

MUELLER INDUSTRIES INC
Form 10-K
February 24, 2015

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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 27, 2014 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 ☐

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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 \$1,619,095,888.

The number of shares of the Registrant's common stock outstanding as of February 20, 2015 was 56,924,463 excluding 23,258,541 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 2015 Annual Meeting of Stockholders, scheduled to be mailed on or about March 25, 2015 (Part III).

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MUELLER INDUSTRIES, INC.

As used in this report, the terms “we,” “us,” “our,” “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

Mueller Industries, Inc. (the Company) is a leading manufacturer of plumbing, heating, ventilation, and air-conditioning (HVAC), refrigeration, and industrial 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 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:

- **Plumbing & Refrigeration:** The Plumbing & Refrigeration segment is composed of Standard Products (SPD), European Operations, and Mexican Operations. SPD manufactures and sells copper tube, copper and plastic fittings, line sets, and valves in North America and sources products for import distribution in North America. European Operations manufacture copper tube in the United Kingdom, which is sold throughout Europe. 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.
- **Original Equipment Manufacturers (OEM):** 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. 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, fittings, and components; 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.

Certain administrative expenses and expenses related primarily to retiree benefits at inactive operations are combined into the Corporate and Eliminations classification.

Financial information concerning segments and geographic information appears under "Note 15 - Industry Segments" in the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

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 our 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.

Mueller was incorporated in Delaware on October 3, 1990.

Plumbing & Refrigeration Segment

The Plumbing & Refrigeration segment includes SPD, which manufactures a broad line of copper tube in sizes ranging from 1/8 inch to 8 inch diameter that is sold in various straight lengths and coils. We are a market leader in the air-conditioning and refrigeration service tube markets. Additionally, we supply a variety of water tube in straight lengths and coils used for plumbing applications in virtually every type of construction project. Lastly, SPD 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.

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This 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, we expanded our 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.

We acquired Howell Metal Company (Howell) on October 17, 2013 and Yorkshire Copper Tube (Yorkshire) on February 28, 2014. Howell manufactures copper tube and line sets for U.S. distribution while Yorkshire produces European standard copper distribution tubes. These acquisitions complement our existing copper tube businesses in the Plumbing & Refrigeration segment.

We disposed of Mueller Primaflow Limited (Primaflow), our U.K. based plumbing and heating systems import distribution business, on November 21, 2014. This business was part of the European Operations in the Plumbing & Refrigeration segment.

This 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 complement of agents, which, when combined with our sales organization, provide the Company broad geographic market representation.

The total amount of order backlog for the Plumbing & Refrigeration segment as of December 27, 2014 was not significant.

We compete with various companies, depending on the product line. In the U.S. copper tube business, domestic competition includes Cerro Flow Products LLC, 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, we compete 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, our 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 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. We extrude 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. Lastly, IPD 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.

This 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 27, 2014 was not significant.

On December 28, 2010, we 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.

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On August 16, 2012, we 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 27, 2014, the Company employed approximately 3,850 employees, of which approximately 2,020 were represented by various unions. Those union contracts will expire as follows:

Location	Expiration Date
Port Huron, Michigan (Local 218 IAM)	May 1, 2016
Port Huron, Michigan (Local 44 UAW)	July 20, 2016
Port Huron, Michigan (Local 119 SPFPA)	April 1, 2016
Belding, Michigan	September 12, 2015
Brighton, Michigan	July 31, 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

A substantial portion of our 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 us from primary producers, metal brokers, and scrap dealers. Sufficient energy in the form of natural gas, fuel oils, and electricity is available to operate our production facilities. While temporary shortages of raw material and fuels may occur occasionally, to date they have not materially hampered our operations.

Our 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 2015. Adequate quantities of copper are currently available. While we will continue to react to market developments,

resulting pricing volatility or supply disruptions, if any, could nonetheless adversely affect the Company.

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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 \$1.2 million for 2014, \$1.0 million for 2013, and \$3.1 million for 2012. The reserve for environmental matters was \$22.7 million at December 27, 2014 and \$23.6 million at December 28, 2013. 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. We do not anticipate that we will need to make material expenditures for compliance activities related to existing environmental matters during the 2015 fiscal year, or for the next two fiscal years.

For a description of material pending environmental proceedings, see "Note 8 – Commitments and Contingencies" in the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

Other Business Factors

Our 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 2014, 2013, or 2012. No material portion of our 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 our operating environment, 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 products would be impacted, which could have a material adverse impact on our operating margins.

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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 business is sensitive to changes in general economic conditions, particularly 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 extent 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 and 2014, 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. 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 manufacture. 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 British pound sterling, Mexican peso, and the Chinese renminbi, could have an adverse impact on our results of operations or financial position.

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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 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 27, 2014, approximately 2,020 of our 3,850 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 Environmental Protection Agency (EPA) has 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 future events is not reasonably estimable at this time, should they 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, 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, 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, diversion of our 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.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information pertaining to our major operating facilities is included below. Except as noted, we own all of the principal properties. Our 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
Plumbing & Refrigeration Segment		
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, line sets, 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. 39.2 acres	(1) 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. 7.68 acres	(2) 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.
Monterrey, Mexico	152,000 sq. ft.	(3) Pipe nipples plant. Produces pipe nipples, cut pipe and merchant couplings.

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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.
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ITEM 2. PROPERTIES

(continued)

Location	Approximate Property Size	Description
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.
OEM Segment		
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 and copper busbar 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. 5.0 acres	(4) 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.

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ITEM 2. PROPERTIES

(continued)

Location	Approximate Property Size	Description
Jintan City, Jiangsu Province, China	322,580 sq. ft. 33.0 acres	(5) 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, we own and/or lease 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.

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ITEM 3. LEGAL PROCEEDINGS

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.

For a description of material pending legal proceedings, see “Note 8 – Commitments and Contingencies” in the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

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

Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol “MLI.” As of February 20, 2015, the number of holders of record of Mueller’s common stock was approximately 855. The following table sets forth, for the periods indicated, the high and low sales prices as reported by the NYSE and the cash dividends paid per share of common stock.

On February 21, 2014, the Company effected a two-for-one stock split to shareholders of record as of March 14, 2014. All share and per share information has been retroactively adjusted to reflect the stock split.

	Sales Prices		Dividend
	High	Low	
2014			
Fourth quarter	\$ 34.39	\$ 27.10	\$ 0.0750
Third quarter	30.35	27.71	0.0750
Second quarter	30.99	27.47	0.0750
First quarter	32.13	27.38	0.0750
2013			
Fourth quarter	\$ 31.64	\$ 26.98	\$ 0.0625
Third quarter	29.08	25.17	0.0625
Second quarter	27.50	24.05	0.0625
First quarter	27.77	24.48	0.0625

Payment of dividends in the future is dependent upon the Company's financial condition, cash flows, capital requirements, earnings, and other factors.

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Issuer Purchases of Equity Securities

The Company's Board of Directors has extended, until October 2015, the authorization to repurchase up to 20 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 27, 2014, the Company had repurchased approximately 4.7 million shares under this authorization. Below is a summary of the Company's stock repurchases for the quarter ended December 27, 2014.

	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs 15,287,060(1)
September 28 – October 25, 2014	359 ₍₂₎	\$ 29.45	—	
October 26 – November 22, 2014	2,384 ₍₂₎	32.05	—	
November 23 – December 27, 2014	579 ₍₂₎	32.92	—	

- (1) Shares available to be purchased under the Company's 20 million share repurchase authorization until October 2015. The extension of the authorization was announced on October 24, 2014.
- (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.

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Company Stock Performance

The following graph compares total stockholder return since December 26, 2009 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.

2009	2010	2011	2012	2013	2014
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