

# NEWS BULLETIN

FRB

FROM:

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FINANCIAL COMMUNICATIONS

RE: **Headwaters Incorporated**  
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**NASDAQ: HDWR**

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**FOR IMMEDIATE RELEASE:**

**March 13, 2003**

## **HEADWATERS INCORPORATED ANNOUNCES TECHNOLOGY INNOVATION UNIT**

**SOUTH JORDAN, UTAH, MARCH 13, 2003 – HEADWATERS INCORPORATED (NASDAQ: HDWR)**, today announced that it is restructuring and renaming its technology development activities. A new business unit, *Headwaters Technology Innovation Group* will focus on the development and commercialization of technologies that support Headwaters' core businesses and targeted growth areas.

*Headwaters Technology Innovation Group* will initially be comprised of two wholly-owned subsidiaries: *Headwaters Nanokinetix, Inc.* and *Hydrocarbon Technologies, Inc.* In addition, Headwaters Technology Innovation Group will provide technology development and commercialization services and leadership to Headwaters' other business units, including *Covol Fuels* and *ISG Resources, Inc.*

The *Headwaters Nanokinetix* unit will focus on leveraging its core catalyst technology – nanoparticle deposition, crystal face alignment and anchoring – through application-specific partnerships to generate revenue from R&D funding, licensing and catalyst manufacturing. Raymond Balée, a 25-year veteran of the specialty chemicals and petrochemicals industry, was named President of the company. Nanokinetix's management team also includes Dr. Bing Zhou, Vice President and Chief Technology Officer. Dr. Zhou was recently named by the Chinese Academy of Sciences of the Peoples Republic of China to receive their prestigious "Outstanding Scholars Overseas" award. Also, Dr. Michael Rueter, Director of Process Design for Nanokinetix, will manage the scale-up and commercialization of new technology applications.

*Hydrocarbon Technologies, Inc.* will focus on the commercialization of three core fossil fuel technologies: direct coal liquefaction, indirect coal liquefaction (using Fischer-Tropsch Gas-to-Liquids technology) and heavy petroleum hydroprocessing. With strengths in reaction chemistry, catalysis and process design, the unit will continue to license and support these core technologies while developing next-generation energy processes. The management team of

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Hydrocarbon Technologies will be led by Dr. Theo L. K. Lee, President and Dr. Peizheng Zhou, Vice President, GTL and China Projects.

Craig Hickman, President of the Headwaters Technology Innovation Group, describes the mission of the new business unit as, “accelerating the development and commercialization of breakthrough technologies related to Headwaters’ core businesses. The group’s vision for the future is to continue creating new Headwaters subsidiaries built on commercially viable technologies.” Mr. Hickman will be assisted in the direction of the group by James Lepinski, Vice President, New Technology and Business Development, and by Jeffrey Gendler, Director of Licensing and Strategic Partnerships.

### ***About Headwaters Incorporated***

*Headwaters Incorporated is a world leader in providing technology and services that maximize the value of fossil fuels. The Company is focused on providing services to energy companies, conversion of fossil fuels into alternative energy products, and generally adding value to energy. Headwaters generates revenue from managing coal combustion products (CCPs) and from licensing its innovative chemical technology to produce an alternative fuel. Through its CCP business and its solid alternative fuels business, the Company earns a growing revenue stream that provides the capital needed to acquire and expand synergistic new business opportunities.*

### **Forward Looking Statements**

Certain statements contained in this document may be deemed to be forward-looking statements under federal securities laws, and Headwaters intends that such forward-looking statements be subject to the safe-harbor created thereby.

Such forward-looking statements relate to: (i) the growth of Headwaters' revenues, earnings, or earnings per share; (ii) the ability of Headwaters to sustain the earnings stream from its alternative fuels coal combustion products and other businesses; (iii) the expectation that Headwaters' stock is undervalued or will increase in value in the future; (iv) the identification and completion of any future acquisitions and the expectation that the value of such acquisitions will increase; (v) the commercialization of any technology acquired or developed.

Headwaters cautions that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by the forward-looking statements contained herein.

Such factors include, but are not limited to: (a) the availability of tax credits to us and our licensees under the tax code; (b) our dependence on licensees to use our technology; (c) increased use and market acceptance of coal combustion products; (d) collection of payments outstanding; (e) repayment of substantial debt and restrictions on business operations because of debt covenants; (f) the ability of Headwaters to locate and close on attractive acquisition opportunities; (g) the company's limited operating history with its new business strategy and its ability to sustain and manage its growth under that strategy; (h) the success of the company in replacing and growing its financial performance before its legacy alternative fuels business declines.

More information about potential factors which could affect either company’s business and financial results is included in Headwaters’ Annual Report on Form 10-K and Form 10K/A for the fiscal year ended September 30, 2001, Quarterly Reports on Form 10-Q, and other periodic filings and prospectuses. All forward-looking statements are based on information available to Headwaters and ISG on the date hereof, and neither company assumes any obligation to update such statements. Investors and security holders may obtain a free copy of the Annual and Quarterly Reports and other documents filed by Headwaters and ISG Resources with the Securities and Exchange Commission at the Commission’s web site at <http://www.sec.gov>. Free copies of Headwaters’ Annual Report and other filings with the Commission may also be obtained by directing a request to [smadden@hdwtrs.com](mailto:smadden@hdwtrs.com). Free copies of ISG Resources’ filings may be obtained by directing a request to [everest@isgresources.com](mailto:everest@isgresources.com).

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*Page 2 of 2*

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