

# NEWS BULLETIN

FRB

FROM:

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FINANCIAL COMMUNICATIONS

RE: **Headwaters Incorporated**  
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**FOR IMMEDIATE RELEASE:**

**April 17, 2003**

## **HEADWATERS INCORPORATED ANNOUNCES ITS SUBSIDIARY NANO-KINETIX, INC. HAS SIGNED AN AGREEMENT WITH A MAJOR GLOBAL MANUFACTURER**

**SOUTH JORDAN, UTAH, APRIL 17, 2003 – HEADWATERS INCORPORATED (NASDAQ: HDWR)**, announced today that its wholly owned subsidiary, Headwaters NanoKinetix, Inc., has been engaged by a major global manufacturer to develop engineered nano-catalysts for selective destruction of volatile organic compounds (VOC's). In addition, NanoKinetix is teaming with its sister business, Covol Fuels, in a related program supported by a DOE research grant, to develop nano-catalysts to control NOx and SOx generated from coal burning power plants.

Headwaters NanoKinetix has developed a patented nano-catalyst technology, to be marketed under the name NxCat. NxCat technology uses a proprietary process to align, space, and anchor catalytic nano-particles to commonly used support materials. This stabilizes the extremely small catalyst particles, resulting in durable catalysts with performance levels far exceeding currently available commercial catalysts. NxCat technology controls catalyst structure at an atomic scale, allowing catalysts to be precisely tailored to specific applications. With this precise control, catalysts can be designed to destroy only targeted VOC's.

Headwaters NanoKinetix expects its novel nano-catalyst technology to provide a strong platform for multiple applications. Today, there are over \$5 trillion worth of products that use catalysts at some point in their manufacture, and many of these products can benefit from NxCat nano-catalyst technology. Nano-catalysts have the potential to improve product performance and reduce the manufacturing costs in certain processes by as much as 40%.

A nanometer is 1 millionth of a meter; 100 billion nano-sized particles could be placed on the period at the end of this sentence. The NxCat technology produces nano-catalyst with active components that are as small as an atom, 0.2 nano-meters in size.

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### ***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, nano-catalyst 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; and (v) the commercialization or value 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; and (i) the ability of Headwaters to successfully commercialize any of its technologies.

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 for the fiscal year ended September 30, 2002. Quarterly Reports on Form 10-Q, and other periodic filings and prospectuses. All forward-looking statements are based on information available to Headwaters 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 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).

