

**NEWS BULLETIN**

FROM:



**RE: Headwaters Incorporated**

10653 S. River Front Parkway, Suite 300

South Jordan, UT 84095

Phone: (801) 984-9400

**NYSE: HW**

---

FOR FURTHER INFORMATION

**AT THE COMPANY:**

Sharon Madden  
Vice President of Investor Relations  
(801) 984-9400

**ANALYST CONTACT:**

Tricia Ross  
Financial Profiles  
(916) 939-7285

**IMMEDIATE RELEASE:**

**JANUARY 19, 2010**

## **HEADWATERS INCORPORATED AND AXENS FORM DIRECT COAL LIQUEFACTION ALLIANCE**

**SOUTH JORDAN, UTAH, JANUARY 19, 2010 (NYSE: HW) – HEADWATERS INCORPORATED** announced today that they have signed an agreement to form a strategic alliance to provide a single-source solution for producing ultra-clean fuels by direct coal liquefaction (DCL) alone or in combination with refinery residues or biomass.

Headwaters Incorporated, a diversified growth company dedicated to improving sustainability by transforming underutilized resources into valuable products and Axens, a refining, petrochemical and natural gas market focused company offering products including processes, catalysts, adsorbents and equipment, create a strategic alliance around their Direct Coal Liquefaction (“DCL”) technologies. The two companies will to combine their technologies and licensing activities for Coal-To-Liquids (“CTL”) projects world-wide. The new “Alliance DCL”, expects to provide a single-source solution for producing ultra-clean transportation fuels from coal – whether alone or in combination with other low-cost or renewable feedstocks, such as biomass and refinery residues.

Headwaters brings its slurry catalyst technology and its extensive CTL research facilities. Axens will contribute its ebullated-bed H-Coal® Process and proprietary catalyst. Both evolved from a common background and DCL technologies developed by Hydrocarbon Research, Inc. (“HRI”), which were commercialized with support from the U.S. Department of Energy and industrial clients. Building on decades of experiences in DCL and a database on a wide range of coals, both companies have continued to increase liquid yields, improve energy efficiency, lower production costs and reduce the environmental footprint (CO<sub>2</sub> emissions and water consumption).

Alliance DCL will market the technologies and anticipates offering project-specific services, from feedstock characterization, pilot plant evaluation, feasibility studies and

engineering design through plant start-up and ongoing technical support. Axens will also provide the coal liquids upgrading technologies necessary to achieve finished fuel specifications. Both companies provided technology packages and basic engineering contributing to the successful construction and start-up of the first commercial direct coal liquefaction plant in China in December 2008. Several new DCL projects are currently in development by the alliance.

### ***About Headwaters Incorporated***

*Headwaters Incorporated's vision is to improve sustainability by transforming underutilized resources into valuable products. Headwaters is a diversified growth company providing products, technologies and services to the energy, construction and home improvement industries. Through its building products, energy, and coal combustion products businesses, the Company earns a revenue stream that helps to provide the capital to fund growth of existing and new business opportunities.*

### ***About Axens***

*Axens, [www.axens.net](http://www.axens.net), is an international provider of advanced technologies, catalysts, adsorbents and services, with a global reputation for basic engineering design excellence. The main scope of Axens' business is focused on the conversion of oil, coal, natural gas and biomass to clean fuels as well as production and purification of major petrochemical intermediates. Axens' global offer is based on: highly trained human resources, modern production facilities and extensive commercial feedback from plants using our processes and catalysts all around the world.*

### ***Forward Looking Statements***

*Certain statements contained in this press release are forward-looking statements within the meaning of federal securities laws and Headwaters Resources and its parent Headwaters Incorporated intend that such forward-looking statements be subject to the safe-harbor created thereby. Forward-looking statements include Headwaters' expectations as to the managing and marketing of coal combustion products, other strategic business opportunities, and other information about Headwaters. Such statements that are not purely historical by nature, including those statements regarding Headwaters' future business plans, the operation of facilities, and the marketability of the coal combustion products, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and our future results that are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Actual results may vary materially from such expectations. Words such as "may," "should," "intends," "plans," "expects," "anticipates," "targets," "goals," "projects," "believes," "seeks," "estimates," or variations of such words and similar expressions, or the negative of such terms, may help identify such forward-looking statements. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward-looking. In addition to matters affecting the coal combustion products, building products, and energy industries or the economy generally, factors that could cause actual results to differ from expectations stated in forward-looking statements include, among others, the factors described in the caption entitled "Risk Factors" in Item 1A in Headwaters' Annual Report on Form 10-K for the fiscal year ended September 30, 2008, Quarterly Reports on Form 10-Q, and other periodic filings and prospectuses.*

*Although Headwaters believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that our results of operations will not be adversely affected by such factors. Unless legally required, we undertake no obligation to revise or update any forward-looking statements for any reason. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Our internet address is [www.headwaters.com](http://www.headwaters.com). There we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports can be accessed through the investor relations section of our web site.*

###