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<!-- Based on XBRL 2.1 -->
<!-- Created on: 2/1/2011 3:16:52 PM -->
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valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td></tr></table> <p style="margin-top: 12px; margin-bottom: 0px;">Total amortization expense related to intangible assets was approximately $5.6 million and $5.5 million in 2009 and 2010, respectively. Total estimated annual amortization expense for fiscal years 2011 through 2016 is shown in the following table. </p> <p style="margin-top: 0px; margin-bottom: 0px; font-size: 12px;"> </p> <table border="0" cellspacing="0" cellpadding="0" width="68%" align="center"> <tr><td width="84%"> </td> <td valign="bottom" width="10%"> </td> <td> </td> <td> </td> <td> </td></tr> <tr><td valign="bottom" nowrap="nowrap"> <p style="border-bottom: #000000 1px solid; width: 93pt;">Year ending September 30:</p></td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center"><i>(in thousands)</i></td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">2011</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">22,224</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">2012</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">20,447</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">2013</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">19,465</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">2014</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">18,987</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">2015</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">15,068</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">2016</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">14,896</td> <td valign="bottom" nowrap="nowrap"> </td></tr></table></div></div> <p> </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Goodwill</u> – As of September 30, 2010 and December 31, 2010, Headwaters had recorded goodwill only in the heavy construction materials segment. Under the requirements of ASC Topic 350 Intangibles–Goodwill and Other, Headwaters is required to periodically test for goodwill impairment, at least annually, or sooner if indicators of possible impairment arise. Headwaters performs its annual impairment

testing as of June 30, and accordingly, will perform an impairment test of the goodwill in the heavy construction materials segment as of June 30, 2011, which test will be completed prior to September 30, 2011. </p> </div></hw:LongLivedAssetsTextBlock>
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Headwaters believes that many of its branded products have a leading market position. Revenues from Headwaters' light building products businesses are diversified geographically and also by market, including the new housing and residential repair and remodeling markets, as well as commercial construction markets. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The heavy construction materials segment is a nationwide leader in the management and marketing of coal combustion products (CCPs), including fly ash used as a replacement for portland cement. Headwaters' heavy construction materials business is comprised of a nationwide storage and distribution network and also provides CCP disposal and other services. Revenue is diversified geographically and by market. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The energy technology segment is focused on reducing waste and increasing the value of energy-related feedstocks, primarily in the areas of low-value coal and oil. In coal, Headwaters owns and operates coal cleaning facilities that separate ash from waste coal to provide a refined coal product that is higher in Btu value and lower in impurities than the feedstock coal. In oil, Headwaters believes that its heavy oil upgrading technology represents a substantial improvement over current refining technologies. Headwaters' heavy oil upgrading process uses a liquid catalyst precursor to generate a highly active molecular catalyst to convert low-value residual oil from refining into higher-value distillates that can be further refined into gasoline, diesel and other products. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Basis of Presentation</u> – Headwaters' fiscal year ends on September 30 and unless otherwise noted, references to 2009 refer to Headwaters' fiscal quarter ended December 31, 2009 and references to 2010 refer to Headwaters' fiscal quarter ended December 31, 2010. Other references to years refer to Headwaters' fiscal year rather than a calendar year. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The condensed consolidated financial statements include the accounts of Headwaters, all of its subsidiaries and other entities in which Headwaters has a controlling interest. All significant intercompany transactions and accounts are eliminated in consolidation. Due to the seasonality of most of Headwaters' operations and other factors, the consolidated results of operations for any particular period are not indicative of the results to be expected for a full fiscal year. For both 2009 and 2010, approximately 13% of Headwaters' total revenue and cost of revenue was for services. Substantially all service-related revenue for both periods was in the heavy construction materials segment. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (SEC) for quarterly reports on Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included, and consist of normal recurring adjustments. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Headwaters' Annual Report on Form 10-K for the year ended September 30, 2010 (Form 10-K). </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Recent Accounting Pronouncements</u> – <i>Variable Interest Entities.</i> In June 2009, the FASB issued a new standard amending the consolidation guidance applicable to variable interest entities (ASC Topic 810 Consolidation). The new provisions, which significantly affect the overall analysis of which entities may be required to be consolidated, were effective for Headwaters as of October 1, 2010. These new rules do not require any changes in the entities Headwaters consolidates but could have an effect on the entities required to be consolidated in future periods. </p> <p style="margin-top: 6px; margin-bottom: 0px; font-size: 1px;"> </p> <p style="margin-top: 0px; margin-bottom: 0px;"><i>Other.</i> Headwaters has reviewed all other recently issued accounting standards which have not yet been adopted in order to determine

their potential effect, if any, on the results of operations or financial position of Headwaters. Based on that review, Headwaters does not currently believe that any of these other recent accounting pronouncements will have a significant effect on its current or future financial position, results of operations, cash flows or disclosures. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Reclassifications</u> – Certain prior period amounts have been reclassified to conform to the current period's presentation. The reclassifications had no effect on net income or total assets. </p></div> </div></hw:NatureOfOperationsAndBasisOfPresentationTextBlock>
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free cash flow generated during the six-month performance period ended September 30, 2010, using a threshold/target/maximum adjustment structure. The free cash flow generated during the performance period exceeded the maximum level, and accordingly, the awards will vest and be settled in cash in annual installments at the end of fiscal 2011 and 2012, provided the participant is still employed by Headwaters at the respective vesting dates. The awards will be further adjusted using Headwaters' average stock price for the 60 days immediately preceding each vest date. </p> <p style="margin-top: 12px; margin-bottom: 0px;">In the December 2010 quarter, Headwaters recognized approximately $0.6 million of expense related solely to the increase in the average 60-day stock price from September 30, 2010 to December 31, 2010. Likewise, all future changes in Headwaters' stock price through the final vest date of September 30, 2012 will result in adjustment of the expected liability, which adjustment (whether positive or negative) will be reflected in Headwaters' statements of operations each quarter. Assuming the average closing stock price for the 60 days in the period ended December 31, 2010 of $4.26 remains unchanged for the September 30, 2011 and 2012 vesting dates, the payouts under this arrangement, all of which have been accrued as of December 31, 2010, would be approximately $3.1 million. </p> <p style="margin-top: 12px; margin-bottom: 0px;">In the December 2010 quarter, in accordance with terms of the 2010 ICP, the Committee approved grants of performance unit awards to participants in the corporate business unit related to consolidated free cash flow generated during fiscal year 2011, with terms similar to those described above for the 2010 six-month period. The ultimate liability for the 2011 year performance unit awards will be adjusted depending on fiscal 2011 performance as well as changes in Headwaters' stock price through the final vest date of September 30, 2013. As of December 31, 2010, approximately $0.5 million has been accrued for these awards. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><i>Cash-Settled SAR Grants.</i> Also during the December 2010 quarter, the Committee approved grants to certain employees of approximately 0.4 million cash-settled SARs. These SARs will vest in annual installments through September 30, 2013, provided the participant is still employed at the respective vesting dates, and will be settled in cash upon exercise by the employee. The SARs terminate on September 30, 2015 and must be exercised on or before that date. As of December 31, 2010, less than $0.1 million has been accrued for these awards. Future changes in Headwaters' stock price (in any amount beyond the grant-date stock price) through September 30, 2015 will result in adjustment to the expected liability, which adjustment (whether positive or negative) will be reflected in Headwaters' statements of operations each quarter. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Property, Plant and Equipment</u> – As of December 31, 2010, Headwaters was committed to spend approximately $0.6 million on capital projects that were in various stages of completion. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Legal Matters</u> – Headwaters has ongoing litigation and asserted claims which have been incurred during the normal course of business, including the specific matters discussed below. Headwaters intends to vigorously defend or resolve these matters by settlement, as appropriate. Management does not currently believe that the outcome of these matters will have a material adverse effect on Headwaters' operations, cash flow or financial position. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Historically, costs paid to outside legal counsel for litigation have comprised a majority of Headwaters' litigation-related costs. Headwaters incurred approximately $1.2 million and $0.4 million of expense for legal matters in 2009 and 2010, respectively, which consisted primarily of costs for outside legal counsel. Headwaters currently believes the range of potential loss for all unresolved matters, excluding costs for outside counsel, is from $1.0 million up to the amounts sought by claimants and has recorded a total liability as of December 31, 2010 of $1.0 million. Claims and damages sought by claimants in excess of this amount are not deemed to be probable. Headwaters' outside counsel currently believe that unfavorable outcomes of outstanding litigation are neither probable nor remote and declined to express opinions concerning the likely outcomes or liability to Headwaters. Accordingly, management cannot express an opinion as to the ultimate amount, if any, of Headwaters' liability, nor is it possible to estimate what litigation-related costs will be in future periods. The specific matters discussed below raise difficult and complex legal and factual issues, and the resolution of these issues is subject to many uncertainties, including the facts and circumstances of each case, the jurisdiction in which each case is brought, and the future decisions of juries, judges, and arbitrators. Therefore, although management believes that the claims asserted against Headwaters in the named cases lack merit, there is a possibility of material losses in excess of the amounts accrued if one or more of the cases were to be determined adversely against Headwaters for a substantial amount of the damages asserted. It is possible that a change in the estimates of probable liability could occur, and the changes could be material. Additionally, as with any litigation, these proceedings require that Headwaters incur substantial costs, including attorneys' fees, managerial time and other personnel resources, in pursuing resolution. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><font style="font-family: Times New Roman;" class="_mt" size="2"><i>Boynton</i>. In

1998, Headwaters entered into a technology purchase agreement with James G. Davidson and Adtech, Inc. The transaction transferred certain patent and royalty rights to Headwaters related to a synthetic fuel technology invented by Davidson. In 2002, Headwaters received a summons and complaint from the United States District Court for the Western District of Tennessee filed by former stockholders of Adtech alleging, among other things, fraud, conspiracy, constructive trust, conversion, patent infringement and interference with contract arising out of the 1998 technology purchase agreement entered into between Davidson and Adtech on the one hand, and Headwaters on the other. All claims against Headwaters were dismissed in pretrial proceedings except claims of conspiracy and constructive trust. The District Court certified a class comprised of substantially all purported stockholders of Adtech, Inc. The plaintiffs sought compensatory damages from Headwaters in the approximate amount of $43.0 million plus prejudgment interest and punitive damages. In June 2009, a jury reached a verdict in a trial in the amount of $8.7 million for the eight named plaintiffs representing a portion of the class members. In September 2010, a jury reached a verdict after a trial for the remaining 46 members of the class in the amount of $7.3 million. The parties have filed motions requesting that the trial court modify the damages as a matter of law. In January 2011, the trial court held a hearing on the equitable claim and equitable defenses as to all members of the class. It is not known when the court will rule on the pending motions, constructive trust claim, and defenses. It is not expected that a final judgment will be entered by the trial court until it decides pending issues. Once final judgment is entered, the parties may seek relief from judgment by motion to the trial court and by appeal from the final judgment. Because the resolution of the litigation is uncertain, legal counsel and management cannot express an opinion as to the ultimate amount, if any, of Headwaters' liability. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><i>Mainland Laboratory.</i> HRI entered into a license agreement for the use of a fly ash carbon treatment technology with Mainland Laboratory, LTD (Mainland) in 2000. The agreement grants exclusive rights to the patented carbon treatment technology owned by Mainland. In 2006, HRI became aware of prior art relating to the Mainland patented technology which Headwaters believed invalidated the Mainland patent and HRI stopped paying royalties under the agreement. In 2007, Mainland filed suit against HRI in the United States District Court for the Southern District of Texas with a demand for arbitration under the terms of the license agreement, for breach of contract and patent infringement. Mainland is seeking approximately $23.0 million in damages, enhancement of any damages award based on alleged willful infringement of its patent, and recovery of its costs associated with the litigation, including its attorneys' fees. Additionally, Mainland is seeking an injunction to stop HRI from practicing the technology covered by the patent. In fiscal 2009, the District Court ruled that Mainland's patent is invalid and remanded the case to arbitration for further proceedings; however, there has been no scheduling activity in the arbitration. Because the resolution of remaining claims in arbitration is uncertain, legal counsel and management cannot express an opinion concerning the likely outcome of this matter or the liability of HRI, if any. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><font style="font-family: Times New Roman;" class="_mt" size="2"><i>Fentress Families Trust</i>. VFL Technology Corporation (VFL), acquired by HRI in 2004, provides services related to fly ash disposal to Virginia Electric and Power Company. Approximately 395 plaintiffs, most of whom are homeowners living in the City of Chesapeake, Virginia, filed a complaint in March 2009 in the State of Virginia Chesapeake Circuit Court against 16 named defendants, including Virginia Electric and Power Company, certain persons associated with the Battlefield Golf Course, including the owner, developer, and contractors, and others, including VFL and HRI. The complaint alleges that fly ash used to construct the golf course has contaminated area ground water exposing plaintiffs to toxic chemicals and causing property damage. The amended complaint alleges negligence and nuisance and seeks a new water system, monitoring costs, site clean-up, and other damages totaling approximately $1.8 billion, including certain injunctive relief. A second lawsuit was filed in August 2009 and has been consolidated with the first action where approximately 62 plaintiffs have sued essentially the same defendants, alleging similar claims and requests for damages, in excess of $1.5 billion. The court ordered plaintiffs to provide a more detailed statement of their case to which defendants will respond. A defendant filed a cross-claim for indemnity, breach of contract, negligent and intentional misrepresentation, and tortious interference against other defendants, including HRI, claiming compensatory damages of approximately $15.0 million, punitive damages, as well as remediation of the golf course site. After the pleadings are finalized, discovery will begin. HRI has filed insurance claims, which are the subject of dispute and a separate lawsuit, although insurance is paying for the defense of the case. The amount of the claims against HRI exceeds the amount of insurance. Because resolution of the litigation is uncertain, legal counsel and management cannot express an opinion as to the ultimate amount, if any, of HRI's liability, or the insurers' obligation to indemnify HRI against loss, if any. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><i>Archstone</i>. Archstone owns an apartment complex in Westbury, New York. Archstone alleges that moisture penetrated the building envelope and damaged moisture sensitive parts of the buildings which began to rot and grow mold. In 2008, Archstone evicted its tenants and began repairing the twenty-one apartment buildings. Also in 2008, Archstone filed a complaint in the Nassau County Supreme Court of the State of New York against the prime contractor and its performance bond surety, the designer, and Eldorado Stone, LLC which supplied architectural stone that was installed by others during construction. The prime contractor then sued over a dozen

subcontractors who in turn sued others. Archstone claims as damages approximately $36.0 million in repair costs, $15.0 million in lost lease payments, $7.0 million paid to tenants who sued Archstone, and $7.0 million for class action defense fees, plus prejudgment interest and attorney's fees. Eldorado Stone answered denying liability and tendered the matter to its insurers who are paying for the defense of the case. The court has dismissed all claims against Eldorado Stone, except the claim of negligence. Because the resolution of the action is uncertain, legal counsel and management cannot express an opinion concerning the likely outcome of this matter, the liability of Eldorado Stone, if any, or the insurers' obligation to indemnify Eldorado Stone against loss, if any. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><i>Headwaters Building Products Matters. </i>There are litigation and pending and threatened claims made against certain subsidiaries of Headwaters Building Products (HBP), a division within Headwaters' light building products segment, with respect to several types of exterior finish systems manufactured and sold by its subsidiaries for application by contractors on residential and commercial buildings. Typically, litigation and these claims are defended by such subsidiaries' insurance carriers. The plaintiffs or claimants in these matters have alleged that the structures have suffered damage from latent or progressive water penetration due to some alleged failure of the building product or wall system. One claim involves alleged defects associated with components of an Exterior Insulating and Finish System (EIFS) which was produced for a limited time (through 1997) by the HBP subsidiaries. Other claims involve alleged liabilities associated with certain stucco, mortar, aerated concrete block and architectural stone products which are produced and sold by certain subsidiaries of HBP. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Typically, the claims cite damages for alleged personal injuries and punitive damages for alleged unfair business practices in addition to asserting more conventional damage claims for alleged economic loss and damage to property. To date, claims made against such subsidiaries have been paid by their insurers, with the exception of minor deductibles or self-insured retentions, although such insurance carriers typically have issued "reservation of rights" letters. While, to date, none of these proceedings have required that HBP incur substantial costs, there is no guarantee of insurance coverage or continuing coverage. These and future proceedings may result in substantial costs to HBP, including attorneys' fees, managerial time and other personnel resources and costs. Adverse resolution of these proceedings could have a materially negative effect on HBP's business, financial condition, and results of operation, and its ability to meet its financial obligations. Although HBP carries general and product liability insurance, HBP cannot assure that such insurance coverage will remain available, that HBP's insurance carrier will remain viable, or that the insured amounts will cover all future claims in excess of HBP's uninsured retention. Future rate increases may also make such insurance uneconomical for HBP to maintain. In addition, the insurance policies maintained by HBP exclude claims for damages resulting from exterior insulating finish systems, or EIFS, that have manifested after March 2003. Because resolution of the litigation and claims is uncertain, legal counsel and management cannot express an opinion as to the ultimate amount, if any, of HBP's liability. </p> <p style="margin-top: 0px; margin-bottom: 0px;"><i>Other</i>. Headwaters and its subsidiaries are also involved in other legal proceedings that have arisen in the normal course of business. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Section 45K Tax Credits</u> – In prior years, Headwaters claimed Section 45K tax credits for synthetic fuel sales from facilities in which it owned an interest. As described in Note 7, the IRS is currently auditing Headwaters for the years 2005 through 2008. In connection with those audits, the IRS issued a report disallowing certain Section 45K tax credits for the 2005 and 2006 years based upon a facility placed-in-service issue, which could have resulted in payment of up to $15.1 million of additional taxes, plus any penalties and interest. In addition, the IRS could have disallowed approximately $6.3 million of Section 45K tax credits generated by one of the facilities that Headwaters claimed in its 2007 and 2008 tax years based upon the same issue. Subsequent to December 31, 2010, the IRS issued technical advice which sustains Headwaters' placed-in-service tax position with regard to $19.7 million of the total $21.4 million of Section 45K tax credits referenced above. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Section 45 Tax Credits</u> – As explained in Note 7, Headwaters' effective tax rate for 2009 was different from the statutory rate in part due to refined coal tax credits related to facilities that Headwaters owns and operates. Headwaters believes a significant portion of the refined coal produced at these facilities and sold to qualified buyers qualifies for tax credits under Section 45 (which are different from the Section 45K tax credits discussed above) of the Internal Revenue Code. In September 2010, the IRS issued Notice 2010-54 (Notice) giving some public guidance about how this tax credit program will be administered and some of the restrictions on the availability of such credits. Among other things, the Notice requires that for coal cleaning operations to qualify for Section 45 credits, the facilities must have been put into service for the purpose of producing refined coal and must produce refined coal from waste coal. In addition, the Notice gives guidance about the testing that must be conducted to certify the emissions reduction required by Section 45. Based on the language of Section 45 and the Notice, Headwaters believes that its coal cleaning facilities are eligible for Section 45 refined coal tax credits, and as a result, has recognized a

benefit for such credits in its income tax provisions beginning in fiscal 2007 and continuing through fiscal 2010. The ability to claim tax credits is dependent upon a number of conditions, including, but not limited to: </p> <p style="margin-top: 0px; margin-bottom: 0px; font-size: 6px;"> </p> <table style="border-collapse: collapse;" border="0" cellspacing="0" cellpadding="0" width="100%"> <tr><td width="5%"> </td> <td valign="top" width="2%" align="left">•</td> <td valign="top" width="1%"> </td> <td valign="top" align="left"> <p align="left">Placing facilities in service on or before December 31, 2008; </p></td></tr></table> <p style="margin-top: 0px; margin-bottom: 0px; font-size: 6px;"> </p> <table style="border-collapse: collapse;" border="0" cellspacing="0" cellpadding="0" width="100%"> <tr><td width="5%"> </td> <td valign="top" width="2%" align="left">•</td> <td valign="top" width="1%"> </td> <td valign="top" align="left"> <p align="left">Producing a fuel from coal that is lower in NO_x and either SO_x or mercury emissions by the specified amount as compared to the emissions of the feedstock; </p></td></tr></table> <p style="margin-top: 0px; margin-bottom: 0px; font-size: 6px;"> </p> <table style="border-collapse: collapse;" border="0" cellspacing="0" cellpadding="0" width="100%"> <tr><td width="5%"> </td> <td valign="top" width="2%" align="left">•</td> <td valign="top" width="1%"> </td> <td valign="top" align="left"> <p align="left">Producing a fuel at least 50% more valuable than the feedstock; and </p></td></tr></table> <p style="margin-top: 0px; margin-bottom: 0px; font-size: 6px;"> </p> <table style="border-collapse: collapse;" border="0" cellspacing="0" cellpadding="0" width="100%"> <tr><td width="5%"> </td> <td valign="top" width="2%" align="left">•</td> <td valign="top" width="1%"> </td> <td valign="top" align="left"> <p align="left">Sale of the fuel to a third party for the purpose of producing steam. </p></td></tr></table> <p style="margin-top: 12px; margin-bottom: 0px;">Headwaters is under audit by the IRS concerning its Section 45 tax credits. There are multiple bases upon which the IRS may challenge the tax credits, including whether Headwaters' facilities were placed in service for the purpose of producing refined coal, whether the facilities use waste coal as a feedstock, and whether the testing methods and certifications adequately demonstrate the required emissions reductions. In addition, Congress may modify or repeal Section 45 so that these tax credits may not be available in the future. Through September 30, 2010, Headwaters recognized income tax benefits totaling approximately $15.9 million related to Section 45 tax credits. During the December 2010 quarter, Headwaters generated an additional $2.1 million of Section 45 tax credits; however, a full valuation allowance has been provided on these tax credits as explained in Note 7. </p> <p style="padding-bottom: 0px; margin-top: 12px; margin-bottom: 0px;">In the Energy Improvement and Extension Act of 2008, Congress extended the benefits of Section 45 tax credits to refined coal facilities placed in service during calendar 2009. For refined coal facilities placed in service in calendar year 2009, Congress also eliminated the Section 45 requirement that there be a 50% increase in market value but increased the emissions reduction required of either SO_x or mercury to 40% from 20%. Headwaters believes that its facilities generate refined coal tax credits under the original provisions of Section 45 outlined in the preceding paragraphs. </p></div> </div></us-gaap:CommitmentsAndContingenciesDisclosureTextBlock>
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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class="_mt" size="2">Shares issuable upon conversion of convertible notes</p></td>
<td valign="bottom"> </td> <td
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loss of approximately $19.1 million. </p> <p style="margin-top: 12px; margin-bottom: 0px;">A valuation allowance is required when there is significant uncertainty as to the realizability of deferred tax assets. Because the realization of the deferred tax assets related to most of Headwaters' NOLs, capital losses and tax credits is dependent upon future income or capital gains related to domestic and foreign jurisdictional operations that have historically generated losses, management determined that Headwaters no longer meets the "more likely than not" threshold that those NOLs, capital losses and tax credits will be realized. Accordingly, a valuation allowance is required. </p> <p style="margin-top: 0px; margin-bottom: 0px;">The estimated effective income tax rate for fiscal 2011 of negative (5)% is due primarily to the combination of not recognizing benefit for expected pre-tax losses and tax credits, but recognizing state income taxes in certain state jurisdictions where Headwaters expects to generate taxable income. As of December 31, 2010, Headwaters' NOL carryforwards total approximately $30.0 million. The U.S. and state NOLs and capital losses expire from 2012 to 2031. Substantially all of the non-U.S. NOLs do not expire. In addition, there are approximately $19.0 million of tax credit carryforwards as of December 31, 2010, which expire from 2014 to 2031. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The estimated effective tax rate for fiscal 2010 of 51%, which estimated rate was used to calculate income taxes in the December 2009 quarter, exclusive of discrete items, was higher than the statutory rate primarily due to a pre-tax loss projected for the 2010 fiscal year combined with projected Section 45 refined coal tax credits, which increases the income tax benefit otherwise recorded. The discrete items recorded in the December 2009 quarter represented primarily changes in estimates related to tax credits and other permanent differences. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Section 45 refined coal tax credits are generated by coal cleaning facilities that Headwaters owns and operates. Headwaters believes it is more likely than not that a significant portion of the refined coal produced at its coal cleaning facilities qualifies for tax credits pursuant to Section 45 of the Internal Revenue Code, notwithstanding the uncertainties and risks associated with the tax credits, as more fully described in Note 11. Excluding the effect of Section 45 tax credits, Headwaters' estimated effective tax rate for fiscal 2010 would have been approximately 33%, which was lower than the statutory rate due primarily to the effect of valuation allowances and permanent differences. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The calculation of tax liabilities involves uncertainties in the application of complex tax regulations in multiple jurisdictions. For example, Headwaters is currently under audit by the IRS for the years 2005 through 2008 and has open tax periods subject to examination by both federal and state taxing authorities for the years 2005 through 2010. Headwaters recognizes potential liabilities for anticipated tax audit issues in the U.S. and state tax jurisdictions based on estimates of whether, and the extent to which, additional taxes and interest will be due. If events occur (or do not occur) as expected and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when it is determined the liabilities are no longer required to be recorded in the consolidated financial statements. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result. It is reasonably possible that the amount of Headwaters' unrecognized income tax benefits will change significantly within the next 12 months. These changes could be the result of Headwaters' ongoing tax audits or the settlement of outstanding audit issues. However, due to the number of years under audit and the matters being examined, at the current time, an estimate of the range of reasonably possible outcomes cannot be made, beyond amounts currently accrued. </p></div></div></div></div></div>
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  $495.8 million as of September 30, 2010 and $485.8 million as of December 31, 2010.
  As of those dates, long-term debt consisted of the following: </font></p> <p style="margin-top:
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  </i></font></p></td> <td valign="bottom"><font class="_mt"
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  class="_mt" size="1">  </font></td> <td style="border-bottom: #000000 1px
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```

style="font-family: Times New Roman;" class="_mt" size="2">325,800</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">325,950</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr><td height="8"> </td> <td height="8" colspan="4"> </td> <td height="8" colspan="4"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Convertible senior subordinated notes:</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">16%, due 2016 with put date of June 2012 (face amount $19,277 at September 30, 2010 and $9,233 at December 31, 2010), net of discount</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">18,152</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">8,773</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">2.50%, due 2014 (face amount $120,900), net of discount</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">101,120</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">102,485</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">14.75%, due 2014 (face amount $27,370), net of discount</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">24,803</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">24,986</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Total convertible notes, net of applicable discounts</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">144,075</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right"><font

style="font-family: Times New Roman;" class="_mt" size="2">136,244</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Carrying amount of long-term debt, net of discounts</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">469,875</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">462,194</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td></tr></table> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Former Senior Secured Debt</u> – Headwaters' senior secured borrowings as of September 30, 2009 consisted of a first lien term loan in the amount of $163.0 million, plus $25.0 million outstanding under an associated revolving credit arrangement. As described below, in October 2009 Headwaters issued new senior secured notes due 2014 totaling $328.3 million and used most of the proceeds to repay all amounts owed under the senior secured credit facility, at which time the facility was terminated. In connection with the termination of the credit facility and early repayment of the debt, Headwaters wrote off all remaining related debt issue costs, aggregating approximately $2.0 million. In addition, in connection with consultations related to recapitalization transactions that occurred in October 2009 and other periods, Headwaters incurred $3.3 million of costs that were expensed during the December 2009 quarter, which amount is included in selling, general and administrative expenses in the 2009 consolidated statement of operations. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>Senior Secured Notes</u> – In October 2009, Headwaters issued new senior secured notes aggregating approximately $328.3 million, for net proceeds of approximately $316.2 million. Headwaters used most of the proceeds to repay all of its obligations under the former senior secured credit facility and virtually all of the outstanding 2.875% convertible senior subordinated notes. Also in October 2009, Headwaters entered into a $70.0 million asset-based revolving loan facility (ABL Revolver). Significant terms of the senior secured notes and the ABL Revolver, as amended, are described in the following paragraphs. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The senior secured notes mature in November 2014 and bear interest at a rate of 11.375%, payable semiannually. The notes were issued at 99.067% of face value, or a discount of approximately $3.1 million, which discount is being amortized to interest expense over the five-year term. The notes are secured by substantially all assets of Headwaters, with the exception of joint venture assets; however, the note holders have a second priority position with respect to the assets that secure the ABL Revolver, currently consisting of certain trade receivables and inventories of Headwaters' light building products and heavy construction materials segments. The notes are senior in priority to all other outstanding and future subordinated debt. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Prior to November 2012, the senior secured notes can be redeemed with proceeds from one or more equity offerings, provided a premium of 11.375% of the face amount of notes is paid and at least 65% of the aggregate principal amount of notes issued remain outstanding following redemption. Otherwise, the senior secured notes can be redeemed at a price equal to 100% of the principal amount of the notes to be redeemed plus an applicable premium, as defined. From November 2012 until November 2013, the notes can be redeemed at face value plus a premium payment of approximately 5.7% of the face amount of notes, and from November 2013 until maturity, the notes can be redeemed at face value. Following certain asset sales, as defined, Headwaters could be required to prepay a portion of the outstanding notes. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The senior secured notes limit

Headwaters in the incurrence of additional debt and liens on assets, prepayment of subordinated debt, merging or consolidating with another company, selling all or substantially all assets, making investments and the payment of dividends or distributions, among other things. Headwaters was in compliance with all debt covenants as of December 31, 2010. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>ABL Revolver</u> – As of December 31, 2010, Headwaters had no borrowings outstanding under the ABL Revolver. Availability under the ABL Revolver cannot exceed $70.0 million, which includes a $35.0 million sub-line for letters of credit and a $10.5 million swingline facility. Availability under the ABL Revolver is further limited by the borrowing base valuations of the assets of Headwaters' light building products and heavy construction materials segments which secure the borrowings, currently consisting of certain trade receivables and inventories. In addition to the first lien position on these assets, the ABL Revolver lenders have a second priority position on substantially all other assets of Headwaters. As of December 31, 2010, availability under the ABL Revolver was approximately $48.1 million. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Outstanding borrowings under the ABL Revolver accrue interest at Headwaters' option, at either i) the London Interbank Offered Rate (LIBOR) plus 2.25%, 2.50% or 2.75%, depending on Headwaters' fixed charge coverage ratio; or ii) the "Base Rate" plus 1.0%, 1.25% or 1.5%, again depending on the fixed charge coverage ratio. The base rate is subject to a floor equal to the highest of i) the prime rate, ii) the federal funds rate plus 0.5%, and iii) the 30-day LIBOR rate plus 1.0%. Fees on the unused portion of the ABL Revolver range from 0.25% to 0.50%, depending on the amount of the credit facility which is utilized. If there would have been borrowings outstanding under the ABL Revolver as of December 31, 2010, the interest rate on those borrowings would have been approximately 3.1%. The ABL Revolver terminates three months prior to the earliest maturity date of the senior secured notes or any of the convertible senior subordinated notes, but no later than October 2014, at which time any amounts borrowed must be repaid. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The ABL Revolver contains restrictions and covenants common to such agreements, including limitations on the incurrence of additional debt and liens on assets, prepayment of subordinated debt, merging or consolidating with another company, selling assets, making capital expenditures, making acquisitions and investments and the payment of dividends or distributions, among other things. In addition, if availability under the ABL Revolver is less than a specified percentage, Headwaters is required to maintain a monthly fixed charge coverage ratio of at least 1.0x for the preceding twelve-month period. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>2.875% Convertible Senior Subordinated Notes Due 2016</u> – In October 2009, Headwaters repaid virtually all of the remaining balance of $71.8 million of the 2.875% convertible senior subordinated notes with a portion of the proceeds from the new issuance of senior secured notes described above. In connection with the October 2009 early repayment of the 2.875% notes, Headwaters wrote off all remaining related debt issue costs, aggregating approximately $0.6 million. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>16% Convertible Senior Subordinated Notes Due 2016</u> – The Form 10-K includes a detailed description of Headwaters' 16% convertible senior subordinated notes. In November 2010, Headwaters repurchased and canceled approximately $10.0 million in aggregate principal amount of the 16% notes. Terms of repayment included premiums totaling approximately $1.7 million, which were recorded as interest expense. Accelerated debt discount and debt issue costs aggregating approximately $0.6 million were also charged to interest expense. Following the repurchases, approximately $9.2 million of these notes remained outstanding as of December 31, 2010. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Headwaters may redeem any portion of the 16% notes on or after June 4, 2012. In addition, the holders of the notes have the right to require Headwaters to repurchase all or a portion of the notes on June 1, 2012. </p> <p style="margin-top: 12px; margin-bottom: 0px;"><u>2.50% and 14.75% Convertible Senior Subordinated Notes Due 2014</u> – The Form 10-K includes a detailed description of Headwaters' 2.50% and 14.75% convertible senior subordinated notes. The 2.50% and 14.75% notes are subordinate to the senior secured notes and rank equally with the 16% convertible senior subordinated notes and any future issuances of senior subordinated debt. </p> <p style="margin-top: 0px; margin-bottom: 0px;"><u>Interest and Debt Maturities</u> – During 2009 and 2010, Headwaters incurred total interest costs of approximately $17.7 million and $17.1 million, respectively, including approximately $5.4 million and $3.2 million, respectively, of non-cash interest expense and approximately $0.2 million and $0 million, respectively, of interest costs that were capitalized. Interest income was approximately $0.1 million for both 2009 and 2010. The weighted-average interest rate on the face amount of outstanding long-term debt, disregarding amortization of debt discount and debt issue costs, was approximately 9.6% at September 30, 2010 and 9.4% at December 31, 2010. </p> <p style="margin-top: 12px; margin-bottom: 0px;">There are currently no maturities of debt prior to 2014, unless the holders of the 16% convertible senior subordinated notes exercise

their put option in 2012 (or Headwaters calls the notes for redemption). </p></div>
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New Roman;" class="_mt" size="2">Cash and cash equivalents</p></td> <td
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New Roman;" class="_mt" size="2">21,168</td> <td valign="bottom"
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt"
size="2">— </td> <td valign="bottom" nowrap="nowrap"> </td> <td
valign="bottom"> </td> <td valign="bottom">$</td> <td
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valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="2">77,590</td> <td valign="bottom" nowrap="nowrap"><font
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(3,016</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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size="2">0</td> <td valign="bottom" nowrap="nowrap"><font style="font-
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    </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
    class="_mt" size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom">
    </td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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    size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
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    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
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    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
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    class="_mt" size="1">  </font></td> <td valign="bottom"><font style="font-
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    <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
    class="_mt" size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom">
    </td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">637,046</td> <td
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size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2">0</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
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</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">
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valign="bottom"> </td> <td valign="bottom"> </td>
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payable</p></td> <td valign="bottom"><font class="_mt"
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size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt"
size="2">— </td> <td valign="bottom" nowrap="nowrap"> </td> <td
valign="bottom"> </td> <td valign="bottom">$</td> <td
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Times New Roman;" class="_mt" size="2"> </td></tr> <tr><td
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<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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Times New Roman;" class="_mt" size="2">17,797</font></td> <td valign="bottom"
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and deferred income taxes</font></p></td> <td valign="bottom"><font class="_mt"
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size="2">) </font></td> <td valign="bottom"><font class="_mt"
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(3,016</b></font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"><b>) </b></font></td> <td
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liabilities:</b></font></p></td> <td valign="bottom"><font class="_mt"
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<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
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<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">469,875</font></td> <td valign="bottom"
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(104,685</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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contingencies</p></td> <td valign="bottom"><font class="_mt"
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<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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<td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr><td height="8"> </td> <td
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</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
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<tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family:
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(209,346</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">60</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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class="_mt" size="2">Capital in excess of par value</p></td> <td
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valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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Times New Roman;" class="_mt" size="2">249,152</td> <td valign="bottom"
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size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">633,171</td> <td
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(249,152</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">633,171</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(95,780</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"

size="1"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(255,160</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(350,940</td> <td valign="bottom" nowrap="nowrap">) </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Other</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(350</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(350</td> <td valign="bottom" nowrap="nowrap">) </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 5em;">Total stockholders' equity</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">362,368</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">378,071</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right"> (458,498</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">281,941</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td

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#000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr
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stockholders' equity</p></td> <td valign="bottom"><font class="_mt"
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Roman;" class="_mt" size="2">$</td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
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size="2"> </td> <td valign="bottom"><font class="_mt"
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Roman;" class="_mt" size="2">$</td> <td valign="bottom"
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size="2">915,854</td> <td valign="bottom" nowrap="nowrap"><font
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom"
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(563,183</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td> <td
valign="bottom"> </td> <td valign="bottom">$</td> <td
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size="2">888,974</td> <td valign="bottom" nowrap="nowrap"><font
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size="2"> </td></tr> <tr style="font-size: 1px;"><td
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valign="bottom"> </td> <td style="border-top: #000000 3px double;"
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valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td
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class="_mt" size="2">CONDENSED CONSOLIDATING BALANCE SHEET –
December 31, 2010 </p> <p style="margin-top: 0px; margin-bottom: 0px;
font-size: 12px;"> </p> <table border="0" cellspacing="0" cellpadding="0" width="100%"
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</td> <td> </td> <td valign="bottom" width="3%"> </td> <td> </td> <td> </td> <td>
</td> <td valign="bottom" width="3%"> </td> <td> </td> <td> </td> <td> </td></tr>
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width: 45pt;"><i>(in
thousands)</i></p></td> <td valign="bottom"><font class="_mt"
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class="_mt" size="1">Guarantor
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class="_mt" size="1">Parent
Company</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
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size="1">Eliminations and
Reclassifications</td> <td
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class="_mt" size="1">Headwaters
Consolidated</td> <td
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size="2">ASSETS</p></td> <td valign="bottom"><font class="_mt"
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    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
    <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"> </td>
    <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr><td height="8"> </td> <td
    height="8" colspan="4"> </td> <td height="8" colspan="4"> </td> <td height="8"
    colspan="4"> </td> <td height="8" colspan="4"> </td></tr> <tr><td valign="top"> <p
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    class="_mt" size="1">  </font></td> <td valign="bottom"> </td> <td
    valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
    <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"> </td>
    <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td
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    valign="bottom"><font class="_mt" size="1">  </font></td> <td
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    size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
    Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
    style="font-family: Times New Roman;" class="_mt"
    size="2">&#8212;  </font></td> <td valign="bottom" nowrap="nowrap"><font
    style="font-family: Times New Roman;" class="_mt" size="2">  </font></td> <td
    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
    style="font-family: Times New Roman;" class="_mt" size="2">$</font></td> <td
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    valign="bottom"><font class="_mt" size="1">  </font></td> <td
    valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
    <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
    style="font-family: Times New Roman;" class="_mt" size="2"> </font></td> <td
    valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
    size="2">70,582</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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    <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2">40,145</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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size="2"> </td> <td valign="bottom"><font class="_mt"
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<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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Times New Roman;" class="_mt" size="2">0</td> <td valign="bottom"
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    style="font-family: Times New Roman;" class="_mt" size="2"> </font></td> <td
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    size="2">(101,070</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-
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    class="_mt" size="2"><b>Total other assets</b></font></p></td> <td valign="bottom"><font
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(4,143</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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    Times New Roman;" class="_mt" size="2">462,194</font></td> <td valign="bottom"
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    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
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    (101,070</b></font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
    Times New Roman;" class="_mt" size="2"><b>) </b></font></td> <td
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bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 5em;">Total liabilities</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">158,419</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">522,521</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(105,213</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">575,727</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Commitments and contingencies</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr><td height="8"> </td> <td height="8" colspan="4"> </td> <td height="8" colspan="4"> </td> <td height="8" colspan="4"> </td> <td height="8" colspan="4"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Stockholders' equity:</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Common stock</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">209,346</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">61</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"><font class="_mt"

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class="_mt" size="2">Capital in excess of par value</p></td> <td
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valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
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nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(249,152</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">634,466</td> <td
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margin-left: 3em;">Retained
earnings (accumulated deficit)</p></td> <td valign="bottom"><font class="_mt"
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valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
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Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(279,060</td> <td
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size="2">) </td> <td valign="bottom"><font class="_mt"
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valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">(371,627</td> <td valign="bottom"
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size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2">(243</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td></tr> <tr style="font-size:
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style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 5em;">Total stockholders' equity</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">365,688</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">355,467</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(458,498</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">262,657</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 5em;">Total liabilities and stockholders' equity</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">524,107</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">877,988</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">(563,711</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">838,384</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px

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style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top:
#000000 3px double;" valign="bottom"> </td> <td> </td></tr></table> <p
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</p> <p style="margin-top: 0px; margin-bottom: 0px;" align="center">Three Months Ended
December 31, 2009 </p> <p style="margin-top: 0px; margin-bottom: 0px;
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</td> <td> </td> <td valign="bottom" width="3%"> </td> <td> </td> <td> </td> <td>
</td></tr> <tr><td valign="bottom" nowrap="nowrap"> <p style="border-bottom: #000000
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(in thousands)</i></p></td> <td valign="bottom"><font class="_mt"
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class="_mt" size="1">Guarantor
Subsidiaries</td> <td
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valign="bottom" colspan="2" align="center"><font style="font-family: Times New Roman;"
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Company</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom"
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Consolidated</td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
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valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr>
<tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family:
Times New Roman;" class="_mt" size="2">Light building products</p></td> <td
valign="bottom"> </td> <td
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size="2">$</td> <td valign="bottom" align="right"><font style="font-family: Times
New Roman;" class="_mt" size="2">71,231</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt"
size="2">— </td> <td valign="bottom" nowrap="nowrap"> </td> <td
valign="bottom"> </td> <td valign="bottom">$</td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">71,231</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"> </td></tr> <tr
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materials</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">55,875</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:

Times New Roman;" class="_mt" size="2">55,875</td> <td valign="bottom"
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size="2"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
margin-left: 3em;">Energy
technology</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">12,540</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">12,540</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom">
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<p style="text-indent: -1em; margin-left: 5em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Total revenue</p></td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-
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size="2">139,646</td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">0</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">139,646</td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr><td height="8"> </td> <td
height="8" colspan="4"> </td> <td height="8" colspan="4"> </td> <td height="8"
colspan="4"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left:
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revenue:</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr
bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Light building
products</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">52,638</td> <td
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size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">52,638</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
margin-left: 3em;">Heavy
construction materials</p></td> <td valign="bottom"><font class="_mt"

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size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">43,393</font></td> <td
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size="2">  </font></td> <td valign="bottom"><font class="_mt"
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valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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Times New Roman;" class="_mt" size="2">43,393</font></td> <td valign="bottom"
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size="2">  </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
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size="2">14,230</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
class="_mt" size="1"> </font></td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2"> </font></td> <td valign="bottom"
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size="2">14,230</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">  </font></td></tr> <tr style="font-
size: 1px;"><td valign="bottom"> </td> <td valign="bottom">  </td> <td
style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top:
#000000 1px solid;" valign="bottom"> </td> <td> </td> <td
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New Roman;" class="_mt" size="2"><b>Total cost of revenue</b></font></p></td> <td
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valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
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size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"><b> </b></font></td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b>110,261</b></font></td> <td valign="bottom" nowrap="nowrap"><font
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size="2"><b>  </b></font></td></tr> <tr style="font-size: 1px;"><td
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size="2">29,385</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">  </font></td> <td
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    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
    style="font-family: Times New Roman;" class="_mt" size="2"> </font></td> <td
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    size="2">29,385</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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    height="8" colspan="4"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
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    class="_mt" size="1">  </font></td> <td valign="bottom"> </td> <td
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    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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    nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
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    and development</font></p></td> <td valign="bottom"><font class="_mt"
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    Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
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    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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    <td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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    class="_mt" size="2">Selling, general and administrative</font></p></td> <td
    valign="bottom"><font class="_mt" size="1">  </font></td> <td
    valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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size="2"> </td> <td valign="bottom"><font class="_mt"
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style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top:
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valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
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class="_mt" size="2">Operating income (loss)</p></td> <td
valign="bottom"> </td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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family: Times New Roman;" class="_mt" size="2">1,214</td> <td
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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align="right">
(7,542</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">(6,328</td> <td valign="bottom" nowrap="nowrap">)
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<td height="8" colspan="4"> </td> <td height="8" colspan="4"> </td></tr> <tr><td
valign="top"> <p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times
New Roman;" class="_mt" size="2">Other income (expense):</p></td> <td
valign="bottom"> </td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -
1em; margin-left: 3em;">Net
interest expense</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(172</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(17,248</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"

size="1"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(17,420</td> <td valign="bottom" nowrap="nowrap">) </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Other, net</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">1,280</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">1,280</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 5em;">Total other income (expense), net</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">1,108</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(17,248</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(16,140</td> <td valign="bottom" nowrap="nowrap">) </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Income (loss) before income taxes</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">2,322</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(24,790</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"

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Subsidiaries</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center">Parent
Company</td> <td valign="bottom"><font class="_mt"

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    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
    <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr>
    <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family:
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    valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
    size="2">$</font></td> <td valign="bottom" align="right"><font style="font-family: Times
    New Roman;" class="_mt" size="2">69,709</font></td> <td valign="bottom"
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    size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
    Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
    style="font-family: Times New Roman;" class="_mt"
    size="2">&#8212;  </font></td> <td valign="bottom" nowrap="nowrap"><font
    style="font-family: Times New Roman;" class="_mt" size="2">  </font></td> <td
    valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
    style="font-family: Times New Roman;" class="_mt" size="2">$</font></td> <td
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    size="2">69,709</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
    Times New Roman;" class="_mt" size="2">  </font></td></tr> <tr
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    Times New Roman;" class="_mt" size="2">63,215</font></td> <td valign="bottom"
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align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">154,701</td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr><td height="8"> </td> <td
height="8" colspan="4"> </td> <td height="8" colspan="4"> </td> <td height="8"
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revenue:</p></td> <td valign="bottom"><font class="_mt"
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<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
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<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr
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products</p></td> <td valign="bottom"><font class="_mt"
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valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">53,849</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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construction materials</p></td> <td valign="bottom"><font class="_mt"
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New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
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size="2"><b>  </b></font></td> <td valign="bottom"><font class="_mt"
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size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"><b> </b></font></td> <td valign="bottom"
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size="2"><b>121,886</b></font></td> <td valign="bottom" nowrap="nowrap"><font
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size="2"><b>  </b></font></td></tr> <tr style="font-size: 1px;"><td
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<p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2"><b>Gross profit</b></font></p></td> <td valign="bottom"><font
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size="2">32,815</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
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valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">0</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">  </font></td> <td
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style="font-family: Times New Roman;" class="_mt" size="2"> </font></td> <td
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size="2">32,815</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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margin-left: 1em;"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b>Operating expenses:</b></font></p></td> <td valign="bottom"><font
class="_mt" size="1">  </font></td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
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style="font-family: Times New Roman;" class="_mt" size="2">Amortization</font></p></td>
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valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">5,547</font></td> <td valign="bottom"
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size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family: Times
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    and development</font></p></td> <td valign="bottom"><font class="_mt"
    size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
    Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
    style="font-family: Times New Roman;" class="_mt" size="2">1,945</font></td> <td
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    size="2">  </font></td> <td valign="bottom"><font class="_mt"
    size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
    valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
    <td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
    size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
    Times New Roman;" class="_mt" size="2">1,945</font></td> <td valign="bottom"
    nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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    size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
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    Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
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    size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
    Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
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    indent: -1em; margin-left: 5em;"><font style="font-family: Times New Roman;" class="_mt"
    size="2"><b>Total operating expenses</b></font></p></td> <td valign="bottom"><font
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    Roman;" class="_mt" size="2"><b> </b></font></td> <td valign="bottom"
    align="right"><font style="font-family: Times New Roman;" class="_mt"
    size="2"><b>5,278</b></font></td> <td valign="bottom" nowrap="nowrap"><font
    style="font-family: Times New Roman;" class="_mt"
    size="2"><b>  </b></font></td> <td valign="bottom"><font class="_mt"
    size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
    Roman;" class="_mt" size="2"><b> </b></font></td> <td valign="bottom"
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    size="2"><b>35,268</b></font></td> <td valign="bottom" nowrap="nowrap"><font
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    size="2"><b>  </b></font></td></tr> <tr style="font-size: 1px;"><td
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    valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td
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valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
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class="_mt" size="2"><b>Operating income (loss)</b></font></p></td> <td
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valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b> </b></font></td> <td valign="bottom" align="right"><font style="font-
family: Times New Roman;" class="_mt" size="2"><b>2,825</b></font></td> <td
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size="2"><b>  </b></font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"><b> </b></font></td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt" size="2"><b>
(5,278</b></font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"><b>) </b></font></td> <td
valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"><font
style="font-family: Times New Roman;" class="_mt" size="2"><b> </b></font></td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b>(2,453</b></font></td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt" size="2"><b>)
 </b></font></td></tr> <tr><td height="8"> </td> <td height="8" colspan="4"> </td>
<td height="8" colspan="4"> </td> <td height="8" colspan="4"> </td></tr> <tr><td
valign="top"> <p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times
New Roman;" class="_mt" size="2"><b>Other income (expense):</b></font></p></td> <td
valign="bottom"><font class="_mt" size="1">  </font></td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
class="_mt" size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom">
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size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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interest expense</font></p></td> <td valign="bottom"><font class="_mt"
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Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(85</font></td> <td
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size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(16,909</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(16,994</font></td> <td
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size="2">) </font></td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
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net</font></p></td> <td valign="bottom"><font class="_mt"
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size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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<p style="text-indent: -1em; margin-left: 5em;"><font style="font-family: Times New Roman;"
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class="_mt" size="2">Total other income (expense), net</p></td> <td
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right">
(16,909</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2">(16,674</td> <td valign="bottom" nowrap="nowrap">)
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indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;" class="_mt"
size="2">Income (loss) before income taxes</p></td> <td
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(22,187</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2">Income tax benefit (provision)</p></td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-
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size="2">(1,713</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right">
(1,560</td> <td valign="bottom" nowrap="nowrap"><font style="font-family: Times
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size="2">Net income (loss)</p></td> <td valign="bottom"><font class="_mt"
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom"
align="right">
(23,900</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td> <td
valign="bottom"> </td> <td valign="bottom">$</td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">(20,687</td> <td valign="bottom" nowrap="nowrap">)
 </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td
valign="bottom"> </td> <td style="border-top: #000000 3px double;"
valign="bottom"> </td> <td style="border-top: #000000 3px double;"
valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td
style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top:
#000000 3px double;" valign="bottom"> </td> <td> </td> <td
valign="bottom"> </td> <td style="border-top: #000000 3px double;"
valign="bottom"> </td> <td style="border-top: #000000 3px double;"
valign="bottom"> </td> <td> </td></tr></table> <p style="margin-top: 24px;
margin-bottom: 0px; font-size: 1px;"> </p> <p style="margin-top: 0px; margin-bottom:
0px;" align="center"><font style="font-family: Times New Roman;" class="_mt"
size="2">CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS </p> <p
style="margin-top: 0px; margin-bottom: 0px;" align="center"><font style="font-family: Times
New Roman;" class="_mt" size="2">Three Months Ended December 31, 2009
</p> <p style="margin-top: 0px; margin-bottom: 0px; font-size:
12px;"> </p> <table border="0" cellspacing="0" cellpadding="0" width="100%"
align="center"> <tr><td width="73%"> </td> <td valign="bottom" width="4%"> </td> <td>
</td> <td> </td> <td> </td> <td valign="bottom" width="4%"> </td> <td> </td> <td>
</td> <td> </td> <td valign="bottom" width="4%"> </td> <td> </td> <td> </td> <td>
</td></tr> <tr><td valign="bottom" nowrap="nowrap"> <p style="border-bottom: #000000
1px solid; width: 45pt;"><i>
(in thousands)</i></p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td style="border-bottom: #000000 1px solid;"
valign="bottom" colspan="2" align="center"><font style="font-family: Times New Roman;"
class="_mt" size="1">Guarantor
Subsidiaries</td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;"
valign="bottom" colspan="2" align="center"><font style="font-family: Times New Roman;"
class="_mt" size="1">Parent
Company</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom"
colspan="2" align="center"><font style="font-family: Times New Roman;" class="_mt"
size="1">Headwaters
Consolidated</td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Cash flows from operating activities:</p></td> <td
valign="bottom"> </td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left:
1em;">Net income (loss)
</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right">1,741</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right">(15,639</td> <td

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valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(13,898</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-
indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;" class="_mt"
size="2">Adjustments to reconcile net income (loss) to net cash provided by (used in) operating
activities:</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr>
<tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family:
Times New Roman;" class="_mt" size="2">Depreciation and amortization</font></p></td> <td
valign="bottom"><font class="_mt" size="1">  </font></td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">14,124</font></td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">40</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">14,164</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Interest expense related to amortization of debt issue costs and debt
discount</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">5,417</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">5,417</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
margin-left: 3em;"><font style="font-family: Times New Roman;" class="_mt" size="2">Stock-
based compensation</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">880</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">410</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">1,290</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Net gains of unconsolidated joint ventures</font></p></td> <td
valign="bottom"><font class="_mt" size="1">  </font></td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
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Times New Roman;" class="_mt" size="2">(2,769</td> <td valign="bottom"
nowrap="nowrap">)
 </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">(2,769</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td></tr> <tr><td valign="top">
<p style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Net gain on disposition of property, plant and
equipment</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(1,276</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">(1,276</td> <td valign="bottom"
nowrap="nowrap">)
 </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -
1em; margin-left: 3em;"><font style="font-family: Times New Roman;" class="_mt"
size="2">Decrease in trade receivables</p></td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-
family: Times New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">28,939</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">28,939</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"> </td></tr> <tr><td
valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times
New Roman;" class="_mt" size="2">Decrease in inventories</p></td> <td
valign="bottom"> </td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">939</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">939</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Increase (decrease) in accounts payable and accrued
liabilities</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(18,735</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">5,166</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(13,569</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"

size="2">) </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Other changes in operating assets and liabilities, net</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">5,605</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">885</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">6,490</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Net cash provided by (used in) operating activities</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">29,448</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(3,721</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">25,727</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Cash flows from investing activities:</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Purchase of property, plant and equipment</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(7,325</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td>

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<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">(4</font></td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt" size="2">)
 </font></td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">(7,329</font></td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt" size="2">)
 </font></td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left:
3em;"><font style="font-family: Times New Roman;" class="_mt" size="2">Proceeds from
disposition of property, plant and equipment</font></p></td> <td valign="bottom"><font
class="_mt" size="1">  </font></td> <td valign="bottom"><font style="font-
family: Times New Roman;" class="_mt" size="2"> </font></td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">3,479</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">  </font></td> <td
valign="bottom"><font class="_mt" size="1"> </font></td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
class="_mt" size="1"> </font></td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2"> </font></td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">3,479</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">  </font></td></tr> <tr
bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font
style="font-family: Times New Roman;" class="_mt" size="2">Net decrease (increase) in long-
term receivables and deposits</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(3,148</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">1,000</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(2,148</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
margin-left: 3em;"><font style="font-family: Times New Roman;" class="_mt" size="2">Net
change in other assets</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">304</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(194</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">110</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td></tr> <tr style="font-size: 1px;"><td valign="bottom">
</td> <td valign="bottom">  </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td
style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top:
#000000 1px solid;" valign="bottom"> </td> <td> </td> <td
valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top">
<p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2"><b>Net cash provided by (used in) investing
activities</b></font></p></td> <td valign="bottom"><font class="_mt"
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Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(2,456</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
margin-left: 3em;">Employee
stock purchases</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">159</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
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</td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
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style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top:
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valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
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valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top">
<p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Net cash provided by financing activities</p></td> <td
valign="bottom"> </td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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family: Times New Roman;" class="_mt" size="2">159</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">54,356</td> <td valign="bottom" nowrap="nowrap"><font
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size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">54,515</td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr style="font-size: 1px;"><td
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#000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td
style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top:
#000000 1px solid;" valign="bottom"> </td> <td> </td> <td
valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td style="border-top: #000000 1px solid;"
valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-
indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;" class="_mt"
size="2">Net increase in cash and cash equivalents</p></td> <td
valign="bottom"> </td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-
family: Times New Roman;" class="_mt" size="2">22,917</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">51,437</td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt"

size="2"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">74,354</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Cash and cash equivalents, beginning of period</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">(2,947</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">18,881</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">15,934</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Cash and cash equivalents, end of period</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">19,970</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">70,318</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">90,288</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td></tr></table> <p style="margin-top: 12px; margin-bottom: 0px; font-size: 1px;"> </p> <table border="0" cellspacing="0" cellpadding="0" width="100%" align="center"> <tr><td width="76%"> </td> <td valign="bottom" width="3%"> </td> <td> </td> <td> </td> <td> </td> <td valign="bottom" width="3%"> </td> <td> </td> <td> </td> <td> </td> <td valign="bottom" width="3%"> </td> <td> </td> <td> </td> <td> </td></tr> <tr><td valign="bottom" nowrap="nowrap"> <p style="border-bottom: #000000 1px solid; width: 45pt;"><i>(in thousands)</i></p></td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center"><font style="font-

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size="1"><b>Guarantor<br />Subsidiaries</b></font></td> <td valign="bottom"><font
class="_mt" size="1"> </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td style="border-bottom: #000000 1px solid;" valign="bottom"
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size="1"><b>Parent<br />Company</b></font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td style="border-bottom: #000000 1px solid;" valign="bottom"
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size="1"><b>Headwaters<br />Consolidated</b></font></td> <td valign="bottom"><font
class="_mt" size="1"> </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2"><b>Cash flows from operating activities:</b></font></p></td> <td
valign="bottom"><font class="_mt" size="1">  </font></td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
class="_mt" size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom">
</td> <td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left:
1em;"><font style="font-family: Times New Roman;" class="_mt" size="2">Net income (loss)
</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">3,213</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(23,900</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">(20,687</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-
indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;" class="_mt"
size="2">Adjustments to reconcile net income (loss) to net cash provided by (used in) operating
activities:</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"><font class="_mt" size="1"> </font></td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td></tr>
<tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family:
Times New Roman;" class="_mt" size="2">Depreciation and amortization</font></p></td> <td
valign="bottom"><font class="_mt" size="1">  </font></td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">15,057</font></td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">29</font></td> <td
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size="2">  </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">15,086</font></td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">  </font></td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Interest expense related to amortization of debt issue costs and debt
discount</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
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style="font-family: Times New Roman;" class="_mt" size="2">3,237</font></td> <td
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size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">3,237</td> <td
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size="2"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em;
margin-left: 3em;">Stock-
based compensation</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">433</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">1,061</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Deferred income taxes</p></td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-
family: Times New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">66</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">(194</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right">
(128</td> <td valign="bottom" nowrap="nowrap"><font style="font-family: Times New
Roman;" class="_mt" size="2">) </td></tr> <tr><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Net gains of unconsolidated joint ventures</p></td> <td
valign="bottom"> </td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">(615</td> <td valign="bottom"
nowrap="nowrap">)
 </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">(615</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </td></tr> <tr
bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Net gain on disposition of property,
plant and equipment</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(331</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">(331</td> <td valign="bottom"
nowrap="nowrap">)
 </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left:

3em;">Decrease in trade
receivables</p></td> <td valign="bottom"><font class="_mt"
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Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">21,697</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">21,697</td> <td valign="bottom"
nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p
style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Decrease in inventories</p></td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-
family: Times New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">1,007</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"> </td> <td
valign="bottom"> </td> <td valign="bottom"> </td>
<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2"> </td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">1,007</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2"> </td></tr> <tr><td
valign="top"> <p style="text-indent: -1em; margin-left: 3em;"><font style="font-family: Times
New Roman;" class="_mt" size="2">Decrease in accounts payable and accrued
liabilities</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(14,156</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(9,558</td> <td
valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2"> </td> <td valign="bottom" align="right">(23,714</td> <td
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size="2">Other changes in operating assets and liabilities, net</p></td> <td
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<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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size="2"><b>Net cash provided by (used in) operating activities</b></font></p></td> <td
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(22,996</b></font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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style="font-family: Times New Roman;" class="_mt" size="2"><b> </b></font></td> <td
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size="2"><b>(5,227</b></font></td> <td valign="bottom" nowrap="nowrap"><font
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</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
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valign="bottom"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left:
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plant and equipment</font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
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size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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size="2">Proceeds from disposition of property, plant and equipment</font></p></td> <td
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size="1"> </font></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"> </font></td> <td valign="bottom" align="right"><font style="font-family:
Times New Roman;" class="_mt" size="2">391</font></td> <td valign="bottom"
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increase in long-term receivables and deposits</font></p></td> <td valign="bottom"><font
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(785</td> <td valign="bottom" nowrap="nowrap"><font style="font-family: Times New
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size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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<td valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
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size="2">) </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td
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assets</p></td> <td valign="bottom"><font class="_mt"
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size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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size="2"> </td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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<p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Net cash provided by (used in) investing
activities</p></td> <td valign="bottom"><font class="_mt"
size="1"> </td> <td valign="bottom"><font style="font-family: Times New
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align="right">
(8,041</td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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valign="bottom" align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2">91</td> <td valign="bottom" nowrap="nowrap"><font style="font-
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valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-
indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b>Cash flows from financing activities:</b></font></p></td> <td
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</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font
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size="2">Payments on long-term debt</font></p></td> <td valign="bottom"><font
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size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
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style="font-family: Times New Roman;" class="_mt" size="2">(10,044</font></td> <td
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stock purchases</font></p></td> <td valign="bottom"><font class="_mt"
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size="2">  </font></td> <td valign="bottom"><font class="_mt"
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activities</b></font></p></td> <td valign="bottom"><font class="_mt"
size="1">  </font></td> <td valign="bottom"><font style="font-family: Times New
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size="2"><b>178</b></font></td> <td valign="bottom" nowrap="nowrap"><font style="font-
family: Times New Roman;" class="_mt" size="2"><b>  </b></font></td> <td
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style="font-family: Times New Roman;" class="_mt" size="2"><b> </b></font></td> <td
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size="2"><b>(9,987</b></font></td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt" size="2"><b>) </b></font></td>
<td valign="bottom"><font class="_mt" size="1"> </font></td> <td
valign="bottom"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b> </b></font></td> <td valign="bottom" align="right"><font style="font-
family: Times New Roman;" class="_mt" size="2"><b>(9,809</b></font></td> <td
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valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b>) </b></font></td></tr> <tr style="font-size: 1px;"><td
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(32,892</b></font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
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size="2"><b>(22,986</b></font></td> <td valign="bottom" nowrap="nowrap"><font
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Roman;" class="_mt" size="2"><b>$</b></font></td> <td valign="bottom"
align="right"><font style="font-family: Times New Roman;" class="_mt"
size="2"><b>36,924</b></font></td> <td valign="bottom" nowrap="nowrap"><font
style="font-family: Times New Roman;" class="_mt"
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size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
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Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right">67,998</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td></tr></table> </div></us-gaap:ScheduleOfCondensedFinancialStatementsTextBlock>
<us-gaap:SegmentReportingDisclosureTextBlock contextRef="Duration_10_1_2010_To_12_31_2010"><div> <div> <p style="margin-top: 18px; margin-bottom: 0px;">2. <u>Segment Reporting</u> </p> <p style="margin-top: 6px; margin-bottom: 0px;">Headwaters currently operates three business segments: light building products, heavy construction materials and energy technology. These segments are managed and evaluated separately by management due to differences in their markets, operations, products and services. Revenues for the light building products segment consist of product sales to wholesale and retail distributors, contractors and other users of building products. Revenues for the heavy construction materials segment consist primarily of CCP product sales to ready-mix concrete businesses, with a smaller amount from services provided to coal-fueled electric generating utilities. Revenues for the energy technology segment consist primarily of coal sales and equity earnings in joint ventures. Intersegment sales are immaterial. </p> <p style="margin-top: 12px; margin-bottom: 0px;">The following segment information has been prepared in accordance with ASC Topic 280 Segment Reporting. Segment performance is evaluated primarily on revenue and operating income, although other factors are also used, such as income tax credits generated by the energy technology segment and adjusted EBITDA, which is defined as net income plus net interest expense, income taxes (as defined), depreciation and amortization, stock-based compensation, foreign currency translation gain or loss, goodwill and other impairments, including other non-routine adjustments that arise from time to time, consistent with the methodology Headwaters has used historically. </p> <p style="margin-top: 12px; margin-bottom: 0px;">Segment costs and expenses considered in deriving segment operating income (loss) include cost of revenue, amortization, research and development, and segment-specific selling, general and administrative expenses. Amounts included in the "Corporate" column represent expenses that are not allocated to any segment and include administrative departmental costs and general corporate overhead. Segment assets reflect those specifically attributable to individual segments and primarily include cash, accounts receivable, inventories, property, plant and equipment, intangible assets and goodwill. Certain other assets are included in the "Corporate" column. </p> <p style="margin-top: 0px; margin-bottom: 0px; font-size: 12px;"> </p> <table border="0" cellspacing="0" cellpadding="0" width="100%" align="center"> <tr><td width="60%"> </td> <td valign="bottom" width="2%"> </td> <td> </td> <td> </td> <td> </td> <td valign="bottom" width="2%"> </td> <td> </td> <td> </td> <td> </td> <td valign="bottom" width="2%"> </td> <td> </td> <td> </td> <td> </td> <td valign="bottom" width="2%"> </td> <td> </td> <td> </td> <td> </td> <td valign="bottom" width="2%"> </td> <td> </td> <td> </td> <td> </td></tr> <tr><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="18" align="center">Three Months Ended December 31, 2009</td> <td valign="bottom"> </td></tr> <tr><td valign="bottom" nowrap="nowrap"> <p style="border-bottom: #000000 1px solid; width: 45pt;"><i>(in thousands)</i></p></td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center">Light
building
products</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center">Heavy
construction
materials</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center">Energy
technology</td> <td

valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center">Corporate</td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-bottom: #000000 1px solid;" valign="bottom" colspan="2" align="center">Totals</td> <td valign="bottom"> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Segment revenue</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">71,231</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">55,875</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">12,540</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">0</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">139,646</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"></td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Depreciation and amortization</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">(7,856</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">(3,352</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">(2,916</td> <td valign="bottom" nowrap="nowrap">) </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">(40</td> <td valign="bottom" nowrap="nowrap"><font style="font-family: Times New Roman;" class="_mt"

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<p style="text-indent: -1em; margin-left: 1em;"><font style="font-family: Times New Roman;"
class="_mt" size="2">Operating income (loss)</font></p></td> <td valign="bottom"><font
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style="font-family: Times New Roman;" class="_mt" size="2">$</font></td> <td
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style="font-family: Times New Roman;" class="_mt" size="2">$</font></td> <td
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size="2">(6,034</font></td> <td valign="bottom" nowrap="nowrap"><font style="font-family:
Times New Roman;" class="_mt" size="2">) </font></td> <td valign="bottom"><font
class="_mt" size="1"> </font></td> <td valign="bottom"><font style="font-family: Times
New Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
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size="2">) </font></td> <td valign="bottom"><font class="_mt"
size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
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expense</font></p></td> <td valign="bottom"><font class="_mt"
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(17,420</td> <td valign="bottom" nowrap="nowrap">) </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Other income (expense), net</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">1,280</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 3em;">Income tax benefit</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom" align="right">8,570</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td style="border-top: #000000 1px solid;" valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Net loss</p></td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">(13,898</td> <td valign="bottom" nowrap="nowrap">) </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td></tr> <tr><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Capital expenditures</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">4,842</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-family: Times New

Roman;" class="_mt" size="2">$</td> <td valign="bottom" align="right">1,590</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">893</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">4</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">7,329</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td></tr> <tr bgcolor="#cceeff"><td valign="top"> <p style="text-indent: -1em; margin-left: 1em;">Segment assets</p></td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">333,658</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">287,193</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">191,876</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">119,977</td> <td valign="bottom" nowrap="nowrap"> </td> <td valign="bottom"> </td> <td valign="bottom">$</td> <td valign="bottom" align="right">932,704</td> <td valign="bottom" nowrap="nowrap"> </td></tr> <tr style="font-size: 1px;"><td valign="bottom"> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td style="border-top: #000000 3px double;" valign="bottom"> </td> <td> </td> <td valign="bottom"> </td> <td

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Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">69,709</font></td> <td
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size="1"> </font></td> <td valign="bottom"><font style="font-family: Times New
Roman;" class="_mt" size="2">$</font></td> <td valign="bottom" align="right"><font
style="font-family: Times New Roman;" class="_mt" size="2">63,215</font></td> <td
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style="font-family: Times New Roman;" class="_mt" size="2">21,777</font></td> <td
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style="font-family: Times New Roman;" class="_mt" size="2">0</font></td> <td
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<td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"> </td> <td valign="bottom"><font style="font-family: Times
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