

NEWS BULLETIN

FROM:

FRB

WEBER SHANDWICK
FINANCIAL COMMUNICATIONS

RE: **Headwaters Incorporated**
10653 South Riverfront Park, Suite 300
South Jordan, UT 84095
(801) 984-9400
NASDAQ: HDWR

FOR FURTHER INFORMATION

AT THE COMPANY:

Sharon Madden
Director of Investor Relations
(801) 984-9400

AT FRB | WEBER SHANDWICK:

Tricia Ross
Analyst Contact
(310) 407-6540

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HEADWATERS' SCIENTIST HONORED BY PEOPLES REPUBLIC OF CHINA AS "OUTSTANDING SCHOLAR OVERSEAS"

SOUTH JORDAN, UTAH, MARCH 24, 2003 – HEADWATERS INCORPORATED (NASDAQ:HDWR), announced today that one of its research chemist doing pioneering work on nanocatalysis has been selected by the Chinese Academy of Sciences of the Peoples Republic of China to receive the prestigious "Outstanding Scholars Overseas" award. Dr. Bing Zhou, Vice President and Chief Technology Officer with Headwaters NanoKinetix, Inc., a subsidiary of Headwaters Incorporated, was nominated for this award by the State Key Laboratory of Catalysis of the Dalian Institute of Chemical Physics (DICP) in Dalian, China. Dr. Zhou is a specialist in chemical reactions utilizing nanocatalysts, a technology which has received considerable public attention in recent years for its potential applications for fuel cells and other energy and chemical processes.

In announcing this award, Professor Zhenju Lu, Director of the DICP in Dalian, explained that it "was created by the Chinese Academy of Sciences to recognize outstanding scholars overseas and to promote their scientific collaboration with CAS institutes". The award is part of an ambitious program by the Peoples Republic of China to rapidly develop and improve research programs at Chinese universities. The award provides significant funding to establish a national nanocatalyst research center at the DICP. Dr. Zhou is one of approximately 100 overseas scholars to receive this award since its inception four years ago.

Dr. Zhou plans to visit the DICP facility in March to meet with his research associates, a group of more than a dozen post-doctoral candidates and graduate students. He will manage the ongoing R&D program from his office in New Jersey, with periodic visits to DICP over the next three years. Kirk Benson, Chairman and CEO of Headwaters, Inc., described this award as "a tribute to the outstanding results already demonstrated by Dr. Zhou and his research team here, and to the tremendous value of nanocatalyst technology to the energy and chemicals industries world-wide. We are confident that the interaction of the Dalian and Headwaters research groups will lead to the development and commercialization of even more advanced catalysts than anything available today."

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Born and initially educated in China at Jilin University, Dr. Zhou earned his Ph.D. in Materials Science at the Catholic University of Louvain in Belgium, and spent several years at the University of Alberta (Canada) and the Alberta Research Council, working on nanocatalysts before coming to his present position in 1996. He is an author of more than 25 technical papers on catalytic reaction at the atomic level, and holds more than ten patents on hydrogen peroxide production as well as nanocatalyst formation. His many honors include the U.S. Department of Energy's Innovation in Research Award, received in 2001, and the National Science Foundation's Innovative Research Award, received in 1998. Dr. Zhou is recognized as one of the world's leading experts on nanocatalysis and has been appointed five times by the American Chemical Society to chair national conferences on the use of nanotechnology in catalysis.

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. Free copies of ISG Resources' filings may be obtained by directing a request to ceverest@isgresources.com.

Contact:

Headwaters Incorporated
Sharon Madden, 801/984-9400
smadden@hdwtrs.com