



**RE: Headwaters Incorporated**  
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**NYSE: HW**

FOR FURTHER INFORMATION

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**HEADWATERS ANNOUNCES SUCCESSFUL PLANT TRIAL  
FOR HEAVY OIL UPGRADING TECHNOLOGY AT  
NESTE OIL PORVOO REFINERY**

**SOUTH JORDAN, UTAH, October 6, 2010 – HEADWATERS INCORPORATED (NYSE:HW)**, in conjunction with Neste Oil Corporation, announced today the completion of a successful plant trial for its proprietary HCAT™ Hydrocracking Technology at Neste Oil's Porvoo Refinery. Data from the multi-week commercial plant trial will be jointly presented by Neste Oil and Headwaters at the "8<sup>th</sup> International Bottom-of-the-Barrel Technology Conference" in London on October 6, 2010.

Headwaters' HCAT technology improves catalytic residue hydrocracking, creating the possibility of higher residue conversion to lighter transportation fuels such as diesel and gasoline. HCAT is a proprietary technology where a liquid precursor is introduced with the bottom-of-the-barrel feedstock, generating a highly active molecular catalyst which improves the performance of existing ebullated upgrading units. Process enhancements reported by Neste Oil following the trial include higher residue conversion and less fouling of downstream equipment.

Joni Kunnas, Development Manager of Neste Oil, commented, "We are pleased with the results of our successful plant trial, and we plan to continue testing HCAT in order to evaluate its longer term potential. Our ebullated bed hydrocracking reactor is operating at a higher level of residue conversion and with less fouling in the downstream equipment, due in large part to the hydrogenation activity of the HCAT catalyst."

Kirk A. Benson, Chairman and CEO of Headwaters, observed, "Operators of ebullated bed upgraders like Neste Oil's can anticipate immediate benefits from the combination of their existing solid catalyst with Headwaters' liquid catalyst. There are multiple ebullated bed

facilities that could benefit from HCAT. New projects in the early design and developmental stages can also incorporate the HCAT Technology to achieve higher conversion levels than previously thought possible.”

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

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

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

*Certain statements contained in this press release are forward-looking statements within the meaning of federal securities laws and Headwaters intends that such forward-looking statements be subject to the safe-harbor created thereby. Forward-looking statements include Headwaters’ expectations as to the managing and marketing of coal combustion products, the production and marketing of building materials and products, the production and marketing of cleaned coal, the licensing of resid hydrocracking technology and catalyst sales to oil refineries, the availability of refined coal tax credits, the development, commercialization, and financing of new technologies and other strategic business opportunities and acquisitions, and other information about Headwaters. Such statements that are not purely historical by nature, including those statements regarding Headwaters’ future business plans, the operation of facilities, the availability of feedstocks, and the marketability of the coal combustion products, building products, cleaned coal, catalysts, and the availability of tax credits, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and our future results that are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Actual results may vary materially from such expectations. Words such as “may,” “should,” “intends,” “plans,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “believes,” “seeks,” “estimates,” or variations of such words and similar expressions, or the negative of such terms, may help identify such forward-looking statements. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward-looking. In addition to matters affecting the coal combustion products, building products, and energy industries or the economy generally, factors that could cause actual results to differ from expectations stated in forward-looking statements include, among others, the factors described in the caption entitled “Risk Factors” in Item 1A in Headwaters’ Annual Report on Form 10-K for the fiscal year ended September 30, 2009, Quarterly Reports on Form 10-Q, and other periodic filings and prospectuses.*

*Although Headwaters believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that our results of operations will not be adversely affected by such factors. Unless legally required, we undertake no obligation to revise or update any forward-looking statements for any reason. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Our internet address is [www.headwaters.com](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.*