



Walter Industries, Inc.

Dear Shareholder of Walter Industries, Inc.:

I am pleased to inform you that on Nov. 6, 2006, the Walter Industries, Inc. ("Walter Industries") Board of Directors approved the spin-off of Mueller Water Products, Inc. ("Mueller Water Products"), a majority-owned subsidiary and leader in the water infrastructure, flow control and water transmission industry.

The spin-off of Mueller Water Products is scheduled to occur on Dec. 14, 2006. Holders of record of shares of WLT common stock as of the close of business on Dec. 6, 2006, the Record Date, will receive 1.6524432 shares of Series B common stock of Mueller Water Products (MWA.B) for each share of Walter Industries common stock held.

No action is required on your part to receive the MWA.B shares. You will not be required to pay anything for the new shares or to surrender any shares. Because Mueller Water Products stock will only be maintained in book-entry form, you will not receive a stock certificate representing your MWA.B shares. A book-entry account statement reflecting your ownership of shares of Mueller Water Products Series B common stock will be mailed to you, or your brokerage account will be credited for the shares, on or about Dec. 14, 2006.

We believe that the spin-off of Mueller Water Products will allow each company to pursue the most appropriate long-term growth opportunities and business strategies by allowing each company to focus on its own distinct businesses, opportunities and markets and to raise capital more efficiently.

Following the spin-off, Walter Industries' common stock will continue to trade on the New York Stock Exchange under the symbol "WLT." Mueller Water Products will have two series of common stock, listed on the NYSE under the symbols "MWA" and "MWA.B." We intend the spin-off to be tax-free for all shareholders for U.S. federal income tax purposes, except in respect of any cash received for fractional share interests.

I encourage you to read the enclosed information statement, which is being provided to all Walter Industries shareholders. It describes the spin-off in detail and contains important business and financial information about Mueller Water Products.

Concurrent with the spin-off of Mueller Water Products, I will leave my role as Chairman and CEO of Walter Industries. The Company remains in the hands of a very capable leadership team. As we previously announced, Mike Tokarz, currently a member of our Board, will assume the role of non-executive chairman of the Company. Vic Patrick is in the role of vice chairman and general counsel, Joe Troy is Walter Industries' CFO and George Richmond and Mark O'Brien will continue to lead our Natural Resources and Homebuilding & Financing groups, respectively.

Moving forward, you can be assured that the Walter Industries' and Mueller Water Products' management teams are committed to working on your behalf to build long-term shareholder value.

Sincerely,
Gregory E. Hyland
Chairman & CEO