



**STARWOOD ENERGY SIGNS POWER PURCHASE AGREEMENT
WITH ARIZONA PUBLIC SERVICE CO.; TO BUILD THE WORLD'S
LARGEST DISPATCHABLE SOLAR PLANT WITH LOCKHEED MARTIN**

*Solar-Thermal Electric Generating Facility Will Produce Up to 290 MWs of Clean
Electrical Power and Serve Nearly 73,000 Customers*

*Project is Latest Result of Starwood Energy's Alliance with Lockheed Martin to Build
Utility-Scale Solar Energy Facilities*

GREENWICH, CT – May 22, 2009 – Starwood Energy Group Global, LLC (“Starwood Energy”), a private investment firm focused on energy infrastructure projects, today announced that its affiliate, Starwood Solar I, LLC (“Starwood Solar”) has signed a definitive power purchase agreement (“PPA”) with Arizona Public Service Company. (“APS”). Starwood Solar will contract with Lockheed Martin Corporation to construct a 290 megawatt (“MW”) concentrating solar trough plant in Harquahala Valley, Arizona and commit all the renewable energy and capacity from the facility to APS under the PPA. The facility, scheduled to be completed in 2013, will be the world’s largest dispatchable solar energy plant ever built and will provide enough electricity for nearly 73,000 APS electricity customers.

The facility is the direct result of Starwood Energy's ongoing teaming agreement with Lockheed Martin to build utility-scale solar power facilities and is a customized response to APS which is seeking to further expand its sources of energy from renewable sources. It also reflects the latest in a string of investments in solar energy, transmission and natural gas-fired generating facilities by Starwood Energy.

"Today's announcement marks an important milestone in the ongoing effort to develop and build meaningful solar generation facilities in this country," said Barry Sternlicht, Chairman of Starwood Energy. "Too often, the planned facilities in this space are either too small or too thinly funded to meaningfully advance the national effort to expand the United States' use of reliable and efficient clean energy technology. But by bringing together Starwood Energy, Lockheed Martin and APS, who have each proven to be a leader in the renewable energy space, we have the ability to build a facility that accomplishes just that for tens of thousands of people in Arizona. We are looking forward to getting started."

“When we formed our alliance with Lockheed Martin 18 months ago, this is exactly the type of game-changing project we envisioned tackling together,” said Brad Nordholm,

CEO of Starwood Energy. “The combination of our ability to finance this project, Lockheed Martin's systems integration and design expertise and APS's drive to provide its customers with cost-effective, sustainable power will result in a state-of-the-art facility that will serve the citizens of Arizona for years to come. We look forward to working in concert with APS, Arizona Governor Jan Brewer, the Arizona Corporation Commission, Maricopa County and community leaders on this facility, which will help both the state and the country take another step toward creating environmentally friendly energy solutions.”

The plant will be located in the Maricopa County, Arizona, approximately 75 miles west of Phoenix, and be owned by Starwood Solar, with all the power generated by the facility provided to APS through a long-term PPA. Lockheed Martin will be responsible for engineering, procurement and construction, as well as operations and maintenance when the facility is complete. Over the next twelve months, Starwood Energy and its affiliate Nautilus Solar Energy, LLC will work to complete permitting and structure and place the construction and permanent financing Starwood Energy acquired Nautilus to expand its solar development platform in December 2008.

The facility's solar technology will use parabolic mirrors to track the sun and focus the sun's heat on a heat transfer fluid, which will transfer its heat energy to water, creating steam. The steam is then used to run conventional steam turbines to create electricity. The heat energy in the fluid also can be stored and used at a later time to generate electricity when most needed by APS's customers.

About Starwood Energy Group Global, LLC

Starwood Energy is an affiliate of Starwood Capital Group Global, LLC, a multi-billion dollar private equity investment firm located in Greenwich, CT. Since 2005, Starwood Energy has committed to energy infrastructure transactions totaling \$3.2 billion of enterprise value, including the Neptune Regional Transmission System, a 660 MW undersea power cable connecting Long Island to New Jersey, CalPeak Power a 260 MW portfolio of five natural gas-fired peaking power plants in California, and the 272 MW Thermo Ft. Lupton combined-cycle plant in Colorado. Starwood Energy successfully completed the 120 MW Starwood-Midway power plant on May 5th, 2009.

Media Contacts:

Tom Johnson/Amy Robinson
The Abernathy MacGregor Group
(212) 371-5999