

NEWS BULLETIN

FROM:

**FINANCIAL
RELATIONS BOARD**

RE: **Headwaters Incorporated**
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**FOR IMMEDIATE RELEASE:
FEBRUARY 8, 2005**

HEADWATERS INCORPORATED ENTERS INTO AGREEMENT WITH THE PHILIPPINES

SOUTH JORDAN, UTAH, FEBRUARY 8, 2005 – HEADWATERS INCORPORATED (NASDAQ: HDWR) today announced that its wholly-owned subsidiary, Headwaters Technology Innovation Group (“HTIG”), has entered into an agreement with the Philippine Department of Energy, disclosed today by Secretary Vince S. Perez. In a signing ceremony in Manila presided over by Her Excellency, President Gloria Macapagal-Arroyo, a Memorandum of Understanding (“MOU”) was signed by Energy Undersecretary Peter Anthony A. Abaya for the Department of Energy and Mr. Craig R. Hickman, HTIG President, for the development of coal-to-liquids projects in the country. The MOU states that the parties have agreed to combine their respective resources to evaluate, develop and promote coal liquefaction projects in the Philippines with the end in view of making the country the hub for Southeast Asia.

President Arroyo commended both the Department of Energy and Headwaters Incorporated for forging this forward-looking MOU and bringing to the country the leading-edge technology that fully supports the thrust of the Arroyo administration of energy independence.

HTIG is the inventor and owner of the HTI Coal Process for Direct Coal Liquefaction (“DCL”) which was selected and licensed by Shenhua Group Corporation of China for a 50,000 barrels-per-day project in Inner Mongolia, currently under construction. DCL is a technology through which pulverized coal is mixed with process-derived liquids and then treated with hydrogen and a proprietary catalyst at high temperature and pressure to produce high-quality synthetic crude oil. This technology is also being evaluated in a Prefeasibility Study program currently in progress for Oil India Limited, a public sector company in the Assam region of India.

In addition to DCL, HTIG also offers an indirect coal liquefaction, or gas-to-liquids (“GTL”) technology. In this process, coal is first converted to “syngas” in a gasification reactor, and then the coal-derived gas is processed in a Fischer-Tropsch GTL slurry catalyst reactor to produce low-sulfur, ultra clean liquid fuels. HTIG intends to work with the Philippine Government to

identify the most cost-efficient and technically viable project opportunities in which combinations of these coal-to-liquids technologies may be utilized.

Secretary Perez highlighted the fact that the Philippine Energy Plan for 2005-2014 has placed a high priority on the development and implementation of projects aimed at cutting dependence on imported oil and on the development of renewable and alternative energy sources. Of particular interest are coal-to-clean-fuels technologies, considering that the Philippines have significant coal reserves with an estimated resource potential of 2.36 billion metric tons. HTIG's DCL and GTL technologies are well-suited to this need, and are at the heart of the MOU signed today.

Craig R. Hickman, President of HTIG, stated, "Headwaters is committed to maintaining its global technology leadership position in coal liquefaction. We look forward to working with the Philippine Department of Energy, whose coal-to-liquids vision and commitment have been strong and resolute, to bring the benefits of this vital technology to Southeast Asia."

About Headwaters Incorporated

Headwaters Incorporated is a world leader in creating value through innovative advancements in the utilization of natural resources. Headwaters is a diversified growth company providing products, technologies and services to the energy, construction and home improvement industries. Through its alternative energy, coal combustion products, and building products businesses, the Company earns a growing revenue stream that provides the capital needed to expand and acquire synergistic new business opportunities.

Forward Looking Statements

Certain statements contained in this report 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 licensing of technology and chemical sales to alternative fuel facilities, the receipt of product sales, license fees and royalty revenues, 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 tax credits, the availability of feedstocks, and the marketability of the coal combustion products, building products, and synthetic fuel, 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 "expects", "anticipates", "targets", "goals", "projects", "believes", "seeks", "estimates", variations of such words, and similar expressions are intended to 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 product, alternative fuel, and building products industries or the economy generally, factors which could cause actual results to differ from expectations stated in forward-looking statements include, among others, the factors described in the captions entitled "Forward-looking Statements" and "Risk Factors" in Item 7 in Headwaters' Annual Report on Form 10-K for the fiscal year ended September 30, 2007, 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 report.

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.