



**For Immediate Release
September 30, 2009**

Sierra Pacific Industries and Equator Announce Largest U.S. Forest Carbon Transaction to Date

Los Angeles, CA – California’s largest private landowner – Sierra Pacific Industries, and Equator, LLC, a natural resources asset management firm, announced today that they have entered into the nation’s single largest pre-compliance forest carbon transaction to date. The transaction will consist of a series of projects focused on developing compliance-ready carbon offsets registered under the recently approved Climate Action Reserve (CAR) forestry protocol Version 3.0. These offsets would be used to comply with emissions reduction goals under California’s landmark legislation, Assembly Bill 32.

The transaction will sequester an additional 1,500,000 tons of carbon dioxide over the next five years in excess of what would have otherwise occurred. The investment in the projects will be made through the Eco Products Fund, LP (EPF) – a private equity vehicle co-managed by Equator and New Forests, Inc.

Sierra Pacific’s Chief Financial Officer Mark Emmerson stated that SPI is pleased to be able to participate in California’s carbon market with Equator. “This project demonstrates the utility of California’s new forestry protocol, and recognizes the value of working forests in meeting the state’s climate change goals and ecosystem sustainability.” Emmerson added “We are pleased to be able to work with a global leader like Equator in this effort”.

“We are very excited to partner with SPI on this landmark transaction, and to utilize the new forest protocol approved by the Climate Action Reserve and endorsed by the California Air Resources Board,” said Gerrity Lansing, Chief Executive Officer of Equator. “These projects will not only address climate change, but will also protect critical wildlife habitat, improve biodiversity, and enhance water quality,” added Lansing.

Elements of this transaction are unique to California; the first project in the series of activities will be designed to protect the genetic diversity and integrity of Giant Sequoia trees in the Sierra helping to expand its range as an adaptation strategy in the face of climate change. Noted for their enormous potential to sequester carbon dioxide, over 20,000 Giant Sequoias in this first project area will be conserved in perpetuity. As a further demonstration of the co-benefits associated with these projects, the rare Pacific Fisher will be reintroduced on part of the project lands in cooperation with the California Department of Fish and Game.

William Libby, Emeritus Professor of Forestry and Genetics at the University of California Berkeley, noted that the agreement will provide broad ecosystem benefits. "I am encouraged to see that these firms have joined together in partnership to **proactively conserve** Giant Sequoias and enhance habitat for wildlife," Libby said. "This is truly a landmark agreement for California," he added.

Climate Action Reserve president Gary Gero offered that the agreement between SPI and Equator so soon after the approval of the new forest protocol is a "validation that the hard work of the Climate Action Reserve Forest Project Protocol work group, members of the public, and staff resulted in an approach that has real world practicality. The protocol was designed so that it could be integrated into business practices while still supporting effective activities to mitigate climate change. We are honored that the largest forest project to date will use the Reserve's protocol," said Gero.

"The endorsement of the CAR Forest protocols by ARB provides some clarity to investors who want to help develop carbon offset supply from forests," said David Brand, Managing Director of New Forests, Inc., "This should stimulate the development of forest-based carbon projects in advance of the implementation of a California or US carbon trading market."

Overall, some 60,000 acres of SPI's private timberland in California will be dedicated to this transaction. The projects will be submitted to the Climate Action Reserve for registration in the Reserve's registry of carbon offset credits consistent with CAR's recently approved forest protocol; Version 3.0. The Climate Action Reserve is a national offsets program working to ensure integrity, transparency and financial value in the U.S. carbon market. The protocol was

approved by the Climate Action Reserve on September 1, and endorsed by the California Air Resources Board on September 24, 2009.

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About the Participants



Sierra Pacific Industries is one of the largest private land owners in North America with 1.9 million acres of timberland in California and Washington, and is the second largest lumber producer in the U.S. SPI is a third-generation, family owned and operated forest products company, with a goal to maintain and improve the forest ecosystem for future generations. SPI's forest management philosophy is based on science and the company has undertaken extensive planning and research to meet or exceed the most stringent forestry regulations in the nation. SPI has always made protection of the environment the cornerstone of its forest management policies. SPI is a voluntary partner in the Sustainable Forestry Initiative, an iconic standard in sustainable forestry. For more information please visit www.spi-ind.com.



Equator, LLC is an asset management firm specializing in the generation and management of high quality carbon credits and environmental assets derived from reforestation projects, forest conservation, sustainable land management and other emission reduction project activities. The firm is focused on monetizing environmental commodities and commercial timberland management.



New Forests is a forestry investment management and advisory services firm headquartered in Sydney, Australia with offices in Washington, D.C., San Francisco and Kota Kinabalu, Malaysia. The company's investment philosophy seeks to deliver traditional timber returns as well as returns from eco products, such as certified timber, renewable energy, carbon credits, biodiversity benefits and water-quality improvements. New Forests' staff includes experienced professionals across timberland investment, operational forestry, environmental management and finance. The company holds an Australian Financial Services License.



The Eco Products Fund (EPF) is a private equity fund co-managed by Equator, LLC and New Forests, Inc. providing investment capital to projects producing carbon credits and other environmental assets. EPF invests in a portfolio of credits associated with wetlands and endangered species conservation, forest and land-based carbon sequestration, and water quality improvements in the United States and internationally.

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