

# NEWS BULLETIN

FROM:

**FINANCIAL  
RELATIONS BOARD**

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

**June 16, 2004**

## **HEADWATERS INCORPORATED AND RENTECH, INC. FINALIZE GAS-TO-LIQUIDS JOINT VENTURE**

**SOUTH JORDAN, UTAH, June 16, 2004 – HEADWATERS INCORPORATED (NASDAQ: HDWR)**, today announced that Headwaters Technology Innovation Group, Inc., a wholly owned subsidiary of Headwaters Incorporated, and Rentech, Inc. (AMEX: RTK), have formed a 50/50 joint venture between the two companies to combine their respective iron-based Fischer-Tropsch gas-to-liquids (GTL) technologies. In doing so, the companies believe the joint venture can deliver the most advanced, cost effective iron-based GTL technology available in the market place today. The companies believe they can take full advantage of both parties' GTL experience and proprietary intellectual properties as well as the clean coal technologies developed by Headwaters. The joint venture will be a limited liability company named "FT Solutions LLC" (FTS).

Under the terms of the agreement, FTS will be the licensor of the combined GTL technology and will promote and license the combined technology for use in GTL projects developed by Headwaters worldwide and for all Headwaters and Rentech GTL projects in China. FTS will receive license fees and royalties from Headwaters' GTL projects and all Headwaters and Rentech GTL projects in China and provide basic engineering and technical services for those projects. Rentech has the exclusive right to develop and license non-Headwaters GTL projects worldwide excluding China and will retain 100% of all licensing fees and royalties for Non-Headwaters GTL projects and will provide both engineering and technical services for those projects. FTS has the exclusive right to manufacture and sell (or license the right to manufacture and sell) catalysts for all Headwaters and Rentech GTL projects worldwide. Both Headwaters and Rentech will continue developing GTL technology through FTS.

Increased oil prices, political instability in oil-rich countries and concerns about the environment have sparked renewed interest in GTL technologies. Billions of dollars are being spent by major oil companies on natural gas-based GTL projects in remote areas of the world. However major

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consumers of energy such as the United States, China, India, Japan, and Europe no longer have the luxury of low cost natural gas. FTS offers these countries a GTL technology that can utilize other low-cost carbon bearing feedstocks such as coal, petroleum coke, orimulsion, low-BTU (CO<sub>2</sub>-rich) natural gas, hydrocarbon byproducts, biomass, or industrial off-gases to produce ultra-clean liquid hydrocarbons including diesel fuels, naphthas, waxes, lubricants and chemical feedstocks. Headwaters and Rentech each own and control technologies which are beneficial to the environmentally clean and responsible use of coal, the world's largest usable energy reserve, and other hydrocarbons.

Craig Hickman, President of Headwaters Technology Innovation Group stated, "We believe the time is right for the rapid growth of GTL projects around the world. Rentech has announced studies for coal-based GTL projects in Illinois and Wyoming and Headwaters has completed two studies for projects in China. Our joint venture with Rentech will give us an opportunity to accelerate the commercialization of our GTL technologies and catalysts."

Dennis L. Yakobson, President and CEO of Rentech, added, "We are very pleased to be entering into this agreement with Headwaters, who has been very successful in the implementation of its clean coal technologies. The meetings leading to this agreement have generated awareness by both companies that the combined markets for our technologies would be better served by joining our efforts and our intellectual properties. This will enable both Headwaters and Rentech to provide a more complete package of GTL technologies to the ever growing clean coal market, meeting the increasing needs for other sources of energy, besides oil and natural gas, as well as helping nations to reach a more secure and cleaner energy future. We look forward to our relationship with Headwaters and the prospects that it holds for both companies."

### **About Headwaters Incorporated**

*Headwaters Incorporated is a world leader in creating value through innovative advancements in the utilization of natural resources. The Company is focused on providing services to energy companies, conversion of fossil fuels into alternative energy products, and 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, fly ash building products business, and its solid alternative fuels business, the Company earns a growing revenue stream that provides the capital needed to expand and acquire synergistic new business opportunities.*

### **About Rentech, Inc.**

*Rentech, Inc., incorporated in 1981, is the developer and licensor of a patented and proprietary Fischer-Tropsch gas-to-liquids (GTL) process for conversion of synthesis gas made from natural gas, industrial off-gas, or solid or liquid carbon-bearing materials into high-value fuels and chemicals. These include clean burning, ultra-low-sulfur and ultra-low-aromatic fuels (beyond detectable limits, naphtha, waxes and fuel for fuel cells.*

### **Forward Looking Statements**

*Certain statements contained in this report are forward-looking statements within the meaning of federal securities laws and Headwaters intends that such forward-looking statements be subject to the safe-harbor created thereby.*

*Forward-looking statements include Headwaters' expectations as to the managing and marketing of coal combustion products and building products, operation of facilities utilizing alternative fuel technologies, the marketing of synthetic fuels, the receipt of licensing fees, royalties, and product sales revenues, the development, commercialization, and financing of new technologies and*

*other strategic business opportunities and acquisitions, and other information about Headwaters. Such statements that are not purely historical by nature, including those statements regarding Headwaters' future business plans, the operation of facilities, the availability of tax credits, the availability of feed stocks, and the marketability of the coal combustion products, building products, and synthetic fuel, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and our future results that are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Actual results may vary materially from such expectations. Words such as "expects," "anticipates," "targets," "goals," "projects," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward-looking.*

*In addition to matters affecting the coal combustion products, synthetic fuel and building products industries or the economy generally, factors which could cause actual results to differ from expectations stated in forward-looking statements include, among others, the factors described in the captions entitled "Forward-looking Statements" and "Risk Factors" in Item 7 in Headwaters' Annual Report on Form 10-K for the fiscal year ended September 30, 2003, Quarterly Reports on Form 10-Q, and other periodic filings and prospectuses.*

*Although Headwaters believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that our results of operations will not be adversely affected by such factors. Unless legally required, we undertake no obligation to revise or update any forward-looking statements for any reason. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report.*

*Our internet address is [www.hdwtrs.com](http://www.hdwtrs.com). There we make available, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports can be accessed through the investor relations section of our web site.*