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FOR IMMEDIATE RELEASE

HEADWATERS INCORPORATED ANNOUNCES THE ACQUISITION OF CALSTAR TECHNOLOGY

SOUTH JORDAN, UTAH, February 23, 2016 (NYSE: HW) HEADWATERS INCORPORATED, a building products company dedicated to improving lives through innovative advancements in construction materials, today announced it has recently acquired the technology to manufacture a wide variety of concrete products without the use of portland cement. The technology uses 100% fly ash as the cementitious binder.

The technology was previously owned by CalStar. No operating assets were acquired in the transaction. The acquisition provides Headwaters with the exclusive ability to produce a wide variety of concrete products using Class C fly ash. Headwaters will incorporate ash procured by Headwaters Construction Materials, the largest manager and marketer of fly ash in the United States.

Over the past decade, CalStar developed a unique technology to manufacture concrete products without the presence of portland cement. Traditionally, concrete block, pavers, and brick are manufactured using a mix design that includes sand, aggregates, water, and portland cement as the binder material. The CalStar technology uses fly ash based binders rather than portland cement to manufacture a wide range of engineered building products. The CalStar based products allow architects and specifiers to reduce the energy and carbon footprints of their buildings, while meeting product classifications without compromising budgets. The technology uses proprietary reagents to activate the fly ash pozzolan into a durable cement. This process produces significant environmental benefits by incorporating up to 40% post-industrial content, and reducing the carbon footprint by approximately 80% versus portland cement based products.

The new products produced with the CalStar technology combine the benefits of recycled content and lower energy use, while maintaining traditional beauty and performance. Headwaters intends to market custom colored smooth, ground face, polished, split faced and textured masonry block in regular and oversized units to commercial and institutional projects. For example, the new

American University Law School in Washington DC features CalStar's sustainable masonry products as its primary façade. Headwaters believes its products will be the most sustainable, environmentally friendly concrete product in the world. Importantly, the unique value associated with the products should allow Headwaters to take advantage of a shipping radius of more than 1,500 miles.

"The new CalStar technology, in conjunction with our eighteen at a time big board machine, should provide us with an opportunity to expand margins and supply the building community with a unique masonry product," said Bob Whisnant, President of Headwaters Block Group. "We should have our big board machine ready for production towards the beginning of our summer season."

About Headwaters Incorporated

Headwaters Incorporated is improving lives through innovative advancements in construction materials through application, design, and purpose. Headwaters is a diversified growth company providing products, technologies and services to the construction materials and building products markets. Through its coal combustion products, building products, and energy businesses, the Company has been able to improve sustainability by transforming underutilized resources into valuable products. www.headwaters.com

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This press release contains forward-looking statements relating to Headwaters' operations that are based on management's current expectations, estimates and projections about the industries in which Headwaters operates. Words such as "may," "should," "anticipates," "expects," "intends," "plans," "targets," "forecasts," "projects," "believes," "seeks," "schedules," "estimates," "budgets," "goals," "outlook" and similar expressions are intended to help identify such forward-looking statements. Forward-looking statements include Headwaters' expectations as to the managing and marketing of coal combustion products, the production and marketing of building products, the sales to oil refineries of residue hydrocracking catalysts, the development, commercialization, and financing of new products and other strategic business opportunities and acquisitions, and other information about Headwaters which 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 and catalysts. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the Company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Headwaters undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing feedstock and energy prices; actions of competitors or regulators; technological developments; potential disruption of the Company's production facilities, transportation networks and information technology systems due to war, terrorism, malicious attack, civil accidents, political events, civil unrest or severe weather; potential environmental liability or product liability under existing or future laws and litigation; potential liability resulting from other pending or future litigation; changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading "Risk Factors" in the Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q and other periodic reports. In addition, such results could be affected by general domestic and international economic and political conditions and other unpredictable or unknown factors not discussed in this press release which could have material adverse effects on forward-looking statements.