February 27, 2007

Cheniere Energy Reports Fourth Quarter and 2006 Results

HOUSTON--(BUSINESS WIRE)--

Cheniere Energy, Inc. (AMEX:LNG) reported a net loss of $93.3 million, or $1.71 per share (basic and diluted), for the fourth quarter of 2006 compared with a net loss of $18.5 million, or $0.34 per share (basic and diluted), during the corresponding period in 2005. The primary reasons for the $74.8 million increase in the net loss between periods relate to the following: $63.2 million of losses related to the early extinguishment of debt and termination of interest rate swaps associated with the early termination of debt, and an $8.3 million increase in general and administrative expenses primarily related to increased personnel costs related to the expansion of our business and non-cash compensation related to the expensing of stock options beginning in 2006. Absent the losses related to the early extinguishment of debt and termination of interest rate swaps we would have reported a net loss of $30.1 million, or $0.55 per share (basic and diluted), for the fourth quarter of 2006.

Financial results for the year ended December 31, 2006 reflect a net loss of $145.9 million, or $2.68 per share (basic and diluted), compared to a net loss of $29.5 million, or $0.56 per share (basic and diluted), in 2005. The primary reasons for the $116.4 million increase in the net loss between periods relate to the following: $63.2 million of losses related to the early extinguishment of debt and termination of interest rate swaps associated with the early termination of debt, and a $28.9 million increase in general and administrative expenses primarily related to increased personnel costs related to the expansion of our business and non-cash compensation related to the expensing of stock options beginning in 2006, and in 2005, we recorded a $20.2 million gain on the sale of our investment in Gryphon Exploration Company ("Gryphon"). Absent the losses related to the early extinguishment of debt and termination of interest rate swaps reported in 2006, and absent the gain on the sale of our investment in Gryphon reported in 2005, we would have reported a net loss of $82.7 million, or $1.52 per share (basic and diluted), for the year ended December 31, 2006 compared to a net loss of $49.7 million, or $0.94 per share (basic and diluted), for the year ended December 31, 2005.

In November 2006, using proceeds from the previously announced $2.032 billion senior secured note offering by our wholly-owned subsidiary, Sabine Pass LNG, L.P. ("Sabine Pass LNG"), we terminated and repaid $383.4 million in borrowings under the then existing project finance facility of Sabine Pass LNG and $598.5 million of term debt. As a result of the early termination of debt, we recorded $63.2 million of losses related to the early extinguishment of debt and the termination of interest rate swaps.

Our working capital at December 31, 2006 was $767.0 million, a decrease of $43.1 million from $810.1 million at December 31, 2005. Our primary sources of working capital in 2006 were proceeds from the issuances of the Sabine Pass LNG senior secured notes in

November and borrowings under the Sabine Pass LNG project finance facility. Uses of working capital more than offset sources and include the following: non-current restricted cash to finance the remaining construction costs of the Sabine Pass LNG receiving terminal project and to secure a letter of credit associated with a purchase order to purchase pipe related to the Creole Trail natural gas pipeline, repayment of debt, construction costs at our Sabine Pass LNG receiving terminal and related pipeline projects, and funds used in operations.

For additional information, please refer to the Cheniere Energy, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed with the Securities and Exchange Commission.

Cheniere is developing a network of three, 100% owned LNG receiving terminals and related natural gas pipelines along the Gulf Coast of the United States. The three terminals will have an aggregate send-out capacity of 9.9 billion cubic feet per day. Cheniere is pursuing related LNG business opportunities both upstream and downstream of the terminals. Cheniere is also the founder and holds a 30% limited partner interest in a fourth LNG receiving terminal. Additional information about Cheniere Energy, Inc. may be found on its web site at www.cheniere.com.

This press release contains certain statements that may include "forward-looking statements" within the meanings of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included herein are "forward-looking statements." Included among "forward-looking statements" are, among other things, (i) statements regarding Cheniere's business strategy, plans and objectives and (ii) statements expressing beliefs and expectations regarding the development of Cheniere's LNG receiving terminal business. Although Cheniere believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Cheniere's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in Cheniere's periodic reports that are filed with and available from the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Other than as required under the securities laws, Cheniere does not assume a duty to update these forward-looking statements.

(Financial Table Follows)

Cheniere Energy, Inc.
Selected Financial Information
(in thousands, except per share data) (1)

Three Months Ended December 31,		Year Ended December 31,	
2006	2005	2006	2005
(Unaudited)	(Unaudited)		(As Adjusted) (2)
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Revenues	$800	$851	$2,371	$3,005
Operating Costs and Expenses				
LNG Receiving Terminal and Pipeline Development Expenses	5,368	7,119	12,099	22,020
Exploration Costs	1,049	1,491	3,138	2,839
Oil and Gas Production Costs	71	70	237	237
Depreciation, Depletion and Amortization	1,051	509	3,131	1,325
Impairment of Fixed Assets	--	--	1,628	--
General and Administrative Expenses	20,343	12,031	58,012	29,145
Total Operating Costs and Expenses	27,882	21,220	78,245	55,566
Loss from Operations	(27,082)	(20,369)	(75,874)	(52,561)
Gain on Sale of Investment in Unconsolidated Affiliate	--	--	--	20,206
Equity in Net Income (Loss) of Limited Partnership	--	2,201	--	(1,031)
Loss on Early Extinguishment of Debt	(43,159)	--	(43,159)	--
Derivative Gain (Loss)	(20,026)	574	(20,070)	837
Interest Expense	(20,849)	(12,316)	(53,968)	(17,373)
Interest Income	18,107	9,406	49,087	17,520
Other Income (Loss)	(309)	--	176	722
Minority Interest	--	--	--	97
Income Tax Benefit (Provision)	--	2,045	(2,045)	2,045
Net Loss	$(93,318)	$(18,459)	$(145,853)	$(29,538)
Net Loss Per Common Share - Basic and Diluted	$(1.71)	$(0.34)	$(2.68)	$(0.56)
Weighted Average Common Shares Outstanding - Basic and Diluted	54,607	53,773	54,423	53,097

	December 31, 2006	December 31, 2005 (as adjusted) (2)
Cash and Cash Equivalents	$462,963	$692,592
Restricted Cash and Cash Equivalents	355,831	161,561
Advances to EPC Contractor	--	8,087
Other Current Assets	10,183	9,223
Non-Current Restricted Cash and Cash Equivalents	892,718	16,500
Property, Plant and Equipment, Net	748,818	280,106
Debt Issuance Costs, Net	41,545	43,008
Goodwill	76,844	76,844
Other Assets	15,586	2,226
Total Assets	$2,604,488	$1,290,147
Current Liabilities	$61,939	$61,322
Long-Term Debt	2,357,000	917,500
Deferred Revenue	41,000	41,000
Other Liabilities and Minority Interest	1,302	1,784
Stockholders' Equity	143,247	268,541
Total Liabilities and Stockholders' Equity	$2,604,488	$1,290,147

(1) Please refer to Cheniere Energy, Inc. Annual Report on Form 10-K for the year ended December 31, 2006, filed with the Securities and Exchange Commission.

(2) Effective January 1, 2006, Cheniere converted from the full cost method of accounting to the successful efforts method of accounting for its investment in oil and gas properties. The change in accounting methods constitutes a "Change in Accounting Principle," requiring that all prior period financial statements be adjusted to reflect the results and balances that would have been reported had the company been following the successful efforts method of accounting from its inception. The cumulative effect of the change in accounting method as of December 31, 2005 was to reduce the balance of our net investment in oil and gas properties and retained earnings by $18.0 million. The change in accounting methods resulted in a decrease in the net loss of zero and $0.3 million for the three months and year ended December 31, 2005, respectively, and had no significant impact on earnings per share (basic and diluted) for this period. The change in method of accounting has no impact on cash or working capital.

Source: Cheniere Energy, Inc.