



Walter Industries, Inc.

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PRESS RELEASE

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WALTER INDUSTRIES ANNOUNCES ACQUISITION OF VALVE PRODUCER CCNE, L.L.C. FOR \$8.8 MILLION

(TAMPA, Fla.) - Walter Industries, Inc. (NYSE: WLT) announced today that its Mueller Water Products subsidiary purchased the operating assets of CCNE, L.L.C. (CCNE) for approximately \$8.8 million.

Based in Vernon, Conn., CCNE is a privately held contract producer and distributor of check valves used in water and wastewater treatment and distribution systems. The CCNE operations and assets will be consolidated into Milliken Valve Company's Bethlehem, Penn. facility. Milliken is a wholly-owned subsidiary of Mueller.

"The CCNE transaction represents another step in our strategy to pursue bolt-on acquisitions that broaden our water infrastructure product line," said Gregory E. Hyland, chairman and chief executive officer of Walter Industries. "CCNE's check valves are highly-regarded in the water and wastewater treatment industries. These check valves complement our Henry Pratt and Milliken product offerings and strengthen our position as a leader in valves for the water and wastewater treatment markets."

Walter Industries, Inc. is a diversified company with annual revenues of \$2.7 billion. The Company is a leader in water infrastructure, flow control and water transmission products, with respected brand names such as Mueller, U.S. Pipe, James Jones, Henry Pratt and Anvil. The Company is also a significant producer of high-quality metallurgical coal and natural gas for worldwide markets and is a leader in affordable homebuilding and financing. Based in Tampa, Fla., the Company employs approximately 10,400 people. For more information about Walter Industries, please visit the Company Web site at <http://www.walterind.com>.

Safe Harbor Statement

Except for historical information contained herein, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to differ materially from forecasted results. Those risks include, among others, changes in customers' demand for the Company's products, changes in raw material, labor, equipment and transportation costs and availability, geologic and weather conditions, changes in extraction costs and pricing in the Company's mining operations, changes in customer

orders, pricing actions by the Company's competitors, changes in law, the collection of approximately \$14 million of receivables associated with a working capital adjustment arising from the sale of a subsidiary in 2003, potential changes in the mortgage-backed capital market, and general changes in economic conditions. Those risks also include the timing of and ability to execute on the initial public offering and spin-off of the Company's Water Products business and any other strategic action that may be pursued. Risks associated with forward-looking statements are more fully described in the Company's and Mueller's filings with the Securities and Exchange Commission. The Company assumes no duty to update its forward-looking statements as of any future date.

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