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News Release

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Headwaters Resources Forms New Division To Serve Expanding Coal Ash Disposal Market

Headwaters Resources –America’s largest marketer of coal combustion products – announced today the formation of a division focused on coal ash management and disposal services.

“Many people who know us as a prominent marketer of coal ash for beneficial uses are not aware that our company also has a long history providing ash management and disposal services,” said Bill Gehrman, president of Headwaters Resources. “As the complexity of managing coal ash increases, Headwaters Resources offers the vision, experience, and capabilities to create comprehensive disposal and marketing programs for utilities and industrial facilities of all sizes. This new division expects to provide valuable tools for complying with changing disposal regulations while developing options for increasing the safe beneficial use of coal ash.”

The U.S. Environmental Protection Agency has announced plans to strengthen regulation of the disposal of coal ash and several states have undertaken similar efforts. Increased regulation of ash disposal may require coal users to assess their ash management strategies and change certain operations.

“Headwaters Resources offers a full suite of capabilities for assessing ash management programs and implementing high quality disposal and marketing operations,” said Gehrman. “From permitting to construction and operations, this division intends to tailor services to the needs of individual utilities.”

For example, Gehrman said, Headwaters Resources plans to draw on extensive experience conducting landfill operations and pond cleanouts, converting disposal operations from wet to dry handling, designing and managing systems for handling flue gas desulphurization materials, deploying systems for improving coal ash quality, and more.

With on-going projects at 103 utility locations and approximately 20 million tons of coal combustion products under management annually, Headwaters Resources is the largest manager of coal ash resources in the United States. Headwaters Resources is also responsible for more than half of the nation’s total sales of coal fly ash for use in concrete applications – an important contributor to reducing greenhouse gas emissions associated with concrete construction.

For more information about Headwaters Resources, visit www.flyash.com.

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. 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.