



Cheniere Energy

April 2011

Cheniere Operations

- Cheniere is engaged in the development, construction and operation of onshore LNG terminals and pipelines and the marketing of LNG and natural gas
 - Sabine Pass LNG became operational in 2008 and cost ~\$1.6 billion, 4.0 Bcf/d capacity
 - Sabine receives LNG arriving by ship and is connected to the U.S. natural gas pipeline grid through the Creole Trail pipeline and other interconnecting pipelines
 - Creole Trail pipeline also became operational in 2008 and cost ~\$560 million, 2.0 Bcf/d capacity, 42-inch diameter

Sabine Pass LNG Terminal



Creole Trail Pipeline



Strategic Focus: Liquefaction Expansion Project

- Cheniere is developing a project to add liquefaction trains, transforming the Sabine Pass LNG facility into the first bi-directional LNG terminal that can import and export LNG
 - 4 liquefaction trains, 16 mtpa total nominal processing capacity
 - Contracting 14 mtpa under 20-yr fixed price contracts
 - Begin construction 2012, begin operations 2015
- LNG value chain:

Expansion Project

Current Operations



Field Development



Liquefaction



Shipping



Regasification



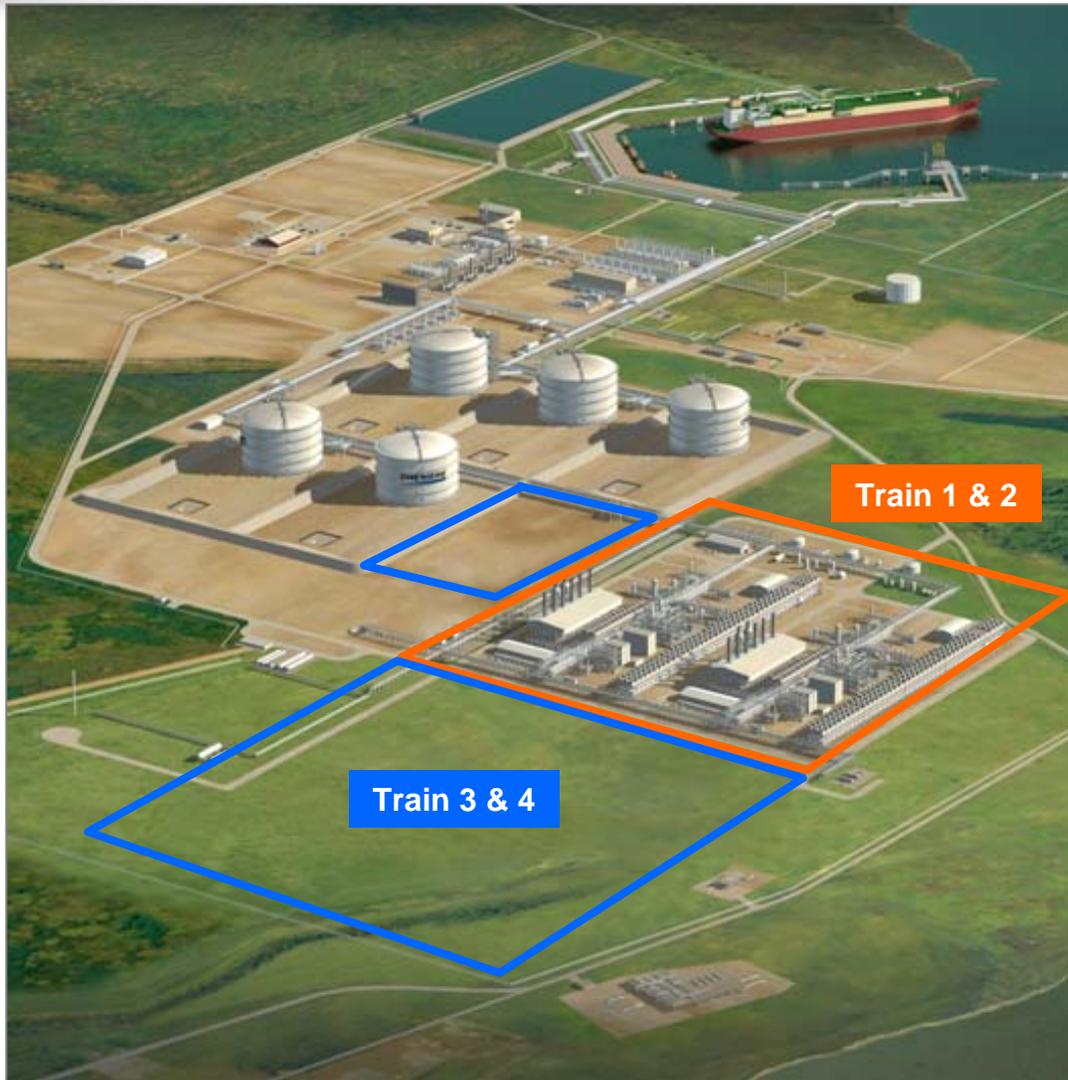
Pipeline



End Use

LNG is natural gas cooled to -260°F in order to be transported by ship to distant markets

Proposed Liquefaction Project Transforming Sabine into Bi-directional Import / Export Facility



Current Facility

- 853 acres in Cameron Parish, Louisiana
- 40 ft ship channel 3.7 miles from coast
- 2 berths; 4 dedicated tugs
- 5 LNG storage tanks (17 Bcf of storage)
- 4.3 Bcf/d peak vaporization
- LNG export licenses approved

Liquefaction Expansion

- World's first bi-directional LNG facility
- Monthly nomination rights to liquefy for export or regasify for import
- Up to 4 liquefaction trains
 - Each 4.0 mtpa / ~ 500 MMcf/d
 - ConocoPhillips Optimized Cascade technology
- Estimated CAPEX: ~ \$400/ton
- Estimated commercial start date: 2015

Bi-directional Service at Sabine Pass Provides Opportunity to Arbitrage Henry Hub vs. Oil

Worldwide LNG prices predominantly based on oil prices= \$10 - \$25 / MMBtu

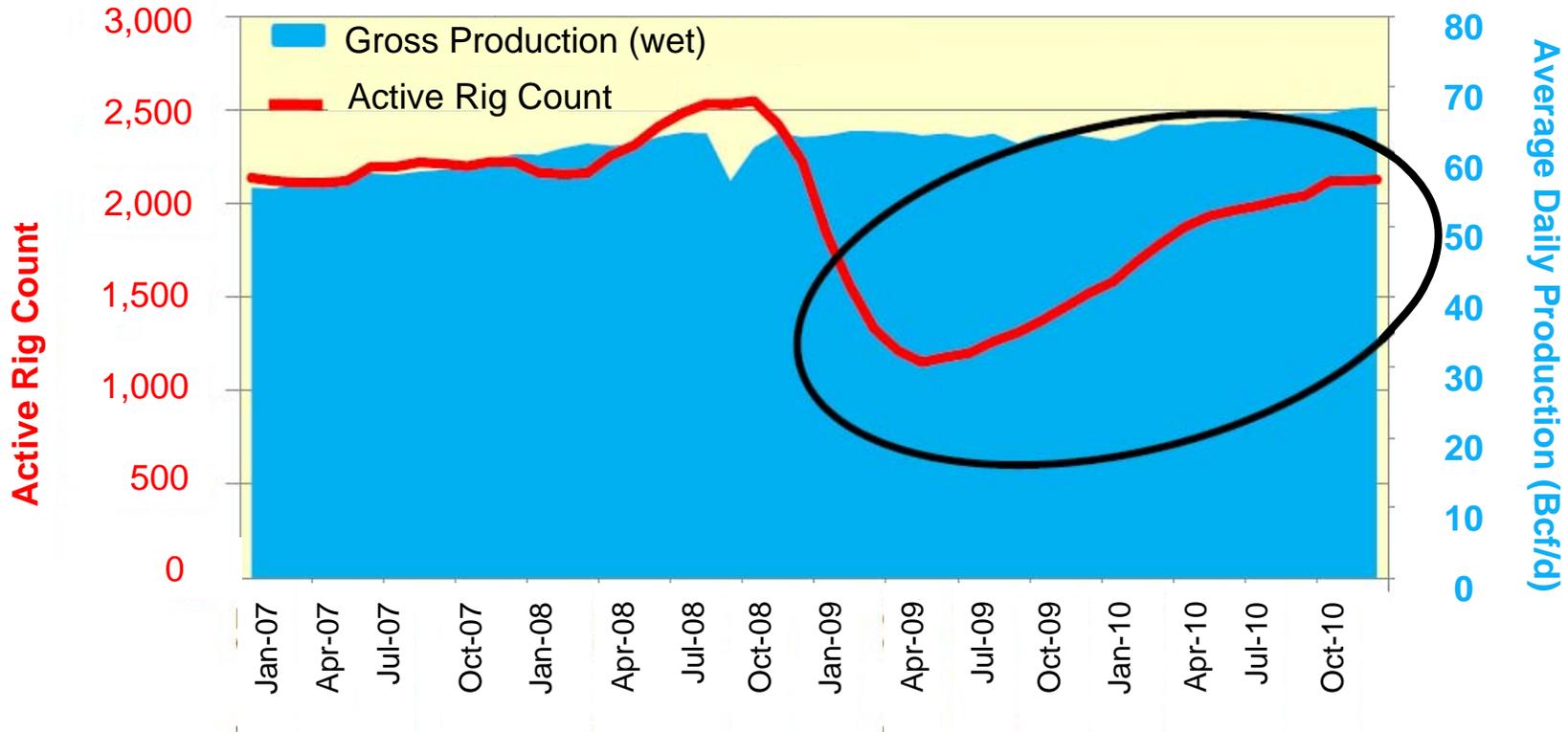
LNG Contract Price Indexation %	11%	15%	11%	15%
at \$90/bbl	\$ 9.90	\$ 13.50	\$ 9.90	\$ 13.50
at \$150/bbl	\$ 16.50	\$ 22.50	\$ 16.50	\$ 22.50

Cost to deliver gas from Sabine Pass to Europe & Asia= \$7 - \$12 / MMBtu

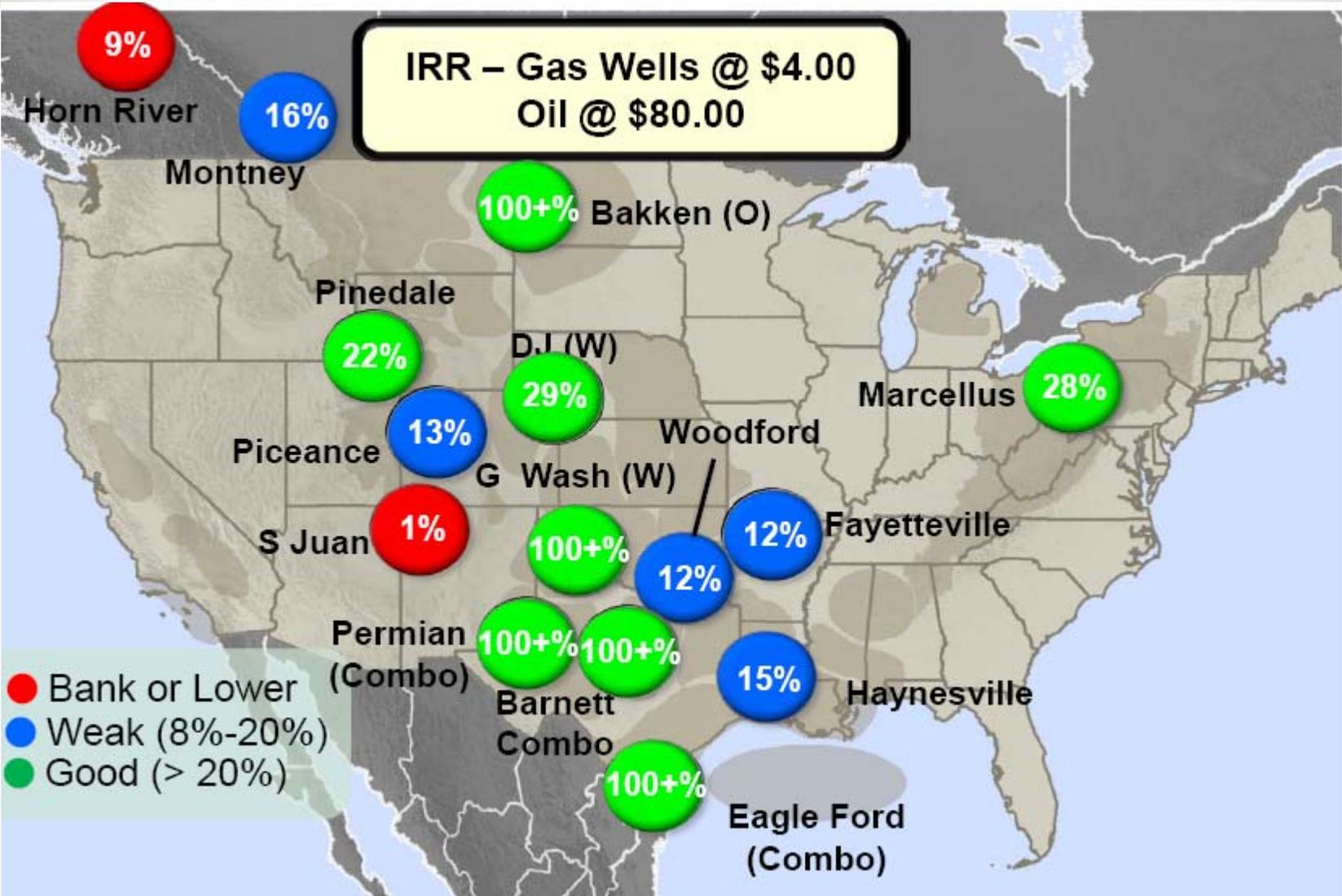
(\$/MMBtu)	Europe		Asia	
	Low	High	Low	High
Henry Hub	\$ 4.00	\$ 6.50	\$ 4.00	\$ 6.50
Processing Fee	1.75	1.75	1.75	1.75
Fuel Shrink	0.40	0.65	0.40	0.65
Shipping	1.00	1.00	2.80	2.80
Delivered Cost	\$ 7.15	\$ 9.90	\$ 8.95	\$ 11.70

Current LNG Market	30 – 40 Bcf/d	LNG contracts indexed to oil prices – rule of thumb 11% to 15% of crude oil prices
Growth Market	100 Bcf/d	Power generator switching from oil to gas – paying \$13 to \$19 / MMBtu for fuel oil and diesel

Historic Relationship Between Rig Count and Production No Longer Holds



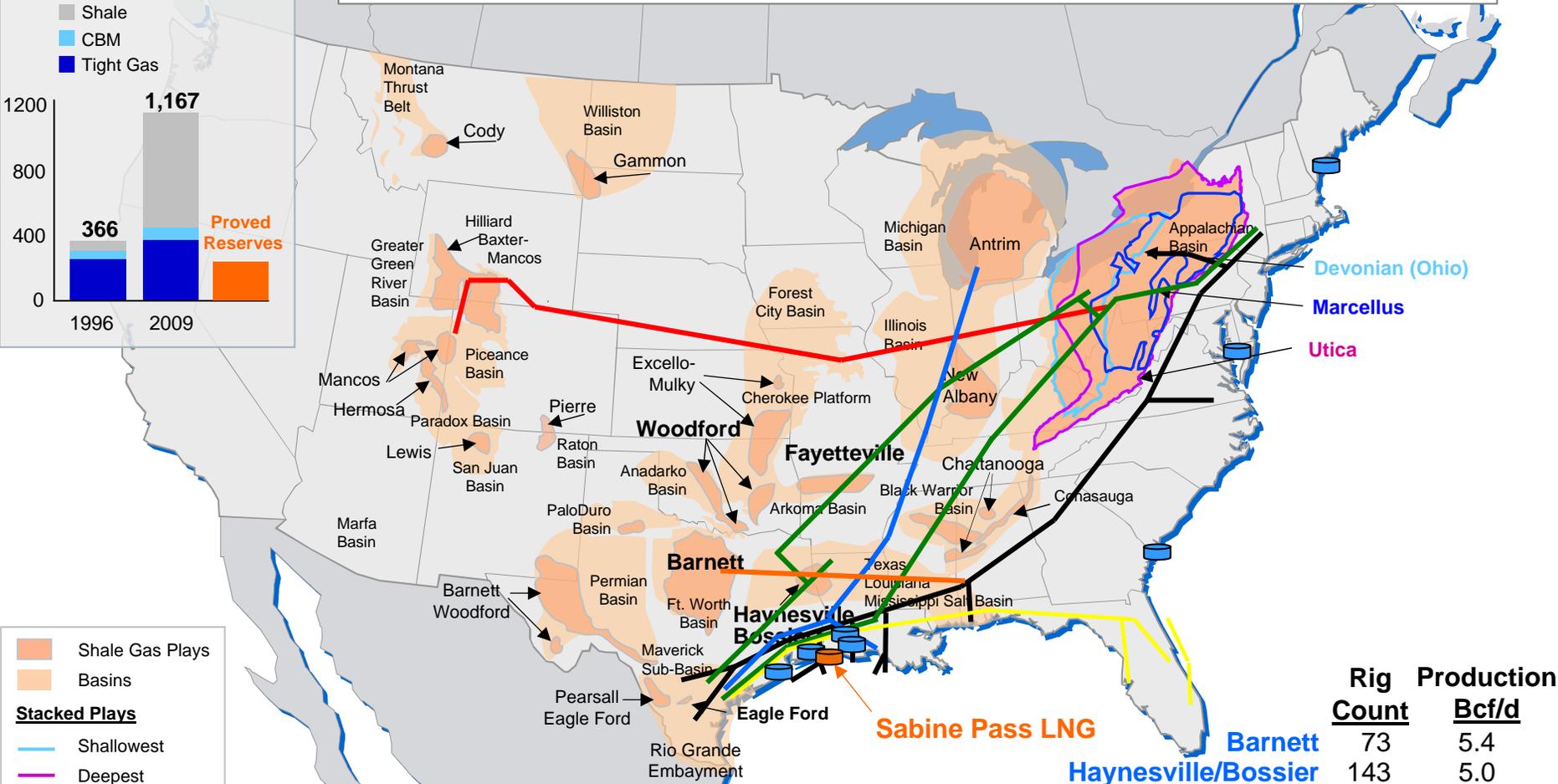
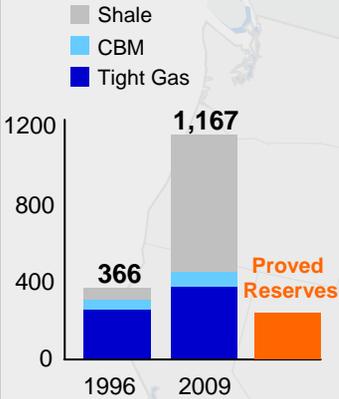
Unconventional Plays - Comparative Rates of Return



Strategically Located - Extensive Market Access to Gas

Primary Gas Sources for Sabine Pass Liquefaction Conventional Gulf Coast Onshore; Barnett; Haynesville; Bossier; Eagle Ford

Lower 48 Technically Recoverable Unconventional Reserves (Tcf)



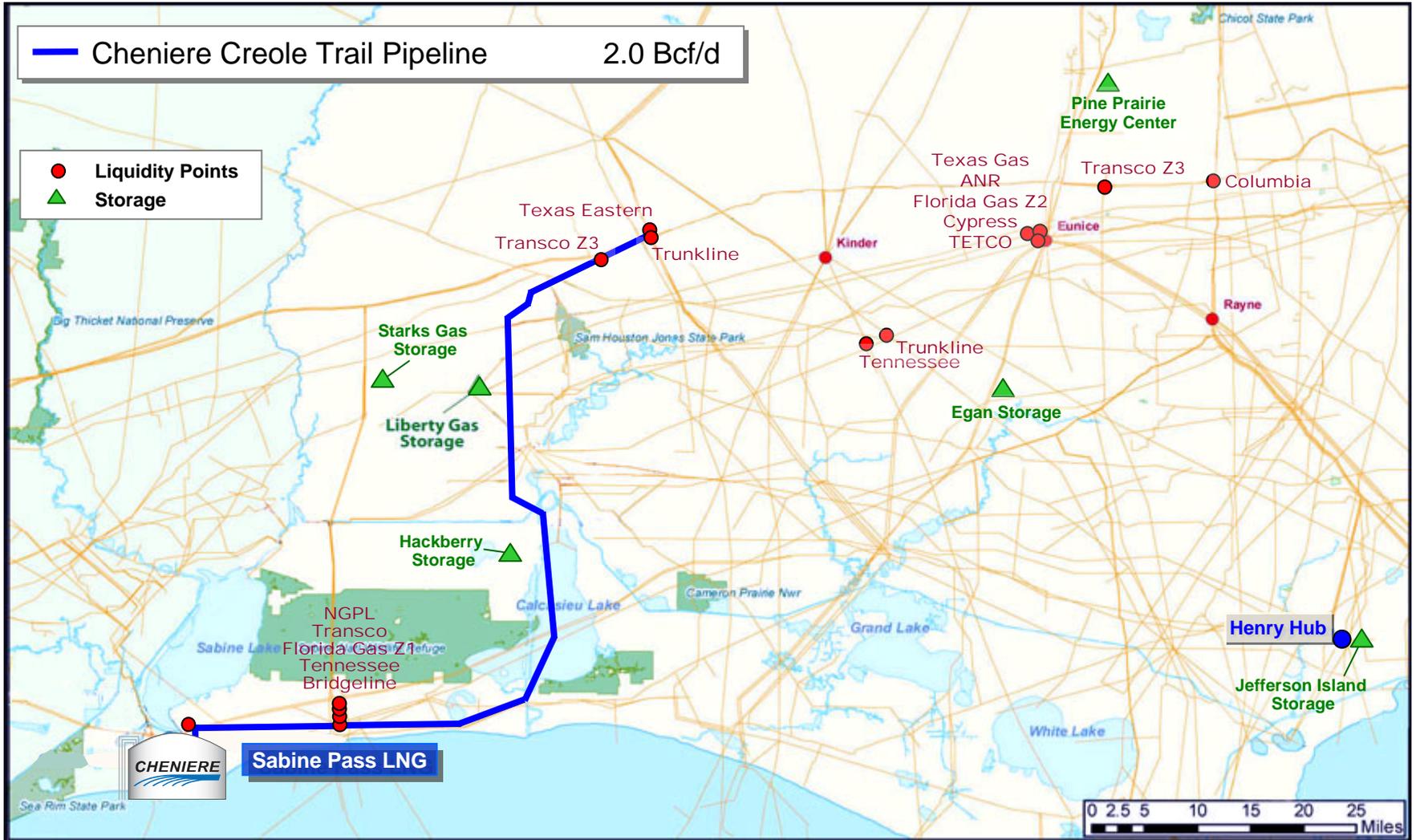
	Rig Count	Production Bcf/d
Barnett	73	5.4
Haynesville/Bossier	143	5.0
Eagle Ford	163	0.5
Bakken	169	0.3
Granite wash	91	0.8

Sources: EIA (US map graphic, pipelines and LNG terminals placed by Cheniere)
Advanced Resources Intl (Lower 48 Unconventional Recoverable Reserves), ARI shale estimates updated April 2010

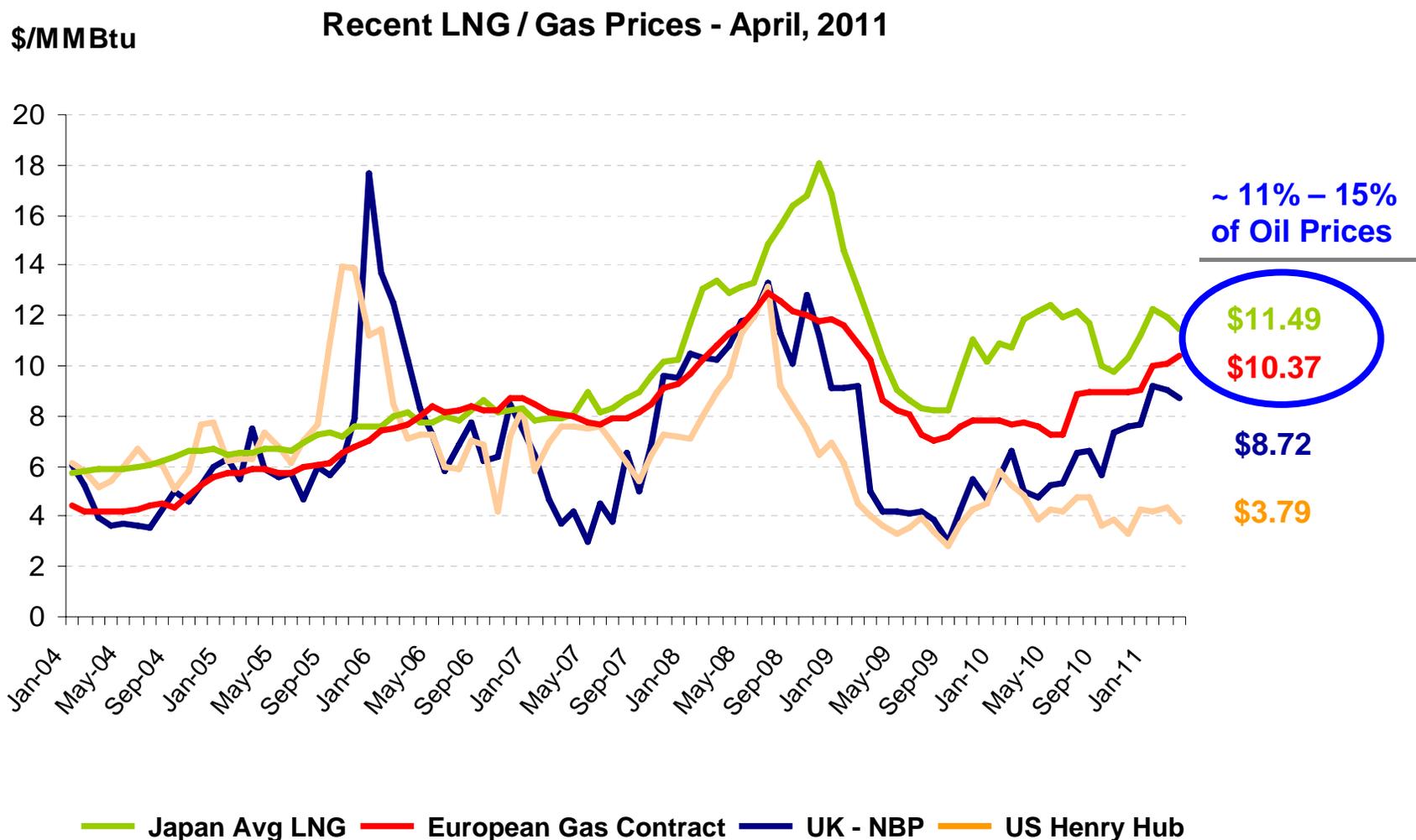
8 Depicted Pipelines: Rockies Express, Texas Eastern, Trunkline, Transco, FGT, O/P/SESH/Gulf Crossing (as a single route)

Depicted LNG terminals: Freeport, Golden Pass, Sabine Pass, Cameron, Trunkline, Elba Island, Cove Point, Everett

Strategically Located - Multiple Pipeline Interconnects

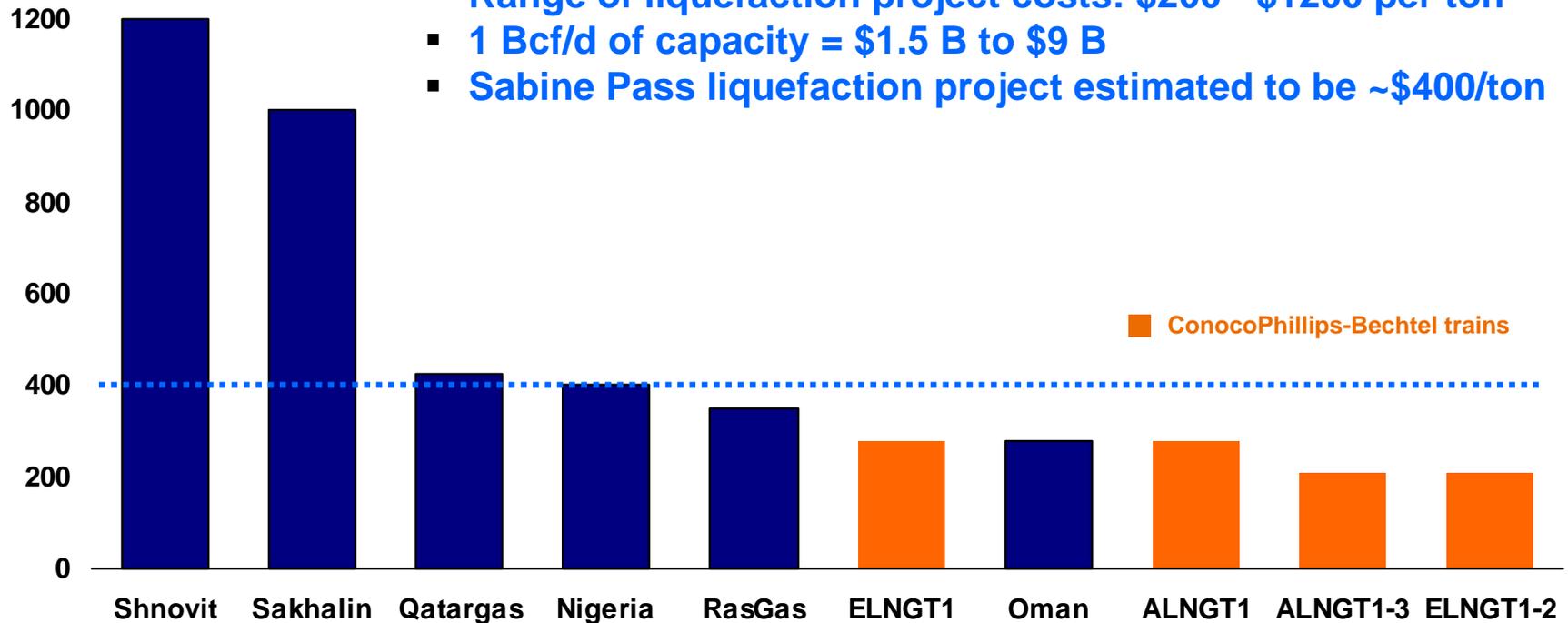


Attractive Oil Linked Market Prices



Sabine Pass Liquefaction Project - Brownfield Development, Lower Expected Capital Costs

Cost: \$/ton



- Range of liquefaction project costs: \$200 - \$1200 per ton
- 1 Bcf/d of capacity = \$1.5 B to \$9 B
- Sabine Pass liquefaction project estimated to be ~\$400/ton

- **Brownfield development – significant infrastructure already in place**
 - Storage, marine and pipeline interconnection facilities
- **Upstream wells, gathering pipelines and treatment infrastructure not required**
 - Pipeline quality natural gas sourced from U.S. pipeline grid

ConocoPhillips-Bechtel – Global LNG Collaboration

Proven Designs



1969

1999

2006

2007

2012



All Collaboration projects have come onstream ahead of schedule and exceeded expectations

ConocoPhillips 

LNG Regulatory Process Update and Project Support

- Very strong local support: Cameron Parish officials, Louisiana state and federal congressional delegations, parish & state agencies
- Strong support from most gas producing states
- Cheap ethane by-product means added competitiveness for chemical industry
- 30,000 to 50,000 potential job impact
- Balance of trade improvement ~\$7 B
- Positive foreign policy implications of U.S. role in global gas markets

Regulatory

FERC: Authorization to Construct

- Base site permitted ✓
- NEPA pre-filing 7/10 for expansion ✓
- Some agencies already in agreement ✓
- Formal application filed 1/31/11 ✓
- Estimated approval 2012

DOE: Authorization to Export

- Filing in two applications in 8/10 & 9/10 ✓
- Approval to export 2 Bcf/d for 30 years to Free Trade nations received 9/10 ✓
- Public comment period to export to non FT nations closed 12/13/10 ✓
- Approval to export to non FT nations pending

Commercial Structure: Estimated Terms of Liquefaction Contracts

Estimated cost for customer to purchase U.S. supply:

- + Capacity Fee: \$1.40 - \$1.75/MMBtu
 - “Take or Pay”, permits lifting or unloading cargoes
- + LNG Export Commodity Charge: \$HH/MMBtu
 - Delivery Terms: FOB
 - Prevailing price for eastbound flow in local pipelines
 - Paid on a per-MMBtu basis, per cargo loaded
- + Fuel Surcharge: 8%-12%
 - Projected based on forecast export activity
 - Trued up from period to period

- Customers reserve bi-directional capacity rights, both import and export services, under Liquefaction Processing Agreements (LPAs)
- Customers pay take or pay capacity fee of \$1.40 - \$1.75/MMBtu plus fuel surcharge of 8-12% (used for processing LNG)
 - 1 Bcf/d = ~\$510 million to \$640 million of revenues
- Customers responsible for delivering their own feed gas for processing, sourced from pipeline interconnects (including Creole Trail pipeline)

Customer MOUs Signed to Date Exceeds Capacity for Two Trains

Date	Customer	Rating	Capacity (mtpa)
Nov-10	Morgan Stanley (US)	A2 / A	1.7
Oct-10	ENN Energy Holdings (China)	Ba1 / BBB-	1.5
Nov-10	Gas Natural Fenosa (Spain)	Baa2 / BBB	1.5
Jan-11	EDF (France)	A3 / A	1.5
Jan-11	Sumitomo (Japan)	A2 / A	1.5
Feb-11	Basic Energy (Dominican Republic)	NR / B-	0.6
Feb-11	Endesa / Enel (Spain/Italy)	A2 / A-	1.5
Total signed to date			9.8
Target capacity for first two trains			7.0

- Sabine has signed non-binding MOUs with customers for up to 9.8 mtpa of bi-directional processing capacity, exceeding the targeted capacity of 7.0 mtpa for the first two trains
- Anticipated contract tenor: 20 years

*Non-binding MOUs entered into with potential customers intending to contract bi-directional processing capacity at the Sabine Pass LNG terminal. Capacity figures are approximate and represent the upper end of the quantity range in certain instances. Ratings listed are company specific or parent ratings.

Estimated Financial Impact

(Annualized)

**Annual
Contracted
Cash, \$MM¹**

Liquefaction Project Economics

Impact to CQP

Impact to LNG

Current	\$253	<ul style="list-style-type: none"> Stable common unit distributions ~1 x coverage supported by 20 year fixed price contracts with AA rated counterparties 	<ul style="list-style-type: none"> ~\$38 mm paid to CEI as mgmt fees & Common/G.P. distributions
Train 1 500 MMcf/d	\$255 - \$320	<ul style="list-style-type: none"> Increases common unit distribution coverage 	<ul style="list-style-type: none"> Distributions to sub units potentially start
Trains 1 & 2 1 Bcf/d	\$510 - \$640	<ul style="list-style-type: none"> Allows distributions to subordinated unit holders (\$230mm needed to meet annualized IQD) Potential common distribution growth Position CQP as a growth MLP 	<ul style="list-style-type: none"> Sub unit distributions to CEI; Sub units may begin 3 year “earned pay” period for conversion to common units
Trains 3 & 4 1 Bcf/d	\$510 - \$640	<ul style="list-style-type: none"> Increase distributions to all unit holders 	<ul style="list-style-type: none"> Cash flow to CEI increases including GP IDRs

(1) Contracted cash, Current, based on the Chevron and Total TUAs. Contracted cash for the liquefaction trains based on a capacity fee of \$1.40 - \$1.75/mcf. Actual net distributable cash flow will depend upon various factors, including debt service payments for amortization and interest, operating expenses, etc.

Note: Estimates represent a summary of internal forecasts, are based on current assumptions and are subject to change. Actual performance may differ materially from, and there is no plan to update the forecast. See “Forward Looking Statements” cautions.

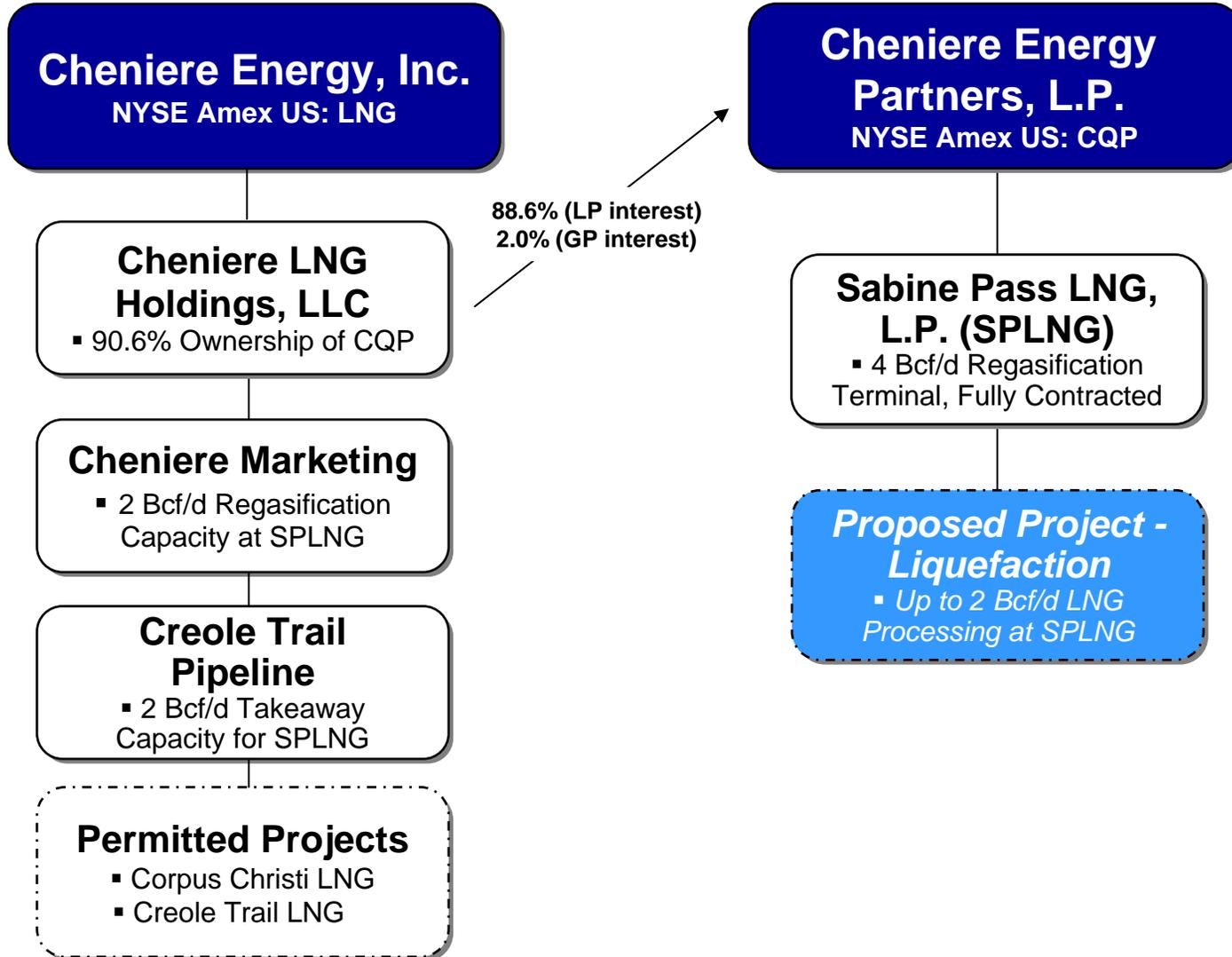
Expected Timeline

- Sign MOUs with interested parties 4Q2010
- DOE export authorization Pending
- Definitive commercial agreements Mid 2011
- EPC contract 2H2011
- Financing commitments 2H2011
- FERC construction authorization 2012
- Commence construction 2012
- Commence operations 2015



Appendix

Cheniere Overview



Estimated CQP Distributable Cash Flows*

(Annualized, \$ in mm)

Receipts

TUAs – Chevron and Total	\$ 253
Other Services	7
Total Cash Receipts	260

Costs

Operating, G&A, Maintenance CapEx	46
Debt Service	165
Total Costs	211

Available for Distributions to Common and G.P.	\$ 49
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Potential Future Cash Flows

Regas Capacity (from VCRA)	\$ 0 – 250
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Available for Management Fees⁽¹⁾ & Subordinated Units	\$ 0 – 250
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- (1) Not included in disbursements above is an estimate of up to approximately \$11 million of fees payable to Cheniere for services provided under a management services agreement. Such fees are payable on a quarterly basis equal to the lesser of 1) \$2.5 million (subject to inflation) or 2) such amount of CQP's unrestricted cash and cash equivalents as remains after CQP has distributed in respect of each quarter for each common unit then outstanding an amount equal to the IQD and the related GP distribution and adjusting for any cash needed to provide for the proper conduct of the business of CQP, other than Sabine Pass operating cash flows reserved for distributions in respect of the next four quarters.

* Does not include any estimates for liquefaction.

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Ownership - CQP

(in mm)	Cheniere Energy, Inc	Public*	Total
Common Units	10.9	15.5	26.4
Subordinated Units	135.4		135.4
General Partner @ 2%	3.3		3.3
	<hr/>	<hr/>	<hr/>
	149.6	15.5	165.1
Percent of total	90.6%	9.4%	100%

*Excludes 1MM shares to be sold by CQP through a strategic equity offering as described in the prospectus supplement filed by CQP on 1/14/2011.

Estimated LNG Future Cash Flows*

Cheniere Energy, Inc.

(\$ in MM)	Annualized**
Receipts	
▪ Distributions from CQP (Common/GP)	\$ 20
▪ Management fees from CQP	8 -19***
Disbursements	
▪ G&A, net marketing	25 - 35
▪ Pipeline & tug services	10
▪ Other, incl adv tax payments	3 - 5
▪ Debt service	34
Net cash outflow	\$45 - 55
Marketing activity	?

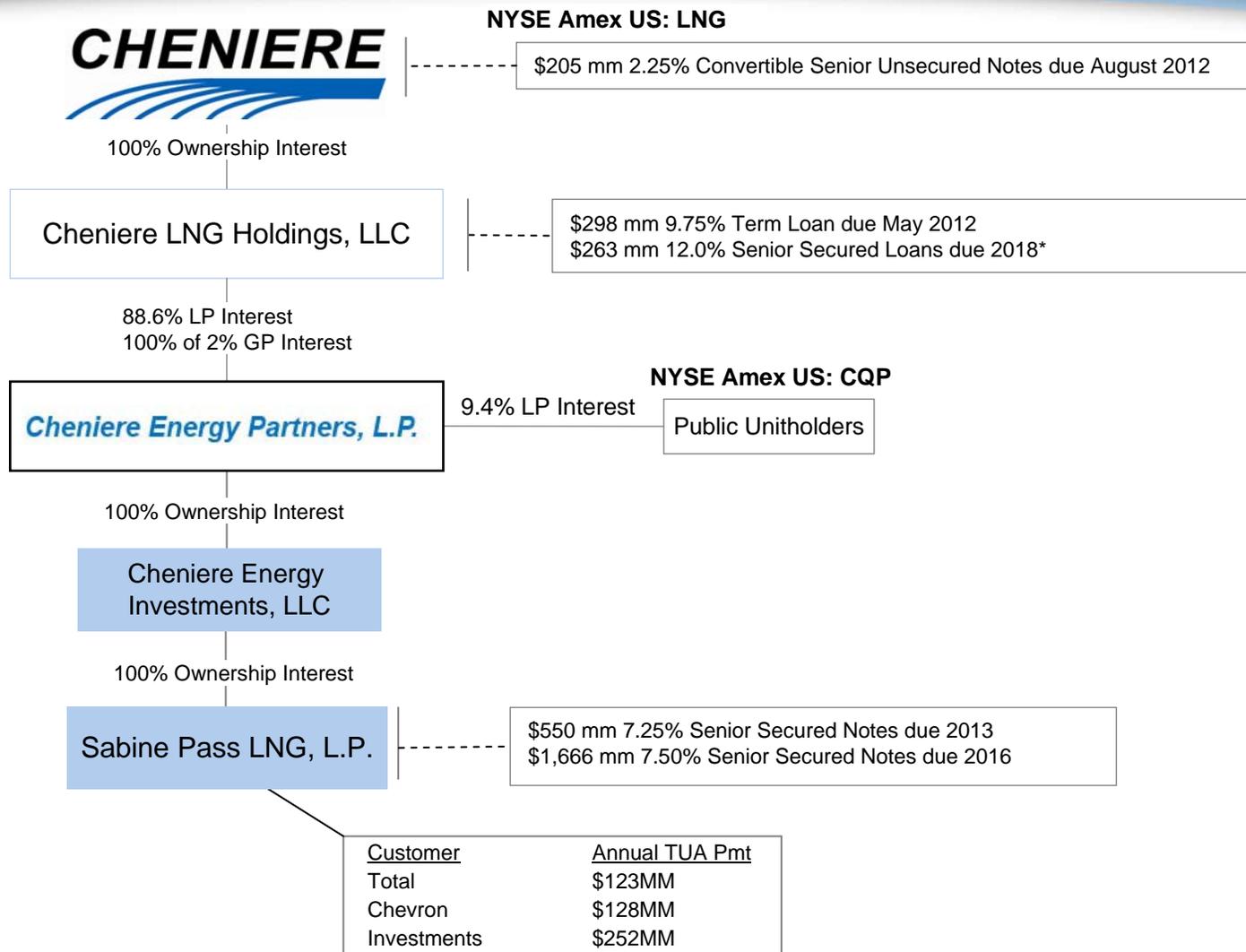
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***Approximately \$11 million is fees for management services provided by Cheniere to CQP payable on a quarterly basis, equal to the lesser of 1) \$2.5 million (subject to inflation) or 2) such amount of CQP's unrestricted cash and cash equivalents as remains after CQP has distributed in respect of each quarter for each common unit then outstanding an amount equal to the IQD and the related GP distribution and adjusting for any cash needed to provide for the proper conduct of the business of CQP, other than Sabine Pass operating cash flows reserved for distributions in respect of the next four quarters.

Organizational Structure

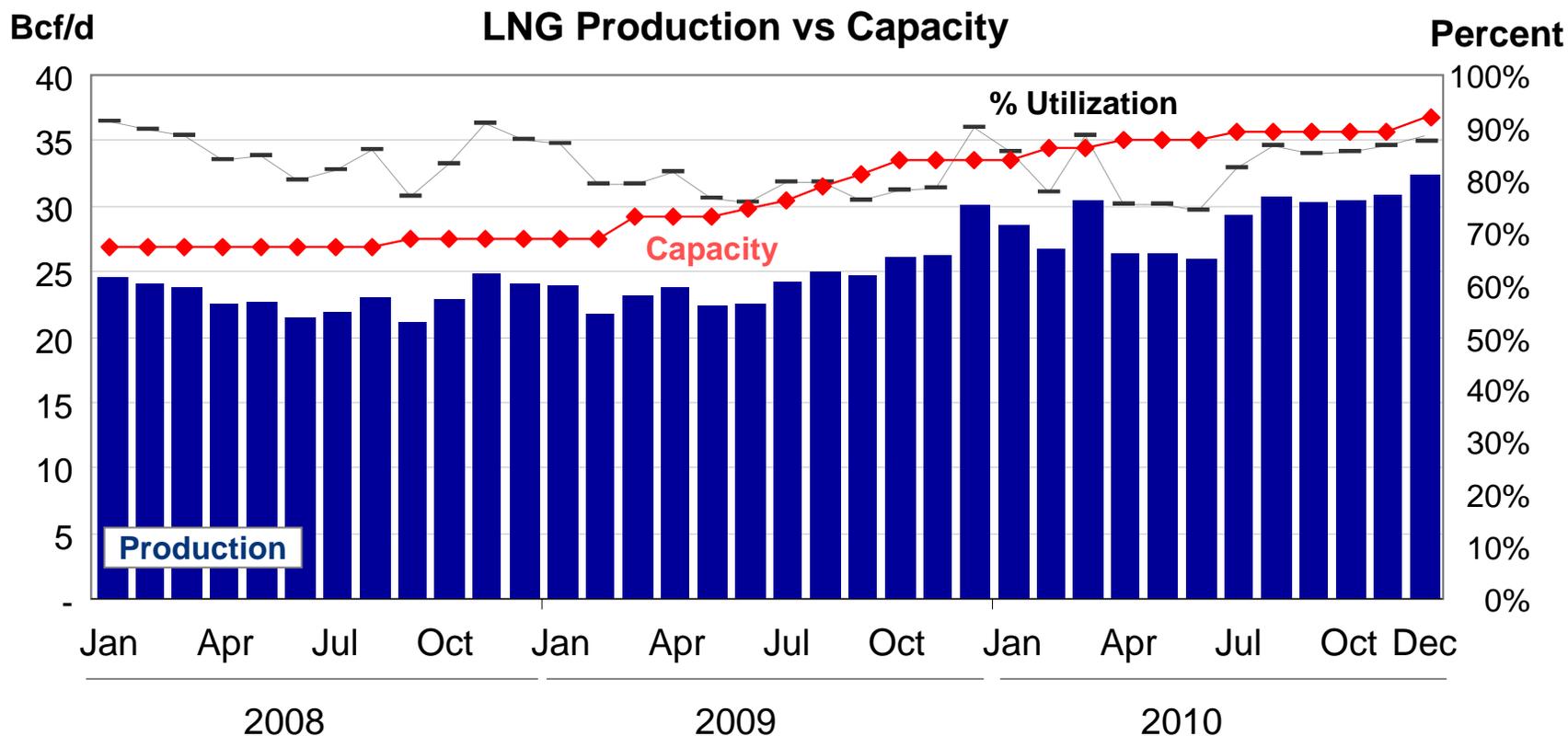
Existing Debt



* Put rights removed per credit amendment effective 12/10/2010

LNG Production, Capacity, Utilization

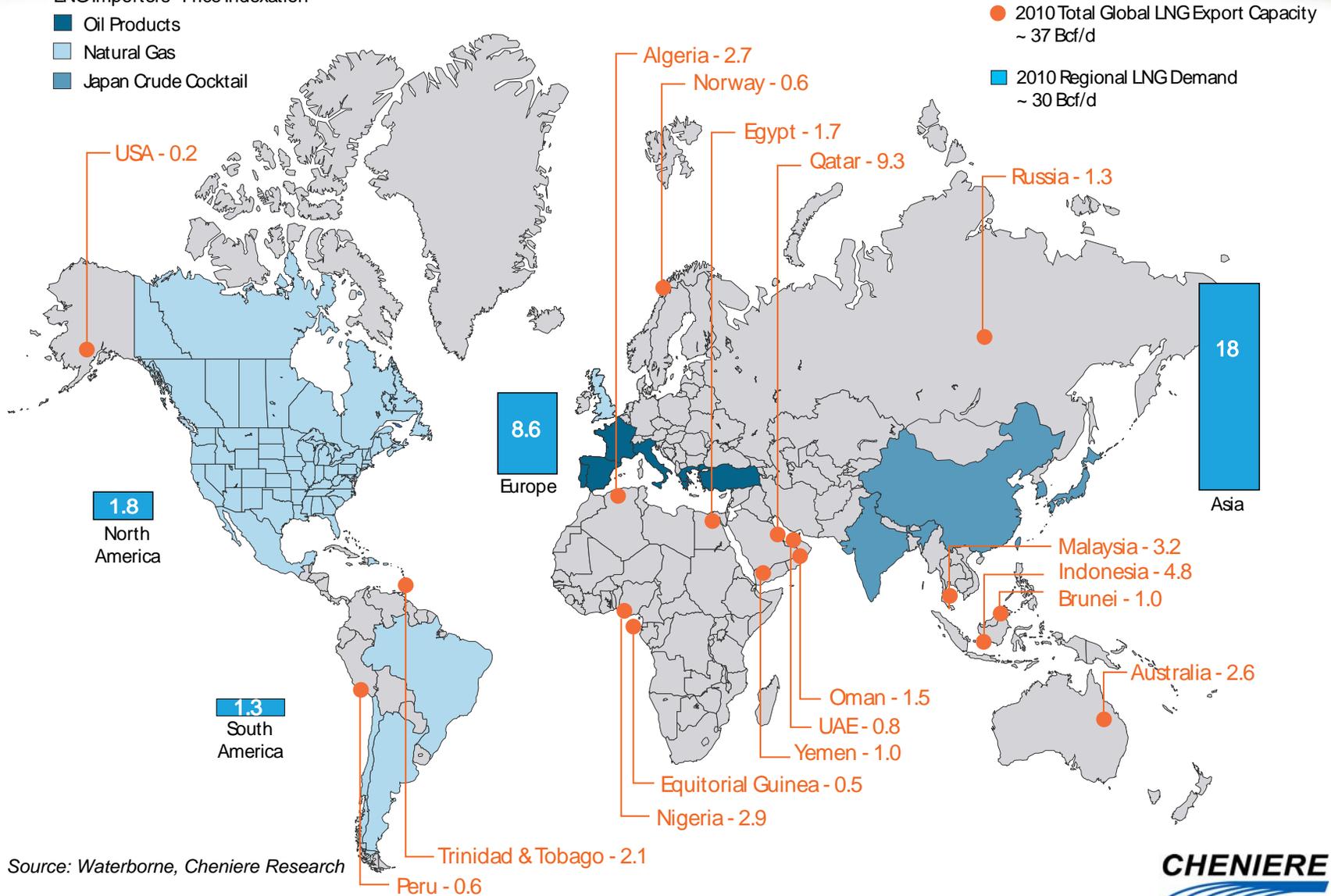
- Production +5.1 Bcf/d > 2009, 21% increase YoY in 2010
- Utilization rates returning to historical 90% norm
- 1.6 Bcf/d remaining capacity to bring on line in 1Q2011



Global LNG Market - 2010

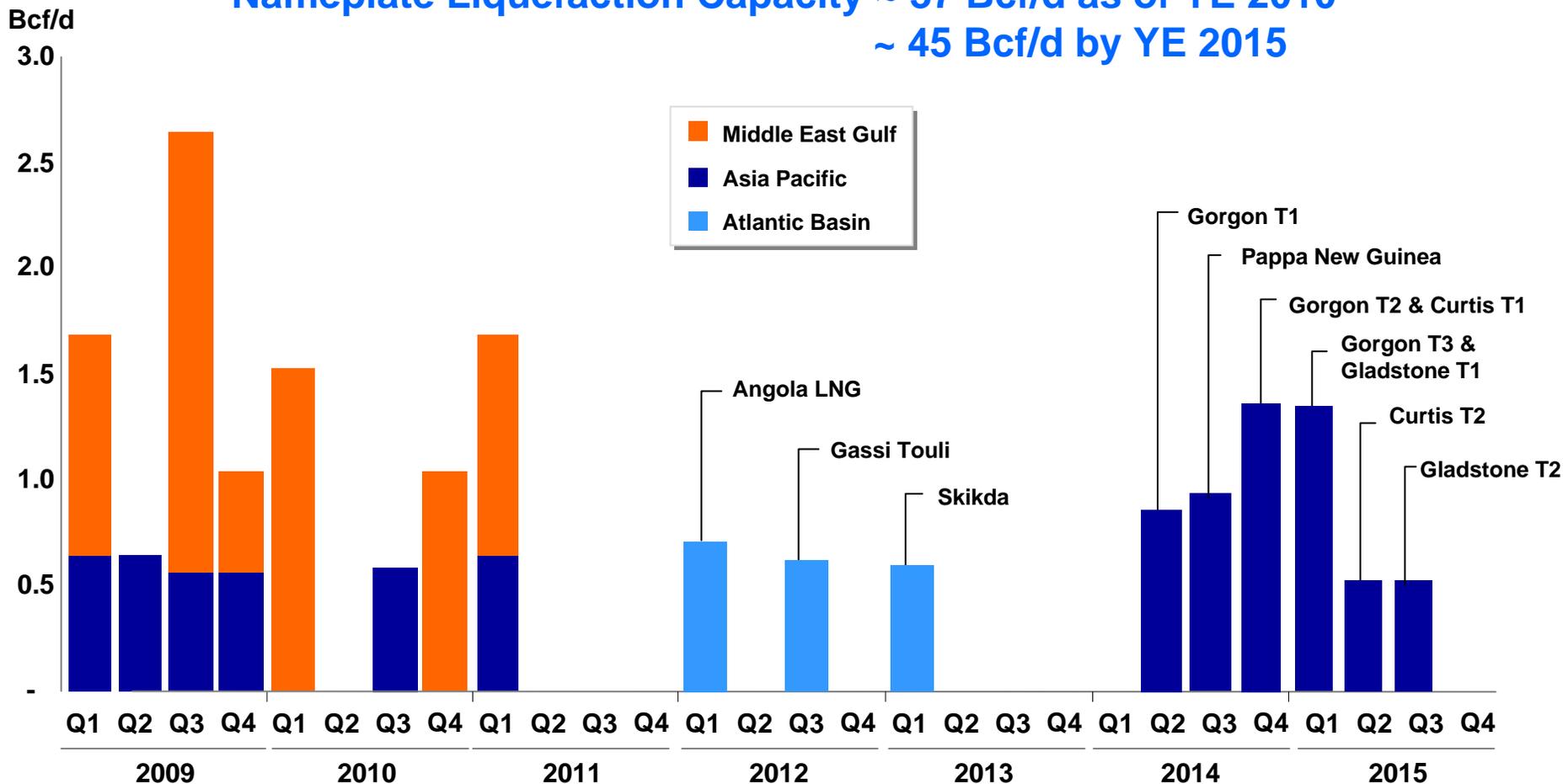
LNG Importers - Price Indexation

- Oil Products
- Natural Gas
- Japan Crude Cocktail



Firm Liquefaction Capacity Additions

Nameplate Liquefaction Capacity ~ 37 Bcf/d as of YE 2010
 ~ 45 Bcf/d by YE 2015



North America Onshore Regasification Capacity



Terminal Capacity Holder	Baseload Sendout (MMcf/d)
Canaport Repsol	1,000
Everett - Suez	700
Cove Point BP, Statoil, Shell	1,800
Elba Island BG, Marathon, Shell	1,800
Gulf LNG Angola LNG, ENI	1,300
Lake Charles - BG	1,800
Freeport ConocoPhillips, Dow, Mitsui	1,500
Sabine Pass Total, Chevron, Cheniere	4,000
Cameron Sempra, ENI	1,500
Golden Pass ExxonMobil, ConocoPhillips, QP	2,000
Altamira Shell, Total	700
Costa Azul Shell, Sempra, Gazprom	1,000
Total	19,100



Cheniere Energy

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