

# NEWS BULLETIN

FROM:

**FINANCIAL  
RELATIONS BOARD**

RE: **Headwaters Incorporated**  
10653 South River Front Parkway, 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 FINANCIAL RELATIONS BOARD:**

Tricia Ross  
Analyst Contact  
(310) 407-6540

**FOR IMMEDIATE RELEASE:  
MARCH 8, 2005**

## **HEADWATERS INCORPORATED ANNOUNCES ITS NANOCATALYST BOOSTS OCTANE YIELD AND OUTPERFORMS CONVENTIONAL CATALYSTS**

**SOUTH JORDAN, UTAH, MARCH 8, 2005 – HEADWATERS INCORPORATED (NASDAQ: HDWR)**, Headwaters Incorporated announced today that its wholly owned subsidiary, Headwaters NanoKinetix, has developed a nanocatalyst based on its proprietary NxCat™ technology, which significantly improves the upgrading of gasoline feedstock, commonly referred to as naphtha reforming. Catalytic reforming, one of the most commonly used processes in petroleum refineries, converts petroleum feedstock into high-value gasoline, hydrogen and petrochemical materials.

In side-by-side third party laboratory comparisons with some of the industry's best reforming catalysts, the NxCat catalyst produced an increase in octane, which was the equivalent of going from regular-grade to premium-grade gasoline. Additionally, a significant increase in hydrogen production was achieved. Hydrogen availability is a critical factor for refineries to upgrade petroleum and reduce its sulfur content.

According to Dr. Bing Zhou, VP and Chief Technology Officer of NanoKinetix, the NxCat innovative catalyst technology outperforms traditional reforming catalysts for a number of reasons. The NxCat nanoparticles are more uniform in size and composition, and are highly stable because of the unique way in which they are anchored to support material. This combination significantly improves desired product selectivity and yield, and provides the catalyst with the potential of a longer service life.

NxCat reforming catalysts are expected to enable refiners to improve their gasoline and petrochemical economics by more cost effectively producing a premium-quality gasoline. In the U.S. alone, more than 50 million gallons per day of premium gasoline is purchased at a price of about 20 cents per gallon above regular-grade gasoline. Beyond the gasoline market, the NxCat reforming catalyst may also be used to produce more high-value petrochemical raw materials for the synthetic fibers and plastics industries.

- more -

The oil refining industry will demand extensive laboratory and commercial-scale proof of the technical and performance benefits derived from these new NxCat reforming catalysts. NanoKinetix will continue working with industry leaders, end-users, and commercialization partners to demonstrate the value added by NxCat.

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

*Headwaters Incorporated is a world leader in creating value through innovative advancements in the utilization of natural resources. Headwaters is a diversified growth company providing products, technologies and services to the energy, construction and home improvement industries. Through its alternative energy, coal combustion products, and building products businesses, 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, the production and marketing of building materials and products, the licensing of technology and chemical sales to alternative fuel facilities, the receipt of product sales, license fees and royalty 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 feedstocks, 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 product, alternative 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, 2004, 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.headwaters.com](http://www.headwaters.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.*