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HEADWATERS INCORPORATED PROVIDES UPDATE ON NEW YORK INVESTOR EVENT

- **Company positioned to capitalize on economic recovery via sustainable activities**
- **Management outlines plans to meet near-term debt covenants and reduce future debt**
 - **\$50 million in annualized cost reductions identified**

SOUTH JORDAN, UTAH, JUNE 10, 2009 (NYSE: HW) – HEADWATERS INCORPORATED yesterday provided investors with an update on the Company's status at a live, webcasted event in New York City featuring presentations by Chairman and CEO, Kirk A. Benson, Chief Financial Officer, Steven Stewart, and business unit executives Jack Lawless and Murphy Lents. The presentations and an audio replay are available on the Company's website www.headwaters.com under the investor relations section.

Key themes from the management presentations included:

- **Leveraging the economic recovery** – Management sees signs that the worst of the recession may have passed, and believes the Company's businesses are well-positioned to take advantage of an economic recovery while engaging in activities that have a positive environmental impact.
- **Balance sheet improvement** – Headwaters believes that it can remain in compliance with or amend its debt covenants, which currently includes a total leverage ratio no higher than 4.25. The Company is also pursuing a number of strategies designed to further reduce debt and comply with future covenants.
- **Productivity improvements** – Headwaters has aggressively pursued a leaner cost structure, identifying approximately \$50 million in annualized expense reductions.

"Headwaters' vision is to improve sustainability by transforming underutilized assets into valuable products," said Chairman and CEO, Kirk Benson. He noted that this theme, along with a focus on business lines with high returns on invested capital, unifies Headwaters' various businesses and

supports the Company's strategy of leveraging internal synergies to create a whole that is greater than the sum of its parts.

"Currently, the two greatest challenges to our business model are economic conditions and capital structure," said Benson, but indicated that he sees positive developments in both areas. He also noted that Headwaters expense management initiatives have brought the Company's cost structure more closely in line with current market conditions and have also supported efforts to reduce debt.

Leveraging the Economic Recovery

According to Benson, demand for cement has lagged recently but appears likely to increase by late 2009 as a result of stimulus infrastructure projects. The primary product of Headwaters' Resources segment is fly ash, which is increasingly being used in concrete production as it reduces cost, is better for the environment, and creates a more reliable product than traditional portland cement. Headwaters currently controls 50% of the fly ash market in the United States.

The Company's Building Products segment is already benefitting from improving market conditions, according to Jack Lawless, President of Headwaters Building Products. Lawless points to positive seasonal sales trends since March 2009 with improving operating income.

The third of Headwaters' three business segments, Energy Services, continues to feel the effects of reduced U.S. demand for coal, according to Benson, but the Company is seeking to increase international sales to mitigate the impact. Benson noted that Headwaters recently shipped 20,000 tons of cleaned coal to Brazil.

Balance Sheet Improvement

Steven Stewart, Headwaters' Chief Financial Officer, reassured investors that Headwaters is making progress in improving its capital structure. He stated that the Company believes that it can remain in compliance with or amend its debt covenants, which currently include a total leverage ratio no higher than 4.25. Stewart noted that Headwaters' senior debt has remained well within required levels, and that the Company is seeking to remove or modify the total leverage covenant.

"Headwaters is pursuing several additional strategies to further improve the Company's capital structure and liquidity, including ongoing cost reductions, non-core asset sales, asset-based loans and exchange of convertible debt." Stewart also noted, "Headwaters has identified \$100 million to \$120 million in non-core assets that could be sold. The Company has over \$70 million in assets that could form a borrowing base to supplement or replace its revolving line of credit."

Productivity Improvement

According to Stewart, Headwaters has generated \$50 million in annualized cost containments, most of which were not yet fully reflected in the Company's March 30, 2009 financial results. Benson pointed out that these expense reductions included internal synergies such as \$8 million to \$10 million in annual cost savings resulting from the integration of the Company's Coal Cleaning and Coal Combustion Products businesses.

Looking Ahead

Benson stated that Headwaters continues to position itself for strong performance when the economy improves. The keys to succeeding, he said, include effective balance sheet management, ongoing

expense control, further leveraging of internal synergies, capitalizing on revenue from technology commercialization, improved productivity in the coal cleaning business, and seeking to cost-effectively enter new businesses that can make immediate contributions to cash flow.

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 intends 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, the production and marketing of building materials and products, the production and marketing of cleaned coal, the production and marketing of hydrogen peroxide, the licensing of resid hydrocracking technology and catalyst sales to oil refineries, the availability of refined coal tax credits, the development, commercialization, and financing of new technologies and other strategic business opportunities and acquisitions, 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, the availability of feedstocks, and the marketability of the coal combustion products, building products, cleaned coal, hydrogen peroxide, catalysts, and the availability of tax credits, 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. 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.