



**RE: Headwaters Incorporated**  
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**NYSE: HW**

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FOR FURTHER INFORMATION

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OCTOBER 13, 2009**

## **HEADWATERS INCORPORATED ANNOUNCES PRIVATE PLACEMENT OF SENIOR SECURED NOTES**

**SOUTH JORDAN, UTAH, OCTOBER 13, 2009 (NYSE: HW) – HEADWATERS INCORPORATED** announced today that it intends to offer \$280 million aggregate principal amount of senior secured notes due 2014. The notes will be senior secured obligations of Headwaters and will be guaranteed by certain of Headwaters' existing and future domestic subsidiaries.

Headwaters intends to use the net proceeds from the offering, (i) to repay its existing senior secured credit facility, (ii) to fund the previously announced tender offer for all of its \$71.8 million aggregate outstanding principal amount of 2-7/8% senior subordinated convertible notes and (iii) to pay certain related transaction costs and expenses and for general corporate purposes. The offering is contingent upon the entry into a new four year \$70 million senior secured first lien asset-based revolving credit facility by certain direct wholly owned subsidiaries of the Company as borrowers and the Company as a guarantor.

The notes will be offered in the United States to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933 (the "Securities Act"), and outside the United States in compliance with Regulation S. These notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This press release is being issued pursuant to Rule 135c under the Securities Act and shall not constitute an offer to sell or a solicitation of an offer to buy the securities.

## ***About Headwaters Incorporated***

*Headwaters Incorporated's vision is to improve sustainability by transforming underutilized resources into valuable products. Headwaters is a diversified growth company providing products, technologies and services to the energy, construction and home improvement industries. Through its energy, coal combustion products and building products businesses, the Company earns a revenue stream that helps to provide the capital to expand and acquire synergistic new business opportunities.*

## ***Forward Looking Statements***

*Certain statements contained in this press release are forward-looking statements within the meaning of federal securities laws and Headwaters Resources and its parent Headwaters Incorporated intend that such forward-looking statements be subject to the safe-harbor created thereby. Forward-looking statements include Headwaters' expectations as to the managing and marketing of coal combustion products, other strategic business opportunities, and other information about Headwaters. Such statements that are not purely historical by nature, including those statements regarding Headwaters' future business plans, the operation of facilities, and the marketability of the coal combustion products, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and our future results that are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Actual results may vary materially from such expectations. Words such as "may," "should," "intends," "plans," "expects," "anticipates," "targets," "goals," "projects," "believes," "seeks," "estimates," or variations of such words and similar expressions, or the negative of such terms, may help identify such forward-looking statements. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward-looking. In addition to matters affecting the coal combustion products, building products, and energy industries or the economy generally, factors that could cause actual results to differ from expectations stated in forward-looking statements include, among others, the factors described in the caption entitled "Risk Factors" in Item 1A in Headwaters' Annual Report on Form 10-K for the fiscal year ended September 30, 2008, Quarterly Reports on Form 10-Q, and other periodic filings and prospectuses.*

*Although Headwaters believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that our results of operations will not be adversely affected by such factors. Unless legally required, we undertake no obligation to revise or update any forward-looking statements for any reason. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Our internet address is [www.headwaters.com](http://www.headwaters.com). There we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports can be accessed through the investor relations section of our web site.*

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