



**Press Release**

**FREEPORT LNG, OSAKA GAS AND CHUBU ELECTRIC SIGN \$1.2B EQUITY AGREEMENT**

**Osaka Gas and Chubu Electric to Provide Equity Funding for Freeport LNG's  
First Natural Gas Liquefaction Facility**

**HOUSTON, February 27, 2014** – Freeport LNG Expansion, L.P. (Freeport LNG), Osaka Gas Co., Ltd. (Osaka Gas) and Chubu Electric Power Co., Inc. (Chubu Electric) today announced that Osaka Gas and Chubu Electric have entered into an agreement with Freeport LNG to invest approximately \$1.2 billion of equity funding for Freeport LNG's proposed natural gas liquefaction and LNG loading facility on Quintana Island near Freeport, Texas. The facility involves the development of three liquefaction plants, also known as "trains."

The investment by Osaka Gas and Chubu Electric will provide equity required for the development of Freeport's first train facility (Train One). Investment capital will be drawn down over Train One's planned 45-month construction period. The balance of Train One's capital needs is expected to be sourced from a consortium of lenders comprised of a Japanese government financial agency and commercial banks. Financial close for the transaction is expected to take place in the second half of 2014, upon receipt of regulatory approvals.

"We are excited to announce our long-term equity partnership with Osaka Gas and Chubu Electric, our Train One customers and two of the largest Japanese utilities, which together purchase almost 25 percent of all Japanese LNG purchases," said Michael S. Smith, Chief Executive Officer, Freeport LNG.

"Combined with the previously announced equity investment by IFM Investors in our second train facility, the funding to be provided by Osaka Gas and Chubu Electric satisfies all of the equity capital needs for construction of the initial two trains of the liquefaction project."

In July 2012, Freeport LNG executed 20-year use-or-pay liquefaction tolling agreements with Osaka Gas and Chubu Electric equivalent to the minimum guaranteed production capacity of Train One.

## **Project Update**

On December 10, 2013, Freeport LNG awarded two contracts, each valued at approximately \$2.5 billion, to a joint venture between CB&I, Inc. and Zachry Industrial, Inc. to construct the initial two trains of the liquefaction project. Commencement of construction of Freeport LNG's liquefaction project is subject to receipt of authorization to commence construction from the U.S. Federal Energy Regulatory Commission (FERC) and final investment decision by Freeport LNG. Freeport LNG expects to receive FERC approval for the initial 3-train liquefaction project in mid-2014 and to commence construction of the first two liquefaction trains in the second half of 2014. Construction of the third liquefaction train is expected to begin in first half of 2015. The first train is anticipated to commence operations 45 months from start of construction, with the second and third trains in operation at approximately six month intervals thereafter.

Freeport LNG has received all authorization required from the U.S. Department of Energy (DOE) to export the entire LNG production volume of the initial three trains of the liquefaction project. The minimum production capacity of the three liquefaction trains has been fully contracted under use-or-pay liquefaction tolling agreements with Osaka Gas, Chubu Electric, BP Energy Company, Toshiba Corp. and SK E&S LNG, LLC.

Macquarie Capital is serving as Freeport LNG's financial advisor with respect to the financing for the Train One project. Documentation pertaining to the liquefaction project, including regulatory applications and related materials, is available on Freeport LNG's website at [www.freeportlng.com](http://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. 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; Texas LNG Holdings, LLC, a wholly owned subsidiary of The Dow Chemical Company; and Turbo LNG, LLC, a wholly owned subsidiary of Osaka Gas Co., Ltd.

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