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HEADWATERS INCORPORATED SEES GAINS IN SHIPPING RECOVERED COAL TO BRAZIL AND CHINA METALLURGICAL MARKETS

SOUTH JORDAN, UTAH, July 20, 2010 (NYSE: HW). HEADWATERS INCORPORATED announced it has realized gains in overall shipping volume on the seaborne export metallurgical coal market from its coal cleaning facilities to both Brazilian and Chinese Markets.

Headwaters Incorporated, a diversified growth company dedicated to improving sustainability by transforming underutilized resources into valuable products operates eleven coal cleaning facilities across the United States. Five of the eleven facilities have produced a metallurgical quality cleaned coal.

Prior to 2010, Headwaters either shipped its cleaned coal in the steam coal market domestically, or as a small percentage of a blend into the metallurgical coal market. Shipments of metallurgical coal in 2009 were minimal.

“In order to increase our shipping volumes in the met market we had to improve the quality of our metallurgical coal and demonstrate that our coal could be shipped without prior blending,” said Darrell Turner, Headwaters Resources Director of Sales and Marketing. “We have accomplished both tasks.”

Headwaters’ first success with marketing its cleaned coal as a direct un-blended product came in late 2009 with a shipment to Brazil. This was the first time cleaned coal was exported without blending. This shipment demonstrated the ability to deliver un-blended recovered and cleaned coal to the international met coal markets. Since this initial success, Headwaters has agreed to a long-term commitment of clean coal shipments to Brazil.

After achieving success in the seaborne met market to Brazil, Headwaters recently completed its first shipment of 100% un-blended cleaned met coal to China. Headwaters launched a second shipment to China on July 11th.

Headwaters recently attended a coal conference in Rizhao, China, to promote its cleaned coal to other interested buyers. During the conference, the attendees were allowed to visit the Port of Rizhao to see the unloading of the first vessel of un-blended cleaned coal shipped to China from Headwaters' facilities.

Interest in Headwaters' recovered and cleaned coal from metallurgical coal buyers has increased as news of the success in shipping on the seaborne market spreads. Headwaters will continue to work to improve overall product quality and to develop strong relationships with international buyers of metallurgical coal.

About Headwaters Incorporated

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

Forward Looking Statements

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

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

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