



## Press Release

### **FREEPORT LNG SIGNS 20-YEAR LIQUEFACTION TOLLING AGREEMENTS WITH OSAKA GAS AND CHUBU ELECTRIC**

- **Osaka Gas and Chubu Electric contract for 100% of initial train of liquefaction project (approx. 4.4 million tonnes per annum)**
- **Definitive agreements for second and third trains expected in late 2012**
- **Final investment decision expected in the second half of 2013**

**HOUSTON, July 31, 2012** — Freeport LNG Expansion, L.P. (Freeport LNG) today announced that it had executed 20-year liquefaction tolling agreements with Osaka Gas Co., Ltd. (Osaka Gas) and Chubu Electric Power Co., Inc. (Chubu Electric) covering 100% of the liquefaction capacity of the first train of Freeport LNG's proposed natural gas liquefaction and LNG loading facility near Freeport, Texas. The initial 3-train facility will be capable of liquefying approximately 13.2 million tons per annum (mtpa) of natural gas. Freeport LNG expects that all three trains will be fully subscribed by the end of 2012.

#### **Osaka Gas / Chubu Electric Agreements**

Pursuant to the agreements with Osaka Gas and Chubu Electric, the Japanese utilities have acquired rights to the 4.4 mtpa production capacity of the first train at Freeport over an initial 20-year term. "We welcome the unparalleled LNG industry expertise and experience that Osaka Gas and Chubu Electric bring to the Freeport LNG project," said Michael S. Smith, Freeport LNG's Chief Executive Officer. "As two of the largest natural gas and electric utility service providers in Japan, having liquefaction tolling agreements with Osaka Gas and Chubu Electric provides the strong end-user credit support necessary to fully finance the initial train of the liquefaction project."

#### **Trains 2 and 3**

Freeport LNG is also under exclusive negotiations with respect to the second and third trains of the liquefaction project. Definitive agreements with respect to the second and third trains are expected to be completed before year-end. It is anticipated that, upon final investment decision, the first three trains will be constructed as the initial phase of the liquefaction project. The new liquefaction facilities will be integrated into the existing regasification facilities and operated as an integrated plant.

## **Project Update**

Commencement of construction of Freeport LNG's liquefaction project is subject to receipt of regulatory approvals and final investment decision by Freeport LNG. Key regulatory approvals include Federal Energy Regulatory Commission (FERC) authorization to commence construction and Department of Energy (DOE) approval to export LNG to countries with which the United States has not entered into a free trade agreement (FTA). Freeport LNG anticipates to receive all regulatory approvals by mid-2013, and to begin construction in the third quarter of 2013. The first train is anticipated to commence operations approximately 48 months from start of construction, with each subsequent train in operation 6-9 months after the previous train. Freeport LNG has contracted with Chicago Bridge & Iron and Zachry Construction to engineer, design and build the liquefaction project. Macquarie Capital is serving as Freeport LNG's financial advisor with respect to the proposed financing. Documentation pertaining to the liquefaction project, including regulatory applications and related materials, is available on Freeport LNG's website located 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. has four limited partners: (1) Freeport LNG Investments, LLLP, an entity owned by Michael S. Smith; (2) ZHA FLNG Purchaser, LLC, a wholly owned subsidiary of Zachry American Infrastructure, LLC; (3) Texas LNG Holdings, LLC, a wholly owned subsidiary of The Dow Chemical Company; and (4) Turbo LNG, LLC, a wholly owned subsidiary of Osaka Gas Co., Ltd.

**For further information, please visit our website at [www.freeportlng.com](http://www.freeportlng.com) or contact:**

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