

NEWS BULLETIN

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WITH HEADWATERS' CATALYST, PREMIUM-GRADE GASOLINE CAN BE PRODUCED AT REGULAR-GRADE PRICES

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.

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.

*****Dr. Bing Zhou will be available for interviews, by phone or in person, on Wednesday, March 16, 2004. Please contact Dale Didion (202-544-5430) for more information or with questions.*****

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.

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