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 December 31, 2008

☐ **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	20-3547095
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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 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 (check one):

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

There were 115,611,192 shares of Series A common stock of the Registrant outstanding at February 6, 2009.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	December 31, 2008	September 30, 2008
	(in millions)	
Assets:		
Cash and cash equivalents	$ 151.8	$ 183.9
Receivables, net	209.5	298.2
Inventories	483.6	459.4
Deferred income taxes	48.7	48.2
Other current assets	66.1	60.6
Total current assets	959.7	1,050.3
Property, plant and equipment, net	348.9	356.8
Goodwill	470.7	871.5
Identifiable intangible assets, net	782.5	789.8
Other noncurrent assets	19.8	21.8
Total assets	$ 2,581.6	$ 3,090.2
Liabilities and stockholders' equity:		
Current portion of long-term debt	$ 13.2	$ 9.7
Accounts payable	97.6	156.0
Other current liabilities	96.6	129.0
Total current liabilities	207.4	294.7
Long-term debt	1,075.8	1,085.8
Deferred income taxes	289.9	295.8
Other noncurrent liabilities	100.3	85.0
Total liabilities	1,673.4	1,761.3
Commitments and contingencies (Note 13)		
Common stock:		
Series A: 400,000,000 shares authorized, 29,693,126 shares and 29,528,763 shares outstanding at December 31, 2008 and September 30, 2008, respectively	0.3	0.3
Series B: 200,000,000 shares authorized; 85,844,920 shares outstanding at December 31, 2008 and September 30, 2008	0.9	0.9
Additional paid-in capital	1,430.4	1,428.9
Accumulated deficit	(481.6)	(81.6)
Accumulated other comprehensive loss	(41.8)	(19.6)
Total stockholders' equity	908.2	1,328.9
Total liabilities and stockholders' equity	$ 2,581.6	$ 3,090.2

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

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

	Three months ended December 31, 2008	Three months ended December 31, 2007
	(in millions, except per share amounts)	
Net sales	$ 367.7	$ 412.3
Cost of sales	292.7	317.9
Gross profit	75.0	94.4
Operating expenses:		
Selling, general and administrative	62.3	61.8
Goodwill impairment	400.0	—
Restructuring	(0.2)	16.2
Total operating expenses	462.1	78.0
Income (loss) from operations	(387.1)	16.4
Interest expense, net	17.3	19.2
Gain on repurchase of debt	(1.5)	—
Loss before income taxes	(402.9)	(2.8)
Income tax benefit	(2.9)	(1.2)
Net loss	$ (400.0)	$ (1.6)
Net loss per share - basic	$ (3.47)	$ (0.01)
Weighted average shares outstanding	115.4	114.9
Dividends declared per share	$ 0.0175	$ 0.0175

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED DECEMBER 31, 2008
(UNAUDITED)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
			(in millions)		
Balance at September 30, 2008	$ 1.2	$1,428.9	$ (81.6)	$ (19.6)	$1,328.9
Net loss	—	—	(400.0)	—	(400.0)
Dividends declared	—	(2.0)	—	—	(2.0)
Stock-based compensation	—	3.3	—	—	3.3
Stock issued under stock compensation plans	—	0.2	—	—	0.2
Net unrealized loss on derivatives	—	—	—	(11.0)	(11.0)
Foreign currency translation	—	—	—	(11.1)	(11.1)
Minimum pension liability	—	—	—	(0.1)	(0.1)
Balance at December 31, 2008	$ 1.2	$1,430.4	$ (481.6)	$ (41.8)	$ 908.2

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

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

	Three months ended December 31, 2008	2007
	(in millions)	
Operating activities:		
Net loss	$ (400.0)	$ (1.6)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:		
Depreciation	15.5	16.2
Amortization	7.3	7.4
Asset impairments	400.0	14.8
Gain on repurchase of debt	(1.5)	—
Stock-based compensation	3.3	2.7
Deferred income taxes (benefit)	1.1	(0.4)
Gain on sales of property, plant, and equipment	(3.5)	—
Other, net	7.8	(0.8)
Changes in assets and liabilities:		
Receivables	84.2	65.0
Inventories	(34.6)	(12.7)
Other current assets	(9.9)	(4.2)
Accounts payable and other liabilities	(87.6)	(30.5)
Net cash provided by (used in) operating activities	(17.9)	55.9
Investing activities:		
Capital expenditures	(10.0)	(16.8)
Proceeds from sales of property, plant and equipment	3.9	7.1
Net cash used in investing activities	(6.1)	(9.7)
Financing activities:		
Decrease in outstanding checks	(0.3)	(5.4)
Debt paid and repurchased	(4.9)	(1.4)
Common stock issued	0.2	0.5
Dividends paid	(2.0)	(2.0)
Net cash used in financing activities	(7.0)	(8.3)
Effect of currency exchange rate changes on cash	(1.1)	0.1
Net change in cash and cash equivalents	(32.1)	38.0
Cash and cash equivalents at beginning of period	183.9	98.9
Cash and cash equivalents at end of period	$ 151.8	$ 136.9

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

Note 1. Organization and Basis of Presentation

Mueller Water Products, Inc., a Delaware corporation, together with its consolidated subsidiaries operates in three business segments: Mueller Co., U.S. Pipe and Anvil. Mueller Co. manufactures and sells fire hydrants, valves and related products used in residential water and gas systems. U.S. Pipe manufactures and sells a broad line of ductile iron pipe, restrained joint products, fittings and other products. Anvil manufactures and sells a variety of pipe fittings, couplings, pipe hangers, pipe nipples and related products. The "Company," "we," "us" or "our" refer to Mueller Water Products, Inc. and subsidiaries or their management. With regard to the Company's segments, "we," "us" or "our" may also refer to the segment being discussed or its management.

On October 3, 2005, Walter Industries, Inc. ("Walter Industries") acquired all outstanding shares of a predecessor company comprising the current Mueller Co. and Anvil businesses (the "Mueller Acquisition") and contributed them to its U.S. Pipe business to form the Company as it currently exists. We completed an initial public offering of our Series A common stock (NYSE: MWA) on June 1, 2006, and on December 14, 2006, Walter Industries distributed all of our then-outstanding Series B common stock (NYSE: MWA.B) to the shareholders of Walter Industries (the "Spin-off"). On January 28, 2009, our stockholders approved the conversion of each share of Series B common stock into one share of Series A common stock. The conversion occurred on January 28, 2009 and the Series B common stock was retired as of that date.

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, 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. The condensed balance sheet data at September 30, 2008 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States.

Note 2. Goodwill Impairment

As a result of a deterioration of U.S. equity markets during the three months ended December 31, 2008, we performed a preliminary assessment of goodwill at December 31, 2008 and concluded that the carrying values of our U.S. Pipe and Mueller Co. segments exceeded their estimated fair values. Accordingly, we estimated a goodwill impairment charge of $59.5 million applicable to U.S. Pipe, completely impairing its goodwill, and we estimated a goodwill impairment charge of $340.5 million applicable to Mueller Co.'s prior goodwill balance of $718.4 million. We have not completed all of the necessary detailed fair value estimates. Any revision to the estimated impairment charge will be recorded during the three months ending March 31, 2009, and we do not expect such revision to exceed an additional $200 million.

Note 3. Restructuring Activities

In November 2007, we announced our intention to cease U.S. Pipe's ductile iron pipe manufacturing operations in Burlington, New Jersey, eliminating approximately 180 jobs. These manufacturing operations ceased during the quarter ended March 31, 2008. We continue to use this facility as a full-service distribution center for customers in the Northeast. In connection with this action, we recorded total restructuring charges of $18.1 million. During the three months ended December 31, 2008, we reversed $0.2 million of employee-related restructuring charges. During the three months ended December 31, 2007, we recorded charges of $16.2 million, consisting of $14.8 million of asset impairments and $1.4 million of employee-related and other charges. We do not expect any future charges related to the closure of manufacturing operations in Burlington to be significant.

Note 4. Income Taxes

On October 1, 2007, we adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , an interpretation of FASB Statement No. 109, *Accounting for Income Taxes* ("FIN 48"). As a result of the adoption of FIN 48, we recorded a net increase of $1.0 million in the liability for unrecognized income tax benefits, a $0.5 million increase in the accumulated deficit and an increase of $0.5 million to goodwill during the three months ended December 31, 2007. Subsequent to December 31, 2007, we recorded additional effects of the adoption of FIN 48, which resulted in a total increase of $0.6 million in the accumulated deficit and a total increase of $0.4 million to goodwill.

At December 31, 2008 and September 30, 2008, the gross liabilities for unrecognized income tax benefits, were $20.2 million and $22.3 million, respectively. The decrease in gross unrecognized tax benefits was primarily related to the effective resolution of certain state tax matters. If recognized, the gross liability for unrecognized tax benefits would decrease income tax provision and goodwill by $9.0 million and $11.2 million, respectively, at December 31, 2008.

We recognize interest related to uncertain tax positions as interest expense and would recognize any penalties that may be incurred as a component of selling, general and administrative expenses. At December 31, 2008 and 2007, we had approximately $2.7 million and $2.0 million, respectively, of accrued interest related to uncertain tax positions. During the three months ended December 31, 2008, we reversed $0.3 million of such accrued interest, and we accrued $0.3 million of such interest during the three months ended December 31, 2007.

Tax years dating back to 1999 generally remain open to examination by various U.S. and foreign taxing authorities.

Note 5. Borrowing Arrangements

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

	December 31, 2008	September 30, 2008
	(in millions)	
2007 Credit Agreement:		
Term Loan A	$ 141.6	$ 141.6
Term Loan B	525.4	526.7
7 3/8 % Senior Subordinated Notes	420.0	425.0
Other	2.0	2.2
	1,089.0	1,095.5
Less current portion	(13.2)	(9.7)
	$ 1,075.8	$ 1,085.8

2007 Credit Agreement — Our credit agreement (the "2007 Credit Agreement") consists of a $300 million senior secured revolving credit facility (the "Revolver"), a $150 million term loan ("Term Loan A") and a $565 million term loan ("Term Loan B"). The 2007 Credit Agreement 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 in compliance with all applicable debt covenants at December 31, 2008. Substantially all of our real and personal property has been pledged as collateral under the 2007 Credit Agreement.

The Revolver terminates in May 2012 and bears interest at a floating rate equal to LIBOR plus a margin ranging from 1.0% to 1.75% depending on our leverage ratio as defined in the 2007 Credit Agreement. For any unused portion of the Revolver, we also pay a commitment fee, which ranges from 0.2% to 0.5% depending on our leverage ratio as defined in the 2007 Credit Agreement. There were no outstanding borrowings under the Revolver at December 31, 2008 or September 30, 2008.

Term Loan A matures in May 2012 and bears interest at a floating rate equal to LIBOR plus a margin ranging from 1.0% to 1.75% (1.5% at December 31, 2008) depending on our leverage ratio as defined in the 2007 Credit Agreement. The principal balance at December 31, 2008 is scheduled to be repaid in quarterly payments of $3.5 million commencing September 2009 with the remaining balance paid at maturity. At December 31, 2008, the weighted-average effective interest rate was 4.5%, including the margin and the effects of interest rate swap contracts. Since Term Loan A is not traded and has different terms and cash flows than Term Loan B, it is not practicable to calculate a meaningful fair value of Term Loan A.

Term Loan B matures in May 2014 and bears interest at a floating rate equal to LIBOR plus a margin of 1.75%. The principal balance is being repaid in quarterly payments of approximately $1.3 million with the remaining balance paid at maturity. At December 31, 2008, the weighted-average effective interest rate was 6.0%, including the margin and the effects of interest rate swap contracts. Based on information provided by an external source, we estimate the fair value of Term Loan B was $357.9 million at December 31, 2008.

7 3/8 % Senior Subordinated Notes — The 7 3/8 % Senior Subordinated Notes (the "Notes") mature in June 2017 and bear interest at 7.375%, paid semi-annually.

During the three months ended December 31, 2008, we acquired $5.0 million in principal of the Notes in the open market for $3.4 million in cash. Net of writing off related deferred financing fees of $0.1 million, this resulted in a gain on repurchase of debt of $1.5 million. Based on quoted market prices, the Notes had a fair value of $285.6 million at December 31, 2008.

The indenture securing the 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 in compliance with all applicable debt covenants at December 31, 2008. Substantially all of our United States subsidiaries guarantee the Notes.

Note 6. Derivative Financial Instruments

Interest Rate Swap Contracts — We used interest rate swap contracts with a cumulative total notional amount of $425 million in force at December 31, 2008 to hedge against cash flow variability arising from changes in LIBOR in conjunction with our LIBOR-indexed variable rate borrowings. We also had $200 million total notional amount of forward-starting swap contracts that will replace existing swap contracts upon their expiration. All of these swap contracts were accounted for as effective hedges. During the three months ended December 31, 2008, we recorded an unrealized after-tax loss from these swap contracts of $10.5 million, which was reported as a component of accumulated other comprehensive loss. These interest rate swap contracts had a liability fair value of $28.8 million at December 31, 2008, which was included in other noncurrent liabilities.

Forward Foreign Currency Exchange Contracts — We entered into Canadian dollar forward exchange contracts to reduce exposure to currency fluctuations from Canadian-denominated intercompany loans. These instruments had a cumulative notional amount of $21.9 million at December 31, 2008. Gains and losses on these instruments were included in selling, general and administrative expenses. During the three months ended December 31, 2008, we recorded net losses of $1.1 million related to such contracts.

Natural Gas Swap Contracts — We used natural gas swap contracts with a cumulative total notional amount of approximately 734,000 MMBtu at December 31, 2008 to hedge against cash flow variability arising from changes in natural gas prices in conjunction with our anticipated purchases of natural gas. These swap contracts were accounted for as effective hedges, though we did record $0.3 million in hedge ineffectiveness as a component of cost of sales during the three months ended December 31, 2008. These natural gas swap contracts had a liability fair value of $2.2 million at December 31, 2008, which was included in other current liabilities.

On October 1, 2008, we adopted Statement of Financial Accounting Standards No. 157 *Fair Value Measurements* ("FAS 157"). As a result, the fair values of our derivative instruments reported at December 31, 2008 include the impact of our credit ratings. These values were calculated using market-observable inputs, referred to as Level 2 in FAS 157. The adoption of FAS 157 had no effect on our consolidated results of operations or consolidated cash flows and the effect on our consolidated balance sheet was immaterial.

Note 7. Retirement Plans

The components of net periodic benefit cost for defined benefit pension plans and other postretirement benefit plans were as follows.

	Three months ended December 31,			
	Pension plans		Other plans	
	2008	2007	2008	2007
	(in millions)			
Components of net periodic benefit cost:				
Service cost	$ 1.0	$ 1.6	$ 0.1	$ 0.1
Interest cost	5.8	5.3	0.1	0.3
Expected return on plan assets	(5.4)	(6.9)	—	—
Amortization of prior service cost (gain)	0.2	0.2	(0.8)	(0.6)
Amortization of net loss (gain)	0.8	0.1	(0.4)	(0.3)
Net periodic benefit cost (gain)	$ 2.4	$ 0.3	$(1.0)	$(0.5)

During the three months ended December 31, 2007, we amended the Mueller Water Products, Inc. Flexible Benefits Plan, a retiree medical coverage plan for U.S. Pipe employees, to eliminate the payment of benefits beyond age 65. This amendment decreased our liability for the plan by $8.8 million and resulted in an after-tax decrease in accumulated other comprehensive loss of

$5.4 million. We also amended the Mueller Co. Retirement Plan for Employees at Selected Locations for employees at our Decatur, Illinois facility. This amendment provided additional employee benefits and as a result, we recorded a decrease in the funded status of the plan of $2.4 million and an after-tax increase in accumulated other comprehensive loss of $1.5 million.

The amortization of unrecognized prior year service cost and of actuarial net losses, net of tax, are recorded as a component of accumulated other comprehensive loss. During the three months ended December 31, 2008 and 2007, we recorded increases to accumulated other comprehensive loss of $0.1 million and $0.3 million, respectively, for this amortization.

During the three months ended December 31, 2008, we made $3.2 million of contributions to our defined benefit pension plans. We estimate total pension plan contributions during our fiscal year ending September 30, 2009 will be $25 million to $35 million. We also expect to contribute $0.7 million to our other postretirement benefit plans in fiscal 2009.

Note 8. Stock-based Compensation Plans

During the three months ended December 31, 2008, we granted instruments under our Mueller Water Products, Inc. Amended and Restated 2006 Stock Incentive Plan Mueller Water Products, Inc. and 2006 Employee Stock Purchase Plan as follows.

	Number of instruments	Weighted average fair value per instrument	Total compensation
	(in millions except per instrument amounts)		
Restricted stock units	0.7	$ 5.49	$ 4.0
Non-qualified stock options	1.3	2.02	2.7
Employee stock purchase plan instruments	0.1	2.79	0.2
	2.1		$ 6.9

We recorded stock-based compensation expense of $3.3 million and $2.7 million for the three months ended December 31, 2008 and 2007, respectively. At December 31, 2008, there was approximately $15.4 million of unrecognized compensation expense related to stock awards.

We recorded net losses for the three months ended December 31, 2008 and 2007 and the effect of including normally dilutive securities in the earnings per share calculation would have been antidilutive. Accordingly, all stock-based compensation instruments were excluded from the calculation of net loss per share for the three months ended December 31, 2008 and 2007.

Note 9. Supplemental Balance Sheet Information

Selected supplemental balance sheet information is presented below.

	December 31, 2008	September 30, 2008
	(in millions)	
Inventories:		
Purchased materials and manufactured parts	$ 74.1	$ 64.9
Work in process	127.4	117.7
Finished goods	282.1	276.8
	$ 483.6	$ 459.4
Property, plant and equipment, net:		
Land	$ 25.3	$ 25.7
Buildings	96.0	97.4
Machinery and equipment	627.3	623.0
Construction in progress	23.8	23.9
Other	6.1	6.1
	778.5	776.1
Accumulated depreciation	(429.6)	(419.3)
	$ 348.9	$ 356.8
Other current liabilities:		
Compensation and benefits	$ 33.8	$ 49.6
Cash discounts and rebates	21.7	21.3
Taxes other than income taxes	15.2	19.0
Interest	6.5	14.2
Warranty	6.5	6.5
Severance	2.0	1.4
Restructuring	0.3	0.9
Income taxes	0.2	6.2
Environmental	0.5	0.5
Other	9.9	9.4
	$ 96.6	$ 129.0

Note 10. Comprehensive Loss

Comprehensive loss is presented below.

	Three months ended December 31, 2008	2007
	(in millions)	
Net loss	$ (400.0)	$ (1.6)
Adjustments, net of tax:		
Net unrealized loss on derivative instruments	(11.0)	(3.9)
Foreign currency translation	(11.1)	1.3
Minimum pension liability	(0.1)	3.6
Comprehensive loss	$ (422.2)	$ (0.6)

Accumulated other comprehensive loss is presented below.

	December 31, 2008	September 30, 2008
	(in millions)	
Net unrealized loss on derivatives	$ (18.6)	$ (7.6)
Foreign currency translation	(3.7)	7.4
Minimum pension liability	(19.5)	(19.4)
Accumulated other comprehensive loss	$ (41.8)	$ (19.6)

Note 11. Noncash Investing and Financing Activities

During the three months ended December 31, 2007, we amended a retiree medical coverage plan within U.S. Pipe and a defined benefit pension plan within Mueller Co. These amendments had the following impact on our condensed consolidated balance sheet at December 31, 2007 (in millions).

Decrease in noncurrent pension assets	$ (2.3)
Decrease in noncurrent pension liabilities	6.2
Increase in accumulated other comprehensive income	(3.9)
	$ —

On October 1, 2007, we adopted FIN 48, which had the following impact, including reclassifications, on our condensed consolidated balance sheet at December 31, 2007 (in millions).

Increase in goodwill	$ 0.5
Increase in noncurrent taxes receivable	4.7
Decrease in current taxes payable	6.7
Increase in noncurrent taxes payable	(12.4)
Increase in accumulated deficit	0.5
	$ —

Note 12. Segment Information

Segment assets consist primarily of receivables, inventories, property, plant and equipment, goodwill and identifiable intangible assets. Summarized financial information for our segments is as follows.

	Three months ended December 31, 2008	2007
	(in millions)	
Net sales, excluding intersegment sales:		
Mueller Co.	$ 119.6	$ 161.6
U.S. Pipe	115.7	110.7
Anvil	132.4	140.0
	$ 367.7	$ 412.3
Intersegment sales:		
Mueller Co.	$ 4.3	$ 4.6
U.S. Pipe	0.3	0.4
Anvil	0.2	0.2
	$ 4.8	$ 5.2
Income (loss) from operations*:		
Mueller Co.	$ (332.0)	$ 24.8
U.S. Pipe	(65.8)	(15.3)
Anvil	21.3	15.9
Corporate	(10.6)	(9.0)
	$ (387.1)	$ 16.4
Depreciation:		
Mueller Co.	$ 6.1	$ 6.3
U.S. Pipe	5.9	5.7
Anvil	3.3	4.1
Corporate	0.2	0.1
	$ 15.5	$ 16.2
Amortization of identifiable intangible assets:		
Mueller Co.	$ 6.2	$ 6.3
U.S. Pipe	0.2	0.2
Anvil	0.9	0.9
	$ 7.3	$ 7.4
Capital expenditures:		
Mueller Co.	$ 3.3	$ 4.4
U.S. Pipe	3.4	9.1
Anvil	3.2	3.3
Corporate	0.1	—
	$ 10.0	$ 16.8

* Income (loss) from operations during the three months ended December 31, 2008 includes goodwill impairment of $340.5 million for Mueller Co. and $59.5 million for U.S. Pipe.

Note 13. 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 future results of operations cannot be predicted with certainty as any such effect depends on future results of operations and 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 would have a material adverse effect on our businesses, operations 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 construction and operation of many of our plants and with respect to remediating environmental conditions that may exist at our and other properties. We believe that we are in substantial compliance 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 September 1987, we implemented an Administrative Consent Order ("ACO") for our Burlington plant that 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 have completed, and have received final approval on, the soil cleanup required by the ACO. We are continuing to address ground water issues at this site. Further remediation could be required. These remediation costs are expected to be minimal. Long-term ground water monitoring is also required to verify natural attenuation. We do not know how long ground water monitoring will be required and do not believe monitoring or further cleanup costs, if any, will have a material adverse effect on our consolidated financial condition or results of operations.

In June 2003, Solutia Inc. and Pharmacia Corporation (collectively "Solutia") filed suit against U.S. Pipe and a number of co-defendant foundry-related companies in the U.S. District Court for the Northern District of Alabama for contribution and cost recovery allegedly incurred and to be incurred by Solutia in performing remediation of polychlorinated biphenyls ("PCBs") and heavy metals in Anniston, Alabama, pursuant to a partial consent decree with the United States Environmental Protection Agency ("EPA"). U.S. Pipe and certain co-defendants subsequently reached a settlement with EPA concerning their liability for certain contamination in and around Anniston, which was memorialized in an Administrative Agreement and Order on Consent ("AOC") that became effective in January 2006. U.S. Pipe has reached a settlement agreement whereby Phelps Dodge Industries, Inc., a co-defendant and co-respondent on the AOC, has assumed U.S. Pipe's obligation to perform the work required under the AOC.

U.S. Pipe and the other settling defendants contend that the legal effect of the AOC extinguishes Solutia's claims and they filed a motion for summary judgment to that effect. Discovery in this matter has been stayed while the motion for summary judgment was pending. The court recently issued a summary judgment order, holding that plaintiffs' claims for contribution are barred by the AOC but giving plaintiffs the right to seek to recover cleanup costs they voluntarily incurred. The court granted a motion for immediate appeal to the Eleventh Circuit Court of Appeals, but the Eleventh Circuit declined to take the appeal. We currently have no basis to form a view with respect to the probability or amount of liability in this matter.

U.S. Pipe and a number of co-defendant foundry-related companies were named in a putative civil class action case originally filed in April 2005 in the Circuit Court of Calhoun County, Alabama, and removed by defendants to the U.S. District Court for the Northern District of Alabama under the Class Action Fairness Act. The putative plaintiffs in the case filed an amended complaint with the U.S. District Court in December 2006. The amended complaint alleged state law tort claims (negligence, failure to warn, wantonness, nuisance, trespass and outrage) arising from creation and disposal of "foundry sand" alleged to contain harmful levels of PCBs and other toxins, including arsenic, cadmium, chromium, lead and zinc. The plaintiffs originally sought damages for real and personal property and for other unspecified personal injury. In June 2007, a Motion to Dismiss was granted to U.S. Pipe and certain co-defendants as to the claims for negligence, failure to warn, nuisance, trespass and outrage. The remainder of the complaint was dismissed with leave to file an amended complaint. On July 6, 2007, plaintiffs filed a second amended complaint, which dismissed prior claims relating to U.S. Pipe's former facility located at 2101 West 10th Street in Anniston, Alabama and no longer alleges personal injury claims. Plaintiffs filed a third amended complaint on July 27, 2007. U.S. Pipe and the other defendants have moved to dismiss the third amended complaint. In September 2008, the court issued an order on the motion, dismissing the claims for trespass and permitting the plaintiffs to move forward with their claims of nuisance, wantonness and negligence. Management believes that numerous procedural and substantive defenses are available. At present, we have no reasonable basis to form a view with respect to the probability or amount of liability in this matter.

In the acquisition agreement pursuant to which a predecessor to Tyco International Ltd. ("Tyco") sold our Mueller Co. and Anvil businesses to the prior owners of these businesses in August 1999, Tyco agreed to indemnify the Company and its affiliates, among other things, for all "Excluded Liabilities". Excluded Liabilities include, among other things, substantially all liabilities relating to prior to August 1999. The indemnity survives indefinitely and is not subject to any deductibles or caps. However, we may be responsible for these liabilities in the event that Tyco ever becomes financially unable to or otherwise fails to comply with, the terms of the indemnity. In addition, Tyco's indemnity does not cover liabilities to the extent caused by us or the operation of our business after August 1999, nor does it cover liabilities arising with respect to businesses or sites acquired after August 1999. In June 2007, Tyco was separated into three separate, publicly traded companies. Should the entity or entities that assume Tyco's obligations under the acquisition agreement ever become financially unable or fail to comply with the terms of the indemnity, we may be responsible for such obligations or liabilities.

Some of our subsidiaries have been named as defendants in asbestos-related lawsuits. We do not believe these lawsuits, either individually or in the aggregate, are material to our consolidated financial position or results of operations.

Other Litigation. We are parties to a number of other lawsuits arising in the ordinary course of our businesses, including product liability cases for products manufactured by us and by 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 results of operations cannot be predicted with certainty as any such effect depends on future results of operations and the amount and timing of the resolution of such matters. While the results of litigation cannot be predicted with certainty, management believes that the final outcome of such other litigation is not likely to have a materially adverse effect on our consolidated financial statements.

Walter Industries-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 Industries consolidated group, which included the Company 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 Industries consolidated group for any period during which we were included in the Walter Industries consolidated group.

A dispute exists with regard to federal income taxes for fiscal years 1980 through 1994 allegedly owed by the Walter Industries consolidated group, which included U.S. Pipe during these periods. According to Walter Industries' quarterly report on Form 10-Q for the period ended September 30, 2008, Walter Industries' management estimates that the amount of tax claimed by the Internal Revenue Service is 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. In addition, the Internal Revenue Service has issued a Notice of Proposed Deficiency assessing additional tax of $82.2 million for the fiscal years ended May 31, 2000, December 31, 2000 and December 31, 2001. As a matter of law, the Company is jointly and severally liable for any final tax determination, which means that in the event Walter Industries is unable to pay any amounts owed, we would be liable. Walter Industries disclosed in the above mentioned Form 10-Q that it believes its filing positions have substantial merit and that it intends to defend vigorously any claims asserted.

Walter Industries effectively controlled all of our tax decisions for periods during which we were a member of the Walter Industries consolidated federal income tax group 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 Industries dated May 26, 2006, we generally compute our tax liability on a stand-alone basis, but Walter Industries has sole authority to respond to and conduct all tax proceedings (including tax audits) relating to our federal income and combined state returns, to file all such returns on our behalf and to determine the amount of our liability to (or entitlement to payment from) Walter Industries for such periods. This arrangement may result in conflicts between Walter Industries and us. The Spin-off was intended to qualify as a tax-free spin-off under Section 355 of the Internal Revenue Code of 1986, as amended. In addition, the tax allocation agreement provides that if the Spin-off is determined not to be tax-free pursuant to Section 355 of the Internal Revenue Code of 1986, as amended, we generally will be responsible for any taxes incurred by Walter Industries 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 Industries' actions or omissions or taxes based upon our market value relative to Walter Industries' market value. Additionally, to the extent that Walter Industries 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 Industries consolidated group for the year in which the Spin-off occurred.

Other. In our opinion, accruals associated with contingencies incurred in the normal course of business are sufficient. Resolution of existing known contingencies is not expected to affect our financial position or results of operations significantly.

Note 14. Subsequent Events

On January 28, 2009, we declared a dividend of $0.0175 per share on our Series A and Series B common stock, payable on February 20, 2009 to stockholders of record at the close of business on February 10, 2009.

Also on January 28, 2009, our stockholders approved the conversion of each share of Series B common stock into one share of Series A common stock. The conversion occurred on January 28, 2009 and the Series B common stock was retired as of that date.

Note 15. Consolidating Guarantor and Non-Guarantor Financial Information

The following information is included as a result of the guarantee by certain of our wholly-owned U.S. subsidiaries, both direct and indirect, (the "Guarantor Companies") of the Notes. None of our other subsidiaries guarantee the Notes. Each of the guarantees is joint and several and full and unconditional. The Guarantor Companies at December 31, 2008 are as follows.

Name	State of incorporation or organization
Anvil 1, LLC	Delaware
Anvil 2, LLC	Delaware
Anvilstar, LLC	Delaware
Anvil International, LP	Delaware
Fast Fabricators, LLC	Delaware
Henry Pratt Company, LLC	Delaware
Henry Pratt International, LLC	Delaware
Hersey Meters Co., LLC	Delaware
Hunt Industries, LLC	Delaware
Hydro Gate, LLC	Delaware
James Jones Company, LLC	Delaware
J.B. Smith Mfg. Co., LLC	Delaware
MCO 1, LLC	Alabama
MCO 2, LLC	Alabama
Milliken Valve, LLC	Delaware
Mueller Co. Ltd.	Alabama
Mueller Financial Services, LLC	Delaware
Mueller Group, LLC	Delaware
Mueller International, Inc.	Delaware
Mueller International, L.L.C.	Delaware
Mueller International Finance, Inc.	Delaware
Mueller International Finance, L.L.C.	Delaware
Mueller Service California, Inc.	Delaware
Mueller Service Co., LLC	Delaware
United States Pipe and Foundry Company, LLC	Alabama

Mueller Water Products, Inc.
Consolidating Balance Sheet
December 31, 2008

	Issuer	Guarantor companies	Non-guarantor companies	Eliminations	Total
			(in millions)		
Assets:					
Cash and cash equivalents	$ 149.7	$ (5.0)	$ 7.1	$ —	$ 151.8
Receivables, net	—	185.5	24.0	—	209.5
Inventories	—	422.2	61.4	—	483.6
Deferred income taxes	48.7	—	—	—	48.7
Other current assets	25.1	38.7	2.3	—	66.1
Total current assets	223.5	641.4	94.8	—	959.7
Property, plant and equipment	2.5	331.2	15.2	—	348.9
Goodwill	—	470.7	—	—	470.7
Identifiable intangible assets, net	—	782.5	—	—	782.5
Other noncurrent assets	17.8	0.5	1.5	—	19.8
Investment in subsidiaries	511.9	31.4	—	(543.3)	—
Total assets	$ 755.7	$2,257.7	$ 111.5	$ (543.3)	$2,581.6
Liabilities and equity:					
Current portion of debt	$ 12.4	$ 0.8	$ —	$ —	$ 13.2
Accounts payable	7.9	79.5	10.2	—	97.6
Other current liabilities	23.4	69.0	4.2	—	96.6
Total current liabilities	43.7	149.3	14.4	—	207.4
Intercompany accounts	(1,598.3)	1,533.0	65.3	—	—
Long-term debt	1,074.8	1.0	—	—	1,075.8
Deferred income taxes	287.5	2.1	0.3	—	289.9
Other noncurrent liabilities	39.8	60.4	0.1	—	100.3
Total liabilities	(152.5)	1,745.8	80.1	—	1,673.4
Equity	908.2	511.9	31.4	(543.3)	908.2
Total liabilities and equity	$ 755.7	$2,257.7	$ 111.5	$ (543.3)	$2,581.6

Mueller Water Products, Inc.
Consolidating Balance Sheet
September 30, 2008

	Issuer	Guarantor companies	Non-guarantor companies	Eliminations	Total
			(in millions)		
Assets:					
Cash and cash equivalents	$ 179.1	$ (4.6)	$ 9.4	$ —	$ 183.9
Receivables, net	—	256.5	41.7	—	298.2
Inventories	—	392.1	67.3	—	459.4
Deferred income taxes	48.2	—	—	—	48.2
Other current assets	20.5	37.6	2.5	—	60.6
Total current assets	247.8	681.6	120.9	—	1,050.3
Property, plant and equipment	2.6	338.0	16.2	—	356.8
Goodwill	—	871.5	—	—	871.5
Identifiable intangible assets, net	—	789.8	—	—	789.8
Other noncurrent assets	18.3	1.7	1.8	—	21.8
Investment in subsidiaries	901.4	18.5	—	(919.9)	—
Total assets	$ 1,170.1	$2,701.1	$ 138.9	$ (919.9)	$3,090.2
Liabilities and equity:					
Current portion of debt	$ 8.9	$ 0.8	$ —	$ —	$ 9.7
Accounts payable	8.3	132.8	14.9	—	156.0
Other current liabilities	39.5	82.2	7.3	—	129.0
Total current liabilities	56.7	215.8	22.2	—	294.7
Intercompany accounts	(1,616.8)	1,519.0	97.8	—	—
Long-term debt	1,084.7	1.1	—	—	1,085.8
Deferred income taxes	292.9	2.6	0.3	—	295.8
Other noncurrent liabilities	23.7	61.2	0.1	—	85.0
Total liabilities	(158.8)	1,799.7	120.4	—	1,761.3
Equity	1,328.9	901.4	18.5	(919.9)	1,328.9
Total liabilities and equity	$ 1,170.1	$2,701.1	$ 138.9	$ (919.9)	$3,090.2

Mueller Water Products, Inc.
Consolidating Statement of Operations
Three Months Ended December 31, 2008

	Issuer	Guarantor companies	Non-guarantor companies	Eliminations	Total
			(in millions)		
Net sales	$ —	$ 308.1	$ 59.6	$ —	$ 367.7
Cost of sales	—	241.0	51.7	—	292.7
Gross profit	—	67.1	7.9	—	75.0
Operating expenses:					
Selling, general and administrative	10.2	46.8	5.3	—	62.3
Goodwill impairment	—	400.0	—	—	400.0
Restructuring	—	(0.2)	—	—	(0.2)
Total operating expenses	10.2	446.6	5.3	—	462.1
Operating income (loss)	(10.2)	(379.5)	2.6	—	(387.1)
Interest expense, net	17.3	—	—	—	17.3
Gain on repurchase of debt	(1.5)	—	—	—	(1.5)
Income (loss) before income taxes	(26.0)	(379.5)	2.6	—	(402.9)
Income tax expense (benefit)	(11.4)	7.4	1.1	—	(2.9)
Equity in income (loss) of subsidiaries	(385.4)	1.5	—	383.9	—
Net income (loss)	$(400.0)	$ (385.4)	$ 1.5	$ 383.9	$(400.0)

Mueller Water Products, Inc.
Consolidating Statement of Operations
Three Months Ended December 31, 2007

	Issuer	Guarantor companies	Non-guarantor companies	Eliminations	Total
			(in millions)		
Net sales	$ —	$ 345.1	$ 67.2	$ —	$412.3
Cost of sales	—	259.5	58.4	—	317.9
Gross profit	—	85.6	8.8	—	94.4
Operating expenses:					
Selling, general and administrative	9.1	44.5	8.2	—	61.8
Restructuring	—	16.2	—	—	16.2
Total operating expenses	9.1	60.7	8.2	—	78.0
Operating income (loss)	(9.1)	24.9	0.6	—	16.4
Interest expense, net	19.2	—	—	—	19.2
Income (loss) before income taxes	(28.3)	24.9	0.6	—	(2.8)
Income tax expense (benefit)	(11.7)	10.3	0.2	—	(1.2)
Equity in income of subsidiaries	15.0	0.4	—	(15.4)	—
Net income (loss)	$ (1.6)	$ 15.0	$ 0.4	$ (15.4)	$ (1.6)

Mueller Water Products, Inc.
Consolidating Statement of Cash Flows
Three months ended December 31, 2008

	Issuer	Guarantor companies	Non-guarantor companies	Eliminations	Total
			(in millions)		
Operating activities:					
Net cash provided by (used in) operating activities	$ (22.6)	$ 8.0	$ (3.3)	$ —	$ (17.9)
Investing activities:					
Capital expenditures	(0.1)	(8.1)	(1.8)	—	(10.0)
Proceeds from sales of property, plant and equipment	—	—	3.9	—	3.9
Net cash provided by (used in) investing activities	(0.1)	(8.1)	2.1	—	(6.1)
Financing activities:					
Decrease in outstanding checks	—	(0.3)	—	—	(0.3)
Debt paid and repurchased	(4.9)	—	—	—	(4.9)
Common stock issued	0.2	—	—	—	0.2
Dividends paid	(2.0)	—	—	—	(2.0)
Net cash used in financing activities	(6.7)	(0.3)	—	—	(7.0)
Effect of currency exchange rate changes on cash	—	—	(1.1)	—	(1.1)
Net change in cash and cash equivalents	(29.4)	(0.4)	(2.3)	—	(32.1)
Cash and cash equivalents at beginning of period	179.1	(4.6)	9.4	—	183.9
Cash and cash equivalents at end of period	$149.7	$ (5.0)	$ 7.1	$ —	$151.8

Mueller Water Products, Inc.
Consolidating Statement of Cash Flows
Three months ended December 31, 2007

	Issuer	Guarantor companies	Non-guarantor companies	Eliminations	Total
			(in millions)		
Operating activities:					
Net cash provided by (used in) operating activities	$ 39.8	$ 19.6	$ (3.5)	$ —	$ 55.9
Investing activities:					
Capital expenditures	—	(16.0)	(0.8)	—	(16.8)
Proceeds from sale of property, plant and equipment	—	7.1	—	—	7.1
Net cash used in investing activities	—	(8.9)	(0.8)	—	(9.7)
Financing activities:					
Decrease in outstanding checks	—	(5.4)	—	—	(5.4)
Debt paid	(1.4)	—	—	—	(1.4)
Common stock issued	0.5	—	—	—	0.5
Dividends paid	(2.0)	—	—	—	(2.0)
Net cash used in financing activities	(2.9)	(5.4)	—	—	(8.3)
Effect of currency exchange rate changes on cash	—	—	0.1	—	0.1
Net change in cash and cash equivalents	36.9	5.3	(4.2)	—	38.0
Cash and cash equivalents at beginning of period	90.2	(8.6)	17.3	—	98.9
Cash and cash equivalents at end of period	$127.1	$ (3.3)	$ 13.1	$ —	$136.9

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

The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto that appear in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 and with the condensed consolidated financial statements that appear elsewhere in this report. This report contains certain statements that may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). All statements, other than statements of historical fact, that address activities, events or developments that the Company's management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this report are also subject to a number of material risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting our operations, markets, products, services and prices, Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements. Actual results and the timing of events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" in Item 1A of the Annual Report on Form 10-K and this Quarterly Report on Form 10-Q.

Mueller Water Products, Inc., a Delaware corporation, together with its consolidated subsidiaries operates in three business segments: Mueller Co., U.S. Pipe and Anvil. Mueller Co. manufactures and sells fire hydrants and various valves and related products used in residential water and gas systems. U.S. Pipe manufactures and sells a broad line of ductile iron pressure pipe, restrained joint products, fittings and other products. Anvil manufactures and sells a variety of pipe fittings, couplings, pipe hangers, pipe nipples and related products. Management believes the Company's segments have leading North American positions in their principal product line(s).

The "Company," "we," "us" or "our" refers to Mueller Water Products, Inc and subsidiaries or their management. With regard to the Company's segments, "we," "us" or "our" may also refer to the segment being discussed or its management.

Except as otherwise noted, all financial and operating data has been presented on a fiscal year and fiscal quarter basis. Our fiscal year ends on September 30, and our fiscal quarters end on December 31, March 31 and June 30.

Business Developments and Trends

A significant portion of our net sales are directly related to residential construction, municipal water infrastructure and non-residential construction activity in the United States. Various external sources forecast annualized housing starts will drop 20% to 36% in 2009 compared to the prior year. We expect residential construction to remain at historically low levels for the near term. In addition, we expect municipal water infrastructure spending to decrease in the near term as a result of the relatively recent uncertainties related to (a) credit market availability, (b) the proposed federal economic stimulus bill and (c) the municipalities' individual fiscal condition. We also expect non-residential construction to decrease as a result of a slowdown in general economic activity.

U.S. Pipe's new operation in Bessemer, Alabama, along with operations across all our operating segments, are operating significantly below their optimal capacities. Since the end of fiscal 2008, we have reduced headcount, reduced operating hours and reduced overall spending activities in response to lower demand for our products. We continually monitor our production activities in response to evolving business conditions and will take additional steps deemed appropriate to best manage our available resources.

Our costs for raw materials and purchased components, principally scrap iron and brass ingot, have been especially volatile since the beginning of fiscal 2008. During fiscal 2008 and peaking during the fourth quarter of the fiscal year, the cost of scrap iron purchased by U.S. Pipe more than doubled compared to year-ago prices. Since the peak toward the end of fiscal 2008, these scrap prices have decreased significantly and are comparable at December 31, 2008 to year-ago prices. Our intent has been to pass along higher raw material and purchased component costs to our customers through higher sales prices. There are also timing differences between when we purchase raw materials and when we sell the related finished goods to our customers. Therefore, since we use the first-in, first-out method for determining cost of sales, the cost of finished goods flowing through cost of sales may not be representative of current costs for these related raw materials. The price increases implemented during fiscal 2008 by U.S. Pipe did not cover the higher costs of its raw materials.

We are dependent upon the construction industry, which is seasonal due to the impact of cold and wet weather conditions. Net sales and income from operations have historically been lowest in the three month periods ending December 31 and March 31 when the northern United States and all of Canada generally experience weather that significantly restricts construction activity.

In addition to reduced demand by our end user customers, we also believe our distributors have reduced their inventory levels in response to current economic conditions. This will further reduce demand for our products as our distributors may only be ordering items for existing projects that they cannot stock from goods already on hand. We do not expect our distributors to maintain higher inventory levels until their confidence in an economic recovery improves.

As a result of a deterioration of U.S. equity markets during the three months ended December 31, 2008, we performed a preliminary assessment of goodwill at December 31, 2008 and concluded that the carrying values of our U.S. Pipe and Mueller Co. segments exceeded their estimated fair values. Accordingly, we estimated a goodwill impairment charge of $59.5 million applicable to U.S. Pipe, completely impairing its goodwill, and we estimated a goodwill impairment charge of $340.5 million applicable to Mueller Co.’s prior goodwill balance of $718.4 million. We have not completed all of the necessary detailed fair value estimates. Any revision to the estimated impairment charge will be recorded during the three months ending March 31, 2009, and we do not expect such revision to exceed an additional $200 million.

Results of Operations

Three Months Ended December 31, 2008 Compared to the Three Months Ended December 31, 2007

	Three months ended December 31, 2008				
	Mueller Co.	U.S. Pipe	Anvil (in millions)	Corporate	Total
Net sales	$ 119.6	$ 115.7	$132.4	$ —	$ 367.7
Gross profit	$ 31.2	$ 2.5	$ 41.3	$ —	$ 75.0
Operating expenses:					
Selling, general and administrative	22.7	9.0	20.0	10.6	62.3
Goodwill impairment	340.5	59.5	—	—	400.0
Restructuring	—	(0.2)	—	—	(0.2)
Total operating expenses	363.2	68.3	20.0	10.6	462.1
Income (loss) from operations	$ (332.0)	$ (65.8)	$ 21.3	$ (10.6)	(387.1)
Interest expense, net					17.3
Gain on repurchase of debt					1.5
Loss before income taxes					(402.9)
Income tax benefit					(2.9)
Net loss					$(400.0)

	Three months ended December 31, 2007				
	Mueller Co.	U.S. Pipe	Anvil (in millions)	Corporate	Total
Net sales	$ 161.6	$ 110.7	$140.0	$ —	$ 412.3
Gross profit	$ 45.5	$ 10.6	$ 37.7	$ 0.6	$ 94.4
Operating expenses:					
Selling, general and administrative	20.7	9.7	21.8	9.6	61.8
Restructuring	—	16.2	—	—	16.2
Total operating expenses	20.7	25.9	21.8	9.6	78.0
Income (loss) from operations	$ 24.8	$ (15.3)	$ 15.9	$ (9.0)	16.4
Interest expense, net					19.2
Loss before income taxes					(2.8)
Income tax benefit					(1.2)
Net loss					$ (1.6)

Consolidated Analysis

Net sales for the three months ended December 31, 2008 were $367.7 million compared to $412.3 million in the prior year period. Net sales decreased due principally to $80.0 million of lower shipment volumes and an unfavorable impact from Canadian currency exchange rates. Higher sales prices from price increases implemented during fiscal 2008 contributed $43.8 million of higher net sales.

Gross profit for the three months ended December 31, 2008 was $75.0 million, a decrease of $19.4 million compared to $94.4 million in the prior year period. Of this decrease, $27.9 million was due to lower shipment volumes, partially offset by cost savings of $10.0 million. Gross margin decreased to 20.4% for the three months ended December 31, 2008 compared to 22.9% in the prior year period. Gross margin decreased due principally to a higher percentage of total net sales coming from U.S. Pipe (31% in the first three months of fiscal 2009 compared to 27% in the prior year period), whose gross margins are relatively low (2.2% in the first three months of fiscal 2009 and 9.6% in the prior year period).

Selling, general and administrative expenses for the three months ended December 31, 2008 and 2007 were $62.3 million and $61.8 million, respectively. Foreign exchange losses were recognized in the three months ended December 31, 2008 compared to gains recognized in the three months ended December 31, 2007. Anvil recognized a $3.5 million gain from the sale of a building during the three months ended December 31, 2008. Non-recurring professional fees of $1.2 million were recognized during the three months ended December 31, 2008 related to the conversion of Series B common stock into Series A common stock.

During the three months ended December 31, 2008, we recorded an estimated goodwill impairment charge of $400.0 million related to Mueller Co. and U.S. Pipe goodwill. This charge is preliminary as we have not completed all of the necessary estimates of fair value. We expect to complete this process during our fiscal quarter ending March 31, 2009.

During the year ended September 30, 2008, U.S. Pipe closed its manufacturing operations in Burlington, New Jersey. In connection with this closure, restructuring charges of $16.2 million were recorded during the three months ended December 31, 2007.

During the three months ended December 31, 2008, $5.0 million in principal of the 7 $^{3}/_{8}$% Senior Subordinated Notes were repurchased for a gain of $1.5 million.

Interest expense, net of interest income of $0.8 million, was $17.3 million during the three months ended December 31, 2008 compared to interest expense, net of interest income of $1.4 million, of $19.2 million during the three months ended December 31, 2007. Interest declined as a result of lower interest rates and lower average debt outstanding.

The income tax benefit recorded during the three months ended December 31, 2008 included a $1.2 million adjustment to the valuation allowance related to nondeductible compensation and $0.4 million due principally to legacy state income matters that were effectively resolved. Excluding these items, the effective income tax rate was comparable to the 41.5% effective income tax rate during the three months ended December 31, 2007.

Segment Analysis

Mueller Co.

Net sales for the three months ended December 31, 2008 were $119.6 million compared to $161.6 million in the prior year period. Lower shipment volumes of $49.0 million were partially offset by higher sales prices of $8.8 million. Lower shipment volumes occurred for iron gate valves, hydrants and brass service products.

Gross profit for the three months ended December 31, 2008 was $31.2 million compared to $45.5 million in the prior year period. Gross profit decreased $21.2 million due to lower shipment volumes and $6.1 million due to higher raw material costs, partially offset by higher sales prices and cost savings of $4.6 million. Gross margin was 26.1% for the three months ended December 31, 2008 compared to 28.2% in the prior year period. Changes in product mix reduced gross margin by approximately 6% and cost savings improved gross margin by approximately 4%.

During the three months ended December 31, 2008, we recorded an estimated goodwill impairment charge of $340.5 million.

Excluding the goodwill impairment charge, income from operations during the three months ended December 31, 2008 was $8.5 million compared to $24.8 million in the prior year period. This decline was primarily due to decreased gross profit. Selling, general and administrative expenses were $2.0 million higher in the three months ended December 31, 2008 compared to the prior year period principally due to foreign exchange gains and losses.

U.S. Pipe

Net sales for the three months ended December 31, 2008 were $115.7 million compared to $110.7 million in the prior year period. Net sales increased $22.8 million due to higher sales prices, but decreased $17.8 million due to lower shipment volumes of ductile iron pipe.

Gross profit for the three months ended December 31, 2008 was $2.5 million compared to $10.6 million in the prior year period. Gross profit decreased $30.4 million due to higher raw material costs and $4.7 million due to lower shipment volumes. These factors were partially offset by $22.8 million of higher sales prices and $4.4 million of cost savings. Gross margin was 2.2% for the three months ended December 31, 2008 compared to 9.6% in the prior year period. Gross margin decreased due primarily to raw material cost increases exceeding sales price increases.

During the three months ended December 31, 2008, we recorded an estimated goodwill impairment charge of $59.5 million.

Excluding the goodwill impairment charge and Burlington-related restructuring items, the loss from operations decreased $7.4 million during the three months ended December 31, 2008 compared to the prior year period. This decrease was due to $8.1 million of lower gross profit partially offset by $0.7 million of lower selling, general and administrative expenses.

Anvil

Net sales for the three months ended December 31, 2008 were $132.4 million compared to $140.0 during the prior year period. Net sales decreased due to $13.2 million of lower shipment volumes and $6.6 million due to unfavorable Canadian currency exchange rates. These factors were partially offset by $12.2 million of higher prices.

Gross profit for the three months ended December 31, 2008 was $41.3 million compared to $37.7 million in the prior year period. Gross profit increased due to higher sales prices, partially offset by higher raw material costs of $3.5 million, lower shipment volumes of $2.0 million and higher per-unit overhead costs. Gross margin was 31.2% in the three months ended December 31, 2008 compared to 26.9% in the prior year period. Gross margin increased due primarily to the excess of sales price increases over higher raw material costs.

Income from operations for the three months ended December 31, 2008 was $21.3 million compared to $15.9 million in the prior year period. This increase was due to $3.6 million of higher gross profit and $1.8 million of lower selling, general and administrative expenses. Lower selling, general and administrative expenses were due to a $3.5 million gain from the sale of a building during the three months ended December 31, 2008, partially offset by a $1.8 million difference between foreign exchange losses in the three months ended December 31, 2008 and foreign exchange gains in the prior year period.

Corporate

Corporate expenses were $10.6 million during the three months ended December 31, 2008 compared to $9.6 million during the prior year period. During the three months ended December 31, 2008, $1.2 million of professional fees were expensed related to the conversion of the Series B common stock into Series A common stock.

Liquidity and Capital Resources

We had cash and cash equivalents of $151.8 million at December 31, 2008 and $262.3 million of borrowing capacity under the revolving credit facility component of our 2007 Credit Agreement. Our operating activities used $17.9 million of cash during the three months ended December 31, 2008 and provided $55.9 million of cash during the three months ended December 31, 2007.

Cash flows from operating activities are categorized below.

	Three months ended December 31,	
	2008	2007
	(in millions)	
Collections from customers	$ 456.4	$ 477.0
Disbursements, other than interest and income taxes	(441.5)	(393.4)
Interest payments, net	(24.7)	(26.2)
Income tax payments, net	(8.1)	(1.5)
Cash provided by (used in) operating activities	$ (17.9)	$ 55.9

Collections of receivables were lower during the three months ended December 31, 2008 compared to the prior year period primarily due to lower year over year net sales. There was not a significant difference in collection patterns between these two periods.

Disbursements, other than interest and income taxes during the three months ended December 31, 2008 reflect timing differences and higher per unit inventory prices in the current period partially offset by lower inventory volumes purchased.

Capital expenditures were $10.0 million during the three months ended December 31, 2008 compared to $16.8 million during the prior year period and $88.1 million for fiscal 2008. Most of the capital expenditures during fiscal 2008 were for construction of our new ductile iron pipe manufacturing operation in Bessemer, Alabama. Total capital expenditures during fiscal 2009 are expected to be between $40 million and $50 million.

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, capital expenditures, pension contributions and scheduled debt service obligations as they become due for at least the next twelve months. However, our ability to make scheduled payments of principal of, to pay interest on or to refinance our debt and to satisfy our other debt obligations will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control.

The 2007 Credit Agreement includes Term Loan A, Term Loan B and a revolving credit facility. Term Loan A was $141.6 million at December 31, 2008, accrues interest at LIBOR plus a margin of up to 175 basis points and is payable $3.5 million per quarter beginning September 2009 with the balance due May 2012. Term Loan B was $525.4 million at December 31, 2008, accrues interest at LIBOR plus 175 basis points and is payable $1.3 million per quarter with the balance due May 2014. The revolving credit facility provides for borrowings of up to $300 million, including letters of credit, and terminates in May 2012. At December 31, 2008, letters of credit outstanding under the revolving credit facility were $37.7 million. Borrowings under the revolving credit facility bear interest at LIBOR plus a margin of up to 175 basis points. The margin on Term Loan A borrowings and the revolving credit facility was 150 basis points at December 31, 2008.

We pay a commitment fee on the unused portion of the revolving credit facility. This fee is payable quarterly in arrears and upon the maturity or termination of the revolving credit facility. The fee is subject to adjustment based on the leverage ratio. The fee was 0.375% at December 31, 2008.

The 2007 Credit Agreement is subject to mandatory prepayment with the net cash proceeds from the sale or other disposition of any property or assets, subject to permitted reinvestments and other specified exceptions. All mandatory prepayment amounts are applied to the prepayment of the term loans pro rata between Term Loan A and Term Loan B to reduce the remaining amortization payments of each term loan.

All of our material direct and indirect U.S. restricted subsidiaries are guarantors of the 2007 Credit Agreement. Our obligations under the 2007 Credit Agreement are secured by:

- a first priority perfected lien on substantially all of our existing and after-acquired personal property, a pledge of all of the stock or membership interest of all of our existing or future U.S. restricted subsidiaries (including of each guarantor), a pledge of no more than 65% of the voting stock of any first-tier non-U.S. restricted subsidiary held by us or a guarantor and a pledge of all intercompany indebtedness in favor of us or any guarantor;
- first-priority perfected liens on all of our material existing and after-acquired real property fee interests, subject to customary permitted liens described in the 2007 Credit Agreement; and
- a negative pledge on all of our assets, including our intellectual property.

The 2007 Credit Agreement contains customary negative covenants and restrictions on our ability to engage in specified activities and contains financial covenants requiring us to maintain a specified consolidated leverage ratio decreasing over time and an interest charge coverage ratio on a quarterly basis. Borrowings under the revolving credit facility are subject to significant conditions, including compliance with the financial ratios included in the 2007 Credit Agreement and the absence of any material adverse change.

We believe we were in compliance with all applicable debt covenants at December 31, 2008 and anticipate maintaining such compliance.

We also owed $420.0 million of principal of 7 $^{3}/_{8}$% Senior Subordinated Notes (“Notes”) at December 31, 2008. Interest on the Notes is payable semi-annually and the principal is due June 2017. We may redeem any portion of the Notes after May 2012 at specified redemption prices, or prior to June 2010 we may redeem up to 35% of the Notes at a redemption price of 107.375% of the principal amount, plus accrued and unpaid interest, with the net cash proceeds of certain equity offerings. Upon the occurrence of a change in control, we must offer to repurchase the Notes at 101% of their principal amount, plus accrued and unpaid interest. The Notes are secured by the guarantees of essentially all of our U.S. subsidiaries, but are subordinate to the borrowings under the 2007 Credit Agreement.

At December 31, 2008, our credit ratings issued by Moody's and Standard & Poor's were as follows. These ratings are unchanged from those at September 30, 2008

	Moody's	Standard & Poor's
Corporate credit rating	B1	BB-
2007 Credit Agreement	Ba3	BB+
Notes	B3	B
Outlook	Stable	Stable (1)

(1) Changed to "Negative" at February 6, 2009.

A significant portion of the assets invested in our defined benefit pension plans are invested in equity securities. Equity markets have generally declined in value between December 31, 2008 and September 30, 2008, the end of our previous fiscal year. An analysis of the funded status of our pension plans will be performed as of January 1, 2009 for purposes of determining funding thresholds under provisions of the Pension Protection Act. We expect this analysis to be concluded during our fiscal fourth quarter. We currently anticipate total pension plan contributions during fiscal 2009 will be approximately $25 million to $35 million.

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 other than those described in "Item 3. Qualitative and Quantitative Disclosure About Market Risk" or synthetic leases. Therefore, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

We use letters of credit and surety bonds in the ordinary course of business to ensure our performance of contractual obligations. At December 31 2008, we had $22.2 million of surety bonds and $37.7 million of letters of credit outstanding.

Seasonality

Our business is dependent upon the construction industry, which is seasonal due to the impact of cold and wet weather conditions. Net sales and operating income have historically been lowest in the three month 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 3. QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Swap Contracts

We used interest rate swap contracts with a cumulative total notional amount of $425 million in force at December 31, 2008 to hedge against cash flow variability arising from changes in LIBOR in conjunction with our LIBOR-indexed variable rate borrowings. We also had $200 million total notional amount of forward-starting swap contracts that will replace existing swap contracts upon their expiration. All of these swap contracts were accounted for as effective hedges. During the three months ended December 31, 2008, we recorded an unrealized after-tax loss from these swap contracts of $10.5 million, which was reported as a component of accumulated other comprehensive loss. These interest rate swap contracts had a liability fair value of $28.8 million at December 31, 2008, which was included in other noncurrent liabilities.

Forward Foreign Currency Exchange Contracts

We entered into Canadian dollar forward exchange contracts to reduce exposure to currency fluctuations from Canadian-denominated intercompany loans. These instruments had a cumulative notional amount of $21.9 million at December 31, 2008. Gains and losses on these instruments were included in selling, general and administrative expenses. During the three months ended December 31, 2008, we recorded net losses of $1.1 million related to such contracts.

Natural Gas Swap Contracts

We used natural gas swap contracts with a cumulative total notional amount of approximately 734,000 MMBtu at December 31, 2008 to hedge against cash flow variability arising from changes in natural gas prices in conjunction with our anticipated purchases of natural gas. These swap contracts were accounted for as effective hedges, though we did record $0.3 million in hedge ineffectiveness as a component of cost of sales during the three months ended December 31, 2008. These natural gas swap contracts had a liability fair value of $2.2 million at December 31, 2008, which was included in other current liabilities.

ITEM 4. CONTROLS AND PROCEDURES

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 Securities Exchange Act of 1934, as amended (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 (the “SEC”) 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 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.

Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report. Based on this evaluation, those officers have concluded that our disclosure controls and procedures were effective at September 30, 2008.

There have been no significant changes in our internal procedures that significantly affected, or are reasonably likely to affect, our disclosure controls during the three months ended December 31, 2008.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Refer to the information provided in Note 13 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 on Form 10-K for the year ended September 30, 2008, all of which could materially affect our business, financial condition or future results. These described risks are not the only risks facing us. Additional risks and uncertainties not currently known to us that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended December 31, 2008, we repurchased shares of our Series A common stock as follows.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
October 1-31, 2008	—	$ —	—	—
November 1-30, 2008	15,275(1)	6.16	—	—
December 1-31, 2008	—	—	—	—
Total	15,275	$ 6.16	—	—

(1) The total number of shares purchased consists of shares surrendered to us to pay the tax withholding obligations of employees in connection with the vesting of restricted stock units issued to them.

Item 6. Exhibits

(a) Exhibits

Exhibit No.	Document
3.4	Second Restated Certificate of Incorporation of Mueller Water Products, Inc. Incorporated by reference to Exhibit 3.4 to Mueller Water Products, Inc. Form 8-K (file no. 001-32892) filed on January 29, 2009.
10.13.2	Mueller Water Products, Inc. Amended and Restated Supplemental Defined Contribution Plan, effective as of January 1, 2009.
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.

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.

MUELLER WATER PRODUCTS, INC.

Date: February 9, 2009

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

Exhibit 10.13.2

MUELLER WATER PRODUCTS, INC.
SUPPLEMENTAL DEFINED CONTRIBUTION PLAN
Effective April 1, 2007

(As Amended and Restated Effective as of January 1, 2009)

Mueller Water Products, Inc.
Supplemental Defined Contribution Plan
Effective April 1, 2007
(As Amended and Restated Effective as of January 1, 2009)

Purpose

The purpose of this Plan is to provide specified benefits referred to in the Employment Agreement between the Company and Gregory E. Hyland effective as of September 15, 2008. Mr. Hyland is considered part of a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of Mueller Water Products, Inc. and its subsidiaries and affiliates. The Plan is intended to constitute an unfunded plan of deferred compensation for a select group of management or highly compensated employees. As such, the Plan is exempt from the application of Parts 2, 3 and 4 of Title I, and from Title IV, of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is further exempt from certain ERISA reporting requirements in accordance with Department of Labor Regulation § 2520.104-23. The Plan is not intended to be qualified under Section 401(a) of the Internal Revenue Code. The Plan is intended to comply with Section 409A of the Internal Revenue Code and the rules, regulations and guidance issued thereunder. The Plan supersedes any prior agreement, arrangement or understanding with respect to the benefits provided under this Plan.

ARTICLE 1
DEFINITIONS

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 **"Account Balance"** shall mean, with respect to the Participant, the Company Contribution Account.

1.2 **"Affiliate"** shall mean all of the companies that are either (a) members of the same controlled group of corporations, within the meaning of Code Section 414(b), or (b) under common control, within the meaning of Code Section 414(c), with the Company. Notwithstanding the foregoing, for purposes of determining whether the Participant has had a Separation from Service, "Affiliates" will be determined in accordance with the preceding sentence but substituting the phrase "at least 50 percent" in place of the phrase "at least 80 percent" each place it appears under the Code Section 414(b) and Code Section 414(c) rules.

1.3 **"Beneficiary"** shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 6, that are entitled to receive benefits under the Plan upon the death of the Participant.

1.4 **"Beneficiary Designation Form"** shall mean the form established from time to time by the Committee that the Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.5 **"Board"** shall mean the board of directors of the Company.

1.6 **"Cause"** shall mean termination of the Participant's employment, whether by or at the request of the Company, in connection with the Participant's (i) willful failure to perform his assigned duties, and his failure to cure such failure within thirty days following written notice thereof from the Company, or (ii) intentional engagement in dishonest or illegal conduct in connection with his performance of his duties, or conviction of a felony, or (iii) material breach of the terms of his Employment Agreement, and failure to cure such breach within thirty days following written notice thereof from the Company.

1.7 **"Code"** shall mean the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance issued thereunder.

1.8 **"Committee"** shall mean the Compensation and Human Resources Committee of the Board.

1.9 **"Company"** shall mean Mueller Water Products, Inc. and any successor thereto.

1.10 **"Company Contribution Account"** shall mean the Participant's Company Contribution Amount adjusted in accordance with Sections 3.1 and 3.4 of the Plan, net of all distributions from such account. This account shall be a bookkeeping entry only, maintained by the Company, and shall be utilized solely as a device for the measurement and determination of the amount to be paid to the Participant pursuant to the Plan.

1.11 **"Company Contribution Amount"** shall mean the initial amount allocated to the Company Contribution Account in accordance with Section 3.1(a) of the Plan and thereafter the monthly amount allocated to the Company Contribution Account in accordance with Section 3.1(b) of the Plan.

1.12 **"Disability"** shall mean (consistent with requirements of Code Section 409A) either that the Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Company or its affiliates, or (c) determined to be totally disabled by the United States Social Security Administration.

1.13 **"Disability Benefit"** shall mean a benefit set forth in Section 5.2.

1.14 **"Employment Agreement"** shall mean the Employment Agreement between the Company and Gregory E. Hyland effective as of September 15, 2008.

1.15 **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

1.16 **"FICA Tax"** shall mean the Federal Insurance Contributions Act tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2).

1.17 **"Hardship"** shall mean a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of the Participant's Beneficiary or a dependent (as defined in Code Section 152, without regard to subsections (b)(1), (b)(2) and (d)(1)(B) thereof), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Hardship shall be determined by the Committee on the basis of the facts of each case, including information supplied by the Participant in accordance with uniform guidelines prescribed from time to time by the Committee. The Participant will be deemed not to have a Hardship to the extent that such hardship is or may be relieved:

(a) through reimbursement or compensation by insurance or otherwise; or

(b) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship.

1.18 **"Human Resources Officer"** shall mean the Vice President - Compensation and Benefits, or a successor officer of the Company having overall responsibility for human resources matters.

1.19 **"Participant"** shall mean Gregory E. Hyland.

1.20 **"Plan"** shall mean the "Mueller Water Products, Inc. Supplemental Defined Contribution Plan", which shall be evidenced by this instrument, as amended from time to time.

1.21 **"Plan Year"** shall mean the calendar year commencing each January 1 and ending on the next following December 31; provided that the first Plan Year shall be from the effective date, April 1, 2007, through December 31, 2007.

1.22 **"Separation from Service"** shall mean that the Participant separates from service, as defined in Code Section 409A, with the Company and all Affiliates. As a general overview of Section 409A's definition of "separation from service", an employee or director separates from service if the employee has a termination of employment or the director ceases to perform services (other than for death) with the Company and all Affiliates, determined in accordance with the following:

(a) **Leaves of Absence** . The employment relationship is treated as continuing intact while the employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed 6 months, or, if longer, so long as the employee retains a right to reemployment with the Company and all Affiliates under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only while there is a reasonable expectation that the employee will return to perform services for the Company or an Affiliate. If the period of leave exceeds 6 months and the employee does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such 6-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes the employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence shall be substituted for such 6-month period.

(b) **Status Change** . Generally, if an employee performs services both as an employee and an independent contractor, the employee must separate from service both as an employee and as an independent contractor pursuant to standards set forth in Treasury Regulations to be treated as having a Separation from Service. However, if an employee provides services as an employee and as a member of the Board, the services provided as a director are not taken into account in determining whether the employee has a Separation from Service as an employee for purposes of this Plan.

(c) **Termination of Employment** . Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the employer and the employee reasonably anticipate that (1) no further services will be performed after a certain date, or (2) the level of bona fide services the employee will perform after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Company and all Affiliates if the employee has been providing services to the Company and all Affiliates for less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the employee continues to be treated as an employee for other purposes (such as continuation of salary and participation in employee benefit programs), whether similarly-situated service providers have been treated consistently, and whether the employee is permitted, and realistically available, to perform services for other service recipients in the same line of business. For periods during which an employee is on a paid bona fide leave of absence and has not otherwise terminated employment as described in subsection (a) above, for purposes of this subsection, the employee is treated as providing bona fide services at a level equal to the level of services that the employee would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which an employee is on an unpaid bona fide leave of absence and has not otherwise terminated employment are disregarded for purposes of this subsection (including for purposes of determining the applicable 36-month period).

1.23 "Termination Benefit" shall mean the benefit set forth in Section 5.1.

ARTICLE 2
ELIGIBILITY/PARTICIPATION

2.1 **Eligibility; Effective Date** . The Participant commenced participation in the Plan effective as of April 1, 2007. The Plan is amended and restated effective as of January 1, 2009, to comply with Code Section 409A. This Plan supersedes all prior understandings and agreements with respect to a supplemental defined contribution benefit for the Participant.

2.2 **Change of Employer** . If the Participant is employed by any subsidiary or affiliate of the Company, the Participant will be considered as employed by the Company for purposes of the Plan.

ARTICLE 3
CONTRIBUTIONS/VESTING/EARNINGS CREDITING

3.1 **Company Contributions** . Company Contribution Amounts will be credited to the Participant's Company Contribution Account as follows:

(a) as of April 1, 2007, the amount of $193,652;

(b) commencing April 16, 2007 and as of the 16th day of each calendar month thereafter through the earlier of (1) September 16, 2010 or (2) the Participant's death, Disability or Separation from Service for any reason other than Cause, an amount equal to 10% of the Participant's then current base salary paid for the monthly period from the 16th day of the prior calendar month through the 15th day of the current calendar month. In the event of death, Disability or Separation from Service for any reason other than Cause, prior to September 16, 2010, a final credit for base salary through such event will be made as soon as practicable following such event.

3.2 **Leave of Absence** . If a Participant is authorized by the Company for any reason to take a leave of absence from employment on a paid or unpaid basis, no Company Contribution Amount shall be made for any full month during which the Participant is on such authorized leave of absence.

3.3 **Vesting** . The Participant shall be one hundred percent (100%) vested in the amount credited to his Company Contribution Account at all times. Notwithstanding the foregoing, if the Participant has a Separation from Service for Cause, the Company Contribution Account shall be forfeited in full.

3.4 **Value of Account Balances** . In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, the value of the Participant's Account Balance at any time and from time to time up to the date of payment shall be based upon the increase in the Account Balance determined as of the 15th day of each month at a rate that is, on an annualized basis, 120% of the applicable federal long-term rate, with compounding on a monthly basis (as prescribed under Code Section 1274(d)).

ARTICLE 4
HARDSHIP WITHDRAWAL PAYOUTS

4.1 **Hardship Distributions** . The Committee shall have the power in its discretion to distribute all or a portion of the Participant's vested Account Balance on any date in the event that the Participant, in the judgment of the Committee, experiences a Hardship. The Committee shall have the authority to require such evidence as it deems necessary to determine if, and to what extent, a distribution is warranted. Such distribution will be paid in a single-sum payment in cash within 90 days of the Committee's determination that the Participant has incurred a Hardship (provided that such Hardship continues to exist on the date of the Committee's determination). The amount of such single-sum payment will be limited to the amount that the Committee determines is reasonably necessary to meet the Participant's requirements resulting from the Hardship. The amount of such distribution will reduce the Participant's Account Balance.

ARTICLE 5
BENEFITS

5.1 **Termination Benefit** . If a Participant experiences a Separation from Service other than for Cause for any reason other than death or Disability, the Participant shall receive a Termination Benefit equal to his vested Account Balance paid in a single lump sum cash amount, less applicable tax withholdings, on the day that is 6 months and 1 day following the date of such Separation from Service.

5.2 **Disability Benefit** . If a Participant's employment with the Company terminates by reason of Disability, then the Participant shall receive a Disability Benefit equal to his Account Balance paid in a single lump sum cash amount, less applicable tax withholdings, on the day that is 60 days following his Disability.

5.3 **Survivor Benefit** .

(a) If a Participant dies while employed by the Company but before he otherwise has a Separation from Service, the Participant's Beneficiary shall receive a survivor benefit equal to the Participant's Account Balance paid as if the Company had terminated the employment of the Participant on the date of death and the Participant's Beneficiary will be paid in a single lump sum cash amount on the day that is 90 days following the Participant's death.

(b) If a Participant dies after his Separation from Service for any reason other than for Cause and after payment of a lump sum under this Plan, the benefit shall have been paid in full and the Participant's Beneficiary shall not receive any benefit.

5.4 **Payment Subject to Compliance** . Payment of any benefit under this Article 5 are subject to any applicable other requirement for legal compliance.

ARTICLE 6
BENEFICIARY DESIGNATION

6.1 **Beneficiary** . The Participant shall have the right, at any time, to designate a Beneficiary or Beneficiaries (both primary as well as contingent) to receive any benefits payable under the Plan to a Beneficiary upon the death of the Participant. The Beneficiary designated under this Plan may be the same as or different from the beneficiary designation under any other plan of the Company in which the Participant participates.

6.2 **Beneficiary Designation; Change** . The Participant shall designate his Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Company's Human Resources Officer, or his or her designated agent. The Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the rules and procedures established by the Company's Human Resources Officer, as in effect from time to time. Upon the acceptance by the Company's Human Resources Officer of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be cancelled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted prior to his death.

6.3 **Acceptance** . No designation or change in designation of a Beneficiary shall be effective until received, and accepted by the Company's Human Resources Officer, or his or her designated agent.

6.4 **No Beneficiary Designation** . If a Participant fails to designate a Beneficiary as provided in Sections 6.1, 6.2 and 6.3 above, or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's Beneficiary shall be his beneficiary designated under the basic group life insurance plan of the Company or, in the absence of such beneficiary designation, the Participant's estate.

6.5 **Doubt as to Beneficiary** . If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its sole and absolute discretion, to cause the Company to withhold such payments until this matter is resolved.

6.6 **Discharge of Obligations** . The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Company and each of its subsidiaries and affiliates and the Committee from all further obligations under this Plan with respect to the Participant.

ARTICLE 7
TERMS OF ALL PAYMENTS

7.1 **Delay for Specified Employees** . Notwithstanding any contrary provision of this Plan, if (a) a distribution is scheduled to be made to an individual who is a “specified employee” (within the meaning of Code Section 409A, taking into account such elections as are made from time to time and as are binding on all of the Company’s deferred compensation plans), and (b) the distribution event is a Separation from Service, then no such distribution shall be before the date that is 6 months after the date of the individual’s Separation from Service (except in the event of his or her death), and any amounts that would have been distributed during the 6 months after the individual’s Separation from Service (except in the event of death) shall be accumulated and distributed on the date that is 6 months after the date of the individual’s Separation from Service (except in the event of his or her death).

7.2 **Deferral of Payment** . The Participant may defer the commencement of his distribution following Separation from Service other than for Cause to a later date by filing an election with the Company’s Human Resources Officer. Such an election shall not take effect until at least 12 months after the date on which it is made and if made within 12 months before the payment was scheduled to be made under the previous payment terms, shall not be effective. Such election may not in any event accelerate the timing or payment schedule of any distribution and the payment date shall be delayed to not less than 5 years after the date the distribution would otherwise have been made without regard to such election.

7.3 **Acceleration of Payments** . Except as otherwise specifically provided herein, no payment scheduled to be made under this Plan may be accelerated. Notwithstanding the foregoing, the Committee, in its sole discretion, may accelerate any payment scheduled to be made under this Plan in accordance with Code Section 409A (provided that the Participant may not elect whether his scheduled payment will be accelerated pursuant to this sentence).

ARTICLE 8
TERMINATION, AMENDMENT OR MODIFICATION

8.1 **Termination** . The Board reserves the right to terminate the Plan at any time. Upon the termination of the Plan, the Participant's Account Balance shall be maintained and paid in accordance with the terms of the Plan but no new Company Contribution Amounts of any kind will be permitted. Notwithstanding the foregoing, earlier payment following termination of the Plan shall be permitted in accordance with Code Section 409A. Upon the payment of the last amount from any Account Balance, the Plan will be closed.

8.2 **Amendment** . No amendment or termination of the Plan shall directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of any Account Balance accrued and vested prior to the effective date of such amendment or termination, without the consent of the affected Participant or Beneficiary.

8.3 **Effect of Payment** . The full payment of the applicable benefit under Articles 4 or 5 of the Plan shall completely discharge the Company, its subsidiaries and affiliates and the Committee for all obligations to a Participant and Beneficiaries under this Plan.

ARTICLE 9
ADMINISTRATION

9.1 **Committee Duties** . This Plan shall be administered by the Committee. The Committee shall also have the discretion and authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan.

9.2 **Agents** . In the administration of this Plan, the Committee may, from time to time, employ or designate agents and delegate to them such administrative duties as it sees fit and may from time to time consult with counsel, actuaries, or accountants who may be counsel, actuaries or accountants to the Company.

9.3 **Binding Effect of Decisions** . The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan. Benefits under the Plan shall be payable only if the Committee determines that the Participant is entitled to them under the terms of the Plan.

9.4 **Indemnity of Committee** . The Company shall indemnify and hold harmless the members of the Committee against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee or any of its members.

ARTICLE 10
CLAIMS PROCEDURES

10.1 **Filing Of A Claim For Benefits** . If the Participant or a Beneficiary (the "claimant") believes that he or she is entitled to benefits under the Plan which are not paid to him or which are not being accrued for his benefit, the claimant shall file a written claim therefore with the Committee.

10.2 **Notification To Claimant Of Decision** . Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth.

(a) the specific reason or reasons for the denial;

(b) specific reference to pertinent provisions of the Plan on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the procedure for review of the denial and the time limits applicable thereto, including a statement regarding a claimant's right to bring a civil action under ERISA Section 502(a).

10.3 **Procedure For Review** . Within 60 days following receipt by the claimant of notice denying his or her claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant shall appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be provided, on request and free of charge, reasonable access to and copies of relevant documents and an opportunity to submit issues and comments in writing.

10.4 **Decision on Review** . The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

(a) Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

(b) With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall cite specific references to the pertinent Plan provisions on which the decision is based and provide that the claimant is entitled, on request and free of charge, reasonable access to and copies of relevant documents.

The decision of the Committee shall be final and conclusive.

10.5 **Action By Authorized Representative Of Claimant** . All actions set forth in this Article 10 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by the claimant to act in his or her behalf on such matters. The Committee may require such evidence as either may reasonably deem necessary or advisable of the authority to act of any such representative.

10.6 **Effect of Extensions** . In the event that the Committee requests additional information necessary to determine the claim or appeal from a claimant, the claimant shall have at least 45 days in which to respond. The period for making a benefit determination or deciding an appeal, as the case may be, shall be tolled from the date of the notification to the claimant of the request for additional information until the date the claimant responds to such request or, if earlier, the expiration of the deadline provided by the Committee.

10.7 **Disability Claims** . If a claimant challenges the determination of Disability under this Plan, then Section 10.2 shall be read with “45” instead of “90” and “90” instead of “180” in the number of days in such section, and Section 10.4 shall be read with “45” instead of “60” and “90” instead of “120” days in such section.

ARTICLE 11
MISCELLANEOUS

11.1 **Unsecured General Creditor** . The Participant and his Beneficiaries, heirs, successors and assigns shall have no legal or equitable right, interest or claim in any property or assets of the Company, its subsidiaries and affiliates. Any and all assets of the Company shall be, and remain, the general, unpledged and unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future with respect to the Participant.

11.2 **Company's Liability** . The Company's liability for the payment of benefits shall be defined only by the Plan. The Company shall have no obligation to the Participant under the Plan except as expressly provided in the Plan.

11.3 **Taxes** . If the whole or any part of the Participant's (or Beneficiary's) Account Balance becomes subject to any estate, inheritance, income, employment or other tax which the Company (or an Affiliate) is required to pay or withhold, the Company (or Affiliate) will have the full power and authority to withhold and pay such tax out of any monies or other property that the Company (or Affiliate) holds for the account of the Participant (or Beneficiary) whose interests hereunder are so affected (other than any portion of the Participant's (or Beneficiary's) Account Balance that is not then payable hereunder). Without limiting the foregoing, if the whole or any part of the Participant's (or Beneficiary's) Account Balance becomes subject to FICA Tax or any state, local or foreign tax which the Company (or an Affiliate) is required to pay or withhold, the Company (or Affiliate) will have the full power and authority to withhold and pay such tax, together with any amounts required to be withheld for income tax under Code Section 3401 or under a corresponding state income tax provision, by reducing and offsetting the Participant's Account Balance, without regard to whether any portion of the Participant's (or Beneficiary's) Account Balance is then payable hereunder. Prior to making any payment, the Company (or Affiliate) may require such releases or other documents from any lawful taxing authority as it deems necessary.

11.4 **Nonassignability** . No interest of any person or entity in, or right to receive a benefit under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, levy, anticipation, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a benefit be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

11.5 Domestic Relations Orders .

(a) Distributions Generally . Notwithstanding Section 11.4, upon receipt of a valid domestic relations order requiring the distribution of all or a portion of the Participant's Account Balance to an alternate payee, the Committee will cause the Company to pay a distribution to such alternate payee. The distribution will be paid in a single-sum payment in cash. The distribution will be completed as soon as administratively feasible after the Committee determines that the order meets the elements of a valid domestic relations order, as set forth in subsection (b) hereof, or if later, when the terms of the order have been modified to meet such elements. No distribution will be completed unless and until the order constitutes a valid domestic relations order.

(b) Requirements of a Domestic Relations Order . For purposes of this Section, a court order will be considered a valid domestic relations order if it relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of the Participant, and is made pursuant to the domestic relations law of a state. The order should clearly identify the name of the Participant and the alternate payee, the Plan, and the amount or percentage of the Participant's Account Balance to be paid to the alternate payee, or the manner in which such amount or percentage is to be determined. The order may not require payment of a type or form of benefit other than as provided in subsection (a) hereof, payment of increased benefits or benefits to which the Participant does not have a vested right, or payment of benefits required to be paid to another alternate payee under another order previously determined to be a valid domestic relations order.

(c) Domestic Relations Order Review Authority . The Committee will have authority to review and determine whether a court order meets the conditions of this Section, and to issue and adopt procedures that may be helpful in administering this Section.

The Company shall have no liability to any Plan Participant or Beneficiary to the extent that an Account Balance is reduced in accordance with the terms of a domestic relations order that the Company applies in good faith.

11.6 Coordination with Other Benefits . The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Company.

11.7 **Not a Contract of Employment**. No Plan Participant or Beneficiary shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Nothing contained in the Plan shall be construed as a contract of employment between the Company and any Participant or to give any Participant the right to be retained in the service of the Company.

11.8 **Furnishing Information**. A Participant or his Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder.

11.9 **Terms**. Whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

11.10 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

11.11 **Governing Law**. The provisions of this Plan shall be construed, governed and interpreted according to the laws of the State of Georgia, to the extent not preempted by United States Federal law.

11.12 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to:

Chair, Compensation and Human Resources Committee
Board of Directors
c/o Mueller Water Products, Inc.
1200 Abernathy Road, N.E.
Atlanta, GA 30328

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

11.13 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant, the Participant's Beneficiaries, and their permitted successors and assigns.

11.14 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

11.15 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetency, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

11.16 **Counterparts**. This instrument may be executed in one or more counterparts each of which shall be legally binding and enforceable.

IN WITNESS WHEREOF , the Company has executed this amended and restated Plan document as of , 2008.

MUELLER WATER PRODUCTS, INC.

By: ______________________________
Donald N. Boyce

Its: Chairman, Compensation and Human Resources Committee

Exhibit 31.1

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Gregory E. Hyland, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mueller Water Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2009

By: /s/ GREGORY E. HYLAND
Gregory E. Hyland
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Evan L. Hart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mueller Water Products, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 9, 2009

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

Exhibit 32.1

**CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Mueller Water Products, Inc. (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Gregory E. Hyland, the Chief Executive Officer of Mueller Water Products, Inc., certify that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Mueller Water Products, Inc.

Date: February 9, 2009

By: /s/ GREGORY E. HYLAND
Gregory E. Hyland
Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Mueller Water Products, Inc. (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Evan L. Hart, the Chief Financial Officer of Mueller Water Products, Inc., certify that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Mueller Water Products, Inc.

Date: February 9, 2009

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