

LOUISIANA NATURAL GAS EXPORTS, INC.

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Mehmet Ali Yalçındağ
Chairman
Turkey-U.S. Business Council (TAIK)
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Dear Chairman Yalçındağ,

This memo sets out financing options for the US-Turkey LNG project. The details will be worked out in the context of the negotiation of the final contracts. We are keen to assist TAIK in facilitating discussion at a governmental level and between private companies.

Key to the success of the project, and to securing long-term financing for it, is that it has strong economic, political and geopolitical underpinnings:

- From a policy standpoint, the project meets two strategic goals of the US government: First, the desire to support a stronger, more diversified and energy secure Turkey with less dependency on Russia and Iran, and second, increased US exports, particularly in the energy sector.
- At the same time, it affords Turkey the strategic opportunity to deepen its economic relationship with the United States, drawing the two economies closer together strategically.
- It seeks to substantially strengthen Turkey by creating true energy security based on the stability of a long-term, committed supply of natural gas sold at a market-based, fully transparent price. It also diversifies supply.
- A long-term energy supply sourced from the United States will also create the economic opportunity to further improve infrastructure within Turkey. This will provide further access into the broader energy market, with the goal of enabling Turkey to become the gas trading "Henry Hub" for Europe.
- As well as benefitting Turkey, it also furthers the goals of the EU, eastern European and the Baltic States to diversify away from Russian gas supplies.

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Given the economic and policy underpinnings of the project, we believe that there will be strong support from the Trump Administration, US governmental agencies and Europe for the project. We hope TAIK can facilitate similar support from the Turkish Government.

The details of the financing will be finalized as the project advances. We envisage a 12 to 15 year agreement, starting with an initial phase of 2 to 3 years of spot market sales, to be followed by a 10 to 12 year agreement based on a transparent, commercially competitive pricing structure from LNG facilities in the U.S. The intention would be to use this financing period to deepen the partnership and secure additional LNG supply from the US to Turkey over the medium and long term.

We expect strong support for the project from International Development Finance Corporation (DFC) and the Export-Import Bank of the United States EXIM on the US side upon the direction of the White House. Similar projects have also received support from EU agencies, including the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). With further support from the Turkish government in the form of a state guarantee, financing for Turkey to increase LNG imports from the United States is feasible.

EXIM has supported US exports of LNG in the past. It provided a \$5 billion loan to a project in northern Mozambique, explicitly to facilitate a project that lacked private financing. Details are available here: <https://www.exim.gov/news/exim-approves-5-billion-finance-exports-mozambique-lng-project> and here: <https://www.bloomberg.com/news/articles/2020-05-20/total-s-mozambique-lng-set-to-sign-15-billion-financing-in-june>

The EBRD is a significant financier of pipelines in Europe (it originally was formed to finance Eastern Bloc countries and then expanded). Projects it has funded include:

- Trans-Adriatic Pipeline (Greece/Turkey Border to Southern Italy)
- Trans-Anatolian National Pipeline (Turkey)
- BRUA Corridor Gas Pipeline (Bulgaria, Romania, Hungary, Austria)

Yours truly,

Ben Blanchet
Chief Executive Officer
LOUISIANA NATURAL GAS EXPORTS, INC.