

First Reserve and CalPERS Partner to Acquire U.S. Power and Transmission Portfolio

Greenwich, CT, Houston, TX, Hong Kong and London, December 15, 2011 -- First Reserve Corporation (“First Reserve”) announced today that it has agreed to acquire a diversified portfolio of U.S. contracted natural gas fired power generation plants totaling 1,068 MW (“the Power Portfolio”) from Arclight Capital. The new entity will be named the FREIF North American Power I. As part of the agreement, the California Public Employees’ Retirement System will acquire the Neptune Regional Transmission System (“Neptune”), a 660-MW HVDC transmission line connecting NY Zone K with PJM.

First Reserve’s Energy Infrastructure Fund will take a controlling ownership position in the Power Portfolio, and CalPERS’ investment will result in direct ownership of 75% of the Class C shares of Neptune.

The generation projects operate under long-term power purchase agreements and Neptune operates with a firm transmission capacity purchase agreement, all with investment-grade counterparties.

“We are pleased to partner with CalPERS to allow both of us to obtain assets consistent with our investment strategies,” said Mark Florian, Managing Director at First Reserve. “This investment is in line with our macro view that the energy demand-supply imbalance in North America provides opportunities, particularly from cleaner sources, to invest in what we believe are high quality long-lived assets with low risk and strong yield profiles. The Power Portfolio is expected to benefit from attractive long-term regional market fundamentals and to generate long-term revenues from existing Power Purchase Agreements and is well positioned to take advantage of the growth opportunities in the North American natural gas market.”

“Neptune is representative of asset and investment qualities we are seeking for our portfolio – seasoned, essential assets, with a defensive investment risk profile,” said Joseph Dear, Chief Investment Officer at CalPERS.

The FREIF North American Power I portfolio of assets consists of Crockett Cogen Project, a 240-MW natural gas cogeneration plant located in Crockett, CA; Hobbs Generating Station, a 604-MW natural gas CCGT power plant located in Hobbs, NM; the Borger Plant, a 230 MW natural and refinery gas cogeneration plant located in Borger, TX; and Waterside Power Holdings, LLC, a 72-MW oil-fired peaker plant located in Stamford, CT.

The Neptune Regional Transmission System is a 500-kv, 65-mile, 660-MW HVDC submarine electric power transmission system connecting Sayreville, NJ, and Hicksville, Long Island, New York.

Terms of the transactions were not disclosed and are expected to close in the first quarter of 2012 subject to regulatory approvals.

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About First Reserve Corporation

With over \$23 billion of raised capital since inception dedicated exclusively to the energy and natural resources industries, First Reserve is a premier private investment firm, making both private equity and infrastructure investments throughout the energy value chain. For 28 years, it has invested solely in the global energy industry, and has developed a preeminent franchise, utilizing its broad base of specialized energy industry knowledge as a competitive advantage. The firm is currently investing its most recent private equity fund, which closed in 2009 at approximately US \$9 billion and its most recent infrastructure fund which closed in 2011 at approximately US \$1.2 billion. First Reserve invests strategically across a wide range of energy industry sectors, backing talented management teams and building value by building companies. Further information is available at www.firstreserve.com.