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The Pacific Forest Trust and Natsource Announce Landmark Transaction of First Forest-Based CO₂ Emission Reductions Certified Under California Rules

New York, NY and San Francisco, CA—The Pacific Forest Trust (PFT) and Natsource Asset Management LLC (Natsource) announced today the completion of a landmark transaction of certified forest carbon dioxide (CO₂) emissions reductions. Natsource, a leading emissions and renewable energy asset manager, bought 60,000 tons of carbon emissions reductions on behalf of its clients from a private forest owner represented by PFT. The emissions reductions were created through sustainable forestry on a permanently conserved property in California. This deal illustrates the significant role that management of existing forests can play in addressing climate change. The transaction is the first commercial delivery of certified emissions reductions under the Forest Protocols adopted last fall by the California Air Resources Board (CARB). The Protocols are the first rigorous governmental accounting standards in the U.S. for climate projects embracing forest management and avoided deforestation, while ensuring emissions reductions are real, permanent, additional and verifiable.

“Today marks a significant milestone for the recognition of the real benefits of conserving and managing U.S. forests to enhance their climate contributions,” announced PFT president Laurie Wayburn. “Investing in the power of forests to protect our climate is a practical action that can and should be taken now to reduce CO₂ in our atmosphere. We are hoping that deals like this will provide policymakers around the world with the confidence they need to ensure that forestry becomes part of the solution to address climate change.”

CARB’s leadership in adopting the Forest Protocols is helping to stimulate a new asset class in global GHG emissions markets, validating forests as a cost-effective means to achieve real GHG reductions. The Forest Protocols, which are administered by the non-profit California Climate Action Registry (CCAR), can be used as a model to ensure that forests be used to achieve enduring benefits and become a solution in the fight against climate change.

“Until now, forest sequestration has been an untapped asset in the effort to address climate change,” said Jack Cogen, Chief Executive Officer of Natsource. “Forestry can and should be an important part of the portfolio of climate change solutions moving forward. This deal illustrates that when rigorous, clear rules are adopted, these investments can reduce costs for our compliance customers and provide what we believe are attractive investment opportunities. Natsource participated in this transaction because it complied with

California's rigorous standards, and we believe that this will ensure that the sequestration will provide enduring environmental and economic benefits.”

The CO₂ emissions reductions purchased by Natsource clients were created by PFT's *Van Eck Forest Project*, in Humboldt County, CA, that uses the CO₂ storage capabilities of a working redwood forest. Owned by the Fred M. van Eck Forest Foundation, the 2,200-acre forest is permanently protected by a conservation easement. It is managed by the Pacific Forest Trust to increase carbon stores, restore biodiversity and produce sustainable timber supplies.

The revenue from the purchase of some of the emissions reductions already generated by this project will help finance the ongoing forest stewardship activities that will enable the forest to remove an estimated 500,000 more tons of CO₂ from the atmosphere than would otherwise occur over the next 100 years – all while still supplying substantially the same volume of wood products from the property that would have been harvested under conventional management. Carbon sequestration is enhanced on the Van Eck Forest by preventing business-as-usual logging of all the substantial volume of standing timber on the property and by ensuring that selective harvest practices remove less timber volume than is grown, allowing carbon stores to permanently increase.

The project's emissions reductions are calculated using the scientific accounting standards of the Forest Protocols, based on a detailed inventory of the forest and the effects of management parameters secured by the permanent conservation easement. These calculations have been registered with CCAR after independent third party certification by SGS, the world's leading inspection, verification, testing and certification company, working with Scientific Certification Systems, the leading U.S. forestry certification company. Project data is available to the public from CCAR.

“Dangerous levels of CO₂ in our atmosphere are the result of fossil fuel combustion and forest loss,” continued Wayburn. “To successfully stabilize our climate, we must address both sources. Preventing forest loss and increasing net sequestration through projects that meet rigorous standards, such as those in California, can secure lasting emissions reductions.”

As the first asset manager to purchase Van Eck Forest emissions reductions, Natsource joins an impressive group of climate leaders that have invested in the power of working forests through the *Van Eck Forest Project*, including U. S. House Speaker Nancy Pelosi, California Governor Arnold Schwarzenegger, California Assembly Speaker Fabian Nuñez (D) and California Environmental Protection Agency Secretary Linda Adams.

“I applaud Natsource for investing in the long-term climate benefits of California's forests. Natsource's leadership shows that global capital will flow to projects that meet rigorous international standards reducing emissions of CO₂,” commented Mary Nichols, Chairman of the California Air Resources Board, the lead agency for implementing the state's Global Warming Solutions Act.

About the Pacific Forest Trust

The Pacific Forest Trust (PFT) is the nation's leading non-profit organization dedicated to protecting America's private working forests for their many public benefits, including climate stabilization. In California, PFT has been instrumental in advancing the role of forests in the state's climate change programs, including the development of the Forest Protocols. Nationally, PFT published two landmark reports: "America's Private Forests: Status and Stewardship" (Island Press 2001) and "Forest Carbon in the United States." Through its *Working Forests, Winning Climate* initiative, PFT is advising state governments and federal leaders about the inclusion of forest conservation and sustainable management in climate policies, markets and best-practices.

To learn more about the Pacific Forest Trust, please visit: www.pacificforest.org

About Natsource LLC

With \$1.2 billion in assets under management, Natsource is a leading provider of asset management, origination, and advisory and research services in global emissions and renewable energy markets. Natsource manages the Greenhouse Gas Credit Aggregation Pool ("GG-CAP") which has approximately US \$800 million (€560 million) in committed capital. GG-CAP purchases greenhouse gas compliance instruments created by projects that its participants can use to comply with emission reduction targets from 2005-2012. Natsource Asset Management LLC manages approximately \$400 million in private investment vehicles and managed accounts. It attempts to use its regulatory, market and trading expertise to opportunistically develop, hold and resell a portfolio of environmental assets with the goal of providing superior returns to clients.

To learn more about Natsource Asset Management, please visit: www.natsource.com