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

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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.	10/06/2011	HARVEY J. NORTH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/06/2011	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**	2873
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**	2543
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	256
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	2799
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	2799
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1482
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	27
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 Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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

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	49861	Yes [X] No [ ]	Yes [ ] No [X]	134992	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	121852	Yes [ ] No [X]	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 [ ]

(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 ☐

(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	134992

(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 RET. INS. SVC. CO 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

(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.

(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

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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	10101451

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

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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)	2740050	2757091
(9) Value of interest in common/collective trusts	1c(9)	9868026	10101451
(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)	46271875	51123812
(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	58879951	63982354
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	58879951	63982354

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)		
(B) Participants	2a(1)(B)	3135307	
(C) Others (including rollovers)	2a(1)(C)	271040	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		3406347
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)	152931	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		152931
(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)	1247130	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1247130
(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)		421084
(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)		4345517
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		9573009
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4174719	
(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)		4174719
f Corrective distributions (see instructions)	2f		124174
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	49861	
(3) Investment advisory and management fees	2i(3)	121852	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		171713
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		4470606
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		5102403
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		2000000
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

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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): 27-1228437

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):

HEADWATERS INCORPORATED
401(k) SAVINGS & INVESTMENT PLAN

Financial Statements and Supplemental Schedule
with Report of Independent Auditors

December 31, 2010 and 2009

Traveller &

Company, LLC

Certified Public Accountants
500 North Marketplace Drive, Suite 202
Centerville, Utah 84014

Headwaters Incorporated
401(k) Savings & Investment Plan

Financial Statements and Supplemental Schedule
with Report of Independent Auditors

December 31, 2010 and 2009

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Traveller & Company LLC
Certified Public Accountants

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

Independent Auditor's Report

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, 2010 and 2009, and for the year then ended, as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

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 information summarized in Note 3, which was certified by Wilmington Trust Retirement and Institutional Services Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules.

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 a certification from the trustee as of December 31, 2010 and 2009 and for the year ended December 31, 2010, that the information provided to the Plan administrator by the trustee (or custodian) 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 schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee or custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of American 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 20, 2011

Headwaters Incorporated
401(k) Savings & Investment Plan

Statements of Net Assets Available for Benefits

December 31, 2010 and 2009

	2010	2009
Assets:		
Investments, at fair value:		
Mutual funds	**$ 51,123,812**	$ 46,271,875
Common/collective trusts	**10,334,040**	9,824,444
	61,457,852	56,096,319
Receivables:		
Employee contributions	**11,048**	88,873
Notes receivable from participants	**2,757,091**	2,740,050
	2,768,139	2,828,923
Net assets available for benefits at fair value	**64,225,991**	58,925,242
Adjustment from fair value to contract value for guaranteed interest contracts	**(232,589)**	43,582
Net assets available for benefits	**$ 63,993,402**	$ 58,968,824

See accompanying notes

Headwaters Incorporated
401(k) Savings & Investment Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2010

Additions in net assets attributed to:	
Interest income	$ 152,931
Dividends	1,247,130
Net appreciation in current value of investments	4,766,601
	6,166,662
Contributions:	
Employee	3,057,482
Other (including rollovers)	271,040
Total contributions	3,328,522
Total additions	9,495,184
Deductions from net assets attributed to:	
Administrative expenses	171,713
Distributions and withdrawals	4,298,893
Total deductions	4,470,606
Increase in net assets during the year	5,024,578
Net assets available for benefits:	
Beginning of year	58,968,824
End of year	$ 63,993,402

See accompanying notes.

Headwaters Incorporated
401(k) Savings & Investment Plan

Notes to the Financial Statements

December 31, 2010 and 2009

1. Description of Plan

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 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 18 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. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions. Participants are allowed to contribute between 1 and 97 percent of their annual pay to the Plan subject to the maximum amount allowable under the Internal Revenue Code of $16,500 for both 2010 and 2009. Contributions are made on a pre-tax basis through payroll deductions. Participants who attain age 50 before the end of the year may elect to defer additional amounts. The Company suspended its matching contribution in January 2009.

Participant Accounts. Each participant's account is credited with the participant's contribution and allocations of (a) the Company's matching and additional contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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

Notes Receivable from Participants. Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

1. Description of Plan (continued)

Payments of Benefits. 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. As of December 31, 2010, the Plan had $5,300,495 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.

Forfeitures Accounts. During 2010, $60,052 of forfeitures were used to offset Plan fees and $141,647 of forfeitures were allocated to eligible participants. During 2009, $5,179 of forfeitures were used to reduce company matching contributions.

2. Summary of significant accounting policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transaction under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

2. Summary of significant accounting policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Operating expenses

During 2010 and 2009, no administrative expenses were paid by the Company on behalf of the Plan.

Subsequent events

The Plan has evaluated subsequent events through September 20, 2011, the date the financial statements were available to be issued.

3. Investments

The Plan's investments at December 31, 2010 and 2009 were held by Wilmington Trust Retirement and Institutional Services Company. The following table presents the current values of investments at December 31, 2010 and 2009, 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.

	2010	2009
Met Life Stable Value Fund	**$ 10,334,040**	$ 9,824,444
American Funds Growth Fund A	**5,309,831**	5,016,527
American 2020 Target Ret	**4,068,799**	3,510,856
American 2025 Target Ret	**3,900,106**	3,778,039
Hartford MidCap A	**3,611,953**	2,941,475
Europacfic Growth	**3,519,404**	3,760,634
American 2015 Target Ret	**2,951,313**	3,033,321
Investment Company of America	**2,758,925**	2,525,870
American 2030 Target Ret	**2,755,869**	2,607,712

During the year ended December 31, 2010, 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	$ 421,084
American Funds Growth Fund A	524,041
American 2020 Target Ret	252,771
American 2025 Target Ret	353,821
Hartford MidCap A	673,331
Europacfic Growth	225,628
American 2015 Target Ret	156,358
Investment Company of America	215,587
American 2030 Target Ret	251,497
Other	1,692,483
	$ 4,766,601

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets 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 ASC 820 are described as follows:

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 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.

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, 2010 and 2009.

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.

4. Fair Value Measurements (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 results 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, 2010 and 2009.

	Assets at Fair Value as of December 31, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 51,123,812	$ –	$ –	$ 51,123,812
Common/collective trusts	10,334,040	–	–	10,334,040
Total assets at fair value	$ 61,457,852	$ –	$ –	$ 61,457,852

	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
Total assets at fair value	$ 56,096,319	$ –	$ –	$ 56,096,319

5. 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.

5. Investment Contract (continued)

Average yields	2010	2009
Based on annualized earnings (1)	6.53%	11.05%
Based on interest rate credited to participants (2)	3.12%	3.21%

(1) Computed by dividing the annualized one-day earnings of the contract on the last day of the plan year by the fair value of the investments on the same date.

(2) Computed by dividing the annualized one-day earnings credited to participants on the last day of the plan year by the fair value of the investments on the same date.

6. Related-Party 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.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

8. 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.

9. Risks and Uncertainties

The Plan invests in various 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 benefits.

10. 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, 2010 and 2009:

	Financial statements	Less December 2011 Payrolls	Plus December 2010 Payrolls	Form 5500
Employee contributions	$ 3,057,482	$ (11,048)	$ 88,873	$ 3,135,307
Rollovers	271,040	–	–	271,040
Total contributions	$ 3,328,522	$ (11,048)	$ 88,873	$ 3,406,347

The net assets available for benefits as shown on the financial statement have been increased by the receivable amounts of $11,048 and $88,873 over the net assets available for benefits listed on the 5500 report as of December 31, 2010 and 2009, 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:

	2010	2009
Net assets available for benefits per financial statements at fair value	**$ 64,225,991**	$ 58,925,242
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (common collective trust)	**(232,589)**	43,582
Receivables – employee contributions	**(11,048)**	(88,873)
Net assets available for benefits per Form 5500	**$ 63,982,354**	$ 58,879,951

Supplemental Schedule

Headwaters Incorporated
401(k) Savings & Investment Plan
EIN – 87-0547337
PN #001
Schedule H, Part IV, Line 4(i)
Schedule of Assets Held for Investment Purposes
December 31, 2010

(a)	(b)Identity of Issue, Borrower, Lessor, or similar party	(c)Description of investment	(d)Cost	(e)Current Value
	Mutual funds			
	American Funds Cap Inc Bld A	Mutual Funds	N/A	1,135,082
	American Funds Inv Co Amer A	Mutual Funds	N/A	2,758,925
	American Funds Growth Fund A	Mutual Funds	N/A	5,309,831
	Hartford MidCap A	Mutual Funds	N/A	3,611,953
	Columbia Acorn A	Mutual Funds	N/A	1,477,930
	American Funds Cap Wld G&I A	Mutual Funds	N/A	1,848,604
	American Fnds EuroPacific A	Mutual Funds	N/A	3,519,404
	Columbia Large Cap Index A	Mutual Funds	N/A	2,241,598
	Goldman Sach Gov Inc A	Mutual Funds	N/A	764,060
	American 2010 Target Ret.	Mutual Funds	N/A	583,219
	American 2015 Target Ret.	Mutual Funds	N/A	2,951,313
	American 2020 Target Ret.	Mutual Funds	N/A	4,068,799
	American 2025 Target Ret.	Mutual Funds	N/A	3,900,106
	American 2030 Target Ret.	Mutual Funds	N/A	2,755,868
	American 2035 Target Ret.	Mutual Funds	N/A	2,342,591
	American 2040 Target Ret.	Mutual Funds	N/A	1,431,129
	American 2045 Target Ret.	Mutual Funds	N/A	574,229
	American 2050 Target Ret.	Mutual Funds	N/A	216,880
	Columbia Small Cap Val	Mutual Funds	N/A	2,470,801
	PIMCO Total Return	Mutual Funds	N/A	2,513,510
	Federated High Income	Mutual Funds	N/A	825,982
	Ridgeworth Mid Cap Val Eq A	Mutual Funds	N/A	1,212,062
	Columbia Dividend Income A	Mutual Funds	N/A	2,609,936
		Total Mutual Funds		$ 51,123,812

Headwaters Incorporated
401(k) Savings & Investment Plan

Schedule H, Part IV, 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	10,334,040
	Total investments			$ 61,457,852

* Party-in-interest

N/A - Cost information is omitted because the Plan is participant-directed.

HEADWATERS INCORPORATED
401(k) SAVINGS & INVESTMENT PLAN

Financial Statements and Supplemental Schedule
with Report of Independent Auditors

December 31, 2010 and 2009

Traveller &

Company, LLC

Certified Public Accountants
500 North Marketplace Drive, Suite 202
Centerville, Utah 84014

Headwaters Incorporated
401(k) Savings & Investment Plan

Financial Statements and Supplemental Schedule
with Report of Independent Auditors

December 31, 2010 and 2009

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Purposes at December 31, 2010.....12

Traveller & Company LLC
Certified Public Accountants

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

Independent Auditor's Report

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, 2010 and 2009, and for the year then ended, as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

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 information summarized in Note 3, which was certified by Wilmington Trust Retirement and Institutional Services Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules.

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 a certification from the trustee as of December 31, 2010 and 2009 and for the year ended December 31, 2010, that the information provided to the Plan administrator by the trustee (or custodian) 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 schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee or custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of American 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 20, 2011

Headwaters Incorporated
401(k) Savings & Investment Plan

Statements of Net Assets Available for Benefits

December 31, 2010 and 2009

	2010	2009
Assets:		
Investments, at fair value:		
Mutual funds	**$ 51,123,812**	$ 46,271,875
Common/collective trusts	**10,334,040**	9,824,444
	61,457,852	56,096,319
Receivables:		
Employee contributions	**11,048**	88,873
Notes receivable from participants	**2,757,091**	2,740,050
	2,768,139	2,828,923
Net assets available for benefits at fair value	**64,225,991**	58,925,242
Adjustment from fair value to contract value for guaranteed interest contracts	**(232,589)**	43,582
Net assets available for benefits	**$ 63,993,402**	$ 58,968,824

See accompanying notes

Headwaters Incorporated
401(k) Savings & Investment Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2010

Additions in net assets attributed to:	
Interest income	$ 152,931
Dividends	1,247,130
Net appreciation in current value of investments	4,766,601
	6,166,662
Contributions:	
Employee	3,057,482
Other (including rollovers)	271,040
Total contributions	3,328,522
Total additions	9,495,184
Deductions from net assets attributed to:	
Administrative expenses	171,713
Distributions and withdrawals	4,298,893
Total deductions	4,470,606
Increase in net assets during the year	5,024,578
Net assets available for benefits:	
Beginning of year	58,968,824
End of year	$ 63,993,402

See accompanying notes.

Headwaters Incorporated
401(k) Savings & Investment Plan

Notes to the Financial Statements

December 31, 2010 and 2009

1. Description of Plan

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 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 18 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. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions. Participants are allowed to contribute between 1 and 97 percent of their annual pay to the Plan subject to the maximum amount allowable under the Internal Revenue Code of $16,500 for both 2010 and 2009. Contributions are made on a pre-tax basis through payroll deductions. Participants who attain age 50 before the end of the year may elect to defer additional amounts. The Company suspended its matching contribution in January 2009.

Participant Accounts. Each participant's account is credited with the participant's contribution and allocations of (a) the Company's matching and additional contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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

Notes Receivable from Participants. Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

1. Description of Plan (continued)

Payments of Benefits. 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. As of December 31, 2010, the Plan had $5,300,495 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.

Forfeitures Accounts. During 2010, $60,052 of forfeitures were used to offset Plan fees and $141,647 of forfeitures were allocated to eligible participants. During 2009, $5,179 of forfeitures were used to reduce company matching contributions.

2. Summary of significant accounting policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transaction under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

2. Summary of significant accounting policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Operating expenses

During 2010 and 2009, no administrative expenses were paid by the Company on behalf of the Plan.

Subsequent events

The Plan has evaluated subsequent events through September 20, 2011, the date the financial statements were available to be issued.

3. Investments

The Plan's investments at December 31, 2010 and 2009 were held by Wilmington Trust Retirement and Institutional Services Company. The following table presents the current values of investments at December 31, 2010 and 2009, 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.

	2010	2009
Met Life Stable Value Fund	**$ 10,334,040**	$ 9,824,444
American Funds Growth Fund A	**5,309,831**	5,016,527
American 2020 Target Ret	**4,068,799**	3,510,856
American 2025 Target Ret	**3,900,106**	3,778,039
Hartford MidCap A	**3,611,953**	2,941,475
Europacfic Growth	**3,519,404**	3,760,634
American 2015 Target Ret	**2,951,313**	3,033,321
Investment Company of America	**2,758,925**	2,525,870
American 2030 Target Ret	**2,755,869**	2,607,712

During the year ended December 31, 2010, 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	$ 421,084
American Funds Growth Fund A	524,041
American 2020 Target Ret	252,771
American 2025 Target Ret	353,821
Hartford MidCap A	673,331
Europacfic Growth	225,628
American 2015 Target Ret	156,358
Investment Company of America	215,587
American 2030 Target Ret	251,497
Other	1,692,483
	$ 4,766,601

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets 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 ASC 820 are described as follows:

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 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.

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, 2010 and 2009.

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.

4. Fair Value Measurements (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 results 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, 2010 and 2009.

	Assets at Fair Value as of December 31, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 51,123,812	$ –	$ –	$ 51,123,812
Common/collective trusts	10,334,040	–	–	10,334,040
Total assets at fair value	$ 61,457,852	$ –	$ –	$ 61,457,852

	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
Total assets at fair value	$ 56,096,319	$ –	$ –	$ 56,096,319

5. 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.

5. Investment Contract (continued)

Average yields	2010	2009
Based on annualized earnings (1)	6.53%	11.05%
Based on interest rate credited to participants (2)	3.12%	3.21%

(1) Computed by dividing the annualized one-day earnings of the contract on the last day of the plan year by the fair value of the investments on the same date.

(2) Computed by dividing the annualized one-day earnings credited to participants on the last day of the plan year by the fair value of the investments on the same date.

6. Related-Party 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.

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Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

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9. Risks and Uncertainties

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10. 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, 2010 and 2009:

	Financial statements	Less December 2011 Payrolls	Plus December 2010 Payrolls	Form 5500
Employee contributions	$ 3,057,482	$ (11,048)	$ 88,873	$ 3,135,307
Rollovers	271,040	–	–	271,040
Total contributions	$ 3,328,522	$ (11,048)	$ 88,873	$ 3,406,347

The net assets available for benefits as shown on the financial statement have been increased by the receivable amounts of $11,048 and $88,873 over the net assets available for benefits listed on the 5500 report as of December 31, 2010 and 2009, 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:

	2010	2009
Net assets available for benefits per financial statements at fair value	**$ 64,225,991**	$ 58,925,242
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (common collective trust)	**(232,589)**	43,582
Receivables – employee contributions	**(11,048)**	(88,873)
Net assets available for benefits per Form 5500	**$ 63,982,354**	$ 58,879,951

Supplemental Schedule

Headwaters Incorporated
401(k) Savings & Investment Plan
EIN – 87-0547337
PN #001
Schedule H, Part IV, Line 4(i)
Schedule of Assets Held for Investment Purposes
December 31, 2010

(a)	(b)Identity of Issue, Borrower, Lessor, or similar party	(c)Description of investment	(d)Cost	(e)Current Value
	Mutual funds			
	American Funds Cap Inc Bld A	Mutual Funds	N/A	1,135,082
	American Funds Inv Co Amer A	Mutual Funds	N/A	2,758,925
	American Funds Growth Fund A	Mutual Funds	N/A	5,309,831
	Hartford MidCap A	Mutual Funds	N/A	3,611,953
	Columbia Acorn A	Mutual Funds	N/A	1,477,930
	American Funds Cap Wld G&I A	Mutual Funds	N/A	1,848,604
	American Fnds EuroPacific A	Mutual Funds	N/A	3,519,404
	Columbia Large Cap Index A	Mutual Funds	N/A	2,241,598
	Goldman Sach Gov Inc A	Mutual Funds	N/A	764,060
	American 2010 Target Ret.	Mutual Funds	N/A	583,219
	American 2015 Target Ret.	Mutual Funds	N/A	2,951,313
	American 2020 Target Ret.	Mutual Funds	N/A	4,068,799
	American 2025 Target Ret.	Mutual Funds	N/A	3,900,106
	American 2030 Target Ret.	Mutual Funds	N/A	2,755,868
	American 2035 Target Ret.	Mutual Funds	N/A	2,342,591
	American 2040 Target Ret.	Mutual Funds	N/A	1,431,129
	American 2045 Target Ret.	Mutual Funds	N/A	574,229
	American 2050 Target Ret.	Mutual Funds	N/A	216,880
	Columbia Small Cap Val	Mutual Funds	N/A	2,470,801
	PIMCO Total Return	Mutual Funds	N/A	2,513,510
	Federated High Income	Mutual Funds	N/A	825,982
	Ridgeworth Mid Cap Val Eq A	Mutual Funds	N/A	1,212,062
	Columbia Dividend Income A	Mutual Funds	N/A	2,609,936
		Total Mutual Funds		$ 51,123,812

Headwaters Incorporated
401(k) Savings & Investment Plan

Schedule H, Part IV, 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	10,334,040
	Total investments			$ 61,457,852

* Party-in-interest

N/A - Cost information is omitted because the Plan is participant-directed.

Attachment to 2010 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		10,101,451
	American Fnds Cap Inc Bld A	Mutual Fund		1,135,082
	American Fnds Inv Co Amer A	Mutual Fund		2,758,925
	American Funds Grwth Fnd A	Mutual Fund		5,309,831
	Hartford Midcap A	Mutual Fund		3,611,953
	Columbia Acorn A	Mutual Fund		1,477,930
	American Funds Cap Wld G&I A	Mutual Fund		1,848,605

Attachment to 2010 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 Fnds EuroPacific A	Mutual Fund		3,519,404
	Loan Fund	Participant Loans: various interest rates, various maturity dates		2,757,091
	Goldman Sachs Gov Inc	Mutual Fund		764,060
	Columbia Large Cap Index A	Mutual Fund		2,241,598
	American 2010 Target Ret.	Mutual Fund		583,219
	American 2015 Target Ret.	Mutual Fund		2,951,313
	American 2020 Target Ret.	Mutual Fund		4,068,799

Attachment to 2010 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 2025 Target Ret.	Mutual Fund		3,900,106
	American 2030 Target Ret.	Mutual Fund		2,755,869
	American 2035 Target Ret.	Mutual Fund		2,342,591
	American 2040 Target Ret.	Mutual Fund		1,431,129
	American 2045 Target Ret.	Mutual Fund		574,229
	American 2050 Target Ret.	Mutual Fund		216,880
	Columbia Small Cap Val	Mutual Fund		2,470,800

Attachment to 2010 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
	Pimco Total Return	Mutual Fund		2,513,511
	Federated High Income	Mutual Fund		825,982
	Ridgeworth Mid Cap Val Eq A	Mutual Fund		1,212,062
	Columbia Dividend Income A	Mutual Fund		2,609,936