



Press Release

FREEPORT LNG CLOSES FINANCING AND COMMENCES CONSTRUCTION OF INITIAL TWO NATURAL GAS LIQUEFACTION TRAINS

- **Total anticipated project costs, including financing costs, of \$9.64 billion**
- **Largest fully non-recourse construction project financing in history**
- **Full notice to proceed issued for construction of the initial two liquefaction trains**
- **Financial close and commencement of construction on third train expected in second quarter 2015**
- **Operations expected to commence in third quarter 2018**

HOUSTON, November 25, 2014 – Freeport LNG Expansion, L.P. (Freeport LNG) today announced that its subsidiaries, FLNG Liquefaction, LLC and FLNG Liquefaction 2, LLC, successfully closed on debt and equity financing commitments of approximately \$11 billion in capital required for the development of the initial two trains of Freeport LNG’s natural gas liquefaction and LNG loading facility on Quintana Island near Freeport, Texas, making it the largest fully non-recourse construction project financing ever. Commitments in excess of the anticipated \$9.64 billion in project costs, inclusive of financing costs, provide significant buffer for contingencies and cost overruns to ensure successful completion.

With closing on financing, Freeport LNG has completed all milestones and issued a full notice to proceed to CB&I, Inc. and Zachry Industrial, Inc. to construct the first two liquefaction trains of the Freeport LNG liquefaction project. Financing and commencement of construction on the third liquefaction train is expected in second quarter 2015. The first liquefaction train is expected to start operations in third quarter 2018, with the second liquefaction train expected to commence operations five months thereafter.

For the first liquefaction train, approximately \$4.369 billion in debt financing is being provided by Japan Bank for International Cooperation (JBIC) and the following six commercial banks: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation, and ING Bank N.V., Tokyo Branch. The portion of the loans financed by the commercial banks is insured by Nippon Export and Investment Insurance (NEXI). Osaka Gas Co., Ltd. (Osaka Gas) and Chubu Electric Power Co., Inc. (Chubu Electric) are committed to invest approximately \$1.24 billion for the development of the first train.

For the second liquefaction train, approximately \$4.025 billion in debt financing is being provided by a syndicate of 25 commercial banks under a 7-year mini-perm construction facility. IFM Investors is committed to invest approximately \$1.3 billion in equity for the development of the second train.

“We are excited to bring together a diverse group of the world’s most sophisticated investors, lenders, LNG industry participants, and governmental institutions to support the advancement of the Freeport LNG liquefaction project, and look forward to completing a successful construction of the initial two trains and beginning commercial exports in 2018,” said Michael S. Smith, Chief Executive Officer, Freeport LNG.

Mr. Smith continued, “The project will drive substantial economic growth in Texas and across the United States, requiring a peak construction workforce of over 4,000 workers and 300 new full-time workers at the facility once in operation. In addition, an estimated 25-30,000 permanent new jobs will be generated upstream of the project to support the increased natural gas exploration, production and infrastructure development required to meet the project’s supply demands. Exports from the Freeport LNG project offer substantial geopolitical benefits as well, providing secure energy supplies to our key allies around the world and resulting in more than a 1% reduction in the U.S. trade deficit.”

Project Update

Freeport LNG awarded contracts to a joint venture between CB&I, Inc. and Zachry Industrial, Inc. to construct the initial two trains of the liquefaction project. The first two trains are anticipated to commence operations 45 and 50 months from start of construction, respectively, with the third train expected to be in operation approximately six months following the second train. Each liquefaction train has a nameplate design capacity of 4.64 million tonnes per annum. Approximately 13.2 million tonnes per annum of the production capacity of the three liquefaction trains has been contracted under use-or-pay liquefaction tolling agreements with Osaka Gas, Chubu Electric, BP Energy Company, Toshiba Corp. and SK E&S LNG, LLC.

In November 2014, Freeport LNG received final approvals for its proposed 3-train natural gas liquefaction and LNG export facility on Quintana Island near Freeport, Texas from the U.S. Federal Energy Regulatory Commission (FERC) and the U.S. Department of Energy (DOE). With these approvals, Freeport LNG has received all authorizations required for construction of the initial 3-train liquefaction project and the export of the entire contracted LNG production volume of the initial three trains.

Macquarie Capital is serving as Freeport LNG’s sole financial advisor with respect to the financing for the project. White & Case is serving as Freeport LNG’s finance counsel. Credit Suisse served as global coordinator with respect to the train two debt financing. Documentation pertaining to the liquefaction project, including regulatory materials, is available on Freeport LNG’s website at www.freeportlng.com.

About Freeport LNG

Freeport LNG Expansion, L.P. is a wholly owned subsidiary of Freeport LNG Development, L.P., which owns and operates an existing LNG regasification terminal located near Freeport, Texas. The terminal started commercial operation in June 2008. In connection with the closing of the liquefaction project financing, Michael Smith has acquired ConocoPhillips Company’s interest in the general partner of Freeport LNG Development, L.P., resulting in Mr. Smith being the sole general partner. Freeport LNG Development, L.P.’s limited partners are: Freeport LNG Investments, LLLP and FLNGI Option Holdco, LLC, each owned by Michael S. Smith; ZHA FLNG Purchaser LLC, a Delaware limited liability company; and Turbo LNG, LLC, a wholly owned subsidiary of Osaka Gas Co., Ltd.

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