

**IMMEDIATE RELEASE**  
**FRIDAY, OCTOBER 20, 2006**

**TRADED: OTC (MUEL)**  
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SPRINGFIELD, MISSOURI — PAUL MUELLER COMPANY TODAY RELEASED ITS THIRD QUARTER REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2006, AS FOLLOWS:

**Paul Mueller Company and Subsidiaries**

**NINE-MONTH REPORT**

(Unaudited)

**CONSOLIDATED SUMMARIES OF OPERATIONS**

	Three Months Ended		Nine Months Ended		Twelve Months Ended	
	September 30		September 30		September 30	
	2006	2005	2006	2005	2006	2005
Net Sales .....	\$ 36,698,000	\$ 31,322,000	\$ 96,289,000	\$ 98,621,000	\$ 135,801,000	\$ 133,900,000
Cost of Sales .....	<u>30,860,000</u>	<u>25,854,000</u>	<u>79,723,000</u>	<u>78,978,000</u>	<u>110,728,000</u>	<u>109,039,000</u>
Gross Profit.....	\$ 5,838,000	\$ 5,468,000	\$ 16,566,000	\$ 19,643,000	\$ 25,073,000	\$ 24,861,000
Selling, General and Admin. Expenses .....	<u>5,601,000</u>	<u>5,032,000</u>	<u>15,656,000</u>	<u>15,961,000</u>	<u>20,999,000</u>	<u>20,541,000</u>
Operating Income.....	\$ 237,000	\$ 436,000	\$ 910,000	\$ 3,682,000	\$ 4,074,000	\$ 4,320,000
Other Income .....	<u>213,000</u>	<u>100,000</u>	<u>667,000</u>	<u>303,000</u>	<u>655,000</u>	<u>391,000</u>
Income before Provision (Benefit) for Income Taxes ....	\$ 450,000	\$ 536,000	\$ 1,577,000	\$ 3,985,000	\$ 4,729,000	\$ 4,711,000
Provision (Benefit) for Income Taxes .....	<u>252,000</u>	<u>118,000</u>	<u>550,000</u>	<u>1,197,000</u>	<u>(127,000)</u>	<u>1,108,000</u>
Net Income .....	<u>\$ 198,000</u>	<u>\$ 418,000</u>	<u>\$ 1,027,000</u>	<u>\$ 2,788,000</u>	<u>\$ 4,856,000</u>	<u>\$ 3,603,000</u>
Earnings per Common Share –						
Basic .....	\$ 0.17	\$ 0.36	\$ 0.89	\$ 2.38	\$ 4.22	\$ 3.08
Diluted.....	\$ 0.17	\$ 0.36	\$ 0.89	\$ 2.37	\$ 4.19	\$ 3.06

**FINANCIAL HIGHLIGHTS**

	September 30 2006	December 31 2005
Total Assets.....	\$ 79,482,000	\$ 55,171,000
Working Capital.....	\$ 5,160,000	\$ 7,705,000
Current Ratio.....	1.10 : 1	1.28 : 1
Net Worth .....	\$ 20,429,000	\$ 21,449,000
Book Value Per Share ....	\$ 17.41	\$ 18.46
Backlog.....	\$ 101,090,000	\$ 37,027,000

NOTES: 1) The effective tax rates for the periods presented vary from the statutory rate (34%) due to the effect of a valuation allowance that is recorded for virtually all of the Company's deferred tax assets and the effect of the alternative minimum tax.

2) Due to significantly higher stainless steel prices during 2006 compared to 2005, operating income was reduced by LIFO provisions of \$2,000,000 and \$3,043,000 for the three months and nine months ended September 30, 2006, respectively, versus \$250,000 and \$1,043,000 for the three months and nine months ended September 30, 2005, respectively.

**MUELLER®**



October 20, 2006