

# NEWS BULLETIN

FROM:

FINANCIAL  
RELATIONS BOARD

RE: **Headwaters Incorporated**

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**NASDAQ: HDWR**

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**FOR IMMEDIATE RELEASE:  
OCTOBER 13, 2004**

## **HEADWATERS INCORPORATED TO CONDUCT COAL-TO-OIL FEASIBILITY STUDY FOR OIL INDIA LIMITED**

**SOUTH JORDAN, UTAH, OCTOBER 13, 2004 - HEADWATERS INCORPORATED (NASDAQ: HDWR)**, today announced that its Hydrocarbon Technologies, Inc. (HTI) subsidiary has been awarded a contract by Oil India Limited, a Government of India enterprise, to study the technical and economic feasibility of applying HTI's Direct Coal Liquefaction (DCL) Technology in India. Oil India is a public sector company engaged in petroleum exploration and production in the Assam region of northeastern India, an area rich in natural resources but distant from established oil refining operations. Under a concurrently-signed Memorandum of Understanding, the companies have agreed that pending a positive result from the feasibility study, if Oil India elects to proceed with a commercial-scale DCL project, HTI will provide the technology license under negotiated commercial terms.

Headwaters' DCL Technology was first licensed to the Shenhua Group of China in 2002, for use in a \$2 billion coal-to-liquids facility currently under construction in Majata, Inner Mongolia, in the People's Republic of China. In the feasibility study program to be carried out for Oil India Limited, the same DCL Technology that was originally licensed to the Shenhua Group will be used in HTI's pilot plants to test a representative array of coal samples from the Assam region. Yields and product quality data generated in these tests will be used as the basis for evaluating the economic viability of a large-scale commercial DCL plant in Assam.

The Assam region of India has abundant and rich coal reserves. As explained by Dr. Theo Lee, Vice President and Chief Technology Officer for HTI, "The Assam coal is unusually reactive, relative to other coals we have studied. By using Headwaters' DCL Technology, Oil India should be able to produce high yields of refined products such as clean gasoline, jet fuel, diesel and fuel oil from locally-mined coal. With ash and other inert materials removed from the coal, these energy products can be more cost-efficiently transported to other parts of the country."

Kirk Benson, Chairman and CEO of Headwaters, stated, "We are excited about this opportunity to apply our unique technology in India, where the ever-increasing demand for cost-efficient

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transportation fuels can be answered with an abundant domestic resource. The need to reduce dependence on imported oil in a growing economy is what made the DCL Technology an attractive choice for the Shenhua Group in China. We expect that these same factors will make future coal-to-liquids projects attractive not only in Asia, but potentially in North America as well.”

“This project award further validates the potential inherent in our energy technologies to create incremental value,” continued Mr. Benson. “The financial benefit of a license in India won’t be realized until the feasibility studies and engineering have been completed. But at today’s oil prices, coal liquefaction can make a contribution to fulfilling coal’s potential as a source of liquid fuels.”

### **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.*

### **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.*

