



## Stock Ownership Guidelines

### Objective

The objective of these stock ownership guidelines is to create a stronger alignment between the interests of stockholders of Mueller Water Products, Inc. (the “Company”) and the Company’s senior management team and outside directors (“participants”). This objective is accomplished by ensuring a high level of stock retention and establishing a minimum threshold that must be achieved before a participant may sell his or her stock. A participant must hold at least 50% of shares of stock obtained through the Company’s equity compensation programs under the terms and subject to the conditions of these guidelines and may only sell shares that have been purchased in the open market after target ownership levels have been achieved, except as set forth in these guidelines.

### Participation and Target Ownership Levels

Participants must maintain an investment in Company shares at the target ownership levels set forth below, except as set forth herein. Except as provided herein, participants are required to hold at least 50% of shares of stock obtained through the Company’s equity compensation programs (net of shares surrendered to satisfy tax obligations) until ownership targets are met.

Target ownership is expressed as a multiple of the participant’s current base salary (as adjusted from time to time) or annual cash retainer (as adjusted from time to time), as applicable. The total stock value of the participant’s holdings must equal or exceed the specified target value.

<b>Participant</b>	<b>Target Ownership</b>
CEO	6 times base salary
President	4 times base salary
Executive Vice Presidents	3 times base salary
Senior Vice Presidents	2 times base salary
Vice Presidents	1 times base salary
Non-Employee Directors	5 times annual retainer

Required and actual levels of stock ownership can fluctuate over time based on the change in pay rates and the value of the underlying shares. As a result, the ownership targets will be reviewed by the Compensation and Human Resources Committee (the “Compensation Committee”) periodically to determine whether they remain appropriate.

In determining value held by any participant, the Compensation Committee will consider:

- (A) the higher of (1) the market value or (2) the tax basis “cost” of vested restricted stock units, and
- (B) the higher of (1) the market value of shares held by the participant or (2) the cost of shares purchased by the participant.

### **Definition of Shares Owned**

Shares that count toward satisfaction of the ownership targets include:

- Direct ownership (i.e., shares the participant owns outright from any source);
- Beneficial ownership (i.e., shares owned by immediate family members living in the participant’s household);
- Shares owned in 401(k), savings, and profit sharing plans; and
- Unvested and vested restricted shares (i.e., full-value shares with time-based vesting).
- The “in-the-money” value of vested stock options.

Outstanding unvested stock options and unvested and unearned performance shares (i.e., full-value shares with performance-based vesting) will not count toward the achievement of target ownership levels until exercised/actually owned.

The Compensation Committee may also consider the market value or cost of shares purchased by a participant for testamentary trusts or for members of the participant’s immediate family.

### **Holding Period and Sales/Transfers**

#### **Prior to attaining target ownership.**

Participants are required to hold at least 50% of shares of stock obtained through the Company’s equity compensation programs. Participants may, with the prior approval set out below, sell shares purchased on the open market so long as the participant will hold 60% of the target ownership level after such sale.

Participants who were “named executive officers” in the most recent proxy statement must obtain the approval of the Compensation Committee prior to any sale. All other participants must receive the approval of the Chair of the Compensation Committee prior to any sale. Any approval granted hereunder is in the sole discretion of the Compensation Committee or the Chair of the Compensation Committee, as the case may be. Notwithstanding the foregoing,

any participant may (a) tender or forfeit shares to pay taxes or to pay the exercise price when exercising stock options or upon the vesting of restricted stock units and (b) transfer securities pursuant to a legal requirement or court order.

Once target ownership is achieved.

All participants may sell shares of Company stock (whether obtained through the Company's equity compensation programs or purchased on the open market) without the prior approval of the Compensation Committee or the Chair of the Compensation Committee, as the case may be, as long as the target ownership level is maintained after such sale.

Participants must, in every case, pre-clear any stock sale with the Company's General Counsel.

The value for determining compliance with these ownership levels will be calculated using the closing share price on the date the applicable approval is granted.

**Monitoring**

Participants will have five (5) years from the date a participant becomes subject to the guidelines to achieve the applicable stock ownership target. If a participating individual is promoted, the promoted participant will have three (3) years to increase his or her holdings to meet the applicable stock ownership requirements.

The CEO and the Compensation Committee will periodically review participants' progress towards target ownership. Adjustments in the requirements may be considered by the Compensation Committee from time to time for individuals and/or for categories of participants, and discretion may be exercised in certain circumstances.