

corporate overview



**Mueller Water Products**

WHERE INTELLIGENCE MEETS INFRASTRUCTURE™

## A Message from our Chairman\*

Gregory E. Hyland  
Chairman, President  
and Chief Executive Officer



For more than 150 years, the companies that make up Mueller Water Products have provided the products that carry safe, clean drinking water to people across the United States and Canada. Our long history and reputation for quality and safety have made us the trusted supplier of products and services to the water infrastructure industry.

As stories about broken water mains appear in the media with increasing frequency, people are coming to the realization not only of the need to repair and replace the aging water infrastructure but also of the significant investment that will be needed to make it happen. The \$2 billion allocated for drinking water infrastructure in the American Reinvestment and Recovery Act of 2009 (ARRA) speaks to this growing awareness, as do the sizeable water rate increases municipalities are implementing, in part, to repair or replace water infrastructure.

We believe no company is better positioned to lead our industry in supplying the products that will be needed to repair and replace aging water infrastructure than Mueller Water Products. The steps we took in fiscal 2009 to increase our financial flexibility, lower our leverage and reduce our cost structure have made us a stronger company. We are committed to having the best products and services in the industry, and we expect to benefit as municipalities increase their investment in water infrastructure.

### Strategy

Given our market-leading positions and what we believe will be a significant increase in spending on water infrastructure over the next several years, our focus is to capitalize on the large, attractive and growing water infrastructure markets worldwide.

We will do so by:

- Maintaining our leadership positions with our customers and end users,
- Continuing to enhance operational excellence,
- Broadening the breadth and depth of our products, technologies and services, and
- Expanding internationally.

We remain focused on generating free cash flow, reducing our debt and managing controllable expenses while maintaining our quality, best-in-class product positions, the reputation of our brands and service to our customers. At the same time, we believe we must invest in key areas to ensure that we maintain our leadership role in the water infrastructure industry. To do so, we are preserving and even strengthening two key functions which directly affect our customers and end users.

The first is our sales and customer support. While we reduced headcount in other areas in fiscal 2009, we maintained our sales and customer support structure. We are committed to providing superior service and quality products. Strong relationships with our distributors and end users are key to accomplishing this objective, and our sales and customer support personnel have done an excellent job maintaining these relationships.

The second is enhancing existing products and services, developing new products and services and being a leader with emerging technologies. For more than 150 years, our customers have relied on our pioneering products and services to meet their needs. As the ability to deliver safe, clean drinking water becomes more challenging, the products and services that will make that happen will need to be more innovative and efficient, and we will continue to be at the forefront of that effort.

Making all this possible are our employees. They have done a tremendous job over the past year in helping us generate strong free cash flow and reduce costs through personal commitment and contributions while making sure we continue to exceed our customers' expectations. I thank them for all they have done.

I look forward to updating you on our progress throughout the year. In the meantime, thank you for your interest in Mueller Water Products.

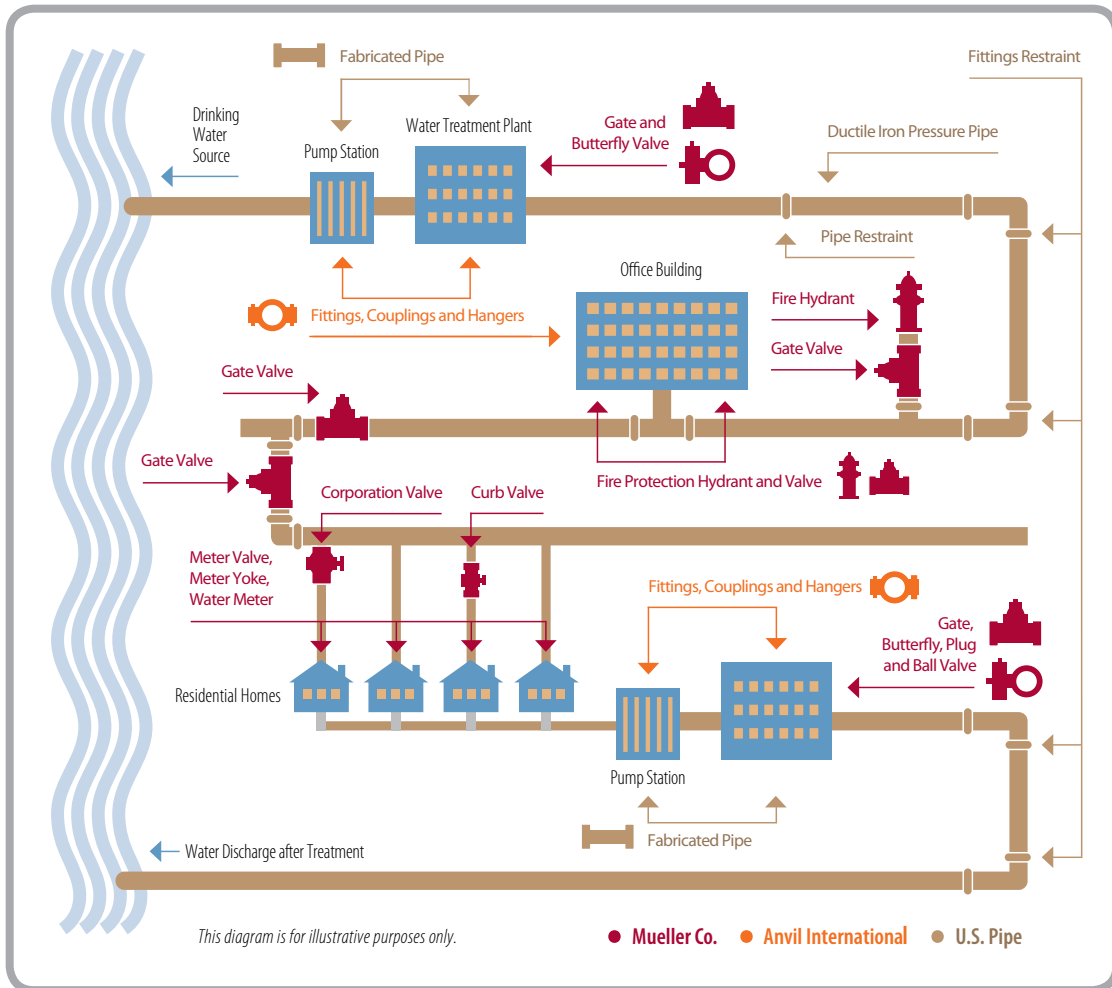
Sincerely,

A handwritten signature in black ink, appearing to read "G. Hyland", with a long horizontal flourish extending to the right.

Gregory E. Hyland  
Chairman, President  
and Chief Executive Officer

## Complete Water Transmission Solutions

As water flows from its source to treatment facilities to homes and businesses across North America, it flows through or is controlled by the products we manufacture, making Mueller Water Products an integral part of the water infrastructure system. Some of our other products handle water behind the wall, including in HVAC and fire protection systems.



## Financial Highlights

**Net Sales** for fiscal year 2009: ..... \$1,427.9 million

**Adjusted EBITDA** for fiscal year 2009: ..... \$108.0 million

**Total Assets** as of September 30, 2009: ..... \$1,739.5 million

## Brands Built on Quality and Service

Until recently, many people gave little thought to how clean, safe drinking water gets from its source to homes and businesses.

But as the impact of aging water infrastructure systems becomes more apparent, there is a growing appreciation for the products and systems that deliver our most precious natural resource. Mueller Water Products is uniquely positioned to address this challenging environment.

With our three business segments: Mueller Co., Anvil International and U.S. Pipe, Mueller Water Products is a recognized leader in the water flow infrastructure space with the expertise and product portfolio to help municipalities, utilities, government agencies and contractors meet the challenges of the 21st century.



### **Mueller Co.**

Mueller Co. is one of the largest manufacturers of fire hydrants, butterfly valves and iron gate valves in the U.S. and Canada and offers the broadest product line of valves for residential water and gas systems.

Its other product offerings include pipe repair products, water meters, tapping machines and tools. Sales of these products are heavily influenced by local water department specifications.



U.S. Pipe and Foundry Company is the largest domestic producer of ductile iron pipe in sizes 4 inch through 64 inch. U.S. Pipe perfected the production of ductile iron pipe, which is superior in strength to cast iron, and was the first in the industry to use ductile iron exclusively for all its pressure pipe and fittings.



For more than 150 years, Anvil has worked diligently to build a strong, vibrant tradition of making connections — from pipe to pipe and people to people.

It provides solutions for a wide range of applications, from plumbing and mechanical, HVAC, industrial and fire protection to mining, and oil and gas. Anvil's comprehensive line of products includes grooved pipe couplings, grooved and plain-end fittings, valves, cast and malleable iron fittings, forged steel fittings, steel pipe nipples and couplings, pipe hangers and hardware, channel and strut fittings, and mining and oil field fittings.



## Where Intelligence Meets Infrastructure™

For more than 150 years, the most practical, respected and innovative products in the water infrastructure industry have been built by the company now known as Mueller Water Products. Mueller Water Products has the two leading brands in the water infrastructure industry. We continue to invest in the processes and products that are needed to meet the needs of the water infrastructure industry and maintain our leadership positions.

### Automated Ductile Iron Pipe Manufacturing Facility

U.S. Pipe and Foundry Company's automated ductile iron pipe manufacturing operation in Bessemer, Alabama is an efficiency-based, streamlined, flow-through process facility. It is the only ductile iron pipe facility in the United States to employ state-of-the-art automated machinery and transport systems.

U.S. Pipe announced plans for the automated operation in May 2007, and it began producing orders in the fall of 2008. In 2010, the automated ductile iron pipe manufacturing operation was recognized by the American Foundry Society with its 2010 Plant Engineering Award. According to the American Foundry Society, "U.S. Pipe and Foundry through creative design of a new facility and its equipment along with its unique operational strategy has created the most technologically advanced ductile iron pressure pipe manufacturing plant in North America."



### Lost Foam Process

Mueller Co. is the only manufacturer utilizing the lost foam process for valves and hydrants. This highly efficient process consolidates multiple cast components into a single casting. Some of the benefits of this innovative process are:

- Reduces foundry sand use
- Recycles 15,000 tons of waste sand into concrete and asphalt
- Reduces particulate air emissions by 80%
- Uses "clean scrap" and eliminates 30,000 lbs of hazardous waste annually
- Cuts energy usage and reduces dust with reduced machining
- Utilizes VOC-free powder coating
- Uses 60% post-consumer/industrial scrap castings
- Improves employee safety



## Advanced Metering Infrastructure Systems

**Mueller SYSTEMS**

When you are ready for a true two-way AMI system, the Mi.Net™ Mueller Infrastructure Network for Utilities is your ideal solution. The Mi.Net System is a communications network that fully automates the meter-reading-to-billing process, linking meters, distribution sites and control devices in a single, highly efficient data network. The Mi.Net System is flexible and scalable, enabling utilities to deploy newer technology in stages, as their needs and budgets allow.



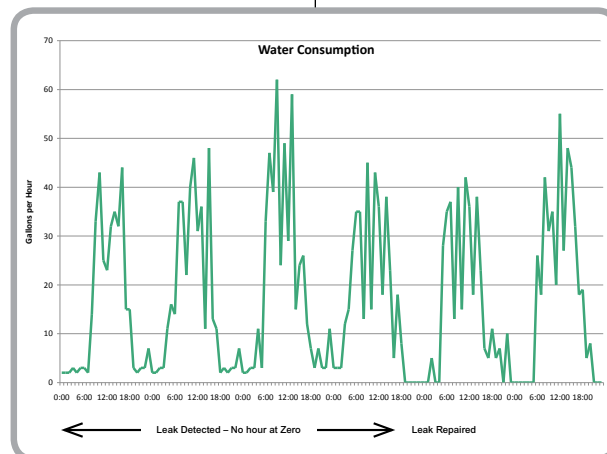
The Mi.Net System uses Mi.Node transceivers on metering devices to gather and pass data through Radio Frequency technology to area Mi.Gates.

These gateways collect and upload the data to either the utility's server or our hosted server with Mi.Host MDM software via GPRS or other data backhaul options. The many benefits of the Mi.Net System include "On Demand" meter readings, e-mail alerts and alarms based upon near real-time information, and the ability to best manage your water resources through on-going access to custom data and information.

As technology and your needs evolve, Mueller Systems will continue to develop valuable, visionary solutions that offer easier implementation, better functionality and a faster return on your investment.

### Having two-way meter communication and control capabilities helps you:

- Take action on near real-time information with e-mail alerts and alarms
- Implement remote connect / disconnect and advanced TOU billing services
- Perfect demand response, profile customers, connect with HANs and manage loads
- Identify leaks, detect outages and perform on-demand reads
- Empower consumers with secure Web access to promote conservation efforts



Hourly Water Consumption (in gallons)

## Learn More About Us!

[www.muellerwaterproducts.com](http://www.muellerwaterproducts.com)

[www.muellercompany.com](http://www.muellercompany.com)

[www.uspipe.com](http://www.uspipe.com)

[www.anvilintl.com](http://www.anvilintl.com)

[www.muellersystems.com](http://www.muellersystems.com)

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