

NEWS BULLETIN

FROM:

**FINANCIAL
RELATIONS BOARD**

RE: Headwaters Incorporated

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**IMMEDIATE RELEASE:
HRI UTILITY SERVICES DIVISION
JUNE 30, 2009**

**HEADWATERS RESOURCES COMPLETES CONVERSION
OF WET-HANDLED COAL ASH OPERATION TO DRY ASH
FOR BENEFICIAL USE**

HEADWATERS RESOURCES – America’s largest manager and marketer of coal combustion products – is completing the conversion of a wet-handled coal ash facility to a dry ash operation in Monroe, Michigan. The conversion to dry handling is designed to collect the coal ash before it is placed in a disposal impoundment and to make it available for safe and environmentally beneficial use in the production of concrete.

“Converting wet ash handling systems to dry handling is increasing as an important coal ash management strategy,” said Mike Adams, vice president of Headwaters Resources. “Regulatory changes on the horizon are expected to make conversions like this one even more desirable.”

The wet-to-dry conversion project under way in Michigan is located at Detroit Edison’s Monroe Power Plant – a four unit, 3,200-megawatt power station originally constructed in 1974.

The dry collection equipment is being installed in two phases. The first phase is scheduled to be completed July 15 and includes installation of equipment to collect the coal ash produced in Units 1 and 2 in a dry state, a 4,000-ton storage facility, and truck/rail loading equipment for distribution to concrete producers in the Midwest United States and Eastern Canada. Headwaters Resources is providing \$10 million in financing for the project.

The second phase of the project is scheduled to begin in 2011 or 2012 and plans include equipment to collect Units 3 and 4 and an additional 4,000-ton storage silo. When completed, Headwaters Resources estimates that it will collect annually 400,000 tons of coal ash that have

previously been placed in the on-site impoundment, and anticipates safe re-use of the fly ash in the production of concrete and concrete products.

“Utilizing coal ash in concrete has numerous performance and environmental benefits,” said Adams. “Concrete made with fly ash is stronger and more durable than concrete made with cement alone. In addition to reducing the amount of material going to landfills, coal ash utilization also allows concrete producers to use less cement. Not producing that cement conserves natural resources and reduces greenhouse gas emissions from cement production to the tune of up to 15 million tons last year alone in the United States.”

This is one of many projects Headwaters Resources has undertaken to collect and beneficially use coal ash that was previously disposed. 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.

Detroit Edison is an investor-owned electric utility serving 2.2 million customers in Southeastern Michigan and a subsidiary of DTE Energy (NYSE:DTE), a Detroit-based diversified energy company involved in the development and management of energy-related businesses and services nationwide. Information about DTE Energy is available at www.dteenergy.com.

For more information about Headwaters Resources and its coal ash disposal and marketing services, 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.