability, and price. The total amount of order backlog for the Plumbing & Refrigeration segment as of December 28, 2013 was not significant.

The Company competes with various companies, depending on the product line. In the U.S. copper tube business, the domestic competition includes Cerro Flow Products, Inc., Cambridge-Lee Industries LLC (a subsidiary of Industrias Unidas S.A. de C.V.), and KobeWieland Copper Products LLC, as well as many actual and potential foreign competitors. In the European copper tube business, Mueller competes with several European-based manufacturers of copper tube as well as other foreign-based manufacturers. In the copper fittings market, domestic competitors include Elkhart Products Company (a subsidiary of Aalberts Industries N.V.) and NIBCO, Inc., as well as

several foreign manufacturers. Additionally, the Company's copper tube and fittings businesses compete with a large number of manufacturers of substitute products made from other metals and plastic. The plastic fittings competitors include NIBCO, Inc., Charlotte Pipe & Foundry, and other companies. Management believes that no single competitor offers such a wide-ranging product line as Mueller and that this is a competitive advantage in some markets.

OEM Segment

The Company's OEM segment includes IPD, which manufactures brass rod, nonferrous forgings, and impact extrusions that are sold primarily to OEMs in the plumbing, refrigeration, fluid power, and automotive industries, as well as to other manufacturers and distributors. The Company extrudes brass, bronze, and copper alloy rod in sizes ranging from 3/8 inches to 4 inches in diameter. These alloys are used in applications that require a high degree of machinability, wear and corrosion resistance, as well as electrical conductivity. IPD also manufactures brass and aluminum forgings, which are used in a wide variety of products, including automotive components, brass fittings, industrial machinery, valve bodies, gear blanks, and computer hardware. IPD also serves the automotive, military ordnance, aerospace, and general manufacturing industries with cold-formed aluminum and copper impact extrusions. Typical applications for impacts are high strength ordnance, high-conductivity electrical components, builders' hardware, hydraulic systems, automotive parts, and other uses where toughness must be combined with varying complexities of design and finish. The OEM segment also includes EPD, which manufactures and fabricates valves and custom OEM products for refrigeration and air-conditioning, gas appliance, and barbecue grill applications. Additionally EPD manufactures shaped and formed tube, produced to tight tolerances, for baseboard heating, appliances, and medical instruments. The total amount of order backlog for the OEM segment as of December 28, 2013 was not significant.

On December 28, 2010, the Company purchased certain assets from Tube Forming, L.P. (TFI). TFI had operations in Carrollton, Texas, and Guadalupe, Mexico, where it produced precision copper return bends and crossovers, and custom-made tube components and brazed assemblies, including manifolds and headers.

On August 16, 2012, the Company acquired 100 percent of the outstanding stock of Westermeyer Industries, Inc. (Westermeyer), located in Bluffs, Illinois. Westermeyer designs, manufactures, and distributes high-pressure components and accessories for the air-conditioning and refrigeration markets. The acquisition of Westermeyer complements the Company's existing refrigeration business.

IPD and EPD primarily sell directly to OEM customers. Competitors, primarily in the brass rod market, include Chase Brass and Copper Company, a subsidiary of Global Brass and Copper Holdings, Inc., and others both domestic and foreign. Outside of North America, IPD and EPD sell products through various channels.

Labor Relations

At December 28, 2013, the Company employed approximately 3,925 employees, of which approximately 2,010 were represented by various unions. Those union contracts will expire as follows:

<u>Location</u>	<u>Expiration Date</u>
Port Huron, Michigan (Local 218 IAM)	May 1, 2016
Port Huron, Michigan (Local 44 UAW)	July 20, 2016
Belding, Michigan	September 12, 2015
Wynne, Arkansas	June 28, 2015
Fulton, Mississippi	October 31, 2017
North Wales, Pennsylvania	July 31, 2015
Waynesboro, Tennessee	November 7, 2015

The union agreements at the Company's U.K. and Mexico operations are renewed annually. The Company expects to renew its union contracts without material disruption of its operations.

Raw Material and Energy Availability

The major portion of Mueller's base metal requirements (primarily copper) is normally obtained through short-term supply contracts with competitive pricing provisions (for cathode) and the open market (for scrap). Other raw materials used in the production of brass, including brass scrap, zinc, tin, and lead, are obtained from zinc and lead producers, open-market dealers, and customers with brass process scrap. Raw materials used in the fabrication of aluminum and plastic products are purchased in the open market from major producers.

Adequate supplies of raw material have historically been available to the Company from primary producers, metal brokers, and scrap dealers. Sufficient energy in the form of natural gas, fuel oils, and electricity is available to operate the Company's production facilities. While temporary shortages of raw material and fuels may occur occasionally, to date they have not materially hampered the Company's operations.

During recent years, an increasing demand for copper and copper alloy primarily from China had an effect on the global usage of such commodities. The increased demand for copper (cathode and scrap) and copper alloy products from the export market, from time-to-time may cause a tightening in the domestic raw materials market. Mueller's copper tube facilities can accommodate both refined copper and certain grades of copper scrap as the primary feedstock. The Company has commitments from refined copper producers for a portion of its metal requirements for 2014. Adequate quantities of copper are currently available. While the Company will continue to react to market developments, resulting pricing volatility or supply disruptions, if any, could nonetheless adversely affect the Company.

Environmental Proceedings

Compliance with environmental laws and regulations is a matter of high priority for the Company. Mueller's provision for environmental matters related to all properties was \$1.0 million for 2013, \$3.1 million for 2012, and \$0.4 million for 2011. The reserve for environmental matters was \$23.6 million at December 28, 2013 and \$24.6 million at December 29, 2012. Environmental costs related to non-operating properties are classified as a component of other income, net and costs related to operating properties are included in cost of goods sold. The Company does not anticipate that it will need to make material expenditures for compliance activities related to existing environmental matters during the remainder of the 2014 fiscal year, or for the next two fiscal years.

Non-operating Properties

Southeast Kansas Sites

The Kansas Department of Health and Environment (KDHE) has contacted the Company regarding environmental contamination at three former smelter sites in Kansas (Altoona, Iola and East La Harpe). While the Company believes that legally it is not a successor to the companies that operated these smelter sites, it is discussing possible settlement with KDHE and other potentially responsible parties (PRP) in order to avoid litigation. In 2008, the Company established a reserve of \$9.5 million for this matter. Another PRP has conducted a site investigation of the Altoona site under a consent decree with KDHE. The Company and two other PRPs have conducted a site study evaluation of the East La Harpe site under KDHE supervision, and are now discussing sharing the costs of a possible cleanup. Federal Environmental Protection Agency (EPA) is in the early stages of study and remediation of the Iola site, which it added to the National Priority List (NPL) in May, 2013 as the "Former United Zinc & Associated Smelters" site.

Shasta Area Mine Sites

Mining Remedial Recovery Company (MRRC), a wholly owned subsidiary, owns certain inactive mines in Shasta County, California. MRRC has continued a program, begun in the late 1980s, of sealing mine portals with concrete plugs in mine adits, which were discharging water. The sealing program achieved significant reductions in the metal load in discharges from these adits; however, additional reductions are required pursuant to an order issued by the California Regional Water Quality Control Board (QCB). In response to a 1996 Order issued by the QCB, MRRC completed a feasibility study in 1997 describing measures designed to mitigate the effects of acid rock

drainage. In December 1998, the QCB modified the 1996 order extending MRRC's time to comply with water quality standards. In September 2002, the QCB adopted a new order requiring MRRC to adopt Best Management Practices (BMP) to control discharges of acid mine drainage. That order extended the time to comply with water quality standards until September 2007. During that time, implementation of BMP further reduced impacts of acid rock drainage; however, full compliance has not been achieved. The QCB is presently renewing MRRC's discharge permit and will concurrently issue a new order. It is expected that the new ten-year permit will include an order requiring continued implementation of BMP through 2025 to address residual discharges of acid rock drainage. At this site, MRRC spent approximately \$1.7 million from 2011 through 2013 and estimates that it will spend between approximately \$10.0 million and \$13.6 million over the next 20 years.

Lead Refinery Site

U.S.S. Lead Refinery, Inc. (Lead Refinery), a non-operating wholly owned subsidiary of MRRC, has conducted corrective action and interim remedial activities and studies (collectively, Site Activities) at Lead Refinery's East Chicago, Indiana site pursuant to the Resource Conservation and Recovery Act. Site Activities, which began in December 1996, have been substantially concluded. Lead Refinery is required to perform monitoring and maintenance activities with respect to Site Activities pursuant to a post-closure permit issued by the Indiana Department of Environmental Management (IDEM) effective as of March 2, 2013. Lead Refinery spent approximately \$0.1 million annually in 2013, 2012, and 2011 with respect to this site. Approximate costs to comply with the post-closure permit, including associated general and administrative costs, are between \$2.1 million and \$2.9 million over the next 20 years.

On April 9, 2009, pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the EPA added the Lead Refinery site, and properties adjacent to the Lead Refinery site, to the NPL. The NPL is a list of priority sites where the EPA has determined that there has been a release or threatened release of hazardous substances that warrant investigation and, if appropriate, remedial action. The NPL does not assign liability to any party including the owner or operator of a property placed on the NPL. The placement of a site on the NPL does not necessarily mean that remedial action must be taken. On July 17, 2009, Lead Refinery received a written notice from the EPA that the agency is of the view that Lead Refinery may be a PRP under CERCLA in connection with the release or threaten of release of hazardous substances including lead into properties located adjacent to the Lead Refinery site. There are at least two other PRPs. PRPs under CERCLA include current and former owners and operators of a site, persons who arranged for disposal or treatment of hazardous substances at a site, or persons who accepted hazardous substances for transport to a site. In November 2012, the EPA adopted a remedy in connection with properties located adjacent to the Lead Refinery site. The EPA has estimated that the cost to implement the November 2012 remedy will be \$30.0 million.

The Company monitors EPA releases and periodically communicates with the EPA to inquire of the status of the investigation and cleanup of the Lead Refinery site. As of December 28, 2013, the EPA has not conducted an investigation of the Lead Refinery site, proposed remedies for the Lead Refinery site, or informed Lead Refinery that it is a PRP at the Lead Refinery site. Until the extent of remedial action is determined for the Lead Refinery site, the Company is unable to determine the likelihood of a material adverse outcome or the amount or range of a potential loss with respect to placement of the Lead Refinery site and adjacent properties on the NPL. Lead Refinery lacks the financial resources needed to undertake any investigations or remedial action that may be required by the EPA pursuant to CERCLA.

Operating Properties

Mueller Copper Tube Products, Inc.

In 1999, Mueller Copper Tube Products, Inc. (MCTP), a wholly owned subsidiary, commenced a cleanup and remediation of soil and groundwater at its Wynne, Arkansas plant. MCTP is currently removing trichloroethylene, a cleaning solvent formerly used by MCTP, from the soil and groundwater. On August 30, 2000, MCTP received approval of its Final Comprehensive Investigation Report and Storm Water Drainage Investigation Report addressing the treatment of soils and groundwater from the Arkansas Department of Environmental Quality (ADEQ). The Company established a reserve for this project in connection with the acquisition of MCTP in 1998. Effective November 17, 2008, MCTP entered into a Settlement Agreement and Administrative Order by

Consent to submit a Supplemental Investigation Work Plan (SIWP) and subsequent Final Remediation Work Plan for the site. By letter dated January 20, 2010, ADEQ approved the SIWP as submitted, with changes acceptable to the Company. On December 16, 2011, MCTP entered into an amended Administrative Order by Consent to prepare and implement a revised Remediation Work Plan regarding final remediation for the Site. Construction and installation of the remediation system is under way. The remediation system was activated in February 2014. Costs to implement the work plans, including associated general and administrative costs, are approximately \$1.9 million over the next ten years.

Other Business Factors

The Registrant's business is not materially dependent on patents, trademarks, licenses, franchises, or concessions held. In addition, expenditures for company-sponsored research and development activities were not material during 2013, 2012, or 2011. No material portion of the Registrant's business involves governmental contracts. Seasonality of the Company's sales is not significant.

SEC Filings

We make available through our internet website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). To retrieve any of this information, you may access our internet home page at www.muellerindustries.com, select Investors, and then select SEC Filings.

Reports filed with the SEC may also be viewed or obtained at the SEC Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the SEC Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC; the website address is www.sec.gov.

ITEM 1A. RISK FACTORS

The Company is exposed to risk as it operates its businesses. To provide a framework to understand the operating environment of the Company, we are providing a brief explanation of the more significant risks associated with our businesses. Although we have tried to identify and discuss key risk factors, others could emerge in the future. These risk factors should be considered carefully when evaluating the Company and its businesses.

Increases in costs and the availability of energy and raw materials used in our products could impact our cost of goods sold and our distribution expenses, which could have a material adverse impact on our operating margins.

Both the costs of raw materials used in our manufactured products (copper, brass, zinc, aluminum, and PVC and ABS resins) and energy costs (electricity, natural gas and fuel) have been volatile during the last several years, which has resulted in changes in production and distribution costs. For example, recent and pending climate change regulation and initiatives on the state, regional, federal, and international levels that have focused on reducing greenhouse gas (GHG) emissions from the energy and utility sectors may affect energy availability and costs in the near future. While we typically attempt to pass costs through to our customers or to modify or adapt our activities to mitigate the impact of increases, we may not be able to do so successfully. Failure to fully pass increases to our customers or to modify or adapt our activities to mitigate the impact could have a material adverse impact on our operating margins. Additionally, if we are for any reason unable to obtain raw materials or energy, our ability to manufacture our finished goods would be impacted which could have a material adverse impact on our operating margins.

The unplanned departure of key personnel could disrupt our business.

We depend on the continued efforts of our senior management. The unplanned loss of key personnel, or the inability to hire and retain qualified executives, could negatively impact our ability to manage our business.

Economic conditions in the housing and commercial construction industries as well as changes in interest rates could have a material adverse impact on our business, financial condition, and results of operations.

Our businesses are sensitive to changes in general economic conditions, including, in particular, conditions in the housing and commercial construction industries. Prices for our products are affected by overall supply and demand in the market for our products and for our competitors' products. In particular, market prices of building products historically have been volatile and cyclical, and we may be unable to control the timing and amount of pricing changes for our products. Prolonged periods of weak demand or excess supply in any of our businesses could negatively affect our revenues and margins and could result in a material adverse impact on our business, financial condition, and results of operations.

The markets that we serve, including, in particular, the housing and commercial construction industries, are significantly affected by movements in interest rates and the availability of credit. Significantly higher interest rates could have a material adverse effect on our business, financial condition, and results of operations. Our businesses are also affected by a variety of other factors beyond our control, including, but not limited to, employment levels, foreign currency exchange rates, unforeseen inflationary pressures, and consumer confidence. Since we operate in a variety of geographic areas, our businesses are subject to the economic conditions in each such area. General economic downturns or localized downturns in the regions where we have operations could have a material adverse effect on our business, financial condition, and results of operations.

Although conditions improved in 2012 and continued to improve in 2013, the deterioration of the general economic environment has had a significant negative impact on businesses and consumers around the world since the crisis began in 2008. The well-publicized downturn in the construction markets, both residential and commercial, including construction lending, may result in protracted decreased demand for our products. In addition, the impact of the economy on the operations or liquidity of any party with which we conduct our business, including our suppliers and customers, may adversely impact our business.

Competitive conditions including the impact of imports and substitute products and technologies could have a material adverse effect on the demand for our products as well as our margins and profitability.

The markets we serve are competitive across all product lines. Some consolidation of customers has occurred and may continue, which could shift buying power to customers. In some cases, customers have moved production to low-cost countries such as China, or sourced components from there, which has reduced demand in North America for some of the products we produce. These conditions could have a material adverse impact on our ability to maintain margins and profitability. The potential threat of imports and substitute products is based upon many factors including raw material prices, distribution costs, foreign exchange rates, production costs, and the development of emerging technologies and applications. The end use of alternative import and/or substitute products could have a material adverse effect on our business, financial condition, and results of operations. Likewise, the development of new technologies and applications could result in lower demand for our products and have a material adverse effect on our business.

Our exposure to exchange rate fluctuations on cross border transactions and the translation of local currency results into U.S. dollars could have an adverse impact on our results of operations or financial position.

We conduct our business through subsidiaries in several different countries and export our products to many countries. Fluctuations in currency exchange rates could have a significant impact on the competitiveness of our products as well as the reported results of our operations, which are presented in U.S. dollars. A significant and growing portion of our products are manufactured in, or acquired from suppliers located in, lower cost regions. Cross border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange fluctuations. The strengthening of the U.S. dollar could expose our U.S. based businesses to competitive threats from lower cost producers in other countries such as China. Lastly, our sales are translated into U.S. dollars for

reporting purposes. The strengthening of the U.S. dollar could result in unfavorable translation effects when the results of foreign operations are translated into U.S. dollars. Accordingly, significant changes in exchange rates, particularly the U.K. pound sterling, Mexican peso, and the Chinese renminbi, could have an adverse impact on our results of operations or financial position.

We are subject to claims, litigation, and regulatory proceedings that could have a material adverse effect on us.

We are, from time-to-time, involved in various claims, litigation matters, and regulatory proceedings. These matters may include, among other things, contract disputes, personal injury claims, environmental claims, OSHA inspections or proceedings, other tort claims, employment and tax matters and other litigation including class actions that arise in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation or regulatory proceeding. Litigation and regulatory proceedings may have a material adverse effect on us because of potential adverse outcomes, defense costs, the diversion of our management's resources, availability of insurance coverage and other factors.

A strike, other work stoppage or business interruption, or our inability to renew collective bargaining agreements on favorable terms, could impact our cost structure and our ability to operate our facilities and produce our products, which could have an adverse effect on our results of operations.

As of December 28, 2013, approximately 2,010 of our 3,925 employees were covered by collective bargaining or similar agreements. If we are unable to negotiate acceptable new agreements with the unions representing our employees upon expiration of existing contracts, we could experience strikes or other work stoppages. Strikes or other work stoppages could cause a significant disruption of operations at our facilities, which could have an adverse impact on us. New or renewal agreements with unions representing our employees could call for higher wages or benefits paid to union members, which would increase our operating costs and could adversely affect our profitability. Higher costs and/or limitations on our ability to operate our facilities and manufacture our products resulting from increased labor costs, strikes or other work stoppages could have a material adverse effect on our results of operations.

In addition, unexpected interruptions in our operations or those of our customers or suppliers due to such causes as weather-related events or acts of God, such as earthquakes, could have an adverse effect on our results of operations. For example, the EPA has recently found that global climate change would be expected to increase the severity and possibly the frequency of severe weather patterns such as hurricanes. Although the financial impact of such is not reasonably estimable at this time, should such occur, our operations in certain coastal and flood-prone areas or operations of our customers and suppliers could be adversely affected. As a result of a fire at our Wynne, Arkansas, location, our copper tube casting operations were destroyed and consequently a significant portion of our redundant casting capacity is no longer available. If our remaining copper tube casting operations were to become inoperable, for any reason, our domestic copper tube production could be significantly impaired and have a material adverse effect on our results of operations.

We are subject to environmental and health and safety laws and regulations and future compliance may have a material adverse effect on our results of operations, financial position, or cash flows.

The nature of our operations exposes us to the risk of liabilities and claims with respect to environmental matters and health and safety matters. While we have established accruals intended to cover the cost of environmental remediation at contaminated sites, the actual cost is difficult to determine and may exceed our estimated reserves. Further, changes to, or more rigorous enforcement or stringent interpretation of environmental or health and safety laws could require significant incremental costs to maintain compliance. Recent and pending climate change regulation and initiatives on the state, regional, federal, and international levels may require certain of our facilities to reduce GHG emissions. While not reasonably estimable at this time, this could require capital expenditures for environmental control facilities and/or the purchase of GHG emissions credits in the coming years. In addition, with respect to environmental matters, future claims may be asserted against us for, among other things, past acts or omissions at locations operated by predecessor entities, or alleging damage or injury or seeking other relief in connection with environmental matters associated with our operations. Future liabilities, claims and compliance costs may have a material adverse effect on us because of potential adverse outcomes, defense costs, the diversion of our

management's resources, availability of insurance coverage and other factors. The overall impact of these requirements on our operations could increase our costs and diminish our ability to compete with products that are produced in countries without such rigorous standards; the long run impact could negatively impact our results and have a material adverse effect on our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information pertaining to the Registrant's major operating facilities is included below. Except as noted, the Registrant owns all of its principal properties. The Registrant's plants are in satisfactory condition and are suitable for the purpose for which they were designed and are now being used.

Location	Approximate Property Size	Description
<u>Plumbing & Refrigeration Segment</u>		
Fulton, MS	418,000 sq. ft. 52.37 acres	Copper tube mill. Facility includes extruding, and finishing equipment to produce copper tube, including tube feedstock for the Company's copper fittings plants and Precision Tube factory.
Fulton, MS	103,000 sq. ft. 11.9 acres	Casting facility. Facility includes casting equipment to produce copper billets used in the adjoining copper tube mill.
Wynne, AR	400,000 sq. ft. ⁽¹⁾ 39.2 acres	Copper tube mill. Facility includes extrusion and finishing equipment to produce copper tube and line sets.
Fulton, MS	58,500 sq. ft. 15.53 acres	Packaging and bar coding facility for retail channel sales.
Fulton, MS	70,000 sq. ft. ⁽²⁾ 7.68 acres	Copper fittings plant. High-volume facility that produces copper fittings using tube feedstock from the Company's adjacent copper tube mill.
Covington, TN	159,500 sq. ft. 40.88 acres	Copper fittings plant. Facility produces copper fittings using tube feedstock from the Company's copper tube mills.
Ontario, CA	211,000 sq. ft. ⁽³⁾	Plastics manufacturing plant and distribution center. Produces DWV fittings using injection molding equipment and ABS plastic pipe using pipe extruders.
Fort Pierce, FL	69,875 sq. ft. 5.60 acres	Plastic fittings plant. Produces DWV and pressure fittings using injection molding equipment.
Monterrey, Mexico	152,000 sq. ft. ⁽³⁾	Pipe nipples plant. Produces pipe nipples, cut pipe and merchant couplings.
Bilston, England, United Kingdom	402,500 sq. ft. 14.95 acres	Copper tube mill. Facility includes casting, extruding, and finishing equipment to produce copper tube.

(continued)

ITEM 2. PROPERTIES

(continued)

<u>Location</u>	<u>Approximate Property Size</u>	<u>Description</u>
Phoenix, AZ	61,000 sq. ft. ⁽³⁾	Line sets plant. Produces standard and custom-made line sets for HVAC markets.
Atlanta, GA	56,000 sq. ft. ⁽³⁾	Line sets plant. Produces standard and custom-made line sets for HVAC markets.
New Market, VA	413,120 sq. ft. 36.15 acres	Copper Tube Mill. Facility includes casting, extruding, and finishing equipment to produce copper tube and line sets.
<u>OEM Segment</u>		
Port Huron, MI	322,500 sq. ft. 71.5 acres	Brass rod mill. Facility includes casting, extruding, and finishing equipment to produce brass rods and bars, in various shapes and sizes.
Belding, MI	293,068 sq. ft. 17.64 acres	Brass rod mill. Facility includes casting, extruding, and finishing equipment to produce brass rods and bars, in various shapes and sizes.
Port Huron, MI	127,500 sq. ft.	Forgings plant. Produces brass and aluminum forgings.
Marysville, MI	81,500 sq. ft. 6.72 acres	Aluminum and copper impacts plant. Produces made-to-order parts using cold impact processes.
Hartsville, TN	78,000 sq. ft. 4.51 acres	Refrigeration products plant. Produces products used in refrigeration applications such as ball valves, line valves, and compressor valves.
Carthage, TN	67,520 sq. ft. 10.98 acres	Fabrication facility. Produces precision tubular components and assemblies.
Gordonsville, TN	54,000 sq. ft. ⁽³⁾	Fabrication facility. Produces precision tubular components and assemblies.
Waynesboro, TN	57,000 sq. ft. ⁽⁴⁾ 5.0 acres	Gas valve plant. Facility produces brass and aluminum valves and assemblies for the gas appliance industry.
North Wales, PA	174,000 sq. ft. 18.9 acres	Precision Tube factory. Facility fabricates copper tube, copper alloy tube, aluminum tube, and fabricated tubular products.
Brighton, MI	65,000 sq. ft. ⁽³⁾	Machining operation. Facility machines component parts for supply to automotive industry.
Middletown, OH	55,000 sq. ft. 2.0 acres	Fabricating facility. Produces burner systems and manifolds for the gas appliance industry.

(continued)

ITEM 2. PROPERTIES

(continued)

Location	Approximate Property Size	Description
Jintan City, Jiangsu Province, China	322,580 sq. ft. ⁽⁵⁾ 33.0 acres	Copper tube mill. Facility includes casting, and finishing equipment to produce engineered copper tube primarily for OEMs.
Xinbei District, Changzhou, China	33,940 sq. ft. ⁽³⁾	Refrigeration products plant. Produces products used in refrigeration applications such as ball valves, line valves, and compressor valves.
Bluffs, IL	70,000 sq. ft. 10 acres	Fabrication facility. Produces products used in refrigeration applications such as oil separators, accumulators, and heat exchangers.
Guadalupe, MX	70,782 sq. ft. ⁽³⁾	Fabrication facility. Produces tubular components, assemblies, and return bends for refrigeration and HVAC markets.
Guadalupe, MX	59,331 sq. ft. ⁽³⁾	Gas valve plant. Facility produces brass and aluminum valves and assemblies for the gas appliance industry.
Farmers Branch, TX	54,000 sq. ft. ⁽³⁾	Fabrication facility. Produces tubular components, assemblies, and return bends for refrigeration and HVAC markets.

In addition, the Company owns and/or leases other properties used as distribution centers and corporate offices.

- (1) *Facility, or some portion thereof, is located on land leased from a local municipality, with an option to purchase at nominal cost.*
- (2) *Facility is leased under a long-term lease agreement, with an option to purchase at nominal cost.*
- (3) *Facility is leased under an operating lease.*
- (4) *Facility is leased from a local municipality for a nominal amount.*
- (5) *Facility is located on land that is under a long-term land use rights agreement.*

ITEM 3. LEGAL PROCEEDINGS

General

The Company is involved in certain litigation as a result of claims that arose in the ordinary course of business. Additionally, the Company may realize the benefit of certain legal claims and litigation in the future; these gain contingencies are not recognized in the Consolidated Financial Statements.

Environmental Proceedings

Reference is made to “Environmental Matters” in Item 1 of this Report, which is incorporated herein by reference, for a description of environmental proceedings.

United States Department of Commerce Antidumping Review

On December 24, 2008, the United States Department of Commerce (DOC) initiated an antidumping administrative review of the antidumping duty order covering circular welded non-alloy steel pipe and tube from Mexico to determine the final antidumping duties owed on U.S. imports during the period November 1, 2007 through October 31, 2008, by certain subsidiaries of the Company. On April 19, 2010, the DOC published the final results of this review and assigned Mueller Comercial de Mexico, S. de R.L. de C.V. (Mueller Comercial) an antidumping duty rate of 48.3 percent. The Company appealed the final determination to the U.S. Court of International Trade (CIT). The Company and the United States have reached an agreement to settle the appeal. As a result, the DOC published on March 22, 2013 the amended final results of the review and assigned Mueller Comercial an antidumping duty rate of 40.5 percent. U.S. Customs and Border Protection has assessed antidumping duties on subject imports during the period of review. The Company has established a reserve of approximately \$3.1 million for these duties.

On December 23, 2009, the DOC initiated an antidumping administrative review of the antidumping duty order covering circular welded non-alloy steel pipe and tube from Mexico for the November 1, 2008 through October 31, 2009 period of review. The DOC selected Mueller Comercial as a respondent in the review. On June 21, 2011, the DOC published the final results of the review and assigned Mueller Comercial an antidumping duty rate of 19.8 percent. On August 22, 2011, the Company appealed the final results to the CIT. On December 21, 2012, the CIT issued a decision upholding the Department’s final results in part. The CIT issued its final judgment on May 2, 2013. On May 6, 2013, the Company appealed the CIT decision to the U.S. Court of Appeals for the Federal Circuit (Federal Circuit). On January 10, 2014, the Federal Circuit held oral argument in the appeal. The Company anticipates that certain of its subsidiaries will incur antidumping duties on subject imports made during the period of review and, as such, established a reserve of approximately \$1.1 million for this matter.

Subsequent to October 31, 2009, Mueller Comercial did not ship subject merchandise to the United States. Therefore, there is zero antidumping duty liability for periods of review after October 31, 2009.

United States Department of Commerce and United States International Trade Commission Antidumping Investigations

On September 30, 2009, two subsidiaries of the Company, along with Cerro Flow Products, Inc. and KobeWieland Copper Products LLC (collectively, Petitioners), jointly filed antidumping petitions with the DOC and the U.S. International Trade Commission (ITC) alleging that imports of seamless refined copper pipe and tube from China and Mexico (subject imports) were being sold at less than fair value and were causing material injury (and threatening material injury) to the domestic industry. On October 1, 2010, the DOC published its final affirmative determinations, finding antidumping rates from 24.89 percent to 28.16 percent for Mexico (as subsequently amended), and from 11.25 percent to 60.85 percent for China.

Since November 22, 2010, as a result of the imposition of the antidumping duty orders on seamless refined copper pipe and tube from Mexico and China, importers have been required to post cash deposits at rates up to 28.16 percent (for Mexico) and up to 60.85 percent (for China).

Over the last two years, the DOC conducted a “new shipper review” of a new Golden Dragon plant in Mexico, followed by the first administrative reviews of imports from Mexico and China (for the period November 22, 2010 through October 31, 2011). Although Golden Dragon was found to be dumping in the “new shipper review,” the impact of the more recent administrative reviews is that imports from certain companies (*i.e.*, Golden Dragon in China, and Golden Dragon and Nacobre in Mexico) will not be subject to cash deposits requirements until completion of the ongoing second administrative reviews in 2014. These decisions are currently on appeal, during which time no importers may receive any duty refunds. Furthermore, all companies in China and Mexico remain subject to the disciplines of the antidumping duty orders and future administrative reviews, and imports from other companies remain subject to cash deposit requirements, including IUSA (24.89 percent) and Luvata (28.16 percent) in Mexico, as well as Hailiang (60.85 percent) and Luvata (36.05 percent) in China.

On December 30, 2013, the DOC initiated the third administrative review of several Chinese and Mexican copper tube producers and/or exporters to the United States in order to establish company-specific dumping rates based on the period November 1, 2012 through October 31, 2013. The reviews are expected to be completed sometime in 2015. At this time, the Company is unable to know the final disposition of these administrative reviews.

Supplier Litigation

On May 6, 2011, the Company and two of its subsidiaries, Mueller Streamline Co. and B&K Industries, Inc. (B&K)(Plaintiffs), filed a civil lawsuit in federal district court in Los Angeles, California against a former supplier, Xiamen Lota International Co., Ltd (Xiamen Lota), its U.S. sales representative (Lota USA), and certain other persons (Defendants). The lawsuit alleged, among other things, that the Defendants gave Peter D. Berkman, a former executive of the Company and B&K, an undisclosed interest in Lota USA, and made payments and promises of payments to him, in return for Peter Berkman maintaining the Company as a customer, increasing purchasing levels, and acquiescing to non-competitive and excessive pricing for Xiamen Lota products. The lawsuit alleged violations of federal statutes 18 U.S.C. Sections 1962(c) and (d) (RICO claims) and California state law unfair competition. The lawsuit sought compensatory, treble and punitive damages, and other appropriate relief including an award of reasonable attorneys’ fees and costs of suit. In October 2012, the lawsuit, together with certain related proceedings in Illinois and Tennessee, were settled on mutually agreeable terms and, in connection therewith, the Company received a \$5.8 million cash payment.

Extruded Metals Class Action

A purported class action was filed in Michigan Circuit Court by Gaylord L. Miller, and all others similarly situated, against Extruded Metals, Inc. (Extruded) in March 2012 under nuisance, negligence, and gross negligence theories. It is brought on behalf of all persons in the City of Belding, Michigan, whose property rights have allegedly been interfered with by fallout and/or dust and/or noxious odors, allegedly attributable to Extruded’s operations. Plaintiffs allege that they have suffered interference with the use and enjoyment of their properties. They seek compensatory and exemplary damages and injunctive relief. The Company reached a settlement that was approved by the court on September 26, 2013, and the case has been dismissed. The settlement involves class-wide (the settlement class consist of all current and former residents of Belding, Michigan) release of certain property damage claims, certain commitments by Extruded regarding emissions controls, and a payment of certain fees and costs.

U.K. Actions Relating to the European Commission’s 2004 Copper Tubes Decision and 2006 Copper Fittings Decision

Mueller Industries, Inc., WTC Holding Company, Inc., DENO Holding Company, Inc., Mueller Europe, Limited, and DENO Acquisition EURL (the five Mueller entities) have received letters from counsel for IMI plc and IMI Kynoch Limited (IMI) and from counsel for Boliden AB (Boliden) concerning contribution proceedings by IMI and Boliden against the five Mueller entities regarding copper tube. In the Competition Appeal Tribunal (the CAT) in the United Kingdom, IMI and Boliden have been served with claims by 21 claimants, all companies within the Travis Perkins Group (TP and the TP Claimants). The TP Claimants are seeking follow-on damages arising out of conduct described in the European Commission’s September 3, 2004, decision regarding copper tube. The claims purport to arise from the findings of the European Commission as set forth in that decision. IMI and Boliden have commenced legal proceedings against the five Mueller entities, and in those proceedings are claiming a contribution for any

follow-on damages. IMI and Boliden have formally served their claims on the five Mueller entities.

Mueller Industries, Inc., Mueller Europe, Limited, and WTC Holding Company, Inc. (the three Mueller entities) also have received a letter from counsel for IMI concerning contribution proceedings by IMI against those three Mueller entities regarding copper fittings. In the High Court, IMI has been served with claims by 21 TP Claimants. The TP Claimants are seeking follow-on damages arising out of conduct described in the European Commission's September 20, 2006, decision regarding copper fittings. The claims similarly purport to arise from the findings of the European Commission as set forth in that decision. IMI has commenced legal proceedings against the three Mueller entities, and in those proceedings are claiming a contribution for any follow-on damages. IMI has formally served its claims on the three Mueller entities.

While the TP Claimants have provided their preliminary calculations of aggregate claimed damages for the copper tube claim and the copper fittings claim, Mueller does not believe these matters will have a material affect on the Consolidated Financial Statements for the contribution claims.

As to the claims arising from the Copper Tube Decision brought in the CAT, following the CAT's grant of approval, the case has now been transferred to the High Court. Mueller's defenses in response to the contribution claims brought by IMI and Boliden were served on March 15, 2013. A case management conference is to be held in May 2014.

As to the claims arising from the Copper Fittings Decision, these proceedings have been stayed until the next case management conference which is to take place in April 2014.

At this time, the Company does not believe that this matter will have a material impact on its financial position, results of operations, or cash flows.

Canadian Dumping and Countervail Investigation

In 2007, the Canada Border Services Agency (CBSA) determined that the Company and certain affiliated companies, as exporters and importers of copper fittings (subject goods) from the U.S. to Canada, had dumped the subject goods during the investigation period. In 2007, the Canadian International Trade Tribunal concluded that the dumping had caused injury to the Canadian industry. As a result of these findings, exports of subject goods to Canada made on or after October 20, 2006 have been subject to antidumping measures. Antidumping duties will be imposed on the Company only to the extent that the Company's future exports of copper pipe fittings are made at net export prices that are below normal values set by the CBSA. The measures remain in place for five years at which time Canadian authorities determine whether to maintain the measures for an additional five years or allow them to expire. Canadian authorities conducted such a sunset review and on February 17, 2012 found that the dumping order should be maintained for another five years.

On February 8, 2013, the CBSA completed a review process to revise the normal values issued to the Company. Another review process to revise the normal values was initiated on January 15, 2014 and is scheduled to conclude on May 30, 2014. Given the small percentage of its products that are sold for export to Canada, the Company does not anticipate any material adverse effect on its financial position, results of operations or cash flows as a result of the antidumping case in Canada.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of February 24, 2014, the number of holders of record of Mueller's common stock was approximately 910. On February 24, 2014, the closing price for Mueller's common stock on the New York Stock Exchange was \$61.28.

Issuer Purchases of Equity Securities

The Company's Board of Directors has extended, until October 2014, the authorization to repurchase up to ten million shares of the Company's common stock through open market transactions or through privately negotiated transactions. The Company has no obligation to purchase any shares and may cancel, suspend, or extend the time period for the purchase of shares at any time. Any purchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares purchased in treasury or use a portion of the repurchased shares for its stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through December 28, 2013, the Company had repurchased approximately 2.4 million shares under this authorization. The Company's repurchase transaction with Leucadia National Corporation in September 2012 was completed outside of this authorization. Below is a summary of the Company's stock repurchases for the quarter ended December 28, 2013.

	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
				7,644,530 ⁽¹⁾
September 29 – October 26, 2013	— ⁽²⁾	\$ —	—	
October 27 – November 23, 2013	12,887 ⁽²⁾	60.17	—	
November 24 – December 28, 2013	492 ⁽²⁾	60.58	—	

(1) Shares available to be purchased under the Company's ten million share repurchase authorization until October 2014. The extension of the authorization was announced on October 28, 2013.

(2) Shares tendered to the Company by holders of stock based awards in payment of purchase price and/or withholding taxes upon exercise. In addition, includes restricted stock forfeitures.

The Company's Board of Directors declared a regular quarterly dividend of 12.5 cents for each fiscal quarter of 2013 and in the fourth quarter of 2012, and 10 cents per share on its common stock for the first three quarters of 2012. Payment of dividends in the future is dependent upon the Company's financial condition, cash flows, capital requirements, earnings, and other factors.

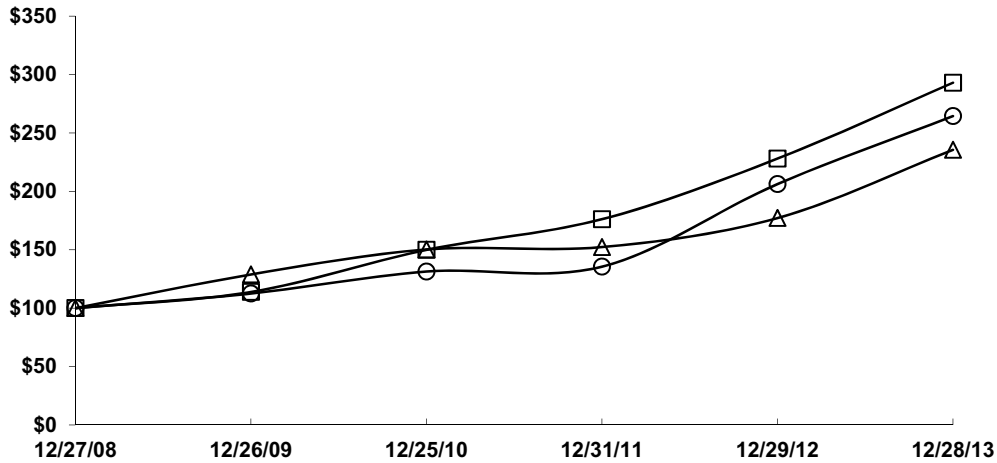
The high, low, and closing prices of Mueller's common stock on the New York Stock Exchange for each fiscal quarter of 2013 and 2012 were as follows:

	<u>High</u>	<u>Low</u>	<u>Close</u>
2013			
Fourth quarter	\$ 63.28	\$ 53.96	\$ 62.74
Third quarter	58.15	50.33	55.82
Second quarter	54.99	48.10	50.43
First quarter	55.53	48.95	53.29
2012			
Fourth quarter	\$ 51.41	\$ 42.43	\$ 49.26
Third quarter	48.48	39.72	45.47
Second quarter	47.28	39.89	42.59
First quarter	49.86	38.16	45.45

PERFORMANCE GRAPH

The following table compares total stockholder return since December 27, 2008 to the Dow Jones U.S. Total Market Index (Total Market Index) and the Dow Jones U.S. Building Materials & Fixtures Index (Building Materials Index). Total return values for the Total Market Index, the Building Materials Index and the Company were calculated based on cumulative total return values assuming reinvestment of dividends. The common stock is traded on the New York Stock Exchange under the symbol MLI.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN* Among Mueller Industries, Inc., the Dow Jones US Total Return Index, and the Dow Jones US Building Materials & Fixtures Index



—□— Mueller Industries, Inc. —△— Dow Jones US Total Return —○— Dow Jones US Building Materials & Fixtures

*\$100 invested on 12/27/08 in stock or 12/31/08 in index, including reinvestment of dividends.
Indexes calculated on month-end basis.

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	2008	2009	2010	2011	2012	2013
Mueller Industries, Inc.	100.00	113.83	149.86	176.13	227.96	292.96
Dow Jones U.S. Total Market Index	100.00	128.79	150.24	152.26	177.11	235.51
Dow Jones U.S. Building Materials & Fixtures Index	100.00	112.54	131.33	135.48	206.22	264.38

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share data)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
For the fiscal year: (1)					
Net sales	\$2,158,541	\$2,189,938	\$2,417,797	\$2,059,797	\$1,547,225
Operating income	270,937 ⁽²⁾	126,705 ⁽³⁾	139,802 ⁽⁴⁾	136,147 ⁽⁵⁾	32,220 ⁽⁶⁾
Net income attributable to Mueller Industries, Inc.	172,600	82,395	86,321	86,171	4,675
Diluted earnings per share	6.11	2.31 ⁽⁷⁾	2.26	2.28	0.12
Cash dividends per share	0.50	0.425	0.40	0.40	0.40
At year-end:					
Total assets	1,247,767	1,104,155	1,347,604	1,258,996	1,180,141
Long-term debt	206,250	207,300	156,476	158,226	158,226

(1) Includes activity of acquired businesses from the following purchase dates: Howell Metal Company, October 17, 2013, Westermeyer Industries, Inc., August 16, 2012, Tube Forming L.P., December 28, 2010, and Linesets, Inc., August 6, 2010.

(2) Includes \$106.3 million pre-tax gain from settlement of insurance claims, \$39.8 million pre-tax gain from the sale of the Company's Schedule 40 pressure plastic fittings business along with the sale of certain other plastic fittings manufacturing assets, and pre-tax impairment charges of \$4.3 million primarily related to real property associated with the aforementioned plastics sale transaction.

(3) Includes deferred recognition of \$8.0 million gain from liquidation of LIFO inventory layers, \$4.1 million net gain from settlement of litigation, \$1.5 million gain from settlement of insurance claims, and severance charges of \$3.4 million.

(4) Includes \$10.5 million gain from settlement of litigation.

(5) Includes \$22.7 million gain from settlement of insurance claims.

(6) Includes impairment charges of \$29.8 million, primarily related to goodwill.

(7) Includes the impact of 10.4 million shares repurchased from Leucadia National Corporation in September 2012.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is contained under the caption "Financial Review" submitted as a separate section of this Annual Report on Form 10-K commencing on page F-2.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are contained under the caption “Financial Review” submitted as a separate section of this Annual Report on Form 10-K commencing on page F-2.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements required by this item are contained in a separate section of this Annual Report on Form 10-K commencing on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures pursuant to Rule 13a-15(e) of the Exchange Act as of December 28, 2013. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective as of December 28, 2013 to ensure that information required to be disclosed in Company reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to management, including the Company’s principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Pursuant to the rules and regulations of the SEC, internal control over financial reporting is a process designed by, or under the supervision of, the Company’s principal executive and principal financial officers, and effected by the Company’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company’s assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of the Company’s management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements. Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Further, because of changes in conditions,

effectiveness of internal control over financial reporting may vary over time.

The Company acquired Howell Metal Company (Howell) during October 2013, and has excluded that business from management's assessment of internal controls. The total value of assets of Howell at year-end was \$58.1 million, which represents five percent of the Company's consolidated total assets at December 28, 2013. Net sales and net income of Howell from the date of acquisition represents less than one percent of the consolidated net sales and net income of the Company for 2013. Accordingly, these acquired businesses are not included in the scope of this report.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting as of December 28, 2013 based on the control criteria established in a report entitled *Internal Control—Integrated Framework*, (1992 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on such evaluation management has concluded that our internal control over financial reporting is effective as of December 28, 2013.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting, which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the Company's fiscal quarter ended December 28, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Mueller Industries, Inc.

We have audited Mueller Industries, Inc.'s internal control over financial reporting as of December 28, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). Mueller Industries, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Howell Metal Company, which is included in the 2013 consolidated financial statements of Mueller Industries, Inc. and constituted \$58.1 million and \$54.3 million of total and net assets, respectively, as of December 28, 2013, and \$17.1 million and \$1.0 million of net sales and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Mueller Industries, Inc. also did not include an evaluation of the internal control over financial reporting of Howell Metal Company.

In our opinion, Mueller Industries, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 28, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Mueller Industries, Inc. as of December 28, 2013 and December 29, 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 28, 2013 and our report dated February 26, 2014 expressed an unqualified opinion thereon.

Memphis, Tennessee
February 26, 2014

Ernst + Young LLP

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by Item 10 is contained under the captions “Ownership of Common Stock by Directors and Executive Officers and Information about Director Nominees,” “Corporate Governance,” “Report of the Audit Committee of the Board of Directors,” and “Section 16(a) Beneficial Ownership Compliance Reporting” in the Company’s Proxy Statement for its 2014 Annual Meeting of Stockholders to be filed with the SEC on or about March 19, 2014, which is incorporated herein by reference.

The Company intends to disclose any amendments to its Code of Business Conduct and Ethics by posting such information to the Company’s website at www.muellerindustries.com.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is contained under the caption “Compensation Discussion and Analysis,” “Summary Compensation Table for 2013,” “2013 Grants of Plan Based Awards Table,” “Outstanding Equity Awards at Fiscal 2013 Year-End,” “2013 Option Exercises and Stock Vested,” “Potential Payments Upon Termination of Employment or Change in Control as of the End of 2013,” “2013 Director Compensation,” “Report of the Compensation Committee of the Board of Directors on Executive Compensation” and “Corporate Governance” in the Company’s Proxy Statement for its 2014 Annual Meeting of Stockholders to be filed with the SEC on or about March 19, 2014, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table discloses information regarding the securities to be issued and the securities remaining available for issuance under the Registrant’s stock-based incentive plans as of December 28, 2013 (shares in thousands):

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	589	\$ 29.34	195 ⁽¹⁾
Equity compensation plans not approved by security holders	—	—	—
Total	589	\$ 29.34	195

(1) Of the 195 thousand securities remaining available for issuance under the equity compensation plans, 177 thousand are available under the Company’s 2009 Stock Incentive Plan for issuance of restricted stock, stock appreciation rights, or stock options. The remaining securities are available for issuance of stock options to the Board of Directors only.

Other information required by Item 12 is contained under the captions “Principal Stockholders” and “Ownership of Common Stock by Directors and Executive Officers and Information about Director Nominees” in the Company’s Proxy Statement for its 2014 Annual Meeting of Stockholders to be filed with the SEC on or about March 19, 2014, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is contained under the caption “Corporate Governance” in the Company’s Proxy Statement for its 2014 Annual Meeting of Stockholders to be filed with the SEC on or about March 19, 2014, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is contained under the caption “Appointment of Independent Registered Public Accounting Firm” in the Company’s Proxy Statement for its 2014 Annual Meeting of Stockholders to be filed with the SEC on or about March 19, 2014, which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) The following documents are filed as part of this report:
1. Financial Statements: the financial statements, notes, and report of independent registered public accounting firm described in Item 8 of this Annual Report on Form 10-K are contained in a separate section of this Annual Report on Form 10-K commencing on page F-1.
 2. Financial Statement Schedule: the financial statement schedule described in Item 8 of this report is contained in a separate section of this Annual Report on Form 10-K commencing on page F-1.
 3. Exhibits:
 - 3.1 Restated Certificate of Incorporation of the Registrant dated February 8, 2007 (Incorporated herein by reference to Exhibit 3.1 of the Registrant's Annual Report on Form 10-K, dated February 28, 2007, for the fiscal year ended December 30, 2006).
 - 3.2 Amended and Restated By-laws of the Registrant, effective as of November 8, 2013 (Incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, dated November 8, 2013).
 - 4.1 Certain instruments with respect to long-term debt of the Registrant have not been filed as Exhibits to this Report since the total amount of securities authorized under any such instruments does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of each such instrument upon request of the SEC.
 - 10.1 Amended and Restated Consulting Agreement, dated October 25, 2007, by and between the Registrant and Harvey Karp (Incorporated herein by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, dated October 25, 2007).
 - 10.2 Amendment No. 1, dated December 2, 2008, to the Amended and Restated Consulting Agreement, dated October 25, 2007, by and between the Registrant and Harvey Karp (Incorporated herein by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K, dated February 24, 2009, for the fiscal year ended December 27, 2008).
 - 10.3 Letter Agreement with Harvey Karp, dated as of May 11, 2011 (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated May 16 2011).
 - 10.4 Amended and Restated Employment Agreement, effective October 30, 2008, by and between the Registrant and Gregory L. Christopher (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated December 26, 2008).
 - 10.5 Mueller Industries, Inc. 1994 Non-Employee Director Stock Option Plan, as amended (Incorporated herein by reference to Exhibit 10.12 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002 and Exhibit 99.6 of the Registrant's Current Report on Form 8-K, dated August 31, 2004).
 - 10.6 Mueller Industries, Inc. 1998 Stock Option Plan, as amended (Incorporated herein by reference to Exhibit 10.14 of the Registrant's Annual Report on Form 10-K, dated March 24, 2003, for the fiscal year ended December 28, 2002 and Exhibit 99.4 of the Registrant's Current Report on Form 8-K, dated August 31, 2004).

- 10.7 Mueller Industries, Inc. 2002 Stock Option Plan Amended and Restated as of February 16, 2006 (Incorporated herein by reference to Exhibit 10.20 of the Registrant's Annual Report on Form 10-K, dated February 28, 2007, for the fiscal year ended December 30, 2006).
- 10.8 Mueller Industries, Inc. 2009 Stock Incentive Plan (Incorporated by reference from Appendix I to the Company's 2009 Definitive Proxy Statement with respect to the Company's 2009 Annual Meeting of Stockholders, as filed with the Securities and Exchange Commission on March 26, 2009).
- 10.9 Amendment to the Mueller Industries, Inc. 2002 Stock Option Plan, dated July 11, 2011 (Incorporated herein by reference to Exhibit 10.16 of the Registrant's Annual Report on Form 10-K, dated February 28, 2012, for the fiscal year ended December 31, 2011).
- 10.10 Amendment to the Mueller Industries, Inc. 2009 Stock Incentive Plan, dated July 11, 2011 (Incorporated herein by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K, dated February 28, 2012, for the fiscal year ended December 31, 2011).
- 10.11 Mueller Industries, Inc. 2011 Annual Bonus Plan (Incorporated herein by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K, dated February 28, 2012, for the fiscal year ended December 31, 2011).
- 10.12 Summary description of the Registrant's 2014 incentive plan for certain key employees.
- 10.13 Amended Credit Agreement, dated as of March 7, 2011, among the Registrant (as Borrower) and Bank of America, N.A. (as agent), and certain lenders named therein, following adoption of Amendment No. 2 dated December 11, 2012 (Incorporated herein by reference to Exhibit 10.20 of the Registrant's Annual Report on Form 10-K, dated February 27, 2013, for the fiscal year ended December 29, 2012).
- 10.14 Amendment No. 1 to Credit Agreement among the Registrant (as borrower), Bank of America, N.A. (as agent), and certain lenders named therein dated August 12, 2011 (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q, for the Quarterly period ended October 1, 2011, dated October 27, 2011).
- 10.15 Amendment No. 2 to Credit Agreement among the Registrant (as borrower), Bank of America, N.A. (as agent), and certain lenders named therein dated December 11, 2012 (Incorporated herein by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K, dated February 27, 2013, for the fiscal year ended December 29, 2012).
- 10.16 Share Repurchase Agreement, dated as of September 23, 2012, by and among Mueller Industries, Inc., Leucadia National Corporation and BEI-Longhorn, LLC. (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated September 24, 2012).
- 10.17 Amended and Restated Letter Agreement, dated as of September 23, 2012, by and between Mueller Industries, Inc. and Leucadia National Corporation (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated September 24, 2012).
- 10.18 Separation Agreement by and between the Registrant and Kent A. McKee, dated November 7, 2012 (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated November 9, 2012).
- 10.19 Amendment No. 1 to Amended and Restated Employment Agreement by and between the Registrant and Gregory L. Christopher, dated February 14, 2013 (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated February 14, 2013).

- 10.20 Asset Purchase Agreement, dated August 9, 2013, by and among Boat Equipment, LLC, MCTP, LLC, Mueller Plastics Corporation, Inc. and Mueller Industries, Inc. (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated August 9, 2013).
- 10.21 Stock Purchase Agreement by and among Commercial Metals Company, Howell Metal Company and Mueller Copper Tube Products, Inc. dated as of October 17, 2013 (Incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated October 17, 2013).
- 21.0 Subsidiaries of the Registrant.
- 23.0 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF XBRL Taxonomy Extension Definition Linkbase
- 101.INS XBRL Instance Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase
- 101.PRE XBRL Presentation Linkbase Document
- 101.SCH XBRL Taxonomy Extension Schema

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 26, 2014.

MUELLER INDUSTRIES, INC.

/s/ GREGORY L. CHRISTOPHER
Gregory L. Christopher, Chief Executive Officer
(Principal Executive Officer), and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ GARY S. GLADSTEIN</u> Gary S. Gladstein	Chairman of the Board, and Director	February 26, 2014
<u>/s/ GREGORY L. CHRISTOPHER</u> Gregory L. Christopher	Chief Executive Officer (Principal Executive Officer), and Director	February 26, 2014
<u>/s/ PAUL J. FLAHERTY</u> Paul J. Flaherty	Director	February 26, 2014
<u>/s/ GENNARO J. FULVIO</u> Gennaro J. Fulvio	Director	February 26, 2014
<u>/s/ SCOTT J. GOLDMAN</u> Scott J. Goldman	Director	February 26, 2014
<u>/s/ TERRY HERMANSON</u> Terry Hermanson	Director	February 26, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>Signature and Title</u>	<u>Date</u>
<u>/s/ JEFFREY A. MARTIN</u> Jeffrey A. Martin Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 26, 2014
<u>/s/ RICHARD W. CORMAN</u> Richard W. Corman Vice President – Controller	February 26, 2014

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MUELLER INDUSTRIES, INC.

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FINANCIAL REVIEW

Overview

The Company is a leading manufacturer of copper, brass, aluminum, and plastic products. The range of these products is broad: copper tube and fittings; brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic pipe, fittings and valves; refrigeration valves and fittings; fabricated tubular products; and steel nipples. The Company also resells imported brass and plastic plumbing valves, malleable iron fittings, faucets and plumbing specialty products. Mueller's operations are located throughout the United States and in Canada, Mexico, Great Britain, and China.

The Company's businesses are aggregated into two reportable segments: the Plumbing & Refrigeration segment and the OEM segment. For disclosure purposes, as permitted under ASC 280, *Segment Reporting*, certain operating segments are aggregated into reportable segments. The Plumbing & Refrigeration segment is composed of the SPD, European Operations, and Mexican Operations. The OEM segment is composed of the IPD, EPD, and Mueller-Xingrong, the Company's Chinese joint venture. Certain administrative expenses and expenses related primarily to retiree benefits at inactive operations are combined into the Corporate and Eliminations classification. These reportable segments are described in more detail below.

SPD manufactures and sells copper tube, copper and plastic fittings, line sets, plastic pipe, and valves in North America and sources products for import distribution in North America. European Operations manufacture copper tube in Europe, which is sold in Europe and the Middle East; activities also include import distribution in the U.K. and Ireland. Mexican Operations consist of pipe nipple manufacturing and import distribution businesses including product lines of malleable iron fittings and other plumbing specialties. The Plumbing & Refrigeration segment sells products to wholesalers in the HVAC, plumbing, and refrigeration markets, to distributors to the manufactured housing and recreational vehicle industries, and to building material retailers.

The OEM segment manufactures and sells brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; refrigeration valves and fittings; fabricated tubular products; and gas valves and assemblies. Mueller-Xingrong manufactures engineered copper tube primarily for air-conditioning applications; these products are sold primarily to OEM's located in China. The OEM segment sells its products primarily to original equipment manufacturers, many of which are in the HVAC, plumbing, and refrigeration markets.

New housing starts and commercial construction are important determinants of the Company's sales to the HVAC, refrigeration, and plumbing markets because the principal end use of a significant portion of the Company's products is in the construction of single and multi-family housing and commercial buildings. Repairs and remodeling projects are also important drivers of underlying demand for these products.

The majority of the Company's manufacturing facilities operated at significantly below capacity during 2012 and 2013 due to the reduced demand for the Company's products arising from the general economic conditions in the U.S. and foreign markets that the Company serves. These conditions have significantly affected the demand for virtually all of the Company's core products in recent years.

Residential construction activity improved in 2012 and the improvement continued in 2013, but is still at levels below long-term historical averages. Continued recovery in the near-term is expected, but may be tempered by continuing high rates of unemployment, tighter lending standards, and rising mortgage rates. According to the U.S. Census Bureau, actual housing starts in the U.S. were 923 thousand in 2013, which compares to 781 thousand in 2012 and 609 thousand in 2011. While mortgage rates have risen in 2013, they remain at historically low levels, as the average 30-year fixed mortgage rate was approximately 3.98 percent in 2013 and 3.66 percent in 2012.

The private non-residential construction sector, which includes offices, industrial, health care and retail projects, began showing modest improvement in 2012 after declining each year from 2009 to 2011. However, the pace of the improvement appears to have slowed through the end of 2013. According to the U.S. Census Bureau, at December 2013, the seasonally adjusted annual rate of private nonresidential value construction was \$311.3 billion compared to \$316.8 billion at December 2012. The actual private nonresidential value of construction put in place was \$296.5 billion in 2013, \$297.7 billion in 2012, and \$257.5 billion in 2011. The Company expects that most of

these conditions will gradually improve, but at an irregular pace.

Profitability of certain of the Company's product lines depends upon the "spreads" between the cost of raw material and the selling prices of its products. The open market prices for copper cathode and scrap, for example, influence the selling price of copper tube, a principal product manufactured by the Company. The Company attempts to minimize the effects on profitability from fluctuations in material costs by passing through these costs to its customers. The Company's earnings and cash flow are dependent upon these spreads that fluctuate based upon market conditions.

Earnings and profitability are also impacted by unit volumes that are subject to market trends, such as substitute products, imports, technologies, and market share. In its core product lines, the Company intensively manages its pricing structure while attempting to maximize its profitability. From time-to-time, this practice results in lost sales opportunities and lower volume. For plumbing systems, plastics are the primary substitute product; these products represent an increasing share of consumption. U.S. consumption of copper tube is still predominantly supplied by U.S. manufacturers. For certain air-conditioning and refrigeration applications, aluminum based systems are the primary substitution threat. The Company cannot predict the acceptance or the rate of switching that may occur. In recent years, brass rod consumption in the U.S. has declined due to the outsourcing of many manufactured products from offshore regions.

The fiscal years ended December 28, 2013 and December 29, 2012 contained 52 weeks, while the year ended December 31, 2011 contained 53 weeks.

RESULTS OF OPERATIONS

2013 Performance Compared with 2012

Consolidated net sales in 2013 were \$2.16 billion, a one percent decrease compared with net sales of \$2.19 billion in 2012. Of the \$31.4 million decrease, approximately \$58.6 million was due to lower net selling prices in the Company's core product lines and approximately \$12.7 million was due to lower unit sales volume in the OEM segment. This was partially offset by a \$28.0 million increase in unit sales volume in the Plumbing and Refrigeration segment, of which \$14.3 million was related to the sales recorded for Howell Metal Company (Howell), acquired in October 2013, and an \$11.1 million increase in the OEM segment related to the sales recorded for Westermeyer, acquired in August 2012. Net selling prices generally fluctuate with changes in raw material costs. Changes in raw material costs are generally passed through to customers by adjustments to selling prices. The Comex average copper price in 2013 was approximately \$3.34 per pound, or seven percent lower than the 2012 average of \$3.61 per pound.

Cost of goods sold was \$1.86 billion in 2013 compared with \$1.90 billion in 2012. The year-over-year decrease was due primarily to the decrease in the price of copper, the Company's principal raw material, offset by the recognition of a gain from LIFO liquidation that resulted in a reduction of approximately \$8.0 million to cost of sales in 2012.

Depreciation and amortization increased from \$31.5 million in 2012 to \$32.4 million in 2013 due to an increase in capital spending in 2012 and 2013. Selling, general, and administrative expenses increased to \$134.9 million in 2013; this \$5.4 million increase was primarily due to increased legal fees of \$3.0 million, increased bad debt expense of \$1.0 million, and increased software purchases of \$0.7 million.

During 2013, the Company settled the insurance claim related to the September 2011 fire at its Wynne, Arkansas manufacturing operation and recognized a \$106.3 million gain. The Company also sold certain of its plastic fittings manufacturing assets and recognized a pre-tax gain of \$39.8 million, or 81 cents per diluted share after tax, and recognized fixed asset impairment charges of \$4.3 million.

During 2012, the Company recorded a net gain of \$4.1 million upon receipt of payment related to the October 2012 settlement of a lawsuit against Xiamen Lota International Co., Ltd. The Company also settled the business interruption portion of its insurance claim related to the July 2009 explosion at the copper tube facility in Fulton, Mississippi and recorded a \$1.5 million gain. The gain was offset by \$3.4 million in severance charges.

Interest expense decreased to \$4.0 million in 2013 from \$6.9 million in 2012. This decrease was related to the redemption of the 6% Subordinated Debentures during the second quarter of 2012. In addition, during 2013 the Company capitalized interest expense related to certain capital projects. Other income, net was \$4.5 million in 2013 compared with \$0.5 million for 2012. This increase was primarily due to a \$3.0 million gain on the sale of a non-operating property and a \$0.3 million decrease in the provision for environmental remediation.

Income tax expense was \$98.1 million, for an effective rate of 36 percent. This rate was higher than what would be computed using the U.S. statutory federal rate primarily due to state tax expense, net of federal benefit, of \$6.4 million, and the impact of goodwill disposition of \$1.8 million. These increases were partially offset by the U.S. production activities deduction benefit of \$4.4 million and the effect of lower foreign tax rates and other foreign adjustments of \$1.0 million.

The Company's employment was approximately 3,925 at the end of 2013 compared with 3,775 at the end of 2012.

Plumbing & Refrigeration Segment

Net sales by the Plumbing & Refrigeration segment decreased one percent to \$1.23 billion in 2013 from \$1.24 billion in 2012. Of the \$12.9 million decrease in net sales, approximately \$40.0 million was attributable to lower net selling prices in the segment's core product lines consisting primarily of copper tube, line sets, and fittings, which was partially offset by an increase of \$28.0 million attributable to higher unit sales volume, of which \$14.3 million was related to the sales recorded for Howell, acquired in October 2013. Cost of goods sold decreased from \$1.06 billion in 2012 to \$1.04 billion in 2013, which was also due to decreasing raw material prices, primarily copper, offset by higher unit sales volume. In addition, the Company recognized a deferred gain from LIFO liquidation that resulted in a reduction of approximately \$8.0 million to cost of sales for the segment in 2012. Depreciation and amortization increased from \$16.5 million in 2012 to \$17.1 million in 2013 due to increases in capital spending in 2012 and 2013. Selling, general, and administrative expense increased from \$75.4 million in 2012 to \$85.5 million in 2013. The increase is primarily due to higher employment costs, including incentive compensation, of \$5.4 million, an increase in legal fees of \$1.3 million, and an increase in bad debt expense of \$1.0 million. During 2013, the segment recognized a \$103.9 million gain related to the settlement of the insurance claim for the September 2011 fire at the Wynne, Arkansas manufacturing operation. It also sold certain of its plastic fittings manufacturing assets and recognized a pre-tax gain of \$39.8 million, and recognized fixed asset impairment charges of \$4.2 million. In 2012, the Company settled the business interruption portion of its insurance claim related to the July 2009 explosion at its copper tube facility in Fulton, Mississippi and recorded a \$1.5 million gain.

OEM Segment

The OEM segment's net sales were \$947.8 million in 2013 compared with \$974.6 million in 2012. Of the \$26.8 million decrease in net sales, approximately \$18.6 million was due to lower net selling prices in the segment's core product lines of brass rod, forgings, and commercial tube and approximately \$12.7 million was due to lower unit sales volume. This was partially offset by an \$11.1 million increase related to the sales recorded for Westermeyer, acquired in August 2012. Cost of goods sold decreased to \$833.5 million in 2013 from \$866.4 million in 2012, which was also due to the decrease in the average costs of raw materials and lower unit sales volume. Depreciation and amortization remained relatively consistent. Selling, general, and administrative expenses were \$24.5 million in 2013 compared with \$27.7 million in 2012. The decrease is due primarily to decreased employment costs, including incentive compensation, of \$1.0 million, and losses on fixed asset impairments recorded in 2012. Operating income increased from \$67.1 million in 2012 to \$76.6 million in 2013 primarily as a result of higher margins.

2012 Performance Compared with 2011

Consolidated net sales in 2012 were \$2.19 billion, a 10 percent decrease compared with net sales of \$2.42 billion in 2011. The decrease was largely attributable to the decrease in base metal prices, primarily copper, and slightly lower unit volumes in many of the Company's core products. Net selling prices generally fluctuate with changes in raw material costs. Changes in raw material costs are generally passed through to customers by adjustments to selling prices. The Comex average copper price in 2012 was approximately \$3.61 per pound, or 10 percent lower than the 2011 average of \$4.01 per pound.

Cost of goods sold was \$1.90 billion in 2012 compared with \$2.12 billion in 2011. The year-over-year decrease was due primarily to the decrease in the price of copper, the Company's principal raw material, and slightly lower sales volume in its core product lines. In addition, the Company recognized a deferred gain from LIFO liquidation that resulted in a reduction of approximately \$8.0 million to cost of sales.

Depreciation and amortization decreased from \$36.9 million in 2011 to \$31.5 million in 2012 due to certain assets becoming fully depreciated. Selling, general, and administrative expenses decreased to \$129.5 million in 2012; this \$6.5 million decrease was primarily due to decreased employment costs, including incentive compensation, of \$5.9 million. These decreases were partially offset by increased professional fees of \$2.5 million.

During 2012, the Company recorded a net gain of \$4.1 million upon receipt of payment related to the October 2012 settlement of a lawsuit against Xiamen Lota International Co., Ltd. The Company also settled the business interruption portion of its insurance claim related to the July 2009 explosion at the copper tube facility in Fulton, Mississippi and recorded a \$1.5 million gain. The gain was offset by \$3.4 million in severance charges.

During 2011, the Company recorded a gain of \$10.5 million upon receipt of payment related to the December 10, 2010, settlement of a lawsuit against Peter D. Berkman, Jeffrey A. Berkman, and Homewerks Worldwide LLC.

Interest expense decreased to \$6.9 million in 2012 from \$11.6 million in 2011. This decrease was related to the redemption of the 6% Subordinated Debentures during the second quarter of 2012 and decreased borrowings by Mueller Xingrong. Other income, net was \$0.5 million in 2012 compared with \$1.9 million for 2011. This decrease was primarily due to a \$0.8 million increase in the provision for environmental remediation and a loss on the disposal of certain long-lived assets.

Income tax expense was \$36.7 million, for an effective rate of 30 percent. This rate was lower than what would be computed using the U.S. statutory federal rate primarily due to the U.S. production activities deduction benefit of \$3.0 million, effect of lower foreign tax rates and other foreign adjustments of \$2.6 million, and reductions in tax contingencies of \$3.2 million. These decreases were partially offset by state tax expense, net of federal benefit, of \$3.2 million.

The Company's employment was approximately 3,775 at the end of 2012 compared with 3,750 at the end of 2011.

Plumbing & Refrigeration Segment

Net sales by the Plumbing & Refrigeration segment decreased seven percent to \$1.24 billion in 2012 from \$1.33 billion in 2011. Of the \$92.2 million decrease in net sales, approximately \$86.2 million was attributable to lower net selling prices and approximately \$12.2 million was due to lower volume in Europe. Cost of goods sold decreased from \$1.14 billion in 2011 to \$1.06 billion in 2012, which was also due to decreasing raw material prices, primarily copper, and lower sales volume. In addition, the Company recognized a deferred gain from LIFO liquidation that resulted in a reduction of approximately \$8.0 million to cost of sales for the segment. Depreciation and amortization decreased from \$20.9 million in 2011 to \$16.5 million in 2012 due to reduced depreciation expense resulting from certain assets becoming fully depreciated. Selling, general, and administrative expenses decreased from \$84.8 million in 2011 to \$75.4 million in 2012. The decrease is primarily due to lower employment costs, including incentive compensation, of \$5.7 million. The Company also settled the business interruption portion of its insurance claim related to the July 2009 explosion at the copper tube facility in Fulton, Mississippi and recorded a \$1.5 million gain. Operating income for the segment increased from \$84.8 million in 2011 to \$87.0 million in 2012.

During 2011, a portion of the Wynne, Arkansas manufacturing operation was extensively damaged by fire, which impacted a portion of the segment's copper tube, line sets, and DWV plastic fittings operations. Direct, incremental property damage and cleanup costs have been deferred as a receivable, while the impact of lost sales and other extra expenses associated with business interruption have been recognized as incurred in the Consolidated Statement of Income for 2011 and 2012.

OEM Segment

The OEM segment's net sales were \$974.6 million in 2012 compared with \$1.12 billion in 2011. Of the \$145.2 million decrease in net sales, approximately \$66.0 million was due to lower net selling prices and approximately \$66.1 million was due to lower unit volume in the segment's core product lines of brass rod, forgings, and commercial tube. Cost of goods sold decreased to \$866.4 million in 2012 from \$1.01 billion in 2011, which was also due to the decrease in the average costs of raw materials and lower sales volume. Depreciation and amortization remained relatively consistent. Selling, general, and administrative expenses were \$27.7 million in 2012 compared with \$24.8 million in 2011. The increase is due primarily to losses on fixed asset impairments of \$1.5 million, increased bad debt expense of \$0.8 million, and increased selling and distribution expenses of \$0.5 million. Operating income decreased from \$72.7 million in 2011 to \$67.1 million in 2012, due primarily to lower unit volume and net spreads and increased per-unit conversion costs in core products.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased to \$311.8 million at December 28, 2013, from \$198.9 million at December 29, 2012, a net increase of \$112.9 million. Major components of the change included \$128.5 million of cash provided by operating activities, \$3.0 million of cash used in investing activities and \$13.6 million of cash used in financing activities.

Of the cash and cash equivalents held at December 28, 2013, \$123.8 million was held by foreign subsidiaries. The Company expects to repatriate \$1.5 million of this cash and has accrued deferred tax on these earnings. All other earnings of the foreign subsidiaries are considered to be permanently reinvested, and it is not practicable to compute the potential deferred tax liability associated with these undistributed foreign earnings. The Company believes that cash held domestically, funds available through the credit agreement, and cash generated from U.S. based operations will be adequate to meet the future needs of the U.S. based operations.

The primary components of cash provided by operating activities were consolidated net income of \$173.3 million, partially offset by the gain related to the settlement of the insurance claim for the September 2011 fire in Wynne, Arkansas of \$106.3 million and the \$39.8 million gain on the sale of the plastic fittings manufacturing assets. There were also increases due to the non-capital related insurance proceeds of \$32.4 million, changes in working capital, and non-cash adjustments primarily consisting of depreciation and amortization of \$30.9 million and deferred income taxes of \$19.2 million. Major changes in working capital included a \$19.4 million decrease in trade accounts receivable and a \$14.1 million decrease in current liabilities. Changes in the components of working capital are heavily driven by the changes in raw material prices, primarily copper.

The major components of net cash used in investing activities in 2013 included \$55.3 million for the acquisition of Howell Metal Company and \$41.3 million used for capital expenditures. These decreases were partially offset by \$65.1 million for proceeds from the sale of assets, including certain plastic fittings manufacturing assets, and \$29.9 million for insurance proceeds for property and equipment related to the fire at our Wynne, Arkansas manufacturing operation.

Net cash used in financing activities totaled \$13.6 million, which consisted primarily of \$13.9 million for payment of regular quarterly dividends to stockholders of the Company.

The Company spent approximately \$2.0 million during 2013 for environmental matters. As of December 28, 2013, the Company expects to spend \$1.4 million in 2014, \$0.9 million in 2015, \$0.8 million in 2016, \$0.8 million in 2017, \$0.8 million in 2018, and \$9.4 million thereafter for ongoing projects. The timing of a potential payment for a \$9.5 million settlement offer related to the Southeast Kansas Sites has not yet been determined.

The Company's Credit Agreement provides for an unsecured \$350.0 million revolving credit facility (the Revolving Credit Facility) and a \$200.0 million Term Loan Facility, both maturing on December 11, 2017. The Revolving Credit Facility backed approximately \$10.0 million in letters of credit at the end of 2013. As of December 28, 2013, the Company's total debt was \$235.3 million or 24.2 percent of its total capitalization.

Covenants contained in the Company's financing obligations require, among other things, the maintenance of minimum levels of tangible net worth and the satisfaction of certain minimum financial ratios. As of December 28, 2013, the Company was in compliance with all of its debt covenants.

Contractual cash obligations of the Company as of December 28, 2013 included the following:

<i>(In millions)</i>	Total	Payments Due by Year			
		2014	2015-2016	2017-2018	Thereafter
Debt	\$ 235.3	\$ 29.1	\$ 2.0	\$ 202.0	\$ 2.2
Consulting agreement (1)	4.0	1.3	2.0	0.7	—
Operating leases	24.0	6.7	10.3	5.6	1.4
Heavy machinery and equipment commitments	13.1	11.7	1.4	—	—
Purchase commitments (2)	524.5	524.5	—	—	—
Interest payments (3)	19.8	3.2	11.1	5.5	—
Total contractual cash obligations	<u>\$ 820.7</u>	<u>\$ 576.5</u>	<u>\$ 26.8</u>	<u>\$ 213.8</u>	<u>\$ 3.6</u>

(1) See Note 10 to Consolidated Financial Statements.

(2) The Company has contractual supply commitments for raw materials totaling \$491.3 million at year-end prices; these contracts contain variable pricing based on Comex and the London Metals Exchange. These commitments are for purchases of raw materials that are expected to be consumed in the ordinary course of business.

(3) These payments represent interest on variable rate debt based on rates in effect at December 28, 2013. The Company has entered into an interest rate swap, effective January 12, 2015, which will fix the interest rate associated with the majority of its variable rate debt.

The above obligations will be satisfied with existing cash, the credit agreement, and cash generated by operations. Cash used to fund pension and other postretirement benefit obligations was \$2.8 million in 2013 and \$4.3 million in 2012. The Company has no off-balance sheet financing arrangements except for the operating leases identified above.

Fluctuations in the cost of copper and other raw materials affect the Company's liquidity. Changes in material costs directly impact components of working capital, primarily inventories and accounts receivable. The price of copper has fluctuated significantly and averaged approximately \$3.34 in 2013, \$3.61 in 2012, and \$4.01 in 2011.

The Company's Board of Directors declared a regular quarterly dividend of 12.5 cents for each fiscal quarter of 2013 and in the fourth quarter of 2012, and 10 cents per share on its common stock for the first three quarters of 2012. Payment of dividends in the future is dependent upon the Company's financial condition, cash flows, capital requirements, earnings, and other factors.

Management believes that cash provided by operations, the credit agreement, and currently available cash of \$311.8 million will be adequate to meet the Company's normal future capital expenditure and operational needs. The Company's current ratio (current assets divided by current liabilities) was 4.0 to 1 as of December 28, 2013.

The Company's Board of Directors has extended, until October 2014, its authorization to repurchase up to ten million shares of the Company's common stock through open market transactions or through privately negotiated transactions. The Company has no obligation to repurchase any shares and may cancel, suspend, or extend the time period for the repurchase of shares at any time. Any repurchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares repurchased in treasury or use a portion of the repurchased

shares for stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through December 28, 2013, the Company had repurchased approximately 2.4 million shares under this authorization. The Company's repurchase transaction with Leucadia National Corporation in September 2012 was completed outside of this authorization.

On October 17, 2013, the Company announced the acquisition of Howell. The purchase price of \$55.3 million was funded by cash on-hand.

On October 18, 2013, the Company entered into a definitive agreement with KME Yorkshire Limited (KME) to acquire certain assets and assume certain liabilities of KME for purposes of acquiring KME's Yorkshire Copper Tube business. This transaction received regulatory approval in the United Kingdom on February 11, 2014. The Company expects to fund the £18.0 million, or approximately \$29.7 million, acquisition of Yorkshire with cash on-hand.

Market Risks

The Company is exposed to market risks from changes in raw material and energy costs, interest rates, and foreign currency exchange rates. To reduce such risks, the Company may periodically use financial instruments. Hedging transactions are authorized and executed pursuant to policies and procedures. Further, the Company does not buy or sell financial instruments for trading purposes. A discussion of the Company's accounting for derivative instruments and hedging activities is included in "Note 1 - Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements.

Cost and Availability of Raw Materials and Energy

Raw materials, primarily copper and brass, represent the largest component of the Company's variable costs of production. The cost of these materials is subject to global market fluctuations caused by factors beyond the Company's control. Significant increases in the cost of metal, to the extent not reflected in prices for the Company's finished products, or the lack of availability could materially and adversely affect the Company's business, results of operations and financial condition.

The Company occasionally enters into forward fixed-price arrangements with certain customers. The Company may utilize futures contracts to hedge risks associated with these forward fixed-price arrangements. The Company may also utilize futures contracts to manage price risk associated with inventory. Depending on the nature of the hedge, changes in the fair value of the futures contracts will either be offset against the change in fair value of the inventory through earnings or recognized as a component of accumulated other comprehensive income (OCI) and reflected in earnings upon the sale of inventory. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying fixed-price transactions or inventory. At year-end, the Company held open futures contracts to purchase approximately \$15.9 million of copper over the next 15 months related to fixed-price sales orders and to sell approximately \$70.6 million of copper over the next five months related to copper inventory.

The Company may enter into futures contracts or forward fixed-price arrangements with certain vendors to manage price risk associated with natural gas purchases. The effective portion of gains and losses with respect to futures positions are deferred in equity as a component of OCI and reflected in earnings upon consumption of natural gas. Periodic value fluctuations of the futures contracts generally offset the value fluctuations of the underlying natural gas prices. There were no open futures contracts to purchase natural gas at December 28, 2013.

Interest Rates

The Company had variable-rate debt outstanding of \$235.3 million at December 28, 2013 and \$234.9 million at December 29, 2012. At these borrowing levels, a hypothetical 10 percent increase in interest rates would have had an insignificant unfavorable impact on the Company's pre-tax earnings and cash flows. The primary interest rate exposures on floating-rate debt are based on LIBOR and the base-lending rate published by the People's Bank of China. There was no fixed-rate debt outstanding as of December 28, 2013 or December 29, 2012.

The Company has reduced its exposure to increases in LIBOR by entering into interest rate swap contracts. These contracts have been designated as cash flow hedges. The fair value of these contracts has been recorded in the Condensed Consolidated Balance Sheets, and the related gains and losses on the contracts are deferred in stockholders' equity as a component of other comprehensive income. Deferred gains or losses on the contracts will be recognized in interest expense in the period in which the related interest payment being hedged is expensed. The interest rate swap agreement has an effective date of January 12, 2015.

Foreign Currency Exchange Rates

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than an entity's functional currency. The Company and its subsidiaries generally enter into transactions denominated in their respective functional currencies. The Company may utilize certain futures or forward contracts with financial institutions to hedge foreign currency transactional exposures. Gains and losses with respect to these positions are deferred in equity as a component of accumulated OCI and reflected in earnings upon collection of receivables or payment of commitments. At December 28, 2013, the Company had open forward contracts with a financial institution to sell approximately 1.5 million Canadian dollars and 0.7 million euros through March 2014. It also held open futures contracts to buy approximately 10.5 million euros through March 2015.

The Company's primary foreign currency exposure arises from foreign-denominated revenues and profits and their translation into U.S. dollars. The primary currencies to which the Company is exposed include the Canadian dollar, the British pound sterling, the euro, the Mexican peso, and the Chinese renminbi. The Company generally views as long-term its investments in foreign subsidiaries with a functional currency other than the U.S. dollar. As a result, the Company generally does not hedge these net investments. The net investment in foreign subsidiaries translated into U.S. dollars using the year-end exchange rates was \$174.8 million at December 28, 2013 and \$168.0 million at December 29, 2012. The potential loss in value of the Company's net investment in foreign subsidiaries resulting from a hypothetical 10 percent adverse change in quoted foreign currency exchange rates at December 28, 2013 and December 29, 2012 amounted to \$17.5 million and \$16.8 million, respectively. This change would be reflected in the foreign currency translation component of accumulated OCI in the equity section of the Company's Consolidated Balance Sheets, until the foreign subsidiaries are sold or otherwise disposed.

The Company has significant investments in foreign operations whose functional currency is the British pound sterling and the Mexican peso. During 2013, the value of the Mexican peso decreased approximately one percent and the British pound increased approximately two percent relative to the U.S. dollar, respectively. The resulting foreign currency translation gains were recorded as a component of OCI.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States. Application of these principles requires the Company to make estimates, assumptions, and judgments that affect the amounts reported in the Consolidated Financial Statements. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters which are inherently uncertain. The accounting policies and estimates that are most critical to aid in understanding and evaluating the results of operations and financial position of the Company include the following:

Inventory Valuation

The Company's inventories are valued at the lower-of-cost-or-market. The material component of its U.S. copper tube and copper fittings inventories is valued on a last-in, first-out (LIFO) basis. Other manufactured inventories, including the non-material components of U.S. copper tube and copper fittings, are valued on a first-in, first-out (FIFO) basis. Certain inventories purchased for resale are valued on an average cost basis. Elements of cost in finished goods inventory in addition to the cost of material include depreciation, amortization, utilities, consumable production supplies, maintenance, production wages, and transportation costs.

The market price of copper cathode and scrap are subject to volatility. During periods when open market prices decline below net book value, the Company may need to provide an allowance to reduce the carrying value of its inventory. In addition, certain items in inventory may be considered obsolete and, as such, the Company may establish an allowance to reduce the carrying value of those items to their net realizable value. Changes in these estimates related to the value of inventory, if any, may result in a materially adverse impact on the Company's reported financial position or results of operations. The Company recognizes the impact of any changes in estimates, assumptions, and judgments in income in the period in which it is determined.

Goodwill

Goodwill represents cost in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill is subject to impairment testing, which is performed by the Company as of the first day of the fourth quarter of each fiscal year, unless circumstances dictate more frequent testing. For testing purposes, the Company uses components of its operating segments; components of a segment having similar economic characteristics are combined. The annual impairment test is a two-step process. The first step is the estimation of fair value of reporting units that have goodwill. If this estimate indicates that impairment potentially exists, the second step is performed. Step two, used to measure the amount of goodwill impairment loss, compares the implied fair value of goodwill to the carrying value. In step two the Company is required to allocate the fair value of each reporting unit, as determined in step one, to the fair value of the reporting unit's assets and liabilities, including unrecognized intangible assets and corporate allocation where applicable, in a hypothetical purchase price allocation as if the reporting unit had been purchased on that date. If the implied fair value of goodwill is less than the carrying value, an impairment charge is recorded. Inputs to that model include various estimates, including cash flow projections and assumptions. Some of the inputs are highly subjective and are affected by changes in business conditions and other factors. Changes in any of the inputs could have an effect on future tests and result in material impairment charges.

The Company has two reporting units with goodwill. One of these reporting units is included in the Plumbing and Refrigeration segment, and one is included in the OEM segment.

Income Taxes

Deferred income tax assets and liabilities are recognized when differences arise between the treatment of certain items for financial statement and tax purposes. Realization of certain components of deferred tax assets is dependent upon the occurrence of future events. The Company records valuation allowances to reduce its deferred tax assets to the amount it believes is more likely than not to be realized. These valuation allowances can be impacted by changes in tax laws, changes to statutory tax rates, and future taxable income levels and are based on the Company's judgment, estimates, and assumptions. In the event the Company were to determine that it would not be able to realize all or a portion of the net deferred tax assets in the future, the Company would increase the valuation allowance through a charge to income tax expense in the period that such determination is made. Conversely, if the Company were to determine that it would be able to realize its deferred tax assets in the future, in excess of the net carrying amounts, the Company would decrease the recorded valuation allowance through a decrease to income tax expense in the period that such determination is made.

The Company provides for uncertain tax positions and the related interest and penalties, if any, based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. Tax benefits for uncertain tax positions that are recognized in the financial statements are measured as the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement. To the extent the Company prevails in matters for which a liability for an uncertain tax position is established or is required to pay amounts in excess of the liability, the Company's effective tax rate in a given financial statement period may be affected.

Environmental Reserves

The Company recognizes an environmental liability when it is probable the liability exists and the amount is reasonably estimable. The Company estimates the duration and extent of its remediation obligations based upon reports of outside consultants; internal analyses of cleanup costs, and ongoing monitoring costs; communications with regulatory agencies; and changes in environmental law. If the Company were to determine that its estimates of the duration or extent of its environmental obligations were no longer accurate, the Company would adjust its environmental liabilities accordingly in the period that such determination is made. Estimated future expenditures for environmental remediation are not discounted to their present value. Accrued environmental liabilities are not reduced by potential insurance reimbursements.

Environmental expenses that relate to ongoing operations are included as a component of cost of goods sold. Environmental expenses related to non-operating properties are included in other income, net in the Consolidated Statements of Income.

Allowance for Doubtful Accounts

The Company provides an allowance for receivables that may not be fully collected. In circumstances where the Company is aware of a customer's inability to meet its financial obligations (e.g., bankruptcy filings or substantial downgrading of credit ratings), it records an allowance for doubtful accounts against amounts due to reduce the net recognized receivable to the amount it believes most likely will be collected. For all other customers, the Company recognizes an allowance for doubtful accounts based on its historical collection experience. If circumstances change (e.g., greater than expected defaults or an unexpected material change in a major customer's ability to meet its financial obligations), the Company's estimate of the recoverability of amounts due could be changed by a material amount.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Report contains various forward-looking statements and includes assumptions concerning the Company's operations, future results, and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary statement identifying important economic, political, and technological factors, among others, which could cause actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

In addition to those factors discussed under "Risk Factors" in this Annual Report on Form 10-K, such factors include: (i) the current and projected future business environment, including interest rates and capital and consumer spending; (ii) the domestic housing and commercial construction industry environment; (iii) the extent and duration of the recovery from the 2008 through 2010 economic decline; (iv) availability and price fluctuations in commodities (including copper, natural gas, and other raw materials, including crude oil that indirectly affects plastic resins); (v) competitive factors and competitor responses to the Company's initiatives; (vi) stability of government laws and regulations, including taxes; (vii) availability of financing; and (viii) continuation of the environment to make acquisitions, domestic and foreign, including regulatory requirements and market values of candidates.

MUELLER INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 28, 2013, December 29, 2012, and December 31, 2011

<i>(In thousands, except per share data)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net sales	\$2,158,541	\$2,189,938	\$2,417,797
Cost of goods sold	1,862,089	1,904,463	2,115,677
Depreciation and amortization	32,394	31,495	36,865
Selling, general, and administrative expense	134,914	129,456	135,953
Insurance settlements	(106,332)	(1,500)	—
Gain on sale of plastic fittings manufacturing assets	(39,765)	—	—
Impairment charges	4,304	—	—
Litigation settlements	—	(4,050)	(10,500)
Severance	—	3,369	—
Operating income	270,937	126,705	139,802
Interest expense	(3,990)	(6,890)	(11,553)
Other income, net	4,451	539	1,912
Income before income taxes	271,398	120,354	130,161
Income tax expense	(98,109)	(36,681)	(43,075)
Consolidated net income	173,289	83,673	87,086
Less net income attributable to noncontrolling interest	(689)	(1,278)	(765)
Net income attributable to Mueller Industries, Inc.	<u>\$ 172,600</u>	<u>\$ 82,395</u>	<u>\$ 86,321</u>
Weighted average shares for basic earnings per share	27,871	35,332	37,835
Effect of dilutive stock-based awards	371	414	361
Adjusted weighted average shares for diluted earnings per share	<u>28,242</u>	<u>35,746</u>	<u>38,196</u>
Basic earnings per share	<u>\$ 6.19</u>	<u>\$ 2.33</u>	<u>\$ 2.28</u>
Diluted earnings per share	<u>\$ 6.11</u>	<u>\$ 2.31</u>	<u>\$ 2.26</u>
Dividends per share	<u>\$ 0.50</u>	<u>\$ 0.425</u>	<u>\$ 0.40</u>

See accompanying notes to consolidated financial statements.

MUELLER INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 28, 2013, December 29, 2012, and December 31, 2011

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Consolidated net income	\$ 173,289	\$ 83,673	\$ 87,086
Other comprehensive income (loss), net of tax:			
Foreign currency translation	3,285	8,070	232
Net change with respect to derivative instruments and hedging activities (1)	1,713	255	(988)
Net actuarial gain (loss) on pension and postretirement obligations (2)	27,369	(847)	(10,378)
Other, net	<u>151</u>	<u>14</u>	<u>(81)</u>
Total other comprehensive income (loss)	<u>32,518</u>	<u>7,492</u>	<u>(11,215)</u>
Comprehensive income	205,807	91,165	75,871
Less comprehensive income attributable to noncontrolling interest	<u>(1,404)</u>	<u>(1,984)</u>	<u>(1,913)</u>
Comprehensive income attributable to Mueller Industries, Inc.	<u>\$ 204,403</u>	<u>\$ 89,181</u>	<u>\$ 73,958</u>

See accompanying notes to consolidated financial statements.

(1) Net of taxes of \$(962) in 2013, \$(162) in 2012, and \$559 in 2011

(2) Net of taxes of \$(15,015) in 2013, \$94 in 2012, and \$4,786 in 2011

MUELLER INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
As of December 28, 2013 and December 29, 2012

<i>(In thousands, except share data)</i>	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 311,800	\$ 198,934
Accounts receivable, less allowance for doubtful accounts of \$2,391 in 2013 and \$1,644 in 2012	271,847	271,093
Inventories	251,716	229,434
Current deferred income taxes	8,106	26,438
Other current assets	<u>31,248</u>	<u>21,295</u>
Total current assets	874,717	747,194
Property, plant, and equipment, net	244,457	233,263
Goodwill, net	94,357	104,579
Other assets	<u>34,236</u>	<u>19,119</u>
Total Assets	<u>\$1,247,767</u>	<u>\$1,104,155</u>
Liabilities		
Current liabilities:		
Current portion of debt	\$ 29,083	\$ 27,570
Accounts payable	80,897	87,574
Accrued wages and other employee costs	37,109	34,378
Other current liabilities	<u>72,167</u>	<u>109,174</u>
Total current liabilities	219,256	258,696
Long-term debt, less current portion	206,250	207,300
Pension liabilities	10,645	35,187
Postretirement benefits other than pensions	16,781	19,832
Environmental reserves	22,144	22,597
Deferred income taxes	35,975	20,910
Other noncurrent liabilities	<u>849</u>	<u>1,667</u>
Total liabilities	<u>511,900</u>	<u>566,189</u>
Equity		
Mueller Industries, Inc. stockholders' equity:		
Preferred stock - \$1.00 par value; shares authorized 5,000,000; none outstanding	—	—
Common stock - \$.01 par value; shares authorized 100,000,000; issued 40,091,502; outstanding 28,302,337 in 2013 and 28,099,635 in 2012	401	401
Additional paid-in capital	267,142	267,826
Retained earnings	908,274	749,777
Accumulated other comprehensive loss	(10,819)	(42,623)
Treasury common stock, at cost	<u>(461,593)</u>	<u>(468,473)</u>
Total Mueller Industries, Inc. stockholders' equity	703,405	506,908
Noncontrolling interest	<u>32,462</u>	<u>31,058</u>
Total equity	<u>735,867</u>	<u>537,966</u>
Commitments and contingencies	<u>—</u>	<u>—</u>
Total Liabilities and Equity	<u>\$1,247,767</u>	<u>\$1,104,155</u>

See accompanying notes to consolidated financial statements.

MUELLER INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 28, 2013, December 29, 2012, and December 31, 2011

<i>(In thousands)</i>	2013	2012	2011
Operating activities:			
Consolidated net income	\$ 173,289	\$ 83,673	\$ 87,086
Reconciliation of net income to net cash provided by operating activities:			
Depreciation	30,946	30,326	35,966
Amortization of intangibles	1,448	1,169	899
Amortization of debt issuance costs	299	438	397
Stock-based compensation expense	5,704	6,136	3,482
Insurance settlements	(106,332)	(1,500)	—
Gain on sale of plastic fittings manufacturing assets	(39,765)	—	—
Insurance proceeds – noncapital related	32,395	14,250	10,000
Impairment charges	4,304	—	—
Income tax benefit from exercise of stock options	(719)	(2,528)	(853)
Deferred income taxes	19,213	(1,284)	(4,190)
(Recovery of) provision for doubtful accounts receivable	(273)	837	(229)
(Gain) loss on disposal of properties	(2,535)	1,411	(202)
Changes in assets and liabilities, net of businesses acquired:			
Receivables	19,383	(23,690)	28,716
Inventories	5,963	(4,834)	(15,678)
Other assets	562	(14,985)	460
Current liabilities	(14,139)	8,368	7,966
Other liabilities	(1,935)	9,345	(1,593)
Other, net	705	1,165	1,522
Net cash provided by operating activities	128,513	108,297	153,749
Investing activities:			
Proceeds from sales of assets	65,147	517	1,984
Acquisition of businesses	(55,276)	(11,561)	(6,882)
Capital expenditures	(41,349)	(56,825)	(18,751)
Insurance proceeds	29,910	42,250	—
Net (deposits into) withdrawals from restricted cash balances	(1,417)	9,243	(3,055)
Net cash used in investing activities	(2,985)	(16,376)	(26,704)
Financing activities:			
Dividends paid to stockholders of Mueller Industries, Inc.	(13,941)	(14,891)	(15,146)
Repurchase of common stock	—	(427,446)	—
Repayments of long-term debt	(1,000)	(149,176)	(750)
(Repayment) issuance of debt by joint venture, net	857	(14,429)	6,162
Issuance of long-term debt	—	200,000	—
Net cash (used) received to settle stock-based awards	(228)	(4,181)	3,879
Income tax benefit from exercise of stock options	719	2,528	853
Debt issuance costs	(50)	(1,053)	(1,942)
Net cash used in financing activities	(13,643)	(408,648)	(6,944)
Effect of exchange rate changes on cash	981	1,499	(78)
Increase (decrease) in cash and cash equivalents	112,866	(315,228)	120,023
Cash and cash equivalents at the beginning of the year	198,934	514,162	394,139
Cash and cash equivalents at the end of the year	\$ 311,800	\$ 198,934	\$ 514,162

*For supplemental disclosures of cash flow information, see Notes 1, 5, 7, and 14.
See accompanying notes to consolidated financial statements.*

MUELLER INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 28, 2013, December 29, 2012, and December 31, 2011

<i>(In thousands)</i>	2013		2012		2011	
	Shares	Amount	Shares	Amount	Shares	Amount
Common stock:						
Balance at beginning of year	40,092	\$ 401	40,092	\$ 401	40,092	\$ 401
Balance at end of year	<u>40,092</u>	<u>\$ 401</u>	<u>40,092</u>	<u>\$ 401</u>	<u>40,092</u>	<u>\$ 401</u>
Additional paid-in capital:						
Balance at beginning of year		\$ 267,826		\$ 266,936		\$ 263,233
Issuance of shares under incentive stock option plans		(1,205)		(4,303)		2,340
Stock-based compensation expense		5,704		6,136		3,482
Income tax benefit from exercise of stock options		719		2,528		853
Issuance of restricted stock		<u>(5,902)</u>		<u>(3,471)</u>		<u>(2,972)</u>
Balance at end of year		<u>\$ 267,142</u>		<u>\$ 267,826</u>		<u>\$ 266,936</u>
Retained earnings:						
Balance at beginning of year		\$ 749,777		\$ 682,380		\$ 611,279
Net income attributable to Mueller Industries, Inc.		172,600		82,395		86,321
Dividends paid or payable to stockholders of Mueller Industries, Inc.		<u>(14,103)</u>		<u>(14,998)</u>		<u>(15,220)</u>
Balance at end of year		<u>\$ 908,274</u>		<u>\$ 749,777</u>		<u>\$ 682,380</u>
Accumulated other comprehensive (loss) income:						
Balance at beginning of year		\$ (42,623)		\$ (49,409)		\$ (37,046)
Total other comprehensive income (loss) attributable to Mueller Industries, Inc.		<u>31,804</u>		<u>6,786</u>		<u>(12,363)</u>
Balance at end of year		<u>\$ (10,819)</u>		<u>\$ (42,623)</u>		<u>\$ (49,409)</u>

MUELLER INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(continued)

Years Ended December 28, 2013, December 29, 2012, and December 31, 2011

<i>(In thousands)</i>	2013		2012		2011	
	Shares	Amount	Shares	Amount	Shares	Amount
Treasury stock:						
Balance at beginning of year	11,992	\$ (468,473)	1,855	\$ (44,620)	2,237	\$ (49,131)
Issuance of shares under incentive stock option plans	(122)	4,716	(576)	20,881	(464)	10,637
Repurchase of common stock	70	(3,738)	10,855	(448,205)	214	(9,098)
Issuance of restricted stock	(151)	5,902	(142)	3,471	(132)	2,972
Balance at end of year	11,789	\$ (461,593)	11,992	\$ (468,473)	1,855	\$ (44,620)
Noncontrolling interest:						
Balance at beginning of year		\$ 31,058		\$ 29,074		\$ 27,161
Net income attributable to noncontrolling interest		689		1,278		765
Foreign currency translation		715		706		1,148
Balance at end of year		\$ 32,462		\$ 31,058		\$ 29,074

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

The principal business of Mueller Industries, Inc. is the manufacture and sale of copper tube and fittings; line sets; brass and copper alloy rod, bar, and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic pipe, fittings and valves; refrigeration valves and fittings; fabricated tubular products; and steel nipples. The Company also resells imported brass and plastic plumbing valves, malleable iron fittings, faucets, and plumbing specialty products. The Company markets its products to the HVAC, plumbing, refrigeration, hardware, and other industries. Mueller's operations are located throughout the United States and in Canada, Mexico, Great Britain, and China.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Mueller Industries, Inc. and its majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The noncontrolling interest represents a separate private ownership of 49.5 percent of Mueller-Xingrong. The years ended December 28, 2013 and December 29, 2012 contained 52 weeks, while the year ended December 31, 2011 contained 53 weeks.

Revenue Recognition

Revenue is recognized when title and risk of loss pass to the customer, provided collection is determined to be probable and no significant obligations remain for the Company. Estimates for future rebates on certain product lines and product returns are recognized in the period which the revenue is recorded. The cost of shipping product to customers is expensed as incurred as a component of cost of goods sold.

Cash Equivalents

Temporary investments with original maturities of three months or less are considered to be cash equivalents. These investments are stated at cost. At December 28, 2013 and December 29, 2012, temporary investments consisted of money market mutual funds, commercial paper, bank repurchase agreements, and U.S. and foreign government securities totaling \$179.2 million and \$86.0 million, respectively. Included in other current assets is restricted cash of \$5.2 million and \$3.7 million at December 28, 2013 and December 29, 2012, respectively. These amounts represent required deposits into brokerage accounts that facilitate the Company's hedging activities and deposits that secure certain short-term notes issued under Mueller-Xingrong's credit facility.

Allowance for Doubtful Accounts

The Company provides an allowance for receivables that may not be fully collected. In circumstances where the Company is aware of a customer's inability to meet its financial obligations (e.g., bankruptcy filings or substantial downgrading of credit ratings), it records an allowance for doubtful accounts against amounts due to reduce the net recognized receivable to the amount it believes most likely will be collected. For all other customers, the Company recognizes an allowance for doubtful accounts based on its historical collection experience. If circumstances change (e.g., greater than expected defaults or an unexpected material change in a major customer's ability to meet its financial obligations), the Company could change its estimate of the recoverability of amounts due by a material amount.

Inventories

The Company's inventories are valued at the lower-of-cost-or-market. The material component of its U.S. copper tube and copper fittings inventories is valued on a last-in, first-out (LIFO) basis. Other manufactured inventories, including the non-material components of U.S. copper tube and copper fittings, are valued on a first-in, first-out (FIFO) basis. Certain inventories purchased for resale are valued on an average cost basis. Elements of cost

in finished goods inventory in addition to the cost of material include depreciation, amortization, utilities, maintenance, production wages, and transportation costs.

The market price of copper cathode and scrap is subject to volatility. During periods when open market prices decline below net book value, the Company may need to provide an allowance to reduce the carrying value of its inventory. In addition, certain items in inventory may be considered obsolete and, as such, the Company may establish an allowance to reduce the carrying value of those items to their net realizable value. Changes in these estimates related to the value of inventory, if any, may result in a materially adverse impact on the Company's reported financial position or results of operations. The Company recognizes the impact of any changes in estimates, assumptions, and judgments in income in the period in which it is determined.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation of buildings, machinery, and equipment is provided on the straight-line method over the estimated useful lives ranging from 20 to 40 years for buildings and five to 20 years for machinery and equipment. Leasehold improvements are amortized over the lesser of their useful life or the remaining lease term. Repairs and maintenance are expensed as incurred.

Goodwill

Goodwill represents cost in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill is subject to impairment testing, which is performed by the Company as of the first day of the fourth quarter of each fiscal year, unless circumstances dictate more frequent testing. For testing purposes, the Company defines reporting units as components of its operating segments; components of a segment having similar economic characteristics are combined. The annual impairment test is a two-step process. The first step is the estimation of fair value of reporting units that have goodwill. If this estimate indicates that impairment potentially exists, the second step is performed. Step two, used to measure the amount of goodwill impairment loss, compares the implied fair value of goodwill to the carrying value. In step two the Company is required to allocate the fair value of each reporting unit, as determined in step one, to the fair value of the reporting unit's assets and liabilities, including unrecognized intangible assets and corporate allocation where applicable, in a hypothetical purchase price allocation as if the reporting unit had been purchased on that date. If the implied fair value of goodwill is less than the carrying value, an impairment charge is recorded. As discussed in Note 14, goodwill was disposed of in 2013 in conjunction with the sale of a business. The Company has two reporting units with goodwill. One of these reporting units is included in the Plumbing and Refrigeration segment, and one is included in the OEM segment. There can be no assurance that additional goodwill impairment will not occur in the future.

Because there are no observable inputs available, the Company estimates fair value of reporting units based on a combination of the market approach and income approach (Level 3 hierarchy as defined by ASC 820 *Fair Value Measurements and Disclosures* (ASC 820)). The market approach measures the fair value of a business through the analysis of publicly traded companies or recent sales of similar businesses. The income approach uses a discounted cash flow model to estimate the fair value of reporting units based on expected cash flows (adjusted for capital investment required to support operations) and a terminal value. This cash flow stream is discounted to its present value to arrive at a fair value for each reporting unit. Future earnings are estimated using the Company's most recent annual projections, applying a growth rate to future periods. Those projections are directly impacted by the condition of the markets in which the Company's businesses participate. For the reporting units included in the Plumbing & Refrigeration segment, the projections reflect, among other things, the decline of the residential and non-residential construction markets over the past several years. The OEM segment is also impacted by the residential and non-residential construction markets. The discount rate selected for the reporting units is generally based on rates of return available from alternative investments of similar type and quality at the date of valuation.

Self-Insurance Accruals

The Company is primarily self-insured for workers' compensation claims and benefits paid under certain employee health care programs. Accruals are primarily based on estimated undiscounted cost of claims, which includes incurred but not reported claims, and are classified as accrued wages and other employee costs.

Environmental Reserves and Environmental Expenses

The Company recognizes an environmental liability when it is probable the liability exists and the amount is reasonably estimable. The Company estimates the duration and extent of its remediation obligations based upon reports of outside consultants; internal analyses of cleanup costs and ongoing monitoring costs; communications with regulatory agencies; and changes in environmental law. If the Company were to determine that its estimates of the duration or extent of its environmental obligations were no longer accurate, the Company would adjust its environmental liabilities accordingly in the period that such determination is made. Estimated future expenditures for environmental remediation are not discounted to their present value. Accrued environmental liabilities are not reduced by potential insurance reimbursements.

Environmental expenses that relate to ongoing operations are included as a component of cost of goods sold. Environmental expenses related to non-operating properties are included in other income, net on the Consolidated Statements of Income.

Earnings Per Share

Basic earnings per share is computed based on the weighted average number of common shares outstanding. Diluted earnings per share reflects the increase in weighted average common shares outstanding that would result from the assumed exercise of outstanding stock options and vesting of restricted stock awards calculated using the treasury stock method.

Income Taxes

Deferred income tax assets and liabilities are recognized when differences arise between the treatment of certain items for financial statement and tax purposes. Realization of certain components of deferred tax assets is dependent upon the occurrence of future events. The Company records valuation allowances to reduce its deferred tax assets to the amount it believes is more likely than not to be realized. These valuation allowances can be impacted by changes in tax laws, changes to statutory tax rates, and future taxable income levels and are based on the Company's judgment, estimates, and assumptions regarding those future events. In the event the Company were to determine that it would not be able to realize all or a portion of the net deferred tax assets in the future, the Company would increase the valuation allowance through a charge to income tax expense in the period that such determination is made. Conversely, if the Company were to determine that it would be able to realize its deferred tax assets in the future, in excess of the net carrying amounts, the Company would decrease the recorded valuation allowance through a decrease to income tax expense in the period that such determination is made.

The Company provides for uncertain tax positions and the related interest and penalties, if any, based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. Tax benefits for uncertain tax positions that are recognized in the financial statements are measured as the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement. To the extent the Company prevails in matters for which a liability for an uncertain tax position is established or is required to pay amounts in excess of the liability, the Company's effective tax rate in a given financial statement period may be affected.

These estimates are highly subjective and could be affected by changes in business conditions and other factors. Changes in any of these factors could have a material impact on future income tax expense.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes assessed by a governmental authority that are directly imposed on a revenue producing transaction between the Company and its customers, primarily value added taxes in foreign jurisdictions, are accounted for on a net (excluded from revenues and costs) basis.

Employee Benefits

The Company sponsors several qualified and nonqualified pension and other postretirement benefit plans in the U.S. and certain foreign locations. We recognize the overfunded or underfunded status of the plans as an asset or liability in the Consolidated Balance Sheet with changes in the funded status recorded through comprehensive income in the year in which those changes occur. The obligations for these plans are actuarially determined and affected by assumptions, including discount rates, expected long-term return on plan assets for defined benefit pension plans, and certain employee-related factors, such as retirement age and mortality. The Company evaluates its assumptions periodically and makes adjustments as necessary.

The expected return on plan assets is determined using the market value of plan assets. Differences between assumed and actual returns are amortized to the market value of assets on a straight-line basis over the average remaining service period of the plan participants using the corridor approach. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and actuarial assumptions. These unrecognized gains and losses are amortized when the net gains and losses exceed 10 percent of the greater of the market value of the plan assets or the projected benefit obligation. The amount in excess of the corridor is amortized over the average remaining service period of the plan participants. For 2013, the average remaining service period for the pension plans was 10 years.

Stock-Based Compensation

The Company has in effect stock incentive plans under which stock-based awards have been granted to certain employees and members of its board of directors. Stock-based compensation expense is recognized in the Consolidated Statements of Income as a component of selling, general, and administrative expense based on the grant date fair value of the awards.

Concentrations of Credit and Market Risk

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers comprising the Company's customer base, and their dispersion across different geographic areas and different industries, including HVAC, plumbing, refrigeration, hardware, automotive, OEMs, and others.

The Company minimizes its exposure to base metal price fluctuations through various strategies. Generally, it prices an equivalent amount of copper raw material, under flexible pricing arrangements it maintains with its suppliers, at the time it determines the selling price of finished products to its customers.

Derivative Instruments and Hedging Activities

The Company utilizes futures contracts to manage the volatility related to purchases of copper through cash flow hedges. The Company also utilizes futures contracts to protect the value of its copper inventory on hand and firm commitments to purchase copper through fair value hedges. The Company may elect to utilize futures contracts as economic hedges that do not qualify for hedge accounting in accordance with ASC 815 *Derivatives and Hedging* (ASC 815). In addition, the Company may elect to use foreign currency forward contracts to reduce the risk from exchange rate fluctuations on future purchases and intercompany transactions denominated in foreign currencies. The Company accounts for financial derivative instruments by applying hedge accounting rules. These rules require the Company to recognize all derivatives, as defined, as either assets or liabilities measured at fair value. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized as a component of OCI until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. Gains and losses recognized by the Company related to the ineffective portion of its hedging instruments, as well as gains and losses related to the portion of the hedging instruments excluded from the assessment of hedge effectiveness, were not material to the Company's Consolidated Financial Statements. Should these contracts no longer meet hedge criteria either through lack of effectiveness or because the hedged transaction is not probable of occurring, all deferred gains and losses related to the hedge will be immediately reclassified from OCI into earnings. Depending on position, the unrealized gain or loss on futures contracts are classified as other current assets or other current liabilities in the Consolidated Balance Sheets,

and any changes thereto are recorded in changes in assets and liabilities in the Consolidated Statements of Cash Flows.

The Company primarily executes derivative contracts with major financial institutions. These counterparties expose the Company to credit risk in the event of non-performance. The amount of such exposure is limited to the fair value of the contract plus the unpaid portion of amounts due to the Company pursuant to terms of the derivative instruments, if any. If a downgrade in the credit rating of these counterparties occurs, management believes that this exposure is mitigated by provisions in the derivative arrangements which allow for the legal right of offset of any amounts due to the Company from the counterparties with any amounts payable to the counterparties by the Company. As a result, management considers the risk of loss from counterparty default to be minimal.

Fair Value of Financial Instruments

The carrying amounts for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term maturity of these instruments.

The fair value of long-term debt at December 28, 2013 approximates the carrying value on that date. The estimated fair values were determined based on quoted market prices and the current rates offered for debt with similar terms and maturities. The fair value of our long-term debt is classified as Level 2 within the fair value hierarchy. This classification is defined as a fair value determined using market-based inputs other than quoted prices that are observable for the liability, either directly or indirectly. Outstanding borrowings have variable interest rates that re-price frequently at current market rates.

Foreign Currency Translation

For foreign subsidiaries in which the functional currency is other than the U.S. dollar, balance sheet accounts are translated at exchange rates in effect at the end of the year and income statement accounts are translated at average exchange rates for the year. Translation gains and losses are included in equity as a component of OCI. Included in the Consolidated Statements of Income were transaction losses of \$0.1 million in 2013, gains of \$0.3 million in 2012, and losses of \$0.7 million in 2011.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02). Under ASU 2013-02, an entity is required to provide information about the amounts reclassified out of accumulated OCI by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of accumulated OCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. ASU 2013-02 was effective for the Company in the reporting period beginning December 30, 2012.

Note 2 – Inventories

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>
Raw materials and supplies	\$ 54,613	\$ 46,114
Work-in-process	43,796	40,951
Finished goods	159,422	148,014
Valuation reserves	<u>(6,115)</u>	<u>(5,645)</u>
Inventories	<u>\$ 251,716</u>	<u>\$ 229,434</u>

Inventories valued using the LIFO method totaled \$34.9 million at December 28, 2013 and \$19.9 million at December 29, 2012. At December 28, 2013 and December 29, 2012, the approximate FIFO cost of such inventories was \$117.9 million and \$109.8 million, respectively. Additionally, the Company valued certain inventories purchased for resale on an average cost basis. The value of those inventories was \$54.7 million at December 28, 2013 and \$51.4 million at December 29, 2012.

During 2011, inventory quantities valued using the LIFO method declined which resulted in liquidation of LIFO inventory layers. This liquidation resulted from intercompany sales; therefore, the gain from the LIFO liquidation of approximately \$8.0 million was deferred. During the first quarter of 2012, the Company sold this inventory to third parties and recognized the gain. This recognition resulted in a reduction of approximately \$8.0 million to cost of sales, or \$0.13 per diluted share after tax.

At December 28, 2013, the FIFO value of inventory consigned to others was \$4.3 million compared with \$4.5 million at the end of 2012.

Note 3 – Property, Plant, and Equipment, Net

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 13,153	\$ 11,066
Buildings	132,331	113,854
Machinery and equipment	561,005	571,435
Construction in progress	<u>25,691</u>	<u>24,527</u>
	732,180	720,882
Less accumulated depreciation	<u>(487,723)</u>	<u>(487,619)</u>
Property, plant, and equipment, net	<u>\$ 244,457</u>	<u>\$ 233,263</u>

Note 4 – Goodwill, Net

The changes in the carrying amount of goodwill were as follows:

<i>(In thousands)</i>	<u>Plumbing & Refrigeration Segment</u>	<u>OEM Segment</u>	<u>Total</u>
Balance at December 31, 2011:			
Goodwill	\$ 141,684	\$ 9,971	\$ 151,655
Accumulated impairment and amortization	<u>(39,434)</u>	<u>(9,971)</u>	<u>(49,405)</u>
	102,250	—	102,250
Additions	—	2,329	2,329
Balance at December 29, 2012:			
Goodwill	141,684	12,300	153,984
Accumulated impairment and amortization	<u>(39,434)</u>	<u>(9,971)</u>	<u>(49,405)</u>
	102,250	2,329	104,579
Additions	310	—	310
Disposition	(10,532)	—	(10,532)
Balance at December 28, 2013:			
Goodwill	131,462	12,300	143,762
Accumulated impairment and amortization	<u>(39,434)</u>	<u>(9,971)</u>	<u>(49,405)</u>
Goodwill, net	<u>\$ 92,028</u>	<u>\$ 2,329</u>	<u>\$ 94,357</u>

In 2012, the Company acquired Westermeyer Industries, Inc. Of the \$11.6 million purchase price, \$2.3 million was allocated to goodwill. In 2013, the Company acquired Howell Metal Company (Howell). Of the \$55.3 million purchase price, \$0.3 million was allocated to goodwill based on a preliminary allocation of the purchase price.

As discussed in Note 14, \$10.5 million of goodwill relating to the SPD reporting unit was disposed of in 2013 in conjunction with the sale of a business.

There were no impairment charges resulting from the 2013, 2012, or 2011 impairment tests since the estimated fair value of the reporting units substantially exceeded their carrying value.

Note 5 – Debt

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>
Term Loan Facility with interest at 1.54%, due 2017	\$ 200,000	\$ 200,000
Mueller-Xingrong credit facility with interest at 5.88%, due 2014	28,033	26,570
2001 Series IRB's with interest at 1.16%, due through 2021	7,250	8,250
Other	<u>50</u>	<u>50</u>
	235,333	234,870
Less current portion of debt	<u>(29,083)</u>	<u>(27,570)</u>
Long-term debt	<u>\$ 206,250</u>	<u>\$ 207,300</u>

On September 24, 2012, the Company entered into an agreement with Leucadia National Corporation (Leucadia) to repurchase 10.4 million shares of the Company's common stock at a total cost of \$427.3 million. The Company funded the purchase price with available cash on hand and borrowings of \$200.0 million under its \$350.0 revolving credit facility (the Revolving Credit Facility) provided by its credit agreement (the Agreement) dated March 7, 2011. On December 11, 2012, the Company amended the Agreement to add a \$200.0 million term loan facility (the Term Loan Facility), after which the total borrowing capacity under the Agreement was increased to \$550.0 million. The Company used the borrowings under the Term Loan Facility to replace the amounts previously advanced under the Revolving Credit Facility. The amendment also adjusted the pricing and extended the maturity date to December 11, 2017 for all borrowings under the Agreement. Borrowings under the Agreement bear interest, at the Company's option, at LIBOR or Base Rate as defined by the Agreement, plus a variable premium. LIBOR advances may be based upon the one, three, or six-month LIBOR. The variable premium is based upon the Company's debt to total capitalization ratio, and can range from 112.5 to 162.5 basis points for LIBOR based loans and 12.5 to 62.5 basis points for Base Rate loans. At December 28, 2013, the premium was 137.5 basis points for LIBOR loans and 37.5 basis points for Base Rate loans. Additionally, a facility fee is payable quarterly on the total commitment and varies from 25.0 to 37.5 basis points based upon the Company's debt to total capitalization ratio. Availability of funds under the Revolving Credit Facility is reduced by the amount of certain outstanding letters of credit, which are used to secure the Company's payment of insurance deductibles and certain retiree health benefits, totaling approximately \$10.0 million at December 28, 2013. Terms of the letters of credit are generally one year but are renewable annually.

On September 24, 2013, Mueller-Xingrong entered into a credit agreement (the JV Credit Agreement) with a syndicate of four banks establishing a secured RMB 450 million, or approximately \$74.0 million, revolving credit facility with a maturity date of September 24, 2014. The JV Credit Agreement replaced the previous secured RMB 350 million financing agreement that matured during the year. Borrowings outstanding under the JV Credit Agreement are secured by the real property and equipment of Mueller-Xingrong and bear interest at the latest base-lending rate published by the People's Bank of China, which was 5.88 percent at December 28, 2013. The JV Credit Agreement requires lender consent for the payment of dividends.

Covenants contained in the Company's financing obligations require, among other things, the maintenance of minimum levels of tangible net worth and the satisfaction of certain minimum financial ratios. At December 28, 2013, the Company was in compliance with all debt covenants.

Aggregate annual maturities of the Company's debt are \$29.1 million in 2014, \$1.0 million in 2015, \$1.0 million in 2016, \$201.0 million in 2017, \$1.0 million in 2018, and \$2.2 million thereafter. Interest paid in 2013, 2012, and 2011 was \$4.9 million, \$8.4 million, and \$10.8 million, respectively. In 2013, \$1.2 million of interest was capitalized. No interest was capitalized in 2012 or 2011.

Note 6 –Equity

The Company's Board of Directors has extended, until October 2014, its authorization to repurchase up to ten million shares of the Company's common stock through open market transactions or through privately negotiated transactions. The Company has no obligation to purchase any shares and may cancel, suspend, or extend the time period for the purchase of shares at any time. Any purchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares purchased in treasury or use a portion of the repurchased shares for its stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through December 28, 2013, the Company had repurchased approximately 2.4 million shares under this authorization.

The Company entered into an agreement with Leucadia pursuant to which the Company repurchased from Leucadia 10.4 million shares of the Company's common stock on September 24, 2012 at a total cost of \$427.3 million. The Company's repurchase transaction with Leucadia was completed outside of the repurchase authorization previously approved by the Board of Directors.

During the first quarter of 2013, the Company adopted ASU No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02). Under ASU 2013-02, an entity is required to provide information about the amounts reclassified out of accumulated OCI by component. In addition, an entity is required to present significant amounts reclassified out of accumulated OCI by the respective line items of net income.

Changes in accumulated OCI by component, net of taxes and noncontrolling interest, were as follows:

<i>(In thousands)</i>	Cumulative Translation Adjustment	Unrealized (Losses)/ Gains on Derivatives	Minimum Pension/OPEB Liability Adjustment	Unrealized Gains on Equity Investments	Total
December 29, 2012	\$ (3,032)	\$ (167)	\$ (39,527)	\$ 103	\$(42,623)
Other comprehensive income before reclassifications	2,570	(2,102)	24,851	152	25,471
Amounts reclassified from accumulated OCI	—	3,815	2,518	—	6,333
Net current-period other comprehensive income	2,570	1,713	27,369	152	31,804
December 28, 2013	\$ (462)	\$ 1,546	\$ (12,158)	\$ 255	\$(10,819)

Reclassification adjustments out of accumulated OCI were as follows:

<i>(In thousands)</i>	Amount reclassified from Accumulated OCI	
	For the Year Ended December 28, 2013	Affected Line Item
Unrealized losses on derivatives:		
Closed positions, commodity contracts	\$ 5,672	Cost of goods sold
	(1,857)	Income tax expense
	3,815	Net of tax
	—	Noncontrolling interest
	<u>\$ 3,815</u>	Net of tax and noncontrolling interest
Amortization of employee benefit items:		
Amortization of net loss	\$ 3,844	Selling, general, and administrative expense
	(1,326)	Income tax expense
	2,518	Net of tax
	—	Noncontrolling interest
	<u>\$ 2,518</u>	Net of tax and noncontrolling interest

The change in cumulative foreign currency translation adjustment primarily relates to the Company's investment in foreign subsidiaries and fluctuations in exchange rates between their local currencies and the U.S. dollar. During 2013, the value of the Mexican peso decreased approximately one percent and the British pound increased two percent relative to the U.S. dollar, respectively.

Note 7 – Income Taxes

The components of income before income taxes were taxed under the following jurisdictions:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Domestic	\$ 262,220	\$ 105,945	\$ 118,208
Foreign	<u>9,178</u>	<u>14,409</u>	<u>11,953</u>
Income before income taxes	<u>\$ 271,398</u>	<u>\$ 120,354</u>	<u>\$ 130,161</u>

Income tax expense consists of the following:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current tax expense:			
Federal	\$ 69,565	\$ 33,152	\$ 43,127
Foreign	2,608	1,764	1,740
State and local	<u>6,723</u>	<u>3,049</u>	<u>2,398</u>
Current tax expense	<u>78,896</u>	<u>37,965</u>	<u>47,265</u>
Deferred tax expense (benefit):			
Federal	17,694	570	(6,480)
Foreign	(376)	(2,015)	344
State and local	<u>1,895</u>	<u>161</u>	<u>1,946</u>
Deferred tax expense (benefit)	<u>19,213</u>	<u>(1,284)</u>	<u>(4,190)</u>
Income tax expense	<u>\$ 98,109</u>	<u>\$ 36,681</u>	<u>\$ 43,075</u>

No provision is made for U.S. income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. It is not practicable to compute the potential deferred tax liability associated with these undistributed foreign earnings. The Company has approximately \$100 million of undistributed foreign earnings for which it has not recorded deferred tax liabilities.

The difference between the reported income tax expense and a tax determined by applying the applicable U.S. federal statutory income tax rate to income before income taxes is reconciled as follows:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expected income tax expense	\$ 94,989	\$ 42,124	\$ 45,556
State and local income tax, net of federal benefit	6,405	3,178	4,267
Effect of foreign statutory rate different from U.S. and other foreign adjustments	(1,026)	(2,637)	(560)
Valuation allowance changes	—	(1,224)	(443)
U.S. production activities deduction	(4,445)	(2,975)	(3,850)
Goodwill disposition	1,790	—	—
Tax contingency changes	(140)	(3,224)	(1,934)
Other, net	<u>536</u>	<u>1,439</u>	<u>39</u>
Income tax expense	<u>\$ 98,109</u>	<u>\$ 36,681</u>	<u>\$ 43,075</u>

During 2012 and 2011, the Company released a valuation allowance of \$1.2 million, or three cents per diluted share, and \$0.4 million, or one cent per diluted share, respectively, due to the expectation that certain state tax attributes will be utilized.

The following summarizes the activity related to the Company's unrecognized tax benefits:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 3,259	\$ 6,572
Increases related to prior year tax positions	—	—
Increases related to current year tax positions	—	—
Decreases related to prior year tax positions	—	—
Decreases related to settlements with taxing authorities	(431)	—
Decreases due to lapses in the statute of limitations	<u>—</u>	<u>(3,313)</u>
Ending balance	<u>\$ 2,828</u>	<u>\$ 3,259</u>

It is reasonably possible that the \$2.8 million of unrecognized tax benefits will decrease by the full amount over the next twelve months, none of which will impact the effective tax rate, if recognized.

The Company includes interest and penalties related to income tax matters as a component of income tax expense. The net reduction to income tax expense related to penalties and interest was immaterial in 2013 and in 2012, and \$0.5 million in 2011.

The Internal Revenue Service (IRS) concluded its audit of the Company's 2009 and 2010 federal income tax returns during 2012, the results of which were immaterial to the consolidated financial statements. The IRS is currently auditing the 2012 federal income tax return, and the Company is currently under audit in various state and foreign jurisdictions.

The statute of limitations is still open for the Company's federal tax return and most state income tax returns for 2010 and all subsequent years. The statutes of limitations for certain state and foreign returns are also open for some earlier tax years due to ongoing audits and differing statute periods. While the Company believes that it is adequately reserved for possible audit adjustments, the final resolution of these examinations cannot be determined with certainty and could result in final settlements that differ from current estimates.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>
Deferred tax assets:		
Accounts receivable	\$ 490	\$ 447
Inventories	11,136	7,829
Other postretirement benefits and accrued items	13,548	14,767
Pension	—	10,489
Other reserves	12,441	14,905
Federal and foreign tax attributes	5,913	9,829
State tax attributes, net of federal benefit	24,663	29,880
Insurance Claim Receivable	—	8,048
Share-based Compensation	<u>2,486</u>	<u>1,493</u>
Total deferred tax assets	70,677	97,687
Less valuation allowance	<u>(22,544)</u>	<u>(30,394)</u>
Deferred tax assets, net of valuation allowance	<u>48,133</u>	<u>67,293</u>
Deferred tax liabilities:		
Property, plant, and equipment	60,425	49,531
Pension	4,507	—
Other	<u>2,209</u>	<u>983</u>
Total deferred tax liabilities	<u>67,141</u>	<u>50,514</u>
Net deferred tax (liability) asset	<u>\$ (19,008)</u>	<u>\$ 16,779</u>

As of December 28, 2013, after consideration of the federal impact, the Company had state income tax credit carryforwards of \$2.0 million, all of which expire by 2016, and other state income tax credit carryforwards of \$11.9 million with unlimited lives. The Company had state net operating loss (NOL) carryforwards with potential tax benefits of \$10.7 million expiring between 2014 and 2028. The state tax credit and NOL carryforwards are offset by valuation allowances totaling \$19.4 million.

As of December 28, 2013, the Company had federal and foreign tax attributes with potential tax benefits of \$5.9 million, of which \$4.5 million has an unlimited life and \$1.4 million expire from 2014 to 2018. These attributes were offset by valuation allowances of \$3.2 million.

The change in the valuation allowance was primarily related to deferred assets that are fully reserved, such that the change had no material impact on the effective tax rate.

Income taxes paid were approximately \$80.1 million in 2013, \$38.4 million in 2012, and \$45.9 million in 2011.

Note 8 – Other Current Liabilities

Included in other current liabilities were accrued discounts and allowances of \$43.2 million at December 28, 2013 and \$41.7 million at December 29, 2012, taxes payable of \$7.3 million at December 28, 2013 and \$6.2 million at December 29, 2012, and deferred costs related to the fire at the Wynne, Arkansas facility of \$44.6 million at December 29, 2012.

Note 9 – Employee Benefits

The Company sponsors several qualified and nonqualified pension plans and other postretirement benefit plans for certain of its employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and the fair value of the plans' assets for 2013 and 2012, and a statement of the plans' aggregate funded status as of December 28, 2013 and December 29, 2012:

<i>(In thousands)</i>	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Change in benefit obligation:				
Obligation at beginning of year	\$ 196,167	\$ 180,341	\$ 18,096	\$ 19,945
Service cost	948	884	413	380
Interest cost	7,774	8,472	647	635
Actuarial (gain) loss	(11,635)	14,458	(2,554)	(1,838)
Benefit payments	(10,668)	(10,583)	(1,211)	(1,131)
Foreign currency translation adjustment	1,472	2,595	(10)	105
Obligation at end of year	<u>184,058</u>	<u>196,167</u>	<u>15,381</u>	<u>18,096</u>
Change in fair value of plan assets:				
Fair value of plan assets at beginning of year	160,980	147,502	—	—
Actual return on plan assets	35,578	18,964	—	—
Employer contributions	1,551	3,216	1,211	1,131
Benefit payments	(10,668)	(10,583)	(1,211)	(1,131)
Foreign currency translation adjustment	1,429	1,881	—	—
Fair value of plan assets at end of year	<u>188,870</u>	<u>160,980</u>	<u>—</u>	<u>—</u>
Funded (underfunded) status at end of year	<u>\$ 4,812</u>	<u>\$ (35,187)</u>	<u>\$ (15,381)</u>	<u>\$ (18,096)</u>

The following represents amounts recognized in accumulated OCI (before the effect of income taxes) at December 28, 2013 and December 29, 2012:

<i>(In thousands)</i>	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Unrecognized net actuarial loss (gain)	\$ 21,128	\$ 61,125	\$ (4,016)	\$ (1,630)
Unrecognized prior service cost	1	2	20	19

The Company sponsors one pension plan in the U.K. which comprised 40 percent and 36 percent of the above benefit obligation at December 28, 2013 and December 29, 2012, and 34 percent and 35 percent of the above plan assets at December 28, 2013 and December 29, 2012, respectively.

As of December 28, 2013, \$0.5 million of the actuarial net loss will, through amortization, be recognized as components of net periodic benefit cost in 2014.

The aggregate status of all overfunded plans is recognized as an asset and the aggregate status of all underfunded plans is recognized as a liability in the Consolidated Balance Sheets. The amounts recognized as a liability are classified as current or long-term on a plan-by-plan basis. Liabilities are classified as current to the extent the actuarial present value of benefits payable within the next 12 months exceeds the fair value of plan assets, with all remaining amounts being classified as long-term. As of December 28, 2013 and December 29, 2012, the total funded status of the plans recognized in the Consolidated Balance Sheets was as follows:

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
<i>(In thousands)</i>				
Long-term asset	\$ 15,457	\$ —	\$ —	\$ —
Current liability	—	—	(1,033)	(1,187)
Long-term liability	<u>(10,645)</u>	<u>(35,187)</u>	<u>(14,348)</u>	<u>(16,909)</u>
Total funded (underfunded) status	<u>\$ 4,812</u>	<u>\$ (35,187)</u>	<u>\$ (15,381)</u>	<u>\$ (18,096)</u>

The components of net periodic benefit cost are as follows:

<i>(In thousands)</i>	2013	2012	2011
Pension benefits:			
Service cost	\$ 948	\$ 884	\$ 1,394
Interest cost	7,774	8,472	9,051
Expected return on plan assets	(11,059)	(10,263)	(11,569)
Amortization of prior service cost	1	1	2
Amortization of net loss	<u>4,005</u>	<u>3,883</u>	<u>2,346</u>
Net periodic benefit cost	<u>\$ 1,669</u>	<u>\$ 2,977</u>	<u>\$ 1,224</u>
Other benefits:			
Service cost	\$ 413	\$ 380	\$ 344
Interest cost	647	635	993
Amortization of prior service credit	(2)	(2)	(3)
Amortization of net gain	<u>(160)</u>	<u>(73)</u>	<u>(2)</u>
Net periodic benefit cost	<u>\$ 898</u>	<u>\$ 940</u>	<u>\$ 1,332</u>

The weighted average assumptions used in the measurement of the Company's benefit obligations are as follows:

	Pension Benefits		Other Benefits	
	2013	2012	2013	2012
Discount rate	4.82%	4.13%	4.89%	4.06%
Expected long-term return on plan assets	7.40%	7.15%	N/A	N/A
Rate of compensation increases	N/A	N/A	5.50%	5.04%
Rate of inflation	3.40%	2.70%	N/A	N/A

The weighted average assumptions used in the measurement of the Company's net periodic benefit cost are as follows:

	Pension Benefits			Other Benefits		
	2013	2012	2011	2013	2012	2011
Discount rate	4.13%	4.80%	5.25%	4.06%	4.97%	5.39%
Expected long-term return on plan assets	7.15%	7.11%	7.51%	N/A	N/A	N/A
Rate of compensation increases	N/A	N/A	N/A	5.04%	5.04%	5.04%
Rate of inflation	2.70%	3.00%	3.40%	N/A	N/A	N/A

The Company's Mexican postretirement plans use the rate of compensation increase in the benefit formulas. Past service on the U.K. pension plan will be adjusted for the effects of inflation. All other pension and postretirement plans use benefit formulas based on length of service.

The annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is assumed to range from 5.4 to 9.3 percent for 2014, gradually decrease to 4.5 percent through 2022, and remain at that level thereafter. The health care cost trend rate assumption could have a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point would increase the accumulated postretirement benefit obligation by \$1.3 million and the service and interest cost components of net periodic postretirement benefit costs by \$0.1 million for 2014. Decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the accumulated postretirement benefit obligation and the service and interest cost components of net periodic postretirement benefit costs for 2014 by \$1.1 million and \$0.1 million, respectively.

The weighted average asset allocation of the Company's pension fund assets are as follows:

Asset category	Pension Plan Assets	
	2013	2012
Equity securities (includes equity mutual funds)	86%	84%
Fixed income securities (includes fixed income mutual funds)	4	5
Cash and equivalents (includes money market funds)	7	9
Alternative investments	<u>3</u>	<u>2</u>
Total	<u>100%</u>	<u>100%</u>

At December 28, 2013, the Company's target allocation, by asset category, of assets of its defined benefit pension plans was: (i) equity securities, including equity index funds – at least 60 percent; (ii) fixed income securities – not more than 25 percent; and (iii) alternative investments – not more than 20 percent.

The Company's pension plan obligations are long-term and, accordingly, the plan assets are invested for the long-term. The Company believes that a diversified portfolio of equity securities (both actively managed and index funds) and private equity funds have an acceptable risk-return profile that, over the long-term, is better than fixed income securities. Consequently, the pension plan assets are heavily weighted to equity investments. Plan assets are monitored periodically. Based upon results, investment managers and/or asset classes are redeployed when considered necessary. Expected rates of return on plan assets were determined based on historical market returns giving consideration to the targeted composition of each plan's portfolio. None of the plans' assets are expected to be returned to the Company during the next fiscal year.

The Company's investments for its pension plans are reported at fair value. The following methods and assumptions were used to estimate the fair value of the Company's plan asset investments:

Cash and money market funds – Valued at cost, which approximates fair value.

Common stock – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds – Valued at the net asset value of shares held by the plans at December 28, 2013 and December 29, 2012, respectively, based upon quoted market prices.

Limited partnerships – Limited partnerships include investments in various Cayman Island multi-strategy hedge funds. The plans’ investments in limited partnerships are valued at the estimated fair value of the class shares owned by the plans based upon the equity in the estimated fair value of those shares. The estimated fair values of the limited partnerships are determined by the investment managers. In determining fair value, the investment managers of the limited partnerships utilize the estimated net asset valuations of the underlying investment entities. The underlying investment entities value securities and other financial instruments on a mark-to-market or estimated fair value basis. The estimated fair value is determined by the investment managers based upon, among other things, the type of investments, purchase price, marketability, current financial condition, operating results, and other information. The estimated fair values of substantially all of the investments of the underlying investment entities, which may include securities for which prices are not readily available, are determined by the investment managers or management of the respective underlying investment entities and may not reflect amounts that could be realized upon immediate sale. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The following table sets forth by level, within the fair value hierarchy, the assets of the plans at fair value as of December 28, 2013, and December 29, 2012, respectively:

<i>(In thousands)</i>	Fair Value Measurements at December 28, 2013			
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 13,992	\$ —	\$ —	\$ 13,992
Common stock (1)	79,497	—	—	79,497
Mutual funds (2)	27,166	63,435	—	90,601
Limited partnerships	—	—	4,780	4,780
Total	<u>\$ 120,655</u>	<u>\$ 63,435</u>	<u>\$ 4,780</u>	<u>\$ 188,870</u>

<i>(In thousands)</i>	Fair Value Measurements at December 29, 2012			
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 13,691	\$ —	\$ —	\$ 13,691
Common stock (3)	65,604	—	—	65,604
Mutual funds (4)	21,497	55,695	—	77,192
Limited partnerships	—	—	4,493	4,493
Total	<u>\$ 100,792</u>	<u>\$ 55,695</u>	<u>\$ 4,493</u>	<u>\$ 160,980</u>

(1) *Approximately 84 percent of common stock represents investments in U.S. companies primarily in the health care, utilities, financials, consumer staples, industrials, and information technology sectors. All investments in common stock are listed on U.S. stock exchanges.*

(2) *Approximately 32 percent of mutual funds are actively managed funds and approximately 68 percent of mutual funds are index funds. Additionally, 33 percent of the mutual funds’ assets are invested in U.S. equities, 58 percent in non-U.S. equities, and 9 percent in non-U.S. fixed income securities.*

(3) *Approximately 90 percent of common stock represents investments in U.S. companies primarily in the health care, utilities, financials, consumer staples, industrials, and information technology sectors. All investments in common stock are listed on U.S. stock exchanges.*

(4) *Approximately 32 percent of mutual funds are actively managed funds and approximately 68 percent of mutual funds are index funds. Additionally, 31 percent of the mutual funds’ assets are invested in U.S. equities, 59 percent in non-U.S. equities, and 10 percent in non-U.S. fixed income securities.*

The table below reflects the changes in the assets of the plan measured at fair value on a recurring basis using significant unobservable inputs (Level 3 hierarchy as defined by ASC 820) during the year ended December 28, 2013:

<i>(In thousands)</i>	<u>Limited Partnerships</u>
Balance, December 29, 2012	\$ 4,493
Redemptions	(1,133)
Subscriptions	900
Net appreciation in fair value	<u>520</u>
Balance, December 28, 2013	<u>\$ 4,780</u>

The assets of the plans do not include investments in securities issued by the Company. The Company expects to contribute approximately \$1.6 million to its pension plans and \$1.0 million to its other postretirement benefit plans in 2014. The Company expects future benefits to be paid from the plans as follows:

<i>(In thousands)</i>	<u>Pension Benefits</u>	<u>Other Benefits</u>
2014	\$ 11,187	\$ 1,033
2015	11,382	1,022
2016	11,524	1,005
2017	11,651	985
2018	11,780	973
2019-2023	<u>61,040</u>	<u>4,864</u>
Total	<u>\$ 118,564</u>	<u>\$ 9,882</u>

The Company contributes to the IAM National Pension Fund, National Pension Plan (IAM Plan), a multiemployer defined benefit plan. Participation in the IAM Plan was negotiated under the terms of two collective bargaining agreements in Port Huron, Michigan, the Local 218 IAM and Local 44 UAW that expire on May 1, 2016 and July 20, 2016, respectively. The Employer Identification Number for this plan is 51-6031295.

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects: (i) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the underfunded obligations of the plan may be borne by the remaining participating employers; (iii) if the Company chooses to stop participating in the plan, the Company may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company makes contributions to the IAM Plan trusts that cover certain union employees; contributions by employees are not required nor are they permitted. Contributions to the IAM Plan were \$0.9 million in 2013, \$1.0 million in 2012, and \$0.9 million in 2011. The Company's contributions are less than five percent of total employer contributions made to the IAM Plan indicated in the most recently filed Form 5500.

Under the Pension Protection Act of 2006, the IAM Plan's actuary must certify the plan's zone status annually. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. If a plan is determined to be in endangered status, red zone or yellow zone, the plan's trustees must develop a formal plan of corrective action, a Financial Improvement Plan and/or a Rehabilitation Plan. For 2013 and 2012 the IAM Plan was determined to have green zone status; therefore, no formal plan of corrective action is either pending or has been implemented.

The Company sponsors voluntary employee savings plans that qualify under Section 401(k) of the Internal Revenue Code of 1986. Compensation expense for the Company's matching contribution to the 401(k) plans was

\$3.2 million in 2013, \$2.9 million in 2012, and \$3.0 million in 2011. The Company's match is a cash contribution. Participants direct the investment of their account balances by allocating among a range of asset classes including mutual funds (equity, fixed income, and balanced funds), and money market funds. The plans do not allow direct investment in securities issued by the Company.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the Act) was enacted. The Act mandates a method of providing for postretirement benefits to the United Mine Workers of America (UMWA) current and retired employees, including some retirees who were never employed by the Company. In October 1993, beneficiaries were assigned to the Company and the Company began its mandated contributions to the UMWA Combined Benefit Fund, a multiemployer trust. Beginning in 1994, the Company was required to make contributions for assigned beneficiaries under an additional multiemployer trust created by the Act, the UMWA 1992 Benefit Plan. The ultimate amount of the Company's liability under the Act will vary due to factors which include, among other things, the validity, interpretation, and regulation of the Act, its joint and several obligation, the number of valid beneficiaries assigned, and the extent to which funding for this obligation will be satisfied by transfers of excess assets from the 1950 UMWA pension plan and transfers from the Abandoned Mine Reclamation Fund. Contributions to the plan were \$290 thousand, \$315 thousand, and \$338 thousand for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, respectively.

Note 10 – Commitments and Contingencies

Environmental

The Company is subject to environmental standards imposed by federal, state, local, and foreign environmental laws and regulations. For all properties, the Company has provided and charged to expense \$1.0 million in 2013, \$3.1 million in 2012, and \$0.4 million in 2011 for pending environmental matters. Environmental costs related to non-operating properties are classified as a component of other income, net and costs related to operating properties are classified as cost of goods sold. Environmental reserves totaled \$23.6 million at December 28, 2013 and \$24.6 million at December 29, 2012. As of December 28, 2013, the Company expects to spend on existing environmental matters \$1.4 million in 2014, \$0.9 million in 2015, \$0.8 million in 2016, \$0.8 million in 2017, \$0.8 million in 2018, and \$9.4 million thereafter. The timing of a potential payment for a \$9.5 million settlement offer has not yet been determined.

Non-operating Properties

Southeast Kansas Sites

The Kansas Department of Health and Environment (KDHE) has contacted the Company regarding environmental contamination at three former smelter sites in Kansas (Altoona, Iola and East La Harpe). While the Company believes that legally it is not a successor to the companies that operated these smelter sites, it is discussing possible settlement with KDHE and other potentially responsible parties (PRP) in order to avoid litigation. In 2008, the Company established a reserve of \$9.5 million for this matter. Another PRP has conducted a site investigation of the Altoona site under a consent decree with KDHE. The Company and two other PRPs have conducted a site study evaluation of the East La Harpe site under KDHE supervision, and are now discussing sharing the costs of a possible cleanup. Federal EPA is in the early stages of study and remediation of the Iola site, which it added to the National Priority List (NPL) in May, 2013 as the "Former United Zinc & Associated Smelters" site.

Shasta Area Mine Sites

Mining Remedial Recovery Company (MRRC), a wholly owned subsidiary, owns certain inactive mines in Shasta County, California. MRRC has continued a program, begun in the late 1980s, of sealing mine portals with concrete plugs in mine adits, which were discharging water. The sealing program achieved significant reductions in the metal load in discharges from these adits; however, additional reductions are required pursuant to an order issued by the California Regional Water Quality Control Board (QCB). In response to a 1996 Order issued by the QCB, MRRC completed a feasibility study in 1997 describing measures designed to mitigate the effects of acid rock drainage. In December 1998, the QCB modified the 1996 order extending MRRC's time to comply with water

quality standards. In September 2002, the QCB adopted a new order requiring MRRC to adopt Best Management Practices (BMP) to control discharges of acid mine drainage. That order extended the time to comply with water quality standards until September 2007. During that time, implementation of BMP further reduced impacts of acid rock drainage; however, full compliance has not been achieved. The QCB is presently renewing MRRC's discharge permit and will concurrently issue a new order. It is expected that the new ten-year permit will include an order requiring continued implementation of BMP through 2025 to address residual discharges of acid rock drainage. At this site, MRRC spent approximately \$1.7 million from 2011 through 2013 and estimates that it will spend between approximately \$10.0 million and \$13.6 million over the next 20 years.

Lead Refinery Site

U.S.S. Lead Refinery, Inc. (Lead Refinery), a non-operating wholly owned subsidiary of MRRC, has conducted corrective action and interim remedial activities and studies (collectively, Site Activities) at Lead Refinery's East Chicago, Indiana site pursuant to the Resource Conservation and Recovery Act. Site Activities, which began in December 1996, have been substantially concluded. Lead Refinery is required to perform monitoring and maintenance activities with respect to Site Activities pursuant to a post-closure permit issued by the Indiana Department of Environmental Management (IDEM) effective as of March 2, 2013. Lead Refinery spent approximately \$0.1 million annually in 2013, 2012, and 2011 with respect to this site. Approximate costs to comply with the post-closure permit, including associated general and administrative costs, are between \$2.1 million and \$2.9 million over the next 20 years.

On April 9, 2009, pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the EPA added the Lead Refinery site, and properties adjacent to the Lead Refinery site, to the NPL. The NPL is a list of priority sites where the EPA has determined that there has been a release or threatened release of hazardous substances that warrant investigation and, if appropriate, remedial action. The NPL does not assign liability to any party including the owner or operator of a property placed on the NPL. The placement of a site on the NPL does not necessarily mean that remedial action must be taken. On July 17, 2009, Lead Refinery received a written notice from the EPA that the agency is of the view that Lead Refinery may be a PRP under CERCLA in connection with the release or threaten of release of hazardous substances including lead into properties located adjacent to the Lead Refinery site. There are at least two other PRPs. PRPs under CERCLA include current and former owners and operators of a site, persons who arranged for disposal or treatment of hazardous substances at a site, or persons who accepted hazardous substances for transport to a site. In November 2012, the EPA adopted a remedy in connection with properties located adjacent to the Lead Refinery site. The EPA has estimated that the cost to implement the November 2012 remedy will be \$30.0 million.

The Company monitors EPA releases and periodically communicates with the EPA to inquire of the status of the investigation and cleanup of the Lead Refinery site. As of December 28, 2013, the EPA has not conducted an investigation of the Lead Refinery site, proposed remedies for the Lead Refinery site, or informed Lead Refinery that it is a PRP at the Lead Refinery site. Until the extent of remedial action is determined for the Lead Refinery site, the Company is unable to determine the likelihood of a material adverse outcome or the amount or range of a potential loss with respect to placement of the Lead Refinery site and adjacent properties on the NPL. Lead Refinery lacks the financial resources needed to undertake any investigations or remedial action that may be required by the EPA pursuant to CERCLA.

Operating Properties

Mueller Copper Tube Products, Inc.

In 1999, Mueller Copper Tube Products, Inc. (MCTP), a wholly owned subsidiary, commenced a cleanup and remediation of soil and groundwater at its Wynne, Arkansas plant. MCTP is currently removing trichloroethylene, a cleaning solvent formerly used by MCTP, from the soil and groundwater. On August 30, 2000, MCTP received approval of its Final Comprehensive Investigation Report and Storm Water Drainage Investigation Report addressing the treatment of soils and groundwater from the Arkansas Department of Environmental Quality (ADEQ). The Company established a reserve for this project in connection with the acquisition of MCTP in 1998. Effective November 17, 2008, MCTP entered into a Settlement Agreement and Administrative Order by Consent to submit a Supplemental Investigation Work Plan (SIWP) and subsequent Final Remediation Work Plan for

the site. By letter dated January 20, 2010, ADEQ approved the SIWP as submitted, with changes acceptable to the Company. On December 16, 2011, MCTP entered into an amended Administrative Order by Consent to prepare and implement a revised Remediation Work Plan regarding final remediation for the Site. Construction and installation of the remediation system is under way. The remediation system was activated in February 2014. Costs to implement the work plans, including associated general and administrative costs, are approximately \$1.9 million over the next ten years.

United States Department of Commerce Antidumping Review

On December 24, 2008, the United States Department of Commerce (DOC) initiated an antidumping administrative review of the antidumping duty order covering circular welded non-alloy steel pipe and tube from Mexico to determine the final antidumping duties owed on U.S. imports during the period November 1, 2007 through October 31, 2008, by certain subsidiaries of the Company. On April 19, 2010, the DOC published the final results of this review and assigned Mueller Comercial de Mexico, S. de R.L. de C.V. (Mueller Comercial) an antidumping duty rate of 48.3 percent. The Company appealed the final determination to the U.S. Court of International Trade (CIT). The Company and the United States have reached an agreement to settle the appeal. As a result, the DOC published on March 22, 2013 the amended final results of the review and assigned Mueller Comercial an antidumping duty rate of 40.5 percent. U.S. Customs and Border Protection has assessed antidumping duties on subject imports during the period of review. The Company has established a reserve of approximately \$3.1 million for these duties.

On December 23, 2009, the DOC initiated an antidumping administrative review of the antidumping duty order covering circular welded non-alloy steel pipe and tube from Mexico for the November 1, 2008 through October 31, 2009 period of review. The DOC selected Mueller Comercial as a respondent in the review. On June 21, 2011, the DOC published the final results of the review and assigned Mueller Comercial an antidumping duty rate of 19.8 percent. On August 22, 2011, the Company appealed the final results to the CIT. On December 21, 2012, the CIT issued a decision upholding the Department's final results in part. The CIT issued its final judgment on May 2, 2013. On May 6, 2013, the Company appealed the CIT decision to the U.S. Court of Appeals for the Federal Circuit (Federal Circuit). On January 10, 2014, the Federal Circuit held oral argument in the appeal. The Company anticipates that certain of its subsidiaries will incur antidumping duties on subject imports made during the period of review and, as such, established a reserve of approximately \$1.1 million for this matter.

Subsequent to October 31, 2009, Mueller Comercial did not ship subject merchandise to the United States. Therefore, there is no antidumping duty liability for periods of review after October 31, 2009.

United States Department of Commerce and United States International Trade Commission Antidumping Investigations

On September 30, 2009, two subsidiaries of the Company, along with Cerro Flow Products, Inc. and KobeWieland Copper Products LLC (collectively, Petitioners), jointly filed antidumping petitions with the DOC and the U.S. International Trade Commission (ITC) alleging that imports of seamless refined copper pipe and tube from China and Mexico (subject imports) were being sold at less than fair value and were causing material injury (and threatening material injury) to the domestic industry. On October 1, 2010, the DOC published its final affirmative determinations, finding antidumping rates from 24.89 percent to 28.16 percent for Mexico (as subsequently amended), and from 11.25 percent to 60.85 percent for China.

Since November 22, 2010, as a result of the imposition of the antidumping duty orders on seamless refined copper pipe and tube from Mexico and China, importers have been required to post cash deposits at rates up to 28.16 percent (for Mexico) and up to 60.85 percent (for China).

Over the last two years, the DOC conducted a "new shipper review" of a new Golden Dragon plant in Mexico, followed by the first administrative reviews of imports from Mexico and China (for the period November 22, 2010 through October 31, 2011). Although Golden Dragon was found to be dumping in the "new shipper review," the impact of the more recent administrative reviews is that imports from certain companies (*i.e.*, Golden Dragon in China, and Golden Dragon and Nacobre in Mexico) will not be subject to cash deposits requirements until completion of the ongoing second administrative reviews in 2014. These decisions are currently on appeal, during which time no importers may receive any duty refunds. Furthermore, all companies in China and Mexico remain subject to the

disciplines of the antidumping duty orders and future administrative reviews, and imports from other companies remain subject to cash deposit requirements, including IUSA (24.89 percent) and Luvata (28.16 percent) in Mexico, as well as Hailiang (60.85 percent) and Luvata (36.05 percent) in China.

On December 30, 2013, the DOC initiated the third administrative review of several Chinese and Mexican copper tube producers and/or exporters to the United States in order to establish company-specific dumping rates based on the period November 1, 2012 through October 31, 2013. The reviews are expected to be completed sometime in 2015. At this time, the Company is unable to know the final disposition of these administrative reviews.

Supplier Litigation

On May 6, 2011, the Company and two of its subsidiaries, Mueller Streamline Co. and B&K Industries, Inc. (B&K)(Plaintiffs), filed a civil lawsuit in federal district court in Los Angeles, California against a former supplier, Xiamen Lota International Co., Ltd (Xiamen Lota), its U.S. sales representative (Lota USA), and certain other persons (Defendants). The lawsuit alleged, among other things, that the Defendants gave Peter D. Berkman, a former executive of the Company and B&K, an undisclosed interest in Lota USA, and made payments and promises of payments to him, in return for Peter Berkman maintaining the Company as a customer, increasing purchasing levels, and acquiescing to non-competitive and excessive pricing for Xiamen Lota products. The lawsuit alleged violations of federal statutes 18 U.S.C. Sections 1962(c) and (d) (RICO claims) and California state law unfair competition. The lawsuit sought compensatory, treble and punitive damages, and other appropriate relief including an award of reasonable attorneys' fees and costs of suit. In October 2012, the lawsuit, together with certain related proceedings in Illinois and Tennessee, were settled on mutually agreeable terms and, in connection therewith, the Company received a \$5.8 million cash payment. The amount recorded in the Consolidated Statement of Income is net of legal costs.

Litigation Settlement

The Company negotiated a settlement with Peter D. Berkman and Jeffrey A. Berkman, former executives of the Company and B&K Industries, Inc. (B&K), a wholly owned subsidiary of the Company, that required the payment of \$10.5 million in cash by Peter Berkman, Jeffrey Berkman, and Homewerks Worldwide LLC to the Company. During 2011, the Company recorded a gain of \$10.5 million upon receipt of the settlement proceeds.

U.K. Actions Relating to the European Commission's 2004 Copper Tubes Decision and 2006 Copper Fittings Decision

Mueller Industries, Inc., WTC Holding Company, Inc., DENO Holding Company, Inc., Mueller Europe, Limited, and DENO Acquisition EURL (the five Mueller entities) have received letters from counsel for IMI plc and IMI Kynoch Limited (IMI) and from counsel for Boliden AB (Boliden) concerning contribution proceedings by IMI and Boliden against the five Mueller entities regarding copper tube. In the Competition Appeal Tribunal (the CAT) in the United Kingdom, IMI and Boliden have been served with claims by 21 claimants, all companies within the Travis Perkins Group (TP and the TP Claimants). The TP Claimants are seeking follow-on damages arising out of conduct described in the European Commission's September 3, 2004, decision regarding copper tube. The claims purport to arise from the findings of the European Commission as set forth in that decision. IMI and Boliden have commenced legal proceedings against the five Mueller entities, and in those proceedings are claiming a contribution for any follow-on damages. IMI and Boliden have formally served their claims on the five Mueller entities.

Mueller Industries, Inc., Mueller Europe, Limited, and WTC Holding Company, Inc. (the three Mueller entities) also have received a letter from counsel for IMI concerning contribution proceedings by IMI against those three Mueller entities regarding copper fittings. In the High Court, IMI has been served with claims by 21 TP Claimants. The TP Claimants are seeking follow-on damages arising out of conduct described in the European Commission's September 20, 2006, decision regarding copper fittings. The claims similarly purport to arise from the findings of the European Commission as set forth in that decision. IMI has commenced legal proceedings against the three Mueller entities, and in those proceedings are claiming a contribution for any follow-on damages. IMI has formally served its claims on the three Mueller entities.

While the TP Claimants have provided their preliminary calculations of aggregate claimed damages for the copper tube claim and the copper fittings claim, Mueller does not believe these matters will have a material affect on

the Consolidated Financial Statements for the contribution claims.

As to the claims arising from the Copper Tube Decision brought in the CAT, following the CAT's grant of approval, the case has now been transferred to the High Court. Mueller's defenses in response to the contribution claims brought by IMI and Boliden were served on March 15, 2013. A case management conference is to be held in May 2014.

As to the claims arising from the Copper Fittings Decision, these proceedings have been stayed until the next case management conference which is to take place in April 2014.

At this time, the Company does not believe that this matter will have a material impact on its financial position, results of operations, or cash flows.

Canadian Dumping and Countervail Investigation

In 2007, the Canada Border Services Agency (CBSA) determined that the Company and certain affiliated companies, as exporters and importers of copper fittings (subject goods) from the U.S. to Canada, had dumped the subject goods during the investigation period. In 2007, the Canadian International Trade Tribunal concluded that the dumping had caused injury to the Canadian industry. As a result of these findings, exports of subject goods to Canada made on or after October 20, 2006 have been subject to antidumping measures. Antidumping duties will be imposed on the Company only to the extent that the Company's future exports of copper pipe fittings are made at net export prices that are below normal values set by the CBSA. The measures remain in place for five years at which time Canadian authorities determine whether to maintain the measures for an additional five years or allow them to expire. Canadian authorities conducted such a sunset review and on February 17, 2012 found that the dumping order should be maintained for another five years.

On February 8, 2013, the CBSA completed a review process to revise the normal values issued to the Company. Another review process to revise the normal values was initiated on January 15, 2014 and is scheduled to conclude on May 30, 2014. Given the small percentage of its products that are sold for export to Canada, the Company does not anticipate any material adverse effect on its financial position, results of operations or cash flows as a result of the antidumping case in Canada.

Leases

The Company leases certain facilities, vehicles, and equipment under operating leases expiring on various dates through 2024. The lease payments under these agreements aggregate to approximately \$6.7 million in 2014, \$5.7 million in 2015, \$4.5 million in 2016, \$3.3 million in 2017, \$2.3 million in 2018, and \$1.5 million thereafter. Total lease expense amounted to \$9.1 million in 2013, \$8.5 million in 2012, and \$8.8 million in 2011.

Consulting Agreement

During 2004, the Company entered into a consulting and non-compete agreement (the Consulting Agreement) with Mr. Harvey L. Karp, at that time Chairman of the Board. The Consulting Agreement provides for post-employment services to be provided by Mr. Karp for a six-year period. During the first four years of the Consulting Agreement, an annual fee equal to two-thirds of the executive's Final Base Compensation (as defined in the Consulting Agreement) is payable. During the final two years, the annual fee is set at one-third of the executive's Final Base Compensation. During the term of the Consulting Agreement, Mr. Karp agrees not to engage in Competitive Activity (as defined in the Consulting Agreement) and is entitled to receive certain other benefits from the Company.

On November 3, 2011, Mr. Karp notified the Company that he would resign as Chairman of the Company and as a member of the Board of Directors of the Company effective as of December 31, 2011. Following his resignation, on January 1, 2012, the Consulting Agreement commenced. Based upon the value of the non-compete provisions of the Consulting Agreement, the Company will expense the value of the Consulting Agreement over its term. The maximum amount payable under the remaining term of the Consulting Agreement is \$4.0 million.

Other

In July 2009, there was an explosion at the Company's copper tube facility in Fulton, Mississippi, resulting in damage to certain production equipment. In 2010, the Company recorded a gain of \$1.5 million related to the property damage claim. In the first quarter of 2012, the Company settled the business interruption portion of this claim and recognized a \$1.5 million gain.

In September 2011, a portion of the Company's Wynne, Arkansas manufacturing operation was damaged by fire. Certain inventories, production equipment, and building structures were extensively damaged. During the second quarter of 2013, the Company settled the claim with its insurer for total proceeds of \$127.3 million, net of the deductible of \$0.5 million. As a result of the settlement with its insurer, all proceeds received and all costs previously deferred (which were recorded as other current liabilities in prior periods) were recognized, resulting in a pre-tax gain of \$106.3 million in the second quarter of 2013, or \$2.33 per diluted share after tax. The Company received proceeds of \$62.3 million, \$55.0 million, and \$10.0 million in 2013, 2012, and 2011, respectively.

Additionally, the Company is involved in certain litigation as a result of claims that arose in the ordinary course of business, which management believes will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company may also realize the benefit of certain legal claims and litigation in the future; these gain contingencies are not recognized in the Consolidated Financial Statements.

Note 11 – Other Income, Net

(In thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Gain on the sale of non-operating property	\$ 3,000	\$ —	\$ —
Interest income	906	847	711
Environmental expense, non-operating properties	(823)	(1,128)	(330)
Other	<u>1,368</u>	<u>820</u>	<u>1,531</u>
Other income, net	<u>\$ 4,451</u>	<u>\$ 539</u>	<u>\$ 1,912</u>

Note 12 – Stock-Based Compensation

During the years ended December 28, 2013, December 29, 2012, and December 31, 2011, the Company recognized stock-based compensation, as a component of selling, general, and administrative expense, in its Consolidated Statements of Income of \$5.7 million, \$4.0 million, and \$3.5 million, respectively. The tax benefit from exercise of share-based awards was \$0.7 million in 2013, \$2.6 million in 2012, and \$0.9 million in 2011.

On October 26, 2012, the Company's Chief Financial Officer (CFO) resigned. In connection with the resignation, on November 7, 2012, the Company entered into a separation agreement with its former CFO. Included in the separation agreement, were provisions to allow (i) continued vesting of options to purchase shares of the Company's common stock and unvested shares of restricted stock previously granted and (ii) continued exercisability of vested options through the later of the original expiration date or October 30, 2015 without regard to service. This modification to remove the service condition resulted in recognition of \$2.1 million of compensation cost on the modification date. This is included in severance expense.

Under existing plans, the Company may grant options to purchase shares of common stock at prices not less than the fair market value of the stock on the date of grant, as well as restricted stock awards. Generally, the awards vest annually over a five-year period beginning one year from the date of grant. Any unexercised options expire after not more than ten years.

Stock Options

The fair value of each option is estimated as a single award and amortized into compensation expense on a straight-line or accrual basis over its vesting period based on its vesting schedule. The weighted average grant-date fair value of options granted during 2013, 2012, and 2011 were \$17.54, \$14.89, and \$12.53, respectively.

The Company estimates the fair value of all stock option awards as of the grant date by applying the Black-Scholes-Merton option pricing model. The use of this valuation model in the determination of compensation expense involves certain assumptions that are judgmental and/or highly sensitive including the expected life of the option, stock price volatility, risk-free interest rate, and dividend yield. Additionally, forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. Due to the nature of the awards granted in 2013, a forfeiture rate was not considered necessary. The forfeiture rate was 16.5 percent and 17.0 percent for 2012 and 2011, respectively, and is adjusted periodically based on actual forfeitures. The weighted average of key assumptions used in determining the fair value of options granted and a discussion of the methodology used to develop each assumption are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expected term	5.9 years	6.5 years	6.3 years
Expected price volatility	0.397	0.375	0.358
Risk-free interest rate	0.7%	0.7%	1.7%
Dividend yield	0.9%	0.9%	1.1%

Expected term – This is the period of time estimated based on historical experience over which the options granted are expected to remain outstanding. An increase in the expected term will increase compensation expense.

Expected price volatility – This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. The Company uses actual historical changes in the market value of its stock to calculate the volatility assumption. Daily market value changes from the date of grant over a past period representative of the expected term of the options are used. An increase in the expected price volatility rate will increase compensation expense.

Risk-free interest rate – This is the U.S. Treasury rate for the week of the grant, having a term representative of the expected term of the options. An increase in the risk-free rate will increase compensation expense.

Dividend yield – This rate is the annual dividends per share as a percentage of the Company's stock price. An increase in the dividend yield will decrease compensation expense.

The total intrinsic value of options exercised was \$2.9 million, \$12.1 million, and \$6.6 million in 2013, 2012, and 2011, respectively. The total fair value of options that vested was \$1.1 million, \$1.7 million, and \$2.1 million in 2013, 2012, and 2011, respectively.

At December 28, 2013, the aggregate intrinsic value of all outstanding options was \$18.7 million with a weighted average remaining contractual term of 4.9 years. Of the outstanding options, 419 thousand are currently exercisable with an aggregate intrinsic value of \$13.8 million, a weighted average exercise price of \$29.74, and a weighted average remaining contractual term of 4.3 years.

The total compensation expense not yet recognized related to unvested options at December 28, 2013 was \$0.7 million with an average expense recognition period of 1.9 years.

Restricted Stock Awards

The fair value of the each restricted stock award equals the fair value of the Company's stock on the grant date and is amortized into compensation expense on a straight-line or accrual basis over its vesting period based on its vesting schedule. The weighted average grant-date fair value of awards granted during 2013, 2012, and 2011 were \$56.63, \$42.83, and \$37.87, respectively.

The aggregate intrinsic value of outstanding and unvested awards was \$22.9 million at December 28, 2013. Total compensation expense for restricted stock awards not yet recognized was \$12.8 million with an average expense recognition period of 3.7 years. The total fair value of awards that vested was \$1.8 million, \$1.7 million, and \$0.7 million in 2013, 2012, and 2011, respectively.

The Company generally issues treasury shares when options are exercised or restricted stock awards are granted. A summary of the activity and related information follows:

	Stock Options		Restricted Stock Awards	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Grant Date Fair Value
<i>(Shares in thousands)</i>				
Outstanding at December 29, 2012	694	\$ 28.93	285	\$ 32.36
Granted	10	50.21	151	56.63
Exercised	<u>(115)</u>	28.69	<u>(70)</u>	26.42
Outstanding at December 28, 2013	<u>589</u>	29.34	<u>366</u>	43.49

Approximately 195 thousand shares were available for future stock incentive awards at December 28, 2013.

Note 13 – Derivative Instruments and Hedging Activities

Cash Flow Hedges

Copper and brass represent the largest component of the Company's variable costs of production. The cost of these materials is subject to global market fluctuations caused by factors beyond the Company's control. The Company occasionally enters into forward fixed-price arrangements with certain customers; the risk of these arrangements is generally managed with commodity futures contracts. The Company accounts for these futures contracts in accordance with ASC 815. These futures contracts have been designated as cash flow hedges. The fair value of open futures contracts are recognized as a component of OCI until the position is closed which corresponds to the period when the related hedged transaction is recognized in earnings. Should these contracts no longer meet hedge criteria in accordance with ASC 815, either through lack of effectiveness or because the hedged transaction is no longer probable of occurring, all deferred gains and losses related to the hedge would be immediately reclassified from accumulated OCI into earnings. In the next twelve months, the Company will reclassify into earnings realized gains or losses of cash flow hedges; at December 28, 2013, this amount was a \$408 thousand gain position.

At December 28, 2013, the Company held open futures contracts to purchase approximately \$15.9 million of copper over the next 15 months related to fixed price sales orders. The fair value of those futures contracts was a \$438 thousand gain position, which was determined by obtaining quoted market prices (Level 1 hierarchy as defined by ASC 820).

Derivative instruments designated as cash flow hedges under ASC 815 are reflected in the Consolidated Financial Statements as follows:

<i>(In thousands)</i>	December 28, 2013		Fair value
	Location		
Commodity contracts	Other current assets:	Gain positions	\$ 448
		Loss positions	(10)

<i>(In thousands)</i>	December 29, 2012		Fair value
	Location		
Commodity contracts	Other current liabilities:	Gain positions	\$ 172
		Loss positions	(420)

The following tables summarize activities related to the Company's derivative instruments classified as cash flow hedges in accordance with ASC 815:

<i>(In thousands)</i>	Loss Recognized in Accumulated OCI (Effective Portion), Net of Tax		
		For the Year Ended	
		December 28, 2013	December 29, 2012
Commodity contracts	\$ (3,904)	\$ (214)	

<i>(In thousands)</i>	Loss Reclassified from Accumulated OCI into Income (Effective Portion), Net of Tax		
	Location	For the Year Ended	
		December 28, 2013	December 29, 2012
Commodity contracts	Cost of goods sold	\$ 3,781	\$ 469

Inventory Fair Value Hedges

The Company enters into futures contracts in order to protect the value of inventory against market fluctuations. These futures contracts are assessed and designated as fair value hedges in accordance with ASC 815.

At December 28, 2013, the Company held open futures contracts to sell approximately \$70.6 million of copper over the next five months related to copper inventory. The fair value of those futures contracts was a \$1.8 million loss position, which was determined by obtaining quoted market prices (Level 1 hierarchy as defined by ASC 820). During the fourth quarter of 2013, the Company dedesignated previous hedges on its inventory because the hedging relationship was no longer deemed to be highly effective. These contracts no longer qualify as hedging instruments.

Derivative commodity instruments are reflected in the Consolidated Financial Statements as follows:

<i>(In thousands)</i>	December 28, 2013		Fair Value
	Location		
Commodity contracts - Nonqualifying	Other current liabilities:	Gain positions	\$ 318
		Loss positions	(2,057)
Commodity contracts - Qualifying	Other current liabilities:	Gain positions	22
		Loss positions	(50)

<i>(In thousands)</i>	December 29, 2012		Fair Value
	Location		
Commodity contracts - Qualifying	Other current assets:	Gain positions	\$ 1,047
		Loss positions	(548)

Gains and losses related to the change in the value of the commodity contracts, the change in the value of the inventory being hedged, and hedge ineffectiveness are recorded in cost of goods sold. During 2013 and 2012, gains of \$0.3 million and losses of \$0.1 million, respectively, were recorded. Also, as a result of the Company's dedesignation of previous hedges on its inventory during the fourth quarter of 2013, a net loss of \$0.6 million was recorded in current earnings to record these contracts at fair value at the end of 2013.

The following tables summarize the gains (losses) on the Company's inventory fair value hedges:

<i>(In thousands)</i>	<u>Gains (Losses) on Fair Value Hedges for the Year Ended December 28, 2013</u>	
	<u>Location</u>	<u>Amount</u>
Gain on the derivatives designated and qualifying as fair value hedges:		
Commodity Contracts	Cost of goods sold	\$ 5,115
(Loss) on the hedged items designated and qualifying as fair value hedges:		
Inventory	Cost of goods sold	(4,827)
<i>(In thousands)</i>	<u>(Losses) Gains on Fair Value Hedges for the Year Ended December 29, 2012</u>	
	<u>Location</u>	<u>Amount</u>
(Loss) on the derivatives in designated and qualifying fair value hedges:		
Commodity Contracts	Cost of goods sold	\$ (301)
Gain on the hedged item in designated and qualifying fair value hedges:		
Inventory	Cost of goods sold	182

Foreign Currency Hedges

During 2012 and 2013, the Company entered into contracts to purchase heavy machinery and equipment. These contracts are denominated in euros. In anticipation of entering into these contracts, the Company has entered into forward contracts to purchase euros to protect itself against adverse exchange rate fluctuations. The fair value of open contracts are recognized as a component of OCI until the position is closed which corresponds to the period when the related hedged transaction is recognized in earnings. Should these contracts no longer meet hedge criteria in accordance with ASC 815, either through lack of effectiveness or because the hedged transaction is no longer probable of occurring, all deferred gains and losses related to the hedge would be immediately reclassified from accumulated OCI into earnings.

At December 28, 2013, the Company held open forward contracts to purchase approximately 10.5 million euros over the next 15 months. The fair value of these contracts, which was determined by obtaining quoted market prices (Level 1 hierarchy as defined by ASC 820), was an \$836 thousand gain position recorded in other current assets at December 28, 2013.

The following tables summarize activities related to the Company's derivative instruments classified as foreign currency hedges in accordance with ASC 815:

<i>(In thousands)</i>	Loss Recognized in Accumulated OCI (Effective Portion), Net of Tax		
	For the Year Ended		
	December 28, 2013	December 29, 2012	
Foreign currency contracts	\$	(484)	\$ —

<i>(In thousands)</i>	Location	Loss Reclassified from Accumulated OCI into Income (Effective Portion), Net of Tax		
		For the Year Ended		
		December 28, 2013	December 29, 2012	
Commodity contracts	Cost of goods sold	\$	34	\$ —

Interest Rate Swap

On February 20, 2013, the Company entered into a two-year forward-starting interest rate swap agreement with an effective date of January 12, 2015, and an underlying notional amount of \$200.0 million, pursuant to which the Company receives variable interest payments based on one-month LIBOR and pays fixed interest at a rate of 1.4 percent. Based on the Company's current variable premium pricing on its Term Loan Facility, the all-in fixed rate on the effective date is 2.7 percent. The interest rate swap will mature on December 11, 2017, and is structured to offset the interest rate risk associated with the Company's floating-rate, LIBOR-based Term Loan Facility Agreement. The swap was designated and accounted for as a cash flow hedge from inception.

The fair value of the interest rate swap is estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rate and the expected cash flows at the current market interest rate using observable benchmarks for LIBOR forward rates at the end of the period (Level 2 hierarchy as defined by ASC 820). The effective portion of the mark-to-market gain or loss is reported as a component of accumulated OCI and subsequently reclassified into earnings when the hedged transactions occur and affect earnings. Interest payable and receivable under the swap agreement will be accrued and recorded as an adjustment to interest expense. The fair value of the interest rate swap was a \$1.3 million gain position and was recorded in other assets at December 28, 2013.

The following tables summarize the activity related to the interest rate swap:

<i>(In thousands)</i>	Gain Recognized in Accumulated OCI (Effective Portion), Net of Tax		
	For the Year Ended		
	December 28, 2013	December 29, 2012	
Interest rate swap	\$	834	\$ —

The Company enters into futures and forward contracts that generally closely match the terms of the underlying transactions. As a result, the ineffective portion of the open cash flow and fair value hedge contracts through December 28, 2013 was not material to the Consolidated Statements of Income.

The Company does not offset the fair value of amounts for derivative instruments and the fair value amounts recognized for the right to reclaim cash collateral. At December 28, 2013, the Company had recorded restricted cash of \$2.1 million related to open futures contracts.

Note 14 – Acquisitions and Dispositions

On October 18, 2013, the Company entered into a definitive agreement with KME Yorkshire Limited (Yorkshire) to acquire certain assets and assume certain liabilities of Yorkshire for purposes of acquiring its copper tube business. This transaction received regulatory approval in the United Kingdom on February 11, 2014. Yorkshire produces European standard copper distribution tubes. The purchase price will be approximately \$29.7 million. In 2012, Yorkshire had annual revenue of approximately \$196.1 million.

On October 17, 2013, the Company entered into a Stock Purchase Agreement with Commercial Metals Company and Howell Metal Company (Howell) providing for the purchase of all of the outstanding capital stock of Howell for approximately \$55.3 million in cash, net of working capital adjustments. Howell manufactures copper tube and line sets for U.S. distribution. The acquisition of Howell complements the Company's copper tube and line sets businesses, both components of the Plumbing and Refrigeration segment. For the twelve months ended August 31, 2013, Howell's net sales for copper tube and line sets were \$156.3 million. The total estimated fair value of the assets acquired totaled \$64.4 million, consisting primarily of receivables of \$14.6 million, inventories of \$27.6 million, property, plant, and equipment of \$21.6 million, and other current assets of \$0.6 million. The total estimated fair value of the liabilities assumed totaled \$11.4 million, consisting primarily of accounts payable and accrued expenses of \$9.9 million and other current liabilities of \$1.5 million. Of the remaining purchase price, \$2.0 million was allocated to other intangible assets and \$0.3 million to tax-deductible goodwill. The allocation of the purchase price to long-lived assets is provisional as of December 28, 2013 and subject to change upon completion of the final valuation of these assets. The results of operations for Howell have been included in the accompanying Consolidated Financial Statements from the acquisition date.

On August 16, 2012, the Company acquired 100 percent of the outstanding stock of Westermeyer Industries, Inc. (Westermeyer) for approximately \$11.6 million in cash. Westermeyer, located in Bluffs, Illinois, designs, manufactures, and distributes high-pressure components and accessories for the air-conditioning and refrigeration markets. The acquisition of Westermeyer complements the Company's existing refrigeration business, a component of the OEM segment. The fair values of the assets acquired totaled \$7.5 million, consisting of receivables of \$2.0 million, inventories of \$1.9 million, and property, plant, and equipment of \$3.6 million. These assets were partially offset by current liabilities of approximately \$1.0 million. Of the remaining purchase price, \$2.3 million was allocated to tax-deductible goodwill and \$2.7 million to other intangible assets.

On December 28, 2010, the Company purchased certain assets of Tube Forming, L.P. (TFI). TFI primarily serves the HVAC market in North America. The acquired assets include inventories, production equipment as well as factory leaseholds. TFI had operations in Carrollton, Texas, and Guadalupe, Mexico, where it produced precision copper return bends and crossovers, and custom-made tube components and brazed assemblies, including manifolds and headers. TFI's estimated net sales for 2010 were approximately \$35.0 million. The Company paid approximately \$6.9 million for the assets subject to certain adjustments, which was funded with existing cash on hand. The acquisition of TFI extends the Company's product offering within the OEM segment.

These acquisitions were accounted for using the acquisition method of accounting. Therefore, the results of operations of the acquired businesses were included in the Company's Consolidated Financial Statements from their respective acquisition dates. The purchase price for these acquisitions, which was financed by available cash balances, has been allocated to the assets and liabilities of the acquired businesses based on their respective fair market values.

On August 9, 2013, the Company sold certain of its plastic fittings manufacturing assets located in Portage, Michigan and Ft. Pierce, Florida. Simultaneously, the Company entered into a lease agreement with the purchaser of the assets to continue to manufacture and distribute Schedule 40 plastic fittings utilizing the Ft. Pierce assets for a period of approximately eight to 14 months (Transition Period). The total sales price was \$66.2 million, of which \$61.2 million was received on August 9, 2013; the remaining \$5.0 million will be received at the end of the Transition Period. This transaction resulted in a pre-tax gain of \$39.8 million in the third quarter of 2013, or 81 cents per diluted share after tax.

The net book value of assets disposed was \$15.9 million. For goodwill testing purposes, these assets were part of the SPD reporting unit which is a component of the Company's Plumbing & Refrigeration operating segment.

Because these assets met the definition of a business in accordance with ASC 805 *Business Combinations*, \$10.5 million of the SPD reporting unit's goodwill balance was allocated to the disposal group. The amount of goodwill allocated was based on the relative fair values of the asset group which was disposed and the portion of the SPD reporting unit which was retained.

The Company will continue to manufacture and supply plastic drain, waste, and vent (DWV) fittings. The Company extended its third party supply agreement to complement its product offering with purchased products the Company does not competitively manufacture with its remaining assets. This supply agreement was originally entered into after the majority of the Company's plastic manufacturing assets were destroyed in the 2011 fire at its Wynne, Arkansas facility. The extended supply agreement has an initial five-year term.

With the decision to cease the Company's manufacturing operations in Portage, there was an evaluation of the remaining long-lived assets for impairment, and it was determined that the carrying value of the land and building were no longer recoverable. An impairment charge of \$3.2 million was recognized during the third quarter of 2013 to adjust the carrying value of the land and building to their estimated fair value. The fair value estimate was determined by obtaining and evaluating recent sales data for similar assets (Level 2 hierarchy as defined by ASC 820).

Note 15 – Industry Segments

The Company's reportable segments are Plumbing & Refrigeration and OEM. For disclosure purposes, as permitted under ASC 280, *Segment Reporting*, certain operating segments are aggregated into reportable segments. The Plumbing & Refrigeration segment is composed of Standard Products (SPD), European Operations, and Mexican Operations. The OEM segment is composed of Industrial Products (IPD), Engineered Products (EPD), and Mueller-Xingrong. These segments are classified primarily by the markets for their products. Performance of segments is generally evaluated by their operating income. Intersegment transactions are generally conducted on an arms-length basis.

SPD manufactures copper tube and fittings, plastic fittings, plastic pipe, and line sets. These products are manufactured in the U.S. Outside the U.S., the Company's European Operations manufacture copper tube, which is sold in Europe and the Middle East. SPD also imports and resells brass and plastic plumbing valves, malleable iron fittings, faucets, and plumbing specialty products. Mexican Operations consist of pipe nipple manufacturing and import distribution businesses including product lines of malleable iron fittings and other plumbing specialties. The European Operations consist of copper tube manufacturing and the import distribution of fittings, valves, and plumbing specialties primarily in the U.K. and Ireland. The Plumbing & Refrigeration segment's products are sold primarily to plumbing, refrigeration, and air-conditioning wholesalers, hardware wholesalers and co-ops, and building product retailers.

IPD manufactures brass rod, impact extrusions, and forgings as well as a variety of end products including plumbing brass, automotive components, valves, and fittings. EPD manufactures and fabricates valves and assemblies for the refrigeration, air-conditioning, gas appliance, and barbecue grill markets and specialty copper, copper-alloy, and aluminum tube. Mueller-Xingrong manufactures engineered copper tube primarily for air-conditioning applications. These products are sold primarily to OEM customers.

Summarized product line, geographic, and segment information is shown in the following tables. Geographic sales data indicates the location from which products are shipped. Unallocated expenses include general corporate expenses, plus certain charges or credits not included in segment activity.

During 2013, 2012, and 2011, no single customer exceeded 10 percent of worldwide sales.

Net Sales by Major Product Line:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tube and fittings	\$ 972,107	\$ 986,825	\$1,082,150
Brass rod and forgings	553,896	583,940	662,369
OEM components, tube & assemblies	337,772	335,461	401,623
Valves and plumbing specialties	239,822	231,278	217,985
Other	54,944	52,434	53,670
	<u>\$2,158,541</u>	<u>\$2,189,938</u>	<u>\$2,417,797</u>

Geographic Information:

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net sales:			
United States	\$1,676,385	\$1,696,589	\$1,830,001
United Kingdom	229,659	234,684	272,809
Other	252,497	258,665	314,987
	<u>\$2,158,541</u>	<u>\$2,189,938</u>	<u>\$2,417,797</u>

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Long-lived assets:			
United States	\$ 325,667	\$ 306,023	\$ 267,060
United Kingdom	22,159	23,496	23,962
Other	25,224	27,442	29,883
	<u>\$ 373,050</u>	<u>\$ 356,961</u>	<u>\$ 320,905</u>

Net assets of foreign operations at December 28, 2013 included \$108.2 million in the United Kingdom, \$45.5 million in Mexico, \$59.5 million in Luxembourg, and \$22.7 million in China.

Segment Information:

<i>(In thousands)</i>	For the Year Ended December 28, 2013			
	<u>Plumbing & Refrigeration Segment</u>	<u>OEM Segment</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Net sales	\$ 1,225,306	\$ 947,784	\$ (14,549)	\$2,158,541
Cost of goods sold	1,043,059	833,518	(14,488)	1,862,089
Depreciation and amortization	17,117	13,025	2,252	32,394
Selling, general, and administrative expense	85,471	24,479	24,964	134,914
Insurance settlement	(103,895)	—	(2,437)	(106,332)
Gain on sale of plastic fittings manufacturing assets	(39,765)	—	—	(39,765)
Impairment charges	<u>4,173</u>	<u>131</u>	<u>—</u>	<u>4,304</u>
Operating income	219,146	76,631	(24,840)	270,937
Interest expense				(3,990)
Other expense, net				<u>4,451</u>
Income before income taxes				<u>\$ 271,398</u>

<i>(In thousands)</i>	For the Year Ended December 29, 2012			
	<u>Plumbing & Refrigeration Segment</u>	<u>OEM Segment</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Net sales	\$ 1,238,230	\$ 974,606	\$ (22,898)	\$2,189,938
Cost of goods sold	1,060,755	866,404	(22,696)	1,904,463
Depreciation and amortization	16,513	13,435	1,547	31,495
Selling, general, and administrative expense	75,448	27,680	26,328	129,456
Litigation settlement	—	—	(4,050)	(4,050)
Insurance settlement	(1,500)	—	—	(1,500)
Severance	<u>—</u>	<u>—</u>	<u>3,369</u>	<u>3,369</u>
Operating income	87,014	67,087	(27,396)	126,705
Interest expense				(6,890)
Other expense, net				<u>539</u>
Income before income taxes				<u>\$ 120,354</u>

For the Year Ended December 31, 2011

<i>(In thousands)</i>	<u>Plumbing & Refrigeration Segment</u>	<u>OEM Segment</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Net sales	\$ 1,330,435	\$1,119,796	\$ (32,434)	\$2,417,797
Cost of goods sold	1,139,932	1,007,654	(31,909)	2,115,677
Depreciation and amortization	20,947	14,634	1,284	36,865
Selling, general, and administrative expense	84,795	24,838	26,320	135,953
Litigation settlement	<u>—</u>	<u>—</u>	<u>(10,500)</u>	<u>(10,500)</u>
Operating income	84,761	72,670	(17,629)	139,802
Interest expense				(11,553)
Other expense, net				<u>1,912</u>
Income before income taxes				<u>\$ 130,161</u>

<i>(In thousands)</i>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures for long-lived assets (including business acquisitions):			
Plumbing & Refrigeration	\$ 47,222	\$ 24,030	\$ 12,686
OEM	14,845	24,137	12,586
General corporate	<u>3,253</u>	<u>17,290</u>	<u>361</u>
	<u>\$ 65,320</u>	<u>\$ 65,457</u>	<u>\$ 25,633</u>
Segment assets:			
Plumbing & Refrigeration	\$ 625,371	\$ 531,429	\$ 532,458
OEM	305,052	290,058	296,997
General corporate	<u>317,344</u>	<u>282,668</u>	<u>518,149</u>
	<u>\$1,247,767</u>	<u>\$1,104,155</u>	<u>\$1,347,604</u>

Note 16 – Quarterly Financial Information (Unaudited)

<i>(In thousands, except per share data)</i>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2013				
Net sales	\$ 559,690	\$ 582,282	\$ 528,854	\$ 487,715
Gross profit (1)	76,840	81,157	72,552	65,903
Consolidated net income	26,434	91,842 ⁽⁴⁾	39,993 ⁽⁵⁾	15,020
Net income attributable to Mueller Industries, Inc.	26,202	91,150	39,864	15,384
Basic earnings per share (2)	0.94	3.27	1.43	0.55
Diluted earnings per share (2)	0.93	3.23	1.41	0.54
Dividends per share	0.125	0.125	0.125	0.125
2012				
Net sales	\$ 577,668	\$ 594,099	\$ 514,165	\$ 504,006
Gross profit (1)	84,493	71,248	64,447	65,287
Consolidated net income	32,817 ⁽³⁾	18,540	15,570	16,746 ⁽⁶⁾
Net income attributable to Mueller Industries, Inc.	32,599	17,917	15,511	16,368
Basic earnings per share	0.86	0.47	0.41	0.59 ⁽²⁾
Diluted earnings per share	0.85	0.47	0.41	0.58 ⁽²⁾
Dividends per share	0.10	0.10	0.10	0.125

(1) Gross profit is net sales less cost of goods sold, which excludes depreciation and amortization.

(2) Includes the repurchase of 10.4 million shares from Leucadia in September 2012

(3) Includes pre-tax gain of \$8.0 million from liquidation of LIFO inventory layers and \$1.5 million from settlement of insurance claims.

(4) Includes \$106.3 million pre-tax gain from settlement of insurance claims.

(5) Includes \$39.8 million pre-tax gain on sale of manufacturing assets and pre-tax impairment charges of \$4.3 million primarily related to real property associated with the aforementioned plastics sale transaction.

(6) Includes \$4.1 million net gain from settlement of litigation.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Mueller Industries, Inc.

We have audited the accompanying consolidated balance sheets of Mueller Industries, Inc. as of December 28, 2013 and December 29, 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 28, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mueller Industries, Inc. at December 28, 2013 and December 29, 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 28, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Mueller Industries, Inc.'s internal control over financial reporting as of December 28, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated February 26, 2014 expressed an unqualified opinion thereon.

Ernst & Young LLP

Memphis, Tennessee
February 26, 2014

MUELLER INDUSTRIES, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 28, 2013, December 29, 2012, and December 31, 2011

<i>(In thousands)</i>	<u>Balance at beginning of year</u>	<u>Additions</u>		<u>Deductions</u>	<u>Balance at end of year</u>
		<u>Charged to costs and expenses</u>	<u>Other additions</u>		
2013					
Allowance for doubtful accounts	\$ 1,644	\$ 273	\$ 812	\$ 338	\$ 2,391
Environmental reserves	\$ 24,635	\$ 986	\$ —	\$ 1,984	\$ 23,637
Valuation allowance for deferred tax assets	\$ 30,394	\$ 332	\$ —	\$ 8,182	\$ 22,544
2012					
Allowance for doubtful accounts	\$ 1,564	\$ 867	\$ 109 ⁽¹⁾	\$ 896	\$ 1,644
Environmental reserves	\$ 22,892	\$ 3,056	\$ —	\$ 1,313	\$ 24,635
Valuation allowance for deferred tax assets	\$ 29,705	\$ (1,224)	\$ 1,913	\$ —	\$ 30,394
2011					
Allowance for doubtful accounts	\$ 5,447	\$ (229)	\$ (2) ⁽¹⁾	\$ 3,652	\$ 1,564
Environmental reserves	\$ 23,902	\$ 392	\$ —	\$ 1,402	\$ 22,892
Valuation allowance for deferred tax assets	\$ 28,714	\$ (443)	\$ 1,434 ⁽²⁾	\$ —	\$ 29,705

(1) Other consists primarily of bad debt recoveries as well as the effect of fluctuating foreign currency exchange rates in all years presented.

(2) Other includes the additions to valuation allowances in which previously unrecorded gross deferred tax assets and valuation allowances were recognized.

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CAPITAL STOCK INFORMATION

The Company's Board of Directors declared a regular quarterly dividend on its common stock of 12.5 cents per share during each quarter of 2013 and the fourth quarter of 2012, and 10 cents per share for each of the first three quarters of 2012. Payment of dividends in the future is dependent upon the Company's financial condition, cash flows, capital requirements, earnings, and other factors.

The high, low, and closing prices of Mueller Industries' common stock on the New York Stock Exchange for each fiscal quarter of 2013 and 2012 were as follows:

	High	Low	Close	
2013				
Fourth quarter	\$ 63.28	\$ 53.96	\$ 62.74	As of February 24, 2014, the number of holders of record of Mueller Industries' common stock was approximately 910. On February 24, 2014, the closing price for Mueller Industries' common stock on the New York Stock Exchange was \$61.28.
Third quarter	58.15	50.33	55.82	
Second quarter	54.99	48.10	50.43	
First quarter	55.53	48.95	53.29	
2012				
Fourth quarter	\$ 51.41	\$ 42.43	\$ 49.26	
Third quarter	48.48	39.72	45.47	
Second quarter	47.28	39.89	42.59	
First quarter	49.86	38.16	45.45	

SECURITY HOLDER INFORMATION

Annual Meeting

The annual meeting of stockholders will be held at the Company's headquarters at Suite 150, 8285 Tournament Drive, Memphis, TN 38125, 10:00 a.m. local time, May 1, 2014.

Form 10-K

The Company's Annual Report on Form 10-K is available on the Company's website at www.muellerindustries.com or upon written request:

c/o Mueller Industries, Inc.
Attention: Investor Relations
Suite 150
8285 Tournament Drive
Memphis, TN 38125

Market for Mueller Securities

Common stock is traded on the NYSE—Symbol MLI.

Transfer Agent, Registrar and Paying Agent

To notify the Company of address changes, lost certificates, dividend payments, or account consolidations, security holders should contact:

American Stock Transfer & Trust Company, LLC
Shareholder Services Department
6201 15th Avenue
Brooklyn, NY 11219

Toll Free: (800) 937-5449
Local & International: (718) 921-8124
Email: info@amstock.com
Web site: www.amstock.com

NYSE Certifications

The Company submitted an unqualified Section 12(a) CEO Certification to the NYSE in 2013. The Company filed with the SEC the CEO/CFO Certifications required under Section 302 of the Sarbanes-Oxley Act as an exhibit to the Company's Annual Report on Form 10-K for 2013 and 2012.

Independent Registered Public Accounting Firm

Ernst & Young LLP
Memphis, Tennessee

