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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

£ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File No. 001-16383

CHENIERE ENERGY, INC.
(Exact name as specified in its charter)

Delaware	95-4352386
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

700 Milam Street, Suite 800 Houston, Texas	77002
(Address of principal executive offices)	(Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes S No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes S No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer £ Accelerated filer ☒
Non-accelerated filer £ Smaller reporting company £
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No S

As of October 25, 2011, there were 82,843,733 shares of Cheniere Energy, Inc. Common Stock, $0.003 par value, issued and outstanding.

CHENIERE ENERGY, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 131,312	$ 74,161
Restricted cash and cash equivalents	152,534	73,062
Accounts and interest receivable	4,177	4,699
LNG inventory	6,879	1,212
Prepaid expenses and other	17,436	12,476
Total current assets	312,338	165,610
Non-current restricted cash and cash equivalents	82,892	82,892
Property, plant and equipment, net	2,119,717	2,157,597
Debt issuance costs, net	35,470	41,656
Goodwill	76,819	76,819
Intangible assets	4,856	6,067
Other	19,351	22,866
Total assets	$ 2,651,443	$ 2,553,507
LIABILITIES AND DEFICIT		
Current liabilities		
Accounts payable	$ 1,699	$ 1,283
Current debt, net of discount	488,666	—
Accrued liabilities	77,410	38,459
Deferred revenue	26,457	26,592
Other	784	—
Total current liabilities	595,016	66,334
Long-term debt, net of discount	2,463,939	2,918,579
Long-term debt—related party, net of discount	9,598	8,930
Deferred revenue	26,500	29,994
Other non-current liabilities	3,288	2,280
Commitments and contingencies	—	—
Stockholders' deficit		
Preferred stock, $.0001 par value, 5.0 million shares authorized, none issued	—	—
Common stock, $.003 par value		
Authorized: 240.0 million shares at September 30, 2011 and December 31, 2010		
Issued and outstanding: 82.8 million shares and 67.8 million shares at September 30, 2011 and December 31, 2010, respectively	248	204
Treasury stock: 1.7 million shares and 1.5 million shares at September 30, 2011 and December 31, 2010, respectively, at cost	(6,067)	(4,338)
Additional paid-in-capital	543,776	404,125
Accumulated deficit	(1,202,396)	(1,061,449)
Accumulated other comprehensive loss	(229)	(173)
Total stockholders' deficit	(664,668)	(661,631)
Non-controlling interest	217,770	189,021
Total deficit	(446,898)	(472,610)
Total liabilities and deficit	$ 2,651,443	$ 2,553,507

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues				
LNG terminal revenues	$ 68,375	$ 65,945	$ 205,678	$ 199,109
Marketing and trading	(2,999)	1,533	10,055	14,703
Oil and gas sales	426	749	2,079	2,170
Other	11	21	42	58
Total revenues	65,813	68,248	217,854	216,040
Operating costs and expenses				
General and administrative expense	16,227	15,145	57,116	51,273
Depreciation, depletion and amortization	15,271	16,649	46,282	47,885
LNG terminal and pipeline operating expense	10,976	9,053	29,023	31,673
LNG terminal and pipeline development expense	11,143	4,885	32,936	6,746
Other	1,841	133	2,117	343
Total operating costs and expenses	55,458	45,865	167,474	137,920
Income from operations	10,355	22,383	50,380	78,120
Other income (expense)				
Gain on sale of equity method investment	—	—	—	128,330
Interest expense, net	(65,125)	(63,899)	(193,867)	(198,044)
Loss on early extinguishment of debt	—	—	—	(1,011)
Derivative gain (loss)	(716)	—	(1,164)	461
Other income	17	215	245	366
Total other expense	(65,824)	(63,684)	(194,786)	(69,898)
Income (loss) before income taxes and non-controlling interest	(55,469)	(41,301)	(144,406)	8,222
Income tax provision	—	—	—	—
Income (loss) before non-controlling interest	(55,469)	(41,301)	(144,406)	8,222
Non-controlling interest	1,533	721	3,459	1,708
Net income (loss)	$ (53,936)	$ (40,580)	$ (140,947)	$ 9,930
Net income (loss) per share attributable to common stockholders—basic	$ (0.67)	$ (0.73)	$ (1.94)	$ 0.18
Net income (loss) per share attributable to common stockholders—diluted	$ (0.67)	$ (0.73)	$ (1.94)	$ 0.16
Weighted average number of common shares outstanding—basic	80,473	55,609	72,739	55,316
Weighted average number of common shares outstanding—diluted	80,473	55,609	72,739	61,314

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(in thousands)
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Equity (Deficit)
	Shares	Amount	Shares	Amount					
Balance — December 31, 2010	67,761	$ 204	1,463	$ (4,338)	$ 404,125	$ (1,061,449)	$ (173)	$ 189,021	$(472,610)
Issuances of stock	12,650	38		—	123,029	—	—	—	123,067
Issuances of restricted stock	2,601	7	—	—	(7)	—	—	—	—
Forfeitures of restricted stock	(39)	—	39	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	16,629	—	—	—	16,629
Treasury stock acquired	(188)	(1)	188	(1,729)	—	—	—	—	(1,730)
Comprehensive income: Foreign currency translation	—	—	—	—	—	—	(56)	—	(56)
Loss attributable to non-controlling interest	—	—	—	—	—	—	—	(3,459)	(3,459)
Sale of common units to non-controlling interest	—	—	—	—	—	—	—	52,331	52,331
Distribution to non-controlling interest	—	—	—	—	—	—	—	(20,123)	(20,123)
Net loss	—	—	—	—	—	(140,947)	—	—	(140,947)
Balance — September 30, 2011	82,785	$ 248	1,690	$ (6,067)	$ 543,776	$ (1,202,396)	$ (229)	$ 217,770	$(446,898)

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities		
Net income (loss)	$ (140,947)	$ 9,930
Adjustments to reconcile net income (loss) attributable to common stockholders to net cash used in operating activities:		
Gain on sale of limited partnership investment	—	(128,330)
Loss on early extinguishment of debt	—	1,011
Depreciation, depletion and amortization	46,282	47,885
Amortization of debt issuance and debt discount	21,331	20,397
Non-cash compensation	16,629	13,380
Investment in restricted cash and cash equivalents	(35,673)	(4,337)
Non-cash derivative (gain) loss	171	(820)
Non-controlling interest	(3,459)	(1,708)
Non-cash interest expense	19,636	24,963
Use of cash for accrued interest	—	(60,899)
Other	3,401	(5,872)
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	44,016	40,019
LNG inventory	(5,667)	31,702
Accounts and interest receivable	407	2,246
Deferred revenue	(3,629)	(3,116)
Prepaid expenses and other	(2,413)	1,918
Net cash used in operating activities	(39,915)	(11,631)
Cash flows from investing activities		
Proceeds from sale of limited partnership investment	—	104,330
Investment in Cheniere Partners	(17,806)	—
Use of restricted cash and cash equivalents	6,512	3,939
LNG terminal and pipeline construction-in-process, net	(6,538)	(2,805)
Distributions from limited partnership investment	—	3,900
Other	(2,145)	200
Net cash provided by (used in) investing activities	(19,977)	109,564
Cash flows from financing activities		
Sale of common stock, net	123,113	—
Debt repurchases	—	(104,681)
Use of (investment in) restricted cash and cash equivalents	(32,504)	22,475
Distributions to non-controlling interest	(20,123)	(19,794)
Sale of common units by Cheniere Partners	52,628	—
Purchase of treasury shares	(1,730)	(681)
Other	(4,341)	(2,109)
Net cash provided by (used in) financing activities	117,043	(104,790)
Net increase (decrease) in cash and cash equivalents	57,151	(6,857)
Cash and cash equivalents—beginning of period	74,161	88,372
Cash and cash equivalents—end of period	$ 131,312	$ 81,515

The accompanying notes are an integral part of these financial statements.

NOTE 1—Basis of Presentation

The accompanying unaudited consolidated financial statements of Cheniere Energy, Inc. have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation, have been included. As used herein, the terms "Cheniere," "the Company," "we," "our" and "us" refer to Cheniere Energy, Inc. and its wholly owned or controlled subsidiaries, unless otherwise stated or indicated by context.

Results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2011.

Certain reclassifications have been made to prior period information to conform to the current presentation. The reclassifications had no effect on our overall consolidated financial position, results of operations or cash flows.

For further information, refer to the consolidated financial statements and accompanying notes included in our annual report on Form 10-K for the year ended December 31, 2010.

NOTE 2—Recent Accounting Policies

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2011, the Financial Accounting Standards Board ("FASB") amended current comprehensive income guidance. The amended guidance eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. This guidance will be effective for public companies during the interim and annual periods beginning after December 15, 2011 with early adoption permitted. We expect to adopt this guidance in our first fiscal quarter ending March 31, 2012. The adoption of this guidance will not have an impact on the Company's consolidated financial position, results of operations or cash flows as it only requires a change in the format of the current presentation.

In September 2011, the FASB amended the guidance on the annual testing of goodwill for impairment. The amended guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance will be effective for our fiscal year ending December 31, 2012, with early adoption permitted. We expect to adopt this guidance in our fourth fiscal quarter ending December 31, 2011. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 3—Liquidity

As of September 30, 2011, we had unrestricted cash and cash equivalents of $131.3 million available to Cheniere, which excludes cash and cash equivalents and other working capital available to Cheniere Energy Partners, L.P. ("Cheniere Partners"), a publicly traded partnership in which we own an 88.8% interest, and Sabine Pass LNG, L.P. ("Sabine Pass LNG"), a wholly owned subsidiary of Cheniere Partners. We also had restricted cash and cash equivalents of $235.4 million, which were designated for the following purposes: $137.3 million for interest payments related to the Senior Notes described below; $4.6 million for Sabine Pass LNG's working capital; $89.9 million for Cheniere Partners' working capital; and $3.6 million for other restricted purposes. Although results are consolidated for financial reporting, Cheniere, Cheniere Partners and Sabine Pass LNG operate with independent capital structures.

During the second quarter of 2011, we reclassified $298.0 million of debt from a long-term liability to a current liability because our 2007 Term Loan was due within 12 months as of May 31, 2011. During the third quarter of 2011, we reclassified $190.7 million, net of discount, of debt from a long-term liability to a current liability because our Convertible Senior Unsecured Notes were due within 12 months as of August 1, 2011. We believe we will have sufficient unrestricted cash, liquid assets, cash generated from our operations and access to capital markets to satisfy our debt obligations and fund our operations. In order to satisfy our principal payments due in May 2012 and August 2012, we will need to extend or retire our indebtedness, which may be accomplished by refinancing our existing indebtedness, issuing equity or other securities, selling assets or through a combination of the foregoing and will be dependent on factors such as worldwide natural gas and capital market conditions.

NOTE 4—Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of cash and cash equivalents that are contractually restricted as to usage or withdrawal, as follows:

Senior Notes Debt Service Reserve

Sabine Pass LNG has consummated private offerings of an aggregate principal amount of $2,215.5 million of Senior Notes (See Note 10—"Debt and Debt—Related Parties"). Under the indenture governing the Senior Notes (the "Sabine Pass Indenture"), except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied, including that there must be on deposit in an interest payment account an amount equal to one-sixth of the semi-annual interest payment multiplied by the number of elapsed months since the last semi-annual interest payment, there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment of $82.4 million and a fixed charge coverage ratio test of 2:1 must be satisfied.

As of September 30, 2011 and December 31, 2010, we classified $54.9 million and $13.7 million, respectively, as current restricted cash and cash equivalents for the payment of interest due within twelve months. As of September 30, 2011 and December 31, 2010, we classified the permanent debt service reserve fund of $82.4 million as non-current restricted cash and cash equivalents. These cash accounts are controlled by a collateral trustee, and, therefore, are shown as restricted cash and cash equivalents on our Consolidated Balance Sheets.

Other Restricted Cash and Cash Equivalents

As of September 30, 2011 and December 31, 2010, $94.5 million and $53.3 million, respectively, of current restricted cash and cash equivalents was primarily related to cash and cash equivalents held by Sabine Pass LNG and Cheniere Partners that were considered restricted to Cheniere. As of September 30, 2011 and December 31, 2010, due to various other contractual restrictions, $3.1 million and $6.1 million, respectively, had been classified as current restricted cash and cash equivalents and $0.5 million had been classified as non-current restricted cash and cash equivalents on our Consolidated Balance Sheets.

NOTE 5—LNG Inventory

LNG inventory is recorded at cost and is subject to lower of cost or market ("LCM") adjustments at the end of each period. Inventory cost is determined using the average cost method. Recoveries of losses resulting from interim period LCM adjustments are recorded when market price recoveries occur on the same inventory in the same fiscal year. These recoveries are recognized as gains in later interim periods with such gains not exceeding previously recognized losses. As of September 30, 2011, we had 1,699,000 MMBtu of LNG inventory recorded at $6.9 million, and at December 31, 2010, we had 326,000 MMBtu of LNG inventory recorded at $1.2 million on our Consolidated Balance Sheets.

NOTE 6—Variable Interest Entity

In March 2010, Cheniere Marketing, LLC ("Cheniere Marketing") entered into various agreements (the "LNGCo Agreements") with JPMorgan LNG Co. ("LNGCo"), an indirect subsidiary of JPMorgan Chase & Co., effective April 1, 2010, under which Cheniere Marketing agreed to develop and maintain commercial and trading opportunities in the LNG industry and present any such opportunities exclusively to LNGCo. Cheniere Marketing also agreed to provide, or arrange for the provision of, all of the operations and administrative services required by LNGCo in connection with any LNG cargoes purchased by LNGCo, including negotiating agreements and arranging for transporting, receiving, storing, hedging and regasifying LNG cargoes. Cheniere Marketing does not have the authority to contractually bind LNGCo under the LNGCo Agreements. In the event LNGCo declines to purchase an LNG cargo presented to it by Cheniere Marketing under the LNGCo Agreements, Cheniere Marketing may pursue the opportunity on its own behalf or present it to third parties. The term of the LNGCo Agreements is two years; however, either party may terminate without penalty. In return for the services to be provided by Cheniere Marketing, LNGCo will pay a fixed fee to Cheniere Marketing and may pay additional fees depending upon the gross margins of each transaction and the aggregate gross margin earned during the term of the LNGCo Agreements.

During the three and nine months ended September 30, 2011, we recognized $1.7 million and $9.0 million, respectively, of marketing and trading revenues from LNGCo. During the three and nine months ended September 30, 2010, we recognized $2.3 million and $5.4 million of marketing and trading revenues from LNGCo. As of September 30, 2011, the carrying amount of Cheniere Marketing’s assets relating to LNGCo, which is equivalent to Cheniere Marketing's maximum exposure to loss, was $2.3 million. A portion of this $2.3 million represents our fixed fee receivable and is reported as accounts and interest receivable, and the remaining portion represents our margin deposit receivable and is reported as prepaid expense and other current assets and is to be paid to Cheniere Marketing upon the completion or termination of the LNGCo Agreements.

NOTE 7—Property, Plant and Equipment

Property, plant and equipment consists of LNG terminal and natural gas pipeline costs, LNG site and related costs, investments in oil and gas properties, and fixed assets, as follows (in thousands):

	September 30, 2011	December 31, 2010
LNG terminal costs		
LNG terminal	$ 1,646,513	$ 1,638,811
LNG terminal construction-in-process	38,912	39,393
LNG site and related costs, net	3,610	3,362
Accumulated depreciation	(114,427)	(82,246)
Total LNG terminal costs, net	1,574,608	1,599,320
Natural gas pipeline costs		
Natural gas pipeline	563,796	563,714
Natural gas pipeline construction-in-process	2,508	2,484
Pipeline right-of-ways	18,455	18,455
Accumulated depreciation	(49,139)	(37,939)
Total natural gas pipeline costs, net	535,620	546,714
Oil and gas properties, successful efforts method		
Proved	4,110	3,872
Accumulated depreciation, depletion and amortization	(2,946)	(2,604)
Total oil and gas properties, net	1,164	1,268
Fixed assets		
Computers and office equipment	5,794	5,472
Furniture and fixtures	4,521	4,509
Computer software	12,601	12,526
Leasehold improvements	7,318	7,318
Other	1,523	1,453
Accumulated depreciation	(23,432)	(20,983)
Total fixed assets, net	8,325	10,295
Property, plant and equipment, net	$ 2,119,717	$ 2,157,597

LNG Terminal Costs

Depreciation expense related to the Sabine Pass LNG terminal totaled $10.8 million and $10.4 million for the three months ended September 30, 2011 and 2010, respectively. Depreciation expense related to the Sabine Pass LNG terminal totaled $32.2 million and $31.4 million for the nine months ended September 30, 2011 and 2010, respectively.

Natural Gas Pipeline Costs

Depreciation expense related to our Creole Trail pipeline totaled $3.7 million for each of the three months ended September 30, 2011 and 2010. Depreciation expense related to our Creole Trail pipeline totaled $11.2 million for each of the nine months ended September 30, 2011 and 2010.

Fixed Assets

Depreciation expense related to our fixed assets totaled $0.9 million for each of the three months ended September 30, 2011 and 2010. Depreciation expense related to our fixed assets totaled $2.5 million and $3.4 million for the nine months ended September 30, 2011 and 2010, respectively.

NOTE 8—Non-controlling Interest

We have consolidated certain joint ventures and partnerships because we have a controlling interest in these ventures. Therefore, the entities' financial statements are consolidated in our Consolidated Financial Statements and the entities' other equity is recorded as a non-controlling interest. The following table sets forth the components of our non-controlling interest balance since inception attributable to third-party investors' interests at September 30, 2011 (in thousands):

Net proceeds from Cheniere Partners' issuance of common units (1)	$	150,773
Net proceeds from Holdings' sale of Cheniere Partners common units (2)		203,946
Distributions to Cheniere Partners' non-controlling interest		(112,931)
Non-controlling interest share of loss of Cheniere Partners		(24,018)
Non-controlling interest at September 30, 2011	$	217,770

(1) In March and April 2007, we and Cheniere Partners completed a public offering of 15,525,000 Cheniere Partners common units (the "Cheniere Partners Offering"). Cheniere Partners received $98.4 million in net proceeds from the issuance of its common units to the public. Prior to January 1, 2009, a company was able to elect an accounting policy of recording a gain or loss on the sale of common equity of a subsidiary equal to the amount of proceeds received in excess of the carrying value of the parent's investment. Effective January 1, 2009, the sale of common equity of a subsidiary is accounted for as an equity transaction.

In January 2011, Cheniere Partners initiated an at-the-market program to sell up to 1.0 million common units, the proceeds from which would be used primarily to fund development costs associated with its liquefaction project. As of September 30, 2011, Cheniere Partners had sold 0.5 million common units with net proceeds of $9.0 million.

In September 2011, Cheniere Partners sold 3,000,000 common units in an underwritten public offering and 1,072,131 common units to Cheniere Common Units Holding, LLC ("Cheniere Common Units Holding") at a price of $15.25 per common unit. Cheniere Partners received net proceeds of approximately $60 million as of September 30, 2011.

(2) In conjunction with the Cheniere Partners Offering, Cheniere LNG Holdings, LLC ("Holdings") sold a portion of the Cheniere Partners common units held by it to the public, realizing net proceeds of $203.9 million, which included $39.4 million of net proceeds realized once the underwriters exercised their option to purchase an additional 2,025,000 common units from Holdings. Due to the subordinated distribution rights on our subordinated units, we have recorded those proceeds as a non-controlling interest.

NOTE 9—Accrued Liabilities

As of September 30, 2011 and December 31, 2010, accrued liabilities consisted of the following (in thousands):

	September 30, 2011	December 31, 2010
Accrued interest expense and related debt fees	$ 60,116	$ 15,732
Payroll	9,968	11,466
LNG liquefaction costs	1,528	1,402
Debt issuance costs	—	4,101
LNG terminal costs	948	1,953
Other accrued liabilities	4,850	3,805
Total accrued liabilities	$ 77,410	$ 38,459

NOTE 10—Debt and Debt—Related Parties

As of September 30, 2011 and December 31, 2010, our debt consisted of the following (in thousands):

	September 30, 2011	December 31, 2010
Current debt		
2007 Term Loan	$ 298,000	$ —
Convertible Senior Unsecured Notes	204,630	—
Total current debt	502,630	—
Current debt discount		
Convertible Senior Unsecured Notes	(13,964)	—
Total current debt, net of discount	$ 488,666	$ —
Long-term debt (including related parties)		
Senior Notes	$ 2,215,500	$ 2,215,500
2007 Term Loan	—	298,000
2008 Loans (including related parties)	282,293	262,657
Convertible Senior Unsecured Notes	—	204,630
Total long-term debt	2,497,793	2,980,787
Long-term debt discount		
Senior Notes	(24,256)	(27,777)
Convertible Senior Unsecured Notes	—	(25,501)
Total debt discount	(24,256)	(53,278)
Total long-term debt (including related parties), net of discount	$ 2,473,537	$ 2,927,509

Sabine Pass LNG Senior Notes

In November 2006, Sabine Pass LNG issued an aggregate principal amount of $2,032.0 million of Senior Notes (the "Senior Notes"), consisting of $550.0 million of 7¼% Senior Secured Notes due 2013 (the "2013 Notes") and $1,482.0 million of 7½% Senior Secured Notes due 2016 (the "2016 Notes"). In September 2008, Sabine Pass LNG issued an additional $183.5 million, before discount, of 2016 Notes whose terms were identical to the previously outstanding 2016 Notes. Interest on the Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The Senior Notes are secured on a first-priority basis by a security interest in all of Sabine Pass LNG's equity interests and substantially all of its operating assets. At any time and from time to time, Sabine Pass LNG may redeem some or all of the Senior Notes at a redemption price equal to 100% of the principal amount plus a make-whole premium, plus accrued and unpaid interest, to the redemption date.

Sabine Pass LNG may redeem some or all of the Senior Notes at any time, and from time to time, at a redemption price equal to 100% of the principal plus any accrued and unpaid interest plus the greater of:

- 1.0% of the principal amount of the Senior Notes; or
- the excess of: a) the present value at such redemption date of (i) the redemption price of the Senior Notes plus (ii) all required interest payments due on the Senior Notes (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over b) the principal amount of the Senior Notes, if greater.

Under the Sabine Pass Indenture, except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied: there must be on deposit in an interest payment account an amount equal to one-sixth of the semi-annual interest payment multiplied by the number of elapsed months since the last semi-annual interest payment, and there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment of approximately $82.4 million. Distributions are permitted only after satisfying the foregoing funding requirements, a fixed charge coverage ratio test of 2:1 and other conditions specified in the Sabine Pass Indenture.

During the nine months ended September 30, 2011, Sabine Pass LNG made distributions of $231.7 million after satisfying all the applicable conditions in the Sabine Pass Indenture. During the nine months ended September 30, 2010, Sabine Pass LNG made distributions of $298.6 million after satisfying all the applicable conditions in the Sabine Pass Indenture.

Convertible Senior Unsecured Notes

In July 2005, we consummated a private offering of $325.0 million aggregate principal amount of Convertible Senior Unsecured Notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended ("Securities Act"). The notes bear interest at a rate of 2¼% per year. The notes are convertible at any time into our common stock under certain circumstances at an initial conversion rate of 28.2326 shares per $1,000 principal amount of the notes, which is equal to a conversion price of approximately $35.42 per share. As of September 30, 2011, no holders had elected to convert their notes at the conversion rate.

We may redeem some or all of the notes on or before August 1, 2012, for cash equal to 100% of the principal plus any accrued and unpaid interest if in the previous 10 trading days the volume-weighted average price of our common stock exceeds $53.13, subject to adjustment, for at least five consecutive trading days. In the event of such redemption, we will make an additional payment equal to the present value of all remaining scheduled interest payments through August 1, 2012, discounted at the U.S. Treasury securities rate plus 50 basis points. The indenture governing the notes contains customary reporting requirements.

During the second quarter of 2009, we reduced debt by exchanging $120.4 million aggregate principal amount of our Convertible Senior Unsecured Notes for a combination of $30.0 million cash and cash equivalents and 4.0 million shares of common stock, reducing our principal amount due in 2012 to $204.6 million. The remaining principal amount of the Convertible Senior Unsecured Notes are convertible into 5.8 million shares of our common stock.

During the third quarter of 2011, we reclassified $190.7 million of debt, net of discount, from a long-term liability to a current liability because our Convertible Senior Unsecured Notes were due within 12 months as of August 1, 2011.

We adopted, on January 1, 2009, an accounting standard that requires issuers of certain convertible debt instruments to separately account for the liability component and the equity component represented by the embedded conversion option in a manner that will reflect that entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. The following table summarizes the liability component of the Convertible Senior Unsecured Notes (in thousands):

	September 30, 2011	December 31, 2010
Principal amount	$ 204,630	$ 204,630
Unamortized discount	(13,964)	(25,501)
Net carry amount	$ 190,666	$ 179,129

The unamortized discount is being amortized through the August 2012 maturity of the Convertible Senior Unsecured Notes. Interest expense for the Convertible Senior Unsecured Notes, including the debt discount amortization, for the three and nine months ended September 30, 2011 was $5.2 million and $15.4 million, respectively. Interest expense for the Convertible Senior Unsecured Notes, including the debt discount amortization, for the three and nine months ended September 30, 2010 was $4.8 million and $10.4 million, respectively. The effective interest rate as of September 30, 2011 was 10.9% for the Convertible Senior Unsecured Notes.

2007 Term Loan

In May 2007, Cheniere Subsidiary Holdings, LLC, a wholly owned subsidiary of Cheniere, entered into a $400.0 million credit agreement ("2007 Term Loan"). Borrowings under the 2007 Term Loan generally bear interest at a fixed rate of 9¾% per annum. Interest is calculated on the unpaid principal amount of the 2007 Term Loan outstanding and is payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The 2007 Term Loan will mature on May 31, 2012. The 2007 Term Loan is secured by a pledge of our 135,383,831 subordinated units in Cheniere Partners.

In May 2010, we sold our 30% interest in Freeport LNG Development, L.P., which was pledged as security of the 2007 Term Loan, to institutional investors for net proceeds of $104.3 million. The net proceeds from the sale were used to prepay $102.0 million of the 2007 Term Loan in May 2010. As of December 31, 2010, $298.0 million was outstanding under the 2007 Term Loan and included in long-term debt on our Consolidated Balance Sheets.

During the second quarter of 2011, we reclassified $298.0 million of debt from a long-term liability to a current liability because our 2007 Term Loan was due within 12 months as of May 31, 2011.

2008 Loans

In August 2008, we entered into a credit agreement pursuant to which we obtained $250.0 million in convertible term loans ("2008 Loans"). The 2008 Loans have a maturity date in 2018. The 2008 Loans bear interest at a fixed rate of 12% per annum, except during the occurrence of an event of default during which time the rate of interest will be 14% per annum. Interest is due semi-annually on the last business day of January and July. At our option, until August 15, 2011, accrued interest may be added to the principal on each semi-annual interest date. The aggregate amount of all accrued interest to August 15, 2011 will be payable upon the maturity date. The 2008 Loans are secured by Cheniere's rights and fees payable under management services agreements with Sabine Pass LNG and Cheniere Partners, by Cheniere's 12.0 million common units in Cheniere Partners, by the equity and assets of Cheniere's pipeline entities, by the equity of various other subsidiaries and certain other assets and subsidiary guarantees.

In June 2010, the 2008 Loans were amended to permit all funds on deposit in the TUA Reserve Account to be applied to the prepayment of the accrued interest on the loans outstanding under the 2008 Loans, with any remainder to be applied to the prepayment of the principal balance of such 2008 Loans. As a result, $63.6 million from the TUA Reserve Account was used to prepay $60.9 million of accrued interest and $2.7 million of principal of the 2008 Loans.

In December 2010, the 2008 Loans were amended to, among other things: eliminate the "put rights" which had allowed the lenders to demand repayment of the 2008 Loans on the third, fifth, and seventh anniversaries thereof; allow for the early prepayment of the 2008 Loans; allow Cheniere for a limited period to sell Cheniere Partners common units held as collateral and prepay the 2008 Loans with the proceeds; and release restrictions on prepayments of other indebtedness at Cheniere as certain conditions are met. In addition, 96.6% of the lenders agreed to terminate their rights to exchange the 2008 Loans for Series B Preferred Stock of Cheniere.

The outstanding principal amount of the 2008 Loans held by Scorpion Capital Partners, LP ("Scorpion"), the holder of 3.4% of the 2008 Loans as of September 30, 2011, is exchangeable for shares of Cheniere common stock at a price of $5.00 per share pursuant to an amendment to the 2008 Loans adopted in September 2011. No portion of any accrued interest is eligible for exchange into Cheniere common stock. On June 16, 2011, our stockholders had approved a proposal to permit Scorpion to exchange its 2008 Loans for common stock, to hold such shares of common stock, and to allow Scorpion to vote the common stock as any other stockholder. The portion of outstanding principal amount for Scorpion is classified as related party long-term debt because Scorpion is an affiliate of one of Cheniere's directors.

As of September 30, 2011 and December 31, 2010, we classified $9.6 million and $8.9 million, respectively, as part of Long-Term Debt—Related Parties on our Consolidated Balance Sheets because a related party then held these portions of this debt.

NOTE 11—Financial Instruments

We have entered into certain derivative instruments to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory ("LNG Inventory Derivatives"), and to hedge the price risk attributable to future purchases of natural gas to be utilized as fuel to operate our LNG terminal ("Fuel Derivatives"). Changes in the fair value of our derivatives instruments are reported in earnings because we have not elected to designate these derivative instruments as a hedging instrument that is required to qualify for cash flow hedge accounting. The estimated fair value of financial instruments is the amount at which the instrument could be exchanged currently between willing parties.

The fair value of our derivative instruments are based on inputs that are quoted prices in active markets for similar assets or liabilities, resulting in Level 2 categorization of such measurements. The following table sets forth, by level within the fair value hierarchy, the fair value of our derivative instruments assets and liabilities at September 30, 2011 (in thousands):

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
LNG Inventory Derivatives asset (1)	$ —	$ 606	$ —	$ 606
Fuel Derivatives liability (3)	—	777	—	777

(1) LNG Inventory Derivatives asset is classified as other current assets on our Consolidated Balance Sheets. Changes in the fair value of LNG Inventory Derivatives are recorded in marketing and trading revenues on our Consolidated Statements of Operations. We recorded marketing and trading revenues of $0.8 million and $0.4 million related to LNG Inventory Derivatives in the three and nine months ended September 30, 2011, respectively. We recorded marketing and trading revenues of ($0.7) million and $3.6 million related to these derivative instruments in the three and nine months ended September 30, 2010, respectively.

(2) Fuel Derivatives liability is classified as other current liabilities on our Consolidated Balance Sheets. Changes in the fair value of Fuel Derivatives are classified as derivative gain (loss) on our Consolidated Statements of Operations. We recorded derivative loss of $0.7 million and $1.2 million related to fuel derivatives in the three and nine months ended September 30, 2011, respectively. We recorded derivative gain of zero and $0.5 million in the three and nine months ended September 30, 2010, respectively.

The estimated fair value of financial instruments, including those financial instruments for which the fair value option was not elected are set forth in the table below. The carrying amounts reported on our Consolidated Balance Sheets for cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, interest receivable, and accounts payable approximate fair value due to their short-term nature.

Financial Instruments (in thousands):

	September 30, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2013 Notes (1)	$ 550,000	$ 534,875	$ 550,000	$ 541,750
2016 Notes, net of discount (1)	1,641,244	1,530,460	1,637,723	1,523,082
Convertible Senior Unsecured Notes, net of discount (2)	190,666	155,393	179,129	131,660
2007 Term Loan (3)	298,000	292,087	298,000	297,464
2008 Loans (4)	282,293	282,293	262,657	262,657

(1) The fair value of the Senior Notes, net of discount, is based on quotations obtained from broker-dealers who make markets in these and similar instruments.

(2) The fair value of our Convertible Senior Unsecured Notes is based on the closing trading prices onSeptember 30, 2011 and December 31, 2010, as applicable.

(3) The 2007 Term Loan is closely held by few holders, and purchases and sales are infrequent and are conducted on a bilateral basis without price discovery by us. This loan is not rated and has unique covenants and collateral packages such that comparisons to other instruments would be imprecise. Nonetheless, we have provided an estimate of the fair value of this loan as of September 30, 2011 and December 31, 2010 based on an index of the yield to maturity of CCC rated debt of other companies in the energy sector.

(4) In December 2010, the 2008 Loans were amended to, among other things: eliminate the "put rights" which had allowed the lenders to demand repayment of the 2008 Loans on the third, fifth, and seventh anniversaries thereof; allow for the early prepayment of the 2008 Loans; allow Cheniere for a limited period to sell Cheniere Partners common units held as collateral and prepay the 2008 Loans with the proceeds; and release restrictions on prepayments of other indebtedness at Cheniere as certain conditions are met. In addition, 96.6% of the lenders agreed to terminate their rights to exchange the 2008 Loans for Series B Preferred Stock of Cheniere. Pursuant to an amendment to the 2008 Loans adopted in September 2011, the outstanding principal amount of the 2008 Loans held by Scorpion is exchangeable for shares of Cheniere common stock at a price of $5.00 per share. The fair value of the 2008 Loans as of September 30, 2011 and December 31, 2010 was determined to be the same as the carrying amount due to our ability to call the debt (other than the debt held by Scorpion) at anytime without penalty or a make-whole payment for an early redemption.

NOTE 12—Income Taxes

We are not presently a taxpayer and have not recorded a net liability for international, federal or state income taxes in any of the periods included in the accompanying financial statements. Our Consolidated Statements of Operations for the three and nine months ended September 30, 2011 and 2010 include no income tax benefits.

During the third quarter of 2010, largely due to the increased level of trading activity in our shares, we experienced an ownership change within the provisions of Internal Revenue Code ("IRC") Section 382 that will subject approximately $855 million of our existing net operating loss ("NOL") carryforwards to the annual NOL utilization limitations. The applicable Section 382 limitation may have affected our ability to fully utilize our existing tax NOL carryforwards. Our ability to fully utilize our existing tax NOL carryforwards is dependent on increasing the recognition of built-in gains in the five-year period following the above-referenced ownership change. We will continue to monitor trading activity in our shares which may cause an additional ownership change which may ultimately affect our ability to fully utilize our existing tax NOL carryforwards.

NOTE 13—Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders ("EPS") excludes dilution and is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS reflects potential dilution and is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period increased by the number of additional common shares that would have been outstanding if the potential common shares had been issued.

The following table reconciles basic and diluted weighted average common shares outstanding for the three and nine months ended September 30, 2011 and 2010 (in thousands except for loss per share):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Weighted average common shares outstanding:				
Basic	80,473	55,609	72,739	55,316
Dilutive common stock options (1)	—	—	—	5,998
Dilutive Convertible Senior Unsecured Notes (2)	—	—	—	—
Dilutive 2008 Loans (3)	—	—	—	—
Diluted	80,473	55,609	72,739	61,314
Basic net loss per share attributable to common stockholders	$ (0.67)	$ (0.73)	$ (1.94)	$ 0.18
Diluted net loss per share attributable to common stockholders	$ (0.67)	$ (0.73)	$ (1.94)	$ 0.16

(1) Stock options, phantom stock and unvested stock of 8.2 million and 7.6 million shares representing securities that could potentially dilute basic EPS in the future, were not included in the diluted net loss per share computations for the three and nine months ended September 30, 2011, respectively, because they would have been anti-dilutive. Stock options, phantom stock and unvested stock of 6.2 million shares representing securities that could potentially dilute basic EPS in the future, were not included in the diluted net loss per share computations for the three months ended September 30, 2010, because they would have been anti-dilutive.

(2) Common shares of 5.8 million issuable upon conversion of the Convertible Senior Unsecured Notes for each of the three and nine months ended September 30, 2011 and 2010 were not included in the diluted computation because the computation of diluted net loss per share attributable to common stockholders utilizing the "if-converted" method would be anti-dilutive.

(3) Common shares of 1.7 million issuable upon exchange of the 2008 Loans for each of the three and nine months ended September 30, 2011 were not included in the diluted computation because the computation of diluted net loss per share attributable to common stockholders utilizing the "if-converted" method would be anti-dilutive. Common shares of 49.5 million issuable upon exchange of the 2008 Loans for each of the three and nine months ended September 30, 2010 were not included in the diluted computation because the computation of diluted net loss per share attributable to common stockholders utilizing the "if-converted" method would be anti-dilutive.

NOTE 14—Comprehensive Loss

The following table is a reconciliation of our net loss attributable to common stockholders to our comprehensive loss for the three and nine months ended September 30, 2011 and 2010 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net loss attributable to common stockholders	$ (53,936)	$ (40,580)	$ (140,947)	$ 9,930
Other comprehensive income (loss) items:				
Foreign currency translation	30	18	(56)	(52)
Comprehensive loss attributable to common stockholders	$ (53,906)	$ (40,562)	$ (141,003)	$ 9,878

NOTE 15—Supplemental Cash Flow Information and Disclosures of Non-Cash Transactions

The following table provides supplemental disclosure of cash flow information (in thousands):

	Nine Months Ended September 30,	
	2011	2010
Cash paid for interest, net of amounts capitalized	$ 108,455	$ 156,874

NOTE 16—Business Segment Information

We have three operating business segments: LNG terminal business, natural gas pipeline business and LNG and natural gas marketing business. These operating segments reflect lines of business for which separate financial information is produced internally and are subject to evaluation by our chief operating decision makers in deciding how to allocate resources.

Our LNG terminal business segment consists of the operational Sabine Pass LNG terminal, approximately 88.8% owned atSeptember 30, 2011, in western Cameron Parish, Louisiana on the Sabine Pass Channel and two other LNG terminals that are in various stages of development at the following locations: Corpus Christi LNG, 100% owned, near Corpus Christi, Texas; and Creole Trail LNG, 100% owned, at the mouth of the Calcasieu Channel in central Cameron Parish, Louisiana.

Our natural gas pipeline business segment consists of the Creole Trail Pipeline, consisting of 94 miles of natural gas pipeline connecting the Sabine Pass LNG terminal to numerous interconnection points with existing interstate natural gas pipelines in southwest Louisiana, and other natural gas pipelines in various stages of development to provide access to North American natural gas markets.

Our LNG and natural gas marketing business segment is seeking to monetize the 2.0 Bcf/d of regasification capacity at the Sabine Pass LNG terminal held by a subsidiary of Cheniere Partners; develop a portfolio of long-term, short-term, and spot LNG purchase and sale agreements; assist Cheniere Partners' subsidiary in negotiations with potential customers for bi-directional service at the Sabine Pass LNG terminal; and enter into business relationships for the domestic marketing of natural gas imported by Cheniere Marketing as LNG to the Sabine Pass LNG terminal.

The following table summarizes revenues, net income (loss) from operations and total assets for each of our operating segments (in thousands):

	Segments				
	LNG Terminal	Natural Gas Pipeline	LNG & Natural Gas Marketing	Corporate and Other (1)	Total Consolidation
As of or for the Three Months Ended September 30, 2011					
Revenues	$ 68,375	$ 11	$ (2,999)	$ 426	$ 65,813
Intersegment revenues (losses) (2) (3)	1,238	9	(1,154)	(93)	—
Depreciation, depletion and amortization	10,869	3,717	328	357	15,271
Non-cash compensation	403	104	(430)	2,201	2,278
Income (loss) from operations	38,383	(7,194)	(12,482)	(8,352)	10,355
Interest expense, net	(43,318)	(11,543)	—	(10,264)	(65,125)
Goodwill	76,819	—	—	—	76,819
Total assets	1,937,126	541,559	63,108	109,650	2,651,443
Expenditures for additions to long-lived assets	1,450	30	—	112	1,592
As of or for the Three Months Ended September 30, 2010					
Revenues	$ 65,945	$ 21	$ 1,533	$ 749	$ 68,248
Intersegment revenues (losses) (4) (5) (6) (7)	672	—	(276)	(396)	—
Depreciation, depletion and amortization	10,645	3,800	260	925	15,630
Non-cash compensation	397	121	916	2,014	3,448
Income (loss) from operations	34,907	(5,559)	(3,976)	(2,989)	22,383
Interest expense, net	(47,963)	(11,401)	—	(4,535)	(63,899)
Goodwill	76,819	—	—	—	76,819
Total assets	1,948,286	557,948	93,494	16,750	2,616,478
Expenditures for additions to long-lived assets	342	(221)	—	(1,295)	(1,174)
As of or for the Nine Months Ended September 30, 2011					
Revenues	$ 205,678	$ 42	$ 10,055	$ 2,079	$ 217,854
Intersegment revenues (losses) (2) (3)	12,452	34	(12,010)	(476)	—
Depreciation, depletion and amortization	32,554	11,214	847	1,667	46,282
Non-cash compensation	1,609	445	5,232	9,343	16,629
Income (loss) from operations	108,095	(18,542)	(19,512)	(19,661)	50,380
Interest expense, net	(129,952)	(34,161)	—	(29,754)	(193,867)
Expenditures for additions to long-lived assets	7,619	114	12	547	8,292
As of or for the Nine Months Ended September 30, 2010					
Revenues	$ 199,109	$ 58	$ 14,703	$ 2,170	$ 216,040
Intersegment revenues (losses) (4) (5) (6) (7)	128,382	255	(127,012)	(1,625)	—
Depreciation, depletion and amortization	32,008	11,296	832	2,730	46,866
Non-cash compensation	1,241	375	4,517	7,300	13,433
Income (loss) from operations	235,440	(16,407)	(129,255)	(11,658)	78,120
Interest expense, net	(140,323)	(33,795)	—	(23,926)	(198,044)
Expenditures for additions to long-lived assets	2,279	(326)	(349)	(1,371)	233

(1) Includes corporate activities, oil and gas exploration, development and exploitation activities and certain intercompany eliminations. Our oil and gas exploration, development and exploitation operating activities have been included in the corporate and other column due to the lack of a material impact that these activities have on our consolidated financial statements.

(2) Intersegment revenues related to our LNG terminal segment are primarily from tug revenues from Cheniere Marketing and the receipt of 80% of gross margins earned by Cheniere Marketing in monetizing the TUA capacity of Cheniere Energy Investments, LLC ("Cheniere Investments") at the Sabine Pass LNG terminal in the three and nine months ended September 30, 2011. These LNG terminal segment intersegment revenues are eliminated with intersegment expenses in our Consolidated Statements of Operations.

(3) Intersegment losses related to our LNG and natural gas marketing segment are primarily from Cheniere Marketing's tug costs and the payment of 80% of gross margins earned by Cheniere Marketing in monetizing the TUA capacity of Cheniere Investments at the Sabine Pass LNG terminal in the three and nine months ended September 30, 2011. These LNG terminal segment intersegment costs are eliminated with intersegment revenues in our Consolidated Statements of Operations.

(4) Intersegment revenues related to our LNG terminal segment are primarily from TUA capacity reservation fee revenues and tug revenues of $0.3 million and $127.0 million that were received from our LNG and natural gas marketing segment for the three and nine months ended September 30, 2010, respectively. These LNG terminal segment intersegment revenues are eliminated with intersegment expenses in our Consolidated Statements of Operations.

(5) Intersegment revenues related to our natural gas pipeline segment are primarily from transportation fees charged by our natural gas pipeline segment to our LNG terminal and LNG and natural gas marketing segments to transport natural gas that was regasified at the Sabine Pass LNG terminal. These natural gas pipeline segment intersegment revenues are eliminated with intersegment expenses in our Consolidated Statements of Operations.

(6) Intersegment losses related to our LNG and natural gas marketing segment are primarily from TUA capacity reservation fee expenses and tug costs of $0.7 million and $128.4 million that were incurred from our LNG terminal segment for the three and nine months ended September 30, 2010, respectively. These costs and expenses are classified as marketing trading gains (losses) as they are considered capacity contracts related to our energy trading and risk management activities. These LNG and natural gas marketing segment intersegment costs and expenses are eliminated with intersegment revenues in our Consolidated Statements of Operations.

(7) Intersegment losses related to corporate and other are from various transactions between our LNG terminal, natural gas pipeline and LNG and natural gas marketing segments in which revenue recorded by one operating segment is eliminated with a non-revenue line item (i.e., operating expense or is capitalized) by the other operating segment.

NOTE 17—Share-Based Compensation

We have granted options to purchase common stock to employees, consultants and outside directors under the Cheniere Energy, Inc. Amended and Restated 1997 Stock Option Plan ("1997 Plan") and the Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan ("2003 Plan"). We recognize our share-based payments to employees and outside directors in the consolidated financial statements based on their fair values at the date of grant. We recognize our share-based payments to consultants in the consolidated financial statements based on their fair values at the end of each period. The calculated fair value is recognized as expense (net of any capitalization) over the requisite service period, net of estimated forfeitures, using the straight-line method.

For the three months ended September 30, 2011 and 2010, the total share-based compensation expense recognized in our net loss attributable to common stockholders was $2.3 million and $3.5 million, respectively. For the nine months ended September 30, 2011 and 2010, the total share-based compensation expense recognized in our net loss attributable to common stockholders was $16.6 million and $13.4 million, respectively.

The total unrecognized compensation cost at September 30, 2011 relating to non-vested share-based compensation arrangements granted under the 1997 Plan and 2003 Plan was $10.5 million. The total unrecognized compensation cost at September 30, 2011 is expected to be recognized over 4.0 years, with a weighted average period of 0.9 years.

We received no proceeds from the exercise of stock options in the nine months ended September 30, 2011 and 2010.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, included herein or incorporated herein by reference are "forward-looking statements." Included among "forward-looking statements" are, among other things:

- statements relating to the construction or operation of each of our proposed liquefied natural gas ("LNG") terminals or our proposed pipelines or liquefaction facilities, or expansions or extensions thereof, including statements concerning the completion or expansion thereof by certain dates or at all, the costs related thereto and certain characteristics, including amounts of regasification, transportation, liquefaction and storage capacity, the number of storage tanks, LNG trains, docks, pipeline deliverability and the number of pipeline interconnections, if any;
- statements that we expect to receive an order from the Federal Energy Regulatory Commission ("FERC") authorizing us to construct and operate proposed LNG receiving terminals, liquefaction facilities or pipelines by certain dates, or at all;
- statements regarding future levels of domestic natural gas production, supply or consumption; future levels of LNG imports into North America; sales of natural gas in North America or other markets; exports of LNG from North America; and the transportation, other infrastructure or prices related to natural gas, LNG or other energy sources or hydrocarbon products;
- statements regarding any financing or refinancing transactions or arrangements, or ability to enter into such transactions or arrangements, whether on the part of Cheniere or any subsidiary or at the project level;
- statements regarding any commercial arrangements presently contracted, optioned or marketed, or potential arrangements, to be performed substantially in the future, including any cash distributions and revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, liquefaction or storage capacity that are, or may become, subject to such commercial arrangements;
- statements regarding counterparties to our commercial contracts, construction contracts and other contracts;
- statements regarding any business strategy, any business plans or any other plans, forecasts, projections or objectives, including potential revenues and capital expenditures, any or all of which are subject to change;
- statements regarding legislative, governmental, regulatory, administrative or other public body actions, requirements, permits, investigations, proceedings or decisions;
- statements regarding our anticipated LNG and natural gas marketing activities; and
- any other statements that relate to non-historical or future information.

These forward-looking statements are often identified by the use of terms and phrases such as "achieve," "anticipate," "believe," "contemplate," "develop," "estimate," "expect," "forecast," "plan," "potential," "project," "propose," "strategy" and similar terms and phrases, or by the use of future tense. Although we believe 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. You should not place undue reliance on these forward-looking statements, which are made as of the date of and speak only as of the date of this quarterly report.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed under "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2010. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. Other than as required under the securities laws, we assume no obligation to update or revise these forward-looking statements or provide reasons why actual results may differ.

As used herein, the terms "Cheniere," "the Company," "we," "our" and "us" refer to Cheniere Energy, Inc. and its wholly owned or controlled subsidiaries.

Introduction

The following discussion and analysis presents management's view of our business, financial condition and overall performance and should be read in conjunction with our consolidated financial statements and the accompanying notes in Item 1. "Consolidated Financial Statements". This information is intended to provide investors with an understanding of our past performance, current financial condition and outlook for the future. Our discussion and analysis includes the following subjects:

- Overview of Business
- Overview of Significant 2011 Events
- Liquidity and Capital Resources
- Results of Operations
- Off-Balance Sheet Arrangements
- Summary of Critical Accounting Policies and Estimates

Overview of Business

We own and operate the Sabine Pass LNG terminal in Louisiana through our 88.8% ownership interest in and management agreements with Cheniere Energy Partners, L.P. ("Cheniere Partners") (NYSE Amex Equities: CQP), which is a publicly traded partnership we created in 2007. We also own and operate the Creole Trail Pipeline, which interconnects the Sabine Pass LNG terminal with markets in North America. One of our subsidiaries, Cheniere Marketing, LLC ("Cheniere Marketing"), is marketing LNG and natural gas on its own behalf and on behalf of Cheniere Partners, and is working to monetize LNG storage and regasification capacity reserved by Cheniere Partners at the Sabine Pass LNG terminal. Cheniere Partners is developing a liquefaction project to provide bi-directional LNG import and export service at the Sabine Pass LNG terminal. We are in various stages of developing other LNG terminal and pipeline related projects, each of which, among other things, will require acceptable commercial and financing arrangements before we make a final investment decision.

Overview of Significant 2011 Events

Our significant accomplishments during the first nine months of 2011, and through the date of this Form 10-Q include the following:

- In January 2011, Sabine Pass Liquefaction, LLC ("Sabine Liquefaction") and Sabine Pass LNG, L.P. ("Sabine Pass LNG"), both wholly owned subsidiaries of Cheniere Partners, submitted an application to the FERC requesting authorization to site, construct and operate liquefaction and export facilities at the Sabine Pass LNG terminal.
- In May 2011, Sabine Liquefaction received an order from the U.S. Department of Energy ("DOE") with authorization to export domestically produced natural gas from the Sabine Pass LNG terminal as LNG to any country that has, or in the future develops, the capacity to import LNG and with which trade is permissible.
- In June 2011, we sold 12.7 million shares of Cheniere common stock in an underwritten public offering for net cash proceeds of $123.1 million.
- In September 2011, Cheniere Partners sold 3,000,000 common units in an underwritten public offering and 1,072,131 common units to Cheniere Common Units Holding, LLC ("Cheniere Common Units Holding") at a price of $15.25 per common unit. Cheniere Partners received net proceeds of approximately $60 million that it is using for general business purposes, including development costs of its expansion project to add liquefaction capacity at the Sabine Pass LNG terminal.
- In September 2011, we initiated an at-the-market program to sell up to 10,000,000 shares of common stock. We will use any proceeds received from any common stock sold pursuant to such program for general business purposes.
- In October 2011, Sabine Liquefaction entered into its first LNG sale and purchase agreement ("SPA") with BG Gulf Coast LNG, LLC ("BG"), an affiliate of BG Energy Holdings Limited, under which BG has agreed to purchase 182,500,000 MMBtu of LNG per year (approximately 3.5 mtpa).

Liquidity and Capital Resources

Although consolidated for financial reporting, Cheniere, Sabine Pass LNG and Cheniere Partners operate with independent capital structures. We expect the cash needs for Sabine Pass LNG's operating activities will be met through operating cash flows and existing unrestricted cash. We expect the cash needs for Cheniere Partners' operating activities will be met through operating cash flows from Sabine Pass LNG and existing unrestricted cash. We expect the cash needs of Cheniere's operating activity will be met by utilizing existing unrestricted cash, management fees from Sabine Pass LNG and Cheniere Partners, distributions from our investment in Cheniere Partners and operating cash flows from our pipeline and LNG and natural gas marketing businesses.

The following table presents (in thousands) Cheniere's restricted and unrestricted cash and cash equivalents for each portion of our capital structure as of September 30, 2011. All restricted and unrestricted cash and cash equivalents held by Cheniere Partners and Sabine Pass LNG are considered restricted as to usage or withdrawal by Cheniere:

	Sabine Pass LNG		Cheniere Partners		Other Cheniere	Consolidated Cheniere
Cash and cash equivalents	$ —		$ —		$ 131,312	$ 131,312
Restricted cash and cash equivalents	141,884	(1)	89,937	(2)	3,605	235,426
Total	$ 141,884		$ 89,937		$ 134,917	$ 366,738

(1) All cash and cash equivalents presented above for Sabine Pass LNG are considered restricted to us, but $4.6 million is considered unrestricted for Sabine Pass LNG.

(2) All cash and cash equivalents presented above for Cheniere Partners are considered restricted to us, but $94.5 million is considered unrestricted for Cheniere Partners including the $4.6 million considered unrestricted for Sabine Pass LNG.

As of September 30, 2011, we had unrestricted cash and cash equivalents of $131.3 million available to Cheniere. In addition, we had consolidated restricted cash and cash equivalents of $235.4 million (which included cash and cash equivalents and other working capital available to Cheniere Partners, in which we own a 88.8% interest, and Sabine Pass LNG) designated for the following purposes: $137.3 million for interest payments related to the Senior Notes described below; $4.6 million for Sabine Pass LNG's working capital; $89.9 million for Cheniere Partners' working capital; and $3.6 million for other restricted purposes. Although results are consolidated for financial reporting, Cheniere, Sabine Pass LNG and Cheniere Partners operate with independent capital structures.

During the second quarter of 2011, we reclassified $298.0 million of debt from a long-term liability to a current liability because our 2007 Term Loan was due within 12 months as of May 31, 2011. During the third quarter of 2011, we reclassified $190.7 million, net of discount, of debt from a long-term liability to a current liability because our Convertible Senior Unsecured Notes were due within 12 months as of August 15, 2011. We believe we will have sufficient unrestricted cash, liquid assets, cash generated from our operations and access to capital markets to satisfy our debt obligations and fund our operations. In order to satisfy our principal payments due in May 2012 and August 2012, we will need to extend or retire our indebtedness, which may be accomplished by refinancing our existing indebtedness, issuing equity or other securities, selling assets or through a combination of the foregoing and will be dependent on factors such as worldwide natural gas and capital market conditions.

LNG Terminal Business

Cheniere Partners

Our ownership interest in the Sabine Pass LNG terminal is held through Cheniere Partners. We own approximately 88.8% of Cheniere Partners in the form of 12.0 million common units, 135.4 million subordinated units and a 2% general partner interest. Cheniere Partners owns a 100% interest in Sabine Pass LNG, which is operating the Sabine Pass LNG terminal.

We receive quarterly equity distributions from Cheniere Partners, and we receive management fees for managing Sabine Pass LNG and Cheniere Partners. For the nine months ended September 30, 2011, we received $13.9 million in distributions on our common units, no distributions on our subordinated units and $0.7 million in distributions on our general partner interest. During the nine months ended September 30, 2011, we received fees of $8.1 million under our management agreement with Cheniere Partners and fees of $6.1 million under our management agreement with Sabine Pass LNG.

The common unit and general partner distributions are being funded from cash flows generated by Sabine Pass LNG's third-party TUA customers. The subordinated unit distributions we received in 2010 were funded from cash flows generated by Sabine Pass LNG's TUA with Cheniere Marketing. Effective July 1, 2010, Cheniere Marketing assigned its TUA with Sabine Pass LNG for 2.0 Bcf/d of regasification capacity at the Sabine Pass LNG terminal to Cheniere Energy Investments, LLC ("Cheniere Investments"), a wholly owned subsidiary of Cheniere Partners. As a result of Cheniere Marketing's assignment of its TUA to Cheniere Investments, we have not received distributions on our subordinated units since the distribution made with respect to the quarter ended March 31, 2010.

During the subordination period, the common units have the right to receive distributions of available cash from operating surplus in an amount equal to the initial quarterly distribution of $0.425 per quarter, plus any arrearages in the payment of the initial quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units that we own. As a result of Cheniere Marketing's assignment of its TUA to Cheniere Investments, Cheniere Marketing no longer makes the approximately $250 million per year of payments to Sabine Pass LNG, and Cheniere Partners will not make distributions on our subordinated units unless it generates additional cash flow from Sabine Pass LNG's excess capacity or new business. Therefore, distributions to us on our subordinated units and conversion of the subordinated units into common units will depend upon the future business development of Cheniere Partners. We expect that additional cash flows generated by its liquefaction project or other new Cheniere Partners' business would be used to make quarterly distributions on our subordinated units before any increase in distributions to the common unitholders.

We and Cheniere Partners amended, effective as of July 1, 2010, the fee structure for the various general and administrative services provided by us for Cheniere Partners' benefit and changed it from a fixed fee to a variable fee. The amended and restated services agreement provides that fees will be paid quarterly from Cheniere Partners' unrestricted cash and cash equivalents remaining after making distributions to the common unitholders and the general partner in respect of each quarter and retaining certain reserves. Our ability to receive management fees from Cheniere Partners is dependent on our ability to, among other things, manage Cheniere Partners' and Sabine Pass LNG's operating and administrative expenses, monetize the 2.0 Bcf/d regasification capacity under the Cheniere Investments TUA (as discussed below) and develop new projects through either internal development or acquisition to increase cash flow. The fixed management fees payable by Sabine Pass LNG remain unchanged.

Concurrently with the TUA assignment, Cheniere Investments entered into a Variable Capacity Rights Agreement ("VCRA") with Cheniere Marketing. Under the terms of the VCRA, Cheniere Marketing is responsible for monetizing Cheniere Investments' TUA capacity at the Sabine Pass LNG terminal and is obligated to pay Cheniere Investments 80% of the expected gross margin of each cargo of LNG it arranges for delivery to the Sabine Pass LNG terminal. To the extent payments from Cheniere Marketing to Cheniere Investments under the VCRA or new Cheniere Partners' business increase Cheniere Partners' available cash in excess of the common unit and general partner distributions and certain reserves, the cash would be distributed to us in the form of distributions on our subordinated units and related general partner distributions. During the term of the VCRA, Cheniere Marketing is responsible for the payment of taxes and new regulatory costs under the TUA. Cheniere has guaranteed all of Cheniere Marketing's payment obligations under the VCRA.

In January 2011, Cheniere Partners initiated an at-the-market program to sell up to 1.0 million common units, the proceeds from which are used primarily to fund development costs associated with the liquefaction project. As of September 30, 2011, Cheniere Partners had sold 0.5 million common units with net proceeds of $9.0 million.

In September 2011, Cheniere Partners sold 3.0 million common units in an underwritten public offering and 1.1 million common units to Cheniere Common Units Holding, LLC ("Cheniere Common Units Holding") at a price of $15.25 per common unit. Cheniere Partners received net proceeds of approximately $60 million that it is using for general business purposes, including development costs of its expansion project to add liquefaction capacity at the Sabine Pass LNG terminal.

Sabine Pass LNG Terminal

Approximately 2.0 Bcf/d of regasification capacity at the Sabine Pass LNG terminal has been reserved under two long-term third-party TUAs, under which Sabine Pass LNG’s customers are required to pay fixed monthly fees, whether or not they use the LNG terminal. Capacity reservation fee TUA payments are made by our third-party TUA customers as follows:

- Total Gas and Power North America, Inc. ("Total") has reserved approximately 1.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately $125 million per year for 20 years that commenced April 1, 2009. Total, S.A. has guaranteed Total’s obligations under its TUA up to $2.5 billion, subject to certain exceptions; and

- Chevron U.S.A. Inc. ("Chevron") has reserved approximately 1.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately $125 million per year for 20 years that commenced July 1, 2009. Chevron Corporation has guaranteed Chevron's obligations under its TUA up to 80% of the fees payable by Chevron.

The remaining approximately 2.0 Bcf/d of regasification capacity has been reserved by Cheniere Partners through a TUA between Cheniere Investments and Sabine Pass LNG. Cheniere Investments is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately $250 million per year through at least September 30, 2028; however, the revenue earned by Sabine Pass LNG and the capacity payments under the TUA are eliminated upon consolidation of our financial statements.

Under each of these TUAs, Sabine Pass LNG is entitled to retain 2% of the LNG delivered for the customer's account.

Liquefaction Project

In June 2010, Cheniere Partners initiated a project to add liquefaction services at the Sabine Pass LNG terminal that would transform the terminal into a bi-directional facility capable of liquefying natural gas and exporting LNG in addition to importing and regasifying foreign-sourced LNG. As currently contemplated, the liquefaction project would be designed and permitted for up to four LNG trains, each with a nominal production capacity of approximately 4.5 mtpa. We anticipate LNG export from the Sabine Pass LNG terminal could commence as early as 2015, and may be constructed in phases, with each LNG train commencing operations approximately six to nine months after the previous LNG train.

We intend for Sabine Liquefaction to enter into long-term commercial contracts for at least 3.5 mtpa (approximately 0.5 Bcf/d) per LNG train, before reaching a final investment decision regarding the development of the LNG trains.

In October 2011, Sabine Liquefaction entered into an SPA with BG under which BG has agreed to purchase 182,500,000 MMBtu of LNG per year (approximately 3.5 mtpa). The SPA has a term of twenty years commencing upon the date of first commercial delivery, and an extension option of up to ten years. BG will pay a fixed sales charge of $2.25 per MMBtu for the full contract quantity, equivalent to approximately $410 million per year, paid ratably on a monthly basis. BG will also pay Sabine Liquefaction a contract sales price for each MMBtu of LNG delivered under the SPA of 115% of the final settlement price for the New York Mercantile Exchange Henry Hub natural gas futures contract for the month in which the relevant cargo is scheduled. The SPA is subject to certain conditions precedent, including but not limited to, Sabine Liquefaction receiving regulatory approvals, securing necessary financing arrangements and making a final investment decision to construct the liquefaction facilities.

We are negotiating additional definitive agreements with potential customers.

In August 2010, Sabine Liquefaction received approval from the FERC to begin the pre-filing process required to seek authorization to commence construction of the liquefaction project. In January 2011, the pre-filing period was completed and therefore Sabine Liquefaction submitted an application to the FERC requesting authorization to site, construct and operate liquefaction and export facilities at the Sabine Pass LNG terminal. In September 2010, the DOE granted Sabine Liquefaction an order authorizing Sabine Liquefaction to export up to the equivalent of approximately 800 Bcf per year (approximately 16 mtpa) of domestically produced LNG from the Sabine Pass LNG terminal to Free Trade Agreement ("FTA") countries for a 30-year term, beginning on the earlier of the date of first export or September 7, 2020. In May 2011, Sabine Liquefaction received an order from the DOE with authorization to export domestically produced natural gas to any country that has, or in the future develops, the capacity to import LNG and with which trade is permissible. Under the order, Sabine Liquefaction received long-term, multi-contract authority to export on its behalf, or as agent for others, up to the equivalent of approximately 800 Bcf per year (approximately 16 mtpa) of domestically produced natural gas as LNG. The authorization commences on the earlier of the date of the first export or five years from the date of issuance of the authorization. The authorization is conditioned upon the satisfactory completion of the FERC review process and upon Sabine Liquefaction commencing export operations within seven years of the issuance of the order.

Sabine Liquefaction has engaged Bechtel Corporation ("Bechtel") to complete front-end engineering and design work and will negotiate a lump-sum, turnkey contract based on an open book cost estimate. We currently estimate that total construction costs will be consistent with other recent liquefaction expansion projects constructed by Bechtel, or approximately $4.5 billion to $5.0 billion, before financing costs, for the first two LNG trains. We have additional work to complete with Bechtel to be able to make an estimate specific to our site and project. Our cost estimates are subject to change due to factors such as changes in design, increased component and material costs, escalation of labor costs, cost overruns and increased spending to maintain a construction schedule.

In December 2010, Sabine Liquefaction engaged SG Americas Securities, LLC, the U.S. broker-dealer subsidiary of Societe Generale Corporate & Investment Banking for general financial strategy and planning in connection with the development and financing of liquefaction facilities at the Sabine Pass LNG terminal.

Cheniere Partners will contemplate making a final investment decision to commence construction of the liquefaction project upon, among other things, entering into acceptable commercial arrangements, receiving regulatory authorization to construct and operate the liquefaction assets and obtaining adequate financing.

Other LNG terminals

We will contemplate making final investment decisions to construct our Corpus Christi and Creole Trail LNG terminal projects upon, among other things, entering into acceptable commercial and financing arrangements for the applicable project.

Natural Gas Pipeline Business

The Creole Trail Pipeline, consisting of 94 miles of natural gas pipeline, is currently in-service and operating. We will contemplate making a final investment decision to construct the remaining 59 miles of the Creole Trail Pipeline, the Corpus Christi Pipeline, the Cheniere Southern Trail Pipeline and the Burgos Hub Project upon, among other things, receiving all required authorizations to construct and operate the applicable pipeline (and storage facility in the case of the Burgos Hub Project), to the extent not already obtained, and entering into acceptable commercial and financing arrangements for the applicable project. We do not expect to spend significant funds on these projects in the near-term.

LNG and Natural Gas Marketing Business

The accounting treatment for LNG inventory differs from the treatment for derivative positions such that the economics of Cheniere Marketing's activities are not transparent in the consolidated financial statements until all LNG inventory is sold and all
derivative positions are settled. Our LNG inventory is recorded as an asset at cost and is subject to lower of cost or market ("LCM") adjustments at the end of each reporting period. The LCM adjustment market price is based on period-end natural gas spot prices, and any gain or loss from an LCM adjustment is recorded in our earnings at the end of each period. Revenue and cost of goods sold are not recognized in our earnings until the LNG is sold. Generally, our unrealized derivatives positions at the end of each period extend into the future to hedge the cash flow from future sales of our LNG inventory or to take market positions and hedge exposure associated with LNG and natural gas. These positions are measured at fair value, and we record the gains and losses from the change in their fair value currently in earnings. Thus, earnings from changes in the fair value of our derivatives may not be offset by losses from LCM adjustments to our LNG inventory because the LCM adjustments that may be made to LNG inventory are based on period-end spot prices that are different from the time periods of the prices used to fair value our derivatives. Any losses from changes in the fair value of our derivatives will not be offset by gains until the LNG is actually sold.

LNGCo Agreements

In March 2010, Cheniere Marketing entered into various agreements (the "LNGCo Agreements") with JPMorgan LNG Co. ("LNGCo"), effective April 1, 2010, under which Cheniere Marketing agreed to develop and maintain commercial and trading opportunities in the LNG industry and present any such opportunities exclusively to LNGCo. Cheniere Marketing also agreed to provide, or arrange for the provision of, all of the operations and administrative services required by LNGCo in connection with any LNG cargoes purchased by LNGCo, including negotiating agreements and arranging for transporting, receiving, storing, hedging and regasifying LNG cargoes. Cheniere Marketing does not have the authority to contractually bind LNGCo under the LNGCo Agreements. In the event LNGCo declines to purchase an LNG cargo presented to it by Cheniere Marketing under the LNGCo Agreements, Cheniere Marketing may pursue the opportunity on its own behalf or present it to third parties. The term of the LNGCo Agreements is two years; however, either party may terminate without penalty. In return for the services to be provided by Cheniere Marketing, LNGCo will pay a fixed fee to Cheniere Marketing and may pay additional fees depending upon the gross margins of each transaction and the aggregate gross margin earned during the term of the LNGCo Agreements.

During the three and nine months ended September 30, 2011, we recognized $1.7 million and $9.0 million, respectively, of marketing and trading revenues from LNGCo. During the three and nine months ended September 30, 2010, we recognized $2.3 million and $5.4 million of marketing and trading revenues from LNGCo. As of September 30, 2011, the carrying amount of Cheniere Marketing’s assets relating to LNGCo, which is equivalent to Cheniere Marketing's maximum exposure to loss, was $2.3 million. A portion of this $2.3 million represents our fixed fee receivable and is reported as accounts and interest receivable, and the remaining portion represents our margin deposit receivable and is reported as prepaid expense and other current assets and is to be paid to Cheniere Marketing upon the completion or termination of the LNGCo Agreements.

Corporate and Other Activities

We are required to maintain corporate general and administrative functions to serve our business activities described above. We believe we will have sufficient unrestricted cash, liquid assets, cash generated from our operations and access to capital markets to satisfy our debt obligations and fund our operations. During the second quarter of 2011, we reclassified $298.0 million of debt from a long-term liability to a current liability because our 2007 Term Loan was due within 12 months as of May 31, 2011. During the third quarter of 2011, we reclassified $190.7 million, net of discount, of debt from a long-term liability to a current liability because our Convertible Senior Unsecured Notes were due within 12 months as of August 15, 2011. In order to satisfy our principal payments in May 2012 and August 2012, we will need to extend or retire our indebtedness, which may be accomplished by refinancing our existing indebtedness, issuing equity or other securities, selling assets or through a combination of the foregoing and will be dependent on factors such as worldwide natural gas and capital market conditions.

Sources and Uses of Cash

The following table summarizes (in thousands) the sources and uses of our cash and cash equivalents for the nine months ended September 30, 2011 and 2010. The table presents capital expenditures on a cash basis; therefore, these amounts differ from the amounts of capital expenditures, including accruals, that are referred to elsewhere in this report. Additional discussion of these items follows the table.

	Nine Months Ended September 30,	
	2011	**2010**
Sources of cash and cash equivalents		
Sale of common stock, net	$ 123,113	$ —
Sale of common units by restricted affiliate	52,628	—
Proceeds from sale of limited partnership investment	—	104,330
Use of restricted cash and cash equivalents	—	26,414
Distribution from limited partner investment in Freeport LNG Development, L.P.	—	3,900
Other	—	291
Total sources of cash and cash equivalents	175,741	134,935
Uses of cash and cash equivalents		
Operating cash flow	(39,915)	(11,631)
Debt repurchases	—	(104,681)
Investment in Cheniere Partners	(17,806)	—
Investment in restricted cash and cash equivalents	(25,992)	—
Distributions to non-controlling interest	(20,123)	(19,794)
LNG terminal and pipeline construction-in-process, net	(6,538)	(2,805)
Other	(8,216)	(2,881)
Total uses of cash and cash equivalents	(118,590)	(141,792)
Net increase (decrease) in cash and cash equivalents	57,151	(6,857)
Cash and cash equivalents—beginning of period	74,161	88,372
Cash and cash equivalents—end of period	$ 131,312	$ 81,515

Sale of Common Stock, net

In June 2011, we sold 12.7 million shares of Cheniere common stock in an underwritten public offering at a price of $10.35 per share. We intend to use the net proceeds from the offering for general corporate purposes.

Sale of Common Units by Restricted Affiliate

In January 2011, Cheniere Partners initiated an at-the-market program to sell up to 1.0 million common units, the proceeds from which would be used primarily to fund development costs associated with the liquefaction project. As of September 30, 2011, Cheniere Partners had received $9.0 million in net proceeds from its sale of common units related to this at-the-market program.

In September 2011, Cheniere Partners sold 3.0 million common units in an underwritten public offering and 1.1 million common units to our subsidiary, Cheniere Common Units Holdings, LLC, at a price of $15.25 per common unit. Cheniere Partners is using the net proceeds from the offering for general business purposes, including the development costs of its expansion project to add liquefaction capacity at the Sabine Pass LNG terminal.

Proceeds from sale of limited partnership investment

In May 2010, we sold our 30% interest in Freeport LNG Development, L.P. ("Freeport LNG") to institutional investors for net proceeds of $104.3 million.

Use of Restricted Cash and Cash Equivalents

In the nine months ended September 30, 2010, the $26.4 million of restricted cash and cash equivalents were used primarily to make distributions of $19.8 million to non-controlling interests, to repurchase debt of $2.7 million, to pay for construction activities at the Sabine Pass LNG terminal of $3.6 million and for other items of $0.3 million.

Operating Cash Flow

Operating cash flow decreased $28.3 million, from a $11.6 million use of cash in the nine months ended September 30, 2010 to a $39.9 million use of cash in the nine months ended September 30, 2011. Net cash used in operations related primarily to the general administrative overhead costs, pipeline operations costs, LNG and natural gas marketing overhead, offset by earnings from our LNG and natural gas marketing business.

Debt Repurchases

In the six months ended June 30, 2010, we used $104.7 million of cash and cash equivalents to repurchase a portion of our long-term debt. In the second quarter of 2010, we used $102.0 million of the net proceeds from the sale of our limited partner interest in Freeport LNG to partially prepay the 2007 Term Loan. In addition, as a result of the assignment of the Cheniere Marketing TUA in the second quarter of 2010, we used $2.7 million to partially prepay the 2008 Loans.

Investment in Cheniere Partners

In September 2011, we invested $17.8 million in Cheniere Partners related to our purchase of 1.1 million common units concurrent with an underwritten public offering of 3.0 million common units at a price of $15.25 per common unit. Cheniere Partners is using the net proceeds from the offering for general business purposes, including the development costs of its expansion project to add liquefaction capacity at the Sabine Pass LNG terminal.

Investment in Restricted Cash and Cash Equivalents

In September 2011, Cheniere Partners sold 3.0 million common units in an underwritten public offering and 1.1 million common units to us at a price of $15.25 per common unit. Cheniere Partners is using the net proceeds from the offering for general business purposes, including the development costs of its expansion project to add liquefaction capacity at the Sabine Pass LNG terminal.

Distributions to Non-Controlling Interest

In the nine months ended September 30, 2011 and 2010, Cheniere Partners distributed $20.1 million and $19.8 million, respectively, to its non-affiliated common unitholders.

Debt Agreements

The following table (in thousands) and the explanatory paragraphs following the table summarize our various debt agreements as of September 30, 2011:

	Sabine Pass LNG, L.P.	Cheniere Energy Partners, L.P.	Other Cheniere Energy, Inc.	Consolidated Cheniere Energy, Inc.
Current debt				
Convertible Senior Unsecured Notes	$ —	$ —	$ 204,630	$ 204,630
2007 Term Loan	$ —	$ —	$ 298,000	$ 298,000
Total current debt	—	—	502,630	502,630
Current debt discount				
Convertible Senior Unsecured Notes (1)	—	—	(13,964)	(13,964)
Current debt, net of discount	—	—	488,666	488,666
Long-term debt (including related party)				
Senior Notes	$ 2,215,500	$ —	$ —	$ 2,215,500
2008 Loans (including related party)	$ —	$ —	$ 282,293	$ 282,293
Total long-term debt	2,215,500	—	282,293	2,497,793
Long-term debt discount				
Senior Notes (2)	(24,256)	—	—	(24,256)
Long-term debt (including related party), net of discount	$ 2,191,244	$ —	$ 282,293	$ 2,473,537

(1) Effective as of January 1, 2009, we are required to record a debt discount on our Convertible Senior Unsecured Notes. The unamortized discount will be amortized through the maturity of the Convertible Senior Unsecured Notes.

(2) In September 2008, Sabine Pass LNG issued an additional $183.5 million, par value, of 2016 Notes. The net proceeds from the additional issuance of the 2016 Notes were $145.0 million. The difference between the par value and the net proceeds is the debt discount, which will be amortized through the maturity of the 2016 Notes.

Convertible Senior Unsecured Notes

In July 2005, we consummated a private offering of $325.0 million aggregate principal amount of Convertible Senior Unsecured Notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The notes bear interest at a rate of 2¼% per year. The notes are convertible at any time into our common stock under certain circumstances at an initial conversion rate of 28.2326 shares per $1,000 principal amount of the notes, which is equal to a conversion price of approximately $35.42 per share. As of September 30, 2011, no holders had elected to convert their notes at the conversion rate.

We may redeem some or all of the notes on or before August 1, 2012, for cash equal to 100% of the principal plus any accrued and unpaid interest if in the previous 10 trading days the volume-weighted average price of our common stock exceeds $53.13, subject to adjustment, for at least five consecutive trading days. In the event of such redemption, we will make an additional payment equal to the present value of all remaining scheduled interest payments through August 1, 2012, discounted at the U.S. Treasury securities rate plus 50 basis points. The indenture governing the notes contains customary reporting requirements.

During the second quarter of 2009, we reduced debt by exchanging $120.4 million aggregate principal amount of our Convertible Senior Unsecured Notes for a combination of $30.0 million cash and cash equivalents and 4.0 million shares of common stock, reducing our principal amount due in 2012 to $204.6 million. The remaining principal amount of the Convertible Senior Unsecured Notes are convertible into 5.8 million shares of our common stock.

During the third quarter of 2011, we reclassified $190.7 million of debt, net of discount, from a long-term liability to a current liability because our Convertible Senior Unsecured Notes were due within 12 months as of August 1, 2011.

As discussed in Note 10—"Debt and Debt—Related Parties" of our Notes to Consolidated Financial Statements, we adopted on January 1, 2009 an accounting standard that requires issuers of certain convertible debt instruments to separately account for the liability component and the equity component represented by the embedded conversion option in a manner that will reflect that entity's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. The fair value of the embedded conversion option at the date of issuance of the Convertible Senior Unsecured Notes was determined to be $134.0 million and has been recorded as a debt discount to the Convertible Senior Unsecured Notes, with a corresponding adjustment to additional paid-in capital. At September 30, 2011, the unamortized debt discount to the Convertible Senior Unsecured Notes was $14.0 million.

Sabine Pass LNG Senior Notes

In November 2006, Sabine Pass LNG issued an aggregate principal amount of $2,032.0 million of Senior Notes (the "Senior Notes"), consisting of $550.0 million of 7¼% Senior Secured Notes due 2013 (the "2013 Notes") and $1,482.0 million of 7½% Senior Secured Notes due 2016 (the "2016 Notes"). In September 2008, Sabine Pass LNG issued an additional $183.5 million, before discount, of 2016 Notes whose terms were identical to the previously outstanding 2016 Notes. Interest on the Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The Senior Notes are secured on a first-priority basis by a security interest in all of Sabine Pass LNG's equity interests and substantially all of its operating assets. At any time and from time to time, Sabine Pass LNG may redeem some or all of the Senior Notes at a redemption price equal to 100% of the principal amount plus a make-whole premium, plus accrued and unpaid interest, to the redemption date.

Sabine Pass LNG may redeem some or all of the Senior Notes at any time, and from time to time, at a redemption price equal to 100% of the principal plus any accrued and unpaid interest plus the greater of:

- 1.0% of the principal amount of the Senior Notes; or
- the excess of: a) the present value at such redemption date of (i) the redemption price of the Senior Notes plus (ii) all required interest payments due on the Senior Notes (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over b) the principal amount of the Senior Notes, if greater.

Under the Sabine Pass Indenture, except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied: there must be on deposit in an interest payment account an amount equal to one-sixth of the semi-annual interest payment multiplied by the number of elapsed months since the last semi-annual interest payment, and there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment of approximately $82.4 million. Distributions are permitted only after satisfying the foregoing funding requirements, a fixed charge coverage ratio test of 2:1 and other conditions specified in the Sabine Pass Indenture. During the nine months ended September 30, 2011, Sabine Pass LNG made distributions of $231.7 million after satisfying all the applicable conditions in the Sabine Pass Indenture. During the nine months ended September 30, 2010, Sabine Pass LNG made distributions of $298.6 million after satisfying all the applicable conditions in the Sabine Pass Indenture.

2007 Term Loan

In May 2007, Cheniere Subsidiary Holdings, LLC, a wholly owned subsidiary of Cheniere, entered into a $400.0 million credit agreement ("2007 Term Loan"). Borrowings under the 2007 Term Loan generally bear interest at a fixed rate of 9¾% per annum. Interest is calculated on the unpaid principal amount of the 2007 Term Loan outstanding and is payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The 2007 Term Loan will mature on May 31, 2012. The 2007 Term Loan is secured by a pledge of our 135,383,831 subordinated units in Cheniere Partners.

In May 2010, we sold our 30% interest in Freeport LNG to institutional investors for net proceeds of $104.3 million. The net proceeds from the sale were used to prepay $102.0 million of the 2007 Term Loan in May 2010. As of December 31, 2010, $298.0 million was outstanding under the 2007 Term Loan and included in long-term debt on our Consolidated Balance Sheets.

During the second quarter of 2011, we reclassified $298.0 million of debt from a long-term liability to a current liability because our 2007 Term Loan was due within 12 months as of May 31, 2011.

2008 Loans

In August 2008, we entered into a credit agreement pursuant to which we obtained $250.0 million in convertible term loans ("2008 Loans"). The 2008 Loans have a maturity date in 2018. The 2008 Loans bear interest at a fixed rate of 12% per annum, except during the occurrence of an event of default during which time the rate of interest will be 14% per annum. Interest is due semi-annually on the last business day of January and July. At our option, until August 15, 2011, accrued interest may be added to the principal on each semi-annual interest date. The aggregate amount of all accrued interest to August 15, 2011 will be payable upon the maturity date. The 2008 Loans are secured by Cheniere's rights and fees payable under management services agreements with Sabine Pass LNG and Cheniere Partners, by Cheniere's 12.0 million common units in Cheniere Partners, by the equity and assets of Cheniere's pipeline entities, by the equity of various other subsidiaries and certain other assets and subsidiary guarantees.

In June 2010, the 2008 Loans were amended to permit all funds on deposit in the TUA Reserve Account to be applied to the prepayment of the accrued interest on the loans outstanding under the 2008 Loans, with any remainder to be applied to the prepayment of the principal balance of such 2008 Loans. As a result, $63.6 million from the TUA Reserve Account was used to prepay $60.9 million of accrued interest and $2.7 million of principal of the 2008 Loans.

In December 2010, the 2008 Loans were amended to, among other things: eliminate the "put rights" which had allowed the lenders to demand repayment of the 2008 Loans on the third, fifth, and seventh anniversaries thereof; allow for the early prepayment of the 2008 Loans; allow Cheniere for a limited period to sell Cheniere Partners common units held as collateral and prepay the 2008 Loans with the proceeds; and release restrictions on prepayments of other indebtedness at Cheniere as certain conditions are met. In addition, 96.6% of the lenders agreed to terminate their rights to exchange the 2008 Loans for Series B Preferred Stock of Cheniere.

The outstanding principal amount of the 2008 Loans held by Scorpion Capital Partners, LP ("Scorpion"), the holder of 3.4% of the 2008 Loans as of September 30, 2011, is exchangeable for shares of Cheniere common stock at a price of $5.00 per share pursuant to an amendment to the 2008 Loans adopted in September 2011. No portion of any accrued interest is eligible for exchange into Cheniere common stock. On June 16, 2011, our stockholders had approved a proposal to permit Scorpion to exchange its 2008 Loans for common stock, to hold such shares of common stock, and to allow Scorpion to vote the common stock as any other stockholder. The portion of outstanding principal amount for Scorpion is classified as related party long-term debt because Scorpion is an affiliate of one of Cheniere's directors.

As of September 30, 2011 and December 31, 2010, we classified $9.6 million and $8.9 million, respectively, as part of Long-Term Debt—Related Parties on our Consolidated Balance Sheets because a related party then held these portions of this debt.

Issuances of Common Stock

During the three months ended September 30, 2011 and 2010, we issued 0.1 million shares and 0.4 million shares of restricted stock, respectively, to new and existing employees. During the nine months ended September 30, 2011 and 2010, we issued 2.6 million and 1.2 million shares of restricted stock, respectively, to new and existing employees.

In June 2011, we sold 12.7 million common shares at a price of $10.35 per share in an underwritten public offering. We are using the net proceeds from the offering for general corporate purposes.

Results of Operations

Three Months Ended September 30, 2011 vs. Three Months Ended September 30, 2010

Overall Operations

Our consolidated net loss attributable to common stockholders increased $13.3 million, from a net loss of $40.6 million, or $0.73 per share (basic and diluted), in the three months ended September 30, 2010 to a net loss of $53.9 million, or $0.67 per share (basic and diluted), in the three months ended September 30, 2011. This increase in net loss was primarily due to increased development expense and decreased marketing and trading revenues.

LNG Terminal and Pipeline Development Expense

LNG terminal and pipeline development expense increased $6.2 million, from $4.9 million in the three months ended September 30, 2010 to $11.1 million in the three months ended September 30, 2011. This increase primarily resulted from costs incurred to develop the liquefaction project at the Sabine Pass LNG terminal.

Marketing and Trading Revenues

Operating results from marketing and trading activities are presented on a net basis on our Consolidated Statements of Operations. Marketing and trading revenues represent the margin earned on the purchase and transportation costs of LNG and subsequent sales of natural gas to third parties. Our marketing and trading revenues also include pretax derivative gains/losses and inventory lower-of-cost-or-market adjustments, if any. The following table summarizes (in thousands) our primary energy trading and risk management activities:

	Three Month Period Ended September 30,	
	2011	**2010**
Physical natural gas sales, net of costs	$ (600)	$ —
Inventory lower-of-cost-or-market adjustments	(4,928)	—
Gain (loss) from derivatives	839	(675)
Other energy trading activities	1,690	2,208
Total LNG and natural gas marketing gain	$ (2,999)	$ 1,533

Marketing and trading revenues decreased $4.5 million, from $1.5 million in the three months ended September 30, 2010 to ($3.0) million in the three months ended September 30, 2011. The $4.5 million decrease in marketing and trading revenues is primarily a result of lower-of-cost-or-market adjustments on our LNG inventory in the three months ended September 30, 2011.
The increased derivative gain in 2011 was primarily a result of the change in market index prices and increased LNG inventory and the resulting increased derivative position in 2011 as compared to 2010. Other energy trading activities primarily consist of our agreements with LNGCo that became effective on April 1, 2010. During the three months ended September 30, 2011 and 2010, we recognized $1.7 million and $2.3 million, respectively, of marketing and trading revenues from LNGCo.

Nine Months Ended September 30, 2011 vs. Nine Months Ended September 30, 2010

Overall Operations

Our consolidated net loss attributable to common stockholders increased $150.8 million, from net income of $9.9 million, or $0.18 per share (basic) and $0.16 per share (diluted), in the nine months ended September 30, 2010 to a net loss of $140.9 million, or $1.94 per share (basic and diluted), in the nine months ended September 30, 2011. This increase in net loss was primarily due to the $128.3 million gain in May 2010 from the sale of our 30% interest in Freeport LNG. In addition, the increase in net loss is a result of increased development expense, increased general and administrative expense ("G&A Expense"), and decreased marketing and trading revenues, which was partially offset by decreased LNG terminal and pipeline operating expenses and decreased interest expense, net.

Gain on Sale of Equity Method Investment

In May 2010, we sold our 30% interest in Freeport LNG and recognized a net gain of $128.3 million. The gain was comprised of net proceeds received of $104.3 million and $24.0 million of distributions in excess of income.

LNG Terminal and Pipeline Development Expense

LNG terminal and pipeline development expense increased $26.2 million, from $6.7 million in the nine months ended September 30, 2010 to $32.9 million in the nine months ended September 30, 2011. This increase resulted from costs incurred to develop the liquefaction project at the Sabine Pass LNG terminal.

G&A Expense

G&A Expense increased $5.8 million, from $51.3 million in the nine months ended September 30, 2010 to $57.1 million in the nine months ended September 30, 2011. This increase primarily resulted from increased salary and non-cash compensation expense related to an increased number of corporate employees.

Marketing and Trading Revenues

Operating results from marketing and trading activities are presented on a net basis on our Consolidated Statements of Operations. Marketing and trading revenues represent the margin earned on the purchase and transportation costs of LNG and subsequent sales of natural gas to third parties. Our marketing and trading revenues also include pretax derivative gains/losses and inventory lower-of-cost-or-market adjustments, if any. The following table summarizes (in thousands) our primary energy trading and risk management activities:

	Nine Month Period Ended September 30,	
	2011	2010
Physical natural gas sales, net of costs	$ 5,627	$ 6,724
Inventory lower-of-cost-or-market adjustments	(4,928)	—
Gain (loss) from derivatives	386	3,581
Other energy trading activities	8,970	4,398
Total LNG and natural gas marketing gain	$ 10,055	$ 14,703

Marketing and trading revenues decreased $4.6 million, from $14.7 million in the nine months ended September 30, 2010 to $10.1 million in the nine months ended September 30, 2011. The $4.7 million decrease in marketing and trading revenues is primarily a result of lower-of-cost-or-market adjustments on our LNG inventory in the three months ended September 30, 2011.
Other energy trading activities primarily consist of our agreements with LNGCo that became effective on April 1, 2010. During the nine months ended September 30, 2011 and 2010, we recognized $9.0 million and $5.4 million, respectively, of marketing and trading revenues from LNGCo. The decreased derivative gain in 2011 was primarily a result of the change in market index prices and LNG inventory and the resulting derivative position in 2011 as compared to 2010.

LNG Terminal and Pipeline Operating Expense

Our LNG terminal and pipeline operating expenses include costs incurred to operate the Sabine Pass LNG terminal and the Creole Trail Pipeline.

Operating and maintenance expense decreased $2.7 million, from $31.7 million in the nine months ended September 30, 2010 to $29.0 million in the nine months ended September 30, 2011. This decrease primarily resulted from decreased fuel costs in 2011 as a result of efficiencies in our LNG inventory management.

Interest Expense, net

Interest expense, net of amounts capitalized, decreased $4.1 million, from $198.0 million in the nine months ended September 30, 2010 to $193.9 million in the nine months ended September 30, 2011. This decrease in interest expense resulted from the reduction of our indebtedness during the second quarter of 2010.

Off-Balance Sheet Arrangements

We entered into agreements with LNGCo to provide Cheniere Marketing with financial support to source more cargoes of LNG than it could source on a stand-alone basis. See Note 6—"Variable Interest Entity" of our Notes to Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—LNG and Natural Gas Marketing Business" for further information related to our variable interest in LNGCo. As of September 30, 2011, Cheniere Marketing's assets relating to LNGCo, which is equivalent to Cheniere Marketing's maximum exposure to loss, was $2.3 million. A portion of this $2.3 million represents our fixed fee receivable and is reported as accounts and interest receivable, and the remaining portion represents our margin deposit receivable and is reported as prepaid expense and other current assets and is to be paid to Cheniere Marketing upon the completion or termination of the LNGCo Agreements.

Summary of Critical Accounting Policies and Estimates

The selection and application of accounting policies is an important process that has developed as our business activities have evolved and as the accounting rules have developed. Accounting rules generally do not involve a selection among alternatives but involve an implementation and interpretation of existing rules, and the use of judgment, to apply the accounting rules to the specific set of circumstances existing in our business. In preparing our consolidated financial statements in conformity with generally accepted accounting principles in the United States ("GAAP"), we endeavor to comply with all applicable rules on or before their adoption, and we believe that the proper implementation and consistent application of the accounting rules are critical. However, not all situations are specifically addressed in the accounting literature. In these cases, we must use our best judgment to adopt a policy for accounting for these situations. We accomplish this by analogizing to similar situations and the accounting guidance governing them.

Accounting for LNG Activities

Generally, we begin capitalizing the costs of our LNG terminals and related pipelines once the individual project meets the following criteria: (i) regulatory approval has been received, (ii) financing for the project is available and (iii) management has committed to commence construction. Prior to meeting these criteria, most of the costs associated with a project are expensed as incurred. These costs primarily include professional fees associated with front-end engineering and design work, costs of securing necessary regulatory approvals, and other preliminary investigation and development activities related to our LNG terminals and related pipelines.

Generally, costs that are capitalized prior to a project meeting the criteria otherwise necessary for capitalization include: land and lease option costs that are capitalized as property, plant and equipment and certain permits that are capitalized as intangible LNG assets. The costs of lease options are amortized over the life of the lease once obtained. If no lease is obtained, the costs are expensed.

We capitalize interest and other related debt costs during the construction period of our LNG terminal. Upon commencement of operations, capitalized interest, as a component of the total cost, will be amortized over the estimated useful life of the asset.

Revenue Recognition

LNG regasification capacity reservation fees are recognized as revenue over the term of the respective TUAs. Advance capacity reservation fees are initially deferred and amortized over a 10-year period as a reduction of a customer's regasification capacity reservation fees payable under its TUA. The retained 2% of LNG delivered for each customer's account at the Sabine Pass LNG terminal is recognized as revenues as Sabine Pass LNG performs the services set forth in each customer's TUA.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from the estimates and assumptions used.

Estimates used in the assessment of impairment of our long-lived assets, including goodwill, are the most significant of our estimates. There are numerous uncertainties inherent in estimating future cash flows of assets or business segments. The accuracy of any cash flow estimate is a function of judgment used in determining the amount of cash flows generated. As a result, cash flows may be different from the cash flows that we use to assess impairment of our assets. Management reviews its estimates of cash flows on an ongoing basis using historical experience and other factors, including the current economic and commodity price environment. Significant negative industry or economic trends, including a significant decline in the market price of our common stock, reduced estimates of future cash flows for our business segments or disruptions to our business could lead to an impairment charge of our long-lived assets, including goodwill and other intangible assets. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely heavily on projections of future operating performance. Projections of future operating results and cash flows may vary significantly from results. In addition, if our analysis results in an impairment of our long-lived assets, including goodwill, we may be required to record a charge to earnings in our consolidated financial statements during a period in which such impairment is determined to exist, which may negatively impact our results of operations.

Other items subject to estimates and assumptions include asset retirement obligations, valuation allowances for net deferred tax assets, valuations of derivative instruments, valuations of noncash compensation and collectability of accounts receivable and other assets.

As future events and their effects cannot be determined accurately, actual results could differ significantly from our estimates.

LNG and Natural Gas Marketing

We have determined that our LNG and natural gas marketing business activities are energy trading and risk management activities for trading purposes and have elected to present these activities on a net basis on our Consolidated Statements of Operations. Marketing and trading revenues represent the margin earned on the purchase and transportation of LNG purchases and subsequent sales of natural gas to third parties. These energy trading and risk management activities include, but are not limited to: purchase of LNG and natural gas, transportation contracts, and derivatives. Below is a brief description of our accounting treatment of each type of energy trading and risk management activity and how we account for it:

Purchase of LNG and natural gas

The purchase value of LNG or natural gas inventory is recorded as an asset on our Consolidated Balance Sheets at the cost to acquire the product. Our inventory is subject to lower of cost or market adjustment each quarter. Recoveries of losses resulting from interim period lower of cost or market adjustments are made due to market price recoveries on the same inventory in the same fiscal year and are recognized as gains in later interim periods with such gains not exceeding previously recognized losses. Any adjustment to our inventory is recorded on a net basis as LNG and natural gas marketing revenue on our Consolidated Statements of Operations.

Transportation contracts

We enter into transportation contracts with respect to the transport of LNG or natural gas to a specific location for storage or sale. Transportation costs that are incurred during the purchase of LNG or natural gas are capitalized as part of the acquisition costs of the product. Transportation costs incurred to sell LNG or natural gas are recorded on a net basis as LNG and natural gas marketing revenue on our Consolidated Statements of Operations.

Derivatives

We use derivative instruments from time to time to hedge cash flows attributable to the future sale of LNG inventory and to hedge the price risk attributable to future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal. We have disclosed certain information regarding these derivative positions, including the fair value of our derivative positions, in Note 11—"Financial Instruments" of our Notes to Consolidated Financial Statements.

Gains and losses in positions to hedge the cash flows attributable to the future sale of Cheniere Marketing's LNG inventory are classified as marketing and trading revenues on our Consolidated Statements of Operations. Gains and losses in positions to hedge the cash flows attributable to the future sale of Cheniere Energy Investments' LNG inventory are classified as derivative gain (loss), net on our Consolidated Statements of Operations. Gains or losses in the positions to mitigate the price risk from future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal are classified as derivative gain (loss), net on our Consolidated Statements of Operations. We record changes in the fair value of our derivative positions on our Consolidated Statements of Operations based on the value for which the derivative instrument could be exchanged between willing parties. To date, all of our derivative positions fair value determinations have been made by management using quoted prices in active markets for identical instruments. The ultimate fair value of our derivative instruments is uncertain, and we believe that it is possible that a change in the estimated fair value will occur in the near future as commodity prices change.

Regulated Natural Gas Pipelines

Our natural gas pipeline business is subject to the jurisdiction of the FERC in accordance with the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. The economic effects of regulation can result in a regulated company recording as assets those costs that have been or are expected to be approved for recovery from customers, or recording as liabilities those amounts that are expected to be required to be returned to customers, in a rate-setting process in a period different from the period in which the amounts would be recorded by an unregulated enterprise. Accordingly, we record assets and liabilities that result from the regulated rate-making process that may not be recorded under GAAP for non-regulated entities. We continually assess whether regulatory assets are probable of future recovery by considering factors such as applicable regulatory changes and recent rate orders applicable to other regulated entities. Based on this continual assessment, we believe the existing regulatory assets are probable of recovery. These regulatory assets and liabilities are primarily classified in the Consolidated Balance Sheets as Other Assets and Other Liabilities. We periodically evaluate their applicability under GAAP, and consider factors such as regulatory changes and the effect of competition. If cost-based regulation ends or competition increases, we may have to reduce our asset balances to reflect a market basis less than cost and write-off the associated regulatory assets and liabilities.

Items that may influence our assessment are:

- inability to recover cost increases due to rate caps and rate case moratoriums;
- inability to recover capitalized costs, including an adequate return on those costs through the rate-making process and the FERC proceedings;
- excess capacity;
- increased competition and discounting in the markets we serve; and
- impacts of ongoing regulatory initiatives in the natural gas industry.

Natural gas pipeline costs include amounts capitalized as an Allowance for Funds Used During Construction ("AFUDC"). The rates used in the calculation of AFUDC are determined in accordance with guidelines established by the FERC. AFUDC represents the cost of debt and equity funds used to finance our natural gas pipeline additions during construction. AFUDC is capitalized as a part of the cost of our natural gas pipelines. Under regulatory rate practices, we generally are permitted to recover AFUDC, and a fair return thereon, through our rate base after our natural gas pipelines are placed in service.

Goodwill

Goodwill represents the excess of cost over fair value of the assets of businesses acquired. It is evaluated annually for impairment by first comparing our management's estimate of the fair value of a reporting unit with its carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, a computation of the implied fair value of the goodwill is compared with its related carrying value. If the carrying value of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in the amount of the excess. We had goodwill of $76.8 million at September 30, 2011 and December 31, 2010, attributable to our LNG terminal segment.

We perform an annual goodwill impairment review in the fourth quarter of each year, although we may perform a goodwill impairment review more frequently whenever events or circumstances indicate that the carrying value may not be recoverable. As discussed above regarding our use of estimates, our judgments and assumptions are inherent in our management's estimate of future cash flows used to determine the estimate of the reporting unit's fair value. The use of alternate judgments and/or assumptions could result in the recognition of different levels of impairment charges in the consolidated financial statements.

Share-Based Compensation Expense

We recognize compensation expense for all share-based payments using the Black-Scholes-Merton option valuation model. We recognize share-based compensation net of an estimated forfeiture rate and only recognize compensation cost for those shares expected to vest on a straight-line basis over the requisite service period of the award.

Determining the appropriate fair value model and calculating the fair value of share-based payment awards requires the use of highly subjective assumptions, including the expected life of the share-based payment awards and stock price volatility. We believe that implied volatility, calculated based on traded options of our common stock, combined with historical volatility is an appropriate indicator of expected volatility and future stock price trends. Therefore, the expected volatility for the three and nine months ended September 30, 2011 and 2010 used in our fair value model was based on a combination of implied and historical volatilities. The assumptions used in calculating the fair value of share-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our share-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, future share-based compensation expense could be significantly different from what we have recorded in the current period (See Note 17—"Share-Based Compensation" of our Notes to Consolidated Financial Statements).

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2011, the Financial Accounting Standards Board ("FASB") amended current comprehensive income guidance. The amended guidance eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. This guidance will be effective for public companies during the interim and annual periods beginning after December 15, 2011 with early adoption permitted. We expect to adopt this guidance in our first fiscal quarter ending March 31, 2012. The adoption of this guidance will not have an impact on the Company's consolidated financial position, results of operations or cash flows as it only requires a change in the format of the current presentation.

In September 2011, the FASB amended the guidance on the annual testing of goodwill for impairment. The amended guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance will be effective for our fiscal year ending December 31, 2012, with early adoption permitted. We expect to adopt this guidance in our fourth fiscal quarter ending December 31, 2011. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Cash Investments

We have cash investments that we manage based on internal investment guidelines that emphasize liquidity and preservation of capital. Such cash investments are stated at historical cost, which approximates fair market value on our Consolidated Balance Sheets.

Marketing and Trading Commodity Price Risk

We have entered into certain derivative instruments to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory ("LNG Inventory Derivatives"), and to hedge the price risk attributable to future purchases of natural gas to be utilized as fuel to operate our LNG terminal ("Fuel Derivatives"). We use one-day value at risk ("VaR") with a 95% confidence interval and other methodologies for market risk measurement and control purposes. The VaR is calculated using the Monte Carlo simulation method. The table below provides information about our derivative financial instruments that are sensitive to changes in natural gas prices as of September 30, 2011 (in thousands except for volume and price range data).

Hedge Description	Hedge Instrument	Contract Volumes (MMBtu)	Price Range ($/MMBtu)	Final Hedge Maturity Date	Fair Value ($)	VaR ($)
LNG Inventory Derivatives	Fixed price natural gas swaps	2,141,234	3.799 - 4.465	June 2012	606	6
Fuel Derivatives	Fixed price natural gas swaps	1,065,000	4.352 - 5.002	October 2012	(777)	95

Item 4. Controls and Procedures

We maintain a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. As of the end of the period covered by this report, we evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

During the most recent fiscal quarter, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We may in the future be involved as a party to various legal proceedings, which are incidental to the ordinary course of business. We regularly analyze current information and, as necessary, provide accruals for probable liabilities on the eventual disposition of these matters. In the opinion of management, as of September 30, 2011, there were no known threatened or pending legal matters that could reasonably be expected to have a material adverse impact on our consolidated results of operations, financial position or cash flows.

Item 6. Exhibits

10.1*	Amended and Restated Investors' Agreement, dated September 13, 2011, by and among Cheniere Energy, Inc., Cheniere Common Units Holding, LLC, and Scorpion Capital Partners, LP.
10.2*	Ninth Amendment to Credit Agreement, Fourth Amendment to Guarantee and Collateral Agreement (Crest Entities) and Fifth Amendment to Guarantee and Collateral Agreement (Non-Crest Entities), dated September 13, 2011, by and among Cheniere Common Units Holding, LLC, the Loan Parties, the Guarantors, the Grantors and the Lenders (each as defined therein) and The Bank of New York Mellon, as administrative agent and collateral agent.
10.3*	LNG Lease Agreement, dated September 30, 2011, by and between Cheniere Marketing, LLC and Cheniere Energy Investments, LLC.
31.1*	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2*	Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101+	The following materials from Cheniere Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as a block of text.

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* Filed herewith.

** Furnished herewith.

\+ Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

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

CHENIERE ENERGY, INC.

/s/ JERRY D. SMITH

Jerry D. Smith
Vice President and Chief Accounting Officer
(on behalf of the registrant and
as principal accounting officer)

Date: November 7, 2011

EXHIBIT 10.1

AMENDED AND RESTATED

INVESTORS' AGREEMENT

among

CHENIERE ENERGY, INC.,

CHENIERE COMMON UNITS HOLDING, LLC

and

SCORPION CAPITAL PARTNERS LP

Dated as of September 13, 2011

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AMENDED AND RESTATED INVESTORS' AGREEMENT

Amended and Restated Investors' Agreement, dated as of September __, 2011 (this "**Agreement**"), by and among Cheniere Energy, Inc., a Delaware corporation (including successors, the "**Company**"), Cheniere Common Units Holding, LLC, a Delaware limited liability company (the "**Borrower**") and Scorpion Capital Partners LP.

W I T N E S S E T H:

Whereas, the Company and the Investor entered into that certain Credit Agreement, dated as of August 15, 2008 among Cheniere Common Units Holding, LLC, as Borrower, the Loan Parties signatory thereto, including the Company, the Lenders party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent (as amended from time to time, the "**Credit Agreement**");

Whereas, the parties hereto entered into that certain Investors' Agreement, dated as of August 15, 2008, which was amended by the First Amendment to Investors' Agreement, dated as of November 11, 2008, and the Second Amendment to Investors' Agreement, dated as of December 9, 2010 (the "**Original Agreement**").

Whereas, pursuant to the Ninth Amendment to the Credit Agreement, the Exchangeable Portion of Loans under the Credit Agreement is exchangeable into shares of Common Stock as provided in this Agreement;

Whereas, pursuant to the Ninth Amendment to the Credit Agreement, the Exchangeable Portion of Loans under the Credit Agreement may be exchanged for shares of Common Stock at any time; and

Whereas, it is a condition to the effectiveness of the Ninth Amendment to the Credit Agreement that the parties amend and restate the Original Agreement as provided herein.

Now, Therefore, in consideration of the mutual covenants and obligations set forth in this Agreement, and intending to be legally bound, the parties agree as follows:

1 Definitions

1.1 Definitions of Certain Terms

For purposes of this Agreement, the following terms have the indicated meanings:

"**Affiliate**" has the meaning set forth in the Credit Agreement.

"**Agreement**" is defined in the preamble to this Agreement.

"**AMEX**" has the meaning set forth in the Credit Agreement.

"**Applicable Exchange Rate**" shall mean the Exchange Rate in effect at any given time.

"**Board**" means the board of directors of the Company.

"**Borrower**" is defined in the preamble to this Agreement.

"**Borrowings**" has the meaning set forth in the Credit Agreement.

"**Business Day**" has the meaning set forth in the Credit Agreement.

"**Bylaws**" means the Amended and Restated Bylaws of the Company, as amended from time-to-time, or similar governing document (or any similar governing document of any successor).

"**Certificate of Incorporation**" means the Restated Certificate of Incorporation, as amended, of the Company, as amended from time-to-time (or any similar governing document of any successor).

"**Closing Date**" has the meaning set forth in the Credit Agreement.

"**Common Stock**" has the meaning set forth in the Credit Agreement.

"**Company**" is defined in the preamble to this Agreement.

"**Control**" has the meaning set forth in the Credit Agreement.

"**Convertible Loans**" has the meaning set forth in the Credit Agreement.

"**Credit Agreement**" is defined in the preamble to this Agreement.

"Current Market Price" shall mean, on any date, the average of the Daily VWAP per share of the Common Stock on each of the five (5) consecutive Trading Days preceding the earlier of the day before the date in question and the day before the Ex-Date with respect to the issuance or distribution giving rise to an adjustment to the Exchange Rate pursuant to Section 4.6.1.3.

"**Daily VWAP**" of the Common Stock means, for any VWAP Trading Day, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page HOLX.Q <equity> AQR (or any equivalent successor page) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such VWAP Trading Day, or if such volume-weighted average price is unavailable, the market value of one share of Common Stock on such VWAP Trading Day using a volume-weighted method as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations promulgated thereunder, in each case as in effect from time to time.

"**Exchange Date**" has the meaning set forth in the Credit Agreement.

"**Exchange Notice**" has the meaning set forth in the Credit Agreement.

“**Exchange Rate**” shall mean initially, one share of Common Stock per $5.00 principal amount of the Exchangeable Portion of Loans, subject to adjustment as set forth herein. For the avoidance doubt, any increase or decrease to the Exchange Rate provided for in this Agreement shall be made to the number of shares provided in the immediately preceding sentence.

“**Exchangeable Portion**” shall mean the outstanding principal amount of the Loans less any portion thereof that is attributable to Permitted Accrued Interest.

“**Ex-Date**” shall mean, when used with respect to any issuance or distribution, the earlier of (i) the first date on which the Common Stock or other securities trade without the right to receive the issuance or distribution giving rise to an adjustment to the Exchange Rate pursuant to Section 4.6.1.1 or (ii) the effective date of the issuance or distribution giving rise to an adjustment to the Exchange Rate pursuant to Section 4.6.1.1.

“**Governmental Authority**” has the meaning set forth in the Credit Agreement.

“**Holder**” means any Person holding Registrable Securities related to the Credit Agreement.

“**Holders' Counsel**” is defined in Section 3.4.2.

“**HSR Act**” is defined in Section 4.1.1

“**Investor**” means each holder of a Convertible Loan (as defined in the Credit Agreement).

“**Joinder**” means a joinder agreement in the form attached as Exhibit A.

“**Lender**” means each Convertible Lender, as defined in the Credit Agreement.

“**Liquidation Transaction**” shall mean a transaction, event, or occurrence in which the Company voluntarily or involuntarily liquidates, dissolves or winds up.

“**Loans**” has the meaning set forth in the Credit Agreement.

“**Maturity Date**” has the meaning set forth in the Credit Agreement.

“**Notice**” is defined in Section 5.1.1.

“**Officer's Certificate**” has the meaning set forth in the Credit Agreement.

“**Other Taxes**” has the meaning set forth in the Credit Agreement.

“**Permitted Accrued Interest**” has the meaning set forth in the Credit Agreement.

“**Person**” has the meaning set forth in the Credit Agreement.

“**Register**” has the meaning set forth in the Credit Agreement.

"**Registrable Securities**" means any and all shares of Common Stock issued or issuable pursuant to the exchange of the Convertible Loans; *provided* that, the Common Stock shall cease to be Registrable Securities when a registration statement covering such Common Stock has been declared effective under the Securities Act by the SEC and such Common Stock has been disposed of pursuant to such effective registration statement.

"**Registration Expenses**" is defined in Section 3.4.1.

"**Registration Statement**" means the prospectus and other documents filed with the SEC to effect a registration under the Securities Act.

"**Required Conversion Price**" has the meaning set forth in the Credit Agreement.

"**Scheduled Trading Day**" means a day that is scheduled to be a Trading Day on the principal United States national or regional securities exchange or market on which the Common Stock is listed or admitted for trading or, if the Common Stock is not listed or admitted for trading on any exchange or market, a Business Day.

"**SEC**" means the United States Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations promulgated thereunder, in each case as in effect from time to time.

"**Settlement Notice Period**" is defined in Section 4.11.

"**Short-Form Registration Statement**" is defined in Section 3.1.

"**Subsidiary**" or "**Subsidiaries**" has the meaning set forth in the Credit Agreement.

"**Tax**" has the meaning set forth in the Credit Agreement.

"**Trading Day**" means a day during which (i) trading in the Common Stock generally occurs and (ii) there is no VWAP Market Disruption Event.

"**Transfer**" means any transfer, sale, assignment, donation, option, pledge, lien, hypothecation or other disposition or encumbrance, whether directly or indirectly, by operation of law or otherwise, or any agreement to do any of the foregoing.

"**VWAP Market Disruption Event**" means (i) a failure by the principal U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted to trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m. on any Scheduled Trading Day for the Common Stock for an aggregate one half-hour period of any suspension or limitation imposed on trading, by reason of movements in price exceeding limits imposed by the stock exchange or otherwise, in the Common Stock or in any options contracts or futures contracts relating to the Common Stock.

"**VWAP Trading Day** " means a day during which (i) trading in the Common Stock generally occurs during the regular trading session on the principal U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading and (ii) there is no VWAP Market Disruption Event. If the Common Stock is not so listed or traded, then VWAP Trading Day means a Business Day.

1.2 Headings; Table of Contents

Headings and table of contents should be ignored in construing this Agreement.

1.3 Singular, Plural, Gender

In this Agreement, unless the context otherwise requires, references to one gender include all genders and references to the singular include the plural and vice versa.

1.4 Interpretation

In this Agreement, unless the context otherwise requires, any reference to "including" or "in particular" shall be illustrative only and without limitation. For purposes of this Agreement, any action to be taken by the holders of a majority of the Registrable Securities, shall, if no Registrable Securities are outstanding shall be taken by the Lenders holding a majority in principal amount of the Exchangeable Portion of the Loans, and if both the Exchangeable Portion and Registrable Securities are outstanding, by a majority in principal amount of Lenders and in number of shares of Registrable Securities, acting together.

2 Legends; Securities Law Compliance

2.1 Each certificate representing Common Stock that is restricted stock as defined in Rule 144 under the Securities Act shall bear the following legend:
"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF UNLESS (i) SUCH DISPOSITION IS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN EXEMPTION THEREFROM AND (ii) SUCH DISPOSITION IS PURSUANT TO REGISTRATION UNDER ANY APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM."

2.2 Certificates representing Common Stock shall bear any other legends required by applicable state law. When any Common Stock has been registered under the Securities Act, and such Common Stock has been sold pursuant to such registration or pursuant to Rule 144 under the Securities Act or is eligible to be sold pursuant to such Rule without volume limitations or other restrictions, the holder of such Common Stock shall be entitled to exchange the certificate representing such Common Stock for a certificate not bearing the legend required by Section 2.1.

2.3 Each Person who acquires Loans shall (a) if acquired in a private transaction be required to execute the Joinder or (b) if acquired in a public transaction be deemed to have executed the Joinder.

3 Registration Rights

3.1 Shelf Registration

The Company will use its commercially reasonable efforts to qualify for registration on and to, file, a registration statement on Form S-3 or any comparable or successor form or forms or any similar short-form registration ("**Short-Form Registration Statement**"), and such Short-Form Registration Statement will be a "shelf" registration statement providing for the registration, and the sale on a continuous or delayed basis, of the Registrable Securities pursuant to Rule 415 under the Securities Act as provided in Section 3.3.1. Upon filing a Short-Form Registration Statement, the Company will, if applicable, use its commercially reasonable efforts to (i) cause such Short-Form Registration Statement to be declared effective, and (ii) keep such Short-Form Registration Statement effective with the SEC at all times. Any Short-Form Registration Statement shall be re-filed upon its expiration, and the Company shall cooperate in any shelf take-down by amending or supplementing the prospectus statement related to such Short-Form Registration Statement as may be reasonably requested by a Holder or as otherwise required; *provided* that, no Holder may be permitted to sell under such "shelf" registration statement during such times as the trading window is not open for Company's Board in accordance with the Company's policies.

3.2 Restrictions on Registrations and Take-downs

If the filing, initial effectiveness or continued use of a Registration Statement would require the Company to make a public disclosure of material non-public information, which disclosure in the good faith judgment of the Board (i) would be required to be made in any Registration Statement so that such Registration Statement would not be materially misleading, (ii) would not be required to be made at such time but for the filing, effectiveness or continued use of such Registration Statement, and (iii) could (A) reasonably be expected to adversely affect the Company or its business if made at such time, or (B) reasonably be excepted to interfere with the Company's ability to effect a planned or proposed acquisition, disposition, financing, reorganization, recapitalization or similar transaction or (C) otherwise require premature disclosure of material information that the Company has a *bona fide* business purpose for preserving as

confidential, then the Company may, upon giving prompt written notice of such determination of the Board to the participants in such registration (each of whom hereby agrees to maintain the confidentiality of all information disclosed to such participants, *provided* that, the Company shall not be required to disclose the nature of the delay or other confidential information), delay the filing or initial effectiveness of, or suspend use of, such Registration Statement; *provided* that, the Company shall not be permitted to do so (x) for more than sixty (60) days for a given occurrence of such a circumstance, (y) more than two (2) times during any twelve-month period or (z) in connection with any registration effected pursuant to Section 2.08 of the Credit Agreement. In the event the Company exercises its rights under the preceding sentence, the Holders agree to suspend, promptly upon their receipt of the notice referred to above, their use of any prospectus or prospectus supplement relating to such registration in connection with any sale or offer to sell Registrable Securities. The Company will pay all Registration Expenses incurred in connection with any such aborted registration or prospectus or prospectus supplement. The Registrable Securities covered by any registration pursuant to Section 3.1 shall not be distributed by means of an underwritten offering.

3.3 Registration Procedures

Subject to Section 3.2, whenever any Registrable Securities are to be registered pursuant to Section 3.1 of this Agreement, the Company will use its commercially reasonable efforts to effect the registration and sale of such Registrable Securities as soon as reasonably practicable in accordance with the intended method of disposition thereof and pursuant thereto. The Company shall:

3.3.1 With respect to a registration pursuant to Section 3.1, prepare and file, within forty-five (45) days of receipt of written notice from a majority of the Holders, with the SEC a Registration Statement with respect to such Registrable Securities, make all required filings with the Financial Industry Regulatory Authority and thereafter use its commercially reasonable efforts to cause such Registration Statement to become effective as soon as reasonably practicable and to remain effective as provided herein; provided that, before filing a Registration Statement or any amendments or supplements thereto, the Company will, at the Company's expense, furnish or otherwise make available to the Holders' Counsel copies of all such documents proposed to be filed and such other documents reasonably requested by such counsel, which documents will be subject to the review and reasonable comment of such counsel at the Company's expense, including any comment letter from the SEC with respect to such filing or the documents incorporated by reference therein, and if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such Registration Statement and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the Company's financial books and records, officers, accountants and other advisors;

3.3.2 Prepare and file with the SEC such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective for a period of either (i) not less than if such Registration Statement relates to an underwritten offering, such period as, based upon the opinion of counsel for the underwriters, a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer or such shorter period as will terminate when all of the securities covered by such Registration Statement have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such Registration Statement (but in any event not before the expiration of any longer period required under the Securities Act) or (ii) continuously in the case of shelf registration statements and any shelf registration statement shall be re-filed upon its expiration (or in each case, such shorter period ending on the date that the securities covered by such shelf registration statement cease to constitute Registrable Securities), and cause the related prospectus to be supplemented by any prospectus supplement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of the securities covered by such Registration Statement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act;

3.3.3 Furnish to each participating Holder such number of copies, without charge, of such Registration Statement, each amendment and supplement thereto, including each preliminary prospectus, final prospectus, any other prospectus (including any prospectus filed under Rule 424, Rule 430A or Rule 430B of the Securities Act and any "issuer free writing prospectus" as such term is defined under Rule 433 promulgated under the Securities Act), all exhibits and other documents filed therewith and such other documents as such Holder or such managing underwriter may reasonably request including in order to facilitate the disposition of the Registrable Securities owned by such Holder, and upon request a copy of any and all transmittal letters or other correspondence to or received from, the SEC or any other Governmental Authority relating to such offer;

3.3.4 Use commercially reasonable efforts to register or qualify (or exempt from registration or qualification) such Registrable Securities, and keep such registration or qualification (or exemption therefrom) effective, under such other securities or blue sky laws of such United States jurisdictions as any participating Holder reasonably requests and do any and all other acts and things that may be reasonably necessary or reasonably advisable to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder (*provided* that, the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection, (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction);

3.3.5 Notify each participating Holder and the Holders' Counsel, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the discovery of the happening of any event that makes any statement made in the Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such Registration Statement, prospectus or documents and, as soon as reasonably practicable (but subject to the delay provisions of Section 3.2), prepare and furnish to such Holder a reasonable number of copies of a supplement or amendment to such prospectus so that, in the case of the Registration Statement, it will not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, and that in the case of any prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statement therein, in light of the circumstances in which they were made, not misleading;

3.3.6 Notify each participating Holder and the Holders' Counsel (i) when such Registration Statement or the prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to such Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC for amendments or supplements to such Registration Statement or to amend or to supplement such prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for such purpose, to the extent that it is aware of such proceedings, and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose;

3.3.7 Upon the occurrence of an event contemplated in Section 3.3.5 or in Section 3.3.6(ii), 3.3.6(iii) or 3.3.6(iv) (but subject to the delay provisions of Section 3.2), prepare a supplement or amendment to the Registration Statement or supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that such prospectus as thereafter delivered to the participating Holders will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

3.3.8 Use commercially reasonable efforts to cause all such Registrable Securities to be listed on each securities exchange on which Common Stock issued by the Company is then listed or, if no similar securities issued by the Company are then listed on any securities exchange, use its

commercially reasonable efforts to cause all such Registrable Securities to be listed on the AMEX or the NASDAQ stock market, as determined by the Company;

3.3.9 Provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

3.3.10 If requested by any participating Holder, promptly include in a prospectus supplement or amendment such information as the Holder may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as reasonably practicable after the Company has received such request;

3.3.11 In the case of certificated Registrable Securities, cooperate with the participating Holders to facilitate the timely preparation and delivery of certificates (not bearing any legends) representing Registrable Securities to be sold after receiving written representations from each Holder that that the Registrable Securities represented by the certificates so delivered by such Holder will be transferred in accordance with the Registration Statement, and enable such Registrable Securities to be in such denominations and registered in such names as the Holders may request at least two business days prior to any sale of such Registrable Securities;

3.3.12 Make available for inspection by any participating Holders and the Holders' Counsel, and any attorney, accountant or other agent retained by any such Holder, to the extent reasonably requested and solely for conducting customary due diligence, all financial and other records, pertinent corporate documents and documents relating to the business of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such Holder, attorney, accountant or agent in connection with such Registration Statement, *provided* that, it shall be a condition to such inspection and receipt of such information that the inspecting person (i) enter into a confidentiality agreement in form and substance reasonably satisfactory to the Company and (ii) agree to minimize the disruption to the Company's business in connection with the foregoing;

3.3.13 Otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC and any applicable national securities exchange;

3.3.14 Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

3.3.15 In the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the

use of any related prospectus or ceasing trading of any securities included in such Registration Statement for sale in any jurisdiction, use every commercially reasonable effort to promptly obtain the withdrawal of such order; and

3.3.16 Obtain any required regulatory approval necessary for the Holders to sell their Registrable Securities in an offering, other than regulatory approvals required solely as a result of the nature of the Holder.

As a condition to registering Registrable Securities, the Company may require each Holder as to which any registration is being effected to furnish the Company with such information regarding such Person and pertinent to the disclosure requirements relating to the registration and the distribution of such securities as the Company may from time to time reasonably request in writing.

3.4 Registration Expenses

3.4.1 Except as otherwise provided in this Agreement, all expenses incidental to the Company's performance of or compliance with this Agreement, including all registration and filing fees, fees and expenses of compliance with securities or blue sky laws, word processing, duplicating and printing expenses, messenger, telephone and delivery expenses, expenses incurred in connection with any road show, and fees and disbursements of counsel for the Company and all independent certified public accountants and other persons retained by the Company (all such expenses, "**Registration Expenses**"), will be borne by the Company. The Company will, in any event, pay its internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit or quarterly review, the expenses of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which they are required to be listed hereunder. The Holders of the securities so registered shall pay all selling commissions and transfer taxes applicable to the sale of Registrable Securities hereunder and any other Registration Expenses required by law to be paid by a selling holder *pro rata* on the basis of the amount of proceeds from the sale of their shares so registered and sold.

3.4.2 In connection with any registration, the Company will reimburse the Holders participating in such registration for their reasonable and customary expenses, including the reasonable fees and disbursements of one counsel ("**Holders' Counsel**").

3.5 Participation in Underwritten Registrations

3.5.1 Each Holder that is participating in any registration hereunder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.2, 3.3.5, 3.3.6, and 3.3.7 such

Holder will forthwith discontinue the disposition of its Registrable Securities pursuant to the Registration Statement until such Holder receives copies of a supplemented or amended prospectus as contemplated by such Section 3.3.5, 3.3.6 and 3.3.7.

3.6 Rule 144

The Company will use its reasonable best efforts to timely file all reports and other documents required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of a Holder, make publicly available such information as necessary to permit sales pursuant to Rule 144 or Regulation S under the Securities Act), and it will take such further action as any Holder may reasonably request, to the extent required from time to time to enable such Holder to sell shares of Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 or Regulation S under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the reasonable request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such information requirements, and, if not, the specifics thereof.

3.7 Additional Interest

Subject to the delay provisions of Section 3.2, in the event the Company fails to file a Registration Statement within ninety (90) days of the receipt of the request pursuant to Section 3.3.1 or the Registration Statement is not declared or deemed effective within 180 days of the filing with the SEC, the Company will pay to the Holders on the next applicable interest payment date an amount equivalent to 2% per annum on the outstanding Borrowings and Permitted Accrued Interest owed under the Credit Agreement plus the amounts that would have been outstanding under the Credit Agreement if such Exchangeable Portion of the Loan had not been exchanged for Registrable Securities for each day that filing or effectiveness is late.

4 Exchange Rights

4.1 Exchange Privilege

4.1.1 A Lender may exchange the Exchangeable Portion of its Loan as provided in Section 2.13(a) of the Credit Agreement; *provided* that with respect to any exchange of the Exchangeable Portion of Loans into Common Stock that would be subject to the expiration or termination of the waiting period under the Hart-Scott-Rodino Act of 1974, as amended (the "**HSR Act**"), no such exchange shall be considered effective until the expiration or termination of such waiting period and/or the approval of the United States Department of Justice or the Federal Trade Commission under the HSR Act; *provided*, that the Company agrees to promptly prepare and file any notification that may be required under the HSR Act and to cooperate

in all respects in the pursuit of any actions that might be required in connection with such notification and any inquiry or request for information related to it.

4.1.2 Subject to the proviso of Section 4.1.1, the Exchangeable Portion of Loans delivered for exchange will be deemed to have been exchanged immediately prior to 5:00 p.m. on the Exchange Date. A Lender is not entitled to any rights with regard to Common Stock until such Lender has exchanged in accordance with Section 4.2.1 (or is deemed to have exchanged) and shall be entitled to rights with regard to Common Stock only to the extent such Exchangeable Portion of Loans have been exchanged (or deemed to have exchanged) into Common Stock pursuant to this Article 4.

4.2 Exchange Procedure

4.2.1 The right of exchange attaching to the Exchangeable Portion of any Loan may be exercised as provided in the Credit Agreement. Notwithstanding any other provision of the Credit Agreement or this Agreement, the Borrower shall not redeem or prepay any Loan (or any portion thereof) with respect to which an Exchange Notice has been delivered to the Administrative Agent. The Company shall deliver to the Lender a certificate for the number of whole shares of Common Stock issuable upon exchange (and cash in lieu of any fractional shares pursuant to Section 4.3) on the applicable date specified in Section 4.11 for such delivery.

4.2.2 The person in whose name the Exchangeable Portion of the Loan is registered with the Administrative Agent in the Register shall be deemed to be a stockholder of record on the Exchange Date; provided, however, that if the stock transfer books of the Company are closed when the Exchangeable Portion of any Loan is surrendered for exchange, such surrender and exchange shall be deemed to have occurred at the close of business on the next succeeding day on which such stock transfer books are open; provided further, however, that such exchange shall be at the Exchange Rate in effect on the date on which such Exchangeable Portion of the Loan was delivered as if the stock transfer books of the Company had not been closed. Upon exchange of a Loan, such person shall no longer be a Lender to the extent of such exchanged Loan. No adjustment to the Exchange Rate will be made for accrued and unpaid interest on an exchanged Loan except as provided in the Credit Agreement or this Agreement.

4.3 Fractional Shares

The Company will not issue fractional shares of Common Stock upon exchange of the Loans and instead will deliver cash in an amount equal to the value of such fraction

computed on the basis of the Daily VWAP on the Trading Day immediately before the Exchange Date.

4.4 Taxes on Exchange

If a Lender exchanges a Loan (or any portion thereof), the Borrower shall pay any Other Taxes relating to the issuance, delivery or registration of shares of Common Stock upon such exchange; *provided* that the Borrower shall not pay any such Other Taxes due that were only payable because of the issuance, delivery or registration of the shares in a name other than such Lender's name.

4.5 Reservation of Stock

4.5.1 The Company shall, prior to the Closing Date, and from time to time as may be necessary, reserve at all times and keep available, free from preemptive rights, out of its authorized but unissued Common Stock, a sufficient number of shares of Common Stock that would be deliverable upon exchange of all of the Exchangeable Portions of the Loans.

4.5.2 All shares of Common Stock that may be issued upon exchange of the Loans shall be newly issued shares or shares held in the treasury of the Company, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free of any preemptive rights and free of any lien or adverse claim.

4.5.3 The Company shall comply with all applicable securities laws regulating the offer and delivery of any Common Stock upon exchange of the Loans and shall, to the extent already listed, list or cause to have quoted such shares of Common Stock on each national and regional securities exchange or such other market on which the Common Stock is then listed or quoted; *provided* that, if the rules of such automated quotation system or exchange permit the Company to defer the listing of such Common Stock until the first exchange of the Exchangeable Portion of Loans into Common Stock in accordance with the provisions of this Agreement, the Company covenants to list such Common Stock issuable upon exchange of the Exchangeable Portion of the Loans in accordance with the requirements of such automated quotation system or exchange at such time.

4.6 Adjustment of Exchange Rate

4.6.1 The Exchange Rate shall be adjusted from time to time by the Company as follows:

4.6.1.1 Stock Dividends and Distributions. If the Company pays dividends or other distributions on the Common Stock in shares of Common Stock, then the Exchange Rate in effect immediately

prior to the Ex-Date for such dividend or distribution will be multiplied by the following fraction:

$$\frac{OS_1}{OS_0}$$

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution.

OS_1 = the sum of the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution plus the total number of shares of Common Stock constituting such dividend or distribution.

4.6.1.2 Subdivisions, Splits and Combination of Common Stock. If the Company subdivides, splits or combines the shares of Common Stock, then the Exchange Rate in effect immediately prior to the Ex-Date of such share subdivision, split or combination will be multiplied by the following fraction:

$$\frac{OS_1}{OS_0}$$

OS_1 = the number of shares of Common Stock outstanding immediately prior to the Ex-Date of such share subdivision, split or combination.

OS_0 = the number of shares of Common Stock outstanding immediately after the close of business on the effective date of such share subdivision, split or combination.

4.6.1.3 Issuance of Stock Purchase Rights. If the Company issues rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans) entitling holders of such rights or warrants to subscribe for or purchase shares of Common Stock at less than the Current Market Price on the date fixed for the determination of stockholders entitled to receive such rights or warrants, then the Exchange Rate in effect immediately prior to the Ex-Date for such distribution will be multiplied by the following fraction:

$$\frac{OS_0 + X}{OS_0 + Y}$$

OS_0 = the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such distribution.

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants.

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants divided by the average of the Daily VWAP of Common Stock over the 10 consecutive VWAP Trading Day period ending on the VWAP Trading Day immediately preceding the Ex-Date for such distribution.

The Company shall not issue any such rights or warrants in respect of shares of the Common Stock acquired by the Company. To the extent that such rights or warrants are not exercised prior to their expiration or shares of Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Exchange Rate shall be readjusted to such Exchange Rate that would then be in effect had the adjustment made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In determining the aggregate offering price payable for such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined by the Board.

4.6.1.4 Debt or Asset Distributions. If the Company distributes to all holders of shares of Common Stock evidences of indebtedness, shares of capital stock, securities, cash or other assets (excluding (a) any dividend or distribution referred to in Section 4.6.1.1, (b) any rights or warrants referred to in Section 4.6.1.3, (c) any dividend or distribution paid exclusively in cash, and (d) any dividend of shares of capital stock of any class or series, or similar equity interests, of or relating to a Subsidiary of the Company or other business unit in the case of certain spin-off transactions as described below), then the Exchange Rate in effect immediately prior to the Ex-Date for such distribution will be multiplied by the following fraction:

$$\frac{SP_0}{SP_0 - FMV}$$

SP_0 = the average of the Daily VWAP of Common Stock over the ten (10) consecutive VWAP Trading Day period ending on the VWAP Trading Day immediately preceding the Ex-Date for such distribution.

FMV = the fair market value as determined by the Board of the portion of the distribution applicable to a share of Common Stock on such date.

In a “spin-off,” where the Company makes a distribution to all holders of shares of Common Stock consisting of capital stock of any class or series, or similar equity interests of, or relating to, a Subsidiary of the Company or other business unit, the Exchange Rate will be adjusted on the fifteenth Trading Day after the effective date of the distribution by multiplying such Exchange Rate in effect immediately prior to such fifteenth Trading Day by the following fraction:

$$\frac{MP_0 + MP_S}{MP_0}$$

MP_0 = the average of the Daily VWAP of Common Stock over the first 10 consecutive VWAP Trading Day period immediately following the Ex-Date of such distribution.

MP_s = the average of the Daily VWAP of the capital stock or equity interests representing the portion of the distribution applicable to one share of Common Stock over the first ten VWAP Trading Days following the Ex-Date of such distribution, or, if not traded on a national or regional securities exchange or over-the-counter market, the fair market value of the capital stock or equity interests representing the portion of the distribution applicable to one share of Common Stock on the Ex-Date as determined by the Board.

4.6.1.5 Cash Distributions. If the Company makes a distribution consisting exclusively of cash to all holders of the Common Stock, excluding (a) any cash that is distributed pursuant to Section 4.10 or as part of a "spin-off" referred to in Section 4.6.1.4, and (b) any dividend or distribution in connection with a Liquidation Transaction, then in each event, the Exchange Rate in effect immediately prior to the Ex-Date for such distribution will be multiplied by the following fraction:

$$\frac{SP_0}{SP_0 - DIV}$$

SP_0 = the average of the Daily VWAP of Common Stock for the 10 consecutive VWAP Trading Day period immediately preceding the Ex-Date for such distribution.

DIV = the amount per share of Common Stock of the dividend or distribution.

4.6.1.6 Self Tender Offers and Exchange Offers. If the Company or any of its Subsidiaries successfully completes a tender or exchange offer for the Common Stock where the cash and the value of any other consideration included in the payment per share of the Common Stock exceeds the Daily VWAP for the Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer, then the Exchange Rate in effect at the close of business on such immediately succeeding Trading Day will be multiplied by the following fraction:

$$\frac{AC + (SP_0 \times OS_1)}{OS_0 \times SP_0}$$

SP_0 = the Daily VWAP for the Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer.

OS_0 = the number of shares of Common Stock outstanding immediately prior to the expiration of the tender or exchange offer, including any shares validly tendered and not withdrawn.

OS_1= the number of shares of Common Stock outstanding immediately after the expiration of the tender or exchange offer and after taking into account the shares purchased pursuant thereto.

AC = the aggregate cash and fair market value of the other consideration payable in the tender or exchange offer, as determined by the Board.

4.6.1.7 Rights Plans. To the extent that the Company has a rights plan in effect with respect to the Common Stock, upon exchange of any Loans, Lenders will receive, in addition to the shares of Common Stock, the rights under the rights plan, unless, prior thereto, the rights have separated from the shares of Common Stock, in which case the Exchange Rate will be adjusted at the time of separation as if the Company had made a distribution of rights as described in Section 4.6.1.4 above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

4.6.2 The Company may, with the consent of all Lenders, make such decreases in the Exchange Rate, in addition to any other decreases required by this Article 4, if the Board deems it advisable to avoid or diminish any income tax to Lenders resulting from any dividend or distribution of shares of Common Stock (or issuance of rights or warrants to acquire shares of Common Stock) or from any event treated as such for income tax purposes or for any other reason.

4.6.3 All adjustments to the Exchange Rate shall be calculated to the nearest 1/1000. No adjustment in the Exchange Rate shall be required if such adjustment would be less than 1.00%; provided that any adjustments which by reason of this Section 4.6.3 are not required to be made shall be carried forward and taken into account in any subsequent adjustment; provided, further, that any adjustment carried forward shall be taken into account at the time of exchange.

4.6.4 Notwithstanding anything contained herein, the Applicable Exchange Rate shall not be adjusted upon the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Closing Date and not amended thereafter.

4.6.5 If any Lender disagrees with any determination of value or fair market value made by the Board pursuant to this Section 4.6, such determination shall instead be made by a firm of independent certified public accountants, an investment banking firm or appraisal firm (which firm

shall own no securities of, and shall not be an Affiliate of any Lender or the Company) of recognized national standing retained by the Borrower, that has not been retained by the Company or any of its Affiliates in the last twelve months, and reasonably acceptable to such Lender. Any such determination of value or fair market value by such firm of independent certified public accountants, investment banking firm or appraisal firm shall be binding. In the event the firm recommends a change greater than ten (10) percent from that made by the Board, the Borrower shall pay the fees and out-of-pocket disbursements of such firm in connection with such valuation. The Borrower shall instruct such firm to complete the valuation as promptly as practicable.

4.7 Other Adjustments

Subject to applicable stock exchange rules and listing standards, the Company shall be entitled to increase the Exchange Rate, in addition to the events requiring an increase in the Exchange Rate pursuant to Section 4.6.1, as it in its discretion shall determine to be advisable in order to avoid or diminish any Tax to stockholders in connection with any stock dividends, subdivisions of shares, distributions of rights to purchase stock or securities or distributions of securities convertible into or exchangeable for stock hereafter made by the Company to its stockholders.

4.8 Notice of Adjustment

Whenever the Exchange Rate is adjusted, the Company shall promptly mail to Lenders a notice of the adjustment in accordance with Section 5.1, and an Officer's Certificate briefly stating the facts requiring the adjustment and the manner of computing it.

4.9 Notice of Certain Transactions

In the event that:

(a) The Company takes any action which would require an adjustment in the Exchange Rate;
(b) The Company consolidates or merges with, or transfers all or substantially all of its property and assets to, another corporation and stockholders of the Company must approve the transaction; or
(c) there is a dissolution or liquidation of the Company,

The Company shall mail to Lenders in accordance with Section 5.1 a notice stating the proposed record or effective date, as the case may be. The Company shall mail the notice at least ten days before such date. Failure to mail such notice or any defect therein shall not affect the validity of any transaction referred to in this Section 4.9.

4.10 Effect of Reclassification, Consolidation, Merger or Sale on Conversion Privilege

If (1) there shall occur (a) any reclassification of the Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (b) a statutory share exchange, consolidation, merger or combination involving the Company other than a merger in which the Company is the continuing corporation and which does not result in any reclassification of, or change (other than in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination) in, outstanding shares of the Common Stock; or (c) a sale or conveyance as an entirety or substantially as an entirety of the property and assets of the Company, directly or indirectly, to another person; and (2) pursuant to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, holders of outstanding shares of Common Stock would be entitled to receive stock, other securities, other property, assets or cash for such shares of Common Stock, then the Company, or such successor or surviving, purchasing or transferee person, as the case may be, shall, as a condition precedent to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, execute and deliver to the Lenders an amendment to this Agreement providing that, at and after the effective time of such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, each Loan then outstanding shall have the right to exchange the Exchangeable Portion of such Loan into the kind and amount of shares of stock and other securities and property (including cash) receivable upon such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance by a holder of the number of shares of Common Stock deliverable upon exchange of the Exchangeable Portion of such Loan immediately prior to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, assuming that such Lender would not have exercised any rights of election that such Lender would have had as a holder of Common Stock to select a particular type of consideration. Such amendment shall provide for adjustments of the Exchange Rate which shall be as nearly equivalent as may be practicable to the adjustments of the Exchange Rate provided for in this Section 4.10. If, in the case of any such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, the stock or other securities and property (including cash) receivable thereupon by a holder of Common Stock include shares of stock or other securities and property of a Person other than the successor or surviving, purchasing or transferee person, as the case may be, in such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, then such amendment shall also be executed by such other person and shall contain such additional provisions to protect the interests of the Lenders as the Board shall reasonably consider necessary by reason of the foregoing. The provisions of this Section 4.10 shall similarly apply to successive reclassifications, statutory share exchanges, consolidations, mergers, combinations, sales and conveyances. The foregoing, however, shall not in any way affect the right a Lender may otherwise have pursuant to Section 4.6.1.3 to receive rights and warrants in accordance therewith.

In the event the Company shall execute an amendment pursuant to this Section 4.10, the Company shall promptly deliver to the Lenders an Officer's Certificate briefly stating the reasons therefor, the kind or amount of shares of stock or other securities or property (including cash) receivable by Lenders upon the conversion of the Exchangeable Portion of their Loans after any such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, any adjustment to be made with respect thereto and that all conditions precedent have been satisfied.

4.11 Notice

The Company shall notify the Lenders of the method the Company chooses to satisfy its exchange obligation as follows: (i) if the Company has called the Loans for prepayment in accordance with the terms of the Credit Agreement in the Company's notice of prepayment; (ii) no later than 11 Trading Days immediately preceding the Maturity Date, in respect of Loans to be exchanged during the period beginning 10 Trading Days immediately preceding the Maturity Date and ending one Trading Day immediately preceding the Maturity Date; and (iii) no later than two Trading Days immediately following the Exchange Date in all other cases (such period, the "**Settlement Notice Period**"). The Company shall treat all Lenders exchanging on the same Trading Day in the same manner. The Company shall not have any exchange obligation to satisfy its conversion obligations arising on different Trading Days in the same manner. No retraction can be made and a Lender's Exchange Notice shall be irrevocable other than as set forth in this Section 4.11, other than due to the inability of the underwriter described in Section 2.08 of the Credit Agreement to sell the Common Stock at or above the Required Conversion Price.

5 Miscellaneous

5.1 Notices

5.1.1 Any notice or other communication in connection with this Agreement (each, a "**Notice**") shall be:

(a) in writing in English;

(b) delivered by hand, fax, registered post or by courier using an internationally recognized courier company.

5.1.2 Notices to the Company shall be sent to at the following address, or such other person or address as the Company may notify to the Investor from time to time:
Cheniere Energy, Inc.
700 Milam Street, Suite 800
Houston, Texas 77002
Tel: 713.375.5290
Fax: 713.375.6290
Attention: Greg Rayford, General Counsel

with a copy to:

Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
Tel: 713.220.4200
Fax: 713.220.4285
Attention: Meredith Mouer

5.1.3 Notices to an Investor shall be sent to the following address, or such other person or address as such Investor may notify to the Company from time to time:
Scorpion Capital Partners LP
245 Fifth Avenue, 25th Floor
New York, NY 10016
Tel: 212.213.8916
Fax: 212.213.9607
Attention: Kevin McCarthy

with a copy to:

____
____
____
____
Tel: _______________
Fax: _______________
Attention: __________

Notices to a Holder shall be sent to the address indicated on the Joinder Agreement.

5.1.4 Notices shall be effective upon receipt and shall be deemed to have been received:

5.1.4.1 at the time of delivery, if delivered by hand, registered post or courier; and

5.1.4.2 at the expiration of two hours after completion of the transmission, if sent by facsimile, *provided* that, if a Notice would become effective under the above provisions after 5.30 p.m. on any Business Day, then it shall be deemed instead to become effective at 9:30 a.m. on the next Business Day. References in this Agreement to time are to local time at the location of the addressee as set out in the Notice.

Subject to the foregoing provisions of this Section 5.1, in proving service of a Notice, it shall be sufficient to prove that the envelope containing such Notice was properly addressed and delivered by hand, registered post or courier to the relevant address pursuant to the above provisions or that the facsimile transmission report (call back verification) states that the communication was properly sent.

5.2 Termination

This Agreement shall be effective as of the date hereof and shall terminate on the date on which no Exchangeable Portion of the Loans remain outstanding under the Credit Agreement; provided, however that Articles 3 and 5 of this Agreement shall survive with respect to any Holder until the date on which such Holder no longer holds any Common Stock issued pursuant to the exchange of the Loans.

5.3 Governing Law

This Agreement and the rights and obligations of the parties hereunder and the Persons subject hereto shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to conflicts of laws rules that would require or permit the application of the laws of another jurisdiction.

5.4 Submission to Jurisdiction

EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF DELAWARE SOLELY IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND IN RESPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND IN RESPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING, SHALL BE HEARD AND DETERMINED IN SUCH A DELAWARE STATE OR FEDERAL COURT, AND THAT SUCH JURISDICTION OF SUCH COURTS WITH RESPECT THERETO SHALL BE EXCLUSIVE, EXCEPT SOLELY TO THE EXTENT THAT ALL SUCH COURTS SHALL LAWFULLY DECLINE TO EXERCISE SUCH JURISDICTION. EACH PARTY HEREBY WAIVES, AND AGREES NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING FOR THE INTERPRETATION OR ENFORCEMENT HEREOF OR IN RESPECT OF ANY SUCH TRANSACTION, THAT IT IS NOT SUBJECT TO SUCH JURISDICTION. EACH PARTY HEREBY WAIVES, AND AGREES NOT TO ASSERT, TO THE MAXIMUM EXTENT PERMITTED BY LAW, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING FOR THE INTERPRETATION OR ENFORCEMENT HEREOF OR IN RESPECT OF ANY SUCH TRANSACTION, THAT SUCH ACTION, SUIT OR PROCEEDING

MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SUCH COURTS OR THAT THE VENUE THEREOF MAY NOT BE APPROPRIATE OR THAT THIS AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS. EACH PARTY CONSENTS TO AND GRANTS ANY SUCH COURT JURISDICTION OVER THE PERSON OF SUCH PARTIES IN CONNECTION WITH, AND OVER THE SUBJECT MATTER OF, ANY SUCH DISPUTE AND AGREES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 5.1 OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF.

5.5 Waiver of Jury Trial

EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH SUCH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 5.5.

5.6 Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction, such holding shall not affect the validity or enforceability of the remainder of this Agreement in such jurisdiction or the validity or enforceability of this Agreement, including such provision, in any other jurisdiction, and such provision shall be revised or modified to the minimum degree necessary to render it valid and enforceable.

5.7 Entire Agreement

This Agreement, together with the Credit Agreement and related documents, constitute the entire agreement and understanding of the parties hereto with respect to the matters referred to herein and supersede all prior agreements (including the Original Agreement),

understandings or representations, written or oral, and all contemporaneous oral agreements, understandings or representations, in each case among the parties with respect to such matters.

5.8 Amendment and Waiver

No amendment, alteration or modification of this Agreement or waiver of any provision of this Agreement shall be effective against the Company or any Holder unless such amendment, alteration, modification or waiver is approved in writing by the Company and the Holders that beneficially own a majority of the voting Registrable Securities beneficially owned by all Holders at such time. The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of such provision and shall not affect the right of such party thereafter to enforce each provision of this Agreement in accordance with its terms. The Company shall give notice of any amendment or termination hereof to the Holders (other than the Investor) of which it is aware, *provided* that, such amendment or termination shall be binding on such Holders whether or not such notice is provided or received.

5.9 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto. No party shall assign any or all of its rights or obligations under this Agreement without the consent of the other parties.

5.10 No Third-Party Beneficiaries

Nothing in this Agreement is intended to or shall confer any rights or benefits upon any Person other than the parties hereto.

5.11 Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which shall be an original and all of which taken together shall constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

In Witness Whereof, the parties have executed this Agreement as of the date first above written.

CHENIERE ENERGY, INC.

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE COMMON UNITS HOLDING, LLC

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

SCORPION CAPITAL PARTNERS LP
By: Scorpion GP, LLC

By: /s/ Kevin R. McCarthy
Name: Kevin R. McCarthy
Title: Manager

EXHIBIT A

FORM OF JOINDER AGREEMENT

Reference is hereby made to that certain Amended and Restated Investors' Agreement (the "**Investors' Agreement**"), dated as of _______ **[•]**, 2011, by and among Cheniere Energy, Inc., a Delaware corporation (the "**Company**"), Cheniere Common Units Holding, LLC, a Delaware limited liability company ("**Borrower**"), and the parties thereto from time to time (the "**Holders**"). Capitalized terms used herein without definition shall have the meaning set forth in the Investors' Agreement.

WHEREAS, the undersigned person has become a Holder of Registrable Securities pursuant to and under the Investors' Agreement ("**Joining Holder**") because, following the purchase/transfer of ***[INSERT TYPE OF SECURITY AND AMOUNT]*** *from* ***[INSERT NAME OF TRANSFEROR]***, the Transferee shall hold **[[•] in principal amount outstanding under the Credit Agreement entitling such Transferee to acquire [•] shares of Common Stock upon conversion thereof**;

NOW, THEREFORE, the Joining Holder agrees with the Company and all of the parties as follows:

The Joining Holder hereby agrees to become a "**Holder**"/"**Lender**" and a party to the Investors' Agreement, and hereby agrees to be subject to and bound by all of the rights, liabilities and obligations of a "**Holder**"/"**Lender**" for all purposes set forth in the Investors' Agreement and agrees to be bound by all of the terms and provisions of the Investors' Agreement.

This Joinder Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which shall be an original and all of which taken together shall constitute one and the same agreement.

[Executing Party]

By: ___________________________
Name:
Title:

EXHIBIT 10.2

NINTH AMENDMENT TO CREDIT AGREEMENT, FOURTH AMENDMENT TO GUARANTEE AND COLLATERAL AGREEMENT (CREST ENTITIES), AND FIFTH AMENDMENT TO GUARANTEE AND COLLATERAL AGREEMENT (NON-CREST ENTITIES)

This NINTH AMENDMENT TO CREDIT AGREEMENT, FOURTH AMENDMENT TO GUARANTEE AND COLLATERAL AGREEMENT (CREST ENTITIES) AND FIFTH AMENDMENT TO GUARANTEE AND COLLATERAL AGREEMENT (NON-CREST ENTITIES) (this "***Amendment***") is entered into, as of September 13, 2011, by Cheniere Common Units Holding, LLC, a Delaware limited liability company (the "***Borrower***"), the Loan Parties, the Guarantors and the Grantors (each as defined in the Credit Agreement referenced below), the Lenders party hereto and The Bank of New York Mellon, as administrative agent (in such capacity and together with its successors, the "***Administrative Agent***") and as collateral agent (in such capacity and together with its successors, the "***Collateral Agent***").

All capitalized terms used in this Amendment and not otherwise defined herein have the meanings ascribed to such terms in the Credit Agreement (as defined below).

Preliminary Statements

A. The Borrower has entered into that certain Credit Agreement, dated as of August 15, 2008, by and among the Borrower, the Administrative Agent, certain affiliates of the Borrower signatory thereto and the Lenders from time to time party thereto (as amended by that certain First Amendment to Credit Agreement, dated as of September 15, 2008, Second Amendment to Credit Agreement, dated as of December 31, 2008, Third Amendment to Credit Agreement, dated as of April 3, 2009, Fourth Amendment to Credit Agreement, dated as of April 9, 2009, Amendment No. Four-A to Credit Agreement, dated as of April 27, 2009, Amendment No. Four-B to Credit Agreement, dated as of April 28, 2009, Amendment No. Four-C to Credit Agreement, dated as of June 23, 2009, Amendment No. Four-D to Credit Agreement, dated as of June 29, 2009, Fifth Amendment to Credit Agreement, dated as of September 17, 2009, Sixth Amendment to Credit Agreement, dated as of June 24, 2010, Seventh Amendment to Credit Agreement dated as of November 3, 2010 and Eighth Amendment to Credit Agreement dated as of December 9, 2010, as further amended, restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***");

B. In connection with the Credit Agreement, Borrower and certain of its affiliates have entered into that certain Guarantee and Collateral Agreement (Non-Crest Entities), dated as of August 15, 2008 (as amended by the First Amendment to Guarantee and Collateral Agreement (Non-Crest Entities) dated as of December 31, 2008, Second Amendment to Guarantee and Collateral Agreement (Non-Crest Entities) dated as of December 31, 2008, Third Amendment to Guarantee and Collateral Agreement (Non-Crest Entities) dated as of April 3, 2009 and Fourth Amendment to Guarantee and Collateral Agreement dated as of September 17, 2009, as further amended, restated, supplemented or otherwise modified from time to time, the "***Non-LNG Entities Guarantee and Collateral Agreement***");

C. In connection with the Credit Agreement, certain affiliates of Borrower have entered into that certain Guarantee and Collateral Agreement (Crest Entities), dated as of August 15, 2008 (as amended by the First Amendment to Guarantee and Collateral Agreement (Crest Entities) dated as of December 31, 2008, Second Amendment to Guarantee and Collateral Agreement (Crest Entities) dated as of December 31, 2008 and Third Amendment to Guarantee and Collateral Agreement (Crest Entities) dated as of September 17, 2009, as the same may be amended, restated, supplemented or otherwise modified from time to time, the "***LNG Entities Guarantee and Collateral Agreement***");

D. The Loan Parties, the Guarantors, the Grantors, the Administrative Agent, the Collateral Agent and the Lenders desire to amend the Credit Agreement, the Non-LNG Entities Guarantee and Collateral Agreement and the LNG Entities Guarantee and Collateral Agreement as set forth herein; and

E. Subject to certain conditions as set forth herein, the Loan Parties, the Guarantors, the Grantors, the Administrative Agent, the Collateral Agent and the Lenders are willing to agree to the amendments to the Credit Agreement, the Non-LNG Entities Guarantee and Collateral Agreement and the LNG Entities Guarantee and Collateral Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and the agreements and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Loan Parties, the Guarantors, the Grantors, the Administrative Agent, the Collateral Agent and the Lenders hereby agree as follows:

1. Amendments to Credit Agreement. Upon the satisfaction or waiver by the Lenders of the conditions referred to in Section 5 of this Amendment, the Credit Agreement is amended as follows:

1.1. Amendments to Section 1.01 (Definitions).

1.1.1. Section 1.01 of the Credit Agreement is amended by restating the definitions of "Change of Control", "Common Stock," "Investors' Agreement", "Loan Party" and "Units" to read in their entirety as follows:

"Change of Control" means, (x) with respect to any Loan Party (other than CEI and Cheniere Southern Trail Pipeline), CQP, CQP GP or Sabine, occurrence of any of the following: (i) the direct or indirect Disposition, in one transaction or a series of related transactions, of all or substantially all of the properties or assets of such entity to any "person" (as that term is used in Section 13(d) of the Exchange Act) other than another Loan Party; (ii) the adoption of a plan relating to the liquidation or dissolution of any such Person, other than any such liquidation or dissolution that results following or in connection with the transfer of all or substantially all of the assets of such entity to a Loan Party; (iii) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" (as defined above) other than a Loan Party, becomes the Beneficial Owner,

directly or indirectly, of Equity Interests representing more than 50% on a fully diluted basis of the voting power and/or economic interests of any Loan Party (other than CEI and Cheniere Southern Trail Pipeline) or CQP GP, other than any such transaction that results following or in connection with the transfer of all or substantially all of the assets of such entity to a Loan Party, measured on a fully diluted basis in voting power or the economic interests rather than number of shares or (iv) CEI shall cease to hold directly or indirectly 100% of the Equity Interests of any Loan Party; provided, that any of the transactions permitted pursuant to Section 6.05(a) or 6.05(d) shall not be a "Change of Control";

(y) and with respect to CEI shall mean:

(i) any "person" or "group" files a Schedule 13D or Schedule TO, or any successor schedule, form or report under the Exchange Act, disclosing, or CEI otherwise becomes aware, that such person or group is or has become the "beneficial owner," directly or indirectly, of shares of CEI's Voting Stock (other than Common Stock received by the Convertible Lenders pursuant to Section 2.13 hereof) representing 50% or more of the total voting power or economic interests of all outstanding classes of CEI's Voting Stock (other than Common Stock received by the Convertible Lenders pursuant to Section 2.13 hereof) or has the power, directly or indirectly, to elect a majority of the members of the "board of directors" of CEI;

(ii) CEI consolidates with, or merges with or into, another Person or CEI sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of the Borrower's assets, or any Person consolidates with, or merges with or into, CEI, in any such event other than pursuant to a transaction in which the Persons (the "Existing Shareholders") that "beneficially owned," directly or indirectly, shares of CEI's Voting Stock immediately prior to such transaction beneficially own, directly or indirectly, shares of Voting Stock representing a majority of the total voting power and economic interests of all outstanding classes of Voting Stock of the surviving or transferee person in substantially the same proportion amongst such Existing Shareholders as such ownership immediately prior to such transaction;

(iii) a majority of the members of the "board of directors" of CEI are not Continuing Directors; or

(iv) CQP or CEI's Common Stock ceases to be listed on a national securities exchange or quoted on an established over-the-counter trading market in the United States.

"Common Stock" shall mean any stock of any class of CEI which has no preference in respect of dividends or of amounts payable in the event of

any voluntary or involuntary liquidation, dissolution or winding-up of CEI and which is not subject to redemption by CEI. Shares issuable to the Convertible Lenders upon their exchange of the Exchangeable Portion of their Loans shall include only shares of the class designated as Common Stock of CEI, par value $0.003 per share, at the date of this Agreement or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of CEI and which are not subject to redemption by CEI; provided, however, that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Investors' Agreement" shall mean the Amended and Restated Investors Agreement, dated as of September 13, 2011, by and among CEI, the Borrower and each Convertible Lender.

"Loan Party" shall mean each Credit Agreement Guarantor and Grantor, other than CQP GP, Corpus Christi LNG, LLC, Corpus Christi Liquefaction, LLC, Corpus Christi Natural Gas Liquids, LLC, Creole Trail LNG, L.P. and the Marketing Entities.

"Units" shall mean the common limited partnership units of CQP held by the Borrower together with any additional common limited partnership units of CQP acquired by the Borrower pursuant to Section 6.04(h)(i).

1.1.2. Section 1.01 of the Credit Agreement is amended by deleting the definition of "Preferred Stock".

1.1.3. Section 1.01 of the Credit Agreement is amended by adding the following new definition in proper alphabetical sequence:

"Uncertificated Securities Control Agreement" shall mean the Amended and Restated Uncertificated Securities Control Agreement dated as of September 13, 2011 among the Borrower, CQP and the Collateral Agent.

1.2. Amendment to Section 2.08 (Voluntary Prepayments). Section 2.08(a) of the Credit Agreement is restated to read in its entirety as follows:

(a) Upon 45 days prior written notice to the Convertible Lenders, Borrower may prepay all but not less than all of the principal amount of the Convertible Loans without premium or penalty at any time if the Daily VWAP for the Common Stock has been greater than $12.50 (the "Required Conversion Price") per share for the thirty (30) Trading Day period immediately preceding such prepayment date. All prepayments under this

Section 2.08 shall be accompanied by accrued and unpaid interest (including Permitted Accrued Interest) and Fees on the principal amount to be prepaid to but excluding the date of payment. All prepayments pursuant to this Section 2.08 shall be subject to Section 2.11. At the time the Borrower gives any notice of prepayment, it will deliver the information and take the actions, if any, required pursuant to Section 5.15.

1.3. Amendment to Section 2.13 (Exchange of Loans). Section 2.13 of the Credit Agreement is restated to read in its entirety as follows:

SECTION 2.13. Exchange of Loans.

(a) Subject to the further provisions of the Investors' Agreement (including the obligations of the Borrower and CEI pursuant to Section 4.1.1 of the Investors' Agreement), a Convertible Lender may exchange the Exchangeable Portion of its Convertible Loan in whole (but not in part) into Common Stock at any time prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Maturity Date, at the Exchange Rate in effect on the date the Exchange Notice is delivered.

(b) Subject to the proviso of Section 4.1.1 to the Investors' Agreement, the Exchangeable Portion of Convertible Loans delivered for exchange will be deemed to have been exchanged immediately prior to 5:00 p.m. on the Exchange Date. A Convertible Lender is not entitled to any rights with regard to Common Stock until such Lender has exchanged in accordance with Section 4.2.1 of the Investors' Agreement (or is deemed to have exchanged) and shall be entitled to rights with regard to Common Stock only to the extent such Exchangeable Portion of Convertible Loans have been exchanged (or deemed to have exchanged) into Common Stock pursuant to Article 4 of the Investors' Agreement.

(c) The right of exchange attaching to the Exchangeable Portion of any Convertible Loan may be exercised (i) if such Convertible Loan is not represented by a promissory note, by book-entry transfer by the Administrative Agent, or (ii) if such Convertible Loan is represented by a promissory note, by delivery of such promissory note at the specified office of the Administrative Agent, accompanied, in either case, by: (1) a duly signed and completed Exchange Notice, in the form as set forth as Exhibit G (an "Exchange Notice"), which Exchange Notice shall specify the Exchangeable Portion of such Convertible Loan to be exchanged; (2) if any promissory note has been lost, stolen, destroyed or mutilated, a notice to CEI and the Administrative Agent regarding the loss, theft, destruction or mutilation of the promissory note together with reasonable indemnity for Borrower and CEI; (3) appropriate endorsements and transfer documents if required by CEI; and (4) payment of any Other Tax due, in accordance with Section 4.4 of the Investors' Agreement, that would be payable because of the issue, delivery or registration of the Common Stock in the name of a

person other than the Convertible Lender of such Convertible Loan. Subject to the proviso to the first paragraph of Section 4.1.1 of the Investors' Agreement, the date on which the Convertible Lender satisfies all of the requirements in the immediately preceding sentence is the "Exchange Date." Notwithstanding any other provision of this Agreement, the Borrower shall not redeem or prepay any (or any portion thereof) with respect to which an Exchange Notice has been delivered to the Administrative Agent. CEI shall deliver to the Convertible Lender a certificate for the number of whole shares of Common Stock issuable upon the conversion (and cash in lieu of any fractional shares pursuant to Section 4.3 of the Investors' Agreement) on the applicable date specified in Section 4.11 of the Investors' Agreement for such delivery.

(d) Upon exchange of a Convertible Loan, such person shall no longer be a Convertible Lender to the extent of such exchanged Convertible Loan. No adjustment will be made to the Exchange Rate for accrued and unpaid interest on an exchanged Convertible Loan except as provided herein or in the Investors' Agreement.

1.4. Amendment to Section 5.18 (Certain Post-Closing Matters). New paragraph (g) is hereby added to Section 5.18 of the Credit Agreement to read in its entirety as follows:

(g) Within fifteen (15) days after request by the Required Lenders, Borrower will take all actions reasonably necessary to cause the Units to become certificated securities (as such term is defined in Section 8-102 of the UCC) and shall use commercially reasonable efforts to cause the transfer agent and CQP to take all actions reasonably necessary in connection therewith.

1.5. Amendment to Section 6.04 (Investments, Loans and Advances).

1.5.1. Section 6.04(d) of the Credit Agreement is restated to read in its entirety as follows:

(d) Investments, the proceeds of which fund Ordinary Course Operations, subject (X) in the case of paragraph (v) of the definition of Ordinary Course Operations, to a maximum aggregate amount of the CEI Threshold at any time outstanding and (Y) in the case of each of paragraphs (vi), (vii), (viii) and (ix) of the definition of Ordinary Course Operations, to a maximum aggregate amount of $10,000,000 per fiscal year; provided that, in each case, (1) any such Investment which is Indebtedness between Subsidiaries of CEI is evidenced by an intercompany note and such intercompany note is pledged to the Collateral Agent as security for the Obligations and is subjected to the Lien under the applicable Security Agreement and (2) any such Investment in Corpus Christi Liquefaction, LLC or Corpus Christi Natural Gas Liquids, LLC shall be in the form of Indebtedness and shall be made pursuant to the Global Intercompany Note; and provided further that, notwithstanding the foregoing provisions of this

Section 6.04(d), a Loan Party may transfer Equity Interests of a Subsidiary to CEI or another Loan Party (other than to Holdings).

1.5.2. Section 6.04 of the Credit Agreement is amended to (i) delete the word "and" at the end of paragraph (f), (ii) to delete the period at the end of paragraph (g) and add the word ";and" at the end of paragraph (g), and (iii) to add new paragraph (h), to read in its entirety as follows:

(h) Without limitation to the foregoing, Investments in Borrower pursuant to the Global Intercompany Note of up to $20,000,000 in the aggregate so long as (i) such funds are contemporaneously used by Borrower to acquire additional Common Units (as defined in the CQP Partnership Agreement as in effect on the date hereof) from CQP in one or more transactions consummated concurrently with a public offering of Common Units by CQP, so long as (x) the per unit price paid by Borrower is not greater than the per unit price at which the Common Units are sold to the public pursuant to such public offering, (y) such public offering is completed on or prior to September 30, 2011 and (z) the Borrower purchases not less than 500,000 Common Units from CQP concurrently with such public offering, (ii) upon the acquisition of such additional Units by Borrower, the Collateral Agent shall have a perfected security interest in such Units superior to the rights of any other person, and (iii) in connection therewith, the Borrower shall have delivered an Officer's Certificate addressed to the Lenders, the Administrative Agent and the Collateral Agent (x) certifying that attached thereto is a true, complete and correct copy of Schedule 1 to the Uncertificated Securities Control Agreement that includes such additional Units and (y) directing the Collateral Agent to substitute the then existing Schedule 1 to the Uncertificated Securities Control Agreement with the copy thereof attached to such Officer's Certificate.

1.6. Amendment to Section 6.17 ([Reserved]). Section 6.17 of the Credit Agreement is restated to read in its entirety as follows: SECTION 6.17. Activities of Corpus Christi Liquefaction, LLC or Corpus Christi Natural Gas Liquids, LLC. Corpus Christi LNG, LLC shall not pledge, create, incur, assume or permit to exist any Lien on any of the equity interests of Corpus Christi Liquefaction, LLC or Corpus Christi Natural Gas Liquids, LLC as security for the obligations under CSH Credit Agreement, the CEI Indenture or the Sabine Notes, or any refinancing, renewal or replacement, in whole or in part, of the foregoing. In addition, no Loan Party shall permit either Corpus Christi Liquefaction, LLC or Corpus Christi Natural Gas Liquids, LLC to:

(a) become obligated under (whether as a guarantor or otherwise) or otherwise provide credit support for any obligations outstanding under the CSH Credit Agreement, the CEI Indenture or the Sabine Notes, or any refinancing, renewal or replacement, in whole or in part, of the foregoing;

(b) create, incur, assume or permit to exist any Lien on any property or assets now owned or hereafter acquired by it, on any income or revenues or rights in respect of any thereof as security for the obligations under CSH Credit Agreement, the CEI Indenture or the Sabine Notes, or any refinancing, renewal or replacement, in whole or in part, of the foregoing; or

(c) make any Investments in any obligations under, or in respect of, the CSH Credit Agreement, the CEI Indenture or the Sabine Notes or any refinancing, renewal or replacement, in whole or in part, of the foregoing or make any payments in respect thereof, whether of principal, interest, fees or otherwise.

1.7. Amendment to Schedule 1A. Schedule 1A to the Credit Agreement is hereby amended to add (i) Corpus Christi Liquefaction, LLC and (ii) Corpus Christi Natural Gas Liquids, LLC to the list of Grantors set forth therein, and accordingly Schedule 1A to the Credit Agreement is hereby restated in its entirety to read as set forth in Annex I attached hereto.

1.8. Amendment to Schedule 1C. Schedule 1C to the Credit Agreement is hereby amended to add (i) Corpus Christi Liquefaction, LLC and (ii) Corpus Christi Natural Gas Liquids, LLC to the list of Non-LNG Entities set forth therein, and accordingly Schedule 1C to the Credit Agreement is hereby restated in its entirety to read as set forth in Annex II attached hereto.

1.9. Amendment to Exhibit "G". Exhibit "G" to the Credit Agreement is restated in its entirety to read as set forth in Annex III attached hereto.

1.10. Amendment to Schedule 3.09. Schedule 3.09 of the Credit Agreement is restated in its entirety to read as set forth in Annex IV attached hereto.

2. Amendments to Non-LNG Entities Guarantee and Collateral Agreement. Upon the satisfaction or waiver by the Lenders of the conditions referred to in Section 5 of this Amendment, the Non-LNG Entities Guarantee and Collateral Agreement is amended as follows:

2.1. Joinder of New Subsidiaries. Each of Corpus Christi Liquefaction, LLC and Corpus Christi Natural Gas Liquids, LLC hereby join the Non-LNG Entities Guarantee and Collateral Agreement as a Grantor signatory thereto and assume the covenants, obligations and liabilities of a Grantor thereunder, and agree to be bound thereby as if it had been an original party thereto, and confirm that upon joining the LNG Entities Guarantee and Collateral Agreement the representations and warranties set forth therein shall be true and correct with respect to it, except to the extent they relate to an earlier date in which case they shall be true and correct as of such earlier date.

2.2. Amendment to Section 1.01 (Definitions). Section 1.01 of the Non-LNG Entities Guarantee and Collateral Agreement is amended adding the following definition of "Non-Convertible Lender Payoff Date" to read in its entirety as follows:

"Non-Convertible Lender Payoff Date" means the date on which all Borrower Obligations (other than reimbursement and indemnity obligations for which no claim or demand for payment has been made) held by the Non-Convertible Lenders under any Loan Document are paid in full in cash.

2.3. Amendment to Section 8.18 (Release of Collateral on Non-Convertible Lender Payoff Date). Section 8.18 is added to the Non-LNG Entities Guarantee and Collateral Agreement to read in its entirety as follows:

8.18 Release of Collateral on Non-Convertible Lender Payoff Date. Upon the occurrence of the Non-Convertible Lender Payoff Date, the Collateral shall be released from the Liens created hereby, and Sections 3, 4, 5, 6 and 7 of this Agreement shall be of no further force or effect. At the request and sole expense of any Grantor following any such release, the Collateral Agent shall deliver to such Grantor any Collateral held by the Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such release.

2.4. Amendment to Schedule 1. Schedule 1 to the Non-LNG Entities Guarantee and Collateral Agreement is hereby amended to add Corpus Christi Liquefaction, LLC and Corpus Christi Natural Gas Liquids, LLC to the list of Intercompany Loan Parties set forth therein, and accordingly Schedule 1 to the Non-LNG Entities Guarantee and Collateral Agreement is hereby restated in its entirety to read as set forth in Annex V attached hereto.

2.5. Amendment to Schedule 4.07(a). Schedule 4.07(a) to the Non-LNG Entities Guarantee and Collateral Agreement is hereby amended to revise the description of the equity interests pledged by Borrower to include any additional common limited partnership units of CQP permitted to be acquired by Borrower pursuant to Section 6.04(h) of the Credit Agreement, and accordingly Schedule 4.07(a) to the Non-LNG Entities Guarantee and Collateral Agreement is hereby restated in its entirety to read as set forth in Annex VI attached hereto.

3. Amendments to LNG Entities Guarantee and Collateral Agreement. Upon the satisfaction or waiver by the Lenders of the conditions referred to in Section 5 of this Amendment, the LNG Entities Guarantee and Collateral Agreement is amended as follows:

3.1. Amendment to Section 1.01 (Definitions). Section 1.01 of the LNG Entities Guarantee and Collateral Agreement is amended adding the following definition of "Non-Convertible Lender Payoff Date" to read in its entirety as follows:

"Non-Convertible Lender Payoff Date" means the date on which all Borrower Obligations (other than reimbursement and indemnity obligations for which no claim or demand for payment has been made) held by the Non-Convertible Lenders under any Loan Document are paid in full in cash.

3.2. Amendment to Section 8.19 (Release of Collateral on Non-Convertible Lender Payoff Date). Section 8.19 is added to the LNG Entities Guarantee and Collateral Agreement to read in its entirety as follows:

8.19 Release of Collateral on Non-Convertible Lender Payoff Date. Upon the occurrence of the Non-Convertible Lender Payoff Date, the Collateral shall be released from the Liens created hereby, and Sections 3, 4, 5, 6 and 7 of this Agreement shall be of no further force or effect. At the request and sole expense of any Grantor following any such release, the Collateral Agent shall deliver to such Grantor any Collateral held by the Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such release.

4. Representations and Warranties. Each Loan Party, Guarantor and Grantor hereby represents and warrants to the Administrative Agent, the Collateral Agent and the Lenders (which representations and warranties shall survive the execution and delivery of this Amendment) as follows:

4.1. Absence of Defaults. No event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Amendment that would constitute a Default or Event of Default after giving effect to this Amendment.

4.2. Enforceability. This Amendment has been duly executed and delivered by such Loan Party, Guarantor or Grantor, as applicable, and constitutes a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3. Authorization, No Conflicts. The execution, delivery and performance of this Amendment by such Loan Party, Guarantor or Grantor, as applicable, (i) has been duly authorized by all requisite organizational action of such Person and (ii) will not (A) violate (1) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of such Person, (2) any order of any Governmental Authority or arbitrator or (3) any provision of any indenture, agreement or other instrument to which such Person is a party or by which it or any of its property is or may be bound, (B) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (C) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by such Person (other than Liens created under the Security Documents).

4.4. Incorporation of Representations and Warranties. The representations and warranties contained in Article III of the Credit Agreement are and will be true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of this date, except to the extent such representations and warranties specifically relate to an

earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

4.5. Necessary Consents. Each Loan Party, Guarantor and Grantor represents that it has obtained all material consents necessary or advisable in connection with the transactions contemplated by this Amendment.

5. Effectiveness. The effectiveness of this Amendment and the amendments to the Credit Agreement set forth in Section 1 hereof, the amendments to the Non-LNG Entities Guarantee and Collateral Agreement set forth in Section 2 hereof and the amendments to the LNG Entities Guarantee and Collateral Agreement set forth in Section 3 hereof are each subject to the satisfaction of each the following conditions precedent:

5.1. Restated Investors' Agreement. The Administrative Agent shall have received duly executed and delivered counterparts of the Amended and Restated Investors' Agreement dated as of the date hereof that, when taken together, bear the signatures of the Borrower, CEI and the Convertible Lenders.

5.2. Restated Global Intercompany Note. The Collateral Agent shall have received an original restated Global Intercompany Note in the form of Exhibit F to the Credit Agreement, executed by each of the parties originally signatory thereto, along with Corpus Christi Liquefaction, LLC and Corpus Christi Natural Gas Liquids, LLC (each a "***New Cheniere Party***" and collectively the "***New Cheniere Parties***"), and such restated Global Intercompany Note shall have been duly and validly pledged to the Collateral Agent, for the ratable benefit of the Secured Parties, accompanied by instruments of transfer endorsed in blank.

5.3. Execution. The Administrative Agent shall have received duly executed and delivered counterparts of this Amendment that, when taken together, bear the signatures of the Loan Parties, the Guarantors, the Grantors, the Lenders, the Administrative Agent and the Collateral Agent.

5.4. Corporate Documents for New Cheniere Parties. The Lenders shall have received (i) a copy of the formation documents, including all amendments thereto, of each New Cheniere Party, certified as of a recent date by the Secretary of State of the state of its organization; (ii) a certificate of the Secretary or Assistant Secretary of each new Cheniere Party dated as of the date hereof and certifying (A) that attached thereto is a true and complete copy of the limited liability company agreement of such entity in effect on such date and at all times since a date prior to the date of the resolutions described in clause (B) below (such limited liability company agreement to be in form and substance reasonably satisfactory to the Lenders), (B) that attached thereto is a true and complete copy of resolutions duly adopted by the members or board of managers, as the case may be, of each New Cheniere Party authorizing the execution, delivery and performance of the Loan Documents to which it is a party and the granting of the Liens contemplated to be granted under the Security Documents to which it is a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the formation documents of such New Cheniere Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i)

above and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such New Cheniere Party and (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

5.5. Representations and Warranties. The representations and warranties contained herein shall be true and correct in all respects.

5.6. Uncertificated Securities Control Agreement. The Administrative Agent shall have received duly executed and delivered counterparts of the Amended and Restated Uncertificated Securities Control Agreement in the form of Annex VII hereto dated as of the date hereof that, when taken together, bear the signatures of the Borrower, CQP and the Collateral Agent.

5.7. Fees. All fees and expense reimbursement payable by the Borrower to the Administrative Agent, the Collateral Agent and the Lenders for which invoices have been presented shall have been paid in full.

5.8. Collateral Matters. (a) the Collateral Agent shall have been granted on the date hereof perfected Liens on the Collateral pledged by each New Cheniere Party (subject only to Permitted Liens) and shall have received such other documents as the Lenders shall reasonably request and which are customarily delivered in connection with security interests in assets of the type subject to the Lien on such Collateral purported to be created by the Security Documents, and (b) the Global Intercompany Note shall have been duly and validly pledged to the Collateral Agent, for the ratable benefit of the Secured Parties, under the applicable Security Documents, and the Global Intercompany Note accompanied by an instrument of transfer endorsed in blank, shall be in the actual possession of the Collateral Agent.

Notwithstanding anything to the contrary in this Amendment, each Lender by delivering its signature page to this Amendment hereby authorizes and directs the Agents to execute and deliver this Amendment and the other documents contemplated hereby (including, without limitation, the Amended and Restated Uncertificated Securities Control Agreement in the form of Annex VII hereto) and shall be deemed to have acknowledged receipt of and consented to and approved the Amendment and each other document required hereunder to be approved by any Agent or any Lender, as applicable, on the date such Lender delivers its signature to this Amendment and each of the Agents shall be entitled to rely on such confirmation.

6. Reference to and Effect Upon the Loan Documents.

6.1. Except as specifically set forth above, the Credit Agreement, the Non-LNG Entities Guarantee and Collateral Agreement, the LNG Entities Guarantee and Collateral Agreement and each other Loan Document shall remain in full force and effect and is hereby ratified and confirmed. Except to the extent expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right,

power or remedy of Agents or any Lender under the Loan Documents, or any other document, instrument or agreement executed and/or delivered in connection therewith.

6.3. Any reference in any Loan Document to the Credit Agreement, the Non-LNG Entities Guarantee and Collateral Agreement or the LNG Entities Guarantee and Collateral Agreement shall be a reference to the Credit Agreement, the Non-LNG Entities Guarantee and Collateral Agreement or the LNG Entities Guarantee and Collateral Agreement, as applicable, as modified by this Amendment, and any reference in any Loan Document to any other Loan Document shall be a reference to such referenced Loan Document as modified by this Amendment.

6.3. This Amendment is a Loan Document. The provisions of Section 9.15 of the Credit Agreement shall apply with like effect to this Amendment.

7. Further Assurances. Each Loan Party, Guarantor and Grantor hereby agrees to authorize, execute and deliver all additional instruments, certificates, financing statements, agreements or documents, and take all such actions as the Administrative Agent, the Collateral Agent or the Lenders may reasonably request for the purposes of implementing or effectuating the provisions of this Amendment.

8. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF.

9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute part of this Amendment for any other purposes.

10. Counterparts. This Amendment may be executed by all parties hereto in any number of separate counterparts each of which may be delivered in original, facsimile or other electronic (e.g., ".pdf") form, and all of such counterparts taken together constitute one instrument.

11. Severability. In case any one or more of the provisions contained in this Amendment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Amendment shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

12. WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AMENDMENT OR ANY OTHER LOAN DOCUMENTS AND FOR ANY COUNTERCLAIM THEREIN.

13. Final Agreement of the Parties. THIS AMENDMENT, THE CREDIT AGREEMENT, THE NON-LNG ENTITIES GUARANTEE AND COLLATERAL AGREEMENT, THE LNG ENTITIES GUARANTEE AND COLLATERAL AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

14. Each of the parties hereto acknowledge and agree that Administrative Agent and Collateral Agent shall be afforded all of the rights, privileges, protections, indemnities and immunities afforded to it under the Credit Agreement, the LNG Entities Guarantee and Collateral Agreement and the Non-LNG Entities Guarantee and Collateral Agreement in connection with its execution of this Amendment and the performance of its obligations hereunder.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

CHENIERE COMMON UNITS HOLDING, LLC, as Borrower, as a Loan Party and as a Grantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE CORPUS CHRISTI PIPELINE, L.P., as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE CREOLE TRAIL PIPELINE, L.P., as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE ENERGY OPERATING CO., INC., as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE MIDSTREAM HOLDINGS, INC., as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE PIPELINE COMPANY, as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE PIPELINE GP INTERESTS, LLC, as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE SOUTHERN TRAIL GP, INC., as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE SOUTHERN TRAIL PIPELINE, L.P., as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

GRAND CHENIERE PIPELINE, LLC, as a Loan Party and as a Grantor and Guarantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE ENERGY SHARED SERVICES, INC., as a Loan Party and as a Grantor and Guarantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE ENERGY, INC., as a Loan Party and as a Grantor and Guarantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE LNG HOLDINGS, LLC, as a Loan Party and as a Grantor and Guarantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE LNG O&M SERVICES, LLC, as a Loan Party and as a Grantor and Guarantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE LNG TERMINALS, INC., as a Loan Party and as a Grantor and Guarantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE LNG, INC., as a Loan Party and as a Grantor and Guarantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE ENERGY PARTNERS GP, LLC, as a Grantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE MARKETING, LLC, as a Grantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE SUPPLY & MARKETING, INC., as a Grantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CORPUS CHRISTI LNG, LLC, as a Grantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CREOLE TRAIL LNG, L.P., as a Grantor under the LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CHENIERE LNG SERVICES S.A.R.L., as a Grantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Charif Souki
Name: Charif Souki
Title: Manager

CORPUS CHRISTI LIQUEFACTION, LLC, as a Grantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

CORPUS CHRISTI NATURAL GAS LIQUIDS, LLC, as a Grantor under the Non-LNG Entities Guarantee and Collateral Agreement

By: /s/ Graham McArthur
Name: Graham McArthur
Title: Treasurer

LENDERS:

GSO SPECIAL SITUATIONS FUND LP, as a Lender

By: GSO Capital Partners LP, its investment advisor

By: /s/ Marisa Beeney
Name: Marisa Beeney
Title: Authorized Signatory

GSO COF FACILITY LLC, as a Lender

By: GSO Capital Partners LP, as Portfolio Manager

By: /s/ Marisa Beeney
Name: Marisa Beeney
Title: Authorized Signatory

GSO SPECIAL SITUATIONS OVERSEAS MASTER FUND LTD, as a Lender

By: GSO Capital Partners LP, its investment advisor

By: /s/ Marisa Beeney
Name: Marisa Beeney
Title: Authorized Signatory

BLACKSTONE DISTRESSED SECURITIES FUND L.P., as a Lender

By: Blackstone Distressed Securities Associates L.P., its General Partner

By: Blackstone DD Associates, L.L.C., its General Partner

By: /s/ Marisa Beeney
Name: Marisa Beeney
Title: Authorized Signatory

INVESTMENT PARTNERS II (A), LLC, as a Lender

By: Blackrock Financial Management, Inc., its investment manager

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

SCORPION CAPITAL PARTNERS, LP, as a Lender

By: Scorpion GP, LLC

By: /s/ Kevin McCarthy
Name: Kevin McCarthy
Title: Manager

THE BANK OF NEW YORK MELLON, solely as Administrative Agent and Collateral Agent under the Credit Agreement and the other Loan Documents

By: /s/ Melinda Valentine
Name: Melinda Valentine
Title: Vice President

Annex I

Schedule 1A
(To Credit Agreement)

LIST OF GUARANTORS AND GRANTORS

Guarantors

Cheniere Energy, Inc.
Cheniere Midstream Holdings, Inc.
Cheniere Pipeline Company
Cheniere Pipeline GP Interests, LLC
Grand Cheniere Pipeline, LLC
Cheniere Southern Trail GP, Inc.
Cheniere LNG, Inc.
Cheniere LNG Terminals, Inc.
Cheniere LNG Holdings, LLC
Cheniere Energy Shared Services, Inc.
Cheniere Creole Trail Pipeline, L.P.
Cheniere Corpus Christi Pipeline, L.P.
Cheniere LNG O&M Services, LLC
Cheniere Energy Operating Co., Inc.
Cheniere Southern Trail Pipeline, L.P.

Grantors

Cheniere Energy, Inc.
Cheniere Midstream Holdings, Inc.
Cheniere Pipeline Company
Cheniere Pipeline Interests GP, LLC
Grand Cheniere Pipeline , LLC
Cheniere Southern Trail GP, Inc.
Cheniere LNG, Inc.
Cheniere LNG Terminals, Inc.
Cheniere LNG Holdings, LLC
Cheniere Energy Shared Services, Inc.
Cheniere Creole Trail Pipeline, L.P.
Cheniere Corpus Christi Pipeline, L.P.
Cheniere LNG O&M Services, LLC
Cheniere Common Units Holding, LLC
Cheniere Supply & Marketing, Inc.
Cheniere Marketing, LLC (formerly Cheniere Marketing, Inc.)
Cheniere Energy Partners GP, LLC
Cheniere Energy Operating Co., Inc.
Cheniere Southern Trail Pipeline, L.P.
Corpus Christi LNG, LLC
Creole Trail LNG, L.P.
Cheniere LNG Services S.A.R.L.
Corpus Christi Liquefaction, LLC
Corpus Christi Natural Gas Liquids, LLC

Annex II

Schedule 1C
(To Credit Agreement)

LIST OF NON-LNG ENTITIES

Cheniere Midstream Holdings, Inc.
Cheniere Energy Operating Co., Inc.
Cheniere Pipeline Company
Cheniere Pipeline GP Interests, LLC
Cheniere Southern Trail GP, Inc.
Grand Cheniere Pipeline, LLC
Cheniere Southern Trail Pipeline, L.P.
Cheniere Creole Trail Pipeline, L.P.
Cheniere Corpus Christi Pipeline, L.P.
Cheniere Common Units Holding, LLC
Cheniere Supply & Marketing, Inc.
Cheniere LNG Services S.A.R.L.
Corpus Christi Liquefaction, LLC
Corpus Christi Natural Gas Liquids, LLC

Annex III

Exhibit G
to the Credit Agreement

FORM OF EXCHANGE NOTICE

Date: **[**________**] [**__**]**, 20**[**__**]**

Cheniere Energy, Inc.
Cheniere Common Units Holding, LLC
700 Milam Street, Suite 800
Houston, Texas 77002
Attention: General Counsel

The Bank of New York Mellon, as Administrative Agent
600 East Las Colinas Blvd, Suite 1300
Irving, Texas 75039
Attention: Melinda Valentine

Re: Cheniere Energy, Inc. Common Stock

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of August 15, 2008 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among CHENIERE COMMON UNITS HOLDING, LLC, a Delaware limited liability company (the " Borrower"), the other LOAN PARTIES signatory thereto, the Lenders from time to time party thereto and THE BANK OF NEW YORK MELLON, as administrative agent (in such capacity and together with its successors, the "Administrative Agent") and as collateral agent (in such capacity and together with its successors, the "Collateral Agent"). Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. **[**Surrender of Promissory Note(s). Enclosed herewith **[**is an/are**]** original promissory note**[**s**]** issued to the order of the Convertible Lender specified in Section **[**2**]** below in the aggregate principal amount of $ **[**__________**]** (the "**Surrendered Note(s)**"), evidencing Exchangeable Portion of Convertible Loans under the Credit Agreement.**]**[1]

2. Request for Exchange. **[***Name of Lender***]** wishes to exchange **[**all/$_________**]** of **[**the Surrendered Note(s)**][**its Exchangeable Portion of Convertible Loans (the "**Surrendered Loan**")**]** for a certificate for the number of whole shares of Common Stock issuable upon the conversion thereof (and cash in lieu of any fractional shares pursuant to Section 4.3 of the Investors' Agreement) issued in the names of the holders specified below:

[1] Applicable only if one or more promissory notes under the Credit Agreement are issued and outstanding to the order of such Convertible Lender.

Amount(s) of Convertible Loans Exchanged	Name(s) of Holder(s)	Address(es) of Holder(s)
$		
$		
$		

3. Issuance of Common Stock; Cancellation of Surrendered Note(s)/Surrendered Loan. On the Exchange Date, CEI shall (a) issue the Common Stock, (b) deliver certificates for such Common Stock by hand or by overnight courier to the Administrative Agent and instruct the Administrative Agent to deliver such duly authenticated Common Stock by hand or by overnight courier to the **[**respective**]** holder(s) identified in Section **[**2**]** above at the address(es) specified therein **[**and (c) deliver the Surrendered Note(s) to the Company for cancellation upon receipt of the Common Stock **]**. [2]

4. Issuance of Replacement Promissory Note. Not later than the Exchange Date, the Company shall (a) issue **[***number***]** replacement promissory note(s), dated the Exchange Date, bearing interest at the rate then in effect on the **[**Surrendered Note(s)**][**Surrendered Loan**]**, in the aggregate amount of $**[__________]**, representing $**[__________]** of principal on the **[**Surrendered Note(s)**][**Surrendered Loan**]** not so exchanged, in the respective amount(s) and to the payee(s) set forth below and (b) deliver such replacement promissory note(s) by hand or by overnight courier to the **[**respective**]** payee(s) identified in this Section **[**4**]** at the address(es) specified below, with copies to the Administrative Agent:

Amount(s) Convertible Loans Exchanged	Name(s) of Payee(s)	Address(es) of Payee(s)
$		
$		
$		

5. Treatment of Accrued and Unpaid Interest. The undersigned hereby acknowledges and agrees that (a) it shall not be deemed to be a Lender for purposes of the right to receive interest on any **[**Surrendered Note(s)**][**Surrendered Loan**]** that has accrued from and after the Exchange Date and (b) it shall be treated as a Holder (as defined in the Investors' Agreement) from and after the Exchange Date.

[2] Applicable only if one or more promissory notes under the Credit Agreement are issued and outstanding to the order of such Lender.

Thank you in advance for your prompt attention to this Exchange Notice.

Very truly yours,

[Name of Convertible Lender**]**

By:

Name:

Title:

Annex IV

Schedule 3.09
(To Credit Agreement)

Name of Parent	Legal Name of Subsidiary	Jurisdiction of Formation of Subsidiary	Ownership Interest in Subsidiary
Cheniere Energy, Inc.	Cheniere Energy Shared Services, Inc.	Delaware	100%
	Cheniere Midstream Holdings, Inc.	Delaware	100%
	Cheniere LNG, Inc.	Delaware	100%
Cheniere Energy Shared Services, Inc.	Cheniere LNG O&M Services, LLC	Delaware	100%
	Cheniere Energy Operating Co., Inc.	Delaware	100%
	Cheniere Pipeline Company	Delaware	100%
	Cheniere Supply & Marketing, Inc.	Delaware	100%
Cheniere Supply & Marketing, Inc.	Cheniere LNG Services, S.A.R.L.	France	100%
	Cheniere International Investments, B.V.	Netherlands	100%
Cheniere International Investments, B.V.	Cheniere LNG International S.A.R.L.	Switzerland	100%
Cheniere Pipeline Company	Cheniere Pipeline GP Interests, LLC	Delaware	100%
	Cheniere Southern Trail GP, Inc.	Delaware	100%
	Grand Cheniere Pipeline, LLC	Delaware	100%
Grand Cheniere Pipeline, LLC Cheniere Pipeline GP Interests, LLC	Cheniere Creole Trail Pipeline, L.P.	Delaware	100% 0%
Grand Cheniere Pipeline, LLC Cheniere Pipeline GP Interest, LLC	Frontera Pipeline, LLC	Delaware	99% 1%
Grand Cheniere Pipeline, LLC Cheniere Southern Trail GP, Inc.	Cheniere Southern Trail Pipeline, L.P.	Delaware	100% 0%
Grand Cheniere Pipeline, LLC Cheniere Pipeline GP Interests, LLC	Cheniere Corpus Christi Pipeline, L.P.	Delaware	100% 0%
Frontera Pipeline, LLC	Sonora Pipeline, LLC	Delaware	100%
	Marea GP, LLC	Delaware	100%

Frontera Pipeline, LLC Marea GP, LLC	Marea Associates, L.P.	Delaware	99% 1%
Marea Associates, L.P. Frontera Pipeline, LLC	Terranova Energia S. de R.L. de C.V.	Mexico	99.97% 0.03%
Cheniere LNG, Inc.	Cheniere LNG Terminals, Inc.	Delaware	100%
Cheniere LNG, Inc. Cheniere LNG Terminals, Inc.	Creole Trail LNG, L.P.	Delaware	0% 100%
Cheniere LNG, Inc. Cheniere LNG Terminals, Inc.	Corpus Christi LNG, LLC	Delaware	33.3% 66.7%
Corpus Christi LNG, LLC	Corpus Christi Natural Gas Liquids, LLC	Delaware	100%
Corpus Christi LNG, LLC	Corpus Christi Liquefaction, LLC	Delaware	100%
Cheniere LNG Terminals, Inc.	Cheniere Marketing, LLC	Delaware	100%
Cheniere LNG Terminals, Inc.	Cheniere LNG Holdings, LLC	Delaware	100%
Cheniere LNG Holdings, LLC	Cheniere Common Units Holding, LLC	Delaware	100%
	Cheniere Subsidiary Holdings, LLC	Delaware	100%
	Cheniere Energy Partners GP, LLC	Delaware	100%
Cheniere Subsidiary Holdings, LLC	Cheniere FLNG-GP, LLC	Delaware	100%
Cheniere FLNG-GP, LLC Cheniere Subsidiary Holdings, LLC	Cheniere FLNG, L.P.	Delaware	0% 100%
Cheniere Subsidiary Holdings, LLC Cheniere Common Units Holding, LLC Cheniere Energy Partners GP, LLC	Cheniere Energy Partners, L.P.	Delaware	81.7% 6.6% 2.0%
Cheniere Energy Partners, L.P.	Cheniere Energy Investments, LLC	Delaware	100%
Cheniere Energy Investments, LLC	Sabine Pass LNG-GP, LLC	Delaware	100%
	Sabine Pass LNG-LP, LLC	Delaware	100%
	Cheniere Midstream Services, LLC	Delaware	100%
	Cheniere NGL Pipeline, LLC	Delaware	100%
Sabine Pass LNG-GP, Inc. Sabine Pass LNG-LP, LLC	Sabine Pass LNG, L.P.	Delaware	0% 100%

Sabine Pass LNG-LP, LLC	Sabine Pass Liquefaction	Delaware	100%
Sabine Pass LNG, L.P.	Sabine Pass Tug Services, LLC	Delaware	100%

Annex V

Schedule 1
(To Non-LNG Entities Guarantee and Collateral Agreement)

Part 1. Pledgors
Cheniere Common Units Holding, LLC
Cheniere Midstream Holdings, Inc.
Cheniere Pipeline Company
Cheniere Pipeline GP Interests, LLC
Cheniere Southern Trail GP, Inc.
Grand Cheniere Pipeline, LLC
Cheniere Creole Trail Pipeline, L.P.
Cheniere Corpus Christi Pipeline, L.P.

Part 2. Intercompany Loan Parties
Cheniere Common Units Holding, LLC
Cheniere Midstream Holdings, Inc.
Cheniere Pipeline Company
Cheniere Pipeline GP Interests, LLC
Cheniere Southern Trail GP, Inc.
Grand Cheniere Pipeline, LLC
Cheniere Creole Trail Pipeline, L.P.
Cheniere Corpus Christi Pipeline, L.P.
Cheniere Supply & Marketing, Inc.
Cheniere Energy Operating Co., Inc.
Cheniere Southern Trail Pipeline, L.P.
Cheniere LNG Services S.A.R.L.
Corpus Christi Liquefaction, LLC
Corpus Christi Natural Gas Liquids, LLC

Annex VI

SCHEDULE 4.07(a) TO GUARANTEE AND COLLATERAL AGREEMENT
(NON-CREST ENTITIES)

DESCRIPTION OF PLEDGED EQUITY INTERESTS

I. Pledged LLC Interests

Grantor	Issuer	# of Shares Owned	Total Shares Outstanding	% of Ownership Interest	Certificate No. (if any)
Cheniere Pipeline Company	Cheniere Pipeline GP Interests, LLC	100	100	100%	2
	Grand Cheniere Pipeline, LLC	100 units	100 units	100%	2

II. Pledged Partnership Interests

Grantor	Issuer	Type of Partnership Interest	Total Shares Outstanding	% of Ownership Interest	Certificate No. (if any)
Cheniere Common Units Holding, LLC	Cheniere Energy Partners, L.P.	10,891,357 common units, plus any additional common units acquired by Borrower pursuant to Section 6.04(h) of the Credit Agreement	N/A - publicly traded	N/A - publicly traded	Uncertificated
Cheniere Pipeline GP Interests, LLC	Cheniere Creole Trail Pipeline, L.P.	General Partnership Interest	N/A	—%	1
	Cheniere Corpus Christi Pipeline, L.P.	General Partnership Interest	N/A	—%	1
Cheniere Southern Trail GP, Inc.	Cheniere Southern Trail Pipeline, L.P.	General Partnership Interests	N/A	—%	1
Grand Cheniere Pipeline, LLC	Cheniere Creole Trail Pipeline, L.P.	Limited Partnership Interest	N/A	100%	1
	Cheniere Corpus Christi Pipeline, L.P.	Limited Partnership Interest	N/A	100%	1
	Cheniere Southern Trail Pipeline, L.P.	Limited Partnership Interest	N/A	100%	1

III. **Pledged Stock**

Grantor	Issuer	# of Shares Owned	Total Shares Outstanding	% of Ownership Interest	Certificate No.	Par Value
Cheniere Midstream Holdings, Inc.	Cheniere LNG Services, Inc.	1,000	1,000	100%	2	$0.01
	Cheniere Energy Operating Co., Inc.	1,000	1,000	100%	49	No Par Value
	Cheniere Pipeline Company	1,000	1,000	100%	6	$0.01
	Cheniere Supply & Marketing, Inc.	1,000	1,000	100%	3	$0.01
Cheniere Pipeline Company	Cheniere Southern Trail GP, Inc.	1,000	1,000	100%	1	$0.01

Annex VII

FORM OF
AMENDED AND RESTATED
UNCERTIFICATED SECURITIES CONTROL AGREEMENT

This Amended and Restated Uncertificated Securities Control Agreement (this "**Agreement**") dated as of September 13, 2011 among Cheniere Common Units Holding, LLC (the "**Pledgor**"), The Bank of New York Mellon, as Collateral Agent under the Security Agreement (as defined below), (the "**Secured Party**") and Cheniere Energy Partners, L.P., a Delaware limited partnership (the "**Issuer**"). Capitalized terms used but not defined herein shall have the meaning assigned in the Guarantee and Collateral Agreement (Non-Crest Entities) dated as of August 15, 2008, by and among the Pledgor, the Secured Party and certain affiliates of the Pledgor signatory thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Security Agreement**"). All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

This Agreement amends and restates that certain Uncertificated Securities Control Agreement (the "**Original Control Agreement**") dated as of February 7, 2011 among the Pledgor, the Secured Party and the Issuer. It is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities of the parties under the Original Control Agreement and that this Agreement amend and restate in its entirety the Original Control Agreement and re-evidence the obligations outstanding on the date hereof as contemplated hereby.

Section 1. **Registered Ownership of Shares.** The Issuer hereby confirms and agrees that as of the date hereof the Pledgor is the registered owner of the common units representing limited partner interests in the Issuer as described on Schedule 1 hereto, as such schedule is updated from time to time pursuant to Section 6.04(h) of the Credit Agreement (the "**Pledged Shares**"), and the Issuer shall not change the registered owner of the Pledge Shares without the prior written consent of the Secured Party.

Section 2. **Instructions.** If at any time the Issuer shall receive instructions (within the meaning of Section 8-106(c) of the UCC) originated by the Secured Party relating to the Pledged Shares, the Issuer shall comply with such instructions without further consent by the Pledgor or any other person. Until this Agreement is terminated in accordance with Section 8 hereof, the Issuer will not comply with any instructions issued by the Pledgor or any other person (other than the Secured Party).

Section 3. **Additional Representations, Warranties & Agreements of the Issuer.** The Issuer hereby represents and warrants to, and agrees with, the Secured Party:

(a) It has not entered into, and until the termination of this agreement will not enter into, any agreement with any other person relating to the Pledged Securities pursuant to which it has agreed to comply with instructions (within the meaning of Section 8-106(c) of the UCC) issued by such other person.

(b) It has not entered into, and until the termination of this agreement will not enter into, any agreement with the Pledgor or the Secured Party purporting to limit or condition the obligation of the Issuer to comply with Instructions as set forth in Section 2 hereof.

(c) Except for the claims and interest of the Secured Party and of the Pledgor in the Pledged Securities, the Issuer does not know of any claim to, or interest in, the Pledged Securities. If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Pledged Securities, the Issuer will promptly notify the Secured Party and the Pledgor thereof.

(d) This Uncertificated Securities Control Agreement is the valid and legally binding obligation of the Issuer.

Section 4. **Choice of Law.** This Agreement shall be governed by the laws of the State of New York. The Issuer's jurisdiction within the meaning of Section 8-110(d) of the UCC is Delaware.

Section 5. **Conflict with Other Agreements.** In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into, the terms of this Agreement shall prevail. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

Section 6. **Voting.** Until such time as the Secured Party shall otherwise instruct the Issuer in writing, the Pledgor shall have the right to vote the Pledged Securities.

Section 7. **Successors; Assignment.** The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective corporate successors, heirs and personal representatives, as applicable, who obtain such rights solely by operation of law. The Secured Party may assign its rights hereunder only with the express written consent of the Issuer and by sending written notice of such assignment to the Pledgor.

Section 8. **Termination.** The obligations of the Issuer to the Secured Party pursuant to this Agreement shall continue in effect until the security interests of the Secured Party in the Pledged Securities have been terminated pursuant to the terms of the Security Agreement and the Secured Party has notified the Issuer of such termination in writing. The Secured Party agrees to provide Notice of Termination in substantially the form of Exhibit A hereto to the Issuer upon the request of the Pledgor on or after the termination of the Secured Party's security interest in the Pledged Securities pursuant to the terms of the Security Agreement. The termination of this Control Agreement shall not terminate the Pledged Securities or alter the obligations of the Issuer to the Pledgor pursuant to any other agreement with respect to the Pledged Securities

Section 9. **Updates to Schedule 1.** Pledgor shall, before or immediately upon the acquisition of any additional limited partnership interests in Issuer, deliver to Secured Party an Officer's Certificate addressed to the Secured Party, the Administrative Agent and the Lenders (i) certifying that attached thereto is a true, complete and correct copy of Schedule 1 to this Agreement that reflects all limited partnership interests in Issuer that will be owned by Pledgor immediately upon such acquisition and (ii) directing the Secured Party to substitute the then existing Schedule 1 to this Agreement with the copy thereof attached to such Officer's Certificate. Upon the delivery of such Officer's Certificate to Secured Party, the then-existing Schedule 1 to this Agreement shall be substituted with the Schedule 1 as attached to such Officer's Certificate without further action.

Section 10. **Waiver of Jury Trial.** Each of the parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding relating to this Agreement and for any counterclaim therein.

Section 11. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

Section 12. **Collateral Agent.** Each of the parties hereto acknowledge and agree that the Collateral Agent shall be afforded all of the rights, privileges, protections, indemnities and immunities afforded to it under the Credit Agreement (as defined in the Security Agreement) and the Security Agreement, in connection with its execution of this Agreement and the performance of its obligations hereunder.

[Signature page follows]

CHENIERE COMMON UNITS HOLDING, LLC,

By: ________________________________
Name:
Title:

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: ________________________________
Name:
Title:

CHENIERE ENERGY PARTNERS L.P.

By: ________________________________
Name:
Title:

Schedule 1

PLEDGED SHARES

Pledgor	Issuer	Type of Partnership Interest
Cheniere Common UNits Holding, LLC	Cheniere Energy Partners, L.P.	10,891,357 common units

Exhibit A

[Letterhead of Secured Party]

[Date]

[Name of Address of Issuer]

Attention: _______________

Re: Termination of Uncertificated Securities Control Agreement

You are hereby notified that the Uncertificated Securities Control Agreement between you, Cheniere Common Units Holding, LLC (the "**Pledgor**") and the undersigned (a copy of which is attached) is terminated and you have no further obligations to the undersigned pursuant to such Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to Pledged Securities (as defined in the Control Agreement) from the Pledgor. This notice terminates any obligations you may have to the undersigned with respect to the Pledged Securities, however nothing contained in this notice shall alter any obligations which you may otherwise owe to the Pledgor pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to Cheniere Common Units Holding, LLC.

Very truly yours,

[Name of Secured Party]

By:______________________

Title:

Exhibit 10.3

LNG LEASE AGREEMENT

This **LNG LEASE AGREEMENT** (the "**Agreement**") is effective as of September 30, 2011 (the "**Effective Date**") by Cheniere Marketing, LLC, a Delaware limited liability company with its principal offices located at 700 Milam Street, Suite 800, Houston, Texas ("**LESSOR**"), and Cheniere Energy Investments, LLC, a Delaware limited liability company with its principal offices located at 700 Milam Street, Suite 800, Houston, Texas ("**LESSEE**"). LESSOR or LESSEE may be referred to herein individually as a "**Party**", and together as the "**Parties**".

WHEREAS, LESSOR is engaged in the business of procuring cargoes of liquefied natural gas ("**LNG**") from multiple international suppliers for delivery to LNG regasification terminals;

WHEREAS, LESSEE has the right from Sabine Pass LNG, L.P. to utilize that certain LNG terminal located on the Sabine Neches Waterway in Cameron Parish, Louisiana (the "**Terminal**"); and

WHEREAS, LESSEE from time to time desires to lease LNG for certain purposes required for the operation of the Terminal, and LESSOR desires to lease such LNG to LESSEE.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, LESSOR and LESSEE agree as follows:

1. Lease of LNG. Pursuant to the terms of this Agreement, LESSEE may request, and LESSOR shall provide, LNG for use at the Terminal for the purposes set forth in Paragraph 2 ("**Lease LNG**"). Requests for Lease LNG shall be made to LESSOR pursuant to Paragraph 3 of this Agreement. Payment for the use of Lease LNG shall be made pursuant to Paragraph 14 of this Agreement.

2. Permitted Uses of Lease LNG. LESSEE shall be permitted to cause Lease LNG to be used for the purposes of equipment cool down and thermal stabilization of the Terminal. LESSEE shall be permitted to cause Lease LNG to be regasified naturally as a result of the cooldown and thermal stabilization process. LESSEE shall also be permitted to allow a portion of Lease LNG to be consumed as process fuel. All remaining Lease LNG shall be returned to LESSOR (a) in the form of regasified LNG pursuant to Paragraph 11, and LESSEE shall cause all such Lease LNG to be redelivered to LESSOR at any point of interconnection between the Terminal and an interstate natural gas transmission pipeline (the "**Delivery Point**"), as may be specified from time to time by LESSOR or (b) in the form of LNG pursuant to Paragraph 3. In the event that any Lease LNG is lost, the provisions of Paragraph 12 shall apply.

3. Requests for LNG. LESSEE shall have the right from time to time to request that LESSOR provide LNG for use at the Terminal pursuant to the terms of this Agreement. LESSOR shall obtain market quotations for the acquisition and delivery of LNG along with information relating to delivery dates, quantity, quality and cost. LESSEE shall choose the LNG LESSEE desires to lease from LESSOR, and shall execute a Lease Confirmation in substantially the form set

forth in Exhibit A. At any time, LESSOR may request that LESSEE return Lease LNG to LESSOR by providing written notice of such request to LESSEE. LESSEE may agree to such request by providing written notice of such agreement to LESSOR within five business of receipt of LESSOR's request. If LESSEE does not provide notice of such agreement, LESSEE shall be deemed to have declined LESSOR's request. If LESSEE agrees to return Lease LNG to LESSOR, LESSOR shall pay to LESSEE any Lease Fee previously paid by LESSEE to LESSOR with respect to such LNG. Once returned to LESSOR, such LNG shall no longer be Lease LNG.

4. Acquisition of LNG. Upon receipt by LESSOR of a duly executed Lease Confirmation by LESSEE, LESSOR shall use commercially reasonable efforts to purchase and cause such LNG to be delivered to the Terminal or transferred in-tank to LESSOR. Once purchased and scheduled for delivery by LESSOR or transferred in-tank to LESSOR, LNG acquired pursuant to this Paragraph 4 shall become "Lease LNG". Upon the delivery of such Lease LNG to the Terminal, LESSEE shall have the custody and use of the Lease LNG pursuant to Paragraph 2 of this Agreement. Unless otherwise stated herein, title to such Lease LNG shall at all times remain with LESSOR. LESSOR hereby grants to LESSEE a first-priority purchase-money security interest in and to the Lease LNG, which shall be automatically removed and extinguished, without further action of the Parties, with respect to any of the Lease LNG (a) at the time that the resulting regasified LNG is redelivered to LESSOR as part of the Redelivery Quantity (as defined below) or (b) such Lease LNG is returned to LESSOR pursuant to Paragraph 3 of this Agreement.

5. Acquired LNG. The LNG specified in Exhibit B has been previously requested by LESSEE, acquired by LESSOR, and has been leased by LESSEE pursuant to the terms of this Agreement

6. Lease Payment. LESSEE shall pay LESSOR for Lease LNG the amount set forth therefor on the applicable Lease Confirmation (the "**Lease Fee**"). All payments arising hereunder shall be made according to the provisions of Paragraph 14.

7. Receipt of LNG. LESSEE agrees to cause to be provided, at its sole cost and expense, any and all terminal services that may be required for the unloading, storage, and regasification of any full or partial LNG delivery containing Lease LNG.

8. LNG Price Risk Management Activities. Upon request of LESSOR, LESSEE agrees to fund the price risk management activities described in Paragraph 9 at no cost to LESSOR. Such funding shall include, without limitation, the cost of financing and funding of settlements and of any initial, variation, or maintenance margin, that may be required for the financial hedging of Lease LNG or the physical sale of regasified Lease LNG, and the costs associated with securing downstream services for the transportation and storage of regasified Lease LNG prior to final sale.

9. Hedging of Price Risk. Upon request of, and at the final discretion of, LESSEE, LESSOR agrees to design strategies and to enter into commercially reasonable price risk hedges using financial derivatives, physical sales agreements, pipeline transportation, and other agreements

usual and customary in the natural gas marketing business to mitigate the price risk of Lease LNG which are available to and at the disposal of LESSOR. LESSOR agrees to review its price risk mitigation plans with LESSEE periodically, but in any case prior to entering into material transactions for the mitigation of price risk hereunder, as such plans may be modified from time to time. LESSOR shall use brokerage agreements, transportation contracts, physical and financial master agreements, and other enabling agreements in its portfolio in the execution of price risk management strategies hereunder.

10. Inventory Policy. The Parties agree that for the purposes of tracking the quantity of Lease LNG hereunder, and for allocating the proceeds of price risk management strategies, LESSOR shall utilize its "Entegrate" position management system, and shall track inventory additions and sales using a "first-in, first-out" inventory policy, on the basis of the date of delivery of Lease LNG. At all times during the term of this Agreement, LESSEE shall be entitled to examine reports produced by the "Entegrate" system, but in all cases the "Entegrate" system shall be the system of record for all transactions undertaken hereunder.

11. Regasification of Lease LNG. Pursuant to the permitted uses of Lease LNG set forth in Paragraph 2, LESSEE shall have the right from time to time to specify that LESSOR receive quantities of regasified Lease LNG from LESSEE. In order to establish the quantity of Lease LNG to be delivered to LESSOR ("**Redelivery Quantity**") for each day of an ICE Next Day Period, LESSEE shall nominate to LESSOR, by no later than the Nomination Deadline, the Redelivery Quantity which LESSEE desires to deliver to LESSOR for each day of the ICE Next Day Period. The quantity of regasified Lease LNG set forth in LESSEE's nomination given by the Nomination Deadline for an ICE Next Day Period shall be the Redelivery Quantity for each Day of the ICE Next Day Period. By no later than the first day of each month during the ICE Next Day Period, LESSEE shall give LESSOR an estimate of the Redelivery Quantity that LESSEE expects to have available for delivery hereunder during each day of the month. Each such estimate will be updated throughout the month as LESSEE has better information and if the Redelivery Quantity is expected to change materially from the prior estimate. For the purposes of this paragraph, the term: "ICE" means Intercontinental Exchange, Inc.; "ICE Trading Platform" means the electronic trading platform owned or operated by ICE on which participants may trade natural gas; "ICE Next Day Period" means a day or group of consecutive days on which natural gas can be bought and sold, and delivered, under transactions entered into by participants on the related Next Day Trading Day utilizing the ICE Trading Platform, as such day or group of days are established by ICE from time to time; "Next Day Trading Day" means the day on which ICE permits participants, utilizing the ICE Trading Platform, to actually enter into transactions involving the sale of natural gas for delivery during an ICE Next Day Period; and "Nomination Deadline" shall mean 7:30 a.m., Central Time in Houston, Texas, on the Next Day Trading Day pertaining to the applicable ICE Next Day Period.

12. Loss of Lease LNG. In the event that Lease LNG is irretrievably lost and cannot be redelivered to LESSOR, or is consumed at the Terminal as process fuel, LESSEE shall be obligated to bear the cost of such lost Lease LNG. In the event of a loss of Lease LNG, LESSEE shall notify LESSOR and shall compensate LESSOR for all reasonable and documented costs of such lost Lease LNG pursuant to Paragraph 14. Title to all lost Lease LNG shall pass from LESSOR to

LESSEE at the time that a loss is determined.

13. Proceeds from the Sale of Regasified Lease LNG. Upon the redelivery of regasified Lease LNG hereunder by LESSEE to LESSOR pursuant to Paragraph 11, LESSOR shall sell such Redelivery Quantity and remit the proceeds from such sales as provided herein. LESSOR shall offset against the Lease Fee: (i) the actual sales proceeds received by LESSOR in reselling the Redelivery Quantity (including proceeds derived from the sale of liquids), determined by LESSOR in good faith; minus (ii) all third party costs incurred by LESSOR in respect to the receipt, delivery, and resale of the Redelivery Quantity to LESSOR's resale customers, including, without limitation, costs of conditioning and costs of transportation of the Redelivery Quantity, including fuel and shrinkage ("**Net Proceeds**"). Any volumetric charges will be converted to a dollar basis in accordance with standard industry practice. LESSEE shall be responsible to LESSOR for any amounts that LESSOR is required to pay its resale customers, or any incremental costs incurred by LESSOR in keeping its resale customers whole, in either case arising as a result of LESSEE delivering to LESSOR on any day less than the Redelivery Quantity for any reason, including any Event of Force Majeure (as defined below) that may occur upstream of the Delivery Point. Any such amounts owed by LESSEE hereunder shall be credited against the Net Proceeds. LESSOR shall use commercially reasonable efforts to include force majeure terms in its resale contracts similar to those set forth in Paragraph 16.

14. Payments. Payment of the Lease Fee, less any offset made pursuant to Paragraph 13, plus any costs of lost Lease LNG incurred pursuant to Paragraph 12, plus any price risk management costs incurred by LESSOR pursuant to Paragraph 8 shall be made by LESSEE to LESSOR at such time as the board of managers of LESSEE determines in good faith that it has sufficient liquidity (after considering LESSEE'S proposed business plans and anticipated expenses) to make such payment, in whole or in part.

15. Notices and Other Matters. Any demand, statement, or notice required or permitted under this Agreement shall be in writing and delivered in person or by courier service or by any electronic means of transmitting written communications which provides written confirmation of complete transmission, and addressed to the individual or department identified below, subject to either party changing its notice and contact information by prior written notice to the other party. Payments shall be sent by wire transfer or ACH to the designated account, or any different account set forth in an invoice, or if no account is specified, by check to the specified address for payment.

LESSOR:

General	Payments
Cheniere Marketing, LLC 700 Milam St.., Suite 800 Houston, TX 77002	Bank: JPMorgan Chase, Houston, TX ABA: 021000021 Account No.: 716483896 For credit to: Cheniere Marketing, LLC

LESSEE:

Cheniere Energy Investments, LLC 700 Milam St., Suite 800 Houston, TX 77002 Attn: President	Bank: JPMorgan Chase, Houston, TX ABA: 021000021 Account No.: 826080426 For credit to: Cheniere Energy Investments, LLC

16. Event of Force Majeure. Non-performance of any obligation hereunder, other than the obligation to pay amounts due hereunder, shall be excused if prevented, in whole or part, by an occurrence of an Event of Force Majeure, but only for so long as performance is prevented by such Event of Force Majeure. The Party claiming excuse shall promptly advise the other Party of such Event of Force Majeure with full particulars and shall seek to remedy the occurrence with all reasonable dispatch by taking all measures that are commercially reasonable under the circumstances. The term "**Event of Force Majeure**" shall mean any event beyond the reasonable control of the Party claiming excuse, including, without limitation, any event or occurrence involving an act of God; strikes, lockouts, or other industrial disturbances; wars; insurrections, riots, or other civil disturbances; landslides; lightning; earthquakes; fires; storms; hurricanes or threats of hurricanes; floods; governmental restraints or orders; failure, interruption, or curtailment of transportation or shipping; breakdown or damage to the equipment, machinery, or facilities at the Terminal or with respect to pipelines, ships, or tugs; delays or interruptions caused by pilots or governmental authorities having jurisdiction over the Terminal or the associated harbor; and any other event or occurrence beyond the reasonable control of the Party claiming excuse and not caused by the negligence of such Party. Notwithstanding anything herein to the contrary, the settlement of strikes, lockouts, or other industrial disputes shall be entirely within the discretion of the Party experiencing such situations, and nothing herein shall require such Party to settle industrial disputes by yielding to demands made on it when it considers such action inadvisable.

17. Notice of Event of Force Majeure. The Party whose performance is prevented by an Event of Force Majeure must provide notice to the other party. Initial notice may be given orally; however, written notice with reasonably full particulars of the Event of Force Majeure is required as soon as reasonably possible. Upon providing written notice of the Event of Force Majeure to the other Party, the affected Party will be relieved of its obligation, from the onset of the Event of Force Majeure, to make or accept delivery of the Redelivery Quantity or Lease LNG, as

applicable, to the extent affected by and for the duration of the Event of Force Majeure, and neither Party shall be deemed to have failed in such obligations to the other during such Event of Force Majeure.

18. Governing Law. This agreement shall be governed by, enforced, and construed in accordance with the laws of the state of Texas excluding any conflicts of law principles thereof. The Parties hereby irrevocably waive their right to a jury trial to the fullest extent permitted by law.

19. Setoff. Neither Party shall have the right to setoff any amounts due from or owed to it hereunder against any amounts due from or owed to it under contracts between the Parties other than this Agreement.

20. Entire Agreement and Amendments. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. No promises, agreements, or warranties not specifically set forth in this Agreement will be deemed to be a part hereof, nor will any alteration, amendment, or modification hereof be effective unless confirmed in writing.

21. No Third Party Beneficiaries. Nothing in this Agreement shall be otherwise construed to create any duty to, or standard of care with reference to, or any liability to, any person other than a Party to this Agreement.

22. Counterpart Execution. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed an original Agreement for all purposes; provided, however, that no Party shall be bound to this Agreement unless and until both Parties have executed a counterpart. Any documents to be provided by a Party to the other Party hereunder may sent by fax, PDF, or other electronic means capable of being received by the intended recipient, and each shall be considered to be an original of the document.

23. Term and Termination. This Agreement shall become effective on the Effective Date and, unless terminated earlier pursuant to the other provisions hereof, shall remain in full force and effect until August 30, 2021 ("**Term**"). Either Party may terminate this Agreement during the Term upon ten (10) days prior written notice; provided, however, that this Agreement will not terminate until any outstanding obligations remaining under this Agreement have been satisfactorily fulfilled by the Parties hereto.

24. Consequential Damages. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES ARISING FROM ITS PERFORMANCE OR FAILURE TO PERFORM HEREUNDER.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple originals.

LESSEE		LESSOR	
CHENIERE ENERGY INVESTMENTS, LLC		CHENIERE MARKETING, LLC	
By:	/s/ R. Keith Teague	By:	/s/ Davis Thames
Name:	R. Keith Teague	Name:	Davis Thames
Title:	President	Title:	President

EXHIBIT “A”

FORM OF LEASE CONFIRMATION

This LEASE CONFIRMATION sets forth the relevant facts concerning the lease of LNG pursuant to the terms of the certain LNG LEASE AGREEMENT entered into on September 30, 2011 by and between LESSEE and LESSOR. Capitalized terms used but not defined herein shall have the definition set forth therein.

1. Projected delivery date:
2. LNG vessel (if known / if applicable):
3. Source country of origin:
4. Seller:
5. Projected quantity (MMBtu):
6. Projected HHV (Btu/scf):
7. Cost:

LESSEE agrees to lease the LNG described above upon delivery at the Terminal pursuant to the terms of the Agreement.

LESSEE
CHENIERE ENERGY INVESTMENTS, LLC

By: ____________________
Name: ____________________
Title: ____________________

Acknowledged and accepted:

LESSOR
CHENIERE MARKETING, LLC

By: ____________________
Name: ____________________
Title: ____________________

EXHIBIT "B"

LNG PURCHASED ON BEHALF OF LESSEE BY LESSOR TO BE MADE SUBJECT TO THIS AGREEMENT

Seller	**Transaction Date**	**Projected LNG Quantity (MMBtu)**	**Projected Transfer Date**
Total Gas & Power North America, Inc.	8/18/2011	1,000,000	8/30/2011
Chevron U.S.A. INC. by and through its Division Chevron Global Gas	8/17/2011	1,000,000	10/25/2011

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Charif Souki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHARIF SOUKI

Charif Souki

Chief Executive Officer, President & Chairman of the Board

Date: November 7, 2011

EXHIBIT 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Meg A. Gentle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MEG A. GENTLE

Meg A. Gentle
Senior Vice President & Chief Financial Officer

Date: November 7, 2011

Exhibit 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Cheniere Energy, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charif Souki, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHARIF SOUKI

Charif Souki
Chief Executive Officer, President & Chairman of the Board

Date: November 7, 2011

Exhibit 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Cheniere Energy, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Meg A. Gentle, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MEG A. GENTLE

Meg A. Gentle
Senior Vice President & Chief Financial Officer

Date: November 7, 2011