

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 9, 2008

**CHENIERE ENERGY, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1-16383**  
(Commission File  
Number)

**95-4352386**  
(I.R.S. Employer  
Identification No.)

**700 Milam Street**  
**Suite 800**  
**Houston, Texas**  
(Address of principal executive offices)

**77002**  
(Zip Code)

Registrant's telephone number, including area code: (713) 375-5000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 1.01 Entry into a Material Definitive Agreement.**

On May 9, 2008, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Cheniere Energy, Inc. (the “Company”) approved the following retention payments for employees and consultants designated by the Committee.

2008 Short-Term Retention Plan On May 9, 2008, the Committee adopted the Cheniere Energy, Inc. 2008 Short-Term Retention Plan (“Short-Term Plan”) in order to retain key employees and consultants for the next six months. Pursuant to the Short-Term Plan, the Committee approved awards generally equal to one-half of an employee’s base salary or a consultant’s annual fee, as applicable, for employees and consultants designated by the Committee. The award shall be paid one-half in cash and one-half in a fixed grant of restricted stock (determined based on a stock price of \$10.00 per share). The cash and restricted stock shall vest and become payable on December 1, 2008. The maximum aggregate cash amount payable by the Company pursuant to the Short-Term Plan is \$3,144,806 and the aggregate number of shares of restricted stock to be issued is 307,836. The Short-Term Plan is attached hereto as Exhibit 10.1, and the form of Short-Term Plan Restricted Stock Grant is attached hereto as Exhibit 10.2.

2008 Long-Term Retention Plan On May 9, 2008, the Committee adopted the Cheniere Energy, Inc. 2008 Long-Term Retention Plan (“Long-Term Plan”) in order to retain key employees and consultants for an extended period of time. The plan provides for a grant of restricted stock to employees and consultants designated by the Committee which vests in equal amounts on December 31, 2008, December 31, 2009 and December 31, 2010. The aggregate number of shares of restricted stock to be issued pursuant to the Long-Term Plan is 1,525,038. The Long-Term Plan is attached hereto as Exhibit 10.3, and the form of Long-Term Plan Restricted Stock Grant is attached hereto as Exhibit 10.4.

2008 Change of Control Cash Payment Plan On May 9, 2008, the Committee adopted the Cheniere Energy, Inc. 2008 Change of Control Cash Payment Plan (“COC Plan”) in order to retain key employees and consultants. The plan provides that, upon a Change of Control, as defined in the Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan, the Company shall pay to employees and consultants designated by the Committee an amount equal to one times each such employee or consultant’s base salary or annual fee, as applicable, at or immediately prior to the time the Change of Control is consummated (the “COC Award”). The COC Award shall be payable to the employee or consultant within 30 days of the effective date of the Change of Control. The COC Plan is attached hereto as Exhibit 10.5, and the form of Change of Control Agreement is attached hereto as Exhibit 10.6.

The foregoing descriptions of the plans and agreements are qualified in their entirety by the plans and agreements, copies of which are attached hereto as exhibits.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**Termination of Officer** It is anticipated that Jonathan S. Gross, Senior Vice President – Exploration of the Company, will be terminated from employment with the Company effective July 31, 2008. On May 9, 2008, the Committee approved a payment (the “Severance Payment”) to Mr. Gross consisting of (i) a cash payment equal to one month’s base salary in the amount of \$22,735 and (ii) the accelerated vesting of Mr. Gross’ outstanding equity awards in Company securities. Mr. Gross’ equity awards to be accelerated consist of 17,844 shares of restricted stock and 200,000 non-qualified stock options which have an exercise price of \$36.25. Payment of the Severance Payment is conditioned upon Mr. Gross’ execution of a release and separation agreement following his termination from the Company. The form of release and separation agreement is attached hereto as Exhibit 10.7.

**Retention Awards** To the extent applicable, the contents of Item 1.01 above are incorporated into this Item 5.02 by this reference. On May 9, 2008, the Compensation Committee approved the following awards to the Company’s named executive officers pursuant to the Short-Term Plan, the Long-Term Plan and the COC Plan:

<u>Named Executive Officer</u>	<u>Short-Term Plan - Cash Award</u>	<u>Short-Term Plan - Restricted Stock Award</u>	<u>Long-Term Plan - Restricted Stock Award</u>	<u>COC Plan - Current Base Salary</u>
Charif Souki Chairman and Chief Executive Officer	\$ 150,135	15,014	500,001	\$ 600,540
Zurab S. Kobiashvili Senior Vice President and General Counsel	—	—	—	\$ 272,820*
Don A. Turkleson Senior Vice President and Chief Financial Officer	—	—	50,001	\$ 272,820

\* On May 9, 2008, the Committee also approved a grant of 50,000 shares of restricted stock to Zurab S. Kobiashvili. The restricted stock shall vest upon (i) a Change of Control or (ii) consummation by the Company, or a majority-owned subsidiary of the Company, of a significant transaction pursuant to which the Company, such subsidiary and/or their respective equity holders receive gross consideration in excess of \$200 million, provided that a Change of Control or such significant transaction occurs on or prior to March 31, 2009. The form of Restricted Stock Grant for Mr. Kobiashvili is attached hereto as Exhibit 10.8.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits (filed herewith)

<u>Exhibit Number</u>	<u>Description</u>
10.1	Cheniere Energy, Inc. 2008 Short-Term Retention Plan
10.2	Form of Cheniere Energy, Inc. 2008 Short-Term Retention Plan Restricted Stock Grant
10.3	Cheniere Energy, Inc. 2008 Long-Term Retention Plan
10.4	Form of Cheniere Energy, Inc. 2008 Long-Term Retention Plan Restricted Stock Grant
10.5	Cheniere Energy, Inc. 2008 Change of Control Cash Payment Plan
10.6	Form of Change of Control Agreement
10.7	Form of Release and Separation Agreement
10.8	Form of Restricted Stock Grant for Senior Vice President and General Counsel

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHENIERE ENERGY, INC.

Date: May 13, 2008

By: /s/ Don A. Turkleson

Name: Don A. Turkleson

Title: Senior Vice President and  
Chief Financial Officer

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**EXHIBIT INDEX**

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10.1	Cheniere Energy, Inc. 2008 Short-Term Retention Plan*
10.2	Form of Cheniere Energy, Inc. 2008 Short-Term Retention Plan Restricted Stock Grant*
10.3	Cheniere Energy, Inc. 2008 Long-Term Retention Plan*
10.4	Form of Cheniere Energy, Inc. 2008 Long-Term Retention Plan Restricted Stock Grant*
10.5	Cheniere Energy, Inc. 2008 Change of Control Cash Payment Plan*
10.6	Form of Change of Control Agreement*
10.7	Form of Release and Separation Agreement*
10.8	Form of Restricted Stock Grant for Senior Vice President and General Counsel *

\* Filed Herewith

**CHENIERE ENERGY, INC.**  
**2008 SHORT-TERM RETENTION PLAN**

In order to retain the individuals identified from time to time by the Compensation Committee as key employees or consultants of Cheniere Energy, Inc. and its subsidiaries (the "Company") until the end of the year, the Company shall provide the following awards to employees and consultants designated by the Compensation Committee:

**Cash Award**

Designated employees and consultants will receive a lump sum cash payment, less all applicable tax withholding obligations, on December 1, 2008, provided that the employee or consultant remains continuously employed or retained, as applicable, by the Company until such date; provided further that, in the event of a Change of Control (as defined in the Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan (the "2003 Plan")), the lump sum cash payment shall be payable to the employee or consultant, less all applicable tax withholding obligations, within 30 days of the effective date of the Change of Control.

**Equity Award**

Designated employees and consultants will receive a grant of Restricted Stock under and pursuant to the terms of the 2003 Plan which shall vest in full on December 1, 2008 pursuant to the terms of the 2003 Plan and a Restricted Stock Grant agreement approved by the Board of Directors.

**CHENIERE ENERGY, INC.**  
**Amended and Restated**  
**2003 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK GRANT**

**1. Grant of Restricted Shares.** Cheniere Energy, Inc., a Delaware corporation (the "Company"), hereby grants to ("Participant") all rights, title and interest in the record and beneficial ownership of \_\_\_\_\_ shares (the "Restricted Shares") of common stock, \$0.03 par value per share, of the Company ("Common Stock"), subject to the conditions described in this grant of Restricted Stock (the "Grant") and in the Company's Amended and Restated 2003 Stock Incentive Plan (the "Plan"). The Restricted Shares are granted, effective as of the effective date of your Grant (the "Grant Date").

**2. Issuance and Transferability.** Restricted Stock awarded under the Plan may be evidenced in such manner as the Company shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock. The Participant shall have all the rights of a stockholder with respect to such shares, including the right to vote and the right to receive dividends or other distributions paid or made with respect to such shares. Such shares are not transferable except by will or the laws of descent and distribution or pursuant to a domestic relations order of the court in a divorce proceeding. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of Participant.

**3. Risk of Forfeiture.** Participant shall immediately forfeit all rights to any non-vested portion of the Restricted Shares in the event of termination, resignation or removal from employment with the Company under circumstances that do not cause Participant to become fully vested under the terms of the Plan or this Grant.

**4. Vesting.** Subject to Paragraph 3 hereof, Participant shall become fully vested in his or her rights under the Restricted Shares and the Company's right to repurchase such shares shall lapse on December 1, 2008, provided that Participant remains continuously employed by the Company until such date. If Participant's employment or other service with the Company or any subsidiary shall be terminated for any reason, any Restricted Shares not then vested shall not vest (except as otherwise provided herein) and shall be forfeited back to the Company; provided, however, that any such Restricted Shares not then vested shall vest upon (i) termination, resignation or removal of a Participant for any reason within one (1) year from the effective date of a Change of Control, or (ii) death or Disability of Participant.

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**5. Ownership Rights.** Subject to the restrictions set forth in this Grant and the Plan, Participant is entitled to all voting and ownership rights applicable to the Restricted Shares, including the right to receive any cash dividends that may be paid on the Restricted Shares.

**6. Reorganization of the Company.** The existence of this Grant shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; any merger or consolidation of the Company; any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Restricted Shares or the rights thereof; the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

**7. Recapitalization Events.** In the event of stock dividends, spin-offs of assets or other extraordinary dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, reorganizations, liquidations, issuances of rights or warrants and similar transactions or events involving the Company ("Recapitalization Events"), then for all purposes references herein to Common Stock or to Restricted Shares shall mean and include all securities or other property (other than cash) that holders of Common Stock of the Company are entitled to receive in respect of Common Stock by reason of each successive Recapitalization Event, which securities or other property (other than cash) shall be treated in the same manner and shall be subject to the same restrictions as the underlying Restricted Shares.

**8. Certain Restrictions.** By accepting this Grant, Participant acknowledges that he or she has received a copy of the Plan and agrees that Participant will enter into such written representations, warranties and agreements and execute such documents as the Company may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations, or with this document or the terms of the Plan.

**9. Amendment and Termination.** No amendment or termination of this Grant shall be made by the Company at any time without the written consent of Participant.

**10. Withholding of Taxes.** Participant agrees that, if he or she makes an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with regard to the Restricted Shares, Participant will so notify the Company in writing within two (2) days after making such election, so as to enable the Company to timely comply with any applicable governmental reporting requirements. The Company shall have the right to take any action as may be necessary or appropriate to satisfy any federal, state or local tax withholding obligations.

**11. No Guarantee of Tax Consequences.** The Company makes no commitment or guarantee to Participant that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Grant.

**12. Severability.** In the event that any provision of this Grant shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable and shall not affect the remaining provisions of this Grant, and the Grant shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

**13. Governing Law.** The Grant shall be construed in accordance with the laws of the State of Delaware to the extent that federal law does not supersede and preempt Delaware law.

Executed the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**COMPANY:**

By: \_\_\_\_\_  
Ann Raden  
Vice President of Human Resources and  
Administration

Accepted the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**PARTICIPANT:**

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CHENIERE ENERGY, INC.**  
**2008 LONG-TERM RETENTION PLAN**

In order to retain the individuals identified from time to time by the Compensation Committee as key employees or consultants of Cheniere Energy, Inc. and its subsidiaries (the "Company") for an extended period of time, the Company shall provide the following award to employees or consultants designated by the Compensation Committee:

**Equity Award**

Designated employees or consultants will receive a grant of Restricted Stock under and pursuant to the terms of the Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan (the "2003 Plan") which shall vest in equal amounts on December 31, 2008, December 31, 2009 and December 31, 2010, pursuant to the terms of the 2003 Plan and the Restricted Stock Grant approved by the Compensation Committee.

**CHENIERE ENERGY, INC.**  
**Amended and Restated**  
**2003 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK GRANT**

**1. Grant of Restricted Shares.** Cheniere Energy, Inc., a Delaware corporation (the “Company”), hereby grants to (“Participant”) all rights, title and interest in the record and beneficial ownership of \_\_\_\_\_ shares (the “Restricted Shares”) of common stock, \$0.03 par value per share, of the Company (“Common Stock”), subject to the conditions described in this grant of Restricted Stock (the “Grant”) and in the Company’s Amended and Restated 2003 Stock Incentive Plan (the “Plan”). The Restricted Shares are granted, effective as of the effective date of your Grant (the “Grant Date”).

**2. Issuance and Transferability.** Restricted Stock awarded under the Plan may be evidenced in such manner as the Company shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock. The Participant shall have all the rights of a stockholder with respect to such shares, including the right to vote and the right to receive dividends or other distributions paid or made with respect to such shares. Such shares are not transferable except by will or the laws of descent and distribution or pursuant to a domestic relations order of the court in a divorce proceeding. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of Participant.

**3. Risk of Forfeiture.** Participant shall immediately forfeit all rights to any non-vested portion of the Restricted Shares in the event of termination, resignation or removal from employment with the Company under circumstances that do not cause Participant to become fully vested under the terms of the Plan or this Grant.

**4. Vesting.** Subject to Paragraph 3 hereof, Participant shall vest in his or her rights under the Restricted Shares and the Company’s right to repurchase such shares shall lapse in three equal annual installments (33.33% per year) on December 31, 2008, December 31, 2009 and December 31, 2010, provided that Participant remains continuously employed by the Company until such dates. If Participant’s employment or other service with the Company or any subsidiary shall be terminated for any reason, any Restricted Shares not then vested shall not vest (except as otherwise provided herein) and shall be forfeited back to the Company; provided, however, that any such Restricted Shares not then vested shall vest upon (i) termination, resignation or removal of a Participant for any reason within one (1) year from the effective date of a Change of Control, or (ii) death or Disability of Participant.

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**5. Ownership Rights.** Subject to the restrictions set forth in this Grant and the Plan, Participant is entitled to all voting and ownership rights applicable to the Restricted Shares, including the right to receive any cash dividends that may be paid on the Restricted Shares.

**6. Reorganization of the Company.** The existence of this Grant shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; any merger or consolidation of the Company; any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Restricted Shares or the rights thereof; the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

**7. Recapitalization Events.** In the event of stock dividends, spin-offs of assets or other extraordinary dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, reorganizations, liquidations, issuances of rights or warrants and similar transactions or events involving the Company ("Recapitalization Events"), then for all purposes references herein to Common Stock or to Restricted Shares shall mean and include all securities or other property (other than cash) that holders of Common Stock of the Company are entitled to receive in respect of Common Stock by reason of each successive Recapitalization Event, which securities or other property (other than cash) shall be treated in the same manner and shall be subject to the same restrictions as the underlying Restricted Shares.

**8. Certain Restrictions.** By accepting this Grant, Participant acknowledges that he or she has received a copy of the Plan and agrees that Participant will enter into such written representations, warranties and agreements and execute such documents as the Company may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations, or with this document or the terms of the Plan.

**9. Amendment and Termination.** No amendment or termination of this Grant shall be made by the Company at any time without the written consent of Participant.

**10. Withholding of Taxes.** Participant agrees that, if he or she makes an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with regard to the Restricted Shares, Participant will so notify the Company in writing within two (2) days after making such election, so as to enable the Company to timely comply with any applicable governmental reporting requirements. The Company shall have the right to take any action as may be necessary or appropriate to satisfy any federal, state or local tax withholding obligations.

**11. No Guarantee of Tax Consequences.** The Company makes no commitment or guarantee to Participant that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Grant.

**12. Severability.** In the event that any provision of this Grant shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable and shall not affect the remaining provisions of this Grant, and the Grant shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

**13. Governing Law.** The Grant shall be construed in accordance with the laws of the State of Delaware to the extent that federal law does not supersede and preempt Delaware law.

Executed the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**COMPANY:**

By: \_\_\_\_\_  
Ann Raden  
Vice President of Human Resources and  
Administration

Accepted the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**PARTICIPANT:**

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CHENIERE ENERGY, INC.**  
**2008 CHANGE OF CONTROL CASH PAYMENT PLAN**

In order to retain the individuals identified as key employees or consultants of Cheniere Energy, Inc. and its subsidiaries (the "Company"), the Company shall, upon a Change of Control (as defined in the Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan), pay to the employees and consultants designated by the Compensation Committee an amount equal to one times each such employee's base salary or consultant's annual fee, as applicable, at or immediately prior to the time the Change of Control is consummated (the "COC Award"). The COC Award shall be payable to the employee or consultant, less all applicable tax withholding obligations, within 30 days of the effective date of the Change of Control. The COC Award shall be subject to the terms and conditions of the Change of Control Agreement attached hereto as Schedule I.

**CHENIERE ENERGY, INC.**  
**CHANGE OF CONTROL AGREEMENT**

This CHANGE OF CONTROL AGREEMENT (this "**Agreement**"), dated as of May \_\_, 2008, is made and entered by and between Cheniere Energy, Inc., a Delaware corporation (the "**Company**"), and \_\_\_\_\_ (the "**the Employee**").

**WITNESSETH:**

WHEREAS, the Employee is a key employee of the Company or one or more of its subsidiaries and has made and is expected to continue to make major contributions to the short- and long-term prospects of the Company;

WHEREAS, the Company recognizes that the possibility of a Change of Control (as defined below) exists and that such possibility, and the uncertainty it may create among its employees, may result in the distraction or departure of its employees, to the detriment of the Company and its stockholders;

WHEREAS, the Company desires to establish a payout for certain of its employees, including the Employee, applicable in the event of a Change of Control;

WHEREAS, the Company wishes to ensure that its employees are not unduly distracted by the circumstances attendant to the possibility of a Change of Control and to encourage the continued attention and dedication of such employees, including the Employee, to their assigned duties with the Company; and

WHEREAS, the Company desires to provide additional inducement for the Employee to remain in the employ of the Company.

NOW, THEREFORE, the Company and the Employee agree as follows:

1. Certain Defined Terms. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "**Affiliate**" means (i) any entity in which the Company, directly or indirectly, owns 10% or more of the combined voting power; (ii) any "parent corporation" of the Company (as defined in Section 424(e) of the Internal Revenue Code of 1986, as amended (the "**Code**")); (iii) any "subsidiary corporation" of any such parent corporation (as defined in Section 424(f) of the Code) of the Company; and (iv) any trades or businesses, whether or not incorporated which are members of a controlled group or are under common control (as defined in Sections 414(b) or (c) of the Code) with the Company.

(b) "**Base Salary**" means the Employee's annual base salary rate as in effect immediately prior to the occurrence of a Change of Control (or, in the case of a termination contemplated by Section 3, as in effect immediately prior to such termination).

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(c) “**Board**” means the Board of Directors of the Company.

(d) “**Cause**” for termination of the Employee who is a party to an agreement of employment with the Company shall mean termination for “Cause” as such term is defined in such agreement, the relevant portions of which are incorporated herein by reference. If such agreement does not define “Cause” or if the Employee is not a party to such an agreement, “Cause” means (i) the willful commission by the Employee of a criminal or other act that causes or is likely to cause substantial economic damage to the Company or an Affiliate or substantial injury to the business reputation of the Company or Affiliate; (ii) the commission by the Employee of an act of fraud in the performance of the Employee’s duties on behalf of the Company or an Affiliate; or (iii) the continuing willful failure of the Employee to perform the duties of the Employee to the Company or an Affiliate (other than such failure resulting from the Employee’s incapacity due to physical or mental illness) after written notice thereof (specifying the particulars thereof in reasonable detail) and a reasonable opportunity to be heard and cure such failure are given to the Employee by the Board (or in the case of an employee who is not an executive officer, the Chief Executive Officer of the Company). For purposes of this Agreement, no act, or failure to act, on the Employee’s part shall be considered “willful” unless done or omitted to be done by the Employee not in good faith and without reasonable belief that the Employee’s action or omission was in the best interest of the Company or an Affiliate, as the case may be.

(e) “**Change of Control**” means the occurrence during the Term of any one of the following events:

(i) (i) any “person” (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and as modified in Section 13(d) and 14(d) of the Exchange Act) other than (A) the Company or any of its Subsidiaries, (B) any employee benefit plan of the Company or any of its Subsidiaries, (C) any Affiliate, (D) a company owned, directly or indirectly, by stockholders of the Company in substantially the same proportions as their ownership of the Company, or (E) an underwriter temporarily holding securities pursuant to an offering of such securities (a “**Person**”), becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the shares of voting stock of the Company then outstanding; or

(ii) the consummation of any merger, organization, business combination or consolidation of the Company or one of its Subsidiaries with or into any other company, other than a merger, reorganization, business combination or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger, reorganization, business combination or consolidation more than 50% of the combined voting power of the voting securities of the Company or the surviving company or the parent of such surviving company; or

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(iii) the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition if the holders of the voting securities of the Company outstanding immediately prior thereto hold securities immediately thereafter which represent more than 50% of the combined voting power of the voting securities of the acquiror, or parent of the acquiror, of such assets, or the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company; or

(iv) individuals who, as of the Effective Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date of this Agreement whose election by the Board, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an election contest with respect to the election or removal of directors or other solicitation of proxies or consents by or on behalf of a person other than the Board.

(f) "**Good Reason**" means termination of employment by the Employee under any of the following circumstances:

(i) if the Employee is a party to an agreement for employment with the Company, which agreement includes a definition of "Good Reason" for termination of employment with the Company, "Good Reason" shall have the same definition for purposes of this Agreement as is set forth in such agreement, the relevant portions of which are incorporated herein by reference; or

(ii) if the Employee is not a party to an agreement with the Company that defines the term "Good Reason," such term shall mean termination of employment under any of the following circumstances, if the Company fails to cure such circumstances within thirty (30) days after receipt of written notice from the Employee to the Board (or in the case of an employee who is not an executive officer, to the Chief Executive Officer of the Company) setting forth a description of such Good Reason:

- (1) the removal from or failure to re-elect the Employee to the office or position in which the Employee last served;
- (2) the assignment to the Employee of any duties, responsibilities, or reporting requirements inconsistent with the Employee's position with the Company, or any material diminishment, on a cumulative basis, of the Employee's overall duties, responsibilities or status;

(3) a material reduction by the Company in the Employee's compensation or benefits; or

(4) the requirement by the Company that the principal place of business at which the Employee performs the Employee's duties be changed to a location that increases the Employee's commute by more than fifty (50) miles per day.

(g) "**Term**" means the period commencing as of the date hereof and expiring on the close of business on December 31, 2009; provided, however, that (i) commencing on January 1, 2010 and each January 1 thereafter, the term of this Agreement will automatically be extended for an additional year unless, not later than September 30 of the immediately preceding year, the Company or the Employee shall have given notice that it or the Employee, as the case may be, does not wish to have the Term extended; (ii) if a Change of Control occurs during the Term, the Term shall expire and this Agreement will terminate on the date that the payments are made pursuant to the terms of this Agreement; and (iii) subject to Section 3, if, prior to a Change of Control, the Employee ceases for any reason to be an employee of the Company or any subsidiary of the Company (including termination arising in connection with the Company ceasing to beneficially own 50% or more of the voting stock of such subsidiary), thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate and be of no further effect. For purposes of this Section 1(g), the Employee shall not be deemed to have ceased to be an employee of the Company and any subsidiary of the Company by reason of the transfer of the Employee's employment between the Company and any subsidiary of the Company, or among any subsidiaries of the Company.

2. Operation of Agreement. This Agreement will be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, except as provided in Section 3, this Agreement will not be operative unless and until a Change of Control occurs. Upon the occurrence of a Change of Control at any time during the Term, without further action, this Agreement will become immediately operative.

3. Termination Prior to a Change of Control. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and not more than three months prior to the date on which the Change of Control occurs, the Employee's employment with the Company ceases at the previously designated level (including as a result of death or disability) for any reason or is terminated by the Company other than for Cause (or the Employee terminates the Employee's employment for Good Reason), such cessation or termination of employment will be deemed to be a cessation or termination of employment after a Change of Control and the Term of this Agreement will be deemed to continue in effect with respect to such Employee until the dates the payments are made pursuant to this Agreement if the Employee has reasonably demonstrated that such cessation or termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control, or (ii) otherwise arose in connection with or in anticipation of a Change of Control and the Employee shall be entitled to the payment as provided in Section 4.

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#### 4. Change of Control Compensation.

(a) Within 30 days following the occurrence of a Change of Control, the Company will pay to the Employee in a single lump sum an amount equal to one times the Employee's Base Salary.

Without limiting the rights of the Employee at law or in equity, if the Company fails to make any payment required to be made hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to six percent (6%) per annum. Such interest will be payable as it accrues. The Employee will also be entitled to be reimbursed for the attorneys' fees, costs and expenses related to the Company's failure to pay. To the extent necessary to comply with Section 409A of the Code, if a payment obligation arises under this paragraph, then such payment shall be made within two and one half months of the next calendar year in which the obligation arises; provided, however, that this provision shall not act to extend any other period of time for such payment otherwise imposed by this Agreement, a court or applicable law.

5. Limitation on Payments and Benefits. Notwithstanding any provision of this Agreement to the contrary, if any amount or benefit to be paid or provided under this Agreement would be an "Excess Parachute Payment," within the meaning of Section 280G of the Code, but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction will be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income and employment taxes). Whether requested by the Employee or the Company, the determination of whether any reduction in such payments or benefits to be provided under this Agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of the Company by the Company's independent accountants in effect prior to the Change of Control. The fact that the Employee's right to payments or benefits may be reduced by reason of the limitations contained in this Section 5 will not of itself limit or otherwise affect any other rights of the Employee other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 5, the payments or benefits (that constitute "parachute payments" within the meaning of Section 280G of the Code) with the latest payment date shall be reduced first.

#### 6. Confidentiality & Nondisparagement.

(a) During the Term, the Company agrees that it will disclose to the Employee its confidential or proprietary information (as defined in this Section 6(a)) to the extent necessary for the Employee to carry out the Employee's obligations to the Company. The Employee hereby covenants and agrees that the Employee will not, without the prior written consent of the Company, during the Term or thereafter disclose to any person not employed by the Company, or use in connection with engaging in competition with the

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Company, any confidential or proprietary information of the Company. For purposes of this Agreement, the term “confidential or proprietary information” will include all information of any nature and in any form that is owned by the Company and that is not publicly available (other than by the Employee’s breach of this Section 6(a)) or generally known to persons engaged in businesses similar or related to those of the Company. In addition, confidential or proprietary information will include, without limitation, the Company’s financial matters, customers, employees, industry contracts, strategic business plans, product development (or other proprietary product data), marketing plans, and all other secrets and all other information of a confidential or proprietary nature. For purposes of the preceding two sentences, the term “Company” will also include any subsidiary of the Company (collectively, the “**Restricted Group**”). The foregoing obligations imposed by this Section 6(a) will not apply (i) during the Term, in the course of the business of and for the benefit of the Company, (ii) if such confidential or proprietary information has become, through no fault of the Employee, generally known to the public or (iii) if the Employee is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement).

(b) The Employee hereby covenants and agrees that the Employee will not make, publish or cause to be made or published any public or private statement disparaging the Company or its present or former officers, directors or employees.

7. **Remedies.** The Employee acknowledges that the restrictions contained in Section 6 of this Agreement, in view of the nature of the Company’s business, are reasonable and necessary to protect the Company’s legitimate business interests, and that any violation of this Agreement would result in irreparable injury to the Company. In the event of a breach or a threatened breach by the Employee of any provision of Section 6 of this Agreement, the Company shall be entitled to a temporary restraining order and injunctive relief restraining the Employee from the commission of any breach, and to recover the Company’s attorneys’ fees, costs and expenses related to the breach or threatened breach. Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any such breach or threatened breach, including, without limitation, the recovery of money damages, attorneys’ fees, and costs. These covenants and disclosures shall each be construed as independent of any other provisions in this Agreement, and the existence of any claim or cause of action by the Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants and agreements.

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8. Employment Rights. Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Employee to have the Employee remain in the employment of the Company or any subsidiary of the Company prior to or following any Change of Control.

9. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling.

10. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including, without limitation, any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 10(a) and 10(b). Without limiting the generality or effect of the foregoing, the Employee's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Employee's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 10(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred or delegated.

11. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the matters covered herein; moreover, this Agreement supersedes all prior and contemporaneous agreements and understandings, oral or written, between the parties concerning the subject matter hereof.

12. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Texas, without giving effect to the principles of conflict of laws of such State.

13. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

14. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Employee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement. References to Sections are to Sections of this Agreement. Any reference in this Agreement to a provision of a statute, rule or regulation will also include any successor provision thereto.

15. Waiver of Breach. No waiver by either the Company or the Employee (each, a "Party") of a breach of any provision of this Agreement by any other Party, or of compliance with any condition or provision of this Agreement to be performed by such other Party, will operate or be construed as a waiver of any subsequent breach by such other Party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either Party hereto to take any action by reason of any breach will not deprive such Party of the right to take action at any time while such breach continues.

16. Survival. Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under Sections 3, 4, 5 and 6 will survive any termination or expiration of this Agreement.

17. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing. Any notice provided for in this Agreement shall be deemed to have been duly received (a) when delivered in person, (b) on the first business day after it is sent by air express overnight courier service, or (c) on the third business day following deposit in the United States mail, registered or certified mail, return receipt requested, postage prepaid and addressed, to the following address, as applicable:

(1) If to Company, addressed to:

CHENIERE ENERGY, INC.  
Attn: General Counsel  
700 Milam Street, Suite 800  
Houston, Texas 77002

(2) If to the Employee, addressed to the address set forth below the Employee's name on the execution page hereof;

or to such other address as either party may have furnished to the other party in writing in accordance with this Section 17.

18. Compliance with Code Section 409A. To the extent this Agreement is subject to the requirements of Section 409A of the Code, this Agreement is intended to comply with the requirements of Section 409A of the Code and, as a result, this Agreement (i) shall automatically be amended to the extent necessary to incorporate any provisions required to ensure such compliance (which the parties hereby agree are hereby adopted, approved, consented to, ratified and incorporated herein by reference) and (ii) shall be construed, interpreted and operated in a manner that will ensure such compliance. To the extent that any reimbursement is received or to be received by Employee, such reimbursements shall be administered consistent with the following additional requirements as set forth in Treas. Reg. 1.409A-3(i)(1)(iv): (1) Employee's eligibility for benefits in one year will not affect Employee's eligibility for benefits in any other year, (2) any reimbursement of eligible expenses will be made on or before the last day of the year following the year in which the expense was incurred, and (3) Employee's right to benefits is not subject to liquidation or exchange for another benefit. If Section 409A of the Code would subject the Employee to the additional 20% tax provided thereunder with respect to any amounts paid under this Agreement to the Employee by reason of the Employee being a "specified employee," as defined in Section 409A, such payment shall be deferred six months or, if earlier, the date that such payment may be made without being subject to such additional tax under Section 409A, and in all events shall be paid within 10 days of the date such payment is no longer subject to the required deferral; and for such deferral period until paid, such amount shall bear interest at the prime rate as reported in *The Wall Street Journal* on the day such deferral period commences plus one percent (1%). The Employee acknowledges and agrees that the Company has made no representation to the Employee as to the tax treatment of the compensation and benefits provided pursuant to this Agreement and that the Employee is solely responsible for all taxes due with respect to such compensation and benefits.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[Signature page follows.]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
**[Employee]**

Address for notices:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**RELEASE AND SEPARATION AGREEMENT**

This Release and Separation Agreement (“Agreement”) is being entered into by \_\_\_\_\_ (“Employee”) and **Cheniere Energy, Inc.** (the “Company”) in order to further the mutually desired terms and conditions set forth herein. The term “Company” shall include Cheniere Energy, Inc., its present and former parents, trusts, plans, direct or indirect subsidiaries, affiliates and related companies or entities, regardless of its or their form of business organization.

- 1. For and in consideration for Employee’s execution of this Agreement, the Company agrees to the following:
  - a. Pay Employee \_\_\_\_\_ and 00/100 Dollars (\$\_\_\_\_\_) in a single lump sum payment, less all standard tax withholding deductions; and
  - b. Within fifteen (15) days of the expiration of the seven (7) day revocation period, accelerate vesting on \_\_\_\_\_ Restricted Shares which would not have otherwise vested upon Employee’s termination pursuant to the terms of Employee’s Restricted Stock Grant Agreement(s). Upon the accelerated vesting of Employee’s Restricted Shares, any issuance of common stock shall not be made until appropriate arrangements have been made by Employee for the payment of any tax amounts (federal, state, local or other) that may be required to be withheld or paid by the Company.
  - c. [Within fifteen (15) days of the expiration of the seven (7) day revocation period, accelerate vesting on \_\_\_\_\_ Non-Qualified Stock Options (“NQSOS”) which would not have otherwise vested upon Employee’s termination pursuant to the terms of Employee’s Non-Qualified Stock Option Grant Agreement(s). These NQSOS are fully vested and Employee shall be able to exercise all or a portion of these NQSOS at Employee’s discretion, subject to any applicable insider trading restrictions. Employee understands that Employee has a period of six (6) months from the Date of Termination to exercise these vested NQSOS unless they terminate earlier by their own terms. Any portion of these NQSOS not exercised by the earlier of the expiration of their term or six (6) months from the Date of Termination shall be forfeited. Such NQSOS shall continue to be governed by the terms and conditions of the applicable plans from which they were granted and the applicable grant letter (collectively, such amounts shall constitute the “Separation Payment”).]

Except as provided in Paragraph 2 below, these payments represent the exclusive amount to be paid to Employee by the Company, in connection with or arising out of his or her employment with the Company and/or his or her termination of employment with the Company, and no further amounts shall be required for any items, including, but not limited to, attorneys’ fees. All amounts payable under this Agreement will be paid at the time provided for herein, but in no event later than March 15<sup>th</sup> of the calendar year following the

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Cheniere

\_\_\_\_\_  
[NAME OF EMPLOYEE]

calendar year in which Employee terminates employment with the Company as contemplated by this Agreement. It is intended that payment under this Agreement will not constitute deferred compensation as described in Section 409A of the Internal Revenue Code of 1986, as amended by reason of the provisions of Treasury Regulation Section 1.409A-1(b)(4).

2. Employee, on behalf of himself or herself, his or her heirs, beneficiaries and personal representatives, hereby releases, acquits and forever discharges the Company, its owners, officers, predecessors, employees, former employees, shareholders, directors, partners, attorneys, agents and assignees, and all other persons, firms, partnerships, or corporations in control of, under the direction of, or in any way presently or formerly associated with the Company of and from all claims, charges, complaints, liabilities, obligations, promises, agreements, contracts, damages, actions, causes of action, suits, accrued benefits or other liabilities of any kind or character, whether known or hereafter discovered, arising from or in any way connected with or related to Employee's employment with the Company and/or Employee's termination of employment with the Company, including, but not limited to, allegations of wrongful termination, discrimination, retaliation, breach of contract, anticipatory breach, fraud, conspiracy, promissory estoppel, retaliatory discharge, constructive discharge, discharge in violation of any law, statute, regulation or ordinance providing whistleblower protection, discharge in violation of public policy, intentional infliction of emotional distress, negligent infliction of emotional distress, defamation, harassment, sexual harassment, invasion of privacy, any action in tort or contract, any violation of any federal, state, or local law, including, but not limited to, any violation of Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e *et seq.*, the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Equal Pay Act, 29 U.S.C. § 206, the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 *et seq.*, the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*, the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), 29 U.S.C. § 621 *et seq.*, the Family and Medical Leave Act, 29 U.S.C. § 2601 *et seq.*, the Fair Credit Reporting Act, 15 U.S.C. § 1681, *et seq.*, the Sarbanes-Oxley Act, 18 U.S.C. § 1514A *et seq.*, the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101-2109, the Texas Commission on Human Rights Act, TEX. LAB. CODE § 21.001, *et seq.*, the Texas Workers' Compensation Act, TEX. LAB. CODE §§ 451.001-451.003, the Texas Payday Act, TEX. LAB. CODE § 61.011, *et seq.*, or any other employment or civil rights act, and any and all claims for severance pay or benefits under any compensation, cash award, or employee benefit plan, program, policy, contract, agreement or other arrangement of the Company, but excluding any claim for unemployment compensation, any claim for workers' compensation benefits, and any benefits which Employee is entitled to receive under any Company plan that is a qualified plan under IRC § 401(a) or is a group health plan subject to COBRA. COBRA continuation coverage is available to participants and their beneficiaries who participate in the Company's group health plan, to the extent the participant properly elects and pays for such COBRA continuation coverage. A COBRA continuation of coverage package will be sent directly to participants from the Company's administrative vendor.

3. Employee agrees not to commence any legal proceeding or lawsuit against the Company arising out of or based upon Employee's employment with the Company or the termination of Employee's employment with the Company.
4. The consideration cited above and the promises contained herein are made for the purpose of purchasing the peace of the Company and are not to be construed as an admission of liability or as evidence of unlawful conduct by the Company, all liability being expressly denied.
5. Employee voluntarily accepts the consideration cited herein, as sufficient payment for the full, final and complete release stated herein, and agrees that no other promises or representations have been made to Employee by the Company or any other person purporting to act on behalf of the Company, except as expressly stated herein.
6. Employee understands that this is a full, complete, and final release of the Company. As evidenced by the signature below, Employee expressly promises and represents to the Company that he or she has completely read this Agreement and understands its terms, contents, conditions, and effects.
7. Employee is advised to consult with an attorney prior to executing this Agreement. Employee understands that he or she has the right to consult an attorney of Employee's choice and has consulted with an attorney or has knowingly and voluntarily decided not to do so.
8. Employee states that he or she is not presently affected by any disability which would prevent Employee from knowingly and voluntarily granting this release, and further states that the promises made herein are not made under duress, coercion or undue influence.
9. Employee acknowledges that the business and services of the Company are highly specialized and that the following information is not generally known, is highly confidential, and constitutes trade secrets: proprietary technical and business information relating to any Company plans, analyses or strategies concerning international or domestic acquisitions, possible acquisitions or new ventures; development plans or introduction plans for products or services; unannounced products or services; operation costs; pricing of products or services; research and development; personnel information; manufacturing processes; installation, service, and distribution procedures and processes; customer lists; any know-how relating to the design, manufacture, and marketing of any of the Company's services and products, including components and parts thereof; non-public information acquired by the Company concerning the requirements and specifications of any of the Company's agents, vendors, contractors, customers and potential customers; non-public financial information, business and marketing plans, pricing and price lists; non-public matters relating to employee benefit plans; quotations or proposals given to agents or customers or received from suppliers; documents relating to any of the Company's legal rights and obligations; the work product of any attorney employed by or retained by the Company; and any other information which is sufficiently secret to derive economic value from not being generally known.

\_\_\_\_\_  
Cheniere

\_\_\_\_\_  
[NAME OF EMPLOYEE]

10. Employee shall not make or publish any disparaging statements (whether written, electronic or oral) regarding, or otherwise malign the business reputation of, the Company or any of the Company's directors, officers or employees.
11. Employee shall maintain in the strictest confidence and will not, directly or indirectly, intentionally or inadvertently, use, publish, or otherwise disclose to any person or entity whatever, any of the information of or belonging to the Company or to any agent, joint venture, contractor, customer, vendor, or supplier of the Company regardless of its form, without the prior written explicit consent of the Company. Employee shall take reasonable precautions to protect the inadvertent disclosure of information.
12. Employee represents that he or she has returned to the Company, except to the extent such return is excused by the Company, all expense reports, notes, memoranda, records, documents, employment manuals, pass keys, computers, computer diskettes, office equipment, sales records and data, and all other information or property, no matter how produced, reproduced or maintained, kept by Employee in his or her possession, used in or pertaining to the business of the Company, including but not limited to lists of customers, prices, marketing plans, Company operating manuals, documents relating to the legal rights and obligations of the Company, the work product of any attorney retained by the Company, and other confidential materials or information obtained by Employee in the course of Employee's employment.
13. This Agreement will supersede any and all obligations the Company might otherwise owe to Employee for any act or omission whatsoever that took place, or should have taken place, on or before the date this Agreement is signed and executed by Employee. This Agreement constitutes the entire understanding and agreement between the parties and it may only be modified or amended in a signed writing by both parties hereto.
14. Should any future dispute arise with respect to this Agreement, both parties agree that it should be resolved solely in accordance with the terms and provisions of this Agreement and the laws of the State of Texas.
15. Employee hereby waives all rights to recall, reinstatement, employment, reemployment, and past or future wages from the Company. Employee further agrees not to apply for employment with the Company. Notwithstanding this Paragraph 15, nothing shall prevent the Company, in its discretion, from rehiring Employee in the future.
16. Employee understands that Employee has forty-five (45) calendar days within which to consider this Agreement and that this Agreement is revocable by Employee for a period of seven (7) calendar days following the execution of this Agreement, and if not so revoked, will become effective and enforceable. For the revocation to be

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effective, written notice of revocation must be delivered to Ann Raden, Vice President, Human Resources and Administration, Cheniere Energy, Inc., 700 Milam Street, Suite 800, Houston, Texas 77002, no later than the close of business on the seventh day after Employee has signed this Agreement. The consideration cited in Paragraph 2 above to be delivered to Employee following the expiration of the seven (7) day revocation period.

17. Employee expressly represents and warrants to the Company that Employee has completely read this Agreement prior to executing it, has had an opportunity to review it with his or her counsel, has been offered forty-five (45) calendar days within which to consider this Agreement and to understand its terms, contents, conditions and effects and has entered into this Agreement knowingly and voluntarily.
18. Employee agrees that the terms and conditions of this Agreement, including without limitation the amount of money and other consideration, shall be treated as confidential, and shall not be revealed to any other person or entity whatsoever, except as follows:
  - a. to the extent as may be compelled by legal process; or
  - b. to the extent necessary to Employee's legal or financial advisors.
19. Employee agrees that the confidentiality provisions of this Agreement are a material part of it and are contractual in nature.

[SIGNATURE ON FOLLOWING PAGE]

*Release and Separation Agreement, p. 5*

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Cheniere

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[NAME OF EMPLOYEE]

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\_\_\_\_\_  
[NAME OF EMPLOYEE]

Date: \_\_\_\_\_

**Cheniere Energy, Inc.**

By: \_\_\_\_\_  
Ann Raden  
Vice President Human Resources and Administration

Date: \_\_\_\_\_

\_\_\_\_\_  
Cheniere

\_\_\_\_\_  
[NAME OF EMPLOYEE]

**CHENIERE ENERGY, INC.**  
**Amended and Restated**  
**2003 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK GRANT**

**1. Grant of Restricted Shares.** Cheniere Energy, Inc., a Delaware corporation (the "Company"), hereby grants to Zurab S. Kobiashvili ("Participant") all rights, title and interest in the record and beneficial ownership of 50,000 shares (the "Restricted Shares") of common stock, \$0.03 par value per share, of the Company ("Common Stock"), subject to the conditions described in this grant of Restricted Stock (the "Grant") and in the Company's Amended and Restated 2003 Stock Incentive Plan (the "Plan"). The Restricted Shares are granted, effective as of the effective date of your Grant (the "Grant Date").

**2. Issuance and Transferability.** Restricted Stock awarded under the Plan may be evidenced in such manner as the Company shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock. The Participant shall have all the rights of a stockholder with respect to such shares, including the right to vote and the right to receive dividends or other distributions paid or made with respect to such shares. Such shares are not transferable except by will or the laws of descent and distribution or pursuant to a domestic relations order of the court in a divorce proceeding. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of Participant.

**3. Risk of Forfeiture.** Participant shall immediately forfeit all rights to any non-vested portion of the Restricted Shares in the event of termination, resignation or removal from employment with the Company under circumstances that do not cause Participant to become fully vested under the terms of the Plan or this Grant.

**4. Vesting.** Subject to Paragraph 3 hereof, Participant shall vest in his rights under the Restricted Shares and the Company's right to repurchase such shares shall lapse upon the earlier of (i) the occurrence of a Change of Control or (ii) consummation by the Company, or a majority-owned subsidiary of the Company, of a significant transaction pursuant to which the Company, such subsidiary and/or their respective equityholders receive gross consideration in excess of \$200 million; provided, however, that a Change of Control or such significant transaction occurs on or prior to March 31, 2009; provided, further, that Participant remains continuously employed by the Company until the occurrence of a Change of Control or consummation of such significant transaction. If a Change of Control or significant transaction does not occur on or prior to March 31, 2009, the Restricted Shares shall not vest and shall be forfeited back

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to the Company. If prior to March 31, 2009 Participant's employment or other service with the Company or any subsidiary of the Company shall be terminated for any reason, any Restricted Shares not then vested shall not vest (except as otherwise provided herein) and shall be forfeited back to the Company; provided, however, that any such Restricted Shares not then vested shall vest upon the death or Disability of Participant.

**5. Ownership Rights.** Subject to the restrictions set forth in this Grant and the Plan, Participant is entitled to all voting and ownership rights applicable to the Restricted Shares, including the right to receive any cash dividends that may be paid on the Restricted Shares.

**6. Reorganization of the Company.** The existence of this Grant shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; any merger or consolidation of the Company; any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Restricted Shares or the rights thereof; the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

**7. Recapitalization Events.** In the event of stock dividends, spin-offs of assets or other extraordinary dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, reorganizations, liquidations, issuances of rights or warrants and similar transactions or events involving the Company ("Recapitalization Events"), then for all purposes references herein to Common Stock or to Restricted Shares shall mean and include all securities or other property (other than cash) that holders of Common Stock of the Company are entitled to receive in respect of Common Stock by reason of each successive Recapitalization Event, which securities or other property (other than cash) shall be treated in the same manner and shall be subject to the same restrictions as the underlying Restricted Shares.

**8. Certain Restrictions.** By accepting this Grant, Participant acknowledges that he or she has received a copy of the Plan and agrees that Participant will enter into such written representations, warranties and agreements and execute such documents as the Company may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations, or with this document or the terms of the Plan.

**9. Amendment and Termination.** No amendment or termination of this Grant shall be made by the Company at any time without the written consent of Participant.

**10. Withholding of Taxes.** Participant agrees that, if he or she makes an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with regard to the Restricted Shares, Participant will so notify the Company in writing within two (2) days after making such election, so as to enable the Company to timely comply with any applicable governmental reporting requirements. The Company shall have the right to take any action as may be necessary or appropriate to satisfy any federal, state or local tax withholding obligations.

**11. No Guarantee of Tax Consequences.** The Company makes no commitment or guarantee to Participant that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Grant.

**12. Severability.** In the event that any provision of this Grant shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable and shall not affect the remaining provisions of this Grant, and the Grant shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

**13. Governing Law.** The Grant shall be construed in accordance with the laws of the State of Delaware to the extent that federal law does not supersede and preempt Delaware law.

Executed the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**COMPANY:**

By: \_\_\_\_\_  
Ann Raden  
Vice President of Human Resources and Administration

Accepted the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**PARTICIPANT:**

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_