

Mueller Water Products, Inc.  
Form 10-Q  
August 07, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014

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

Commission File Number 001-32892

MUELLER WATER PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

1200 Abernathy Road N.E.

Suite 1200

Atlanta, GA 30328

(Address of principal executive offices)

(770) 206-4200

(Registrant's telephone number, including area code)

Indicate by 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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or 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

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

There were 159,712,042 shares of common stock of the registrant outstanding at July 31, 2014.

## PART I

## Item 1. FINANCIAL STATEMENTS

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

|                                                                                                                                                      | June 30,<br>2014                    | September 30,<br>2013 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------|
|                                                                                                                                                      | (in millions, except share amounts) |                       |
| Assets:                                                                                                                                              |                                     |                       |
| Cash and cash equivalents                                                                                                                            | \$ 150.9                            | \$ 123.6              |
| Receivables, net                                                                                                                                     | 183.3                               | 164.5                 |
| Inventories                                                                                                                                          | 192.0                               | 208.5                 |
| Deferred income taxes                                                                                                                                | 40.5                                | 26.7                  |
| Other current assets                                                                                                                                 | 46.5                                | 46.1                  |
| Total current assets                                                                                                                                 | 613.2                               | 569.4                 |
| Property, plant and equipment, net                                                                                                                   | 142.8                               | 141.9                 |
| Identifiable intangible assets                                                                                                                       | 532.9                               | 553.1                 |
| Other noncurrent assets                                                                                                                              | 14.0                                | 17.5                  |
| Total assets                                                                                                                                         | \$ 1,302.9                          | \$ 1,281.9            |
| Liabilities and stockholders' equity:                                                                                                                |                                     |                       |
| Current portion of long-term debt                                                                                                                    | \$ 56.3                             | \$ 1.3                |
| Accounts payable                                                                                                                                     | 84.6                                | 101.2                 |
| Other current liabilities                                                                                                                            | 70.6                                | 80.6                  |
| Total current liabilities                                                                                                                            | 211.5                               | 183.1                 |
| Long-term debt                                                                                                                                       | 544.5                               | 599.5                 |
| Deferred income taxes                                                                                                                                | 162.2                               | 141.5                 |
| Other noncurrent liabilities                                                                                                                         | 40.9                                | 29.6                  |
| Total liabilities                                                                                                                                    | 959.1                               | 953.7                 |
| Commitments and contingencies (Note 10)                                                                                                              |                                     |                       |
| Common stock: 600,000,000 shares authorized; 159,663,477 and 158,234,300<br>shares outstanding at June 30, 2014 and September 30, 2013, respectively | 1.6                                 | 1.6                   |
| Additional paid-in capital                                                                                                                           | 1,581.6                             | 1,584.4               |
| Accumulated deficit                                                                                                                                  | (1,199.9)                           | ) (1,229.2 )          |
| Accumulated other comprehensive loss                                                                                                                 | (39.5)                              | ) (28.6 )             |
| Total stockholders' equity                                                                                                                           | 343.8                               | 328.2                 |
| Total liabilities and stockholders' equity                                                                                                           | \$ 1,302.9                          | \$ 1,281.9            |

The accompanying notes are an integral part of the consolidated financial statements.

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

|                                            | Three months ended                      |          | Nine months ended |          |
|--------------------------------------------|-----------------------------------------|----------|-------------------|----------|
|                                            | June 30,                                |          | June 30,          |          |
|                                            | 2014                                    | 2013     | 2014              | 2013     |
|                                            | (in millions, except per share amounts) |          |                   |          |
| Net sales                                  | \$318.5                                 | \$299.4  | \$864.0           | \$827.6  |
| Cost of sales                              | 221.2                                   | 209.4    | 617.4             | 603.2    |
| Gross profit                               | 97.3                                    | 90.0     | 246.6             | 224.4    |
| Operating expenses:                        |                                         |          |                   |          |
| Selling, general and administrative        | 55.3                                    | 56.9     | 162.5             | 159.0    |
| Restructuring                              | 0.2                                     | 0.2      | 3.0               | 1.3      |
| Total operating expenses                   | 55.5                                    | 57.1     | 165.5             | 160.3    |
| Operating income                           | 41.8                                    | 32.9     | 81.1              | 64.1     |
| Interest expense, net                      | 12.5                                    | 12.7     | 37.6              | 39.0     |
| Loss on early extinguishment of debt       | —                                       | —        | —                 | 1.4      |
| Income before income taxes                 | 29.3                                    | 20.2     | 43.5              | 23.7     |
| Income tax expense                         | 10.8                                    | 4.2      | 14.2              | 5.1      |
| Income from continuing operations          | 18.5                                    | 16.0     | 29.3              | 18.6     |
| Income (loss) from discontinued operations | —                                       | (1.9     | ) —               | 8.7      |
| Net income                                 | \$18.5                                  | \$14.1   | \$29.3            | \$27.3   |
| Net income per basic share:                |                                         |          |                   |          |
| Continuing operations                      | \$0.12                                  | \$0.10   | \$0.18            | \$0.12   |
| Discontinued operations                    | —                                       | (0.01    | ) —               | 0.05     |
| Net income                                 | \$0.12                                  | \$0.09   | \$0.18            | \$0.17   |
| Net income per diluted share:              |                                         |          |                   |          |
| Continuing operations                      | \$0.11                                  | \$0.10   | \$0.18            | \$0.12   |
| Discontinued operations                    | —                                       | (0.01    | ) —               | 0.05     |
| Net income                                 | \$0.11                                  | \$0.09   | \$0.18            | \$0.17   |
| Weighted average shares outstanding:       |                                         |          |                   |          |
| Basic                                      | 159.5                                   | 158.0    | 159.0             | 157.6    |
| Diluted                                    | 162.2                                   | 160.7    | 161.9             | 160.0    |
| Dividends declared per share               | \$0.0175                                | \$0.0175 | \$0.0525          | \$0.0525 |

The accompanying notes are an integral part of the consolidated financial statements.

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (UNAUDITED)

|                                    | Three months ended |         | Nine months ended |         |   |
|------------------------------------|--------------------|---------|-------------------|---------|---|
|                                    | June 30,           |         | June 30,          |         |   |
|                                    | 2014               | 2013    | 2014              | 2013    |   |
|                                    | (in millions)      |         |                   |         |   |
| Net income                         | \$ 18.5            | \$ 14.1 | \$ 29.3           | \$ 27.3 |   |
| Other comprehensive income (loss): |                    |         |                   |         |   |
| Minimum pension liability          | (4.9               | ) 2.3   | (14.7             | ) 1.2   |   |
| Income tax effects                 | 1.9                | —       | 5.7               | 6.7     |   |
| Foreign currency translation       | 2.1                | (1.9    | ) (1.9            | ) (3.7  | ) |
|                                    | (0.9               | ) 0.4   | (10.9             | ) 4.2   |   |
| Comprehensive income               | \$ 17.6            | \$ 14.5 | \$ 18.4           | \$ 31.5 |   |

The accompanying notes are an integral part of the consolidated financial statements.

3

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MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
 NINE MONTHS ENDED JUNE 30, 2014  
 (UNAUDITED)

|                                                | Common<br>stock | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Accumulated<br>other<br>comprehensive<br>loss | Total      |
|------------------------------------------------|-----------------|----------------------------------|------------------------|-----------------------------------------------|------------|
|                                                | (in millions)   |                                  |                        |                                               |            |
| Balance at September 30, 2013                  | \$ 1.6          | \$ 1,584.4                       | \$ (1,229.2            | ) \$ (28.6                                    | ) \$ 328.2 |
| Net income                                     | —               | —                                | 29.3                   | —                                             | 29.3       |
| Dividends declared                             | —               | (8.4                             | ) —                    | —                                             | (8.4 )     |
| Stock-based compensation                       | —               | 5.1                              | —                      | —                                             | 5.1        |
| Shares retained for employee<br>taxes          | —               | (3.1                             | ) —                    | —                                             | (3.1 )     |
| Stock issued under stock<br>compensation plans | —               | 3.6                              | —                      | —                                             | 3.6        |
| Other comprehensive loss, net of<br>tax        | —               | —                                | —                      | (10.9                                         | ) (10.9 )  |
| Balance at June 30, 2014                       | \$ 1.6          | \$ 1,581.6                       | \$ (1,199.9            | ) \$ (39.5                                    | ) \$ 343.8 |

The accompanying notes are an integral part of the consolidated financial statements.

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|                                                                                                              | Nine months ended<br>June 30, |         |
|--------------------------------------------------------------------------------------------------------------|-------------------------------|---------|
|                                                                                                              | 2014                          | 2013    |
|                                                                                                              | (in millions)                 |         |
| Operating activities:                                                                                        |                               |         |
| Net income                                                                                                   | \$ 29.3                       | \$ 27.3 |
| Adjustments to reconcile net income to net cash provided by operating activities from continuing operations: |                               |         |
| Income from discontinued operations                                                                          | —                             | (8.7)   |
| Income from continuing operations                                                                            | 29.3                          | 18.6    |
| Depreciation                                                                                                 | 20.3                          | 22.3    |
| Amortization                                                                                                 | 22.2                          | 22.1    |
| Asset impairment                                                                                             | 1.5                           | —       |
| Loss on early extinguishment of debt                                                                         | —                             | 1.4     |
| Stock-based compensation                                                                                     | 5.2                           | 5.6     |
| Deferred income taxes                                                                                        | 13.4                          | 3.5     |
| Retirement plans                                                                                             | 1.0                           | 3.1     |
| Other, net                                                                                                   | 1.5                           | 1.8     |
| Changes in assets and liabilities, net of acquisitions:                                                      |                               |         |
| Receivables                                                                                                  | (18.9)                        | (2.4)   |
| Inventories                                                                                                  | 16.2                          | (19.0)  |
| Other assets                                                                                                 | 1.3                           | (0.1)   |
| Liabilities                                                                                                  | (32.0)                        | (14.1)  |
| Net cash provided by operating activities from continuing operations                                         | 61.0                          | 42.8    |
| Investing activities:                                                                                        |                               |         |
| Capital expenditures                                                                                         | (25.5)                        | (23.9)  |
| Business acquisitions, net of cash acquired                                                                  | —                             | (0.2)   |
| Proceeds from sales of assets                                                                                | 1.2                           | 0.1     |
| Net cash used in investing activities from continuing operations                                             | (24.3)                        | (24.0)  |
| Financing activities:                                                                                        |                               |         |
| Early repayment of debt                                                                                      | —                             | (23.2)  |
| Dividends paid                                                                                               | (8.4)                         | (8.3)   |
| Common stock issued                                                                                          | 3.6                           | 2.3     |
| Shares retained for employee taxes                                                                           | (3.1)                         | (1.5)   |
| Payment of deferred financing fees                                                                           | —                             | (0.7)   |
| Other                                                                                                        | (0.1)                         | 0.2     |
| Net cash used in financing activities from continuing operations                                             | (8.0)                         | (31.2)  |
| Net cash flows from discontinued operations:                                                                 |                               |         |
| Operating activities                                                                                         | —                             | (4.1)   |
| Investing activities                                                                                         | —                             | 4.5     |
| Net cash provided by discontinued operations                                                                 | —                             | 0.4     |
| Effect of currency exchange rate changes on cash                                                             | (1.4)                         | (1.8)   |
| Net change in cash and cash equivalents                                                                      | 27.3                          | (13.8)  |
| Cash and cash equivalents at beginning of period                                                             | 123.6                         | 83.0    |
| Cash and cash equivalents at end of period                                                                   | \$ 150.9                      | \$ 69.2 |

The accompanying notes are an integral part of the consolidated financial statements.



MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization

Mueller Water Products, Inc., a Delaware corporation, together with its consolidated subsidiaries, operates in two business segments: Mueller Co. and Anvil. Mueller Co. manufactures valves for water and gas systems, including butterfly, iron gate, tapping, check, plug and ball valves, as well as dry-barrel and wet-barrel fire hydrants and metering systems, and provides leak detection and pipe condition assessment products and services for the water infrastructure industry. Anvil manufactures and sources a broad range of products, including a variety of fittings, couplings, hangers and related products. The “Company,” “we,” “us” or “our” refer to Mueller Water Products, Inc. and its subsidiaries. With regard to the Company’s segments, “we,” “us” or “our” may also refer to the segment being discussed. Unless the context indicates otherwise, whenever we refer to a particular year, we mean our fiscal year ended or ending September 30 in that particular calendar year.

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which require us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses and the disclosure of contingent assets and liabilities for the reporting periods. Actual results could differ from those estimates. All significant intercompany balances and transactions have been eliminated. In our opinion, all normal and recurring adjustments that we consider necessary for a fair financial statement presentation have been made. Certain reclassifications have been made to previously reported amounts to conform to the current presentation. The condensed consolidated balance sheet data at September 30, 2013 was derived from audited financial statements, but does not include all disclosures required by GAAP. In May 2014, the Financial Accounting Standards Board issued new guidance for the recognition of revenue. This new guidance applies to us beginning with our first quarter of fiscal 2018 and early adoption is not permitted. We are in the early stages of evaluating the impact of the adoption of this guidance on our future financial statements and related disclosures and we have not yet reached any conclusions.

Note 2. Restructuring and Discontinued Operations

In January 2014, Mueller Co. changed its approach to the production of certain sizes of iron gate valves. This change resulted in an impairment of the related production equipment of \$1.5 million, which is reported as restructuring expense for the nine months ended June 30, 2014. This charge was based on our internal projections of future cash flows associated with the production equipment.

In April 2014, Anvil sold the production equipment and certain inventory at its Bloomington, Minnesota location for an immaterial gain. Anvil also signed a supply agreement with the buyer and terminated the employment of all employees at that location, which resulted in the withdrawal from the only multi-employer pension plan in which the Company had participated. At June 30, 2014, we maintained an accrual for our estimated withdrawal liability of \$1.0 million. Also in April 2014, Anvil entered into an agreement to sell the land and buildings at this location, which had a net book value of \$0.8 million at June 30, 2014, for estimated net proceeds of \$3.5 million. We expect this sale will close during the second half of calendar 2014.

On April 1, 2012, we sold our former U.S. Pipe segment. During 2013, we received \$4.5 million in cash for certain purchase price adjustments and reduced our loss on sale of discontinued operations accordingly.

Activity related to U.S. Pipe is presented as discontinued operations for the three and nine months ended June 30, 2013. The table below represents a summary of the operating results for these discontinued operations.

|                                            | Three months<br>(in millions) | Nine months |
|--------------------------------------------|-------------------------------|-------------|
| Operating income (loss)                    | \$(1.9                        | ) \$3.7     |
| Gain on sale of discontinued operations    | —                             | 5.0         |
| Income (loss) from discontinued operations | \$(1.9                        | ) \$8.7     |

We retained certain assets, liabilities and activities previously associated with our former U.S. Pipe segment, including ownership of certain real property and retention of pension and workers compensation obligations to employees of U.S. Pipe. Cash flows associated with some of these items are anticipated to continue indefinitely, but they are not clearly and closely related to the future operations of U.S. Pipe under its new ownership.





Table of ContentsIndex to Financial Statements

## Note 3. Income Taxes

During the three months ended March 31, 2014, we completed an analysis of our taxable income apportionment by state. As a result of this analysis, we reduced our marginal tax rate, used in our calculation of deferred tax assets and liabilities, by 0.52%. This resulted in a net decrease in deferred tax liabilities and income tax expense of \$2.0 million during the nine months ended June 30, 2014.

At the beginning of 2013, we had valuation allowances related to our deferred tax assets. We reevaluate the need for a valuation allowance against our U.S. deferred tax assets each quarter, considering results to date, projections of taxable income, tax planning strategies and reversing taxable temporary differences. During the three months ended June 30, 2014, we decreased our deferred tax asset valuation allowance and income tax expense by \$1.1 million. During the nine months ended June 30, 2013, we decreased our U.S. deferred tax valuation allowance by \$15.1 million, including \$7.1 million in other comprehensive income and \$3.5 million in discontinued operations. Notwithstanding the valuation allowance, our net operating loss carryforwards remain available to offset future taxable earnings.

The components of income tax expense on continuing operations are provided below.

|                                                    | Three months ended |        | Nine months ended |        |
|----------------------------------------------------|--------------------|--------|-------------------|--------|
|                                                    | June 30,           |        | June 30,          |        |
|                                                    | 2014               | 2013   | 2014              | 2013   |
|                                                    | (in millions)      |        |                   |        |
| Expense from income before income taxes            | \$ 11.9            | \$ 8.1 | \$ 17.5           | \$ 9.6 |
| Deferred tax asset valuation allowance adjustments | (1.1               | ) (4.0 | ) (1.1            | ) (4.5 |
| State tax rate change                              | —                  | —      | (2.0              | ) —    |
| Other discrete items                               | —                  | 0.1    | (0.2              | ) —    |
|                                                    | \$ 10.8            | \$ 4.2 | \$ 14.2           | \$ 5.1 |

At June 30, 2014 and September 30, 2013, the gross liabilities for unrecognized income tax benefits were \$2.7 million and \$3.7 million, respectively.

We recognize interest related to uncertain income tax positions as interest expense and would recognize any penalties that may be incurred as selling, general and administrative expenses. At June 30, 2014 and September 30, 2013, we had \$0.8 million and \$0.9 million, respectively, of accrued interest liabilities related to uncertain tax positions.

Our state income tax returns are generally closed for years prior to 2006, except to the extent of our state net operating loss carryforwards. Our Canadian income tax returns are generally closed for years prior to 2006. We are currently under audit by several states at various levels of completion. We do not have any material unpaid assessments.

## Note 4. Borrowing Arrangements

The components of our long-term debt are presented below.

|                                  | June 30,      | September 30, |
|----------------------------------|---------------|---------------|
|                                  | 2014          | 2013          |
|                                  | (in millions) |               |
| ABL Agreement                    | \$—           | \$—           |
| 8.75% Senior Unsecured Notes     | 178.2         | 178.0         |
| 7.375% Senior Subordinated Notes | 420.0         | 420.0         |
| Other                            | 2.6           | 2.8           |
|                                  | 600.8         | 600.8         |
| Less current portion             | (56.3         | ) (1.3        |
| Long-term debt                   | \$ 544.5      | \$ 599.5      |

ABL Agreement. At June 30, 2014, our asset based lending agreement (“ABL Agreement”) consisted of a revolving credit facility for up to \$225 million of revolving credit borrowings, swing line loans and letters of credit. The ABL Agreement permits us to increase the size of the credit facility by an additional \$150 million in certain circumstances

subject to adequate

7

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borrowing base availability. We may borrow up to \$25 million through swing line loans and may have up to \$60 million of letters of credit outstanding.

Borrowings under the ABL Agreement bear interest at a floating rate equal to LIBOR plus a margin ranging from 175 to 225 basis points, or a base rate, as defined in the ABL Agreement, plus a margin ranging from 75 to 125 basis points. At June 30, 2014, the applicable rate was LIBOR plus 175 basis points.

The ABL Agreement terminates on the earlier of (1) December 18, 2017 and (2) 60 days prior to the final maturity of our 7.375% Senior Subordinated Notes. We pay a commitment fee for any unused borrowing capacity under the ABL Agreement of either 37.5 basis points per annum or 25 basis points per annum, based on daily average availability during the previous calendar quarter. At June 30, 2014, our commitment fee was 37.5 basis points. Our obligations under the ABL Agreement are secured by a first-priority perfected lien on all of our U.S. receivables and inventory, certain cash and other supporting obligations. Borrowings are not subject to any financial maintenance covenants unless excess availability is less than the greater of \$22.5 million and 10% of the aggregate commitments under the ABL Agreement. Excess availability based on June 30, 2014 data, as reduced by outstanding letters of credit and accrued fees and expenses of \$29.1 million, was \$161.5 million.

**8.75% Senior Unsecured Notes.** The 8.75% Senior Unsecured Notes (“Senior Unsecured Notes”) mature on September 1, 2020. The Senior Unsecured Notes balance at June 30, 2014 is net of \$1.8 million of unamortized discount. Based on quoted market prices, the outstanding Senior Unsecured Notes had a fair value of \$199.4 million at June 30, 2014. During the quarter ended March 31, 2013, we redeemed \$22.5 million aggregate principal amount of the Senior Unsecured Notes at a redemption price of 103% of the principal amount, plus accrued and unpaid interest and recorded a loss on early extinguishment of debt of \$1.4 million. After August 31, 2015, we may redeem the Senior Unsecured Notes at specified redemption prices. Upon a Change of Control (as defined in the indenture securing the Senior Unsecured Notes), we are required to offer to purchase the outstanding Senior Unsecured Notes at a purchase price of 101% of the principal amount. The Senior Unsecured Notes are guaranteed by essentially all of our U.S. subsidiaries, but are subordinate to borrowings under the ABL Agreement.

The indenture securing the Senior Unsecured Notes contains customary covenants and events of default, including covenants that limit our ability to incur debt, pay dividends and make investments. We believe we were compliant with these covenants at June 30, 2014 and expect to remain in compliance through June 30, 2015.

**7.375% Senior Subordinated Notes.** The 7.375% Senior Subordinated Notes (“Senior Subordinated Notes”) mature on June 1, 2017. Based on quoted market prices, the outstanding Senior Subordinated Notes had a fair value of \$426.3 million at June 30, 2014.

On July 30, 2014, we announced our intention to redeem \$55.0 million principal amount of the Senior Subordinated Notes at a redemption price of 101.229% of the principal amount on August 29, 2014. We expect to record a loss on early extinguishment of debt of \$1.0 million on the redemption date.

We may redeem any portion of the Senior Subordinated Notes at specified redemption prices, subject to restrictions in the Senior Unsecured Notes. Upon a Change of Control (as defined in the indenture securing the Senior Subordinated Notes), we are required to offer to purchase the outstanding Senior Subordinated Notes at a purchase price of 101% of the principal amount. The Senior Subordinated Notes are guaranteed by essentially all of our U.S. subsidiaries, but are subordinate to the borrowings under the ABL Agreement and the Senior Unsecured Notes.

The indenture securing the Senior Subordinated Notes contains customary covenants and events of default, including covenants that limit our ability to incur debt, pay dividends and make investments. We believe we were compliant with these covenants at June 30, 2014 and expect to remain in compliance through June 30, 2015.

## Note. 5 Retirement Plans

The components of net periodic benefit cost allocated to continuing operations for defined benefit pension plans are as follows.

|                                    | Three months ended |        | Nine months ended |        |
|------------------------------------|--------------------|--------|-------------------|--------|
|                                    | June 30,           |        | June 30,          |        |
|                                    | 2014               | 2013   | 2014              | 2013   |
|                                    | (in millions)      |        |                   |        |
| Service cost                       | \$0.4              | \$0.5  | \$1.2             | \$1.5  |
| Interest cost                      | 5.0                | 1.6    | 15.0              | 4.8    |
| Expected return on plan assets     | (6.0               | ) (2.2 | ) (17.9           | ) (6.5 |
| Amortization of actuarial net loss | 0.9                | 0.8    | 2.7               | 2.3    |
| Net periodic benefit cost          | \$0.3              | \$0.7  | \$1.0             | \$2.1  |

The amortization of actuarial losses, net of tax, is recorded as a component of other comprehensive income (loss).

We expect to make \$0.7 million of contributions to our U.S. pension plan during 2014. For financial reporting purposes, our U.S. pension plan obligations were 99% funded at September 30, 2013.

We ceased postretirement medical benefits substantially on December 31, 2012. Related to this cessation of benefits, we recorded a benefit of \$7.4 million, which is included in income from discontinued operations for the nine months ended June 30, 2013.

## Note 6. Stock-based Compensation Plans

From time to time, we grant various forms of stock-based compensation, including stock options, restricted stock units, and both cash-settled and stock-settled performance-based restricted stock units ("PRSUs") under our Amended and Restated 2006 Mueller Water Products, Inc. Stock Incentive Plan (the "2006 Stock Plan").

PRSUs represent a target number of units that may be paid out at the end of a multi-year award cycle consisting of annual performance periods coinciding with our fiscal years. As determined at the date of grant, PRSUs may settle in cash-value equivalent of, or directly in, shares of our common stock. Settlement will range from zero to two times the number of PRSUs granted, depending on our financial performance against predetermined targets.

The cash-settled PRSUs granted in the quarter ended December 31, 2012 will settle in the quarter ending December 31, 2014. Outstanding cash-settled PRSUs had a fair value of \$8.64 per share at June 30, 2014 and our liability for cash-settled PRSUs was \$2.9 million at June 30, 2014.

The stock-settled PRSUs granted in the quarters ended December 31, 2012 and 2013 will settle in the quarters ending December 31, 2015 and 2016, respectively. The stock prices used to value the awards were \$5.22 for the 2013 performance period and \$8.52 for the 2014 performance period.

From time to time, we grant Phantom Plan awards under the Mueller Water Products, Inc. Phantom Plan ("Phantom Plan"). At June 30, 2014, the outstanding Phantom Plan awards had a fair value of \$8.64 per award and our liability for Phantom Plan awards was \$2.8 million.

We granted stock-based compensation awards under the 2006 Stock Plan, the Mueller Water Products, Inc. 2006 Employee Stock Purchase Plan and the Phantom Plan during the nine months ended June 30, 2014 as follows.

|                                          | Number<br>granted | Weighted<br>average grant<br>date fair value<br>per instrument | Total grant date<br>fair value (in<br>millions) |
|------------------------------------------|-------------------|----------------------------------------------------------------|-------------------------------------------------|
| Quarter ended December 31, 2013:         |                   |                                                                |                                                 |
| Restricted stock units                   | 333,816           | \$ 8.50                                                        | \$ 2.8                                          |
| Employee stock purchase plan instruments | 56,643            | 1.87                                                           | 0.1                                             |
| Phantom Plan awards                      | 304,815           | 8.52                                                           | 2.6                                             |
| PRSU <sub>s</sub>                        | 272,531           | 8.52                                                           | 2.3                                             |
| Quarter ended March 31, 2014:            |                   |                                                                |                                                 |
| Restricted stock units                   | 47,196            | 8.58                                                           | 0.4                                             |
| Non-qualified stock options              | 86,904            | 5.13                                                           | 0.4                                             |
| Employee stock purchase plan instruments | 52,980            | 1.80                                                           | 0.1                                             |
| Quarter ended June 30, 2014:             |                   |                                                                |                                                 |
| Employee stock purchase plan instruments | 46,067            | 2.10                                                           | 0.1                                             |
|                                          |                   |                                                                | \$ 8.8                                          |

We recorded stock-based compensation expense in continuing operations of \$2.1 million and \$2.9 million during the three months ended June 30, 2014 and 2013, respectively, and \$8.2 million and \$8.5 million during the nine months ended June 30, 2014 and 2013, respectively. At June 30, 2014, there was approximately \$5.3 million of unrecognized compensation expense related to stock-based awards.

We exclude stock-based compensation instruments from the calculations of diluted earnings per share when inclusion of such instruments would have an antidilutive effect. We excluded 1,117,275 and 1,499,916 of such instruments from the calculations of diluted earnings per share for the quarters ended June 30, 2014 and 2013, respectively, and 1,103,986 and 1,456,579 of such instruments for the nine months ended June 30, 2014 and 2013, respectively.

## Note 7. Supplemental Balance Sheet Information

Selected supplemental balance sheet information is presented below.

|                                       | June 30,<br>2014<br>(in millions) | September 30,<br>2013 |
|---------------------------------------|-----------------------------------|-----------------------|
| Inventories:                          |                                   |                       |
| Purchased components and raw material | \$ 70.7                           | \$ 75.4               |
| Work in process                       | 33.3                              | 38.6                  |
| Finished goods                        | 88.0                              | 94.5                  |
|                                       | \$ 192.0                          | \$ 208.5              |
| Other current assets:                 |                                   |                       |
| Maintenance and repair tooling        | \$ 22.6                           | \$ 22.5               |
| Income taxes                          | 14.5                              | 14.9                  |
| Other                                 | 9.4                               | 8.7                   |
|                                       | \$ 46.5                           | \$ 46.1               |
| Property, plant and equipment:        |                                   |                       |
| Land                                  | \$ 10.4                           | \$ 10.6               |
| Buildings                             | 78.3                              | 75.5                  |
| Machinery and equipment               | 324.5                             | 305.7                 |
| Construction in progress              | 17.8                              | 19.6                  |
|                                       | 431.0                             | 411.4                 |
| Accumulated depreciation              | (288.2                            | ) (269.5              |
|                                       | \$ 142.8                          | \$ 141.9              |
| Other current liabilities:            |                                   |                       |
| Compensation and benefits             | \$ 32.7                           | \$ 37.3               |
| Customer rebates                      | 13.6                              | 15.5                  |
| Interest                              | 8.2                               | 12.0                  |
| Taxes other than income taxes         | 4.6                               | 5.0                   |
| Warranty                              | 2.4                               | 2.8                   |
| Income taxes                          | 1.8                               | 1.3                   |
| Restructuring                         | 1.0                               | —                     |
| Environmental                         | 0.1                               | 0.2                   |
| Other                                 | 6.2                               | 6.5                   |
|                                       | \$ 70.6                           | \$ 80.6               |

## Note 8. Segment Information

Summarized financial information for our segments is presented below for the periods ended June 30.

|                                    | Three months ended |         | Nine months ended |         |
|------------------------------------|--------------------|---------|-------------------|---------|
|                                    | June 30,<br>2014   | 2013    | June 30,<br>2014  | 2013    |
|                                    | (in millions)      |         |                   |         |
| Net sales, excluding intercompany: |                    |         |                   |         |
| Mueller Co.                        | \$214.0            | \$199.3 | \$570.3           | \$538.5 |
| Anvil                              | 104.5              | 100.1   | 293.7             | 289.1   |
|                                    | \$318.5            | \$299.4 | \$864.0           | \$827.6 |
| Intercompany sales:                |                    |         |                   |         |
| Mueller Co.                        | \$1.6              | \$2.2   | \$4.8             | \$5.4   |
| Anvil                              | —                  | —       | 0.1               | 0.1     |
|                                    | \$1.6              | \$2.2   | \$4.9             | \$5.5   |
| Operating income (loss):           |                    |         |                   |         |
| Mueller Co.                        | \$42.2             | \$30.2  | \$84.3            | \$61.5  |
| Anvil                              | 9.5                | 12.3    | 24.3              | 27.3    |
| Corporate                          | (9.9               | ) (9.6  | ) (27.5           | ) (24.7 |
|                                    | \$41.8             | \$32.9  | \$81.1            | \$64.1  |
| Depreciation and amortization:     |                    |         |                   |         |
| Mueller Co.                        | \$10.4             | \$10.9  | \$31.6            | \$33.5  |
| Anvil                              | 3.5                | 3.6     | 10.6              | 10.6    |
| Corporate                          | 0.1                | 0.1     | 0.3               | 0.3     |
|                                    | \$14.0             | \$14.6  | \$42.5            | \$44.4  |
| Restructuring:                     |                    |         |                   |         |
| Mueller Co.                        | \$0.2              | \$0.2   | \$1.9             | \$1.2   |
| Anvil                              | —                  | —       | 1.1               | 0.1     |
|                                    | \$0.2              | \$0.2   | \$3.0             | \$1.3   |
| Capital expenditures:              |                    |         |                   |         |
| Mueller Co.                        | \$5.0              | \$6.6   | \$15.9            | \$15.5  |
| Anvil                              | 2.2                | 2.3     | 9.4               | 8.3     |
| Corporate                          | —                  | 0.1     | 0.2               | 0.1     |
|                                    | \$7.2              | \$9.0   | \$25.5            | \$23.9  |

## Note 9. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is presented below.

|                                         | Foreign<br>currency<br>translation | Minimum<br>pension<br>liability, net of<br>tax | Total     |
|-----------------------------------------|------------------------------------|------------------------------------------------|-----------|
|                                         | (in millions)                      |                                                |           |
| Balance at September 30, 2013           | \$6.8                              | \$(35.4                                        | ) \$(28.6 |
| Current period other comprehensive loss | (1.9                               | ) (9.0                                         | ) (10.9   |
| Balance at June 30, 2014                | \$4.9                              | \$(44.4                                        | ) \$(39.5 |



#### Note 10. Commitments and Contingencies

We are involved in various legal proceedings that have arisen in the normal course of operations, including the proceedings summarized below. The effect of the outcome of these matters on our financial statements cannot be predicted with certainty as any such effect depends on the amount and timing of the resolution of such matters. Other than the litigation described below, we do not believe that any of our outstanding litigation will have a material adverse effect on our business or prospects.

**Environmental.** We are subject to a wide variety of laws and regulations concerning the protection of the environment, both with respect to the operations at many of our properties and with respect to remediating environmental conditions that may exist at our own or other properties. We strive to comply with federal, state and local environmental laws and regulations. We accrue for environmental expenses resulting from existing conditions that relate to past operations when the costs are probable and reasonably estimable.

In the acquisition agreement pursuant to which a predecessor to Tyco sold our Mueller Co. and Anvil businesses to the prior owners of these businesses in August 1999, Tyco agreed to indemnify us and our affiliates, among other things, for all "Excluded Liabilities." Excluded Liabilities include, among other things, substantially all liabilities relating to the time prior to August 1999, including environmental liabilities. The indemnity survives indefinitely. Tyco's indemnity does not cover liabilities to the extent caused by us or the operation of our businesses after August 1999, nor does it cover liabilities arising with respect to businesses or sites acquired after August 1999. Since 2007, Tyco has engaged in multiple corporate restructurings, split-offs and divestitures. While none of these transactions directly affects the indemnification obligations of the Tyco indemnitors under the 1999 acquisition agreement, the result of such transactions is that the assets of, and control over, such Tyco indemnitors has changed. Should any of these Tyco indemnitors become financially unable or fail to comply with the terms of the indemnity, we may be responsible for such obligations or liabilities.

In September 1987, we implemented an Administrative Consent Order ("ACO") for our Burlington, New Jersey property, which was required under the New Jersey Environmental Cleanup Responsibility Act (now known as the Industrial Site Recovery Act). The ACO required soil and ground-water cleanup, and we completed, and received final approval on, the soil cleanup required by the ACO. We retained this property related to the sale of our former U.S. Pipe segment. We expect ground-water issues as well as issues associated with the demolition of former manufacturing facilities at this site will continue and remediation by us could be required. Long-term ground-water monitoring may also be required, but we do not know how long such monitoring would be required and do not believe monitoring or further remediation costs, if any, will have a material adverse effect on any of our financial statements. On July 13, 2010, Rohcan Investments Limited, the former owner of property leased by Mueller Canada Ltd. and located in Milton, Ontario, filed suit against Mueller Canada Ltd. and its directors seeking C\$10.0 million in damages arising from the defendants' alleged environmental contamination of the property and breach of lease. Mueller Canada Ltd. leased the property from 1988 through 2008. We are pursuing indemnification from a former owner for certain potential liabilities that are alleged in this lawsuit, and we have accrued for other liabilities not covered by indemnification. On December 7, 2011, the Court denied the plaintiff's motion for summary judgment.

**Walter Energy-related Income Taxes.** Each member of a consolidated group for federal income tax purposes is severally liable for the federal income tax liability of each other member of the consolidated group for any year in which it is a member of the group at any time during such year. Each member of the Walter Energy consolidated group, which included us through December 14, 2006, is also jointly and severally liable for pension and benefit funding and termination liabilities of other group members, as well as certain benefit plan taxes. Accordingly, we could be liable under such provisions in the event any such liability is incurred, and not discharged, by any other member of the Walter Energy consolidated group for any period during which we were included in the Walter Energy consolidated group.

A dispute exists with regard to federal income taxes for 1980 through 1994 allegedly owed by the Walter Energy consolidated group. According to Walter Energy's last available public filing on the matter, Walter Energy's management estimated that the amount of tax claimed by the IRS was approximately \$34.0 million for issues currently in dispute in bankruptcy court for matters unrelated to us. This amount is subject to interest and penalties. Of the \$34.0 million in claimed tax, \$21.0 million represents issues in which the IRS is not challenging the deductibility of the particular expense but only whether such expense is deductible in a particular year. Walter Energy's

management believes that Walter Energy's financial exposure should be limited to interest and possible penalties and the amount of any tax claimed will be offset by favorable adjustments in other years.

In addition, the IRS previously issued a Notice of Proposed Deficiency assessing additional tax of \$82.2 million for the fiscal years ended May 31, 2000 through December 31, 2005. Walter Energy filed a formal protest with the IRS, but had not reached a final resolution with the Appeals Division at June 30, 2014. The unresolved issues relate primarily to Walter Energy's

method of recognizing revenue on the sale of homes and related interest on the installment notes receivable. The items at issue relate primarily to the timing of revenue recognition and consequently, should the IRS prevail on its positions, Walter Energy's financial exposure should be limited to interest and penalties. As a matter of law, we are jointly and severally liable for any final tax determination for any year in which any of our subsidiaries were members of the Walter Energy consolidated group, which means that we would be liable in the event Walter Energy is unable to pay any amounts owed. Walter Energy has disclosed that it believes its filing positions have substantial merit and that it intends to defend vigorously any claims asserted.

Walter Energy effectively controlled all of our tax decisions for periods during which we were a member of the Walter Energy consolidated group for federal income tax purposes and certain combined, consolidated or unitary state and local income tax groups. Under the terms of the income tax allocation agreement between us and Walter Energy dated May 26, 2006, we generally compute our tax liability on a stand-alone basis, but Walter Energy has sole authority to respond to and conduct all tax proceedings (including tax audits) relating to our federal income and combined state tax returns, to file all such tax returns on our behalf and to determine the amount of our liability to (or entitlement to payment from) Walter Energy for such previous periods. This arrangement may result in conflicts between Walter Energy and us.

Our separation from Walter Energy on December 14, 2006 was intended to qualify as a tax-free spin-off under Section 355 of the Internal Revenue Code. In addition, the tax allocation agreement provides that if the spin-off is determined not to be tax-free pursuant to Section 355, we generally will be responsible for any taxes incurred by Walter Energy or its shareholders if such taxes result from certain of our actions or omissions and for a percentage of any such taxes that are not a result of our actions or omissions or Walter Energy's actions or omissions or taxes based upon our market value relative to Walter Energy's market value. Additionally, to the extent that Walter Energy was unable to pay taxes, if any, attributable to the spin-off and for which it is responsible under the tax allocation agreement, we could be liable for those taxes as a result of being a member of the Walter Energy consolidated group for the year in which the spin-off occurred.

In accordance with the income tax allocation agreement, Walter Energy used certain tax assets of one of our predecessors in its calendar 2006 tax return for which payment to us is required. The income tax allocation agreement only requires Walter Energy to make the payment upon realization of the tax benefit by receiving a refund or otherwise offsetting taxes due. Walter Energy currently owes us \$11.6 million, which includes recent tax audit and amended tax return adjustments, that is payable pending completion of an IRS audit of Walter Energy's 2006 tax year and the related refund of tax from that year. This receivable is included in other current assets at June 30, 2014.

**Indemnifications.** We are a party to contracts in which it is common for us to agree to indemnify third parties for certain liabilities that arise out of or relate to the subject matter of the contract. In some cases, this indemnity extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by gross negligence or willful misconduct. We cannot estimate the potential amount of future payments under these indemnities until events arise that would trigger a liability under the indemnities.

Additionally, in connection with the sale of assets and the divestiture of businesses, such as the divestiture of our U.S. Pipe segment, we may agree to indemnify buyers and related parties for certain losses or liabilities incurred by these parties with respect to: (i) the representations and warranties made by us to these parties in connection with the sale and (ii) liabilities related to the pre-closing operations of the assets or business sold. Indemnities related to pre-closing operations generally include certain environmental and tax liabilities and other liabilities not assumed by these parties in the transaction.

Indemnities related to the pre-closing operations of sold assets or businesses normally do not represent additional liabilities to us, but simply serve to protect these parties from potential liability associated with our obligations existing at the time of the sale. As with any liability, we have accrued for those pre-closing obligations that are considered probable and reasonably estimable. Should circumstances change, increasing the likelihood of payments related to a specific indemnity, we will accrue a liability when future payment is probable and the amount is reasonably estimable.

**Other Matters.** In April 2014, Anvil sold the production equipment and certain inventory at its Bloomington, Minnesota location for an immaterial gain. Anvil also signed a supply agreement with the buyer and withdrew from the only multi-employer pension plan in which the Company had participated. At June 30, 2014, we maintained an

accrual for our estimated withdrawal liability of \$1.0 million, although the ultimate liability could differ materially from our estimate. Also in April 2014, Anvil entered into an agreement to sell the land and buildings at this location, which had a net book value of \$0.8 million at June 30, 2014, for estimated net proceeds of \$3.5 million. We expect this sale will close during the second half of calendar 2014.

We are party to a number of other lawsuits arising in the ordinary course of business, including product liability cases for products manufactured by us or third parties. We provide for costs relating to these matters when a loss is probable and the amount is reasonably estimable. Administrative costs related to these matters are expensed as incurred. The effect of the

outcome of these matters on our future financial statements cannot be predicted with certainty as any such effect depends on the amount and timing of the resolution of such matters. While the results of litigation cannot be predicted with certainty, we believe that the final outcome of such other litigation is not likely to have a materially adverse effect on our business or prospects.

Note 11. Subsequent Events

On July 1, 2014, we completed the acquisition of certain assets of Lined Valve Company Inc., a privately-held company which will become part of our Pratt product line, for \$10.0 million, subject to a purchase price adjustment. Lined Valve Company Inc. reported net sales of \$10.6 million for calendar 2013.

On July 22, 2014, our board of directors declared a dividend of \$0.0175 per share on our common stock, payable on or about August 20, 2014 to stockholders of record at the close of business on August 11, 2014.

On July 30, 2014, we announced our intention to redeem \$55.0 million principal amount of the Senior Subordinated Notes at a redemption price of 101.229% of the principal amount on August 29, 2014. We expect to record a loss on early extinguishment of debt of \$1.0 million on the redemption date.

Note 12. Consolidating Guarantor and Non-Guarantor Financial Information

The following information is included as a result of the guarantee by certain of our 100% owned U.S. subsidiaries (“Guarantor Companies”) of the Senior Unsecured Notes and the Senior Subordinated Notes. None of our other subsidiaries guarantee the Senior Unsecured Notes and the Senior Subordinated Notes. Each of the guarantees is joint and several and full and unconditional. Guarantor Companies are listed below.

| Name                                    | State of incorporation or organization |
|-----------------------------------------|----------------------------------------|
| Anvil International, LLC                | Delaware                               |
| Echologics, LLC                         | Delaware                               |
| Henry Pratt Company, LLC                | Delaware                               |
| Henry Pratt International, LLC          | Delaware                               |
| Hydro Gate, LLC                         | Delaware                               |
| J.B. Smith Mfg. Co., LLC                | Delaware                               |
| James Jones Company, LLC                | Delaware                               |
| Milliken Valve, LLC                     | Delaware                               |
| Mueller Co. LLC                         | Delaware                               |
| Mueller Group, LLC                      | Delaware                               |
| Mueller Group Co-Issuer, Inc.           | Delaware                               |
| Mueller International, L.L.C.           | Delaware                               |
| Mueller Property Holdings, LLC          | Delaware                               |
| Mueller Co. International Holdings, LLC | Delaware                               |
| Mueller Service California, Inc.        | Delaware                               |
| Mueller Service Co., LLC                | Delaware                               |
| Mueller Systems, LLC                    | Delaware                               |
| OSP, LLC                                | Delaware                               |
| U.S. Pipe Valve & Hydrant, LLC          | Delaware                               |

The Condensed Consolidating Statements of Cash Flows below present intercompany cash transfers as financing or investing cash flows, rather than as operating cash flows as was previously our practice. The prior period presentation has been updated to conform to the current period presentation.

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Balance Sheet  
June 30, 2014

|                                            | Issuer     | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total        |
|--------------------------------------------|------------|------------------------|-------------------------------------------------|--------------|--------------|
| Assets:                                    |            |                        |                                                 |              |              |
| Cash and cash equivalents                  | \$ 120.5   | \$(2.8                 | ) \$ 33.2                                       | \$—          | \$ 150.9     |
| Receivables, net                           | 0.2        | 163.4                  | 19.7                                            | —            | 183.3        |
| Inventories                                | —          | 180.7                  | 11.3                                            | —            | 192.0        |
| Deferred income taxes                      | 40.1       | —                      | 0.4                                             | —            | 40.5         |
| Other current assets                       | 18.5       | 25.4                   | 2.6                                             | —            | 46.5         |
| Total current assets                       | 179.3      | 366.7                  | 67.2                                            | —            | 613.2        |
| Property, plant and equipment              | 1.4        | 133.5                  | 7.9                                             | —            | 142.8        |
| Identifiable intangible assets             | —          | 530.9                  | 2.0                                             | —            | 532.9        |
| Other noncurrent assets                    | 12.4       | 0.3                    | 1.3                                             | —            | 14.0         |
| Investment in subsidiaries                 | 261.9      | 39.0                   | —                                               | (300.9       | ) —          |
| Intercompany accounts                      | 882.7      | —                      | —                                               | (882.7       | ) —          |
| Total assets                               | \$ 1,337.7 | \$ 1,070.4             | \$ 78.4                                         | \$(1,183.6   | ) \$ 1,302.9 |
| Liabilities and stockholders' equity:      |            |                        |                                                 |              |              |
| Current portion of long-term debt          | \$ 55.0    | \$ 1.3                 | \$—                                             | \$—          | \$ 56.3      |
| Accounts payable                           | 4.7        | 74.2                   | 5.7                                             | —            | 84.6         |
| Other current liabilities                  | 25.9       | 39.7                   | 5.0                                             | —            | 70.6         |
| Total current liabilities                  | 85.6       | 115.2                  | 10.7                                            | —            | 211.5        |
| Long-term debt                             | 543.2      | 1.3                    | —                                               | —            | 544.5        |
| Deferred income taxes                      | 161.6      | —                      | 0.6                                             | —            | 162.2        |
| Other noncurrent liabilities               | 33.6       | 6.6                    | 0.7                                             | —            | 40.9         |
| Intercompany accounts                      | 169.9      | 685.4                  | 27.4                                            | (882.7       | ) —          |
| Total liabilities                          | 993.9      | 808.5                  | 39.4                                            | (882.7       | ) 959.1      |
| Stockholders' equity                       | 343.8      | 261.9                  | 39.0                                            | (300.9       | ) 343.8      |
| Total liabilities and stockholders' equity | \$ 1,337.7 | \$ 1,070.4             | \$ 78.4                                         | \$(1,183.6   | ) \$ 1,302.9 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Balance Sheet  
September 30, 2013

|                                            | Issuer     | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total        |
|--------------------------------------------|------------|------------------------|-------------------------------------------------|--------------|--------------|
| Assets:                                    |            |                        |                                                 |              |              |
| Cash and cash equivalents                  | \$ 86.6    | \$(2.3                 | ) \$ 39.3                                       | \$—          | \$ 123.6     |
| Receivables, net                           | 0.1        | 150.4                  | 14.0                                            | —            | 164.5        |
| Inventories                                | —          | 195.3                  | 13.2                                            | —            | 208.5        |
| Deferred income taxes                      | 26.3       | —                      | 0.4                                             | —            | 26.7         |
| Other current assets                       | 18.2       | 25.7                   | 2.2                                             | —            | 46.1         |
| Total current assets                       | 131.2      | 369.1                  | 69.1                                            | —            | 569.4        |
| Property, plant and equipment              | 1.5        | 132.0                  | 8.4                                             | —            | 141.9        |
| Identifiable intangible assets             | —          | 551.3                  | 1.8                                             | —            | 553.1        |
| Other noncurrent assets                    | 16.0       | 0.2                    | 1.3                                             | —            | 17.5         |
| Investment in subsidiaries                 | 155.2      | 39.2                   | —                                               | (194.4       | ) —          |
| Intercompany accounts                      | 882.7      | —                      | —                                               | (882.7       | ) —          |
| Total assets                               | \$ 1,186.6 | \$ 1,091.8             | \$ 80.6                                         | \$(1,077.1   | ) \$ 1,281.9 |
| Liabilities and stockholders' equity:      |            |                        |                                                 |              |              |
| Current portion of long-term debt          | \$—        | \$ 1.3                 | \$—                                             | \$—          | \$ 1.3       |
| Accounts payable                           | 4.6        | 90.0                   | 6.6                                             | —            | 101.2        |
| Other current liabilities                  | 29.7       | 46.6                   | 4.3                                             | —            | 80.6         |
| Total current liabilities                  | 34.3       | 137.9                  | 10.9                                            | —            | 183.1        |
| Long-term debt                             | 598.0      | 1.5                    | —                                               | —            | 599.5        |
| Deferred income taxes                      | 140.9      | —                      | 0.6                                             | —            | 141.5        |
| Other noncurrent liabilities               | 21.3       | 7.5                    | 0.8                                             | —            | 29.6         |
| Intercompany accounts                      | 63.9       | 789.7                  | 29.1                                            | (882.7       | ) —          |
| Total liabilities                          | 858.4      | 936.6                  | 41.4                                            | (882.7       | ) 953.7      |
| Stockholders' equity                       | 328.2      | 155.2                  | 39.2                                            | (194.4       | ) 328.2      |
| Total liabilities and stockholders' equity | \$ 1,186.6 | \$ 1,091.8             | \$ 80.6                                         | \$(1,077.1   | ) \$ 1,281.9 |



Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Operations  
Three months ended June 30, 2014

|                                     | Issuer | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |
|-------------------------------------|--------|------------------------|-------------------------------------------------|--------------|----------|
| Net sales                           | \$—    | \$282.8                | \$35.7                                          | \$—          | \$318.5  |
| Cost of sales                       | —      | 188.8                  | 32.4                                            | —            | 221.2    |
| Gross profit                        | —      | 94.0                   | 3.3                                             | —            | 97.3     |
| Operating expenses:                 |        |                        |                                                 |              |          |
| Selling, general and administrative | 9.8    | 42.6                   | 2.9                                             | —            | 55.3     |
| Restructuring                       | —      | 0.1                    | 0.1                                             | —            | 0.2      |
| Total operating expenses            | 9.8    | 42.7                   | 3.0                                             | —            | 55.5     |
| Operating income (loss)             | (9.8   | ) 51.3                 | 0.3                                             | —            | 41.8     |
| Interest expense (income), net      | 12.4   | 0.1                    | —                                               | —            | 12.5     |
| Income (loss) before income taxes   | (22.2  | ) 51.2                 | 0.3                                             | —            | 29.3     |
| Income tax expense (benefit)        | (8.7   | ) 19.3                 | 0.2                                             | —            | 10.8     |
| Equity in income of subsidiaries    | 32.0   | 0.1                    | —                                               | (32.1        | ) —      |
| Net income                          | \$18.5 | \$32.0                 | \$0.1                                           | \$(32.1      | ) \$18.5 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Operations  
Three months ended June 30, 2013

|                                     | Issuer | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |   |
|-------------------------------------|--------|------------------------|-------------------------------------------------|--------------|----------|---|
| Net sales                           | \$—    | \$263.6                | \$35.8                                          | \$—          | \$299.4  |   |
| Cost of sales                       | —      | 181.0                  | 28.4                                            | —            | 209.4    |   |
| Gross profit                        | —      | 82.6                   | 7.4                                             | —            | 90.0     |   |
| Operating expenses:                 |        |                        |                                                 |              |          |   |
| Selling, general and administrative | 9.5    | 43.7                   | 3.7                                             | —            | 56.9     |   |
| Restructuring                       | —      | 0.2                    | —                                               | —            | 0.2      |   |
| Total operating expenses            | 9.5    | 43.9                   | 3.7                                             | —            | 57.1     |   |
| Operating income (loss)             | (9.5   | ) 38.7                 | 3.7                                             | —            | 32.9     |   |
| Interest expense (income), net      | 12.7   | 0.1                    | (0.1                                            | ) —          | 12.7     |   |
| Income (loss) before income taxes   | (22.2  | ) 38.6                 | 3.8                                             | —            | 20.2     |   |
| Income tax expense (benefit)        | (4.1   | ) 6.6                  | 1.7                                             | —            | 4.2      |   |
| Equity in income of subsidiaries    | 34.1   | 2.1                    | —                                               | (36.2        | ) —      |   |
| Income from continuing operations   | 16.0   | 34.1                   | 2.1                                             | (36.2        | ) 16.0   |   |
| Loss from discontinued operations   | (1.9   | ) —                    | —                                               | —            | (1.9     | ) |
| Net income                          | \$14.1 | \$34.1                 | \$2.1                                           | \$(36.2      | ) \$14.1 |   |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Operations  
Nine months ended June 30, 2014

|                                     | Issuer | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |
|-------------------------------------|--------|------------------------|-------------------------------------------------|--------------|----------|
| Net sales                           | \$—    | \$785.2                | \$78.8                                          | \$—          | \$864.0  |
| Cost of sales                       | —      | 549.4                  | 68.0                                            | —            | 617.4    |
| Gross profit                        | —      | 235.8                  | 10.8                                            | —            | 246.6    |
| Operating expenses:                 |        |                        |                                                 |              |          |
| Selling, general and administrative | 27.3   | 126.0                  | 9.2                                             | —            | 162.5    |
| Restructuring                       | —      | 2.9                    | 0.1                                             | —            | 3.0      |
| Total operating expenses            | 27.3   | 128.9                  | 9.3                                             | —            | 165.5    |
| Operating income (loss)             | (27.3  | ) 106.9                | 1.5                                             | —            | 81.1     |
| Interest expense (income), net      | 37.6   | 0.2                    | (0.2                                            | ) —          | 37.6     |
| Income (loss) before income taxes   | (64.9  | ) 106.7                | 1.7                                             | —            | 43.5     |
| Income tax expense (benefit)        | (25.5  | ) 39.3                 | 0.4                                             | —            | 14.2     |
| Equity in income of subsidiaries    | 68.7   | 1.3                    | —                                               | (70.0        | ) —      |
| Net income                          | \$29.3 | \$68.7                 | \$1.3                                           | \$(70.0      | ) \$29.3 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Operations  
Nine months ended June 30, 2013

|                                      | Issuer | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |
|--------------------------------------|--------|------------------------|-------------------------------------------------|--------------|----------|
| Net sales                            | \$—    | \$743.4                | \$84.2                                          | \$—          | \$827.6  |
| Cost of sales                        | —      | 534.2                  | 69.0                                            | —            | 603.2    |
| Gross profit                         | —      | 209.2                  | 15.2                                            | —            | 224.4    |
| Operating expenses:                  |        |                        |                                                 |              |          |
| Selling, general and administrative  | 24.6   | 124.5                  | 9.9                                             | —            | 159.0    |
| Restructuring                        | —      | 1.3                    | —                                               | —            | 1.3      |
| Total operating expenses             | 24.6   | 125.8                  | 9.9                                             | —            | 160.3    |
| Operating income (loss)              | (24.6  | ) 83.4                 | 5.3                                             | —            | 64.1     |
| Interest expense (income), net       | 39.0   | 0.2                    | (0.2                                            | ) —          | 39.0     |
| Loss on early extinguishment of debt | 1.4    | —                      | —                                               | —            | 1.4      |
| Income (loss) before income taxes    | (65.0  | ) 83.2                 | 5.5                                             | —            | 23.7     |
| Income tax expense (benefit)         | (14.5  | ) 17.8                 | 1.8                                             | —            | 5.1      |
| Equity in income of subsidiaries     | 69.1   | 3.7                    | —                                               | (72.8        | ) —      |
| Income from continuing operations    | 18.6   | 69.1                   | 3.7                                             | (72.8        | ) 18.6   |
| Income from discontinued operations  | 8.7    | —                      | —                                               | —            | 8.7      |
| Net income                           | \$27.3 | \$69.1                 | \$3.7                                           | \$(72.8      | ) \$27.3 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Comprehensive Income  
Three months ended June 30, 2014

|                                                         | Issuer  | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total     |
|---------------------------------------------------------|---------|------------------------|-------------------------------------------------|--------------|-----------|
| Net income                                              | \$ 18.5 | \$ 32.0                | \$ 0.1                                          | \$(32.1)     | ) \$ 18.5 |
| Other comprehensive income (loss):                      |         |                        |                                                 |              |           |
| Minimum pension liability, net of tax                   | (3.0    | ) —                    | —                                               | —            | (3.0 )    |
| Equity in other comprehensive income of<br>subsidiaries | 2.1     | 2.1                    | —                                               | (4.2)        | ) —       |
| Foreign currency translation                            | —       | —                      | 2.1                                             | —            | 2.1       |
|                                                         | (0.9    | ) 2.1                  | 2.1                                             | (4.2)        | ) (0.9 )  |
| Comprehensive income                                    | \$ 17.6 | \$ 34.1                | \$ 2.2                                          | \$(36.3)     | ) \$ 17.6 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Comprehensive Income  
Three months ended June 30, 2013

|                                                       | Issuer  | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total     |
|-------------------------------------------------------|---------|------------------------|-------------------------------------------------|--------------|-----------|
| Net income                                            | \$ 14.1 | \$ 34.1                | \$ 2.1                                          | \$(36.2)     | ) \$ 14.1 |
| Other comprehensive income (loss):                    |         |                        |                                                 |              |           |
| Minimum pension liability, net of tax                 | 2.3     | —                      | —                                               | —            | 2.3       |
| Equity in other comprehensive loss of<br>subsidiaries | (1.9    | ) (1.9                 | ) —                                             | 3.8          | —         |
| Foreign currency translation                          | —       | —                      | (1.9                                            | ) —          | (1.9 )    |
|                                                       | 0.4     | (1.9                   | ) (1.9                                          | ) 3.8        | 0.4       |
| Comprehensive income                                  | \$ 14.5 | \$ 32.2                | \$ 0.2                                          | \$(32.4)     | ) \$ 14.5 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Comprehensive Income (Loss)  
Nine months ended June 30, 2014

|                                                    | Issuer | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |
|----------------------------------------------------|--------|------------------------|-------------------------------------------------|--------------|----------|
| Net income                                         | \$29.3 | \$68.7                 | \$1.3                                           | \$(70.0)     | ) \$29.3 |
| Other comprehensive loss:                          |        |                        |                                                 |              |          |
| Minimum pension liability, net of tax              | (9.0)  | ) —                    | —                                               | —            | (9.0)    |
| Equity in other comprehensive loss of subsidiaries | (1.9)  | ) (1.9)                | ) —                                             | 3.8          | —        |
| Foreign currency translation                       | —      | —                      | (1.9)                                           | ) —          | (1.9)    |
|                                                    | (10.9) | ) (1.9)                | ) (1.9)                                         | ) 3.8        | (10.9)   |
| Comprehensive income (loss)                        | \$18.4 | \$66.8                 | \$(0.6)                                         | ) \$(66.2)   | ) \$18.4 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Comprehensive Income  
Nine months ended June 30, 2013

|                                                    | Issuer | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |
|----------------------------------------------------|--------|------------------------|-------------------------------------------------|--------------|----------|
| Net income                                         | \$27.3 | \$69.1                 | \$3.7                                           | \$(72.8)     | ) \$27.3 |
| Other comprehensive income (loss):                 |        |                        |                                                 |              |          |
| Minimum pension liability, net of tax              | 7.9    | —                      | —                                               | —            | 7.9      |
| Equity in other comprehensive loss of subsidiaries | (3.7)  | ) (3.7)                | ) —                                             | 7.4          | —        |
| Foreign currency translation                       | —      | —                      | (3.7)                                           | ) —          | (3.7)    |
|                                                    | 4.2    | (3.7)                  | ) (3.7)                                         | ) 7.4        | 4.2      |
| Comprehensive income                               | \$31.5 | \$65.4                 | \$—                                             | \$(65.4)     | ) \$31.5 |

Mueller Water Products, Inc. and Subsidiaries  
Condensed Consolidating Statement of Cash Flows  
Nine months ended June 30, 2014

|                                                     | Issuer   | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total    |
|-----------------------------------------------------|----------|------------------------|-------------------------------------------------|--------------|----------|
| Operating activities:                               |          |                        |                                                 |              |          |
| Net cash provided by (used in) operating activities | \$(85.0) | ) \$149.7              | \$ (3.7                                         | ) \$—        | \$61.0   |
| Investing activities:                               |          |                        |                                                 |              |          |
| Capital expenditures                                | (0.2)    | ) (24.3                | ) (1.0                                          | ) —          | (25.5 )  |
| Proceeds from sales of assets                       | —        | 1.2                    | —                                               | —            | 1.2      |
| Intercompany                                        | —        | (127.4                 | )                                               | 127.4        | —        |
| Net cash used in investing activities               | (0.2)    | ) (150.5               | ) (1.0                                          | ) 127.4      | (24.3 )  |
| Financing activities:                               |          |                        |                                                 |              |          |
| Dividends paid                                      | (8.4)    | ) —                    | —                                               | —            | (8.4 )   |
| Common stock issued                                 | 3.6      | —                      | —                                               | —            | 3.6      |
| Shares retained for employee taxes                  | (3.1)    | ) —                    | —                                               | —            | (3.1 )   |
| Intercompany                                        | 127.4    | —                      | —                                               | (127.4       | ) —      |
| Other                                               | (0.4)    | ) 0.3                  | —                                               | —            | (0.1 )   |
| Net cash provided by (used in) financing activities | 119.1    | 0.3                    | —                                               | (127.4       | ) (8.0 ) |
| Effect of currency exchange rate changes on cash    | —        | —                      | (1.4                                            | ) —          | (1.4 )   |
| Net change in cash and cash equivalents             | 33.9     | (0.5                   | ) (6.1                                          | ) —          | 27.3     |
| Cash and cash equivalents at beginning of period    | 86.6     | (2.3                   | ) 39.3                                          | —            | 123.6    |
| Cash and cash equivalents at end of period          | \$120.5  | \$ (2.8                | ) \$33.2                                        | \$—          | \$150.9  |

Mueller Water Products, Inc. and Subsidiaries  
Consolidating Statement of Cash Flows  
Nine months ended June 30, 2013

|                                                                                | Issuer  | Guarantor<br>companies | Non-<br>guarantor<br>companies<br>(in millions) | Eliminations | Total     |
|--------------------------------------------------------------------------------|---------|------------------------|-------------------------------------------------|--------------|-----------|
| Operating activities:                                                          |         |                        |                                                 |              |           |
| Net cash provided by (used in) operating activities from continuing operations | \$(81.3 | ) \$119.4              | \$4.7                                           | \$—          | \$42.8    |
| Investing activities:                                                          |         |                        |                                                 |              |           |
| Capital expenditures                                                           | (0.1    | ) (22.9                | ) (0.9                                          | ) —          | (23.9 )   |
| Business acquisitions, net of cash acquired                                    | —       | (0.2                   | ) —                                             | —            | (0.2 )    |
| Proceeds from sales of assets                                                  | —       | 0.1                    | —                                               | —            | 0.1       |
| Intercompany                                                                   | —       | (97.6                  | ) —                                             | 97.6         | —         |
| Net cash used in investing activities from continuing operations               | (0.1    | ) (120.6               | ) (0.9                                          | ) 97.6       | (24.0 )   |
| Financing activities:                                                          |         |                        |                                                 |              |           |
| Early repayment of debt                                                        | (23.2   | ) —                    | —                                               | —            | (23.2 )   |
| Dividends paid                                                                 | (8.3    | ) —                    | —                                               | —            | (8.3 )    |
| Common stock issued                                                            | 2.3     | —                      | —                                               | —            | 2.3       |
| Shares retained for employee taxes                                             | (1.5    | ) —                    | —                                               | —            | (1.5 )    |
| Payment of deferred financing fees                                             | (0.7    | ) —                    | —                                               | —            | (0.7 )    |
| Intercompany                                                                   | 97.6    | —                      | —                                               | (97.6        | ) —       |
| Other                                                                          | —       | 0.2                    | —                                               | —            | 0.2       |
| Net cash provided by financing activities from continuing operations           | 66.2    | 0.2                    | —                                               | (97.6        | ) (31.2 ) |
| Net cash flows from discontinued operations:                                   |         |                        |                                                 |              |           |
| Operating activities                                                           | (4.1    | ) —                    | —                                               | —            | (4.1 )    |
| Investing activities                                                           | 4.5     | —                      | —                                               | —            | 4.5       |
| Net cash provided by discontinued operations                                   | 0.4     | —                      | —                                               | —            | 0.4       |
| Effect of currency exchange rate changes on cash                               | —       | —                      | (1.8                                            | ) —          | (1.8 )    |
| Net change in cash and cash equivalents                                        | (14.8   | ) (1.0                 | ) 2.0                                           | —            | (13.8 )   |
| Cash and cash equivalents at beginning of period                               | 53.3    | (3.7                   | ) 33.4                                          | —            | 83.0      |
| Cash and cash equivalents at end of period                                     | \$38.5  | \$ (4.7                | ) \$35.4                                        | \$—          | \$69.2    |

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto that appear elsewhere in this report. This report contains certain statements that may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements that address activities, events or developments that the Company's management intends, expects, plans, projects, believes or anticipates will or may occur in the future are forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding the general municipal spending environment, the condition of our end markets and the performance of each of Mueller Co. and Anvil over future periods. Forward-looking statements are based on certain assumptions and assessments made by management in light of their experience and their perception of historical trends, current conditions and expected future developments. Actual results and the timing of events may differ materially from those contemplated by the forward-looking statements due to a number of factors, including regional, national or global political, economic, business, competitive, market and regulatory conditions and the other factors that are described in the section entitled "RISK FACTORS" in Item 1A. of our annual report on Form 10-K for the year ended September 30, 2013 ("Annual Report"). Undue reliance should not be placed on any forward-looking statements. The Company does not have any intention or obligation to update forward-looking statements, except as required by law.

Overview

Organization

On October 3, 2005, Walter Energy acquired all outstanding shares of capital stock representing the Mueller Co. and Anvil businesses and contributed them to its U.S. Pipe business to form the Company. In June 2006, we completed an initial public offering of 28,750,000 shares of Series A common stock and in December 2006, Walter Energy distributed to its shareholders all of its equity interests in the Company, consisting of all of the Company's outstanding shares of Series B common stock. On January 28, 2009, each share of Series B common stock was converted into one share of Series A common stock and the Series A designation was discontinued.

Unless the context indicates otherwise, whenever we refer to a particular year, we mean our fiscal year ended or ending September 30 in that particular calendar year. We manage our businesses and report operations through two business segments, Mueller Co. and Anvil, based largely on the products sold and the customers served.

On April 1, 2012, we sold the businesses comprising our former U.S. Pipe segment. Activity related to U.S. Pipe is presented as discontinued operations for 2013.

Business

We expect Mueller Co.'s 2014 fourth quarter net sales percentage growth to be approximately 10% when compared to the prior year period driven principally by continued growth in municipal spending and residential construction. We also expect Mueller Co.'s 2014 operating income as a percent of net sales to improve compared to the prior year period due to higher shipment volumes, however at a lower rate than that of the 2014 third quarter.

On July 1, 2014, we completed the acquisition of certain of the assets of Lined Valve Company Inc., a privately-held company, which will become part of our Pratt product line, for \$10.0 million, subject to a purchase price adjustment. Lined Valve Company Inc. reported net sales of \$10.6 million for calendar 2013.

At Anvil, we expect its 2014 fourth quarter net sales percentage growth will be in the low single digits when compared to the prior year period. We also expect its 2014 fourth quarter operating income to be slightly better than the prior year period.

## Results of Operations

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

|                                     | Three months ended June 30, 2014 |          |           | Total     |
|-------------------------------------|----------------------------------|----------|-----------|-----------|
|                                     | Mueller Co.<br>(in millions)     | Anvil    | Corporate |           |
| Net sales                           | \$ 214.0                         | \$ 104.5 | \$—       | \$ 318.5  |
| Gross profit                        | \$ 70.1                          | \$ 27.2  | \$—       | \$ 97.3   |
| Operating expenses:                 |                                  |          |           |           |
| Selling, general and administrative | 27.7                             | 17.7     | 9.9       | 55.3      |
| Restructuring                       | 0.2                              | —        | —         | 0.2       |
|                                     | 27.9                             | 17.7     | 9.9       | 55.5      |
| Operating income (loss)             | \$ 42.2                          | \$ 9.5   | \$ (9.9   | ) 41.8    |
| Interest expense, net               |                                  |          |           | 12.5      |
| Income before income taxes          |                                  |          |           | 29.3      |
| Income tax expense                  |                                  |          |           | 10.8      |
| Net income                          |                                  |          |           | \$ 18.5   |
|                                     |                                  |          |           |           |
|                                     | Three months ended June 30, 2013 |          |           | Total     |
|                                     | Mueller Co.<br>(in millions)     | Anvil    | Corporate |           |
| Net sales                           | \$ 199.3                         | \$ 100.1 | \$—       | \$ 299.4  |
| Gross profit                        | \$ 59.4                          | \$ 30.6  | \$—       | \$ 90.0   |
| Operating expenses:                 |                                  |          |           |           |
| Selling, general and administrative | 29.0                             | 18.3     | 9.6       | 56.9      |
| Restructuring                       | 0.2                              | —        | —         | 0.2       |
|                                     | 29.2                             | 18.3     | 9.6       | 57.1      |
| Operating income (loss)             | \$ 30.2                          | \$ 12.3  | \$ (9.6   | ) 32.9    |
| Interest expense, net               |                                  |          |           | 12.7      |
| Income before income taxes          |                                  |          |           | 20.2      |
| Income tax expense                  |                                  |          |           | 4.2       |
| Income from continuing operations   |                                  |          |           | 16.0      |
| Loss from discontinued operations   |                                  |          |           | (1.9      |
| Net income                          |                                  |          |           | ) \$ 14.1 |

## Consolidated Analysis

Net sales for the quarter ended June 30, 2014 increased to \$318.5 million from \$299.4 million in the prior year period. Net sales increased primarily due to increased shipment volumes of \$17.7 million.

Gross profit for the quarter ended June 30, 2014 increased to \$97.3 million from \$90.0 million in the prior year period. Gross margin increased 40 basis points to 30.5% in the quarter ended June 30, 2014 from 30.1% in the prior year period. Gross profit and gross margin benefited primarily from increased shipment volumes and higher sales pricing, partially offset by higher costs at Anvil.

Selling, general and administrative expenses ("SG&A") for the quarter ended June 30, 2014 decreased to \$55.3 million from \$56.9 million in the prior year period. SG&A as a percentage of net sales was 17.4% in the quarter ended June 30, 2014 and 19.0% in the prior year period. These improvements in SG&A were related primarily to decreased employee-related costs.



Interest expense, net decreased in the quarter ended June 30, 2014 compared to the prior year period. The components of interest expense, net are detailed below.

|                                      | Three months ended<br>June 30, |         |
|--------------------------------------|--------------------------------|---------|
|                                      | 2014                           | 2013    |
|                                      | (in millions)                  |         |
| 7.375% Senior Subordinated Notes     | \$ 7.8                         | \$ 7.7  |
| 8.75% Senior Unsecured Notes         | 4.0                            | 4.0     |
| Deferred financing fees amortization | 0.5                            | 0.5     |
| ABL Agreement                        | 0.3                            | 0.3     |
| Other interest expense               | —                              | 0.2     |
|                                      | 12.6                           | 12.7    |
| Interest income                      | (0.1                           | ) —     |
|                                      | \$ 12.5                        | \$ 12.7 |

The components of income tax expense in continuing operations are provided below.

|                                                    | Three months ended<br>June 30, |        |
|----------------------------------------------------|--------------------------------|--------|
|                                                    | 2014                           | 2013   |
|                                                    | (in millions)                  |        |
| Expense from income before income taxes            | \$ 11.9                        | \$ 8.1 |
| Deferred tax asset valuation allowance adjustments | (1.1                           | ) (4.0 |
| Other discrete items                               | —                              | 0.1    |
|                                                    | \$ 10.8                        | \$ 4.2 |

#### Segment Analysis

##### Mueller Co.

Net sales for the quarter ended June 30, 2014 increased to \$214.0 million from \$199.3 million in the prior year period. Net sales increased primarily due to \$13.7 million of increased shipment volumes. Net sales from our core domestic valves, hydrants and brass products grew 28% year-over-year. We believe 2014 third quarter valve and hydrant shipments were favorably affected by the timing of price increases between years. Net sales declined for our Pratt product line approximately 21%, or \$6 million, year-over-year. Net sales of metering systems were essentially the same compared to the prior year period.

Gross profit for the quarter ended June 30, 2014 increased to \$70.1 million from \$59.4 million in the prior year period primarily due to improved product mix and higher sales pricing. Gross margin increased to 32.8% for the quarter ended June 30, 2014 compared to 29.8% in the prior year period primarily due to improved product mix and higher sales pricing.

SG&A in the quarter ended June 30, 2014 decreased to \$27.7 million from \$29.0 million in the prior year period primarily due to expenses associated with lower professional fees. SG&A was 12.9% and 14.6% of net sales for the quarter ended June 30, 2014 and 2013, respectively.

##### Anvil

Net sales in the quarter ended June 30, 2014 increased to \$104.5 million from \$100.1 million in the prior year period. Net sales increased primarily due to higher shipment volumes, particularly to the oil & gas, commercial and industrial markets.

Gross profit in the quarter ended June 30, 2014 decreased to \$27.2 million from \$30.6 million in the prior year period. Gross margin declined to 26.0% in the quarter ended June 30, 2014 compared to 30.6% in the prior year period. The decline was due primarily to operational inefficiencies at its largest manufacturing facility.

SG&A decreased to \$17.7 million in the quarter ended June 30, 2014 from \$18.3 million in the prior year period primarily due to lower employee-related costs. SG&A was 16.9% of net sales for the quarter ended June 30, 2014 and 18.3% in the prior year period.



## Corporate

SG&A increased to \$9.9 million in June 30, 2014 from \$9.6 million in the prior year period primarily due to higher professional fees offset by lower employee-related costs.

Nine Months Ended June 30, 2014 Compared to Nine Months Ended June 30, 2013

|                                     | Nine months ended June 30, 2014 |         |           | Total   |
|-------------------------------------|---------------------------------|---------|-----------|---------|
|                                     | Mueller Co.<br>(in millions)    | Anvil   | Corporate |         |
| Net sales                           | \$570.3                         | \$293.7 | \$—       | \$864.0 |
| Gross profit                        | \$166.9                         | \$79.7  | \$—       | \$246.6 |
| Operating expenses:                 |                                 |         |           |         |
| Selling, general and administrative | 80.7                            | 54.3    | 27.5      | 162.5   |
| Restructuring                       | 1.9                             | 1.1     | —         | 3.0     |
|                                     | 82.6                            | 55.4    | 27.5      | 165.5   |
| Operating income (loss)             | \$84.3                          | \$24.3  | \$(27.5)  | 81.1    |
| Interest expense, net               |                                 |         |           | 37.6    |
| Income before income taxes          |                                 |         |           | 43.5    |
| Income tax expense                  |                                 |         |           | 14.2    |
| Net income                          |                                 |         |           | \$29.3  |

|                                      | Nine months ended June 30, 2013 |         |           | Total   |
|--------------------------------------|---------------------------------|---------|-----------|---------|
|                                      | Mueller Co.<br>(in millions)    | Anvil   | Corporate |         |
| Net sales                            | \$538.5                         | \$289.1 | \$—       | \$827.6 |
| Gross profit                         | \$142.8                         | \$81.6  | \$—       | \$224.4 |
| Operating expenses:                  |                                 |         |           |         |
| Selling, general and administrative  | 80.1                            | 54.2    | 24.7      | 159.0   |
| Restructuring                        | 1.2                             | 0.1     | —         | 1.3     |
|                                      | 81.3                            | 54.3    | 24.7      | 160.3   |
| Operating income (loss)              | \$61.5                          | \$27.3  | \$(24.7)  | 64.1    |
| Interest expense, net                |                                 |         |           | 39.0    |
| Loss on early extinguishment of debt |                                 |         |           | 1.4     |
| Income before income taxes           |                                 |         |           | 23.7    |
| Income tax expense                   |                                 |         |           | 5.1     |
| Income from continuing operations    |                                 |         |           | 18.6    |
| Income from discontinued operations  |                                 |         |           | 8.7     |
| Net income                           |                                 |         |           | \$27.3  |

## Consolidated Analysis

Net sales for the nine months ended June 30, 2014 increased to \$864.0 million from \$827.6 million in the prior year period. Net sales increased due to \$27.7 million of increased shipment volumes and \$13.7 million of higher pricing, both of which were primarily at Mueller Co.

Gross profit for the nine months ended June 30, 2014 increased to \$246.6 million from \$224.4 million in the prior year period. Gross margin increased 140 basis points to 28.5% in the nine months ended June 30, 2014 from 27.1% in the prior year period. Gross profit and gross margin benefited primarily from increased shipment volumes and higher sales pricing.

SG&A for the nine months ended June 30, 2014 increased to \$162.5 million from \$159.0 million in the prior year period. SG&A was 18.8% of net sales in the nine months ended June 30, 2014 and 19.2% in the prior year period. Restructuring increased in the nine months ended June 30, 2014 compared to the prior year period due to an impairment of production equipment at Mueller Co. and the withdrawal from a multi-employer pension plan at Anvil. Mueller Co. changed its



approach to the production of certain sizes of iron gate valves and recorded a charge of \$1.5 million. Anvil sold the production equipment and certain inventory at its Bloomington, Minnesota location and recorded an accrual for its estimated pension plan withdrawal liability of \$1.0 million.

Interest expense, net decreased in the nine months ended June 30, 2014 compared to the prior year period due primarily to a lower level of total debt outstanding. The components of interest expense, net are detailed below.

|                                      | Nine months ended<br>June 30, |        |
|--------------------------------------|-------------------------------|--------|
|                                      | 2014                          | 2013   |
|                                      | (in millions)                 |        |
| 7.375% Senior Subordinated Notes     | \$23.2                        | \$23.2 |
| 8.75% Senior Unsecured Notes         | 12.0                          | 12.8   |
| Deferred financing fees amortization | 1.5                           | 1.6    |
| ABL Agreement                        | 0.9                           | 1.2    |
| Other interest expense               | 0.3                           | 0.4    |
|                                      | 37.9                          | 39.2   |
| Interest income                      | (0.3                          | ) (0.2 |
|                                      | \$37.6                        | \$39.0 |

During the nine months ended June 30, 2013, we redeemed \$22.5 million principal amount of our 8.75% Senior Unsecured Notes for \$23.2 million, plus accrued and unpaid interest. The resulting loss on early extinguishment of debt of \$1.4 million includes the premium paid and the deferred financing costs and original issue discount that were written off.

During the nine months ended June 30, 2014, we completed an updated analysis of our income tax apportionment by state. This analysis identified changes in the state tax apportionment primarily due to the sale of U.S. Pipe in 2012 and the adoption of either a weighted sales factor or single sales factor apportionment method by states that historically had used a 3-factor (property, payroll and sales) apportionment method. As a result of these changes, we reduced our marginal state income tax rate, used in calculations of our deferred tax assets and liabilities, by 0.52%. This resulted in a decrease in income tax expense of \$2.0 million.

The components of income tax expense in continuing operations are provided below.

|                                                    | Nine months ended<br>June 30, |        |
|----------------------------------------------------|-------------------------------|--------|
|                                                    | 2014                          | 2013   |
|                                                    | (in millions)                 |        |
| Expense from income before income taxes            | \$17.5                        | \$9.6  |
| Deferred tax asset valuation allowance adjustments | (1.1                          | ) (4.5 |
| State tax rate change                              | (2.0                          | ) —    |
| Other discrete items                               | (0.2                          | ) —    |
|                                                    | \$14.2                        | \$5.1  |

#### Segment Analysis

##### Mueller Co.

Net sales for the nine months ended June 30, 2014 increased to \$570.3 million from \$538.5 million in the prior year period. Net sales increased primarily due to \$23.5 million of increased shipment volumes and \$12.1 million of higher pricing. Net sales from our core domestic valves, hydrants and brass products grew 17% year-over-year.

Gross profit for the nine months ended June 30, 2014 increased to \$166.9 million from \$142.8 million in the prior year period primarily due to increased shipment volumes and higher sales pricing. Gross margin increased to 29.3% for the nine months ended June 30, 2014 compared to 26.5% in the prior year period primarily due to higher shipment volumes and higher sales pricing.

SG&A in the nine months ended June 30, 2014 increased to \$80.7 million from \$80.1 million in the prior year period primarily due to expenses associated with increased shipment volumes. SG&A was 14.2% and 14.9% of net sales for the nine months ended June 30, 2014 and 2013, respectively.

Anvil

Net sales in the nine months ended June 30, 2014 increased to \$293.7 million from \$289.1 million in the prior year period. Net sales increased primarily due to increased shipment volumes.

Gross profit in the nine months ended June 30, 2014 decreased to \$79.7 million from \$81.6 million in the prior year period. Gross margin declined to 27.1% in the nine months ended June 30, 2014 compared to 28.2% in the prior year period. These declines were due primarily to operational inefficiencies at its largest manufacturing facility.

SG&A increased to \$54.3 million in the nine months ended June 30, 2014 from \$54.2 million in the prior year period. SG&A was 18.5% of net sales for the nine months ended June 30, 2014 and 18.7% in the prior year period.

Corporate

SG&A increased to \$27.5 million in the nine months ended June 30, 2014 from \$24.7 million in the prior year period primarily due to higher professional fees. Expenses related to our former U.S. Pipe operations represented \$2.2 million of the increased expenses in 2014.

Liquidity and Capital Resources

We had cash and cash equivalents of \$150.9 million at June 30, 2014 and \$161.5 million of additional borrowing capacity under our ABL Agreement based on June 30, 2014 data. Undistributed earnings from our subsidiaries in Canada and China are considered to be permanently invested outside of the United States. At June 30, 2014, cash and cash equivalents included \$27.9 million and \$5.1 million in Canada and China, respectively.

On July 30, 2014, we announced our intention to redeem \$55.0 million aggregate principal amount of our 7.375% Senior Subordinated Notes at a redemption price of 101.229% of the principal amount on August 29, 2014. We expect to record a loss on early extinguishment of debt of \$1.0 million on the redemption date. We anticipate our annual interest expense will decline by approximately \$4 million as a result of the redemption.

On July 1, 2014, we used \$10.0 million to acquire certain assets of Lined Valve Company Inc.

On April 1, 2012, we sold our former U.S. Pipe segment. During the quarter ended December 31, 2012, we received an additional \$4.5 million in cash for certain purchase price adjustments and reduced our loss on sale of discontinued operations accordingly.

Cash flows from operating activities are categorized below.

|                                                     | Nine months ended |          |
|-----------------------------------------------------|-------------------|----------|
|                                                     | June 30,          |          |
|                                                     | 2014              | 2013     |
|                                                     | (in millions)     |          |
| Collections from customers                          | \$ 845.2          | \$ 825.3 |
| Disbursements, other than interest and income taxes | (743.5            | ) (740.9 |
| Interest payments, net                              | (39.6             | ) (40.9  |
| Income tax payments, net                            | (1.1              | ) (0.7   |
| Cash provided by operating activities               | \$ 61.0           | \$ 42.8  |

Collections from customers were higher during the nine months ended June 30, 2014 compared to the prior year period primarily related to increased net sales compared to a year ago.

Increased disbursements, other than interest and income taxes, during the nine months ended June 30, 2014 reflect higher purchasing activity associated with higher net sales and timing differences, partially offset by a greater utilization of inventory on hand during 2014.

Capital expenditures were \$25.5 million in the nine months ended June 30, 2014 compared to \$23.9 million in the prior year period. We estimate 2014 capital expenditures to be \$35 million to \$36 million.

During the quarter ending September 30, 2014, we expect to make our 2014 contribution to our U.S. pension plan of \$0.7 million. The proportion of the assets held by our U.S. pension plan invested in fixed income securities, instead of equity securities, has increased over historical levels. Because of this shift in the strategic asset allocation, the estimated rate of return on these assets has decreased, which could ultimately cause our pension expense and our required contributions to this plan to increase.

We expect to exhaust substantially all of our remaining net operating loss carryforwards for U.S. federal income tax purposes by September 30, 2014. After they are exhausted, we expect our federal income tax payments to increase compared to the past several years. Our state net operating loss carryforwards will continue to be available in future years.

We anticipate that our existing cash, cash equivalents and borrowing capacity combined with our expected operating cash flows will be sufficient to meet our anticipated operating expenses, income tax payments, capital expenditures and debt service obligations as they become due through June 30, 2015. However, our ability to make these payments will depend partly upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control.

#### ABL Agreement

At June 30, 2014, the ABL Agreement consisted of a revolving credit facility for up to \$225 million of revolving credit borrowings, swing line loans and letters of credit. The ABL Agreement permits us to increase the size of the credit facility by an additional \$150 million in certain circumstances subject to adequate borrowing base availability. We may borrow up to \$25 million through swing line loans and may have up to \$60 million of letters of credit outstanding.

Borrowings under the ABL Agreement bear interest at a floating rate equal to LIBOR plus a margin ranging from 175 to 225 basis points, or a base rate, as defined in the ABL Agreement, plus a margin ranging from 75 to 125 basis points. At June 30, 2014, the applicable LIBOR-based margin was 175 basis points.

The ABL Agreement terminates on the earlier of (1) December 18, 2017 and (2) 60 days prior to the final maturity of our 7.375% Senior Subordinated Notes. We pay a commitment fee for any unused borrowing capacity under the ABL Agreement of either 37.5 basis points per annum or 25 basis points per annum, based on daily average availability during the previous calendar quarter. At June 30, 2014, our commitment fee was 37.5 basis points. As measured using June 30, 2014 data, excess availability as reduced by outstanding letters of credit and accrued fees and expenses of \$29.1 million was \$161.5 million.

The ABL Agreement is subject to mandatory prepayments if total outstanding borrowings under the ABL Agreement are greater than the aggregate commitments under the revolving credit facility or if we dispose of overdue accounts receivable in certain circumstances. The borrowing base under the ABL Agreement is equal to the sum of (a) 85% of the value of eligible accounts receivable and (b) the lesser of (i) 65% of the value of eligible inventory or (ii) 85% of the net orderly liquidation value of the value of eligible inventory, less certain reserves. Prepayments can be made at any time with no penalty.

Substantially all of our U.S. subsidiaries are borrowers under the ABL Agreement and are jointly and severally liable for any outstanding borrowings. Our obligations under the ABL Agreement are secured by a first-priority perfected lien on all of our U.S. inventory, accounts receivable, certain cash and other supporting obligations.

Borrowings are not subject to any financial maintenance covenants unless excess availability is less than the greater of \$22.5 million and 10% of the aggregate commitments under the ABL Agreement. The ABL Agreement contains customary negative covenants and restrictions on our ability to engage in specified activities, such as:

- limitations on other debt, liens, investments and guarantees;
- restrictions on dividends and redemptions of our capital stock and prepayments and redemptions of debt; and
- restrictions on mergers and acquisition, sales of assets and transactions with affiliates.

#### 8.75% Senior Unsecured Notes

We had \$180.0 million face value of 8.75% Senior Unsecured Notes, due on September 1, 2020, outstanding at June 30, 2014, which was reported net of \$1.8 million unamortized discount. After August 31, 2015, the Senior Unsecured Notes may be redeemed at specified redemption prices. Upon a "Change of Control" (as defined in the indenture securing the Senior Unsecured Notes), we are required to offer to purchase the outstanding Senior Unsecured Notes at a purchase price of 101% of the principal amount. The Senior Unsecured Notes are guaranteed by essentially all of our

U.S. subsidiaries, but are subordinate to borrowings under the ABL Agreement.

31

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**7.375% Senior Subordinated Notes**

We had \$420.0 million face value of 7.375% Senior Subordinated Notes, due on June 1, 2017, outstanding at June 30, 2014. We may redeem any portion of the Senior Subordinated Notes at specified redemption prices, subject to restrictions in the Senior Unsecured Notes. Upon a "Change of Control" (as defined in the indenture securing the Senior Subordinated Notes), we are required to offer to purchase the outstanding Senior Subordinated Notes at 101% of the principal amount. The Senior Subordinated Notes are guaranteed by essentially all of our U.S. subsidiaries, but are subordinate to the borrowings under the ABL Agreement and the Senior Unsecured Notes.

Our corporate credit rating and the credit rating for our debt are presented below.

|                                  | Moody's          |                       | Standard & Poor's |                       |
|----------------------------------|------------------|-----------------------|-------------------|-----------------------|
|                                  | June 30,<br>2014 | September 30,<br>2013 | June 30,<br>2014  | September 30,<br>2013 |
| Corporate credit rating          | B2               | B2                    | BB-               | BB-                   |
| ABL Agreement                    | Not rated        | Not rated             | Not rated         | Not rated             |
| 8.75% Senior Unsecured Notes     | B1               | B1                    | BB-               | BB-                   |
| 7.375% Senior Subordinated Notes | Caa1             | Caa1                  | B                 | B                     |
| Outlook                          | Stable           | Stable                | Stable            | Stable                |

**Off-Balance Sheet Arrangements**

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not have any undisclosed borrowings or debt or any derivative contracts or synthetic leases. Therefore, we are not exposed to any financing, liquidity, market or credit risk that could have arisen had we engaged in such relationships.

We use letters of credit and surety bonds in the ordinary course of business to ensure the performance of contractual obligations. At June 30, 2014, we had \$28.9 million of letters of credit and \$42.5 million of surety bonds outstanding.

**Seasonality**

Our business is dependent upon the construction industry, which is seasonal due to the impact of cold weather conditions. Net sales and operating income have historically been lowest in the quarterly periods ending December 31 and March 31 when the northern United States and all of Canada generally face weather conditions that restrict significant construction activity.

Item 4. CONTROLS AND PROCEDURES

During the quarter ended June 30, 2014, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and our Chief Financial Officer have concluded, based on an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) by our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, that such disclosure controls and procedures were effective as of the end of the period covered by this report.

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls can prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and, while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to error or fraud may occur and not be detected.

## PART II OTHER INFORMATION

## Item 1. LEGAL PROCEEDINGS

Refer to the information provided in Note 10 to the notes to the condensed consolidated financial statements presented in Item 1 of Part I of this report.

## Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in PART I, "Item 1A. RISK FACTORS" in our Annual Report, each of which could materially affect our business, financial condition or operating results. These described risks are not the only risks facing us. Additional risks and uncertainties not known to us or that we deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

## Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended June 30, 2014, we repurchased shares of our common stock as follows.

| Period           | Total number of shares purchased <sup>(1)</sup> | Average price paid per share | Total number of shares purchased as part of publically announced plans or programs | Maximum number of shares that may yet be purchased under the plans or programs |
|------------------|-------------------------------------------------|------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| April 1-30, 2014 | —                                               | —                            | —                                                                                  | —                                                                              |
| May 1-31, 2014   | 6,688                                           | \$8.53                       | —                                                                                  | —                                                                              |
| June 1-30, 2014  | —                                               | —                            | —                                                                                  | —                                                                              |
| Total            | 6,688                                           | \$8.53                       | —                                                                                  | —                                                                              |

<sup>(1)</sup> These are shares surrendered to us to pay the tax withholding obligations of participants in connection with the lapsing of restrictions on restricted stock units.

## Item 6. EXHIBITS

## Exhibit No. Document

|       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1* | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 31.2* | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 32.1* | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 32.2* | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 101*  | The following financial information from the Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, formatted in XBRL (Extensible Business Reporting Language), (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Other Comprehensive Income (Loss), (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to Condensed Consolidated Financial Statements. |

\* Filed with this quarterly report

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2014

MUELLER WATER PRODUCTS, INC.

By: /s/ Evan L. Hart  
Evan L. Hart  
Chief Financial Officer