NEWS BULLETIN
FROM:
HEADWATERS INCORPORATED

RE: **Headwaters Incorporated**
10653 S. River Front Parkway, Suite 300
South Jordan, UT 84095
Phone: (801) 984-9400
NYSE: HW

FOR FURTHER INFORMATION

AT THE COMPANY:
Sharon Madden
Vice President of Investor Relations
(801) 984-9400

ANALYST CONTACT:
Tricia Ross
Financial Profiles
(916) 939-7285

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HEADWATERS PROVIDES UPDATE DURING 2010 ANALYST DAY HELD IN NEW YORK CITY

- Headwaters To Drive Growth Through New Light Building Product Development, Lean Management and Sustainability
- Light Building Products and Heavy Construction Materials Well Positioned to Rebound with Economy
- Streamlined Operations, Cost Controls, Generate Higher Margins, EBITDA

SOUTH JORDAN, UTAH –March 5, 2010 – Headwaters Incorporated (NYSE: HW), a diversified building products company dedicated to improving sustainability by transforming underutilized resources into valuable products, hosted its annual Analyst Day conference on March 4th, at the InterContinental- Barclay Hotel in New York City.

Management provided a comprehensive update on the Company's operations at this event which featured presentations by Chairman and CEO Kirk Benson, Treasurer Scott Ballard, and business unit executives Jack Lawless, Mike Adams, Murphy Lents, and Dave Ulmer.

Overview of Key Themes

The Company is focused on three primary initiatives: new product development, lean management and sustainability.

New Product Development - New products and brands in light building products have increased from 4% of revenue in 2005 to 20% of revenue in 2009, reflecting the increased importance of new products in Headwaters' revenue stream. Capitalizing on the Company's extensive distribution system, new product development is an important growth driver for

Headwaters. It currently has several new products moving through its "stage gate process", a stringent new product development program to ensure development dollars are well spent. The first new product to emerge from this process was IQm Trimboard, which addresses a $200 million market. Development of IQm Trimboard was completed in 2009, but the Company's manufacturing capacity was completely sold out even before a formal launch. To meet projected demand this year, Headwaters tripled its capacity prior to the 2010 formal launch at the International Builders show in January.

Lean Management Initiatives - Lean management initiatives are producing the intended results. Due to the success of these initiatives, the Company is ahead of plan on realizing its $22 million in cost savings slated for 2010. The Company now believes that there may be as much as $16 million of cost savings opportunities which could be recognized over 2010 and 2011.

Sustainability - Sustainability is, and always has been, part of Headwaters. The Company continues to focus on sustainable technologies, materials and processes across its business units. For example, Headwaters' light building products division is now using post-industrial waste in specialty siding manufacturing. In its heavy construction materials division, Headwaters distributes fly ash as a replacement for portland cement. In its coal cleaning business, Headwaters has successfully reduced NOx emissions, sulfur, and mercury by as much as 20% or more, creating a high quality refined coal from waste feedstock.

Business Unit Updates

Light Building Products - Through its first quarter FY 2010, revenue in Headwaters' light building products division declined 19%, but gross margins as a percent of sales increased by approximately 28% due to increased efficiencies. While costs have been substantially reduced, the light building products division has retained most of its capacity from 2006 levels, which will position the company with operating leverage as the housing market eventually rebounds. Light building products began to have positive year-over-year revenue comparisons in certain of its core remodeling product lines, particularly in the Northeast and Mid-Atlantic regions. However, it does not expect to have divisional positive year-over-year revenue comparisons until late in its fiscal year when there is further improvement in the new residential construction market. Management commented that the performance of this division typically lags new housing starts by about six months.

Heavy Construction Materials – Headwaters expects revenue improvement in its heavy construction materials business in the second half of 2010. Supporting its expectation, analysts are currently forecasting annual growth in cement consumption of 5.2% in 2010 rising to 16.5% and 14.5% in 2011 and 2012, which should benefit Headwaters. The forecasted growth in 2010 is dependent upon funds already obligated under the American Recovery & Reinvestment Act being spent to complete construction projects. Also, Headwaters continues to have very good success growing the service portion of its business, which accounted for 32% of revenues in the December 2009 quarter, up from approximately 25% in fiscal 2009. The Company has also successfully executed its strategy to expand its supply of high quality fly ash, increasing excess supply from zero in 2006 to 3 to 4 million tons today. It is projected that an economic recovery to 2006 construction levels would allow the Company to sell most or all of its currently available excess supply.

Energy Services - Headwaters' Energy Services segment continues to see narrowing losses due to the integration of its coal cleaning business and coal combustion products businesses last year. Overall, adjusted EBITDA in the segment's first quarter improved approximately 75% compared to 2009. Cost improvements continue to drive performance, but the coal cleaning business has started to make some metallurgical coal sales, which should increase its sales price per ton and result in improving margins.

Balance Sheet Update

Through a series of debt restructuring efforts in late 2009, Headwaters dramatically strengthened its balance sheet by extending debt maturities until 2014 and obtaining a new $70 million ABL facility. From a balance sheet perspective, Headwaters is well positioned with an improved risk profile and increased operating flexibility.

Outlook

The Company reported that its 2010 EBITDA forecast is based on an assumption of flat revenue and at least $22 million in cost savings. While 2010 first quarter revenue was lower than the corresponding 2009 first quarter, cost savings were ahead of forecast and Headwaters reiterated EBITDA guidance of $95 million to $105 million. Since Headwaters' business is highly seasonal, achievement of its EBITDA guidance is dependent upon performance in the June and September quarters. Additionally, the Company is targeting free cash flow of approximately $37 million in 2010.

Guest Speaker Recap

Tom Adams, President of The American Coal Ash Association (ACAA), presented as a guest speaker at the Analyst Day. Mr. Adams spoke on potential EPA disposal requirements for coal combustion products and the current political climate fly ash disposal is facing in Washington. ACAA was established in 1968 as a trade organization devoted to recycling the materials created when coal is burned to produce electricity, and works closely with other concrete/construction organizations. The EPA has ruled several times that CCP disposal does not fall under EPA regulatory control and has been a strong supporter of recycling fly ash as a substitute for portland cement. But, since the TVA ash spill several years ago, the EPA is considering regulatory changes that could give it control over disposal. Some parties have raised a concern that the contemplated regulatory changes could create a negative stigma over the use of fly ash as a substitute for portland cement. The potential regulatory changes are currently under review by the EPA and the Office of Management and Budget.

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 heavy construction materials, light building products, and energy technology industries. Through its coal combustion products, building products, and energy businesses, the Company earns a revenue stream that helps to provide the capital to fund growth of existing and 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, 2009, 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.*

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