**Walter Industries, Inc.**

2003 Annual Report

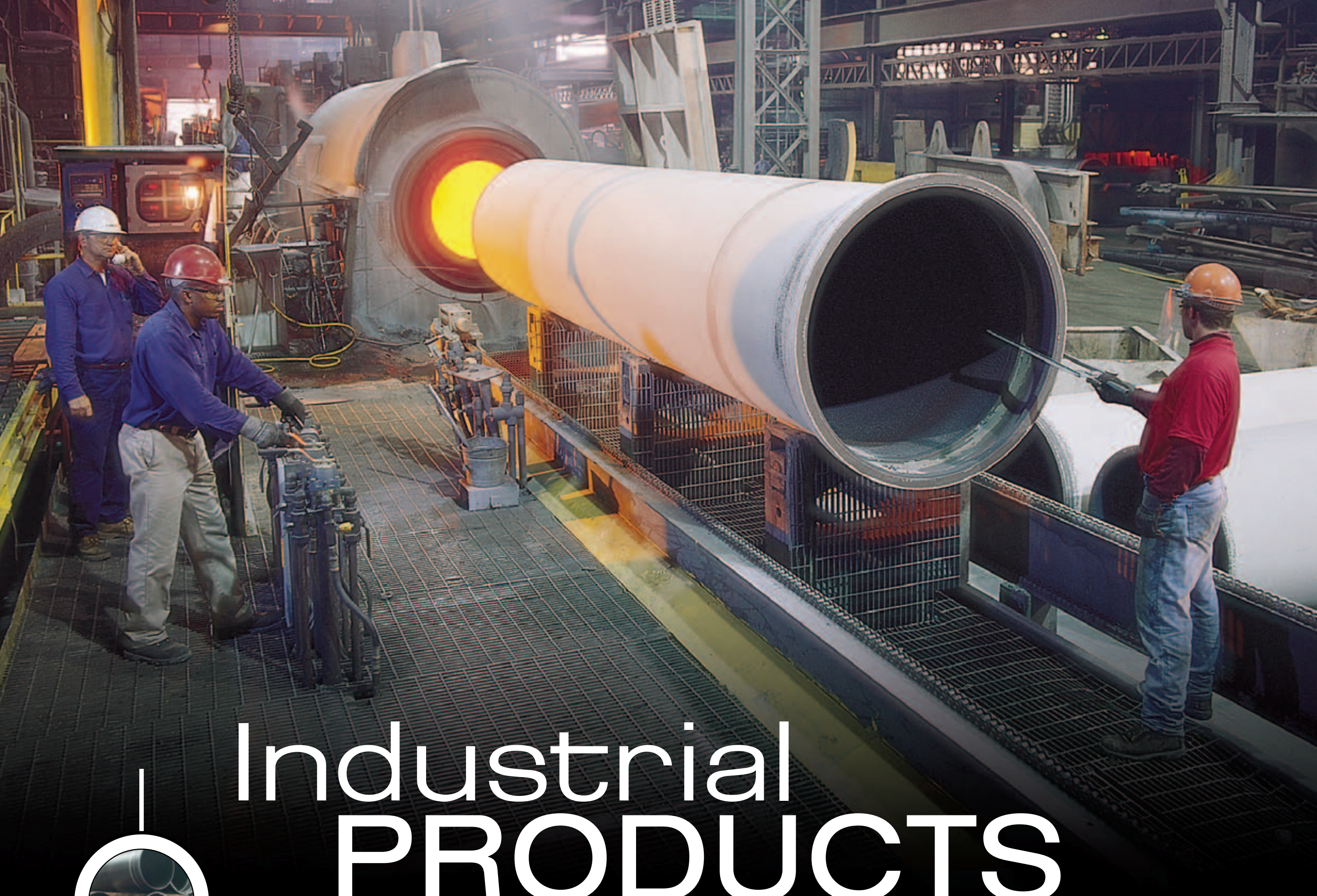
# Sharpening our FOCUS

Homebuilding • Financing • Industrial Products • Natural Resources

# HOMEBUILDING



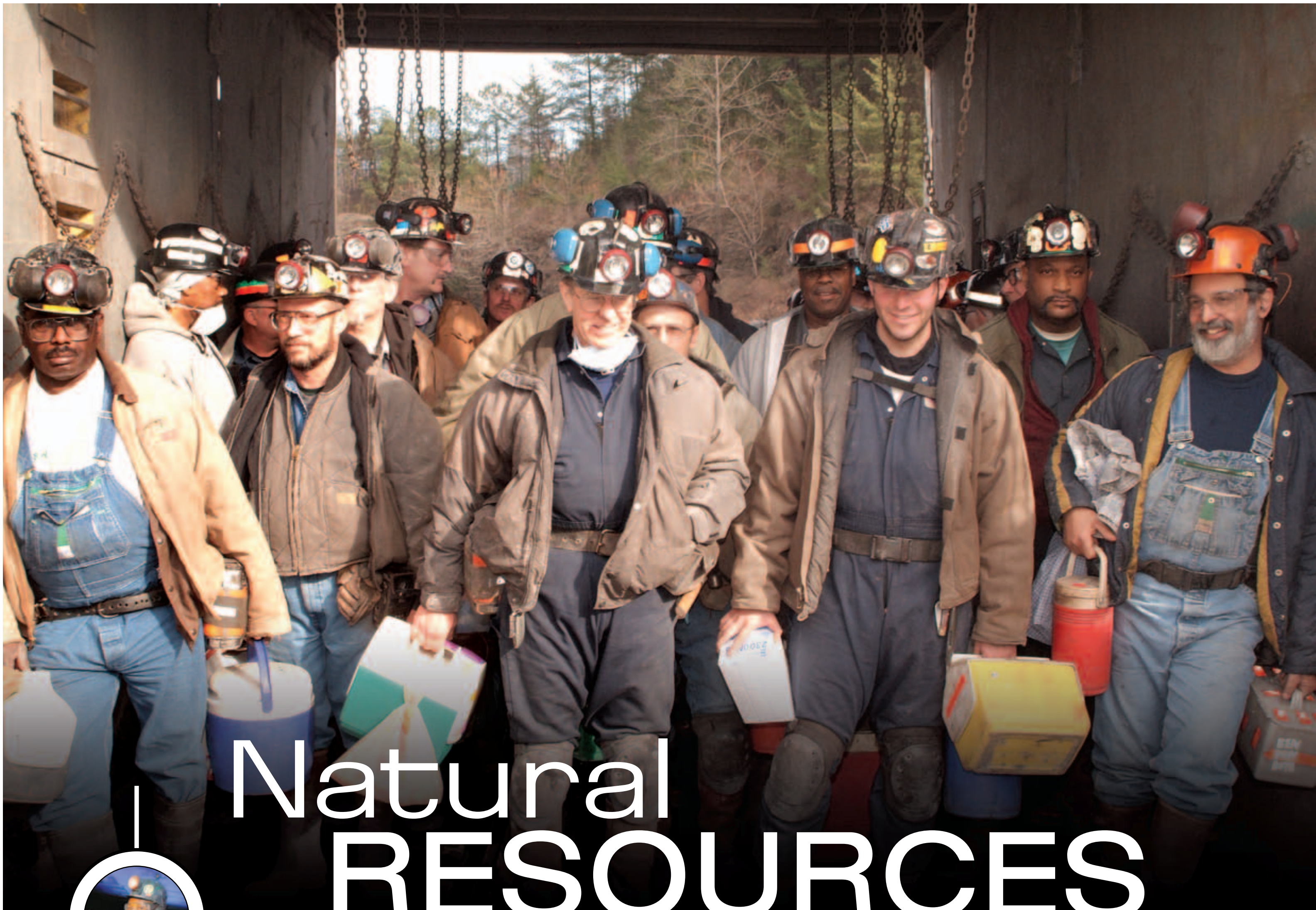
Our skill in building affordable homes puts us in an excellent position to capitalize on the growth of this dynamic segment.



# Industrial PRODUCTS

2003 ANNUAL REPORT

As a leading manufacturer of ductile iron pipe, U.S. Pipe & Foundry is poised to meet the nation's ever-growing need for water.



# Natural RESOURCES



Increased demand for coal from Jim Walter Resources' Alabama mines means brighter prospects for the business.

# FINANCING



Building on our status as a best-in-class mortgage servicer, we are working to leverage our capabilities and expand our portfolio.

# Senior Leadership TEAM

## CORE VALUES

Customer Commitment
High-Performance Culture
Fleet of Foot
Innovation
Accountability
Integrity
Respect for Others
Teamwork

**Front Row:** William F. Ohrt, Executive VP, Chief Financial Officer; Don DeFosset, Chairman, President and Chief Executive Officer; Joseph J. Troy, Senior VP, Financial Services and President, Mid-State Homes

**Second Row:** Charles E. Cauthen, Senior VP, Controller; Miles C. Dearden, III, VP, Treasurer; Bonnie VanOverbeke, Chief Information Officer; George R. Richmond, President, COO, Jim Walter Resources

**Third Row:** Larry E. Williams, Senior VP, Human Resources; Lawrence S. Comegys, President, Jim Walter Homes; Victor P. Patrick, Senior VP, General Counsel and Secretary

**Last Row:** Brad Kitterman, President, U.S. Pipe

# To Our SHAREHOLDERS

To succeed, a company must have a clear focus. And to make that success sustainable, the company needs to be in businesses with solid growth prospects, using aggressive, well-thought-out plans to accomplish its goals.

In 2003, Walter Industries moved towards this vision in a meaningful way.

We narrowed the mix of our businesses significantly by selling three subsidiaries – AIMCOR, JW Aluminum and Southern Precision. And we made a number of moves to pave the way for growth in our core businesses of Homebuilding, Financing and U.S. Pipe.

This progress occurred during a year of significant operating challenges in our businesses. Most notably, a major geologic fault dramatically hampered output and increased production costs in one of our Alabama coal mines, while the cost of scrap iron, the primary raw material used to make our ductile iron pipe, rose to record levels.

These issues at Jim Walter Resources and U.S. Pipe, coupled with difficulties in our homebuilding company related to significant reorganization efforts and implementation of an ERP computer system designed for future growth, led to a net loss of $29 million, or 67 cents per diluted share, for the year.

Make no mistake: 2003 was a tremendously disappointing year for the company with respect to profitability. But at the same time, we are confident that the steps we took during the year will pay off in the future for our shareholders.

Consider some of the accomplishments from the past year:

- The Financing business posted another strong year, reducing delinquency rates and growing its portfolio by acquiring nearly $50 million worth of seasoned loans;

**We are confident that the steps we took during the year will pay off in the future for our shareholders.**

- We refinanced our senior debt, earning favorable debt ratings of Ba2 from Moody's and BB from Standard & Poor's;
- We closed the sale of our former headquarters building in Tampa, Florida, raising more than $10 million in cash;
- We bought back $27.5 million worth of Walter Industries stock, and in the process removed a large overhang

position which had been putting downward pressure on the stock price;

- Our successful Six Sigma program generated $19 million in cost savings and revenue enhancements;
- And we closed the year with a significant liquidity position of approximately $230 million, which enables us to consider a number of attractive options, such as paying down debt, repurchasing stock or making acquisitions.

Still, the most significant developments of the year were the divestitures of AIMCOR, a marketer and distributor of petroleum coke; JW Aluminum, a manufacturer of specialty aluminum products, and Southern Precision, which makes products for use in the casting and foundry industries. These transactions demonstrated that we are delivering on our promise to narrow the company's focus to the businesses we feel have the brightest future.

For several years, the diversified nature of the company has created a number of challenges. It is more difficult to explain our story to existing and potential investors; the diverse mix of businesses creates the need for in-depth analysis and understanding of each business, which requires an enormous amount of senior management's time; and with few inherent synergies between the companies, there is relatively little that one of our businesses can do to help the others.

With fewer companies to manage, our team can focus on a critical mission - to grow our core businesses of Homebuilding, Financing and U.S. Pipe. These businesses have long histories of success in their respective industries, as well as significant growth potential. With respect to our remaining non-core businesses, Jim Walter Resources and Sloss Industries, we will continue to explore divestiture opportunities. Meanwhile, we do expect them to regain profitability in the coming year and beyond. Favorable pricing for both coal and coke put these businesses in an excellent position to deliver dramatic rebounds in results versus 2003.

**More changes have occurred in the past three years than in the previous 20, and we are setting the stage for a successful future.**

Productivity continues to be a major emphasis at Walter Industries, and we are generating impressive results in this area. These gains are an excellent example of how we are becoming a high-performance company. In addition to our Six Sigma program, which continues to be a major success, we have launched a program called Operational Equipment Effectiveness, or OEE.

OEE is already making a major impact at

the U.S. Pipe plant in North Birmingham, Alabama. Previously, pipe was manufactured using seven casting machines. But our manufacturing engineers realized that we could gain hours of productivity by decreasing controllable downtime, and now, the plant has gone from seven to six machines with no loss in production. OEE is now being implemented at all of our pipe plants.

Walter Industries has become a company that regularly challenges the status quo. We have embraced our core values of "innovation" and "fleet of foot," two of the eight values that are the foundations of this company's culture. In a number of areas, more changes have occurred at Walter Industries in the past three years than occurred in the previous 20, and we are setting the stage for a successful future.

## 2004 Business Outlook

Last year's performance was impacted by a confluence of events that affected the company's profitability. Although some of these events were uncontrollable, none of our senior executives received bonuses based on the company's overall performance in 2003. As we focus on

The Bakersfield is one of Jim Walter Homes' new Contemporary Collection models, which feature family-friendly open floor plans.

delivering value in 2004, our leadership team's incentives remain tied to the profitability of the company and the company's share price, reflecting our commitment to being aligned with our shareholders.

We have every reason to believe that 2004 will be much improved for the company.

## HOMEBUILDING

**Main businesses:** Jim Walter Homes, Dream Homes, Neatherlin Homes, Crestline Homes

**2003 revenues:** $276.9 million (21% of Walter Industries total)

**2003 operating income:** $1.5 million

**Homes built in 2003:** 4,164

**Average price:** $66,200

**Products:** Jim Walter Homes, Dream Homes and Neatherlin Homes construct stick-built, affordable houses across the South. Crestline Homes builds modular homes.

Here is a look at the prospects for the coming year in each business segment:

Our **HOMEBUILDING GROUP** has a new President, Larry Comegys, who has significant experience in the homebuilding industry. We believe that his solid background in the sales and marketing disciplines, coupled with our already strong capabilities in construction, will put our homebuilding operation back on track.

Jim Walter Homes' advertising stresses that the company builds quality, stick-built homes that appreciate in value.

In the coming year, we will focus on growing our traditional "on your lot" business while refining our strategies for growing from that niche.

We will also be focused on improving our operational effectiveness through our new enterprise system and organizational structure. A restructuring of the sales and construction group, coupled with issues related to our new systems, hampered our ability to deliver homes last year. We have since refined that structure to add more accountability for profitability in the field, and we are confident we will move beyond these organizational issues by the second half of the year.

We are focused on both internal and external opportunities for growth in this business. Our recent introduction of five new models, called the Contemporary Collection, is off to a strong start. An aggressive TV and marketing campaign is spreading the message that we build quality stick-built houses that appreciate in value. We are also targeting homebuilders

## FINANCING

**Main businesses:** Mid-State Homes, Walter Mortgage Company

**2003 revenues:** $239.8 million (18% of Walter Industries total)

**2003 operating income:** $51.9 million

**Number of accounts:** 51,086

**Portfolio size:** $1.8 billion

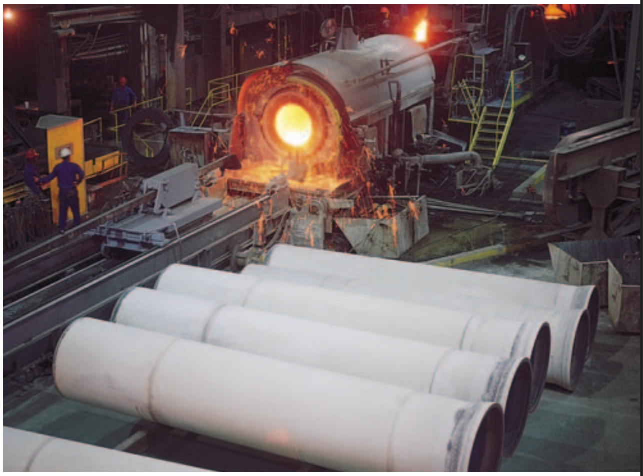
**Products:** Mid-State services the mortgages provided to the Homebuilding segment's traditional on-your-lot customers, while Walter Mortgage offers new types of mortgage lending products.

as possible acquisition candidates to synergistically grow our homebuilding and financing businesses.

Our **FINANCING** business executed on its business plan in 2003 by delivering nearly $52 million in operating earnings. We improved overall portfolio performance despite continued difficult economic conditions.

Although these difficult conditions caused a net increase in loan losses during the year, delinquency rates declined considerably on a year-over-year basis and we expect that trend to positively impact results in 2004. The Financing Group also implemented several new computer systems designed to enhance our ability to track and analyze portfolio performance, delinquencies, repossessions and insurance.

Walter Mortgage Company, the driver for growth in the Financing segment, made solid progress in its expansion efforts. It ended the year with nearly $80 million in funded assets, including nearly $50 million in seasoned loan acquisitions. The performance of the entire portfolio has been excellent, and we expect similar levels of growth in 2004.



U.S. Pipe has countered increases in raw material costs by successfully implementing several price increases while continuing to enhance productivity.

Lastly, the Financing Group delivered on another successful CMO (Collateralized Mortgage Obligation) debt issuance through Trust XI, which reflected a record low borrowing rate and generated $63 million in net cash proceeds, another

## INDUSTRIAL PRODUCTS

**Main business:**
U.S. Pipe & Foundry

**2003 revenues:**
$461.9 million
(35% of Walter Industries total)

**2003 operating income/loss:**
$(11.9) million

**Products:** Ductile iron pipe, valves, hydrants and fittings for the water industries.

**Manufacturing plants:**
Bessemer, AL; Birmingham, AL; Burlington, NJ; Chattanooga, TN; Union City, CA.

testament to our strong servicing capabilities.

At **U.S. PIPE**, our ability to successfully implement three price increases in recent months, while announcing a fourth increase, showcased the company's skill in

Jim Walter Resources expects to be profitable in 2004 as geologic conditions in its Alabama mines are projected to improve.

working with its customers through an extremely difficult time. The record escalation over the past year in scrap iron prices has created serious margin challenges for our business. We believe that scrap prices will eventually peak and that our pricing actions will restore normal margins. U.S. Pipe continues to make significant progress in its goals of gaining efficiencies and productivity with the help of upgraded computer systems, a new leadership team and our Six Sigma and OEE productivity initiatives.

Volumes continue to be strong for the business, both in the U.S. and abroad. The recent industrywide price increases related to scrap costs have not negatively impacted sales orders, which speaks to our product's prominence in the pipe marketplace.

**JIM WALTER RESOURCES**, which operates three coal mines in Alabama, is on track to have a dramatically improved year in 2004. Last year, JWR struggled with a massive geologic fault in Mine No. 5, leading to the decision to close that mine later this year. Improved productivity and enhanced production in Mines No. 4 and 7 will help mitigate the loss of Mine No. 5's production.

## NATURAL RESOURCES

**Main business:**
Jim Walter Resources

**2003 revenues:**
$257.8 million
(19% of Walter Industries total)

**2003 operating income/loss:**
$(25.6) million

**Coal sold in 2003:**
6.1 million tons

**Natural gas sold in 2003:**
8.7 billion cubic feet (BCF)

**Products:** metallurgical and steam coal; natural gas.

Extremely positive trends in coal pricing are expected to result in much higher profitability for JWR in 2004, as its new contracts begin to take effect this summer. The price of natural gas, which is produced by our Black Warrior Methane division, is also expected to be strong versus 2003 levels.

We expect a major turnaround and restoration of profitability at both JWR and the Sloss Industries subsidiaries.

## Wrapup

We are well aware that last year tested the patience of our shareholders. We are working hard to turn Walter Industries into a top-performing company that can move more quickly, and we are well on the way to accomplishing that goal. We simplified our business mix, which will help us focus on ways to improve profitability while we continue to drive productivity gains throughout our core businesses.

Our outlook for 2004 is optimistic, especially during the second half, as we have:

- divested three subsidiaries to narrow our focus to our core businesses;
- installed new leadership at Jim Walter Homes;
- launched new homes at a higher price point to drive sales in Homebuilding;
- invested in new computer systems in Homebuilding, Financing and U.S. Pipe to support our future growth;
- continued to expand our Six Sigma, lean manufacturing and OEE programs;
- increased liquidity to give us more options in deploying our capital.

The title of this year's annual report is "Sharpening Our Focus," as we continue to target enhancing shareholder value.

**Simplifying our business mix will help us focus on ways to improve profitability and drive productivity gains.**

In the past year, we have taken significant steps towards becoming a more focused company with good growth prospects. We strongly believe that our company is better positioned today to deliver on its profitability goals and deliver value to you.

Don DeFosset
Chairman, President and Chief Executive Officer
March 12, 2004

# Consolidated Financial Highlights

CONSOLIDATED RESULTS

($ in thousands, except per-share amounts)

| | FOR THE YEARS ENDED | | | | |
|---|---|---|---|---|---|
| | December 2003 | December 2002 | December 2001 | (7 months) December 2000 | May 2000 |
| Net sales and revenues | $ 1,325,461 | $ 1,339,124 | $ 1,332,238 | $ 838,842 | $ 1,344,806 |
| Segment operating income (loss) | $ (4,224) | $ 87,734 | $ 80,290 | $ 10,127 | $ (135,639) |
| Income (loss) from continuing operations | $ 3,319 | $ 52,278 | $ 22,850 | $ (14,150) | $ (139,959) |
| Income (loss) from discontinued operations | (32,700) | 21,147 | 20,400 | 17,336 | 28,956 |
| Cumulative effect of change in accounting principle, net of tax | 376 | (125,947) | - | - | - |
| Net income (loss) | $ (29,005) | $ (52,522) | $ 43,250 | $ 3,186 | $ (111,003) |
| Diluted earnings per share: | | | | | |
| Income (loss) from continuing operations | $ 0.08 | $ 1.17 | $ 0.50 | $ (0.30) | $ (2.87) |
| Income (loss) from discontinued operations | (0.75) | 0.47 | 0.45 | 0.37 | 0.59 |
| Cumulative effect of change in accounting principle | - | (2.81) | - | - | - |
| Diluted earnings per share | $ (0.67) | $ (1.17) | $ 0.95 | $ 0.07 | $ (2.28) |

RECONCILIATION OF GAAP (1) RESULTS TO NON-GAAP RESULTS

| | December 2003 | December 2002 | December 2001 | (7 months) December 2000 | May 2000 |
|---|---|---|---|---|---|
| EBITDA (2) | $ 60,038 | $ 149,179 | $ 169,870 | $ 66,332 | $ 133,789 |
| Add (Deduct): | | | | | |
| Depreciation | (53,376) | (51,418) | (47,685) | (30,025) | (61,975) |
| Amortization of definite lived intangibles | (6,132) | (7,225) | (28,356) | (16,742) | (29,040) |
| Postretirement benefits expense less than (in excess of)cash payments | 9,892 | (224) | (9,124) | (4,970) | (11,077) |
| Non-cash restructuring and impairment charges | (14,646) | - | (4,415) | (3,461) | (166,660) |
| Senior debt interest expense | (22,572) | (18,126) | (33,071) | (26,776) | (44,210) |
| Income tax benefit (expense) | 30,115 | (17,330) | (24,369) | 1,492 | 39,214 |
| Bad debt write-off at Sloss Industries | - | (2,578) | - | - | - |
| Cumulative effect of change in accounting principle, net of tax | 376 | (125,947) | - | - | - |
| Discontinued operations, net of tax | (32,700) | 21,147 | 20,400 | 17,336 | 28,956 |
| Net income (loss) | $ (29,005) | $ (52,522) | $ 43,250 | $ 3,186 | $ (111,003) |

(1) GAAP refers to generally accepted accounting principles in the United States

(2) EBITDA is defined as earnings before senior debt interest expense, income taxes, depreciation, amortization, postretirement benefits in excess of (or less than) cash payments, non-cash restructuring and impairment charges, discontinued operations, cumulative effect of changes in accounting principle and other specifically identified non-recurring charges. EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operating activities, each as determined in accordance with GAAP. Moreover, EBITDA does not necessarily indicate whether cash flow activities will be sufficient for items such as working capital or debt service or to react to industry changes or changes in the economy in general. The amounts included in the EBITDA calculation are derived from amounts included in the historical statements of operations. We believe that EBITDA is a measure commonly used to evaluate a company's performance and its performance relative to its financial obligations. In addition, multiples of current or projected EBITDA are used to estimate current or prospective enterprise value. Further we believe that EBITDA assists investors in comparing a company’s performance on a consistent basis and EBITDA is used by our lenders to confirm compliance with our loan covenants, by rating agencies in helping assess our credit rating and by other parties to measure the company’s performance over time. Because our method for calculating EBITDA may differ from other companies' methods, the EBITDA measures presented by us may not be comparable to similarly titled measures reported by other companies. Therefore, in evaluating EBITDA data, investors should consider, among other factors: the non-GAAP nature of EBITDA data; the GAAP financial statement amounts; actual cash flows and results of operations; the actual availability of funds for debt service, capital expenditures and working capital; and the comparability of our EBITDA data to similarly titled measures reported by other companies.

# Consolidated Financial Highlights

CONSOLIDATED RESULTS — FOR THE YEARS ENDED

($ in thousands, except per-share amounts)

| BALANCE SHEET | December 2003 | December 2002 | December 2001 | (7 months) December 2000 | May 2000 |
|---|---|---|---|---|---|
| Total assets (a) | $ 2,941,529 | $ 2,802,202 | $ 2,787,868 | $ 2,764,032 | $ 2,833,989 |
| Total recourse debt | $ 113,754 | $ 308,900 | $ 308,500 | $ 411,500 | $ 495,400 |
| Stockholders' equity | $ 276,610 | $ 338,994 | $ 440,651 | $ 425,451 | $ 436,627 |
| OTHER | | | | | |
| Capital expenditures (a) | $ 56,268 | $ 66,222 | $ 70,232 | $ 41,541 | $ 66,632 |
| Employees (a) | 5,391 | 5,361 | 5,752 | 6,035 | 6,286 |
| Book value per share | $ 6.38 | $ 7.58 | $ 9.73 | $ 9.16 | $ 8.96 |

(a) Continuing operations only

# Quarterly Highlights

**Fiscal year 2003** — **QUARTER ENDED**

| ($ in thousands, except per-share amounts) | March 31 | June 30 | September 30 | December 31 |
|---|---|---|---|---|
| Net sales and revenues (a) | $ 307,175 | $ 354,535 | $ 343,995 | $ 319,756 |
| Gross profit (a) | $ 47,161 | $ 46,925 | $ 40,361 | $ 28,018 |
| Income (loss) from continuing operations, net of tax | $ 5,687 | $ 16,956 | $ (28) | $ (19,296) |
| Income from discontinued operations, net of tax | 5,597 | 3,632 | 4,034 | 5,454 |
| Loss on sale of discontinued operations, net of tax | - | (47,700) | (13,263) | 9,546 |
| Cumulative effect of change in accounting principle, net of tax | 376 | - | - | - |
| Net income (loss) | $ 11,660 | $ (27,112) | $ (9,257) | $ (4,296) |
| Diluted earnings per share: | | | | |
| Income (loss) from continuing operations | $ 0.13 | $ 0.39 | $ - | $ (0.46) |
| Income from discontinued operations | 0.12 | 0.08 | 0.09 | 0.13 |
| Loss on sale of discontinued operations, net of tax | - | (1.08) | (0.31) | 0.23 |
| Cumulative effect of change in accounting principle | 0.01 | - | - | - |
| Diluted earnings per share | $ 0.26 | $ (0.61) | $ (0.22) | $ (0.10) |
| Average diluted shares outstanding | 44,534,504 | 44,149,539 | 42,608,676 | 41,856,987 |

(a) Continuing operations only

## SAFE HARBOR STATEMENT

Except for historical information contained herein, the statements in this report 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 and equipment costs and availability, geologic conditions or changes in extraction costs in the Company's mining operations, changes in customer orders, pricing actions by the Company's competitors, and general changes in economic conditions. Risks associated with forward-looking statements are more fully described in the Company's filings with the Securities and Exchange Commission. The Company assumes no duty to update its outlook statements as of any future date.

# 10 COMMONLY
## asked questions about Walter Industries

### Why should I buy Walter Industries stock?

We consider the stock to be undervalued. As we narrow our mix of businesses, we are focused on being in industries that have significant growth potential. Simplifying our story also makes the company more attractive to investors because our financials and our story are easier to understand.

### What did you do with the proceeds from the sales of JW Aluminum and AIMCOR?

Of the proceeds, 50% was used to repay our term debt. The other 50% was used to reduce revolver borrowings and provided additional liquidity. We entered 2004 with very little debt, which gives us flexibility to consider a number of strategic options. We may decide to further reduce our term loan, while we also evaluate other possibilities such as strategic acquisitions, share repurchases, and other alternatives that would increase shareholder value.

### What other subsidiaries are you considering divesting?

We remain committed to further streamlining of Walter Industries. Jim Walter Resources and Sloss Industries are clearly businesses we would ideally like to divest at some point. Our Homebuilding and Financing businesses and our U.S. Pipe subsidiary will continue to be the backbone of this company going forward.

### What do you anticipate happening in the scrap iron market in 2004, and how will that continue to impact U.S. Pipe?

Due to increased demand for scrap, particularly from China and Japan, we expect prices to continue running at higher levels than in 2003. However, we have successfully implemented a series of price increases for our products in the past year, and we will continue to aggressively address the situation both through our pricing strategies and through continued productivity enhancements.

### How is the Six Sigma program doing at Walter Industries?

The Six Sigma program, which focuses on reducing variability in our processes, continues to be a strong contributor to our performance. To date, we have trained more than 300 employees in Six Sigma techniques, and the program has been an important part of our overall focus on productivity improvements. In three years, Walter Industries has generated overall cost reductions and productivity improvements worth more than $100 million. Our company is focused on making continuous improvement a way of life.

### What does the strengthening coal market mean for Jim Walter Resources' future?

The worldwide metallurgical coal market is experiencing very strong increases in pricing, which bodes well for earnings compared to last year. Starting in July 2004, new contracts at considerably higher prices will kick in, significantly enhancing earnings in the second half of the year.

### In a period of record home sales, why haven't your sales kept pace with the industry's growth?

Last year was one of transition for our homebuilding group as we focused our efforts to complete the implementation of our ERP system, reorganize our sales and construction operations, and introduce new home models. The execution of these initiatives is critical to support our future growth plans. While we are not satisfied with the financial performance of the homebuilding group, we feel that our future performance will be significantly better, as these changes are expected to result in increased sales and productivity.

### What is the status of Walter Industries' pension fund, and will the company need to make larger cash contributions in the future?

Like most companies with funded pension plans, the recent downturn in the stock market coupled with historically low interest rates has negatively impacted our funded status. To address the situation, the company recently made sizable contributions, and we expect to infuse additional cash into the plan over the next five years.

### Why do you pay a dividend?

Our goal is to attract as many investors to our stock as possible, and some institutional investors cannot buy stock in companies that do not pay a dividend. Our annual dividend is relatively small, so it does not represent a large percentage of our substantial free cash flow and liquidity.

### What would higher interest rates mean for Homebuilding & Financing in 2004?

In our Financing business, higher rates would reduce prepayment speeds and income, while causing our borrowing costs to increase. In Homebuilding, higher rates could have a dampening impact on sales, one of a number of reasons that many experts are expecting a slight slowdown in the U.S. homebuilding industry in 2004 compared to previous years.

## Officers

**Don DeFosset**
Chairman, President
And Chief Executive Officer

**William F. Ohrt**
Executive Vice President
And Chief Financial Officer

**Charles E. Cauthen**
Senior Vice President
And Controller

**Victor P. Patrick**
Senior Vice President,
General Counsel and Secretary

**Joseph J. Troy**
Senior Vice President,
Financial Services;
President, Mid-State Homes

**Larry E. Williams**
Senior Vice President,
Human Resources

**Miles C. Dearden, III**
Vice President and Treasurer

**Kimberly A. Perez**
Chief Financial Officer,
Financial Services Group

**Cynthia B. Eisch**
Assistant Controller; Tax Director

**Mary C. Snow**
Assistant General Counsel;
Assistant Secretary

## Independent Accountants

PricewaterhouseCoopers LLP
101 E. Kennedy Blvd.
Suite 1500
Tampa, Florida 33602

## Corporate Offices

Walter Industries, Inc.
4211 W. Boy Scout Blvd.
Tampa, Florida 33607
(813) 871-4811
Web site: www.walterind.com

## Annual Meeting

The annual meeting of stockholders of Walter Industries, Inc. will be held April 22, 2004 at the Don CeSar Beach Resort, 3400 Gulf Blvd., St. Pete Beach, FL.

## Board of Directors

**Don DeFosset**
Chairman, President and
Chief Executive Officer,
Walter Industries, Inc. (5)

**Donald N. Boyce**
Retired Chairman and CEO, IDEX
Corporation (2,4,5)

**Howard L. Clark, Jr.**
Vice Chairman, Lehman Brothers, Inc.
(4,5)

**Perry Golkin**
Member, Kohlberg Kravis Roberts
& Co., LLC (2,3,4,5)

**Scott C. Nuttall**
Principal, Kohlberg Kravis Roberts
& Co., LLC (3)

**Bernard G. Rethore**
Chairman Emeritus, Flowserve
Corporation (1,2,3)

**Jerry Kolb**
Retired Vice Chairman, Deloitte
& Touche (1)

**Neil A. Springer**
Managing Partner, Springer
& Associates, LLC (1,2)

**Michael T. Tokarz**
Member, Tokarz Group, LLC (3,4,5)

(1) Audit Committee, (2) Compensation and Human Resources Committee, (3) Environmental, Health and Safety Committee, (4) Nominating and Corporate Governance Committee, (5) Executive Committee

## Investor/Media Contact

For further information about Walter Industries, Inc. and its subsidiaries, please contact:

Investor Relations
Walter Industries, Inc.
P.O. Box 31601
Tampa, Florida 33631-3601
(813) 871-4132
Fax (813) 871-4399

## Form 10-K

Additional copies of the Company's annual report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2003 are available upon written request to:

Walter Industries, Inc.
Investor Relations
P.O. Box 31601
Tampa, Florida 33631-3601

## Common Stock

Trading Symbol: WLT
New York Stock Exchange

## Transfer Agent and Registrar

The Bank of New York
101 Barclay Street
New York, NY 10286


**Don DeFosset, Chairman and Chief Executive Officer, rings The Closing Bell(TM) at the New York Stock Exchange (NYSE) on December 18, 2003, at 4:00 p.m. Eastern time. Mr. DeFosset was joined on the bell podium by company executives and directors.**

Walter Industries, Inc.

4211 W. Boy Scout Blvd.
Tampa, Florida 33607
(813) 871-4811

www.walterind.com