Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
HEADWATERS INCORPORATED 401(K) SAVINGS & INVESTMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 05/01/2000

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
HEADWATERS INCORPORATED

10653 SOUTH RIVER FRONT PARKWAY
SUITE 300
SOUTH JORDAN, UT 84095

2b Employer Identification Number (EIN)
87-0547337

2c Sponsor's telephone number
801-984-9400

2d Business code (see instructions)
212390

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/16/2010	HARVEY J. NORTH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	09/16/2010	HARVEY J. NORTH
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
HEADWATERS INCORPORATED

10653 SOUTH RIVER FRONT PARKWAY
SUITE 300
SOUTH JORDAN, UT 84095

3b Administrator's EIN
87-0547337

3c Administrator's telephone number
801-984-9400

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	4160
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	2574
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	297
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	2871
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	2871
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1660
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	61
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		___ **A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)	X	**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).	2009
Department of Labor Employee Benefits Security Administration	▶ File as an attachment to Form 5500.	This Form is Open to Public Inspection.
Pension Benefit Guaranty Corporation		

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEADWATERS INCORPORATED 401(K) SAVINGS & INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HEADWATERS INCORPORATED

D Employer Identification Number (EIN)
87-0547337

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NEWPORT RETIREMENT SERVICES, INC.

62-1868111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
12 37 64 15 50 60	NONE	88987	Yes [X] No [ ]	Yes [ ] No [X]	112613	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

ROYAL ALLIANCE ASSOCIATES, INC.

93-0987232

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 72	NONE	113238	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

TRAVELLER & COMPANY, LLC.

87-0668060

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	6205	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

WTRISC ALLIANCE

51-6502293

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
33 63	NONE	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
NEWPORT RETIREMENT SERVICES, INC.	15 60	112613

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
WILMINGTON TRUST 2800 NORTH CENTRAL AVENUE SUITE 900 PHOENIX, AZ 85004 51-0099033	REVENUE SHARING USED TO OFFSET PLAN EXPENSES

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AMERICAN FUNDS 333 SOUTH HOPE STREET 52ND FLOOR LOS ANGELES, CA 90071-1406	25 BASIS POINTS OF FUND VALUE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COLUMBIA FUNDS ONE FINANCIAL CENTER BOSTON, MA 02111-2621	25 BASIS POINTS OF FUND VALUE

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
GOLDMAN SACHS 32 OLD SLIP 23RD FLOOR NEW YORK, NY 10005	25 BASIS POINTS OF FUND VALUE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
HARTFORD MUTUAL FUNDS P.O. BOX 64387 ST. PAUL, MN 55164-0387	25 BASIS POINTS OF FUND VALUE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIONEER INVESTMENT MANAGEMENT INC. 60 STATE STREET BOSTON, MA 02109	25 BASIS POINTS OF FUND VALUE

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
THORNBURG INVESTMENT MANAGEMENT LLC 2300 NORTH RIDGETOP ROAD SUITE 202 SANFE FE, NM 87506	25 BASIS POINTS OF FUND VALUE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
WTRISC ALLIANCE	33 63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLIANZ GLOBAL INVESTORS 1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105-4800	25 BASIS POINTS OF FUND VALUE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEADWATERS INCORPORATED 401(K) SAVINGS & INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
HEADWATERS INCORPORATED

D Employer Identification Number (EIN)
87-0547337

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: METLIFE STABLE VALUE 25402

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RET. INS. SVC CO

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
26-3527234-144	C	9868026

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEADWATERS INCORPORATED 401(K) SAVINGS & INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HEADWATERS INCORPORATED

D Employer Identification Number (EIN)
87-0547337

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	2872835	2740050
(9) Value of interest in common/collective trusts	1c(9)	9993632	9868026
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	37054921	46271875
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	49921388	58879951
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	49921388	58879951

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	68182	
	(B) Participants	2a(1)(B)	3427748	
	(C) Others (including rollovers)	2a(1)(C)	75145	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		3571075
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	177187	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		177187
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	923177	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		923177
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		460110
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		9558364
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		14689913
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5407256	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		5407256
f Corrective distributions (see instructions)	2f		115664
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	6205	
(2) Contract administrator fees	2i(2)	88987	
(3) Investment advisory and management fees	2i(3)	113238	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		208430
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		5731350
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		8958563
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: TRAVELLER & COMPANY, LLC. (2) EIN: 87-0668060

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEADWATERS INCORPORATED 401(K) SAVINGS & INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HEADWATERS INCORPORATED

D Employer Identification Number (EIN)
87-0547337

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 51-6502293

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Traveller & Company LLC
Certified Public Accountants

500 North Marketplace Drive, Suite 202
Centerville, Utah 84014
Phone (801) 299-1302
Fax (801) 401-7985

Report of Independent Auditors

The Administrator and Participants of the
Headwaters Incorporated
401(k) Savings & Investment Plan:

We were engaged to audit the accompanying financial statements and supplemental schedules of the Headwaters Incorporated 401(k) Savings & Investment Plan (the Plan) as of December 31, 2009 and 2008, and for the year ended December 31, 2009. These financial statements and supplemental schedules are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Wilmington Trust Retirement and Institutional Services Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2009 and 2008, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and the content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with generally accepted auditing standards of the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Traveller & Company, LLC

September 7, 2010

Headwaters Incorporated
401(k) Savings & Investment Plan

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

	2009	2008
Assets:		
Investments, at fair value:		
Mutual funds	**$ 46,271,875**	$ 37,054,921
Common collective trusts	**9,824,444**	9,238,332
Participant loans	**2,740,050**	2,872,835
	58,836,369	49,166,088
Receivables:		
Employee contributions	**88,873**	20,223
Employer contributions	**–**	8,900
	88,873	29,123
Net assets available for benefits at fair value	**58,925,242**	49,195,211
Adjustment from fair value to contract value for guaranteed interest contracts	**43,582**	755,300
Net assets available for benefits	**$ 58,968,824**	$ 49,950,511

See accompanying notes

Headwaters Incorporated
401(k) Savings & Investment Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2009

Additions in net assets attributed to:	
Interest income	$ 177,187
Dividends	923,177
Net appreciation in current value of investments	10,018,474
	11,118,838
Contributions:	
Employee	3,496,398
Employer	59,282
Other (including rollovers)	75,145
Total contributions	3,630,825
Total additions	14,749,663
Deductions from net assets attributed to:	
Administrative expenses	208,430
Distributions and withdrawals	5,522,920
Total deductions	5,731,350
Increase in net assets during the year	9,018,313
Net assets available for benefits:	
Beginning of year	49,950,511
End of year	$ 58,968,824

See accompanying notes.

1. Plan description

The following brief description of the Headwaters Incorporated 401(k) Savings & Investment Plan (the Plan) is provided for general information only. Participants should refer to the Plan agreement for more complete information.

General – The Plan became effective as of May 1, 2000. The Plan is a defined contribution plan established under the provisions of Sections 401(a), 401(k) and 501(a) of the Internal Revenue Code. Under Section 401(k), contributions to a qualified plan are not included in a participant's compensation for federal income tax purposes until distributed to the participant. All employees who have completed three months of service and are 21 years of age are eligible for participation. An eligible employee becomes a participant on the first day of March, June, September or December following the date the employee satisfies the eligibility requirements. Members of the Company's management serve as trustees of the Plan and Wilmington Trust Retirement and Institutional Services Company holds the plan assets and executes investment transactions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions – Participants are allowed to contribute up to 50% of their annual pay to the Plan subject to the maximum amount allowable under the Internal Revenue Code of $16,500 and $15,500 for 2009 and 2008, respectively. Contributions are made on a pre-tax basis through payroll deductions.

Through December 31, 2008, the Company made a matching contribution on employees' contributions, which was credited to the participant's account. The matching percentage was at the discretion of the Employer and may not exceed 6% of annual compensation.

In January 2009, the Company suspended its matching contribution.

1. Plan description (continued)

Vesting – Participants are immediately vested in their salary reduction contributions and related earnings. Participants vest in employer matching contributions at three years of service.

Distributions and Withdrawals – Distributions and withdrawals generally are payable upon termination, financial hardship, total disability, death or the attainment of the normal retirement age of 65. The participant or designated beneficiary can receive a lump sum distribution of the value of the account including vested portions of employer contributions. An alternative payment schedule may be requested by the participant as specified in the Plan.

During 2009, $170,815 of forfeitures were used to offset Plan fees. During 2008, $5,179 of forfeitures were used to reduce company matching contributions.

As of December 31, 2009, the Plan had $4,837,328 of plan assets that were allocated to participants that had withdrawn from the Plan, but for which disbursement of those funds from the Plan had not yet been made.

Participant loan – Participants may borrow from their fund accounts up to the lesser of $50,000 or 50 percent of the participant's vested interest, as defined. The minimum amount for any loan is $1,000. The loans bear interest at one percent above prime rate on the date of the loan. Loans must be repaid within five years, except for loans used to acquire a principal residence, which must be repaid over no more than 10 years. All loans are secured by the participant's account and, regardless of term, become due and payable upon termination of the participant's employment. Fees and expenses incurred by the Plan in originating a loan are paid by the respective participants as a deduction from the loan proceeds.

Plan termination – Although it has not expressed any intent to do so, the Company has the right to terminate, amend, modify or suspend the Plan at any time, subject to the provisions of ERISA. In the event the Plan is terminated, the entire value of the investment funds shall be applied for the exclusive benefit of participants, and no part of the funds will revert to the Company. Upon termination of the Plan, the Company will have no obligation to continue making contributions to the Plan, and the Company contribution account for each participant will become 100% vested and nonforfeitable.

1. Plan description (continued)

Income tax status – The Internal Revenue Service has ruled that the Plan qualifies under Section 401(k) of the Internal Revenue Code ("IRC") and is, therefore, not subject to tax under present income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

2. Summary of significant accounting policies

The following are significant accounting policies followed by the Plan:

Basis of accounting – The Plan's financial statements have been prepared on the accrual basis of accounting.

Valuation of investments – Investments in equity investment funds and mutual funds are valued at quoted market rates. Changes in the current value of investments are recognized in the period of change.

Use of estimates – Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Risks and Uncertainties – The Plan provides for various investment options in any combination of equity securities, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

Investment income – Interest income is recognized on the accrual basis as earned.

2. Summary of significant accounting policies (continued)

Administrative expenses – Additional administrative expenses of approximately $15,000 incurred during the year ended December 31, 2009 were paid by the Company on behalf of the Plan and are not reflected in the accompanying financial statements. During 2008, no administrative expenses were paid by the Company on behalf of the Plan.

Subsequent events – For the year ended December 31, 2009, the Company has evaluated subsequent events for the potential recognition and disclosure through September 7, 2010, the date of financial statement issuance.

3. Investments

The Plan's investments at December 31, 2009 and 2008 were held by Wilmington Trust Retirement and Institutional Services Company. The following table presents the current values of investments at December 31, 2009 and 2008, which in addition to the investment income information as shown on the accompanying statement of changes in net assets available for benefits, has been certified by Wilmington Trust Retirement and Institutional Services Company as complete and accurate. Listed below are investments that represent 5% or more of net assets available for benefits. Investments are at fair value as determined by quoted market prices.

	2009	2008
Met Life Stable Value Fund	**$ 9,868,026**	$ 9,993,631
American Funds Growth Fund A	**5,016,527**	4,054,056
American 2025 Target Ret	**3,778,039**	3,012,075
Europacfic Growth	**3,760,635**	2,800,870
American 2020 Target Ret	**3,510,856**	2,884,640
American 2015 Target Ret	**3,033,321**	2,603,653
Hartford MidCap A	**2,941,475**	2,362,329
Other	**26,971,072**	22,210,134
	$ 58,879,951	$ 49,921,388

3. Investments (continued)

During the year ended December 31, 2009, the Plan's main mutual funds which represented 5% of more of net assets available for benefits appreciated in fair value as follows:

Met Life Stable Value Fund	$	460,110
American Funds Growth Fund A		1,266,878
American 2025 Target Ret		729,748
Europacfic Growth		963,913
American 2020 Target Ret		639,322
American 2015 Target Ret		473,769
Hartford MidCap A		665,305
Other		4,819,429
	$	10,018,474

4. Party-in-interest transactions

Certain plan investments are shares of funds managed by Wilmington Trust Retirement and Institutional Services Company, the Plan trustee, and therefore, these transactions qualify as parties-in-interest. Any purchases and sales of these funds are open market transactions at fair market value. Consequently, such transactions are permitted under the provisions of the Plan and are exempt from the prohibition of part-in-interest transactions under ERISA.

5. Reconciliation of Financial Statements to Form 5500

The 5500 report is prepared on the cash basis and does not reflect the contributions receivable that arose with the December Company payrolls. The following is a reconciliation of additions in net assets per the financial statements to the Form 5500 for the years ended December 31, 2009 and 2008:

	Financial statements	Less December 2009 Payrolls	Plus December 2008 Payrolls	Form 5500
Employee contributions	$ 3,496,398	$ (88,873)	$ 20,223	$ 3,427,748
Employer contributions	59,282	–	8,900	68,182
Rollovers	75,145	–	–	75,145
Total contributions	$ 3,630,825	$ (88,873)	$ 29,123	$ 3,571,075

The net assets available for benefits as shown on the financial statement have been increased by the receivable amounts of $88,873 and $29,123 over the net assets available for benefits listed on the 5500 report as of December 31, 2009 and 2008, respectively.

The following is a reconciliation of net assets available for benefits as reported on Form 5500 with that reported in the accompanying financial statements:

	2009	2008
Net assets available for benefits as reported on Form 5500	**$ 58,879,951**	$ 49,921,388
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (common collective trust)	**(43,582)**	(755,300)
Net assets available for benefits as reported on accompanying financial statements	**$ 58,836,369**	$ 49,166,088

6. Fair Value Measurements

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

6. Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Mutual funds: Valued at fair value based on quoted redemption values on the last business day of the Plan year.

Common collective trusts: Valued at fair value based on contract value on the last business day of the Plan year.

Participant loans: Valued at the outstanding principal balance of the loan, taking into consideration the applicable interest rate, amortization schedule and repayments made for each loan.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008:

	Assets at Fair Value as of December 31, 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 46,271,875	$ –	$ –	$ 46,271,875
Common collective trusts	9,824,444	–	–	9,824,444
Participant loans	–	–	2,740,050	2,740,050
Total assets at fair value	$ 56,096,319	$ –	$ 2,740,050	$ 58,836,369

	Assets at Fair Value as of December 31, 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 37,054,921	$ –	$ –	$ 37,054,921
Common collective trusts	9,238,332	–	–	9,238,332
Participant loans	–	–	2,872,835	2,872,835
Total assets at fair value	$ 46,293,253	$ –	$ 2,872,835	$ 49,166,088

6. Fair Value Measurements (continued)

The following table set forth a summary of changes in the fair value of the Plan's level 3 assets of the year ended December 31, 2009.

	Participant loans
Balances, beginning of the year	$ 2,872,835
Purchases, sales, issuances and settlements (net)	(132,785)
Balances, ending of year	$ 2,740,050

7. Investment Contract

Contributions to the Plan's funds can be invested in a Met Managed GIC, where the assets are invested in a MetLife separate account. MetLife will guarantee principal and accrued interest, based on credited interest rates, for participant-initiated withdrawals as long as the contract remains active. Interest is credited to the contract at interest rates that reflect the performance of the underlying portfolio. Rates are reset each quarter with a minimum credited rate of 0%.

MetLife will reset the rate by amortizing the difference between the market value of the portfolio and the guaranteed value over the weighted average duration of the Fund's investments. Participants will receive the principal and accrued earnings credited to their accounts on withdrawals for allowed events. These events include transfer to other Plan investment options, and payments because of retirement, termination of employment, disability, death and in-service withdrawals as permitted by the Plan.

For the year ended December 31, 2009, the average yield earned was 11.05% and the average yield credited to participants was 3.21%.

Supplemental Schedule

Headwaters Incorporated
401(k) Savings & Investment Plan
EIN – 87-0547337
PN #001
Schedule H, Line 4(i)
Schedule of Assets Held for Investment Purposes
December 31, 2009

(a)	(b)Identity of Issue, Borrower, Lessor, or similar party	(c)Description of investment	(d)Cost	(e)Current Value
	Mutual funds			
	Pioneer High-Yield A	Mutual Funds	N/A	$ 966,449
	American Funds Cap Inc Bld A	Mutual Funds	N/A	1,116,002
	American Funds Inv Co Amer A	Mutual Funds	N/A	2,525,870
	Thornburg Value A	Mutual Funds	N/A	2,520,431
	American Funds Growth Fund A	Mutual Funds	N/A	5,016,527
	Hartford MidCap A	Mutual Funds	N/A	2,941,475
	Columbia Acorn A	Mutual Funds	N/A	975,804
	American Funds Cap Wld G&I A	Mutual Funds	N/A	1,981,166
	American Fnds EuroPacific A	Mutual Funds	N/A	3,760,635
	Columbia Mid Cap Value Fund A	Mutual Funds	N/A	801,724
	Columbia Large Cap Index A	Mutual Funds	N/A	2,051,814
	Goldman Sach Gov Inc A	Mutual Funds	N/A	714,941
	American 2010 Target Ret.	Mutual Funds	N/A	618,228
	American 2015 Target Ret.	Mutual Funds	N/A	3,033,321
	American 2020 Target Ret.	Mutual Funds	N/A	3,510,856
	American 2025 Target Ret.	Mutual Funds	N/A	3,778,039
	American 2030 Target Ret.	Mutual Funds	N/A	2,607,711
	American 2035 Target Ret.	Mutual Funds	N/A	2,118,031
	American 2040 Target Ret.	Mutual Funds	N/A	1,118,405
	American 2045 Target Ret.	Mutual Funds	N/A	576,216
	American 2050 Target Ret.	Mutual Funds	N/A	166,349
	Columbia Small Cap Val	Mutual Funds	N/A	1,416,866
	PIMCO Total Return	Mutual Funds	N/A	1,955,015
		Total Mutual Funds		$ 46,271,875

Headwaters Incorporated
401(k) Savings & Investment Plan

Schedule H, Line 4(i) (continued
Schedule of Assets Held for Investment Purposes

(a)	(b)Identity of Issue, Borrower, Lessor, or similar party	(c)Description of investment	(d)Cost	(e)Current Value
	Common collective trust			
	Met Life Stable Value Fund	Common Collective Trust	N/A	9,868,026
	Loans			
	Participant Loans	Various maturity dates, various interest rates, not more than 5 years	N/A	2,740,050
	Total investments			$ 58,879,951

* Party-in-interest
N/A - Cost information is omitted because the Plan is participant-directed.

Attachment to 2009 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Headwaters Incorporated 401(k) Savings & Investment Plan **EIN:** 87-0547337
Plan Sponsor's Name Headwaters Incorporated **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Met Life Stable Value Fund	Common Collective Trust		9,868,026
	Pioneer High-Yield A	Registered Investment Co.		966,449
	American Fnds Cap Inc Bld A	Registered Investment Co.		1,116,002
	American Fnds Inv Co Amer A	Registered Investment Co.		2,525,870
	Thornburg Value A	Registered Investment Co.		2,520,431
	American Funds Grwth Fnd A	Registered Investment Co.		5,016,527
	Hartford Midcap A	Registered Investment Co.		2,941,475

Attachment to 2009 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Headwaters Incorporated 401(k) Savings & Investment Plan **EIN:** 87-0547337
Plan Sponsor's Name Headwaters Incorporated **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Columbia Acorn A	Registered Investment Co.		975,804
	American Fnds Cap Wld G&I A	Registered Investment Co.		1,981,166
	American Fnds EuroPacific A	Registered Investment Co.		3,760,635
	Loan	Various interest rates, various maturity dates not more than 5 years		2,740,050
	Goldman Sachs Gov Inc	Registered Investment Co.		714,941
	Columbia Mid Cap Value Fnd A	Registered Investment Co.		801,724
	Columbia Large Cap Index A	Registered Investment Co.		2,051,814

Attachment to 2009 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Headwaters Incorporated 401(k) Savings & Investment Plan **EIN:** 87-0547337
Plan Sponsor's Name Headwaters Incorporated **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	American 2010 Target Ret.	Registered Investment Co.		618,228
	American 2015 Target Ret.	Registered Investment Co.		3,033,321
	American 2020 Target Ret.	Registered Investment Co.		3,510,856
	American 2025 Target Ret.	Registered Investment Co.		3,778,039
	American 2030 Target Ret.	Registered Investment Co.		2,607,711
	American 2035 Target Ret.	Registered Investment Co.		2,118,031
	American 2040 Target Ret.	Registered Investment Co.		1,118,405

Attachment to 2009 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Headwaters Incorporated 401(k) Savings & Investment Plan **EIN:** 87-0547337
Plan Sponsor's Name Headwaters Incorporated **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	American 2045 Target Ret.	Registered Investment Co.		576,216
	American 2050 Target Ret.	Registered Investment Co.		166,349
	Columbia Small Cap Val	Registered Investment Co.		1,416,866
	Pimco Total Return	Registered Investment Co.		1,955,015