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MUELLER INDUSTRIES INC
Form DEF 14A
March 24, 2003

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement [] Confidential, For Use of the Commission
[X] Definitive Proxy Statement Only (as permitted by Rule 14a-6(e)(2))
[] Definitive Additional Materials
[] Soliciting Material Pursuant to Rule 14a-12

MUELLER INDUSTRIES, INC.
(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

[] No fee required.
[] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

[] Fee paid previously with preliminary materials.
[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

[LOGO]

MUELLER INDUSTRIES, INC.
8285 Tournament Drive, Suite 150
Memphis, Tennessee 38125
Telephone (901) 753-3200

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Notice of Annual Meeting of
Stockholders to be Held
May 1, 2003

To the Stockholders of
Mueller Industries, Inc.

The Annual Meeting of Stockholders of Mueller Industries, Inc. (the "Company"), will be held at the Company's headquarters at 8285 Tournament Drive, Suite 150, Memphis, Tennessee 38125 on Thursday, May 1, 2003, at 10:00 A.M. local time, for the following purposes:

1. To elect six directors, each to serve until the next annual meeting of stockholders (tentatively scheduled for May 6, 2004) or until his successor is elected and qualified;
2. To consider and act upon a proposal to approve the appointment of Ernst & Young LLP, independent public accountants, as auditors of the Company for the fiscal year ending December 27, 2003; and
3. To consider and transact such other business as may properly be brought before the Annual Meeting and any adjournment(s) thereof.

Only stockholders of record at the close of business on March 12, 2003, will be entitled to notice of and vote at the Annual Meeting or any adjournment(s) thereof. A complete list of stockholders entitled to vote at the Annual Meeting will be prepared and maintained at the Company's corporate headquarters at 8285 Tournament Drive, Suite 150, Memphis, Tennessee 38125. This list will be available for inspection by stockholders of record during normal business hours for a period of at least 10 days prior to the Annual Meeting.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING REGARDLESS OF THE SIZE OF YOUR HOLDINGS. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING IN PERSON, WE URGE YOU TO MARK, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED SELF-ADDRESSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

John P. Fonzo
Corporate Secretary

March 20, 2003

MUELLER INDUSTRIES, INC.
8285 Tournament Drive, Suite 150
Memphis, Tennessee 38125
Telephone (901) 753-3200

PROXY STATEMENT

Annual Meeting of Stockholders
May 1, 2003

SOLICITATION OF PROXIES

The accompanying proxy is solicited by the Board of Directors of Mueller Industries, Inc., a Delaware corporation (the "Company"), for use at the annual

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meeting of stockholders (the "Annual Meeting") to be held at the Company's headquarters at 8285 Tournament Drive, Suite 150, Memphis, Tennessee 38125, on Thursday, May 1, 2003, at 10:00 A.M. local time, or at any adjournment(s) thereof.

This Proxy Statement, together with the Company's Annual Report for the fiscal year ended December 28, 2002, is first being mailed on or about March 20, 2003.

When a proxy card is returned properly signed, the shares represented thereby will be voted in accordance with the stockholder's directions appearing on the card. If the proxy card is signed and returned without directions, the shares will be voted in favor of the proposals set forth thereon and for the nominees named herein. The discretion granted in the accompanying proxy card includes the authority to vote on all additional matters properly coming before the Annual Meeting as the persons named in the proxy deem appropriate. A stockholder giving a proxy may revoke it at any time before it is voted at the Annual Meeting by giving written notice to the secretary of the Annual Meeting or by casting a ballot at the Annual Meeting. Votes cast by proxy or in person at the Annual Meeting will be tabulated by election inspectors appointed for the Annual Meeting. The election inspectors will also determine whether a quorum is present. The holders of a majority of the shares of common stock, \$.01 par value per share ("Common Stock"), outstanding and entitled to vote who are present either in person or represented by proxy will constitute a quorum for the Annual Meeting. The election inspectors will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of any matter submitted. If a broker indicates on a proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter.

The cost of soliciting proxies will be borne by the Company. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies by telephone or otherwise. The Company will reimburse brokers or other persons holding stock in their names or in the names of their nominees for their charges and expenses in forwarding proxies and proxy material to the beneficial owners of such stock.

VOTING SECURITIES

The Company had 34,257,419 shares of Common Stock outstanding at the close of business on March 12, 2003, which are the only securities of the Company entitled to be voted at the Annual Meeting. The record holder of each share of Common Stock is entitled to one vote on each matter that may properly be brought before the Annual Meeting. Only stockholders of record at the close of business on March 12, 2003, will be entitled to notice of, and to vote at, the Annual Meeting. The Company's Certificate of Incorporation and Bylaws do not provide for cumulative voting for the election of Directors.

PRINCIPAL STOCKHOLDERS

As of March 12, 2003, the following parties were known by the Company to be the "beneficial owner" of more than five percent of the Common Stock:

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
-----	-----	-----

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Harvey L. Karp	2,579,396 (1)	7.0% (1)
c/o Mueller Industries, Inc. 8285 Tournament Drive, Suite 150 Memphis, Tennessee 38125		
Berkshire Hathaway Inc.	2,480,900 (2)	6.75% (3)
1440 Kiewit Plaza Omaha, Nebraska 68131		

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- (1) Includes 2,400,000 shares of Common Stock which are subject to currently exercisable stock options.
 - (2) Information obtained from a Schedule 13G, dated February 14, 2003, filed with the Securities and Exchange Commission on behalf of Warren E. Buffett, Berkshire Hathaway Inc., OBH, Inc. and National Indemnity Company. The Schedule 13G reported ownership of 2,480,900 shares of Common Stock then outstanding. The Schedule 13G reported shared voting power and shared dispositive power over 2,480,900 shares.
 - (3) The percent of class shown was based on the shares of Common Stock reported on the Schedule 13G and the total number of shares outstanding as of December 31, 2002. The difference in the total number of shares outstanding on December 31, 2002 and March 12, 2003 does not materially affect the percentage of ownership of the class.

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ELECTION OF DIRECTORS

The Board of Directors proposes to elect the following six persons at the Annual Meeting to serve (subject to the Company's Bylaws) as directors of the Company until the next Annual Meeting (tentatively scheduled for May 6, 2004), or until the election and qualification of their successors: Gennaro J. Fulvio, Gary S. Gladstein, Terry Hermanson, Robert B. Hodes, Harvey L. Karp and William D. O'Hagan. If any such person should be unwilling or unable to serve as a director of the Company, which is not anticipated, the persons named in the proxy will vote the proxy for substitute nominees selected by them unless the number of directors has been reduced to the number of nominees willing and able to serve.

Directors are elected by a plurality of the votes cast. "Plurality" means that the individuals who receive the greatest number of votes cast "For" are elected as directors up to the maximum number of directors to be chosen at the Annual Meeting. Consequently, any shares not voted "For" a particular director (whether as result of a direction to withhold or a broker non-vote) will not be counted in such director's favor.

OWNERSHIP OF COMMON STOCK BY DIRECTORS AND EXECUTIVE OFFICERS AND INFORMATION ABOUT DIRECTOR NOMINEES

The following table sets forth, as of March 12, 2003, information about the 3,695,562 shares of Common Stock (calculated based on 34,257,419 shares outstanding) beneficially owned by each of the Company's current directors, nominees for director, executive officers and Named Officers (as defined under "Executive Compensation"). Unless otherwise indicated, all directors and nominees for director, executive officers and Named Officers have sole voting and investment power with respect to the shares of Common Stock reported. The table and the accompanying footnotes set forth the foregoing persons' current

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positions with the Company, principal occupations and employment over the preceding five years, age and directorships held in certain other publicly-owned companies.

Principal Occupation, Employment, etc. -----	Common Stock Beneficially Owned as of March 12, 2003 -----	Percent of Class -----
Gennaro J. Fulvio Director of the Company since May 9, 2002; age 46 (1)	2,000	*
Gary S. Gladstein Director of the Company since July 1, 2000; Director of Jos. A. Bank Clothiers, Inc. and Cresud S.A.; age 58 (2)	21,400	*
Terry Hermanson Director nominee; age 60 (3)	1,000	*
Robert B. Hodes Director of the Company since February 10, 1995; Director of Loral Space & Communications Ltd., K & F Industries, Inc., R. V. I. Guaranty, Ltd. and LCH Investments N.V.; age 77 (4)	48,000	*

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Principal Occupation, Employment, etc. -----	Common Stock Beneficially Owned as of March 12, 2003 -----	Perc Cl
Harvey L. Karp Chairman of the Board of Directors since October 8, 1991; Director since August 1991; age 75 (5)	2,579,396	7.
William D. O'Hagan Chief Executive Officer of the Company since January 1, 1994; Chief Operating Officer of the Company since June 22, 1992; President of the Company since December 1, 1992; Director of the Company since January 1993; age 61 (6)	848,136	2.
John P. Fonzo Vice President, General Counsel and Secretary of the Company since July 5, 2000; age 47 (7)	4,600	
Roy C. Harris Vice President and Chief Information Officer of the Company since July 5, 2000; age 60 (8)	57,616	
Kent A. McKee Chief Financial Officer of the Company since April 1, 1999;	85,404	

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Vice President of the Company since February 11, 1999;
age 42 (9)

Lee R. Nyman	48,010
Senior Vice President -- Manufacturing/Engineering of the Company since February 11, 1999; age 50 (10)	
Executive Officers, Named Officers and Directors as a Group	3,695,562

* Less than 1%

** Includes 3,130,960 shares of Common Stock which are subject to currently exercisable stock options held by officers and directors of the Company.

- (1) Mr. Fulvio has been a member of Fulvio & Associates, LLP, Certified Public Accountants (formerly Speer & Fulvio, LLP), since 1987. The number of shares of Common Stock owned by Mr. Fulvio includes 2,000 shares of Common Stock which are subject to currently exercisable stock options.
- (2) Mr. Gladstein previously served as a director of the Company from 1990 to 1994. Mr. Gladstein is currently a Senior Consultant at Soros Fund Management. He was Chief Operating Officer at Soros Fund Management from 1985 until his retirement at the end of 1999. The number of shares owned by Mr. Gladstein includes 2,000 shares of Common Stock owned by Mr. Gladstein's son. Mr. Gladstein disclaims beneficial ownership of the 2,000 shares of Common Stock owned by his son. The number of shares of Common Stock owned by Mr. Gladstein includes 4,000 shares of Common Stock which are subject to currently exercisable stock options.
- (3) Mr. Hermanson has been the principal and President of Mr. Christmas, Inc., a wholesale merchandising company, for more than the last five years.

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- (4) Mr. Hodes is Counsel to the New York law firm of Willkie Farr & Gallagher. The number of shares of Common Stock beneficially owned by Mr. Hodes includes (i) 2,200 shares of Common Stock owned by Mr. Hodes' children and (ii) 10,000 shares of Common Stock which are subject to currently exercisable stock options.
- (5) The number of shares of Common Stock beneficially owned by Mr. Karp includes 2,400,000 shares of Common Stock which are subject to currently exercisable stock options.
- (6) The number of shares of Common Stock beneficially owned by Mr. O'Hagan includes (i) 580,000 shares of Common Stock which are subject to currently exercisable stock options, (ii) 28,136 shares of Common Stock owned by Mr. O'Hagan's spouse, (ii) 211,162 shares held in a property trust, with Mr. O'Hagan's daughter as trustee; and, (iii) 28,838 shares of Common Stock owned by a family partnership of which Mr. O'Hagan is a general partner and in which Mr. O'Hagan or his spouse hold a 99% interest. Mr. O'Hagan disclaims beneficial ownership of the 28,136 shares of Common Stock owned by his spouse and of the 211,162 shares held in the property trust.
- (7) Mr. Fonzo has served as Vice President, General Counsel and Secretary of the Company since July 5, 2000. Prior thereto, Mr. Fonzo had been General Counsel, Consumer Packaging, for International Paper Company, since 1998, and Senior Counsel, International Paper Company, since 1995. The number of

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shares of Common Stock beneficially owned by Mr. Fonzo includes 4,600 shares of Common Stock which are subject to currently exercisable stock options.

- (8) Mr. Harris served (i) as Division Manager of the Company's Standard Products Division from May 1, 1997 through July 11, 2000 and (ii) as Controller, Standard Products Division, from December 1995 to May 1, 1997. The number of shares of Common Stock beneficially owned by Mr. Harris includes 52,360 shares of Common Stock which are subject to currently exercisable stock options.
- (9) Mr. McKee served (i) as Vice President -- Business Development/Investor Relations of the Company from December 14, 1995 to February 11, 1999, (ii) as Treasurer of the Company from November 8, 1991 to December 14, 1995 and (iii) as Assistant Secretary of the Company from August 28, 1991 to December 14, 1995. The number of shares of Common Stock beneficially owned by Mr. McKee includes 46,000 shares of Common Stock which are subject to currently exercisable stock options.
- (10) Mr. Nyman served as Vice President -- Manufacturing/Management Engineering of the Company from July 7, 1993 to February 11, 1999. The number of shares of Common Stock beneficially owned by Mr. Nyman includes 32,000 shares of Common Stock which are subject to currently exercisable stock options.

During 2002, the Board of Directors held four meetings and took action three times by unanimous written consent. The Board of Directors established a standing Audit Committee and a Compensation Committee at its organizational meeting on February 13, 1991. On May 13, 1991, the Board of Directors created two committees (the "Plan Committees") to be responsible for administering the Company's 1991 Employee Stock Purchase Plan and the Company's 1991 Incentive Stock Option Plan. On November 16, 1993, the Board of Directors established a standing Nominating Committee. On May 12, 1994, the Board of Directors created two committees to be responsible for administering the Company's 1994 Stock Option Plan and the Company's 1994 Non-Employee Director Stock Option Plan, on February 12, 1998 created a committee to be responsible for administering the Company's 1998 Stock Option Plan and on February 12, 2002 created a committee to be responsible for administering the Company's 2002 Stock Option Plan (collectively, the "Option Plan Committees"). During 2002, no

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director attended fewer than 75% of the total number of meetings of the Board and all committees on which he served.

During 2002, the Audit Committee was composed of three directors who were not officers or employees of the Company: Gary S. Gladstein, Gennaro J. Fulvio and Robert B. Hodes. During 2002, the Audit Committee met four times. The Board of Directors determined that the members of the Audit Committee were independent, as independence is defined in Sections 303.01(B)(2)(a) and (3) of the New York Stock Exchange listing standards. The Audit Committee (i) makes recommendations to the Board of Directors regarding the appointment of the Company's independent accountants, (ii) reviews and approves any major change in the Company's accounting policy, (iii) reviews the scope and results of the independent audit, (iv) reviews and considers the independence of the accountants, (v) reviews the effectiveness of the Company's internal audit procedures and personnel, (vi) reviews the Company's policies and procedures for compliance with disclosure requirements concerning conflicts of interest and the prevention of unethical, questionable or illegal payments, and (vii) makes such reports and recommendations to the Board of Directors as it may deem appropriate. The Board of Directors has adopted a written Audit Committee

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Charter.

During 2002, the Compensation Committee was composed of two directors who were not officers or employees of the Company: Gary S. Gladstein and Gennaro J. Fulvio. These same directors also served as members of the Plan Committees and the Option Plan Committees. The Compensation Committee (i) reviews management compensation standards and practices and (ii) makes such recommendations to the Board of Directors as it deems appropriate. During 2002, the Compensation Committee and the Option Plan Committees held one meeting.

During 2002, the Nominating Committee was composed of two directors who were not officers or employees of the Company: Robert B. Hodes and Gennaro J. Fulvio. The Nominating Committee makes recommendations to the Board of Directors regarding director candidates and criteria for Board membership. During 2002, the Nominating Committee held one meeting. The Nominating Committee does not consider individuals nominated by stockholders for election to the Board. However, under the Company's Bylaws, nominations for the election of directors may be made by a qualifying stockholder, but only if written notice of such stockholder's intent to make such nomination has been received by the Secretary of the Company at the Company's principal place of business (8285 Tournament Drive, Suite 150, Memphis, Tennessee 38125) not less than 60 days and not more than (i) with respect to an election to be held at an annual meeting of stockholders, 90 days prior to the anniversary date of the immediately preceding annual meeting (unless the annual meeting date is advanced by more than thirty days or delayed by more than sixty days, in which case different deadlines apply), and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, not earlier than 90 days prior to the special meeting and not later than the later of (a) 60 days prior to such special meeting or (b) the tenth day following the day on which public announcement is first made of the date of the special meeting, provided that in the event that the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Company at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to the Secretary of the Company not later than the tenth day following the day on which such public announcement is first made by the Company. To be a qualifying stockholder, the stockholder must be a stockholder of record at the time the notice was delivered to the Secretary of the Company. Each such notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director,

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all information relating to such person that is required to be disclosed in solicitation of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A (or successor provisions) under the Securities Exchange Act of 1934, including such person's written consent to be named in the proxy statement as a nominee and serving as a director if elected; (b) as to any other business that the stockholder desired to be brought before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, and (ii) the class and number of shares of Common Stock which are owned beneficially and of record by such stockholder and such beneficial owner. The

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presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

Director Compensation

During 2002, Directors of the Company who were not employed by the Company received an annual fee for serving on the Company's Board of Directors of \$25,000, plus a fee of \$1,000 per Board and \$750 per Audit, Compensation or Nominating Committee meeting attended by such Director, plus reimbursement for such Director's expenses incurred in connection with any such Board or Committee meeting, except no Committee meeting fees were paid for meetings held in conjunction with a Board of Directors meeting. In addition, the Chairman of each of the Audit, Compensation and Nominating Committees receives an annual fee of \$2,500.

Under the Company's 1994 Non-Employee Director Stock Option Plan, each member of the Company's Board of Directors who is neither an employee nor an officer of the Company is automatically granted each year on the date of the Company's Annual Meeting of Stockholders, without further action by the Board, an option to purchase 2,000 shares of Common Stock at the fair market value of the Common Stock on the date the option is granted. As of March 12, 2003, options to purchase 16,000 shares of Common Stock were outstanding under the Company's 1994 Non-Employee Director Stock Option Plan.

Board of Directors' Affiliations

Mr. Hodes is Counsel to the law firm of Willkie Farr & Gallagher, which provided legal services to the Company during 2002.

EXECUTIVE COMPENSATION

The following table summarizes the annual and long-term compensation for services in all capacities for the Company for the fiscal years 2002, 2001 and 2000, of those persons who were, at December 28, 2002, (i) the chief executive officer, and (ii) the other four most highly compensated executive officers of the Company (collectively, the "Named Officers").

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation	All Other Compensation
		Salary	Bonus (1)	Awards	
				Securities Underlying Options (#)	
Harvey L. Karp	2002	\$801,190	\$801,190		
Chairman of the Board	2001	\$801,190	\$600,893		
	2000	\$763,048	\$763,048		
William D. O'Hagan	2002	\$546,260	\$768,947	100,000	\$ 8,000
President and Chief Executive Officer	2001	\$546,260	\$382,382		\$ 6,800
	2000	\$520,260	\$494,247		\$24,583
John P. Fonzo	2002	\$197,125	\$ 79,137	8,000	\$ 8,000

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Vice President, General Counsel & Secretary (3)	2001	\$194,580	\$ 43,350	5,000	\$ 6,800
	2000	\$ 85,323	\$105,400	2,500	
Kent A. McKee	2002	\$208,142	\$ 99,931	12,500	\$ 8,000
Vice President and Chief Financial Officer	2001	\$181,125	\$ 56,082	10,000	\$ 6,800
	2000	\$175,000	\$ 91,250	7,500	\$ 7,700
Lee R. Nyman	2002	\$212,629	\$101,546	20,000	\$ 8,000
Senior Vice President -- Manufacturing Engineering	2001	\$191,475	\$ 67,572	15,000	\$ 6,800
	2000	\$185,000	\$114,900	10,000	\$ 8,204

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- (1) Includes all amounts earned for the respective years, even if deferred under the Company's Executive Deferred Compensation Plan.
- (2) Consists of \$8,000 contributed on behalf of each of Messrs. O'Hagan, Fonzo, McKee and Nyman, respectively, as matching contributions for 2002 under the Company's 401(k) Plan.
- (3) Mr. Fonzo joined the Company on July 5, 2000.

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OPTION GRANTS

Shown below is information on options granted during the fiscal year ended December 28, 2002, to the Named Officers.

Option Grants in Last Fiscal Year

Name	Individual Grants				
	Number of Securities Underlying Options Granted (#)	% of total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Market Price on Date of Grant (\$/Sh)	Expiration Date
Harvey L. Karp	--	--	--	--	--
William D. O'Hagan	100,000	39.2%(1)	\$31.75	\$31.75	2/13/2012
John P. Fonzo	8,000	3.1%(2)	\$31.75	\$31.75	2/13/2012
Kent A. McKee	12,500	4.9%(3)	\$31.75	\$31.75	2/13/2012
Lee R. Nyman	20,000	7.8%(3)	\$31.75	\$31.75	2/13/2012

-
- (1) These options vest ratably over a five year term, with the first 20% vesting on February 13, 2003, except that if there is a "Change in Control", on the later of (i) the day Mr. O'Hagan notifies the Company he is terminating as a result of said change, and (ii) ten days prior to the

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date Mr. O'Hagan's employment is terminated, all remaining unvested options become immediately exercisable. These options are exercisable only for shares of Common Stock held in treasury by the Company. The Company has agreed to maintain a sufficient number of treasury shares to allow for the exercise of the vested and exercisable portion of these options. "Change in Control" is defined to mean (i) a change in control which would be required to be reported to the Securities and Exchange Commission or any securities exchange on which the Common Stock is listed, (ii) any non-exempted person or party becoming the beneficial owner of securities representing 20% or more of the voting power of the Company, or (iii) when the individuals who, on February 13, 2002, constituted the Board of Directors of the Company cease to constitute at least a majority of the Board, provided that new directors are deemed to have been directors on that date if elected by or on recommendation of at least sixty percent of the directors who were directors on February 13, 2002.

- (2) These options were granted under the Company's 1998 Stock Option Plan at 100% of the fair market value of the Common Stock at time of grant, which, in accordance with the terms of the 1998 Stock Option Plan, is the mean between the highest and lowest sale price of the Common Stock on the last trading date immediately preceding the date of grant. For purposes of determining the potential realizable value of these options, the mean between the highest and lowest sale price of the Common Stock on the trading date immediately preceding the date of grant was used as the date of grant market price. These options vest annually in 20% increments over a five-year term, with the first 20% vesting on February 13, 2003.
- (3) These options were granted under the Company's 1994 Stock Option Plan at 100% of the fair market value of the Common Stock at time of grant, which, in accordance with the terms of the 1994 Stock Option Plan, is the mean between the highest and lowest sale price of the Common Stock on the last trading date immediately preceding the date of grant. For purposes of determining

the potential realizable value of these options, the mean between the highest and lowest sale price of the Common Stock on the trading date immediately preceding the date of grant was used as the date of grant market price. These options vest annually in 20% increments over a five-year term, with the first 20% vesting on February 13, 2003.

Aggregated Option Exercises in Last Fiscal Year and
Option Values at December 28, 2002

Name	Shares Acquired on Exercise (#)	Value Realized (\$) (1)	Number of Securities Underlying Unexercised Options at Dec. 28, 2002 (#)		Dec.
			Exercisable/ Unexercisable	0	
Harvey L. Karp	1,200,000	37,629,772	2,400,000/	0	\$60,64
William D. O'Hagan			560,000/140,000		\$ 6,41

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John P. Fonzo			3,000/ 12,500	\$	
Kent A. McKee	2,000	41,088	43,500/ 27,500	\$	35
Lee R. Nyman	6,600	107,898	28,000/ 45,600	\$	3

- (1) Represents the difference between the closing price of the Common Stock on the date of exercise and the exercise price of the options.

- (2) Represents the difference between the closing price of the Common Stock on the last trading day prior to December 28, 2002 and the exercise price of the options.

The Company did not award stock appreciation rights to any executive officer during 2002, nor was any award made under any long-term incentive plan. The Company does not have a defined benefit or actuarial plan covering any of the Named Officers.

Employment Contracts and Termination of Employment Arrangements

Effective as of September 17, 1997, the Company amended and restated Harvey L. Karp's then existing employment agreement (as amended and restated, the "Karp Employment Agreement"). The Karp Employment Agreement has a three-year rolling term which is automatically extended so that the unexpired term on any date is always three years, unless either party gives written notice of his or its intention not to extend the term. The Karp Employment Agreement provides for Mr. Karp to serve as Chairman of the Board of Directors of the Company. Under the terms of the Karp Employment Agreement, Mr. Karp is to receive (i) an annual base salary of \$606,373 (to be adjusted upward annually at a rate commensurate with increases granted to other key executives), and (ii) a discretionary cash incentive bonus consistent with the executive bonus program which the Company establishes for other key executives. In addition, Mr. Karp is to receive reimbursement for reasonable business and travel expenses incurred in the performance of his duties and will participate in all bonus, incentive, stock option, pension, disability and health plans and programs and all fringe benefit plans maintained by the Company in which senior executives participate.

Under the terms of the Karp Employment Agreement, Mr. Karp's employment may be terminated by the Company without Cause (as defined in the Karp Employment Agreement) or by Mr. Karp for Good Reason (as defined in the Karp Employment Agreement) upon appropriate written notice. In either such event, Mr. Karp will continue to receive his then-current base salary as if his employment had continued for the remainder of the then-current three-year term and an annual bonus for the remainder of the then-current three-year term equal to the average bonus for the three calendar years immediately preceding the written notice of termination. In addition, all outstanding unvested Company stock options then held by Mr. Karp will immediately vest and become exercisable and Mr. Karp will continue to participate in the Company's health plans and programs at the Company's expense for the remainder of such three-year term.

Mr. Karp may resign voluntarily without Good Reason upon appropriate written notice to the Company. In such event, Mr. Karp will be entitled to receive any accrued but unpaid base salary and, at the Company's discretion, a bonus for the calendar year in which his resignation without Good Reason occurs. The Company may terminate Mr. Karp's employment for Cause (as defined in the Karp Employment Agreement) upon appropriate written notice. In such

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event, Mr. Karp will forfeit all existing Company stock options, but such options shall remain exercisable for the 30-day period following Mr. Karp's receipt of the written notice. Mr. Karp may terminate his employment for any reason within six months following a Change in Control (as defined in the Karp Employment Agreement). In such event, the Company will pay to Mr. Karp a lump sum amount equal to (i) three times his then current base salary, and (ii) three times his average annual bonus for the three calendar years immediately preceding the date of termination. In addition, all outstanding unvested options then held by Mr. Karp shall become immediately exercisable. In the event that any Payment (as defined in the Karp Employment Agreement) would be subject to the excise tax imposed by the "Golden Parachute" regulations under the Internal Revenue Code of 1986, as amended (the "Code"), Mr. Karp would be entitled to a gross-up payment from the Company to cover such taxes.

Effective as of May 12, 2000, the Company amended and restated William D. O'Hagan's then existing employment agreement (as amended and restated, the "O'Hagan Employment Agreement"). The O'Hagan Employment Agreement provides for Mr. O'Hagan to serve as President and Chief Executive Officer of the Company for a rolling three-year term, which is automatically extended so that the unexpired term on any date is always three years, unless either party gives written notice of his or its intention not to extend the term (the "Employment Period"). Under the terms of the O'Hagan Employment Agreement, Mr. O'Hagan is to receive (i) an annual base salary of \$413,430 (to be adjusted

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upward annually at a rate commensurate with increases granted to other key executives) and (ii) a discretionary cash incentive bonus consistent with the executive bonus program which the Company establishes for other key executives. In addition, Mr. O'Hagan is to receive reimbursement for reasonable business and travel expenses incurred in the performance of his duties and will participate in all bonus, incentive, stock option, pension, disability and health plans and programs and all fringe benefit plans maintained by the Company in which senior executives participate.

Under the terms of the O'Hagan Employment Agreement, Mr. O'Hagan's employment may be terminated by the Company without Cause (as defined in the O'Hagan Employment Agreement) or by Mr. O'Hagan for Good Reason (as defined in the O'Hagan Employment Agreement) upon appropriate written notice. In either such event, Mr. O'Hagan will continue to receive his then-current base salary as if his employment had continued for the remainder of the Employment Period and an annual bonus for the remainder of the Employment Period equal to the average bonus for the three calendar years immediately preceding the written notice of termination. In addition, all outstanding unvested Company stock options then held by Mr. O'Hagan will immediately vest and become exercisable and Mr. O'Hagan will continue to participate in the Company's health plans and programs at the Company's expense until he reaches age 65.

Mr. O'Hagan may resign voluntarily without Good Reason upon appropriate written notice to the Company. In such event, Mr. O'Hagan will be entitled to receive any accrued but unpaid base salary and, at the Company's discretion, a bonus for the calendar year in which his resignation without Good Reason occurs. The Company may terminate Mr. O'Hagan's employment for Cause (as defined in the O'Hagan Employment Agreement) upon appropriate written notice. If Mr. O'Hagan's employment is terminated for Cause or if Mr. O'Hagan voluntarily resigns for any reason other than Good Reason, his right to receive his base salary, bonus, and any other compensation and benefits to which he would otherwise be entitled under the O'Hagan Employment Agreement shall be forfeited as of the date of termination. Mr. O'Hagan may terminate his employment for any reason within six months following a Change in Control (as

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defined in the O'Hagan Employment Agreement). In such event, the Company will pay to Mr. O'Hagan a lump sum amount equal to (i) his then current base salary multiplied by the number of years (including partial years) then remaining in the Employment Period, and (ii) his average annual bonus for the three calendar years immediately preceding the date of termination multiplied by the number of years (including partial years) then remaining in the Employment Period. In addition, all remaining unvested options previously granted to Mr. O'Hagan shall become immediately exercisable.

Effective as of October 17, 2002, the Company entered into an employment agreement with Kent A. McKee, the Company's Vice President and Chief Financial Officer (the "McKee Employment Agreement"). The McKee Employment Agreement provides for Mr. McKee to serve as Vice President and Chief Financial Officer of the Company for a rolling three-year term, which is automatically extended so that the unexpired term on any date is always three years, unless either party gives written notice of his or its intention not to extend the term (the "Employment Period"). Under the terms of the McKee Employment Agreement, Mr. McKee is to receive (i) an annual base salary of \$240,000 (to be adjusted upward annually at a rate commensurate with increases granted to other key executives) and (ii) a discretionary cash incentive bonus consistent with the executive bonus program which the Company establishes for other key executives. In addition, Mr. McKee is to receive reimbursement for reasonable business and travel expenses incurred in the performance of his duties and will participate in all bonus, incentive, stock option, pension, disability and health plans and programs and all fringe benefit plans maintained by the Company in which senior executives participate.

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Under the terms of the McKee Employment Agreement, Mr. McKee's employment may be terminated by the Company without Cause (as defined in the McKee Employment Agreement) or by Mr. McKee for Good Reason (as defined in the McKee Employment Agreement) upon appropriate written notice. In either such event, Mr. McKee will continue to receive his then-current base salary as if his employment had continued for the remainder of the Employment Period and an annual bonus for the remainder of the Employment Period equal to the average bonus for the three calendar years immediately preceding the written notice of termination. In addition, all outstanding unvested Company stock options then held by Mr. McKee will immediately vest and become exercisable and Mr. McKee will continue to participate in the Company's health plans and programs at the Company's expense until he reaches age 65.

Mr. McKee may resign voluntarily without Good Reason upon appropriate written notice to the Company. In such event, Mr. McKee will be entitled to receive any accrued but unpaid base salary and, at the Company's discretion, a bonus for the calendar year in which his resignation without Good Reason occurs. The Company may terminate Mr. McKee's employment for Cause (as defined in the McKee Employment Agreement) upon appropriate written notice. If Mr. McKee's employment is terminated for Cause or if Mr. McKee voluntarily resigns for any reason other than Good Reason, his right to receive his base salary, bonus, and any other compensation and benefits to which he would otherwise be entitled under the McKee Employment Agreement shall be forfeited as of the date of termination. Mr. McKee may terminate his employment for any reason within six months following a Change in Control (as defined in the McKee Employment Agreement). In such event, the Company will pay to Mr. McKee a lump sum amount equal to (i) his then current base salary multiplied by the number of years (including partial years) then remaining in the Employment Period, and (ii) his average annual bonus for the three calendar years immediately preceding the date of termination multiplied by the number of years (including partial years) then remaining in the Employment Period. In addition, all remaining unvested

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options previously granted to Mr. McKee shall become immediately exercisable.

The Company does not have any other employment agreements with Named Officers. Except as set forth above, the Company has no compensatory plan or arrangement with respect to any Named Officer which would result in severance or change-in-control payments in excess of \$100,000.

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REPORT OF THE AUDIT COMMITTEE (1)

The Audit Committee of the Board of Directors oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board, and considered the compatibility of non-audit services provided by the independent auditors with the auditor's independence.

The Audit Committee discussed with the Company's independent auditors the overall scope and plans for their audit. The Audit Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board of Directors has approved) that the audited financial statements be included in the Company's Annual Report on Form 10K for the year ended December 28, 2002, for filing with the Securities and Exchange Commission. The Audit Committee and the Board of Directors have also recommended, subject to shareholder approval, the selection as the Company's independent auditors, Ernst & Young LLP, for the fiscal year ending December 27, 2003.

Gary S. Gladstein, Chairman
Robert B. Hodes
Gennaro J. Fulvio

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- (1) This Section is not "soliciting material," is not deemed "filed" with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

REPORT OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS

Base compensation payable to Mr. Karp, the Company's Chairman, and to Mr. O'Hagan, its Chief Executive Officer, is principally governed by the terms of their employment agreements. Pursuant to these agreements, Mr. Karp and Mr. O'Hagan received base compensation of \$801,190 and \$546,260, respectively, for 2002. Neither Mr. Karp nor Mr. O'Hagan received an increase in base compensation for the 2002 fiscal year.

The employment agreements for Messrs. Karp and O'Hagan also provide for payment of an annual discretionary cash bonus consistent with the executive bonus program which the Company establishes for other key executives. For 2002, Messrs. Karp and O'Hagan were awarded discretionary bonuses in the amount of 100% and 95%, respectively, of their gross wages (excluding bonuses for 2001 which were paid in 2002, and certain other miscellaneous items). The bonuses paid to Messrs. Karp and O'Hagan were recommended by the Compensation Committee and approved by the Board of Directors based on the favorable assessment of their contributions to the Company's performance in 2002. Concurrent with his tenth anniversary of his employment with the Company, Mr. O'Hagan received a supplemental discretionary bonus of \$250,000 in recognition of his contributions to the Company's performance during his employment.

The Compensation Committee did not increase base compensation payable to other executive officers at the beginning of 2002. The base compensation for each of the other named officers was increased in May, 2002 by an average of approximately 2%, based on recommendations from Messrs. Karp and O'Hagan. In addition, effective October 17, 2002, the compensation of Mr. McKee was increased pursuant to the McKee Employment Agreement. Bonuses paid to officers other than Messrs. Karp and O'Hagan for 2002 did not exceed 43% of gross wages (excluding bonuses for 2001 which were paid in 2002, and certain other miscellaneous items). These bonuses were paid pursuant to (i) the Company's 2002 bonus program, which provided for bonuses to be paid based on the Company's attainment of income targets for fiscal 2002 and (ii) discretionary bonuses in the amount of \$25,000 or less paid to certain Company officers.

The Compensation Committee periodically grants stock options to executive officers and other key employees as part of the Company's overall executive compensation program. During the 2002 fiscal year, the Compensation Committee granted options to acquire an aggregate of 48,000 shares of Common Stock to executive officers other than Messrs. Karp and O'Hagan, based in part on recommendations from Messrs. Karp and O'Hagan. When granting options to executive officers, the Compensation Committee considers the total number of shares available under the Company's option plans, the number of options previously granted to such officers, Company and individual performance, and each officer's level of responsibility within the Company. However, no specific corporate or individual performance factors are used. The Compensation Committee believes that stock options are an integral part of the Company's executive compensation program, which motivate executives to practice long-term strategic management, and align their financial interests with those of the Company's stockholders. On February 13, 2002, the Board of Directors approved a special option grant of 100,000 shares of Common Stock to Mr. O'Hagan. The options were granted at fair market value at the time of grant, have a ten year term, and vest ratably over five years, except under certain circumstances if there is a "Change in Control". Such options were granted in recognition of Mr. O'Hagan's contributions to the Company's success and as Mr. O'Hagan had not been granted options by the Company since October, 1998.

Section 162(m) of the Code limits the deductibility of compensation paid

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to each of the Named Officers to \$1 million per year, subject to certain exceptions. The Compensation Committee is comprised of "outside" directors and the Company's 1998 Stock Option Plan has been structured so that compensation attributable to options will qualify as "performance based" compensation, which is excluded from the determination of the annual maximum deductible amount. If, because of competitive factors, individual performance or changes in tax provisions, the Compensation Committee determines that it is appropriate to pay one or more executive officers compensation in excess of the annual maximum deductible amount, the Compensation Committee would expect to authorize such compensation. During 2002, Mr. Karp's and Mr. O'Hagan's annual cash compensation exceeded the maximum deductible amount.

Gennaro J. Fulvio, Chairman
 Gary S. Gladstein

CORPORATE PERFORMANCE GRAPH

The following table compares total stockholder return since December 22, 1997 to the Dow Jones Equity Market Index ("Equity Market Index") and the Dow Jones Building Material Index ("Building Material Index"). Total return values for the Equity Market Index, the Building Material 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 FIVE YEAR CUMULATIVE TOTAL RETURN

Among Mueller Industries, Inc., Dow Jones Equity Market Index and Dow Jones Building Material Index

Fiscal Year Ending Last Saturday in December

[THE FOLLOWING MATERIAL WAS REPRESENTED AS A LINE CHART IN PRINTED VERSION]

	12/27/97	12/26/98	12/25/99	12/30/00	12/29/01
	-----	-----	-----	-----	-----
Mueller Industries, Inc.	100	75	124	100	126
Dow Jones Equity Market Index	100	128	158	145	129
Dow Jones Building Material Index	100	115	91	94	96

APPOINTMENT OF AUDITORS

Ernst & Young LLP ("E & Y") has, upon the recommendation of the Company's Audit Committee, been selected and appointed by the Board of Directors to audit and certify the Company's financial statements for the fiscal year ending December 27, 2003, subject to ratification by the Company's stockholders. If the appointment of E & Y is not ratified by the stockholders at the Annual Meeting, the Board of Directors will reconsider its action and will appoint auditors for the 2003 fiscal year without further stockholder action. Further, even if th