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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2015

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 of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**95-4352386**

(I.R.S. Employer Identification No.)

**700 Milam Street, Suite 1900**

**Houston, Texas**

(Address of principal executive offices)

**77002**

(Zip code)

**(713) 375-5000**

(Registrant's telephone number, including area code)

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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  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  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 the definitions 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

As of April 17, 2015, the issuer had 236,613,300 shares of Common Stock outstanding.

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**CHENIERE ENERGY, INC.**  
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## DEFINITIONS

As commonly used in the liquefied natural gas industry, to the extent applicable, and as used in this quarterly report, the following terms have the following meanings:

### Common Industry and Other Terms

Bcf/d	billion cubic feet per day
Bcf/yr	billion cubic feet per year
Bcfe	billion cubic feet equivalent
EPC	engineering, procurement and construction
FERC	Federal Energy Regulatory Commission
GAAP	generally accepted accounting principles in the United States
Henry Hub	the final settlement price (in USD per MMBtu) for the New York Mercantile Exchange's Henry Hub natural gas futures contract for the month in which a relevant cargo's delivery window is scheduled to begin
LIBOR	London Interbank Offered Rate
LNG	liquefied natural gas, a product of natural gas consisting primarily of methane (CH <sub>4</sub> ) that is in liquid form at near atmospheric pressure
MMBtu	million British thermal units, an energy unit
mtpa	million metric tonnes per annum
SEC	Securities and Exchange Commission
SPA	LNG sale and purchase agreement
Train	a compressor train used in the industrial process to convert natural gas into LNG
TUA	terminal use agreement

### Company Abbreviations

CCH HoldCo II	Cheniere CCH HoldCo II, LLC
CCL	Corpus Christi Liquefaction, LLC
Cheniere Holdings	Cheniere Energy Partners LP Holdings, LLC
Cheniere Investments	Cheniere Energy Investments, LLC
Cheniere Marketing	Cheniere Marketing, LLC
Cheniere Partners	Cheniere Energy Partners, L.P.
Cheniere Partners GP	Cheniere Energy Partners GP, LLC
Corpus Christi Holdings	Cheniere Corpus Christi Holdings, LLC
Cheniere Corpus Christi Pipeline	Cheniere Corpus Christi Pipeline, L.P.
CTPL	Cheniere Creole Trail Pipeline, L.P.
Sabine Pass LNG	Sabine Pass LNG, L.P.
SPL	Sabine Pass Liquefaction, LLC

Unless the context requires otherwise, references to "Cheniere," the "Company," "we," "us" and "our" refer to Cheniere Energy, Inc. (NYSE MKT: LNG) and its consolidated subsidiaries, including our publicly traded subsidiaries, Cheniere Partners (NYSE MKT: CQP) and Cheniere Holdings (NYSE MKT: CQH).

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

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

ASSETS	March 31, 2015 (unaudited)	December 31, 2014
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,158,338	\$ 1,747,583
Restricted cash and cash equivalents	457,456	481,737
Accounts and interest receivable	32,503	4,419
LNG inventory	16,282	4,294
Prepaid expenses and other	38,480	20,844
Total current assets	2,703,059	2,258,877
<b>Non-current restricted cash and cash equivalents</b>		
Property, plant and equipment, net	9,852,970	9,246,753
Debt issuance costs, net	217,363	242,323
Non-current derivative assets	472	11,744
Goodwill	76,819	76,819
Other non-current assets	215,840	186,356
Total assets	\$ 14,923,047	\$ 12,573,683
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 20,953	\$ 13,426
Accrued liabilities	255,815	169,147
Deferred revenue	26,653	26,655
Derivative liabilities	18,046	23,247
Total current liabilities	321,467	232,475
<b>Long-term debt, net</b>		
Non-current deferred revenue	12,117,880	9,806,084
Other non-current liabilities	12,500	13,500
	116,829	20,107
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$0.0001 par value, 5.0 million shares authorized, none issued	—	—
Common stock, \$0.003 par value		
Authorized: 480.0 million shares at March 31, 2015 and December 31, 2014		
Issued and outstanding: 236.7 million shares at March 31, 2015 and December 31, 2014	712	712
Treasury stock: 10.7 million shares and 10.6 million shares at March 31, 2015 and December 31, 2014, respectively, at cost	(296,523)	(292,752)
Additional paid-in-capital	2,989,221	2,776,702
Accumulated deficit	(2,916,548)	(2,648,839)
Total stockholders' deficit	(223,138)	(164,177)
Non-controlling interest	2,577,509	2,665,694
Total equity	2,354,371	2,501,517
Total liabilities and equity	\$ 14,923,047	\$ 12,573,683

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

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Revenues		
LNG terminal revenues	\$ 67,581	\$ 66,419
Marketing and trading revenues	662	657
Other	126	474
Total revenues	68,369	67,550
Operating costs and expenses		
General and administrative expense	58,017	73,808
Operating and maintenance expense	37,153	13,687
Depreciation expense	17,769	15,475
Development expense	16,096	12,112
Other	332	80
Total operating costs and expenses	129,367	115,162
Loss from operations	(60,998)	(47,612)
Other income (expense)		
Interest expense, net	(59,612)	(40,270)
Loss on early extinguishment of debt	(88,992)	—
Derivative loss, net	(125,936)	(34,681)
Other income	372	310
Total other expense	(274,168)	(74,641)
Loss before income taxes and non-controlling interest	(335,166)	(122,253)
Income tax provision	(678)	(92)
Net loss	(335,844)	(122,345)
Less: net loss attributable to non-controlling interest	(68,135)	(24,535)
Net loss attributable to common stockholders	\$ (267,709)	\$ (97,810)
Net loss per share attributable to common stockholders—basic and diluted	\$ (1.18)	\$ (0.44)
Weighted average number of common shares outstanding—basic and diluted	226,328	223,207

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

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

	Total Stockholders' Equity							
	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Non- controlling Interest	Total Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2014	236,745	\$ 712	10,596	\$ (292,752)	\$ 2,776,702	\$ (2,648,839)	\$ 2,665,694	\$ 2,501,517
Exercise of stock options	31	—	—	—	958	—	—	958
Forfeitures of restricted stock	(67)	—	11	—	—	—	—	—
Share-based compensation	—	—	—	—	17,458	—	—	17,458
Shares repurchased related to share-based compensation	(50)	—	50	(3,771)	—	—	—	(3,771)
Excess tax benefit from share-based compensation	—	—	—	—	21	—	—	21
Equity portion of issuance of convertible notes, net	—	—	—	—	194,082	—	—	194,082
Loss attributable to non-controlling interest	—	—	—	—	—	—	(68,135)	(68,135)
Distributions to non-controlling interest	—	—	—	—	—	—	(20,050)	(20,050)
Net loss	—	—	—	—	—	(267,709)	—	(267,709)
Balance at March 31, 2015	236,659	\$ 712	10,657	\$ (296,523)	\$ 2,989,221	\$ (2,916,548)	\$ 2,577,509	\$ 2,354,371

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

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Cash flows from operating activities		
Net loss	\$ (335,844)	\$ (122,345)
Adjustments to reconcile net loss to net cash used in operating activities:		
Use of (investment in) restricted cash and cash equivalents for certain operating activities	75,233	(16,329)
Loss on early extinguishment of debt	88,992	—
Depreciation expense	17,769	15,475
Amortization of debt issuance costs and discount	9,116	2,217
Share-based compensation	16,140	35,942
Non-cash LNG inventory write-downs	17,502	—
Total losses on derivatives, net	126,183	34,323
Net cash used for settlement of derivative instruments	(37,262)	(1,469)
Other	8,803	1,006
Changes in operating assets and liabilities:		
Accounts and interest receivable	(28,083)	600
Accounts payable and accrued liabilities	73,002	43,379
LNG inventory	(29,491)	3,001
Deferred revenue	(1,003)	(830)
Other, net	(15,237)	(13,189)
Net cash used in operating activities	(14,180)	(18,219)
Cash flows from investing activities		
Property, plant and equipment, net	(590,998)	(773,376)
Use of restricted cash and cash equivalents for the acquisition of property, plant and equipment	572,623	761,858
Other	(46,164)	(12,495)
Net cash used in investing activities	(64,539)	(24,013)
Cash flows from financing activities		
Proceeds from issuances of long-term debt	2,500,000	—
Use of (investment in) restricted cash and cash equivalents	(1,929,288)	33,743
Debt issuance and deferred financing costs	(58,395)	(13,957)
Distributions and dividends to non-controlling interest	(20,050)	(19,786)
Payments related to tax withholdings for share-based compensation	(3,771)	(7,742)
Proceeds from exercise of stock options	958	3,691
Other	20	44
Net cash provided by (used in) financing activities	489,474	(4,007)
Net increase (decrease) in cash and cash equivalents	410,755	(46,239)
Cash and cash equivalents—beginning of period	1,747,583	960,842
Cash and cash equivalents—end of period	<u>\$ 2,158,338</u>	<u>\$ 914,603</u>

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

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**NOTE 1—BASIS OF PRESENTATION**

The accompanying unaudited Consolidated Financial Statements of Cheniere Energy, Inc. have been prepared in accordance with 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. Certain reclassifications have been made to conform prior period information to the current presentation. The reclassifications had no effect on our overall consolidated financial position, results of operations or cash flows.

Results of operations for the three months ended March 31, 2015 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2015.

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, 2014.

**NOTE 2—RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted cash and cash equivalents consist of funds that are contractually restricted as to usage or withdrawal and have been presented separately from cash and cash equivalents on our Consolidated Balance Sheets. Restricted cash and cash equivalents include the following:

**Sabine Pass LNG Senior Notes Debt Service Reserve**

Sabine Pass LNG has consummated private offerings of an aggregate principal amount of \$1,665.5 million, before discount, of 7.50% Senior Secured Notes due 2016 (the “2016 Sabine Pass LNG Senior Notes”) and \$420.0 million of 6.50% Senior Secured Notes due 2020 (the “2020 Sabine Pass LNG Senior Notes”). Collectively, the 2016 Sabine Pass LNG Senior Notes and the 2020 Sabine Pass LNG Senior Notes are referred to as the “Sabine Pass LNG Senior Notes.” Under the indentures governing the Sabine Pass LNG Senior Notes (the “Sabine Pass LNG Indentures”), except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied, including: (i) 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 (ii) there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment. 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 LNG Indentures.

As of March 31, 2015 and December 31, 2014, we classified \$53.0 million and \$15.0 million, respectively, as current restricted cash and cash equivalents for the payment of current interest due. As of both March 31, 2015 and December 31, 2014, we classified the permanent debt service reserve fund of \$76.1 million as non-current restricted cash and cash equivalents. These cash accounts are controlled by a collateral trustee; therefore, these amounts are shown as restricted cash and cash equivalents on our Consolidated Balance Sheets.

**SPL Reserve**

During 2013, SPL entered into four credit facilities aggregating \$5.9 billion (collectively, the “2013 Liquefaction Credit Facilities”). Under the terms and conditions of the 2013 Liquefaction Credit Facilities, SPL is required to deposit all cash received into reserve accounts controlled by a collateral trustee. The usage or withdrawal of such cash is restricted to the payment of liabilities related to the natural gas liquefaction facilities in Cameron Parish, Louisiana (the “SPL Project”); therefore, these amounts are shown as restricted cash and cash equivalents on our Consolidated Balance Sheets.

During 2013, SPL issued an aggregate principal amount of \$2.0 billion, before premium, of 5.625% Senior Secured Notes due 2021 (the “2021 SPL Senior Notes”), \$1.0 billion of 6.25% Senior Secured Notes due 2022 (the “2022 SPL Senior Notes”) and \$1.0 billion of 5.625% Senior Secured Notes due 2023 (the “Initial 2023 SPL Senior Notes”). During 2014, SPL issued an aggregate principal amount of \$2.0 billion of 5.75% Senior Secured Notes due 2024 (the “2024 SPL Senior Notes”) and additional 5.625% Senior Secured Notes due 2023 (the “Additional 2023 SPL Senior Notes”) and collectively with the Initial 2023 SPL Senior Notes, the “2023 SPL Senior Notes”) in an aggregate principal amount of \$0.5 billion, before premium. During 2015, SPL issued

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
(unaudited)

an aggregate principal amount of \$2.0 billion of 5.625% Senior Secured Notes due 2025 (the “2025 SPL Senior Notes” and collectively with the 2021 SPL Senior Notes, the 2022 SPL Senior Notes, the 2023 SPL Senior Notes and the 2024 SPL Senior Notes, the “SPL Senior Notes”). See [Note 7—Long-Term Debt](#) for additional details about our long-term debt.

As of March 31, 2015 and December 31, 2014, we classified \$186.3 million and \$155.8 million, respectively, as current restricted cash and cash equivalents held by SPL for the payment of current liabilities, including interest payments, related to the SPL Project and \$1,767.4 million and \$457.1 million, respectively, as non-current restricted cash and cash equivalents held by SPL for future SPL Project construction costs.

**CTPL Reserve**

In May 2013, CTPL entered into a \$400.0 million term loan facility (the “2017 CTPL Term Loan”). As of March 31, 2015 and December 31, 2014, we classified \$22.1 million and \$24.9 million, respectively, as current restricted cash and cash equivalents held by CTPL for the payment of current liabilities and \$6.0 million and \$11.3 million, respectively, as non-current restricted cash and cash equivalents held by CTPL because such funds may only be used for modifications of the 94-mile Creole Trail Pipeline, which interconnects the Sabine Pass LNG terminal with a number of large interstate pipelines, in order to enable bi-directional natural gas flow, and for the payment of interest during construction of such modifications. The restricted cash reserved to pay interest during construction is controlled by a collateral agent, and can only be released by the collateral agent upon satisfaction of certain terms and conditions.

**Other Restricted Cash and Cash Equivalents**

As of March 31, 2015 and December 31, 2014, \$172.5 million and \$250.1 million, respectively, of cash and cash equivalents were held by Sabine Pass LNG, Cheniere Partners and Cheniere Holdings that were restricted to Cheniere. In addition, as of March 31, 2015 and December 31, 2014, \$23.6 million and \$35.9 million, respectively, had been classified as current restricted cash and cash equivalents, and as of March 31, 2015 and December 31, 2014, \$7.0 million and \$6.3 million, respectively, had been classified as non-current restricted cash and cash equivalents on our Consolidated Balance Sheets due to various other contractual restrictions.

**NOTE 3—PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of LNG terminal costs and fixed assets and other, as follows (in thousands):

	March 31, 2015	December 31, 2014
LNG terminal costs		
LNG terminal	\$ 2,271,016	\$ 2,269,429
LNG terminal construction-in-process	7,747,197	7,155,046
LNG site and related costs, net	9,393	9,395
Accumulated depreciation	(365,231)	(350,497)
Total LNG terminal costs, net	9,662,375	9,083,373
Fixed assets and other		
Computer and office equipment	9,152	7,464
Furniture and fixtures	16,626	10,733
Computer software	56,743	46,882
Leasehold improvements	36,482	36,067
Land and other	100,550	92,403
Accumulated depreciation	(28,958)	(30,169)
Total fixed assets and other, net	190,595	163,380
Property, plant and equipment, net	\$ 9,852,970	\$ 9,246,753

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

**NOTE 4—DERIVATIVE INSTRUMENTS**

We have entered into the following derivative instruments that are reported at fair value:

- commodity derivatives to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory (“LNG Inventory Derivatives”);
- commodity derivatives to hedge the exposure to price risk attributable to future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal (“Fuel Derivatives”);
- commodity derivatives consisting of natural gas purchase agreements to secure natural gas feedstock for the SPL Project (“Term Gas Supply Derivatives”);
- interest rate swaps to hedge the exposure to volatility in a portion of the floating-rate interest payments under the 2013 Liquefaction Credit Facilities (“SPL Interest Rate Derivatives”); and
- contingent interest rate swaps to hedge the exposure to volatility in a portion of the floating-rate interest payments that are expected under the credit facilities among Corpus Christi Holdings and various banks (“Contingent Interest Rate Derivatives”).

None of our derivative instruments are designated as cash flow hedging instruments, and changes in fair value are recorded within our Consolidated Statements of Operations.

The following table (in thousands) shows the fair value of our derivative instruments that are required to be measured at fair value on a recurring basis as of March 31, 2015 and December 31, 2014, which are classified as prepaid expenses and other, non-current derivative assets, derivative liabilities and other non-current liabilities in our Consolidated Balance Sheets.

	Fair Value Measurements as of							
	March 31, 2015				December 31, 2014			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LNG Inventory Derivatives asset	\$ —	\$ 367	\$ —	\$ 367	\$ —	\$ 1,140	\$ —	\$ 1,140
Fuel Derivatives liability	—	(755)	—	(755)	—	(921)	—	(921)
Term Gas Supply Derivatives asset	—	—	342	342	—	—	342	342
SPL Interest Rate Derivatives liability	—	(11,692)	—	(11,692)	—	(12,036)	—	(12,036)
Contingent Interest Rate Derivatives liability	—	(89,552)	—	(89,552)	—	—	—	—

The estimated fair values of our LNG Inventory Derivatives and Fuel Derivatives are the amounts at which the instruments could be exchanged currently between willing parties. We value these derivatives using observable commodity price curves and other relevant data. We value our interest rate derivatives using valuations based on the initial trade prices. Using an income-based approach, subsequent valuations are based on observable inputs to the valuation model including interest rate curves, risk adjusted discount rates, credit spreads and other relevant data.

The fair value of SPL’s Term Gas Supply Derivatives is developed through the use of internal models which are impacted by inputs that are unobservable in the marketplace. As a result, the fair value of SPL’s Term Gas Supply Derivatives is designated as Level 3 within the valuation hierarchy. The curves used to generate the fair value of the Term Gas Supply Derivatives are based on basis adjustments applied to forward curves for a liquid trading point. In addition, there may be observable liquid market basis information in the near term, but terms of a particular Term Gas Supply Derivative contract may exceed the period for which such information is available, resulting in a Level 3 classification. In these instances, fair value of the contract incorporates extrapolation assumptions made in the determination of the market basis price for future delivery periods in which applicable commodity basis prices were either not observable or lacked corroborative market data. Internal fair value models that include contractual pricing

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

with a fixed basis include fixed basis amounts for delivery at locations for which no market currently exists. Internal fair value models also include conditions precedent to the respective long-term natural gas purchase agreements. As of March 31, 2015 and December 31, 2014, the majority of SPL's Term Gas Supply Derivatives existed within markets for which the pipeline infrastructure has not been developed to accommodate marketable physical gas flow. Therefore, our internal fair value models were based on a market price that equated to our own contractual pricing due to: (i) the inactive and unobservable market and (ii) conditions precedent and their impact on the uncertainty in the timing of our actual receipt of the physical volumes associated with each forward. The fair value of the Term Gas Supply Derivatives is predominantly driven by market commodity basis prices and our assessment of the associated conditions precedent, including evaluating whether the respective market is available as pipeline infrastructure is developed.

There were no transfers into or out of Level 3 for the three months ended March 31, 2015 and 2014. As all of our Term Gas Supply Derivatives are either purely index-priced or index-priced with a fixed basis, we do not believe that a significant change in market commodity prices would have a material impact on our Level 3 fair value measurements. The following table (in thousands, except natural gas basis spread) includes quantitative information for the unobservable inputs as of March 31, 2015:

	Net Fair Value Asset	Valuation Technique	Significant Unobservable Input	Significant Unobservable Inputs Range
Term Gas Supply Derivatives	\$342	Income Approach	Basis Spread	\$ (0.350) - \$0.046

Derivative assets and liabilities arising from our derivative contracts with the same counterparty are reported on a net basis, as all counterparty derivative contracts provide for net settlement.

**Commodity Derivatives**

We recognize all commodity derivative instruments, including our LNG Inventory Derivatives, Fuel Derivatives and Term Gas Supply Derivatives (collectively, "Commodity Derivatives"), as either assets or liabilities and measure those instruments at fair value. Changes in the fair value of our Commodity Derivatives are reported in earnings.

The following table (in thousands) shows the fair value and location of our Commodity Derivatives on our Consolidated Balance Sheets:

	March 31, 2015				December 31, 2014			
	LNG Inventory Derivatives (1)	Fuel Derivatives (1)	Term Gas Supply Derivatives	Total Commodity Derivatives	LNG Inventory Derivatives (1)	Fuel Derivatives (1)	Term Gas Supply Derivatives	Total Commodity Derivatives
<b>Balance Sheet Location</b>								
Prepaid expenses and other	\$ 367	\$ (755)	\$ 190	\$ (198)	\$ 1,140	\$ (921)	\$ 76	\$ 295
Non-current derivative assets	—	—	472	472	—	—	586	586
Total derivative assets	367	(755)	662	274	1,140	(921)	662	881
Derivative liabilities	—	—	(133)	(133)	—	—	(53)	(53)
Other non-current liabilities	—	—	(187)	(187)	—	—	(267)	(267)
Total derivative liabilities	—	—	(320)	(320)	—	—	(320)	(320)
Net derivative assets (liabilities)	\$ 367	\$ (755)	\$ 342	\$ (46)	\$ 1,140	\$ (921)	\$ 342	\$ 561

(1) Does not include collateral of \$5.9 million and \$5.7 million deposited for such contracts, which is included in prepaid expenses and other current assets in our Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014, respectively.

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

The following table (in thousands) shows the changes in the fair value and settlements and location of our Commodity Derivatives recorded on our Consolidated Statements of Operations during the three months ended March 31, 2015 and 2014:

	Statement of Operations Location	Three Months Ended March 31,	
		2015	2014
LNG Inventory Derivatives gain (loss)	Marketing and trading revenues	\$ (206)	\$ 184
Fuel Derivatives gain (loss)	Marketing and trading revenues	(41)	165
LNG Inventory Derivatives gain (loss)	Derivative loss, net	754	(435)
Fuel Derivatives gain	Derivative loss, net	—	242
Term Gas Supply Derivatives gain (loss) (1)	Operating and maintenance expense	—	—

(1) There were no settlements during the reporting period.

The use of Commodity Derivatives exposes us to counterparty credit risk, or the risk that a counterparty will be unable to meet its commitments in instances when our Commodity Derivatives are in an asset position.

*LNG Inventory and Fuel Derivatives*

Our LNG Inventory Derivatives and Fuel Derivatives are executed through over-the-counter contracts which are subject to nominal credit risk as these transactions are settled on a daily margin basis with investment grade financial institutions. We are required by these financial institutions to use margin deposits as credit support for these commodity derivative activities.

*Term Gas Supply Derivatives*

SPL has entered into index-based physical natural gas supply contracts to secure natural gas feedstock for the SPL Project. The terms of these contracts range from approximately one to seven years and commence upon the occurrence of conditions precedent, including the date of first commercial operation of specified Trains of the SPL Project. We recognize SPL's Term Gas Supply Derivatives as either assets or liabilities and measure those instruments at fair value. Changes in the fair value of SPL's Term Gas Supply Derivatives are reported in earnings. As of March 31, 2015, SPL has secured up to approximately 2,161.9 million MMBtu of natural gas feedstock through long-term natural gas purchase agreements, of which the forward notional natural gas buy position of SPL's Term Gas Supply Derivatives was approximately 1,249.4 million MMBtu.

**Interest Rate Derivatives**

*SPL Interest Rate Derivatives*

SPL has entered into SPL Interest Rate Derivatives to protect against volatility of future cash flows and hedge a portion of the variable interest payments on the 2013 Liquefaction Credit Facilities. The SPL Interest Rate Derivatives hedge a portion of the expected outstanding borrowings over the term of the 2013 Liquefaction Credit Facilities.

In March 2015, SPL settled a portion of the SPL Interest Rate Derivatives and recognized a derivative loss of \$34.7 million within our Consolidated Statements of Operations in conjunction with the termination of approximately \$1.8 billion of commitments under the 2013 Liquefaction Credit Facilities as discussed in [Note 7—Long-Term Debt](#).

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*Contingent Interest Rate Derivatives*

In February 2015, Corpus Christi Holdings entered into Contingent Interest Rate Derivatives to protect against volatility of future cash flows and hedge a portion of the variable interest payments on anticipated debt facilities that will be used to pay for a portion of the costs of developing, constructing and placing into service the natural gas liquefaction and export facility and pipeline facility near Corpus Christi, Texas (the “CCL Project”). The Contingent Interest Rate Derivatives have a seven-year term and its settlement is conditional upon reaching a final investment decision with respect to the CCL Project. We will contemplate making this final investment decision based upon, among other things, entering into acceptable commercial arrangements, receiving regulatory authorizations and obtaining adequate financing to construct the facility. Upon reaching a final investment decision to commence construction of the CCL Project, we estimate that we will pay \$46.1 million to \$65.4 million related to contingency and syndication premiums.

As of March 31, 2015, we had the following interest rate derivatives outstanding:

	Initial Notional Amount	Maximum Notional Amount	Effective Date	Maturity Date	Weighted Average Fixed Interest Rate Paid	Variable Interest Rate Received
SPL Interest Rate Derivatives	\$20.0 million	\$691.0 million	August 14, 2012	July 31, 2019	1.98%	One-month LIBOR
Contingent Interest Rate Derivatives (1)	\$28.8 million	\$5.4 billion	May 8, 2015	May 31, 2022	2.32%	One-month LIBOR

(1) The effective date represents management’s estimate of commencement of first monthly settlement of the contingent interest rate derivative instruments, and the maturity date is based on the contractual term of the instruments once effective.

The following table (in thousands) shows the fair value of our interest rate derivatives:

	March 31, 2015			December 31, 2014		
	SPL Interest Rate Derivatives	Contingent Interest Rate Derivatives	Total	SPL Interest Rate Derivatives	Contingent Interest Rate Derivatives	Total
<b>Balance Sheet Location</b>						
Non-current derivative assets	\$ —	\$ —	\$ —	\$ 11,158	\$ —	\$ 11,158
Total derivative assets	—	—	—	11,158	—	11,158
Derivative liabilities	(7,119)	(10,794)	(17,913)	(23,194)	—	(23,194)
Other non-current liabilities	(4,573)	(78,758)	(83,331)	—	—	—
Total derivative liabilities	(11,692)	(89,552)	(101,244)	(23,194)	—	(23,194)
Derivative liabilities, net	\$ (11,692)	\$ (89,552)	\$ (101,244)	\$ (12,036)	\$ —	\$ (12,036)

The following table (in thousands) shows the changes in the fair value and settlements of our interest rate derivatives recorded in derivative loss, net on our Consolidated Statements of Operations during the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
SPL Interest Rate Derivatives loss	\$ (37,138)	\$ (34,479)
Contingent Interest Rate Derivatives loss	(89,552)	—

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**Balance Sheet Presentation**

Our Commodity Derivatives and interest rate derivatives are presented on a net basis on our Consolidated Balance Sheets as described above. The following table (in thousands) shows the fair value of our derivatives outstanding on a gross and net basis:

Offsetting Derivative Assets (Liabilities)	Gross Amounts Recognized	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets
<b>As of March 31, 2015:</b>			
LNG Inventory Derivatives	\$ 367	\$ (4)	\$ 371
Fuel Derivatives	(755)	(755)	—
Term Gas Supply Derivatives	662	—	662
Term Gas Supply Derivatives	(320)	—	(320)
SPL Interest Rate Derivatives	(11,692)	—	(11,692)
Contingent Interest Rate Derivatives	(89,552)	—	(89,552)
<b>As of December 31, 2014:</b>			
LNG Inventory Derivatives	1,140	1,056	84
Fuel Derivatives	(921)	(921)	—
Term Gas Supply Derivatives	662	—	662
Term Gas Supply Derivatives	(320)	—	(320)
SPL Interest Rate Derivatives	11,158	—	11,158
SPL Interest Rate Derivatives	(23,194)	—	(23,194)

**NOTE 5—NON-CONTROLLING INTEREST**

Cheniere Holdings was formed by us to hold our limited partner interest in Cheniere Partners and in December 2013, completed its initial public offering. Additionally, in November 2014, Cheniere Holdings sold 10.1 million common shares at \$22.76 per common share to redeem from us the same number of common shares. As of both March 31, 2015 and December 31, 2014, our ownership interest in Cheniere Holdings was 80.1%, with the remaining non-controlling interest held by the public. Cheniere Holdings owns a 55.9% limited partner interest in Cheniere Partners in the form of 12.0 million common units, 45.3 million Class B units and 135.4 million subordinated units, with the remaining non-controlling interest held by Blackstone CQP Holdco LP (“Blackstone”) and the public. We also own 100% of the general partner interest and the incentive distribution rights in Cheniere Partners.

**NOTE 6—ACCRUED LIABILITIES**

As of March 31, 2015 and December 31, 2014, accrued liabilities consisted of the following (in thousands):

	March 31, 2015	December 31, 2014
Interest expense and related debt fees	\$ 167,376	\$ 112,858
Payroll	18,595	6,425
LNG liquefaction costs	28,201	22,014
LNG terminal costs	9,352	1,077
Other accrued liabilities	32,291	26,773
Total accrued liabilities	<u>\$ 255,815</u>	<u>\$ 169,147</u>

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**NOTE 7—LONG-TERM DEBT**

As of March 31, 2015 and December 31, 2014, our long-term debt consisted of the following (in thousands):

	March 31, 2015	December 31, 2014
Long-term debt		
2016 Sabine Pass LNG Senior Notes	\$ 1,665,500	\$ 1,665,500
2020 Sabine Pass LNG Senior Notes	420,000	420,000
2021 SPL Senior Notes	2,000,000	2,000,000
2022 SPL Senior Notes	1,000,000	1,000,000
2023 SPL Senior Notes	1,500,000	1,500,000
2024 SPL Senior Notes	2,000,000	2,000,000
2025 SPL Senior Notes	2,000,000	—
2021 Convertible Unsecured Notes	1,004,469	1,004,469
2045 Convertible Senior Notes	625,000	—
2017 CTPL Term Loan	400,000	400,000
Total long-term debt	12,614,969	9,989,969
Long-term debt premium (discount)		
2016 Sabine Pass LNG Senior Notes	(7,824)	(8,998)
2021 SPL Senior Notes	9,819	10,177
2023 SPL Senior Notes	6,918	7,088
2021 Convertible Unsecured Notes	(183,243)	(189,717)
2045 Convertible Senior Notes	(320,575)	—
2017 CTPL Term Loan	(2,184)	(2,435)
Total long-term debt, net	\$ 12,117,880	\$ 9,806,084

For the three months ended March 31, 2015 and 2014 we incurred \$180.6 million and \$128.6 million of total interest cost, respectively, of which we capitalized and deferred \$121.0 million and \$88.3 million, respectively, of interest cost, including amortization of debt issuance costs, primarily related to the construction of the first four Trains of the SPL Project.

**Sabine Pass LNG Senior Notes**

As of both March 31, 2015 and December 31, 2014, Sabine Pass LNG had an aggregate principal amount of \$1,665.5 million, before discount, of the 2016 Sabine Pass LNG Senior Notes and \$420.0 million of the 2020 Sabine Pass LNG Senior Notes outstanding. Borrowings under the 2016 Sabine Pass LNG Senior Notes and 2020 Sabine Pass LNG Senior Notes accrue interest at a fixed rate of 7.50% and 6.50%, respectively. The terms of the 2016 Sabine Pass LNG Senior Notes and 2020 Sabine Pass LNG Senior Notes are substantially similar. Interest on the Sabine Pass LNG Senior Notes is payable semi-annually in arrears. Subject to permitted liens, the Sabine Pass LNG 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.

Sabine Pass LNG may redeem all or part of the 2016 Sabine Pass LNG 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 2016 Sabine Pass LNG Senior Notes;
- or
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the 2016 Sabine Pass LNG Senior Notes plus (ii) all required interest payments due on the 2016 Sabine Pass LNG 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 2016 Sabine Pass LNG Senior Notes, if greater.

Sabine Pass LNG may redeem all or part of the 2020 Sabine Pass LNG Senior Notes at any time on or after November 1, 2016, at fixed redemption prices specified in the indenture governing the 2020 Sabine Pass LNG Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass LNG may also, at its option, redeem all or part of the 2020 Sabine Pass LNG Senior Notes at any time prior to November 1, 2016, at a "make-whole" price set forth in the indenture governing the 2020 Sabine Pass LNG Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption. At any time before November 1, 2015, Sabine Pass LNG may redeem up to 35% of the aggregate principal amount of the 2020 Sabine Pass LNG

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Senior Notes at a redemption price of 106.5% of the principal amount of the 2020 Sabine Pass LNG Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date, in an amount not to exceed the net proceeds of one or more completed equity offerings as long as Sabine Pass LNG redeems the 2020 Sabine Pass LNG Senior Notes within 180 days of the closing date for such equity offering and at least 65% of the aggregate principal amount of the 2020 Sabine Pass LNG Senior Notes originally issued remains outstanding after the redemption.

Under the Sabine Pass LNG Indentures, except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied as described in [Note 2—Restricted Cash and Cash Equivalents](#). During the three months ended March 31, 2015 and 2014, Sabine Pass LNG made distributions of \$70.8 million and \$63.4 million, respectively, after satisfying all the applicable conditions in the Sabine Pass LNG Indentures.

**SPL Senior Notes**

In February 2013 and April 2013, SPL issued an aggregate principal amount of \$2.0 billion, before premium, of the 2021 SPL Senior Notes. In April 2013 and May 2014, SPL issued an aggregate principal amount of \$1.5 billion, before premium, of the 2023 SPL Senior Notes. Borrowings under the 2021 SPL Senior Notes and 2023 SPL Senior Notes accrue interest at a fixed rate of 5.625%. In November 2013, SPL issued an aggregate principal amount of \$1.0 billion of the 2022 SPL Senior Notes, for which borrowings accrue interest at a fixed rate of 6.25%. In May 2014, SPL issued an aggregate principal amount of \$2.0 billion of the 2024 SPL Senior Notes, for which borrowings accrue interest at a fixed rate of 5.75%. In March 2015, SPL issued an aggregate principal amount of \$2.0 billion of the 2025 SPL Senior Notes, for which borrowings accrue interest at a fixed rate of 5.625%. Interest on the SPL Senior Notes is payable semi-annually in arrears.

The terms of the SPL Senior Notes are governed by a common indenture (the “SPL Indenture”). The SPL Indenture contains customary terms and events of default and certain covenants that, among other things, limit SPL’s ability and the ability of SPL’s restricted subsidiaries to: incur additional indebtedness; issue preferred stock, make certain investments or pay dividends or distributions on capital stock or subordinated indebtedness; purchase, redeem or retire capital stock; sell or transfer assets, including capital stock of SPL’s restricted subsidiaries; restrict dividends or other payments by restricted subsidiaries; incur liens; enter into transactions with affiliates; consolidate, merge, sell or lease all or substantially all of SPL’s assets; and enter into certain LNG sales contracts. Subject to permitted liens, the SPL Senior Notes are secured on a *pari passu* first-priority basis by a security interest in all of the membership interests in SPL and substantially all of SPL’s assets. SPL may not make any distributions until, among other requirements, substantial completion of Trains 1 and 2 has occurred, deposits are made into debt service reserve accounts and a debt service coverage ratio for the prior 12-month period and a projected debt service coverage ratio for the upcoming 12-month period of 1.25:1.00 are satisfied.

At any time prior to three months before the respective dates of maturity for each series of the SPL Senior Notes, SPL may redeem all or part of such series of the SPL Senior Notes at a redemption price equal to the “make-whole” price set forth in the SPL Indenture, plus accrued and unpaid interest, if any, to the date of redemption. SPL may also, at any time within three months of the respective maturity dates for each series of the SPL Senior Notes, redeem all or part of such series of the SPL Senior Notes at a redemption price equal to 100% of the principal amount of such series of the SPL Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

In connection with the closing of the sale of the 2025 SPL Senior Notes, SPL entered into a Registration Rights Agreement dated March 3, 2015 (the “2025 Liquefaction Registration Rights Agreement”). Under the terms of the 2025 Liquefaction Registration Rights Agreement, SPL has agreed, and any future guarantors of the 2025 SPL Senior Notes will agree, to use commercially reasonable efforts to file with the SEC and cause to become effective a registration statement with respect to an offer to exchange any and all of the 2025 SPL Senior Notes for a like aggregate principal amount of debt securities of SPL with terms identical in all material respects to the respective 2025 SPL Senior Notes sought to be exchanged (other than with respect to restrictions on transfer or to any increase in annual interest rate), and that are registered under the Securities Act of 1933, as amended (the “Securities Act”). SPL has agreed, and any future guarantors of the 2025 SPL Senior Notes will agree, to use commercially reasonable efforts to cause such registration statement to become effective within 360 days after March 3, 2015. Under specified circumstances, SPL has also agreed, and any future guarantors will also agree, to use commercially reasonable efforts to cause to become effective a shelf registration statement relating to resales of the 2025 SPL Senior Notes. SPL will be obligated to pay additional interest if it fails to comply with its obligations to register the 2025 SPL Senior Notes within the specified time periods.

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**2013 Liquefaction Credit Facilities**

In May 2013, SPL entered into the 2013 Liquefaction Credit Facilities aggregating \$5.9 billion. The 2013 Liquefaction Credit Facilities are being used to fund a portion of the costs of developing, constructing and placing into operation the first four Trains of the SPL Project. The 2013 Liquefaction Credit Facilities will mature on the earlier of May 28, 2020 or the second anniversary of the completion date of the first four Trains of the SPL Project, as defined in the 2013 Liquefaction Credit Facilities. Borrowings under the 2013 Liquefaction Credit Facilities may be refinanced, in whole or in part, at any time without premium or penalty, except for interest rate hedging and interest rate breakage costs. As of March 31, 2015 and December 31, 2014, SPL had \$0.9 billion and \$2.7 billion, respectively, of available commitments, and no outstanding borrowings as of both dates, under the 2013 Liquefaction Credit Facilities.

SPL made an initial \$100.0 million borrowing under the 2013 Liquefaction Credit Facilities in June 2013 after meeting the required conditions precedent. In November 2013, in conjunction with SPL's issuance of the 2022 SPL Senior Notes, SPL terminated approximately \$885 million of commitments under the 2013 Liquefaction Credit Facilities. In May 2014, SPL repaid its borrowings under the 2013 Liquefaction Credit Facilities upon the issuance of the Additional 2023 SPL Senior Notes and the 2024 SPL Senior Notes, as well as terminated approximately \$2.1 billion of commitments under the 2013 Liquefaction Credit Facilities.

In March 2015, in conjunction with SPL's issuance of the 2025 SPL Senior Notes, SPL terminated approximately \$1.8 billion of commitments under the 2013 Liquefaction Credit Facilities. This termination resulted in a write-off of debt issuance costs and deferred commitment fees associated with the 2013 Liquefaction Credit Facilities of \$89.0 million in March 2015.

Borrowings under the 2013 Liquefaction Credit Facilities accrue interest at a variable rate per annum equal to, at SPL's election, LIBOR or the base rate, plus the applicable margin. The applicable margins for LIBOR loans range from 2.3% to 3.0% prior to the completion of Train 4 and from 2.3% to 3.25% after such completion, depending on the applicable 2013 Liquefaction Credit Facility. Interest on LIBOR loans is due and payable at the end of each LIBOR period. The 2013 Liquefaction Credit Facilities required SPL to pay certain up-front fees to the agents and lenders in the aggregate amount of approximately \$144 million and provide for a commitment fee calculated at a rate per annum equal to 40% of the applicable margin for LIBOR loans, multiplied by the average daily amount of the undrawn commitment due quarterly in arrears. Annual administrative fees must also be paid to the agent and the trustee. The principal of the loans made under the 2013 Liquefaction Credit Facilities must be repaid in quarterly installments, commencing with the earlier of the last day of the first full calendar quarter after the Train 4 completion date, as defined in the 2013 Liquefaction Credit Facilities, or September 30, 2018. Scheduled repayments are based upon an 18-year amortization profile, with the remaining balance due upon the maturity of the 2013 Liquefaction Credit Facilities.

Under the terms and conditions of the 2013 Liquefaction Credit Facilities, all cash held by SPL is controlled by a collateral trustee. These funds can only be released by the collateral trustee upon satisfaction of certain terms and conditions related to the use of proceeds, and are classified as restricted cash and cash equivalents on our Consolidated Balance Sheets.

The 2013 Liquefaction Credit Facilities contain conditions precedent for any subsequent borrowings, as well as customary affirmative and negative covenants. The obligations of SPL under the 2013 Liquefaction Credit Facilities are secured by substantially all of the assets of SPL as well as all of the membership interests in SPL on a *pari passu* basis with the SPL Senior Notes.

Under the terms of the 2013 Liquefaction Credit Facilities, SPL is required to hedge not less than 75% of the variable interest rate exposure of its projected outstanding borrowings, calculated on a weighted average basis in comparison to its anticipated draw of principal. See [Note 4—Derivative Instruments](#).

**Convertible Notes**

*2021 Convertible Unsecured Notes*

In November 2014, we issued an aggregate principal amount of \$1.0 billion Convertible Unsecured Notes due 2021 (the "2021 Convertible Unsecured Notes") on a private placement basis in reliance on the exemption from registration provided for under section 4(a)(2) of the Securities Act and Regulation S promulgated thereunder. The 2021 Convertible Unsecured Notes accrue interest at a rate of 4.875% per annum, which is payable in kind semi-annually in arrears by increasing the principal amount of the 2021 Convertible Unsecured Notes outstanding. One year after the closing date, the 2021 Convertible Unsecured Notes

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will be convertible at the option of the holder into our common stock at the then-applicable conversion rate, provided that the closing price of our common stock is greater than or equal to the conversion price on the conversion date. The initial conversion price was \$93.64 and is subject to adjustment upon the occurrence of certain specified events. We have the option to satisfy the conversion obligation with cash, common stock or a combination thereof.

Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion are required to be separately accounted for as liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. We determined that the fair value of the debt component was \$808.8 million and the residual value of the equity component was \$191.2 million as of the issuance date. As of both March 31, 2015 and December 31, 2014, the carrying value of the equity component was \$191.5 million. The debt component is accreted to the total principal amount due at maturity by amortizing the debt discount. The effective rate of interest to amortize the debt discount was approximately 9.2% as of both March 31, 2015 and December 31, 2014, and the remaining period over which the debt discount will be amortized was 6.2 years as of March 31, 2015.

In connection with the issuance of the 2021 Convertible Unsecured Notes, we have agreed to use our reasonable best efforts to prepare and file a shelf registration statement to cover resales of the 2021 Convertible Unsecured Notes. If we fail to satisfy this obligation, we may be required to pay additional interest to holders of the 2021 Convertible Unsecured Notes under certain circumstances.

*2045 Convertible Senior Notes*

In March 2015, we issued \$625.0 million aggregate principal amount of 4.25% Convertible Senior Notes due 2045 (the "2045 Convertible Senior Notes") to certain investors through a registered direct offering. The 2045 Convertible Senior Notes were issued with an original issue discount of 20% and accrue interest at a rate of 4.25% per annum, which is payable semi-annually in arrears. We have the right, at our option, at any time after March 15, 2020, to redeem all or any part of the Notes at a redemption price payable in cash equal to the accreted amount of the 2045 Convertible Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to such redemption date. The conversion rate will initially equal 7.2265 shares of our common stock per \$1,000 principal amount of the 2045 Convertible Senior Notes, which corresponds to an initial conversion price of approximately \$138.38 per share of our common stock. The conversion rate is subject to adjustment upon the occurrence of certain specified events. We have the option to satisfy the conversion obligation with cash, common stock or a combination thereof.

We determined that the fair value of the debt component of the 2045 Convertible Senior Notes was \$304.3 million and the residual value of the equity component was \$195.7 million as of the issuance date, excluding debt issuance costs. As of March 31, 2015, the carrying value of the equity component was \$194.1 million. The debt component is accreted to the total principal amount due at maturity by amortizing the debt discount. The effective rate of interest to amortize the debt discount was approximately 9.4% as of March 31, 2015, and the remaining period over which the debt discount will be amortized was 30.0 years.

Interest expense, before capitalization, related to the 2021 Convertible Unsecured Notes and the 2045 Convertible Senior Notes (together, the "Convertible Notes") consisted of the following (in thousands):

	Three Months Ended March 31,	
	2015	2014
Interest per contractual rate	\$ 13,939	\$ —
Amortization of debt discount	6,598	—
Amortization of debt issuance costs	14	—
Total interest expense related to the Convertible Notes	\$ 20,551	\$ —

*Convertible Note Purchase Agreement with EIG*

On January 16, 2015, CCH HoldCo II, our wholly owned direct subsidiary, entered into a note purchase agreement, as amended and restated on March 1, 2015, with EIG Management Company, LLC ("EIG"), the Bank of New York Mellon, us and the note purchasers named therein pursuant to which those note purchasers agreed to purchase \$1.5 billion aggregate principal amount of convertible senior secured notes from CCH HoldCo II (the "2025 Convertible Notes").

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**2017 CTPL Term Loan**

In May 2013, CTPL entered into the 2017 CTPL Term Loan, which is being used to fund modifications to the Creole Trail Pipeline and for general business purposes. CTPL incurred \$10.0 million of direct lender fees that were recorded as a debt discount. The 2017 CTPL Term Loan matures in 2017 when the full amount of the outstanding principal obligations must be repaid. CTPL's loans may be repaid, in whole or in part, at any time without premium or penalty. As of March 31, 2015, CTPL had borrowed the full amount of \$400.0 million available under the 2017 CTPL Term Loan.

Borrowings under the 2017 CTPL Term Loan accrue interest at a variable rate per annum equal to, at CTPL's election, LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans is 3.25%. Interest on LIBOR loans is due and payable at the end of each LIBOR period.

Under the terms and conditions of the 2017 CTPL Term Loan, all cash reserved to pay interest during construction is controlled by a collateral agent. These funds can only be released by the collateral agent upon satisfaction of certain terms and conditions and are classified as restricted on our Consolidated Balance Sheets. CTPL is also required to pay annual fees to the administrative and collateral agents.

The 2017 CTPL Term Loan contains customary affirmative and negative covenants. The obligations of CTPL under the 2017 CTPL Term Loan are secured by a first priority lien on substantially all of the personal property of CTPL and all of the general partner and limited partner interests in CTPL.

Cheniere Partners has guaranteed (i) the obligations of CTPL under the 2017 CTPL Term Loan if the maturity of the CTPL loans is accelerated following the termination by SPL of a transportation precedent agreement in limited circumstances and (ii) the obligations of Cheniere Investments, Cheniere Partners' wholly owned subsidiary, in connection with its obligations under an equity contribution agreement (a) to pay operating expenses of CTPL until CTPL receives revenues under a service agreement with SPL and (b) to fund interest payments on the CTPL loans after the funds in an interest reserve account have been exhausted.

**SPL LC Agreement**

In April 2014, SPL entered into a \$325.0 million senior letter of credit and reimbursement agreement (the "SPL LC Agreement") that it uses for the issuance of letters of credit for certain working capital requirements related to the SPL Project. SPL pays (a) a commitment fee in an amount equal to an annual rate of 0.75% of an amount equal to the unissued portion of letters of credit available pursuant to the SPL LC Agreement and (b) a letter of credit fee equal to an annual rate of 2.5% of the undrawn portion of all letters of credit issued under the SPL LC Agreement. If draws are made upon any letters of credit issued under the SPL LC Agreement, the amount of the draw will be deemed a loan issued to SPL. SPL is required to pay the full amount of this loan on or prior to the business day immediately succeeding the deemed issuance of the loan. These loans accrue interest at a rate of 2.0% plus the base rate as defined in the SPL LC Agreement. As of March 31, 2015 and December 31, 2014, SPL had issued letters of credit in an aggregate amount of \$72.5 million and \$9.5 million, respectively, and as of both March 31, 2015 and December 31, 2014, no draws had been made upon any letters of credit issued under the SPL LC Agreement.

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**Fair Value Disclosures**

The following table (in thousands) shows the carrying amount and estimated fair value of our long-term debt:

	March 31, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2016 Sabine Pass LNG Senior Notes, net of discount (1)	\$ 1,657,676	\$ 1,757,136	\$ 1,656,502	\$ 1,718,621
2020 Sabine Pass LNG Senior Notes (1)	420,000	428,400	420,000	428,400
2021 SPL Senior Notes, net of premium (1)	2,009,819	2,024,893	2,010,177	1,985,050
2022 SPL Senior Notes (1)	1,000,000	1,030,000	1,000,000	1,020,000
2023 SPL Senior Notes, net of premium (1)	1,506,918	1,506,918	1,507,089	1,476,947
2024 SPL Senior Notes (1)	2,000,000	2,000,000	2,000,000	1,970,000
2025 SPL Senior Notes (1)	2,000,000	1,975,000	—	—
2021 Convertible Unsecured Notes (2)	821,226	1,132,006	814,751	1,025,563
2045 Convertible Senior Notes (3)	304,425	518,863	—	—
2017 CTPL Term Loan, net of discount (4)	397,816	400,000	397,565	400,000

- (1) The Level 2 estimated fair value was based on quotations obtained from broker-dealers who make markets in these and similar instruments based on the closing trading prices on March 31, 2015 and December 31, 2014, as applicable.
- (2) The Level 3 estimated fair value was calculated based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, including our stock price and interest rates based on debt issued by parties with comparable credit ratings to us and inputs that are not observable in the market.
- (3) The Level 1 estimated fair value was based on unadjusted quoted prices in active markets for identical liabilities that we had the ability to access at the measurement date.
- (4) The Level 3 estimated fair value approximates the principal amount because the interest rates are variable and reflective of market rates and CTPL has the ability to call this debt at any time without penalty.

**NOTE 8—INCOME TAXES**

We are not presently a taxpayer for federal or state income tax purposes and have not recorded a net liability for federal or state income taxes in any of the periods included in the accompanying financial statements. However, we are presently an international taxpayer and have recorded a net expense of \$0.7 million and \$0.1 million for the three months ended March 31, 2015 and 2014, respectively, for international income taxes.

We experienced an ownership change within the provisions of Internal Revenue Code (“IRC”) Section 382 in 2008, 2010 and 2012. An analysis of the annual limitation on the utilization of our net operating losses (“NOLs”) was performed in accordance with IRC Section 382. It was determined that IRC Section 382 will not limit the use of our NOLs in full over the carryover period. We will continue to monitor trading activity in our shares which may cause an additional ownership change which could ultimately affect our ability to fully utilize our existing tax NOL carryforwards.

**NOTE 9—SHARE-BASED COMPENSATION**

We have granted stock, restricted stock, phantom units and options to purchase common stock to employees, outside directors, and a consultant under the Cheniere Energy, Inc. Amended and Restated 1997 Stock Option Plan (the “1997 Plan”), Amended and Restated 2003 Stock Incentive Plan, as amended (the “2003 Plan”), and 2011 Incentive Plan, as amended (the “2011 Plan”).

The 1997 Plan provides for the issuance of stock options to purchase up to 5.0 million shares of our common stock, all of which have been granted. Non-qualified stock options were granted to employees, contract service providers and outside directors. The 2003 Plan and 2011 Plan provide for the issuance of 21.0 million shares and 35.0 million shares, respectively, of our common stock that may be in the form of non-qualified stock options, incentive stock options, purchased stock, restricted (non-vested) stock, bonus (unrestricted) stock, stock appreciation rights, phantom units and other share-based performance awards deemed by the Compensation Committee of our Board of Directors (the “Compensation Committee”) to be consistent with the purposes of

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
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the 2003 Plan and 2011 Plan. As of March 31, 2015, all of the shares under the 2003 Plan have been granted and approximately 27 million shares, net of cancellations, have been granted under the 2011 Plan.

Phantom units are share-based awards issued to employees over a vesting period that entitle the grantee to receive the cash equivalent to the value of a share of our common stock upon each vesting. Phantom units are not eligible to receive quarterly distributions. The Company records compensation cost equal to the fair value of the award at the measurement date, which is determined to be the earlier of the performance commitment date or the service completion date. In addition, compensation cost for unvested phantom unit awards is adjusted quarterly for any changes in the Company's stock price. During the three months ended March 31, 2015 and 2014, we granted approximately 72,000 and zero phantom units, respectively, to employees.

For the three months ended March 31, 2015 and 2014 the total share-based compensation expense, net of capitalization, recognized in our net loss was \$16.1 million and \$35.9 million, respectively, and for the same periods we capitalized as part of the cost of capital assets \$1.9 million and \$1.8 million, respectively. We did not recognize any cumulative adjustments in our compensation expense for the three months ended March 31, 2015 and 2014.

The total unrecognized compensation cost at March 31, 2015 relating to non-vested share-based compensation arrangements was \$153.5 million, which is expected to be recognized over a weighted average period of 2.6 years.

We received \$1.0 million and \$3.7 million in the three months ended March 31, 2015 and 2014, respectively, of proceeds from the exercise of stock options.

During the three months ended March 31, 2015 and 2014, we recognized zero and \$10.8 million, respectively, of share-based compensation expense related to the modification of long-term commercial bonus awards resulting from an employee termination.

**NOTE 10—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 months ended March 31, 2015 and 2014 (in thousands, except for loss per share):

	Three Months Ended	
	March 31,	
	2015	2014
Weighted average common shares outstanding:		
Basic	226,328	223,207
Dilutive common stock options (1)	—	—
Diluted	226,328	223,207
Basic and diluted net loss per share attributable to common stockholders	\$ (1.18)	\$ (0.44)

- (1) Stock options and unvested stock of 10.3 million shares and 14.5 million shares for the three months ended March 31, 2015 and 2014, respectively, representing securities that could potentially dilute basic EPS in the future were not included in the diluted net loss per share computations because their effect would have been anti-dilutive. In addition, 21.1 million shares in aggregate, issuable upon conversion of the 2021 Convertible Unsecured Notes and the 2045 Convertible Senior Notes, as described in [Note 7—Long-Term Debt](#), were not included in the computation of diluted net loss per share for 2015 because the computation of diluted net loss per share utilizing the "if-converted" method would be anti-dilutive.

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
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**NOTE 11—COMMITMENTS AND CONTINGENCIES**

**Legal Proceedings**

During the second quarter of 2014, four lawsuits were filed in the Court of Chancery of the State of Delaware (the “Court”) against us and/or certain of our present and former officers and directors that challenged the manner in which abstentions were treated in connection with the stockholder vote on Amendment No. 1 to the 2011 Incentive Plan (“Amendment No. 1”), pursuant to which, among other things, the number of shares of common stock available for issuance under the 2011 Plan was increased from 10.0 million to 35.0 million shares. The lawsuits contended that abstentions should have been counted as “no” votes in tabulating the outcome of the vote and that the stockholders did not approve Amendment No. 1 when abstentions are counted as such. The lawsuits further contended that portions of the Amended and Restated Bylaws of Cheniere Energy, Inc. adopted on April 3, 2014 were invalid and that certain disclosures relating to these matters made by us were misleading. The lawsuits asserted claims for breach of contract and breach of fiduciary duty (both on a class and a derivative basis) and claims for unjust enrichment (on a derivative basis). The lawsuits sought, among other things, a declaration that the February 1, 2013 stockholder vote on Amendment No. 1 was void, disgorgement of all compensation distributed as a result of Amendment No. 1, voiding the awards made from the shares reserved pursuant to Amendment No. 1 and monetary damages. On June 16, 2014, we filed a verified application with the Court pursuant to 8 Del. C. § 205 (the “Section 205 Action”) in which we asked the Court to declare valid the issuance, pursuant to the 2011 Plan, of the 25.0 million additional shares of our common stock covered by Amendment No. 1, whether occurring in the past or the future.

The parties to the above-referenced lawsuits and the Section 205 Action entered into a Stipulation and Agreement of Compromise, Settlement and Release dated December 12, 2014 (the “Stipulation”), subject to its terms and conditions, including receipt, among other things, of Court approval, to resolve the litigation. On March 16, 2015, the Court approved the settlement of the litigation and awarded plaintiffs’ counsel fees, which were paid by our insurers in April 2015.

**NOTE 12—BUSINESS SEGMENT INFORMATION**

We have two reportable segments: LNG terminal segment and LNG and natural gas marketing segment. We determine our reportable segments by identifying each segment that engaged in business activities from which it may earn revenues and incur expenses, had operating results regularly reviewed by the entities’ chief operating decision maker for purposes of resource allocation and performance assessment, and had discrete financial information. Substantially all of our revenues from external customers and long-lived assets are attributed to or located in the United States.

Our LNG terminal segment consists of the Sabine Pass and Corpus Christi LNG terminals. We own and operate the Sabine Pass LNG terminal located on the Sabine Pass shipping channel in Louisiana through our ownership interest in and management agreements with Cheniere Partners. We own 100% of the general partner interest in Cheniere Partners and 80.1% of the common shares of Cheniere Holdings, which owns a 55.9% limited partner interest in Cheniere Partners. We are also developing a natural gas liquefaction facility near Corpus Christi, Texas.

Our LNG and natural gas marketing segment consists of LNG and natural gas marketing activities by Cheniere Marketing. Cheniere Marketing is developing a platform for LNG sales to international markets with professional staff based in the United States, United Kingdom, Singapore and Chile.

**CHENIERE ENERGY, INC. AND SUBSIDIARIES**  
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The following table summarizes revenues (losses), loss from operations and total assets for each of our reporting segments (in thousands):

	Segments			
	LNG Terminal	LNG & Natural Gas Marketing	Corporate and Other (1)	Total Consolidation
As of or for the Three Months Ended March 31, 2015				
Revenues from external customers (2)	\$ 67,580	\$ 662	\$ 127	\$ 68,369
Intersegment revenues (losses) (3)	103	7,017	(7,120)	—
Depreciation expense	14,941	200	2,628	17,769
Loss from operations	(25,089)	(5,183)	(30,726)	(60,998)
Interest expense, net	(42,845)	—	(16,767)	(59,612)
Loss before income taxes and non-controlling interest (4)	(277,655)	(5,390)	(52,121)	(335,166)
Share-based compensation	3,197	4,035	10,759	17,991
Goodwill	76,819	—	—	76,819
Total assets	12,481,669	570,287	1,871,091	14,923,047
Expenditures for additions to long-lived assets	590,245	714	28,781	619,740
As of or for the Three Months Ended March 31, 2014				
Revenues from external customers (2)	\$ 67,119	\$ 658	\$ (227)	\$ 67,550
Intersegment revenues (losses) (3)	72	2,174	(2,246)	—
Depreciation expense	14,406	152	917	15,475
Loss from operations	(7,516)	(11,594)	(28,502)	(47,612)
Interest expense, net	(40,373)	—	103	(40,270)
Loss before income taxes and non-controlling interest (4)	(77,354)	(11,727)	(33,172)	(122,253)
Share-based compensation	3,050	6,510	28,138	37,698
Goodwill	76,819	—	—	76,819
Total assets	8,520,986	62,955	940,675	9,524,616
Expenditures for additions to long-lived assets	659,779	314	25,911	686,004

- (1) Includes corporate activities, business development, oil and gas exploration, development and exploitation, strategic activities and certain intercompany eliminations. These 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) Substantially all of the LNG terminal revenues relate to regasification capacity reservation fee payments made by Total Gas & Power North America, Inc. and Chevron U.S.A. Inc. LNG and natural gas marketing and trading revenue consists primarily of the domestic marketing of natural gas imported into the Sabine Pass LNG terminal.
- (3) Intersegment revenues (losses) related to our LNG and natural gas marketing segment are primarily a result of international revenue allocations using a cost plus transfer pricing methodology. These LNG and natural gas marketing segment intersegment revenues (losses) are eliminated with intersegment revenues (losses) in our Consolidated Statements of Operations.
- (4) Items to reconcile loss from operations and loss before income taxes and non-controlling interest include consolidated other income (expense) amounts as presented on our Consolidated Statements of Operations primarily related to our LNG terminal segment.

**NOTE 13—SUPPLEMENTAL CASH FLOW INFORMATION**

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

	Three Months Ended March 31,	
	2015	2014
Cash paid during the year for interest, net of amounts capitalized and deferred	\$ —	\$ 16,567
Balance in property, plant and equipment, net funded with accounts payable and accrued liabilities	150,623	66,241

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**NOTE 14—RECENT ACCOUNTING STANDARDS**

In May 2014, the Financial Accounting Standards Board (the “FASB”) amended its guidance on revenue recognition. The core principle of this amendment is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with earlier adoption not permitted. This guidance may be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact of the provisions of this guidance on our consolidated financial position, results of operations and cash flows.

In August 2014, the FASB issued authoritative guidance that requires an entity’s management to evaluate, for each reporting period, whether there are conditions and events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the financial statements are issued. Additional disclosures are required if management concludes that conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. This guidance is effective for annual reporting periods ending after December 15, 2016, and for annual periods and interim periods thereafter, with earlier adoption permitted. The adoption of this guidance is not expected to have an impact on our Consolidated Financial Statements or related disclosures.

In February 2015, the FASB amended its guidance on consolidation analysis. This amendment primarily affects asset managers and reporting entities involved with limited partnerships or similar entities, but the analysis is relevant in the evaluation of any reporting organization’s requirement to consolidate a legal entity. This guidance changes (1) the identification of variable interests, (2) the variable interest entity characteristics for a limited partnership or similar entity and (3) the primary beneficiary determination. This guidance is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period, with earlier adoption permitted. This guidance may be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact of the provisions of this guidance on our consolidated financial position, results of operations and cash flows.

In April 2015, the FASB issued authoritative guidance that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. This guidance is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period, with earlier adoption permitted. This guidance must be adopted retrospectively to each prior reporting period presented and disclosures will be required for a change in accounting principles. Upon adoption of this standard, the balance of long-term debt, net will be reduced by the balance of debt issuance costs, net on our Consolidated Balance Sheets.

In April 2015, the FASB issued authoritative guidance that clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. This guidance is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period, with earlier adoption permitted. This guidance may be adopted either retrospectively or prospectively to arrangements entered into, or materially modified, after the effective date. We are currently evaluating the impact of the provisions of this guidance on our consolidated financial position, results of operations and cash flows.

**NOTE 15—SUBSEQUENT EVENTS**

**2014-2018 Long-Term Cash Incentive Program**

In April 2015, our Board of Directors approved and granted awards under the new 2014-2018 Long-Term Cash Incentive Program (“2014-2018 LTIP”), which is a sub-plan of the Company’s 2015 Long-Term Cash Incentive Plan adopted in April 2015. The 2014-2018 LTIP consists of phantom units settled in cash with five consecutive annual performance periods commencing on November 1 and ending on October 31 of each year through October 31, 2018. Awards under the 2014-2018 LTIP will be subject to a three-year vesting schedule, with one third of the phantom units vesting and becoming payable on each of the first, second and third anniversaries of the date of the grant (with the exception of the initial grant for the 2014 performance period, which will vest and become payable on each of February 1, 2016, February 1, 2017 and February 1, 2018). The 2014-2018 LTIP is 100% performance-based and will reward long-term performance measured against growth in the Company’s market capitalization, referred to in the plan documents as total shareholder value (“TSV”), above certain thresholds. Under the 2014-2018 LTIP, the general pool is awarded generally between 2% and 4% of the growth in TSV and the senior executive pool is capped at 2% of the

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growth in TSV, with the Chief Executive Officer's compensation targeted at 50% of the senior executive pool, subject to adjustment at the discretion of the Compensation Committee. The number of phantom units comprising the senior executive pool has also been capped, and cannot exceed an amount equal to 1.5% of our common shares outstanding in any one year.

**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, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included herein or incorporated herein by reference are "forward-looking statements." Included among "forward-looking statements" are, among other things:

- statements that we expect to commence or complete construction of our proposed LNG terminals, liquefaction facilities, pipeline facilities or other projects, or any expansions thereof, by certain dates, or at all;
- statements regarding future levels of domestic and international natural gas production, supply or consumption or future levels of LNG imports into or exports from North America and other countries worldwide or purchases of natural gas, regardless of the source of such information, or the transportation or other infrastructure or demand for and prices related to natural gas, LNG or other hydrocarbon products;
- statements regarding any financing transactions or arrangements, or ability to enter into such transactions;
- statements relating to the construction of our Trains, including statements concerning the engagement of any EPC contractor or other contractor and the anticipated terms and provisions of any agreement with any EPC or other contractor, and anticipated costs related thereto;
- statements regarding any SPA or other agreement to be entered into or performed substantially in the future, including any revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, liquefaction or storage capacities that are, or may become, subject to contracts;
- statements regarding counterparties to our commercial contracts, construction contracts and other contracts;
- statements regarding our planned construction of additional Trains, including the financing of such Trains;
- statements that our Trains, when completed, will have certain characteristics, including amounts of liquefaction capacities;
- statements regarding our business strategy, our strengths, our business and operation plans or any other plans, forecasts, projections, or objectives, including anticipated revenues and capital expenditures, any or all of which are subject to change;
- statements regarding legislative, governmental, regulatory, administrative or other public body actions, approvals, requirements, permits, applications, filings, 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.

All of these types of statements, other than statements of historical fact, are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology. The forward-looking statements contained in this quarterly report are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe that such estimates are reasonable, they are inherently uncertain and involve a number of risks and uncertainties beyond our control. In addition, assumptions may prove to be inaccurate. We caution that the forward-looking statements contained in this quarterly report are not guarantees of future performance and that such statements may not be realized or the forward-looking statements or events may not occur. Actual results may differ materially from those anticipated or implied in forward-looking statements due to factors described in this quarterly report and in the other reports and other information that we file with the SEC. These forward-looking statements speak only as of the date made, and other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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, 2014. 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.

## 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. 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 include the following subjects:

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

## Overview of Business

Cheniere, a Delaware corporation, is a Houston-based energy company primarily engaged in LNG-related businesses. We own and operate the Sabine Pass LNG terminal in Louisiana through our ownership interest in and management agreements with Cheniere Partners, which is a publicly traded limited partnership that we created in 2007. We own 100% of the general partner interest in Cheniere Partners and 80.1% of Cheniere Holdings, which is a publicly traded limited liability company formed in 2013 that owns a 55.9% limited partner interest in Cheniere Partners.

The Sabine Pass LNG terminal is located on the Sabine Pass deepwater shipping channel less than four miles from the Gulf Coast. The Sabine Pass LNG terminal has operational regasification facilities owned by Cheniere Partners' wholly owned subsidiary, Sabine Pass LNG, that includes existing infrastructure of five LNG storage tanks with capacity of approximately 16.9 Bcfe, two docks that can accommodate vessels with nominal capacity of up to 266,000 cubic meters and vaporizers with regasification capacity of approximately 4.0 Bcf/d. Cheniere Partners is developing and constructing natural gas liquefaction facilities (the "SPL Project") at the Sabine Pass LNG terminal adjacent to the existing regasification facilities through a wholly owned subsidiary, SPL. Cheniere Partners plans to construct up to six Trains, which are in various stages of development. Each Train is expected to have a nominal production capacity of approximately 4.5 mtpa of LNG. Cheniere Partners also owns the 94-mile Creole Trail Pipeline through a wholly owned subsidiary, CTPL, which interconnects the Sabine Pass LNG terminal with a number of large interstate pipelines.

We are developing a second natural gas liquefaction and export facility and pipeline facility near Corpus Christi, Texas (the "CCL Project") through wholly owned subsidiaries CCL and Cheniere Corpus Christi Pipeline, respectively. As currently contemplated, the Corpus Christi LNG terminal would be designed for up to three Trains, with expected aggregate nominal production capacity of approximately 13.5 mtpa of LNG, three LNG storage tanks with capacity of approximately 10.1 Bcfe and two docks that can accommodate vessels with nominal capacity of up to 266,000 cubic meters. The CCL Project also would include a 23-mile pipeline that would interconnect the Corpus Christi LNG terminal with several interstate and intrastate natural gas pipelines (the "Corpus Christi Pipeline").

One of our subsidiaries, Cheniere Marketing, is engaged in the LNG and natural gas marketing business and is seeking to develop a portfolio of long-term, short-term and spot SPAs. Cheniere Marketing has entered into SPAs with SPL and CCL to purchase LNG produced by the SPL Project and the CCL Project.

We are also in various stages of developing other projects, including a liquid hydrocarbon export project in Texas along the Gulf Coast, which, among other things, will require acceptable commercial and financing arrangements before we make a final investment decision.

## Overview of Significant Events

Our significant accomplishments since January 1, 2015 and through the filing date of this Form 10-Q include the following:

- We issued an aggregate principal amount of \$625.0 million Convertible Senior Notes due 2045 (the “2045 Convertible Senior Notes”) through a registered direct offering. The 2045 Convertible Senior Notes were issued with an original issue discount of 20% and accrue interest at a rate of 4.25% per annum, which is payable semi-annually in arrears. The net proceeds of \$495.7 million, after deducting estimated fees and estimated offering expenses of \$4.3 million, are being used for general corporate purposes.
- SPL issued an aggregate principal amount of \$2.0 billion of 5.625% Senior Secured Notes due 2025 (the “2025 SPL Senior Notes”). Net proceeds from the offering will be used to pay a portion of the capital costs associated with the construction of the first four Trains of the SPL Project.
- We received authorization from the FERC to site, construct and operate Trains 5 and 6 of the SPL Project.

## Liquidity and Capital Resources

Although results are consolidated for financial reporting, Cheniere, Cheniere Holdings, Cheniere Partners, SPL and Sabine Pass LNG operate with independent capital structures. We expect the cash needs for at least the next twelve months will be met for each of these independent capital structures as follows:

- Sabine Pass LNG through operating cash flows and existing unrestricted cash;
- SPL through project debt and equity financings;
- Cheniere Partners through operating cash flows from Sabine Pass LNG and existing unrestricted cash;
- Cheniere Holdings through distributions from Cheniere Partners; and
- Cheniere through existing unrestricted cash, services fees from Cheniere Holdings, Cheniere Partners and its other subsidiaries, distributions from our investments in Cheniere Holdings and Cheniere Partners and operating cash flows from our LNG and natural gas marketing business. In addition, we expect to finance the construction costs of the CCL LNG terminal from one or more of the following: project financing, existing unrestricted cash, debt and equity offerings by us or our subsidiaries and operating cash flow.

As of March 31, 2015, we had cash and cash equivalents of \$2,158.3 million available to Cheniere. In addition, we had current and non-current restricted cash and cash equivalents of \$2,314.0 million (which included current and non-current restricted cash and cash equivalents available to Cheniere Holdings, Cheniere Partners, SPL and Sabine Pass LNG) designated for the following purposes: \$1,953.7 million for the SPL Project; \$28.1 million for CTPL; \$129.1 million for interest payments related to the Sabine Pass LNG Senior Notes described below; and \$203.1 million for other restricted purposes.

In November 2014, we issued an aggregate principal amount of \$1.0 billion Convertible Unsecured Notes due 2021 (the “2021 Convertible Unsecured Notes”). Beginning one year after the closing date, the 2021 Convertible Unsecured Notes will be convertible at the option of the holder into our common stock at an initial conversion price of \$93.64, provided that our closing price of common stock is greater than or equal to \$93.64 on the conversion date. The conversion rate is subject to adjustment upon the occurrence of certain specified events. We have the option to satisfy the conversion obligation with cash, common stock or a combination thereof.

In March 2015, we issued the 2045 Convertible Senior Notes. We have the right, at our option, at any time after March 15, 2020, to redeem all or any part of the 2045 Convertible Senior Notes at a redemption price payable in cash equal to the accreted amount of the 2045 Convertible Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to such redemption date. The conversion rate will initially equal 7.2265 shares of our common stock per \$1,000 principal amount of the 2045 Convertible Senior Notes, which corresponds to an initial conversion price of approximately \$138.38 per share of our common stock. The conversion rate is subject to adjustment upon the occurrence of certain specified events. We have the option to satisfy the conversion obligation with cash, common stock or a combination thereof.

Substantially all of our revenues from external customers and long-lived assets are attributed to or located in the United States.

## ***Cheniere Holdings***

Cheniere Holdings was formed by us to hold our Cheniere Partners limited partner interests, thereby allowing us to segregate our lower risk, stable, cash flow generating assets from our higher risk, early stage development projects and marketing activities. As of March 31, 2015, we had an 80.1% direct ownership interest in Cheniere Holdings. We receive dividends on our Cheniere Holdings shares from the distributions that Cheniere Holdings receives from Cheniere Partners, and we receive management fees for managing Cheniere Holdings. For the three months ended March 31, 2015, we received \$3.5 million in dividends on our Cheniere Holdings common shares and \$0.3 million of management fees from Cheniere Holdings.

## ***Cheniere Partners***

Our ownership interest in the Sabine Pass LNG terminal is held through Cheniere Partners. As of March 31, 2015, we own 80.1% of Cheniere Holdings, which owns a 55.9% limited partner interest in Cheniere Partners in the form of 11,963,488 common units, 45,333,334 Class B units and 135,383,831 subordinated units. We also own 100% of the general partner interest and the incentive distribution rights in Cheniere Partners.

Prior to the initial public offering by Cheniere Holdings, we received quarterly equity distributions from Cheniere Partners related to our limited partner and 2% general partner interests. We will continue to receive quarterly equity distributions from Cheniere Partners related to our 2% general partner interest, and we receive fees for providing services to Cheniere Partners, Sabine Pass LNG, SPL and CTPL. During the three months ended March 31, 2015, we received \$0.5 million in distributions on our general partner interest and \$19.1 million in total service fees from Cheniere Partners, Sabine Pass LNG, SPL and CTPL.

Cheniere Partners' common unit and general partner distributions are being funded from accumulated operating surplus. We have not received distributions on our subordinated units with respect to the quarters ended on or after June 30, 2010. Cheniere Partners will not make distributions on our subordinated units until it generates additional cash flow from the SPL Project, Sabine Pass LNG's excess capacity or other new business, which would be used to make quarterly distributions on our subordinated units before any increase in distributions to the common unitholders.

Cheniere Partners' Class B units are subject to conversion, mandatorily or at the option of the Class B unitholders under specified circumstances, into a number of common units based on the then-applicable conversion value of the Class B units. The Cheniere Partners Class B units are not entitled to cash distributions except in the event of a liquidation of Cheniere Partners, a merger, consolidation or other combination of Cheniere Partners with another person or the sale of all or substantially all of the assets of Cheniere Partners. On a quarterly basis beginning on the initial purchase of the Class B units and ending on the conversion date of the Class B units, the conversion value of the Class B units increases at a compounded rate of 3.5% per quarter, subject to an additional upward adjustment for certain equity and debt financings. The accreted conversion ratio of the Class B units owned by Cheniere Holdings and Blackstone CQP Holdco LP ("Blackstone") was 1.46 and 1.44, respectively, as of March 31, 2015. We expect the Class B units to mandatorily convert into common units within 90 days of the substantial completion date of Train 3 of the SPL Project, which Cheniere Partners currently expects to occur before March 31, 2017. If the Class B units are not mandatorily converted by July 2019, the holders of the Class B units have the option to convert the Class B units into common units at that time.

## ***LNG Terminal Business***

### ***Sabine Pass LNG Terminal***

#### ***Regasification Facilities***

The Sabine Pass LNG terminal has operational regasification capacity of approximately 4.0 Bcf/d and aggregate LNG storage capacity of approximately 16.9 Bcfe. Approximately 2.0 Bcf/d of the 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. Each of Total Gas & Power North America, Inc. ("Total") 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 annually for 20 years that commenced in 2009. Total S.A. has guaranteed Total's obligations under its TUA up to \$2.5 billion, subject to certain exceptions, and 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 capacity has been reserved under a TUA by SPL. SPL is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$250 million annually, continuing until at least 20 years after SPL delivers its first commercial cargo at the SPL Project.

Under each of these TUAs, Sabine Pass LNG is entitled to retain 2% of the LNG delivered to the Sabine Pass LNG terminal.

#### *Liquefaction Facilities*

The SPL Project is being developed and constructed at the Sabine Pass LNG terminal adjacent to the existing regasification facilities. We commenced construction of Trains 1 and 2 and the related new facilities needed to treat, liquefy, store and export natural gas in August 2012. Construction of Trains 3 and 4 and the related facilities commenced in May 2013. In April 2015, we received authorization from the FERC to site, construct and operate Trains 5 and 6.

The U.S. Department of Energy (the "DOE") has authorized the export of up to a combined total of the equivalent of 16 mtpa (approximately 803 Bcf/yr) of domestically produced LNG by vessel from the Sabine Pass LNG terminal to countries with which the United States has a free trade agreement providing for national treatment for trade in natural gas ("FTA countries") for a 30-year term, beginning on the earlier of the date of first export or September 7, 2020; and to all countries without a free trade agreement providing for national treatment for trade in natural gas and with which trade is permitted ("non-FTA countries") for a 20-year term, beginning on the earlier of the date of first export or August 7, 2017. The DOE further issued an order authorizing SPL to export up to the equivalent of approximately 203 Bcf/yr of domestically produced LNG from the Sabine Pass LNG terminal to FTA countries for a 25-year period. SPL's application for authorization to export that same 203 Bcf/yr of domestically produced LNG from the Sabine Pass LNG terminal to non-FTA countries is currently pending at the DOE. Additionally, the DOE further issued orders authorizing SPL to export an additional 503.3 Bcf/yr in total of domestically produced LNG from the Sabine Pass LNG terminal to FTA countries for a 20-year term. SPL's applications for authorization to export that same 503.3 Bcf/yr of domestically produced LNG from the Sabine Pass LNG terminal to non-FTA countries are currently pending at the DOE.

As of March 31, 2015, the overall project completion percentages for Trains 1 and 2 and Trains 3 and 4 of the SPL Project were approximately 87.2% and 62.6%, respectively, which are ahead of the contractual schedule. Based on our current construction schedule, we anticipate that Train 1 will produce LNG as early as late 2015, and Trains 2, 3 and 4 are expected to commence operations on a staggered basis thereafter.

#### *Customers*

SPL has entered into four fixed price, 20-year SPAs with third parties that in the aggregate equate to 16 mtpa (approximately 803 Bcf/yr) of LNG that commence with the date of first commercial delivery for Trains 1 through 4, which are fully permitted. In addition, SPL has entered into two fixed price, 20-year SPAs with third parties for another 3.75 mtpa of LNG that commence with the date of first commercial delivery for Train 5. However, SPL has not yet received approval from the DOE for the export of LNG from Train 5 to non-FTA countries. These two SPAs contain certain conditions precedent, including, but not limited to, receiving regulatory approvals, securing necessary financing arrangements and making a final investment decision with respect to Train 5, which must be satisfied by June 30, 2015 or either party to the respective SPA may terminate its SPA, following notice and a cure period. Under the SPAs, the customers will purchase LNG from SPL for a price consisting of a fixed fee plus 115% of Henry Hub per MMBtu of LNG. In certain circumstances, the customers may elect to cancel or suspend deliveries of LNG cargoes, in which case the customers would still be required to pay the fixed fee with respect to cargoes that are not delivered. A portion of the fixed fee will be subject to annual adjustment for inflation. The SPAs and contracted volumes to be made available under the SPAs are not tied to a specific Train; however, the term of each SPA commences upon the start of operations of the specified Train.

In aggregate, the fixed fee portion to be paid by these customers is approximately \$2.3 billion annually for Trains 1 through 4, and \$2.9 billion annually if we make a positive final investment decision with respect to Train 5, with the applicable fixed fees starting from the commencement of commercial operations of the applicable Train. These fixed fees equal approximately \$411 million, \$564 million, \$650 million, \$648 million and \$588 million for each of Trains 1 through 5, respectively.

In addition, Cheniere Marketing has entered into an amended and restated SPA with SPL to purchase, at Cheniere Marketing's option, any LNG produced by SPL in excess of that required for other customers at a price of 115% of Henry Hub plus \$3.00 per MMBtu of LNG.

### *Natural Gas Transportation and Supply*

For SPL's natural gas feedstock transportation requirements, it has entered into transportation precedent agreements to secure firm pipeline transportation capacity with CTPPL and third-party pipeline companies. SPL has also entered into enabling agreements and long-term natural gas purchase agreements with third parties in order to secure natural gas feedstock for the SPL Project. As of March 31, 2015, SPL has secured up to approximately 2,161.9 million MMBtu of natural gas feedstock through long-term natural gas purchase agreements.

### *Construction*

Trains 1 through 4 are being designed, constructed and commissioned by Bechtel. SPL entered into lump sum turnkey contracts with Bechtel for the engineering, procurement and construction of Trains 1 and 2 (the "EPC Contract (Trains 1 and 2)") and Trains 3 and 4 (the "EPC Contract (Trains 3 and 4)") under which Bechtel charges a lump sum for all work performed and generally bears project cost risk unless certain specified events occur, in which case Bechtel may cause SPL to enter into a change order, or SPL agrees with Bechtel to a change order.

The total contract prices of EPC Contract (Trains 1 and 2) and EPC Contract (Trains 3 and 4) are approximately \$4.1 billion and \$3.8 billion, respectively, reflecting amounts incurred under change orders through March 31, 2015. Total expected capital costs for Trains 1 through 4 are estimated to be between \$9.0 billion and \$10.0 billion before financing costs and between \$12.0 billion and \$13.0 billion after financing costs including, in each case, estimated owner's costs and contingencies.

### *Pipeline Facilities*

CTPL owns the Creole Trail Pipeline, a 94-mile pipeline interconnecting the Sabine Pass LNG terminal with a number of large interstate pipelines. In December 2013, CTPPL began construction of certain modifications to allow the Creole Trail Pipeline to be able to transport natural gas to the Sabine Pass LNG terminal. Cheniere Partners estimates that the capital costs to modify the Creole Trail Pipeline will be approximately \$105 million. The modifications are expected to be in service in time for the commissioning and testing of Trains 1 and 2.

### *Final Investment Decision on Train 5 and Train 6*

We will contemplate making a final investment decision to commence construction of Train 5 and Train 6 of the SPL Project based upon, among other things, entering into EPC contracts, entering into acceptable commercial arrangements, receiving regulatory authorizations and obtaining adequate financing to construct the Trains.

### *Capital Resources*

We currently expect that SPL's capital resources requirements with respect to Trains 1 through 4 of the SPL Project will be financed through one or more of the following: borrowings, equity contributions from Cheniere Partners and cash flows under the SPAs. We believe that with the net proceeds of borrowings, unfunded commitments under the 2013 Liquefaction Credit Facilities (as defined below) and cash flows from operations, we will have adequate financial resources available to complete Trains 1 through 4 of the SPL Project and to meet its currently anticipated capital, operating and debt service requirements. We currently project that SPL will generate cash flow from the SPL Project by late 2015, when Train 1 of the SPL Project is anticipated to achieve initial LNG production.

### *Senior Secured Notes*

As of March 31, 2015, Cheniere Partners' subsidiaries had seven series of senior secured notes outstanding (collectively, the "Senior Notes"):

- \$1.7 billion of 7.50% Senior Secured Notes due 2016 issued by Sabine Pass LNG (the "2016 Sabine Pass LNG Senior Notes");
- \$0.4 billion of 6.50% Senior Secured Notes due 2020 issued by Sabine Pass LNG (the "2020 Sabine Pass LNG Senior Notes" and collectively with the 2016 Sabine Pass LNG Senior Notes, the "Sabine Pass LNG Senior Notes");
- \$2.0 billion of 5.625% Senior Secured Notes due 2021 issued by SPL (the "2021 SPL Senior Notes");

- \$1.0 billion of 6.25% Senior Secured Notes due 2022 issued by SPL (the “2022 SPL Senior Notes”);
- \$1.5 billion of 5.625% Senior Secured Notes due 2023 issued by SPL (the “2023 SPL Senior Notes”);
- \$2.0 billion of 5.75% Senior Secured Notes due 2024 issued by SPL (the “2024 SPL Senior Notes” and collectively with the 2021 SPL Senior Notes, the 2022 SPL Senior Notes, the 2023 SPL Senior Notes and the 2025 SPL Senior Notes, the “SPL Senior Notes”); and
- \$2.0 billion of 2025 SPL Senior Notes.

Interest on the Senior Notes is payable semi-annually in arrears. Subject to permitted liens, the Sabine Pass LNG Senior Notes are secured on a *pari passu* first-priority basis by a security interest in all of Sabine Pass LNG’s equity interests and substantially all of Sabine Pass LNG’s operating assets. The SPL Senior Notes are secured on a first-priority basis by a security interest in all of the membership interests in SPL and substantially all of SPL’s assets.

Sabine Pass LNG may redeem all or part of its 2016 Sabine Pass LNG Senior Notes at any 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 2016 Sabine Pass LNG Senior Notes; or
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the 2016 Sabine Pass LNG Senior Notes plus (ii) all required interest payments due on the 2016 Sabine Pass LNG 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 2016 Sabine Pass LNG Senior Notes, if greater.

Sabine Pass LNG may redeem all or part of the 2020 Sabine Pass LNG Senior Notes at any time on or after November 1, 2016 at fixed redemption prices specified in the indenture governing the 2020 Sabine Pass LNG Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass LNG may also, at its option, redeem all or part of the 2020 Sabine Pass LNG Senior Notes at any time prior to November 1, 2016, at a “make-whole” price set forth in the indenture governing the 2020 Sabine Pass LNG Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption. At any time before November 1, 2015, Sabine Pass LNG may redeem up to 35% of the aggregate principal amount of the 2020 Sabine Pass LNG Senior Notes at a redemption price of 106.5% of the principal amount of the 2020 Sabine Pass LNG Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date, in an amount not to exceed the net proceeds of one or more completed equity offerings as long as Sabine Pass LNG redeems the 2020 Sabine Pass LNG Senior Notes within 180 days of the closing date for such equity offering and at least 65% of the aggregate principal amount of the 2020 Sabine Pass LNG Senior Notes originally issued remains outstanding after the redemption.

At any time prior to three months before the respective dates of maturity for each series of the SPL Senior Notes, SPL may redeem all or part of such series of the SPL Senior Notes at a redemption price equal to the “make-whole” price set forth in the common indenture governing the SPL Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption. SPL may also, at any time within three months of the respective maturity dates for each series of the SPL Senior Notes, redeem all or part of such series of the SPL Senior Notes at a redemption price equal to 100% of the principal amount of such series of the SPL Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Under the indentures governing the Sabine Pass LNG Senior Notes (the “Sabine Pass LNG Indentures”), except for permitted tax distributions, Sabine Pass LNG may not make distributions until, among other requirements, deposits are made into debt service reserve accounts and a fixed charge coverage ratio test of 2:1 is satisfied. Under the common indenture governing the SPL Senior Notes, SPL may not make any distributions until, among other requirements, substantial completion of Trains 1 and 2 has occurred, deposits are made into debt service reserve accounts and a debt service coverage ratio test of 1.25:1.00 is satisfied. During the three months ended March 31, 2015 and 2014, Sabine Pass LNG made distributions of \$70.8 million and \$63.4 million, respectively, after satisfying all the applicable conditions in the Sabine Pass LNG Indentures.

The SPL Senior Notes are governed by a common indenture with restrictive covenants. SPL may incur additional indebtedness in the future, including by issuing additional notes, and such indebtedness could be at higher interest rates and have different maturity dates and more restrictive covenants than the current outstanding indebtedness of SPL, including the SPL Senior Notes, the 2013 Liquefaction Credit Facilities and a \$325.0 million senior letter of credit and reimbursement agreement (the “SPL LC Agreement”) described below.

### *2013 Liquefaction Credit Facilities*

In May 2013, SPL entered into four credit facilities aggregating \$5.9 billion (collectively, the “2013 Liquefaction Credit Facilities”). In conjunction with SPL’s issuances of the respective series of SPL Senior Notes in November 2013 and May 2014, SPL terminated approximately \$885 million and \$2.1 billion, respectively, of commitments under the 2013 Liquefaction Credit Facilities. In March 2015, in conjunction with SPL’s issuance of the 2025 SPL Senior Notes, SPL further terminated approximately \$1.8 billion of commitments under the 2013 Liquefaction Credit Facilities. As a result, as of March 31, 2015, SPL has available commitments aggregating \$0.9 billion under the 2013 Liquefaction Credit Facilities, which will be used to fund a portion of the costs of developing, constructing and placing into operation Trains 1 through 4 of the SPL Project.

The principal of the loans made under the 2013 Liquefaction Credit Facilities must be repaid in quarterly installments, commencing with the earlier of the last day of the first full calendar quarter after the Train 4 completion date, as defined in the 2013 Liquefaction Credit Facilities, or September 30, 2018. Loans under the 2013 Liquefaction Credit Facilities accrue interest at a variable rate per annum equal to, at SPL’s election, LIBOR or the base rate plus the applicable margin. The applicable margins for LIBOR loans range from 2.3% to 3.0% prior to the completion of Train 4 and from 2.3% to 3.25% after such completion, depending on the applicable 2013 Liquefaction Credit Facility. The 2013 Liquefaction Credit Facilities also require SPL to pay a commitment fee calculated at a rate per annum equal to 40% of the applicable margin for LIBOR loans, multiplied by the average daily amount of undrawn commitments. Interest on LIBOR loans and the commitment fees are due and payable at the end of each LIBOR period and quarterly, respectively.

Under the terms of the 2013 Liquefaction Credit Facilities, SPL is required to hedge not less than 75% of the variable interest rate exposure of its projected outstanding borrowings, calculated on a weighted average basis in comparison to its anticipated draw of principal.

### *2017 CTPL Term Loan*

CTPL has a \$400.0 million term loan facility (“2017 CTPL Term Loan”), which is being used to fund modifications to the Creole Trail Pipeline and for general business purposes. The 2017 CTPL Term Loan matures in 2017 when the full amount of the outstanding principal obligations must be repaid. CTPL’s loan may be repaid, in whole or in part, at any time without premium or penalty. As of March 31, 2015, CTPL had borrowed the full amount of \$400.0 million available under the 2017 CTPL Term Loan. Borrowings under the 2017 CTPL Term Loan accrue interest at a variable rate per annum equal to, at CTPL’s election, LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans is 3.25%. Interest on LIBOR loans is due and payable at the end of each LIBOR period.

### *SPL LC Agreement*

In April 2014, SPL entered into the SPL LC Agreement that it uses for the issuance of letters of credit for certain working capital requirements related to the SPL Project. SPL pays (a) a commitment fee in an amount equal to an annual rate of 0.75% of an amount equal to the unissued portion of letters of credit available pursuant to the SPL LC Agreement and (b) a letter of credit fee equal to an annual rate of 2.5% of the undrawn portion of all letters of credit issued under the SPL LC Agreement. If draws are made upon any letters of credit issued under the SPL LC Agreement, the amount of the draw will be deemed a loan issued to SPL. SPL is required to pay the full amount of this loan on or prior to the business day immediately succeeding the deemed issuance of the loan. These loans accrue interest at a rate of 2.0% plus the base rate as defined in the SPL LC Agreement. As of March 31, 2015, SPL had issued letters of credit in an aggregate amount of \$72.5 million and no draws had been made upon any letters of credit issued under the SPL LC Agreement.

### *Corpus Christi LNG Terminal*

#### *Liquefaction Facilities*

In September 2011, we formed CCL to develop a natural gas liquefaction facility near Corpus Christi, Texas on over 1,000 acres of land that we own or control. As currently contemplated, the CCL facilities would be designed for up to three Trains, with expected aggregate nominal production capacity of approximately 13.5 mtpa of LNG, three LNG storage tanks with capacity of approximately 10.1 Bcfe and two docks that can accommodate vessels with nominal capacity of up to 266,000 cubic meters.

On December 30, 2014, the FERC issued an order granting CCL authorization under Section 3 of the Natural Gas Act of 1938, as amended (“NGA”), to site, construct and operate Trains 1 through 3. The Sierra Club has requested a rehearing and the FERC has not yet ruled on this request. In August 2012, Cheniere Marketing filed an application with the DOE to export up to the equivalent of 15 mtpa (approximately 767 Bcf/yr) of domestically produced LNG to FTA and non-FTA countries from the CCL Project. In October 2012, the DOE granted Cheniere Marketing authority to export up to the equivalent of 15 mtpa (approximately 767 Bcf/yr) of domestically produced LNG to FTA countries from the CCL Project. CCL was added as an additional authorization holder to the FTA permit and an additional applicant to the non-FTA application. In addition, the FERC order requires us to obtain certain additional FERC approvals as construction progresses.

#### *Customers*

CCL has entered into eight fixed price, 20-year SPAs with seven third parties with aggregate annual contract quantities of approximately 8.4 mtpa of LNG. However, CCL has not yet received approval from the DOE for the export of LNG to non-FTA countries. Under these eight SPAs, the customers will purchase LNG from CCL for a price consisting of a fixed fee of \$3.50 plus 115% of Henry Hub per MMBtu of LNG. In certain circumstances, the customers may elect to cancel or suspend deliveries of LNG cargoes, in which case the customers would still be required to pay the fixed fee with respect to cargoes that are not delivered. A portion of the fixed fee will be subject to annual adjustment for inflation. The SPAs and contracted volumes to be made available under the SPAs are not tied to a specific Train; however, the term of each SPA commences upon the start of operations of a specified Train. Each of the SPAs contain certain conditions precedent, including, but not limited to, receiving regulatory approvals, securing necessary financing arrangements and making a final investment decision, which must be satisfied by June 30, 2015 or either party to each SPA may terminate its SPA, following notice and a cure period.

In aggregate, the fixed fee portion to be paid by these customers is approximately \$1.5 billion if we make positive final investment decisions with respect to Trains 1 through 3, with the applicable fixed fees starting from the commencement of commercial operations of the applicable Train. These fixed fees equal approximately \$619 million, \$776 million and \$140 million for each of Trains 1 through 3, respectively.

#### *Natural Gas Transportation and Supply*

For its natural gas feedstock transportation requirements, CCL has entered into transportation precedent agreements to secure firm pipeline transportation capacity with third party pipeline companies and Cheniere Corpus Christi Pipeline. CCL has also entered into enabling agreements with third parties and will continue to enter into such agreements in order to secure natural gas feedstock for the CCL Project.

#### *Construction*

In December 2013, CCL entered into contracts with Bechtel for the engineering, procurement and construction of Trains and related facilities for the CCL Project under which Bechtel charges a lump sum for all work performed and generally bears project cost risk unless certain specified events occur, in which case Bechtel may cause CCL to enter into a change order, or CCL agrees with Bechtel to a change order. Total expected costs for the three Trains and the related facilities, excluding pipeline facilities, are estimated to be between \$11.5 billion and \$12.0 billion, before financing costs, including an estimate for owner’s costs and contingencies.

#### *Pipeline Facilities*

On December 30, 2014, the FERC issued a certificate of public convenience and necessity under Section 7(c) of the NGA authorizing Cheniere Corpus Christi Pipeline to construct and operate the Corpus Christi Pipeline. The Corpus Christi Pipeline is designed to transport 2.25 Bcf/d of feed and fuel gas required by the CCL Project from the existing natural gas pipeline grid.

#### *Final Investment Decision*

We will contemplate making a final investment decision to commence construction of the CCL Project based upon, among other things, entering into acceptable commercial arrangements, receiving regulatory authorizations and obtaining adequate financing to construct the facility.

### *Capital Resources*

We expect to finance the construction costs of the CCL Project from one or more of the following: project financing, existing unrestricted cash, offerings by us or our subsidiaries of debt or equity and operating cash flow.

### ***LNG and Natural Gas Marketing Business***

Our wholly owned subsidiary, Cheniere Marketing, is engaged in the LNG and natural gas marketing business and is seeking to develop a portfolio of long-term, short-term and spot LNG purchase and sale agreements. Cheniere Marketing has purchased, transported and unloaded commercial LNG cargoes into the Sabine Pass LNG terminal and has used trading strategies intended to maximize margins on these cargoes. Cheniere Marketing, or one of its wholly owned subsidiaries, has secured the following rights and obligations to support its business:

- the right to deliver cargoes to the Sabine Pass LNG terminal during the construction of the SPL Project in exchange for payment of 80% of the expected gross margin from each cargo to Cheniere Energy Investments, LLC, a wholly owned subsidiary of Cheniere Partners;
- pursuant to an amended and restated SPA with SPL, the right to purchase, at Cheniere Marketing's option, any LNG produced by SPL in excess of that required for other customers at a price of 115% of Henry Hub plus \$3.00 per MMBtu of LNG;
- pursuant to SPAs with CCL, the right to purchase, at Cheniere Marketing's option, any LNG produced by CCL not required for other customers; and
- three LNG vessel time charters with subsidiaries of two ship owners, Dynagas, Ltd. ("Dynagas") and Teekay LNG Operating LLC ("Teekay"). The annual payments for the vessel charters will be approximately \$92 million. The charters have an initial term of 5 years with the option to renew with Dynagas for a 2-year extension with similar terms as the initial term. Cheniere Marketing expects to receive delivery of the vessel from Dynagas in June 2015 and the vessels from Teekay in January 2016 and June 2016.

In addition, Cheniere Marketing has sold LNG cargoes to be delivered to multiple counterparties between 2016 and 2018, with delivery obligations conditioned on the performance of the SPL Project. The cargoes have been sold with a portfolio of delivery points, either on a Free on Board basis, delivered to the counterparty at the Sabine Pass LNG terminal, or a Delivered at Terminal ("DAT") basis, delivered to the counterparty's LNG receiving terminal. Cheniere Marketing has chartered LNG vessels, as described above, to be utilized in DAT transactions. In addition, a wholly owned subsidiary of Cheniere Marketing has entered into a long-term agreement to sell LNG cargoes on a DAT basis, with delivery obligations conditioned on CCL achieving certain milestones, including a final investment decision. The agreement is also conditioned upon the buyer achieving its own milestones, including reaching a final investment decision related to certain projects and obtaining related financing.

### ***Corporate and Other Activities***

We are required to maintain corporate general and administrative functions to serve our business activities described above. We are also in various stages of developing other projects, including a liquid hydrocarbon export project in Texas along the Gulf Coast. Each of these projects, among other things, will require acceptable commercial and financing arrangements before we make a final investment decision.

## Sources and Uses of Cash

The following table summarizes (in thousands) the sources and uses of our cash and cash equivalents for the three months ended March 31, 2015 and 2014. The table presents capital expenditures on a cash basis; therefore, these amounts differ from the amounts of capital expenditures, including accruals, which are referred to elsewhere in this report. Additional discussion of these items follows the table.

	Three Months Ended March 31,	
	2015	2014
Sources of cash and cash equivalents		
Proceeds from issuances of long-term debt	\$ 2,500,000	\$ —
Use of restricted cash and cash equivalents for the acquisition of property, plant and equipment	572,623	761,858
Use of restricted cash and cash equivalents for financing activities	—	33,743
Proceeds from exercise of stock options	958	3,691
Other	20	44
Total sources of cash and cash equivalents	3,073,601	799,336
Uses of cash and cash equivalents		
Investment in restricted cash and cash equivalents	(1,929,288)	—
Property, plant and equipment, net	(590,998)	(773,376)
Debt issuance and deferred financing costs	(58,395)	(13,957)
Distributions and dividends to non-controlling interest	(20,050)	(19,786)
Operating cash flow	(14,180)	(18,219)
Payments related to tax withholdings for share-based compensation	(3,771)	(7,742)
Other	(46,164)	(12,495)
Total uses of cash and cash equivalents	(2,662,846)	(845,575)
Net increase (decrease) in cash and cash equivalents	410,755	(46,239)
Cash and cash equivalents—beginning of period	1,747,583	960,842
Cash and cash equivalents—end of period	\$ 2,158,338	\$ 914,603

### Proceeds from Issuances of Long-Term Debt, Debt Issuance and Deferred Financing Costs

In March 2015, SPL issued an aggregate principal amount of \$2.0 billion of the 2025 SPL Senior Notes. In March 2015, we issued an aggregate principal amount of \$625.0 million of the 2045 Convertible Senior Notes, with an original issue discount of 20%, for net proceeds of \$495.7 million. Debt issuance and deferred financing costs in the three months ended March 31, 2015 primarily relate to up-front fees paid upon the closing of these offerings.

### Use of Restricted Cash and Cash Equivalents for the Acquisition of Property, Plant and Equipment and Property, Plant and Equipment, net

During the three months ended March 31, 2015 and 2014, we used \$572.6 million and \$761.9 million, respectively, of restricted cash and cash equivalents for investing activities to fund \$591.0 million and \$773.4 million during the three months ended March 31, 2015 and 2014, respectively, of construction costs for Trains 1 through 4 of the SPL Project. The costs associated with the construction of Trains 1 through 4 of the SPL Project are capitalized as construction-in-process.

### Investment in (Use of) Restricted Cash and Cash Equivalents

In the three months ended March 31, 2015, we invested \$1,929.3 million in restricted cash and cash equivalents primarily related to the net proceeds from the 2025 SPL Senior Notes, partially offset by the use of restricted cash related to payment of commitment fees for the 2013 Liquefaction Credit Facilities and the payment of distributions to non-controlling interest. In the three months ended March 31, 2014, we used \$33.7 million of restricted cash and cash equivalents related to the payment of commitment fees for the 2013 Liquefaction Credit Facilities and the payment of distributions to non-controlling interest.

#### *Distributions and Dividends to Non-controlling Interest*

During the three months ended March 31, 2015 and 2014, Cheniere Partners and Cheniere Holdings, collectively, made distributions and paid dividends of \$20.1 million and \$19.8 million, respectively, to non-affiliated common unitholders and common shareholders.

#### *Payments Related to Tax Withholdings for Share-based Compensation*

During the three months ended March 31, 2015 and 2014, we used \$3.8 million and \$7.7 million, respectively, of cash and cash equivalents to purchase restricted stock that was returned to us by employees to cover taxes related to their restricted stock that vested during such periods.

#### *Operating Cash Flow*

We had a cash outflow from operating activities of \$14.2 million during the three months ended March 31, 2015, compared to a cash outflow of \$18.2 million during the three months ended March 31, 2014. This decrease in operating cash outflows primarily related to the timing of amounts paid to third parties for the construction of the SPL Project, partially offset by cash paid to purchase LNG to maintain the cryogenic readiness of the regasification facilities at the Sabine Pass LNG terminal and the timing of receivables due from third parties.

#### *Other*

Other cash outflows increased from \$12.5 million during the three months ended March 31, 2014 to \$46.2 million during the three months ended March 31, 2015, primarily for payments made to a municipal water district for water system enhancements that will increase potable water supply to our Sabine Pass LNG terminal.

#### *Issuance of Common Stock*

During the three months ended March 31, 2015 and 2014, we issued zero and 0.2 million shares, respectively, of restricted stock to new and existing employees.

### **Results of Operations**

#### ***Three Months Ended March 31, 2015 vs. Three Months Ended March 31, 2014***

Our consolidated net loss attributable to common stockholders was \$267.7 million, or \$1.18 per share (basic and diluted), in the three months ended March 31, 2015 compared to a net loss attributable to common stockholders of \$97.8 million, or \$0.44 per share (basic and diluted), in the three months ended March 31, 2014. This \$169.9 million increase in net loss was primarily a result of increased derivative loss, net, increased operating and maintenance expense, increased loss on early extinguishment of debt and increased interest expense, net, which was partially offset by increased net loss attributable to non-controlling interest and decreased general and administrative expense ("G&A Expense"). Derivative loss, net increased \$91.3 million in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, primarily as a result of new contingent interest rate derivatives entered into during the quarter. Loss on early extinguishment of debt increased \$89.0 million in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, due to the write-off of debt issuance costs and deferred commitment fees in connection with the termination of approximately \$1.8 billion of commitments under the 2013 Liquefaction Credit Facilities in March 2015. Operating and maintenance expense increased \$23.5 million in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, primarily as a result of the expense incurred to purchase LNG to maintain the cryogenic readiness of the regasification facilities at the Sabine Pass LNG terminal and increased costs to manage the operation and maintenance of the Sabine Pass LNG terminal. Interest expense, net increased \$19.3 million in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, primarily as a result of an increase in our indebtedness outstanding in 2015 from the issuance of the 2021 Convertible Unsecured Notes in November 2014 and the issuance of the 2045 Convertible Senior Notes in March 2015. For the three months ended March 31, 2015 and 2014, we incurred \$180.6 million and \$128.6 million of total interest cost, respectively, of which we capitalized and deferred \$121.0 million and \$88.3 million, respectively, which were directly related to the construction of the first four Trains of the SPL Project. Net loss attributable to non-controlling interest increased \$43.6 million in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014, as a result of increased net loss recorded by Cheniere Partners primarily for the reasons above.

G&A Expense decreased \$15.8 million in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014 primarily as a result of share-based compensation expense recognized during the three months ended March 31, 2014 related to the modification of long-term commercial bonus awards resulting from an employee termination.

#### **Off-Balance Sheet Arrangements**

As of March 31, 2015, we had no “off-balance sheet arrangements” that may have a current or future material effect on our consolidated financial position or results of operations.

#### **Summary of Critical Accounting Estimates**

The preparation of our 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. There have been no significant changes to our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

#### **Recent Accounting Standards**

For descriptions of recently issued accounting standards, see [Part 1. Financial Information, Item 1. Notes to Consolidated Financial Statements, Note 14—Recent Accounting Standards](#).

### **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:

- commodity derivatives to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory (“LNG Inventory Derivatives”);
- commodity derivatives to hedge the exposure to price risk attributable to future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal (“Fuel Derivatives”); and
- commodity derivatives consisting of natural gas purchase agreements to secure natural gas feedstock for the SPL Project (“Term Gas Supply Derivatives”).

We use one-day value at risk (“VaR”) with a 95% confidence interval and other methodologies for market risk measurement and control purposes of our LNG Inventory Derivatives and Fuel Derivatives. The VaR is calculated using the Monte Carlo simulation method. As of March 31, 2015, our commodity derivatives that are sensitive to changes in natural gas prices had a VaR of \$0.6 million.

In order to test the sensitivity of the fair value of the Term Gas Supply Derivatives to changes in underlying commodity prices, management modeled a 10% change in the basis price for natural gas for each delivery location. As of March 31, 2015, we estimated the fair value of our Term Gas Supply Derivatives to be \$0.3 million. Based on actual derivative contractual volumes, a 10% increase or decrease in underlying basis price would have resulted in a change in the fair value of the Term Gas Supply Derivatives of \$0.4 million as of March 31, 2015.

#### **Interest Rate Risk**

SPL has entered into interest rate swaps to hedge the exposure to volatility in a portion of the floating-rate interest payments under the 2013 Liquefaction Credit Facilities (“SPL Interest Rate Derivatives”). In order to test the sensitivity of the fair value of

the SPL Interest Rate Derivatives to changes in interest rates, management modeled a 10% change in the forward 1-month LIBOR curve across the full 7-year term of the SPL Interest Rate Derivatives. This 10% change in interest rates would have resulted in a change in the fair value of the SPL Interest Rate Derivatives of \$3.8 million as of March 31, 2015.

Corpus Christi Holdings has entered into interest rate swaps to protect against volatility of future cash flows and hedge a portion of the variable interest payments on upcoming debt facilities that will be used to pay for a portion of the costs of developing, constructing and placing into service the CCL Project (“Contingent Interest Rate Derivatives”). In order to test the sensitivity of the fair value of the Contingent Interest Rate Derivatives to changes in interest rates, management modeled a 10% change in the forward 1-month LIBOR curve across the full 7-year term of the Contingent Interest Rate Derivatives. This 10% change in interest rates would have resulted in a change in the fair value of the Contingent Interest Rate Derivatives of \$52.7 million as of March 31, 2015.

#### **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, 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

Cheniere may in the future be involved as a party to various legal proceedings, which are incidental to the ordinary course of business. Cheniere regularly analyzes current information and, as necessary, provide accruals for probable liabilities on the eventual disposition of these matters.

On May 29, 2014, an alleged stockholder of Cheniere commenced a putative class and derivative action in the Court of Chancery of the State of Delaware (the “Court”) against Cheniere, certain members of Cheniere’s Board of Directors and certain of Cheniere’s present and former officers captioned Jones v. Souki, et al., C.A. No. 9710-VCL. Since May 29, 2014, additional litigations were filed captioned Macguire v. Souki, et al., C.A. No. 9746-VCL, Shenker v. Souki, et al., C.A. No. 9763-VCL and Davidoff v. Souki, et al., C.A. No. 9825-VCL. These lawsuits were consolidated into In re Cheniere Energy, Inc. Stockholders Litigation, Consolidated C.A. No. 9710-VCL (Del. Ch.) (the “Stockholder Action”). In general terms, these litigations challenged the manner in which abstentions were treated in connection with the stockholder vote on Amendment No. 1 to the Cheniere Energy, Inc. 2011 Incentive Plan (“Amendment No. 1”), pursuant to which, among other things, the number of shares of common stock available for issuance under the Cheniere Energy, Inc. 2011 Incentive Plan (the “2011 Plan”) was increased from 10 million to 35 million shares. The lawsuits contended that abstentions should have been counted as “no” votes in tabulating the outcome of the vote and that the stockholders did not approve Amendment No. 1 when abstentions are counted as such. The lawsuits further contended that portions of the Amended and Restated Bylaws of Cheniere Energy, Inc. adopted on April 3, 2014 were invalid and that certain disclosures relating to these matters made by Cheniere were misleading. The lawsuits asserted claims for breach of contract and breach of fiduciary duty (both on a class and a derivative basis) and claims for unjust enrichment (on a derivative basis). The lawsuits sought, among other things, a declaration that the February 1, 2013 stockholder vote on Amendment No. 1 was void, disgorgement of all compensation distributed as a result of Amendment No. 1, voiding the awards made from the shares reserved pursuant to Amendment No. 1 and monetary damages.

On June 16, 2014, the defendants filed with the Court a joint motion to stay or dismiss the consolidated action with prejudice and Cheniere filed a verified application pursuant to 8 Del. C. § 205 (the “Section 205 Action”) in which Cheniere asked the Court to declare valid the issuance, pursuant to the 2011 Plan, whether occurring in the past or future, of the 25 million additional shares of common stock of Cheniere covered by Amendment No. 1. On June 27, 2014, the Court entered an order staying the stockholder litigation pending resolution of the Section 205 Action. On July 11, 2014, Cheniere filed a memorandum of law in support of its motion for judgment on Application I asserted in the Section 205 Action (that it correctly tabulated votes in connection with the stockholder vote on Amendment No. 1). On July 25, 2014, certain of the plaintiffs in the lawsuits (who have been given permission to intervene in the Section 205 Action) filed a brief in opposition to Cheniere’s motion for judgment on Application I in the Section 205 Action. Briefing on these issues was completed on August 20, 2014, and the Court held a hearing on the motion on August 26, 2014.

The parties to the Stockholder Action and the Section 205 Action entered into a Stipulation and Agreement of Compromise, Settlement and Release dated December 12, 2014 (the “Stipulation”) to resolve the litigation. On March 16, 2015, the Court approved the settlement of the Stockholder Action and the Section 205 Action on the terms contemplated by the Stipulation. Following Court approval, the Stipulation resulted in the dismissal with prejudice of the Stockholder Action and the Section 205 Action and a release being granted to the defendants by the plaintiffs and a class of Cheniere’s stockholders. As part of the settlement: (i) the Court validated, pursuant to 8 Del. C. § 205, all awards made pursuant to the 2011 Plan (whether vested or unvested) and declared that recipients of such awards are entitled to keep their awarded shares, subject to the terms and conditions of the award agreements, including any outstanding requirements for vesting; (ii) except with respect to the unawarded shares discussed below, Cheniere will not seek stockholder approval for any share-based compensation prior to January 1, 2017, such that no share-based compensation will be awarded to company executives, directors or consultants other than to the extent stockholders have already approved such compensation or such compensation was approved pursuant to 8 Del. C. § 205 (notwithstanding the foregoing, authorized stock (unissued or treasury) may be used to compensate new employees and a cash pay award (bonus, incentive, etc.) tied to the performance of Cheniere’s stock shall not constitute share-based compensation); (iii) all compensation-related votes through September 17, 2022 will be subject to a majority of the shares present and entitled to vote standard (pursuant to which abstentions will be counted as the functional equivalent of “no” votes and broker non-votes will not be considered in determining the outcome of the resolution, but will be counted for purposes of establishing a quorum); and (iv) the Compensation Committee will be comprised exclusively of independent directors as defined by the NYSE MKT (or the rules of the primary exchange on which Cheniere’s common stock is listed in the future). With respect to the shares authorized pursuant to Amendment No. 1, but not awarded: (i) Cheniere will not award any of these shares unless the issuance of the shares is approved by a new stockholder vote; (ii) no earlier than 90 days after Court approval of the settlement, Cheniere may submit the issue of

the unawarded shares to a stockholder vote; and (iii) if stockholders approve issuance of the unawarded shares, no more than 1 million of those shares may be awarded to Mr. Souki. In addition, in connection with approving the Stipulation, the Court also awarded plaintiffs' counsel fees, which were paid by the Company's insurers.

## ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

### Purchase of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes stock repurchases for the three months ended March 31, 2015:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as a Part of Publicly Announced Plans	Maximum Number of Units That May Yet Be Purchased Under the Plans
January 1 - 31, 2015	3,837	\$71.32	—	—
February 1 - 28, 2015	23,226	\$71.38	—	—
March 1 - 31, 2015	23,239	\$80.50	—	—

- (1) Represents shares surrendered to us by participants in our share-based compensation plans to settle the participants' personal tax liabilities that resulted from the lapsing of restrictions on shares awarded to the participants under these plans.
- (2) The price paid per share was based on the closing trading price of our common stock on the dates on which we repurchased shares from the participants under our share-based compensation plans.

## ITEM 5. OTHER INFORMATION

### Compliance Disclosure

Pursuant to Section 13(r) of the Exchange Act, if during the quarter ended March 31, 2015, we or any of our affiliates had engaged in certain transactions with Iran or with persons or entities designated under certain executive orders, we would be required to disclose information regarding such transactions in our Quarterly Report on Form 10-Q as required under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA"). During the quarter ended March 31, 2015, we did not engage in any transactions with Iran or with persons or entities related to Iran.

Blackstone, an affiliate of The Blackstone Group L.P. ("Blackstone Group"), is a holder of approximately 29% of the outstanding equity interests of Cheniere Partners and has three representatives on the Board of Directors of Cheniere Partners' general partner. Accordingly, Blackstone Group may be deemed an "affiliate" of Cheniere Partners, as that term is defined in Exchange Act Rule 12b-2.

We have received notice from Blackstone Group that it may include in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 disclosures pursuant to ITRA regarding one of its portfolio companies that may be deemed to be an affiliate of Blackstone Group. Because of the broad definition of "affiliate" in Exchange Act Rule 12b-2, this portfolio company of Blackstone Group, through Blackstone Group's ownership of Cheniere Partners, may also be deemed to be an affiliate of ours. We have received notice from Blackstone Group that Travelport Limited ("Travelport") has engaged in the following activities: as part of its global business in the travel industry, Travelport provides certain passenger travel-related Travel Commerce Platform and airline IT services to Iran Air and airline IT services to Iran Air Tours. The gross revenues and net profits attributable to such activities during the quarter ended March 31, 2015 have not been reported by Travelport. Blackstone Group has informed us that Travelport intends to continue these business activities with Iran Air and Iran Air Tours as such activities are either exempt from applicable sanctions prohibitions or specifically licensed by the Office of Foreign Assets Control.

ITEM 6. EXHIBITS

Exhibit No.	Description
4.1	Sixth Supplemental Indenture, dated as of March 3, 2015, between Sabine Pass Liquefaction, LLC and The Bank of New York Mellon, as Trustee under the Indenture (Incorporated by reference to Exhibit 4.1 to Cheniere Energy Partners, L.P.'s Current Report on Form 8-K (SEC File No. 001-33366), filed on March 3, 2015)
4.2	Indenture, dated as of March 9, 2015, between Cheniere Energy, Inc. and The Bank of New York Mellon, as Trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (SEC File No. 001-16383), filed on March 13, 2015)
4.3	First Supplemental Indenture, dated as of March 9, 2015, between Cheniere Energy, Inc. and The Bank of New York Mellon, as Trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (SEC File No. 001-16383), filed on March 13, 2015)
4.4	Form of 4.25% Convertible Senior Note due 2045 (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K (SEC File No. 001-16383), filed on March 13, 2015)
10.1	Note Purchase Agreement, dated as of January 16, 2015, by and among Cheniere CCH HoldCo II, LLC, as issuer, Cheniere Energy, Inc. (solely for purposes of acknowledging and agreeing to Section 9 thereof), EIG Management Company, LLC, as administrative agent, The Bank of New York Mellon, as collateral agent, and the note purchasers named therein (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 001-16383), filed on January 16, 2015)
10.2*	Amendment No. 1 of LNG Sale and Purchase Agreement (FOB), dated February 24, 2015, between Corpus Christi Liquefaction, LLC (Seller) and Électricité de France, S.A. (Buyer)
10.3	Amended and Restated Note Purchase Agreement, dated as of March 1, 2015, by and among Cheniere CCH HoldCo II, LLC, as issuer, Cheniere Energy, Inc. (solely for purposes of acknowledging and agreeing to Section 9 thereof), EIG Management Company, LLC, as administrative agent, The Bank of New York Mellon, as collateral agent, and the note purchasers named therein (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 001-16383), filed on March 2, 2015)
10.4	Registration Rights Agreement, dated as of March 3, 2015, between Sabine Pass Liquefaction, LLC and J.P. Morgan Securities LLC (Incorporated by reference to Exhibit 10.1 to Cheniere Energy Partners, L.P.'s Current Report on Form 8-K (SEC File No. 001-33366), filed on March 3, 2015)
10.5*	Amendment and Restated LNG Sale and Purchase Agreement (FOB), dated March 20, 2015, between Corpus Christi Liquefaction, LLC (Seller) and PT Pertamina (Persero) (Buyer)
10.6	Change orders to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Sabine Pass LNG Liquefaction Facility, dated as of November 11, 2011, between Sabine Pass Liquefaction, LLC and Bechtel Oil, Gas and Chemicals, Inc.: (i) the Change Order CO-00039 Increase to Existing Facility Labor Provisional Sum and Decrease to Sales and Use Tax Provisional Sum, dated February 12, 2015 and (ii) the Change Order CO-00040 Load Shedding and LNG Tank Tie-In Crane, dated February 24, 2015 (Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment) (Incorporated by reference to Exhibit 10.2 to Sabine Pass Liquefaction, LLC's Quarterly Report on Form 10-Q (SEC File No. 333-192373), filed on April 30, 2015)
10.7	Change orders to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Sabine Pass LNG Stage 2 Liquefaction Facility, dated as of December 20, 2012, between Sabine Pass Liquefaction, LLC and Bechtel Oil, Gas and Chemicals, Inc.: (i) the Change Order CO-00016 Louisiana Sales and Use Tax Provisional Sum Adjustment, dated February 12, 2015 and (ii) the Change Order CO-00017 Load Shedding Study and Scope Change, dated February 24, 2015 (Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment) (Incorporated by reference to Exhibit 10.3 to Sabine Pass Liquefaction, LLC's Quarterly Report on Form 10-Q (SEC File No. 333-192373), filed on April 30, 2015)
10.8†	Cheniere Energy, Inc. 2015 Long-Term Cash Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 001-16383), filed on April 27, 2015)
10.9*†	Cheniere Energy, Inc. 2014-2018 Long-Term Cash Incentive Program
10.10*†	Form of Phantom Unit Award under the Cheniere Energy, Inc. 2015 Incentive Plan (US - Executive)
10.11*†	Form of Phantom Unit Award under the Cheniere Energy, Inc. 2015 Incentive Plan (US - Non-Executive)
10.12*†	Form of Phantom Unit Award under the Cheniere Energy, Inc. 2015 Incentive Plan (UK - Executive)
10.13*†	Form of Phantom Unit Award under the Cheniere Energy, Inc. 2015 Incentive Plan (UK - Non-Executive)
10.14*†	Form of Phantom Unit Award under the Cheniere Energy, Inc. 2015 Incentive Plan (US - Consultant)
10.15*†	Form of Phantom Unit Award under the Cheniere Energy, Inc. 2015 Incentive Plan (UK - Consultant)
31.1*	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act

Exhibit No.	Description
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.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

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\* Filed herewith.

\*\* Furnished herewith.

† Management contract or compensatory plan or arrangement



**AMENDMENT No. 1 of LNG SALE AND PURCHASE AGREEMENT**

THIS AMENDMENT NO. 1 OF LNG SALE AND PURCHASE AGREEMENT (this “*Amendment*”), dated 24 February 2015, is hereby entered into by and between Corpus Christi Liquefaction, LLC, a Delaware limited liability company whose principal place of business is located at 700 Milam St., Suite 1900, Houston, TX 77002 (“*Seller*” or “*CCLNG*”), and Électricité de France, S.A., a company registered in France whose principal place of business is located at 20 Place de la Défense, 92000 Paris-La Défense, France (“*Buyer*”). Buyer and Seller are sometimes hereinafter referred to individually as a “*Party*” and collectively as the “*Parties*”.

WHEREAS, Buyer and Seller entered into that certain LNG Sale and Purchase Agreement (FOB) dated 17 July 2014 (the “*Agreement*”);

WHEREAS, upon Seller’s request, the Parties have agreed to amend the Agreement to effect a change in the Designated Train (including cancellation of Bridging Volumes); and

WHEREAS, this Amendment is hereby entered into by the Parties pursuant to Section 24.4 of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements made herein, the Parties, intending to be legally bound, hereby agree as follows:

**AGREEMENT**

1. **Definitions.** Capitalized terms used but not defined herein shall have the meaning provided in the Agreement.
2. **Amendments.**
  - a. The definition of “Designated Train” is amended by deleting such definition in its entirety and the following definition is inserted in lieu thereof:  
  
“*Designated Train*: the Second Train;”
  - b. All of (i) the definitions of “Bridging Period”, “Bridging Start Date”, “Bridging Volume” and “Prorated Bridging Volume” in the Agreement, and (ii) Section 4.6 (Bridging Volumes) of the Agreement, are deleted in their entirety, and the table of contents shall be amended accordingly.
  - c. Section 4.2.1 of the Agreement is amended by deleting such Section in its entirety and the following Section 4.2.1 is inserted in lieu thereof:  
  
“The period that begins on the first Day of the Month that follows the date that is fifty-nine (59) Months after the CP Fulfillment Date and ends one hundred eighty (180) Days later shall be the “**First Window Period**”. Such fifty-nine (59) Month period shall be adjusted to reflect the guaranteed substantial completion date of the Designated Train in the final executed EPC Contract, provided however that such adjustment shall be a maximum of

twelve (12) Months. Seller shall notify Buyer of such adjustment, if any, no later than the date upon which Seller gives notice pursuant to Section 2.2.2 of the fulfillment of the Condition Precedent identified in Section 2.2.1(f).”

3. Section 4.5(a) of the Agreement is amended by deleting such Section in its entirety and the following Section 4.5(a) is inserted in lieu thereof:

“the first Contract Year is the period of time beginning on the Date of First Commercial Delivery and ending on December 31<sup>st</sup> of the same calendar year (the “**First Contract Year**”);”

4. Section 5.1.4 of the Agreement is amended by deleting such Section in its entirety and the following Section 5.1.4 is inserted in lieu thereof:

“If the First Contract Year does not commence on January 1st and/or if the Final Contract Year does not end on December 31st then the ACQ will be proportionally reduced in each such Contract Year by the proportion that the number of Days in each such Contract Year bears to the total number of Days in the calendar year in which each such Contract Year occurs.”

5. **Miscellaneous**

- a. **Force and Effect**. All provisions of the Agreement not specifically amended hereby shall remain in full force and effect.
- b. **Further Assurances**. Each Party hereby agrees to take all such action as may be necessary to effectuate fully the purposes of this Amendment, including causing this Amendment or any document contemplated herein to be duly registered, notarized, attested, consularized and stamped in any applicable jurisdiction.
- c. **Governing Law**. This Amendment shall be governed by and construed in accordance with the laws of the State of New York (United States of America) without regard to principles of conflict of laws that would specify the use of other laws.
- d. **Confidentiality; Dispute Resolution; Immunity**. The provisions of Section 19 (*Confidentiality*), Section 21.1 (*Dispute Resolution*), and Section 21.4 (*Immunity*) of the Agreement shall apply in this Amendment as if incorporated herein *mutatis mutandis* on the basis that references therein to the Agreement are to this Amendment.
- e. **Entire Agreement**. The Agreement, as amended by this Amendment, constitutes the entire agreement between the Parties, and includes all promises and representations, express or implied, and supersedes all other prior agreements and representations, written or oral, between the Parties relating to the subject matter thereof.
- f. **Amendments and Waiver**. This Amendment may not be supplemented, amended, modified or changed except by an instrument in writing signed by all Parties. A Party shall not be deemed to have waived any right or remedy under this Amendment by reason of such Party’s failure to enforce such right or remedy.

- g. Successors. The terms and provisions of this Amendment shall inure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns.
- h. Severability. If a court of competent jurisdiction or arbitral tribunal determines that any clause or provision of this Amendment is void, illegal, or unenforceable, the other clauses and provisions of the Amendment shall remain in full force and effect and the clauses and provisions which are determined to be void, illegal, or unenforceable shall be limited so that they shall remain in effect to the maximum extent permissible by law.
- i. No Third Party Beneficiaries. Except as expressly contemplated by the Agreement, nothing in this Amendment shall entitle any party other than the Parties to this Amendment to any claim, cause of action, remedy or right of any kind.
- j. Counterparts. This Amendment may be executed by signing the original or a counterpart thereof (including by facsimile or email transmission). If this Amendment is executed in counterparts, all counterparts taken together shall have the same effect as if the undersigned parties hereto had signed the same instrument.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, each of the undersigned Parties has caused this Amendment to be executed as of the date first above written.

**SELLER:**                    **BUYER:**

Corpus Christi Liquefaction, LLC            Électricité de France, S.A.

/s/ R. Keith Teague            /s/ Bruno Lescoeur \_

Name: R. Keith Teague            Name: Bruno Lescoeur

Title: President and Chief Operating Officer            Title: Senior Executive Vice President  
Gas & Southern Europe

**AMENDED AND RESTATED  
LNG SALE AND PURCHASE AGREEMENT  
(FOB)**

**Dated March 20, 2015**

**BETWEEN**  
**CORPUS CHRISTI LIQUEFACTION, LLC**  
**(Seller)**  
**AND**  
**PT PERTAMINA (PERSERO)**  
**(Buyer)**

**(amending, superseding and replacing in their entirety  
the LNG Sale and Purchase Agreements dated December 4, 2013 and July 1, 2014)**

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## AMENDED AND RESTATED LNG SALE AND PURCHASE AGREEMENT

**THIS AMENDED AND RESTATED LNG SALE AND PURCHASE AGREEMENT** (“**Agreement**”), which amends and restates the Original SPAs in their entirety, and combines the Original SPAs into this one agreement, is made and entered into as of March 20, 2015, by and between Corpus Christi Liquefaction, LLC, a Delaware limited liability company whose principal place of business is located at 700 Milam St., Suite 800, Houston, TX 77002 (“**Seller**” or “**CCLNG**”), and PT Pertamina (Persero), a company registered in the Republic of Indonesia whose principal place of business is located at Jl. Medan Merdeka Timur 1A, Jakarta 10110 (“**Buyer**”). Buyer and Seller are each referred to herein as a “**Party**” and collectively as the “**Parties**”.

### Recitals

- (1) Seller is developing and intends to construct, own and operate a liquefied natural gas (“**LNG**”) facility, including up to three (3) modules, each capable of producing approximately four decimal two (4.2) million metric tonnes per annum of LNG, port and marine facilities, and related facilities in San Patricio and Nueces Counties, Texas, in the vicinity of Portland, Texas, on the La Quinta Channel in the Corpus Christi Bay;
- (2) Buyer desires to be engaged in the purchase of LNG at the Corpus Christi Facility and transportation of such LNG to one or more Discharge Terminals;
- (3) Seller and Buyer entered into SPA1 and SPA2 setting out the Parties’ respective rights and obligations in relation to the sale and purchase of LNG; and
- (4) Seller and Buyer desire to combine SPA1 and SPA2 into this one agreement, which amends and restates the Original SPAs in their entirety as set forth herein.

### It is agreed:

## 1. Definitions and Interpretation

### 1.1 Definitions

The words and expressions below shall, unless the context otherwise requires, have the meanings respectively assigned to them:

**AAA:** as defined in Section 21.1.2;

**Acceptable Credit Rating:** two Credit Ratings that are each equal to or better than the following: (i) Baa3 by Moody’s Investors Service, Inc., (ii) BBB- by Standard & Poor’s Rating Services, a division of McGraw-Hill Companies, (iii) BBB- by Fitch Ratings, Inc., or (iv) any comparable Credit Ratings by any other nationally recognized statistical rating organizations registered with the U.S. Securities and Exchange Commission, including any

successors to Moody's Investors Service, Inc., Standard & Poor's Rating Services, or Fitch Ratings, Inc.;

***Acceptable Guarantor:*** an Affiliate of Buyer that has an Acceptable Credit Rating;

***ACQ:*** as defined in Section 5.1.1;

***Actual Laytime:*** as defined in Section 7.12.2;

***Adjusted Annual Contract Quantity***

***or AACQ:*** as defined in Section 5.2;

***Adverse Weather Conditions:*** weather or sea conditions actually experienced at or near the Corpus Christi Facility that are sufficiently severe: (i) to prevent an LNG Tanker from proceeding to berth, or loading or departing from berth, in accordance with one or more of the following: (a) regulations published by a Governmental Authority; (b) an Approval; or (c) an order of a Pilot; (ii) to cause an actual determination by the master of an LNG Tanker that it is unsafe for such LNG Tanker to berth, load, or depart from berth; or (iii) to prevent or severely limit the production capability of the Corpus Christi Facility;

***Affiliate:*** with respect to any Person, any other Person which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such Person; for purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") means the direct or indirect ownership of fifty percent (50%) or more of the voting rights in a Person or the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or otherwise;

***Agreement:*** this agreement, including the Exhibits hereto, as the same may be amended, modified or replaced from time to time;

***Allotted Laytime:*** as defined in Section 7.12.1;

***Annual Delivery Program or ADP:***

as defined in Section 8.2.3;

***Applicable Laws:***

in relation to matters covered by this Agreement, all applicable laws, statutes, rules, regulations, ordinances, codes, standards and rules of common law, and judgments, orders, directives, injunctions, writs, decrees, or awards of any applicable Governmental Authority or duly authorized official, court or arbitrator thereof, in each case, now existing or which may be enacted or issued after the Effective Date;

***Approvals:***

any and all permits (including work permits), franchises, authorizations, approvals, grants, licenses, visas, waivers, exemptions, consents, permissions, registrations, decrees, privileges, variances, validations, confirmations or orders granted by or filed with any Governmental Authority, including the Export Authorizations;

***Bankruptcy Event:***

with respect to any Person: (i) such Person's suspension of payment of, or request to any court for a moratorium on payment of, all or a substantial part of such Person's debts, (ii) such Person's making of a general assignment or any composition with or for the benefit of its creditors except to the extent otherwise permitted by Section 22, (iii) any filing, or consent by answer by such Person to the filing against it, of a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, or (iv) any order under the bankruptcy or insolvency laws of any jurisdiction: (a) entered for the winding up, bankruptcy, liquidation, dissolution, custodianship or administration with respect to such Person or any substantial part of such Person's property; (b) constituting an order for relief with respect to such Person; (c) approving a petition for relief or reorganization or any other petition in bankruptcy or insolvency law with respect to such Person; or (d) approving any petition filed in bankruptcy or insolvency law against such Person;

<b><i>Btu:</i></b>	the amount of heat equal to one thousand fifty-five decimal zero five six (1,055.056) Joules;
<b><i>Business Day:</i></b>	any Day (other than Saturdays, Sundays and national holidays in the United States of America) on which commercial banks are normally open to conduct business in the United States of America;
<b><i>Buyer:</i></b>	as defined in the Preamble;
<b><i>Buyer Taxes:</i></b>	as defined in Section 11.3;
<b><i>Cargo DoP Payment:</i></b>	as defined in Section 5.6.2;
<b><i>Cargo DoP Quantity:</i></b>	as defined in Section 5.6.2;
<b><i>Cargo Shortfall Quantity:</i></b>	as defined in Section 5.5.2;
<b><i>CCLNG:</i></b>	as defined in the Preamble;
<b><i>Claim:</i></b>	all claims, demands, legal proceedings, or actions that may exist, arise, or be threatened currently or in the future at any time following the Effective Date, whether or not of a type contemplated by any Party, and whether based on federal, state, local, statutory or common law or any other Applicable Law;
<b><i>Composite ADP:</i></b>	as defined in Section 8.2.4;
<b><i>Conditions Precedent:</i></b>	as defined in Section 2.2.1;
<b><i>Confidential Information:</i></b>	as defined in Section 19.1;
<b><i>Connecting Pipeline:</i></b>	any pipeline as may be directly interconnected to the Corpus Christi Facility, including the Corpus Christi Pipeline;
<b><i>Contract Year:</i></b>	as defined in Section 4.5;
<b><i>Corpus Christi Facility:</i></b>	the facilities that CCLNG intends to develop, construct, own and operate (or have operated on its behalf) in San Patricio and Nueces Counties, Texas, in the vicinity of Portland, Texas, on the La Quinta Channel in the Corpus Christi Bay, including the Gas pretreatment and processing facilities, liquefaction facility, storage tanks, utilities, terminal facilities, and associated port and marine facilities, and all other related facilities both inside and outside the LNG

plant, inclusive of the Designated Train and all other Trains;

**Corpus Christi Marine Operations Manual:** as defined in Section 7.8;

**Corpus Christi Pipeline:** that certain Gas pipeline, intended to be constructed, owned and operated by Cheniere Corpus Christi Pipeline, L.P., which will interconnect the Corpus Christi Facility with interstate and intrastate Gas pipelines in Texas;

**Cover Damages:** as defined in Section 5.5.3(a);

**CP Deadline:** as defined in Section 2.2.3;

**CP Fulfillment Date:** as defined in Section 2.2.2;

**Credit Rating:** a credit rating in respect of the senior, unsecured, long-term debt (not supported by third party credit enhancement) of a Person;

**CSP:** as defined in Section 9.1.1;

**Cubic Meter:** in relation to Gas, the quantity of dry ideal Gas, at a temperature of fifteen (15) degrees Celsius and a pressure of one hundred one decimal three two five (101.325) kilopascals absolute contained in a volume of one (1) cubic meter;

**Day:** a period of twenty-four (24) consecutive hours starting at 00:00 hours local time in San Patricio County, Texas;

**Delivery Point:** as defined in Section 6.1;

**Delivery Window:** a twenty-four (24) hour period starting at 6:00 a.m. Central Time on a specified Day and ending twenty-four (24) consecutive hours thereafter that is allocated to Buyer under the ADP or Ninety Day Schedule, as applicable;

**Demurrage Event:** as defined in Section 7.12.3;

**Designated Train:** the first (1<sup>st</sup>) Train that is commercially operable, as determined in accordance with Section 4.4.2;

**Direct Agreement:** as defined in Section 22.4.2;

<b><i>Discharge Terminal:</i></b>	with respect to each cargo of LNG taken or scheduled to be taken by Buyer pursuant to this Agreement, the facilities intended by Buyer to be utilized for the unloading, reception, discharge, storage, treatment (if necessary), and regasification of the LNG and the processing and send-out of Gas or regasified LNG, and other relevant infrastructure, including marine facilities (such as breakwaters and tugs) for the safe passage to berth of LNG Tankers, terminal facilities for the berthing and discharging of LNG Tankers, LNG storage tanks and the regasification plant as specified in the ADP or Ninety Day Schedule, as applicable;
<b><i>Dispute:</i></b>	any dispute or difference of whatsoever nature arising under, out of, in connection with or in relation (in any manner whatsoever) to this Agreement or the subject matter of this Agreement, including (a) any dispute or difference concerning the initial or continuing existence of this Agreement or any provision of it, or as to whether this Agreement or any provision of it is invalid, illegal or unenforceable (whether initially or otherwise); or (b) any dispute or claim which is ancillary or connected, in each case in any manner whatsoever, to the foregoing;
<b><i>Effective Date:</i></b>	December 4, 2013;
<b><i>EPC Contract:</i></b>	that certain Engineering Procurement and Construction Contract entered into by Seller for the construction of the Designated Train and/or Train 2, as relevant;
<b><i>ETA:</i></b>	with respect to an LNG Tanker, the estimated time of arrival of such LNG Tanker at the PBS;
<b><i>Expert:</i></b>	a Person agreed upon or appointed in accordance with Section 21.2.1;
<b><i>Export Authorizations:</i></b>	the FTA Export Authorization and the Non-FTA Export Authorization, either individually or together (as the context requires);
<b><i>FID:</i></b>	as defined in Section 2.2.1(c);
<b><i>Final Contract Year:</i></b>	as defined in Section 4.5(b);
<b><i>Final Window Period:</i></b>	as defined in Section 4.2.4;

<b><i>First Contract Year:</i></b>	as defined in Section 4.5(a);
<b><i>First Window Period:</i></b>	as defined in Section 4.2.1;
<b><i>Force Majeure:</i></b>	as defined in Section 14.1;
<b><i>Foundation Customer:</i></b>	(a) Buyer; and (b) any other customer of Seller, that enters into an LNG purchase agreement with an annual contract quantity of no less than zero decimal seven (0.7) million metric tonnes per annum of LNG on a firm basis from the Corpus Christi Facility, with a minimum term of twenty (20) years;
<b><i>Foundation Customer Priority:</i></b>	as defined in Section 14.7;
<b><i>FTA Export Authorization:</i></b>	an order from the Office of Fossil Energy of the U.S. Department of Energy granting to Seller, or an Affiliate of Seller, the long-term authorization to export at least the volume per annum of LNG sold and delivered pursuant to this Agreement by vessel from the Corpus Christi Facility to countries that have entered into a free trade agreement with the United States of America requiring the national treatment for trade in natural gas, for a specific term, as the same may be supplemented, amended, modified, changed, superseded or replaced from time to time;
<b><i>Gas:</i></b>	any hydrocarbon or mixture of hydrocarbons consisting predominantly of methane that is in a gaseous state;
<b><i>Governmental Authority:</i></b>	any national, regional, state, or local government, or any subdivision, agency, commission or authority thereof (including any maritime authorities, port authority or any quasi-governmental agency), having jurisdiction over a Party (or any Affiliate or direct or indirect owner thereof), a Connecting Pipeline, Gas in a Connecting Pipeline or the Corpus Christi Facility, the Corpus Christi Facility, LNG in the Corpus Christi Facility, an LNG Tanker, a Transporter, the last disembarkation port of an LNG Tanker, a Discharge Terminal, or any Gas pipeline which interconnects with a Connecting Pipeline and which transports Gas to or from a Connecting Pipeline, as the case may be, and acting within its legal authority;

<b><i>Gross Heating Value:</i></b>	the quantity of heat expressed in Btu produced by the complete combustion in air of one (1) cubic foot of anhydrous gas, at a temperature of sixty (60) degrees Fahrenheit and at an absolute pressure of fourteen decimal six nine six (14.696) pounds per square inch, with the air at the same temperature and pressure as the gas, after cooling the products of the combustion to the initial temperature of the gas and air, and after condensation of the water formed by combustion;
<b><i>Guarantor:</i></b>	any Acceptable Guarantor executing a Guaranty for delivery to Seller hereunder;
<b><i>Guaranty:</i></b>	an irrevocable payment guaranty, in the form attached as Exhibit C hereto, which is executed by a Guarantor in favor of Seller;
<b><i>HH:</i></b>	the final settlement price (in USD per MMBtu) for the New York Mercantile Exchange's Henry Hub natural gas futures contract for the Month in which the relevant cargo's Delivery Window is scheduled to begin;
<b><i>ICC:</i></b>	as defined in Section 21.2.1;
<b><i>Indemnified Party:</i></b>	as defined in Section 15.4(a);
<b><i>Indemnifying Party:</i></b>	as defined in Section 15.4(a);
<b><i>International LNG Terminal Standards:</i></b>	to the extent not inconsistent with the express requirements of this Agreement, the international standards and practices applicable to the design, construction, equipment, operation or maintenance of LNG liquefaction terminals, established by the following (such standards to apply in the following order of priority): (i) a Governmental Authority having jurisdiction over the Corpus Christi Facility, Seller, or Seller's operator; (ii) the Society of International Gas Tanker and Terminal Operators (to the extent applicable); and (iii) any other internationally recognized non-governmental agency or organization with whose standards and practices it is customary for Reasonable and Prudent Operators of LNG liquefaction terminals, to comply, <i>provided, however</i> , that in the event of a conflict between any of the priorities noted above, the priority with the lowest roman numeral noted above shall prevail;

<b><i>International LNG Vessel Standards:</i></b>	the standards and practices from time to time in force applicable to the ownership, design, equipment, operation or maintenance of LNG vessels established by: (i) the International Maritime Organization; (ii) the Oil Companies International Marine Forum (OCIMF); (iii) the Society of International Gas Tanker and Terminal Operators (SIGTTO) (or any successor body of the same); (iv) the International Navigation Association (PIANC); (v) the International Association of Classification Societies; and (vi) any other internationally recognized agency or non-governmental organization with whose standards and practices it is customary for Reasonable and Prudent Operators of LNG vessels similar to those applicable to this Agreement, to comply, <i>provided, however</i> , that in the event of a conflict between any of the priorities noted above, the priority with the lowest roman numeral noted above shall prevail;
<b><i>International Standards:</i></b>	(i) with respect to Buyer, the International LNG Vessel Standards; (ii) with respect to Seller, the International LNG Terminal Standards;
<b><i>In-Transit Final Notice:</i></b>	as defined in Section 7.9.3(d);
<b><i>In-Transit First Notice:</i></b>	as defined in Section 7.9.2;
<b><i>In-Transit Second Notice:</i></b>	as defined in Section 7.9.3(a);
<b><i>In-Transit Third Notice:</i></b>	as defined in Section 7.9.3(c);
<b><i>Lender:</i></b>	any Person, other than a shareholder of either Party, duly authorized in its principal place of business to lend monies, to finance or to provide financial support in any form in respect of the Corpus Christi Facility, including any export credit agency, funding agency, bondholder, insurance agency, underwriter, or similar institution in relation to the provision of finance or financial support;
<b><i>Lenders' Agent:</i></b>	as defined in Section 22.4.1;
<b><i>LIBOR:</i></b>	on or from any Day, the percentage rate per annum published two (2) London Banking Days before that Day (or, if that Day is not a London Banking Day, published two (2) London Banking Days before the nearest preceding London Banking Day) at 11:00 a.m.

London time, by the British Bankers Association that appears on the Reuters Screen LIBOR01 page as three (3) Month USD LIBOR or, if no such rate is published, such other rate representing the cost of three (3) Month USD funds in the London interbank lending market on that Day as reasonably agreed by the Parties;

<b>LNG:</b>	Gas in a liquid state at or below its point of boiling and at or near atmospheric pressure;
<b>LNG Tanker(s):</b>	an ocean-going vessel suitable for transporting LNG which complies with the requirements of this Agreement and which Buyer uses, or intends to use, in connection with this Agreement;
<b>Loading Port:</b>	the port where the Corpus Christi Facility is located, in the vicinity of Portland, Texas, or the port at an alternate supply source pursuant to Section 3.1.2;
<b>London Banking Day:</b>	any Day (other than Saturdays, Sundays and national holidays in London, England) on which banks are normally open to conduct business in London, England;
<b>Loss:</b>	any and all losses, liabilities, damages, costs, judgments, settlements and expenses (whether or not resulting from Claims by Third Parties), including interest and penalties with respect thereto and reasonable attorneys' and accountants' fees and expenses;
<b>Major Scheduled Maintenance Quantity:</b>	as defined in Section 5.4.1;
<b>Measurement Dispute:</b>	as defined in Section 21.2.1;
<b>Mitigation Sale:</b>	as defined in Section 5.5.3(b);
<b>MMBtu:</b>	one million (1,000,000) Btus;
<b>Month:</b>	each period of time which starts at 00:00 local time in Portland, Texas on the first Day of each calendar month and ends at 24:00 local time in Portland, Texas, on the last Day of the same calendar month;
<b>Ninety Day Schedule:</b>	as defined in Section 8.4;
<b>Nominated T2 DFCD:</b>	as defined in Exhibit E;

<b><i>Non-FTA Export Authorization:</i></b>	an order from the Office of Fossil Energy of the U.S. Department of Energy granting to Seller, or an Affiliate of Seller, the long-term authorization to export at least the volume per annum of LNG sold and delivered pursuant to this Agreement by vessel from the Corpus Christi Facility, to all countries that have not entered into a free trade agreement with the United States of America requiring the national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG, and with which trade is not prohibited by United States law or policy, for a specific term, as the same may be supplemented, amended, modified, changed, superseded or replaced from time to time;
<b><i>Notice of Readiness or NOR:</i></b>	the notice of readiness issued by an LNG Tanker in accordance with Section 7.10.1;
<b><i>Off-Spec LNG:</i></b>	as defined in Section 12.3.1;
<b><i>Operational Tolerance:</i></b>	as defined in Section 5.5.3(c);
<b><i>Original Invoice:</i></b>	as defined in Section 10.1.7;
<b><i>Original SPA:</i></b>	SPA1 or SPA2, and <b><i>Original SPAs</i></b> means both SPA1 and SPA2;
<b><i>P&amp;I Club:</i></b>	a Protection and Indemnity Club that is a member of the International Group of P&I Clubs;
<b><i>P&amp;I Insurance:</i></b>	as defined in Section 15.6(b);
<b><i>Party:</i></b>	Buyer or Seller, and <b><i>Parties</i></b> means both Buyer and Seller;
<b><i>Payor:</i></b>	as defined in Section 11.4;
<b><i>PBS:</i></b>	the customary Pilot boarding station at the Loading Port where the Pilot boards the LNG Tanker, as determined by the applicable Governmental Authority or other entity with authority to regulate transit and berthing of vessels at the Loading Port;
<b><i>Person:</i></b>	any individual, corporation, partnership, trust, unincorporated organization or other legal entity, including any Governmental Authority;

<b><i>Pilot:</i></b>	any Person engaged by Transporter to come on board the LNG Tanker to assist the master in pilotage, mooring and unmooring of such LNG Tanker;
<b><i>Port Charges:</i></b>	all charges of whatsoever nature (including rates, tolls, dues, fees, and imposts of every description) in respect of an LNG Tanker entering or leaving the Loading Port or loading LNG, including wharfage fees, in-and-out fees, franchise fees, line handling charges, and charges imposed by fire boats, tugs and escort vessels, the U.S. Coast Guard, a Pilot, and any other authorized Person assisting an LNG Tanker to enter or leave the Loading Port, and further including port use fees, throughput fees and similar fees payable by users of the Loading Port (or by Seller or its operator on behalf of such users);
<b><i>Port Liability Agreement:</i></b>	an agreement for use of the port and marine facilities located at the Loading Port, to be entered into as described in Section 7.7.1, in the form attached in Exhibit B hereto as may be amended pursuant to Section 7.7.4;
<b><i>Provisional Invoice:</i></b>	as defined in Section 10.1.8(a);
<b><i>Reasonable and Prudent Operator:</i></b>	a Person seeking in good faith to perform its contractual obligations, and in so doing, and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator, complying with all applicable International Standards and practices and regulations and approvals of Governmental Authorities, engaged in the same type of undertaking under the same or similar circumstances and conditions;
<b><i>Round-Down Quantity:</i></b>	as defined in Section 5.3.2;
<b><i>Round-Up Quantity:</i></b>	as defined in Section 5.3.1;
<b><i>SCF:</i></b>	for Gas, the quantity of anhydrous Gas that occupies one (1) cubic foot of space at a temperature of sixty (60) degrees Fahrenheit and a pressure of fourteen decimal six nine six (14.696) pounds per square inch absolute;

<b><i>Scheduled Cargo Quantity:</i></b>	the quantity of LNG (in MMBtus) identified in the ADP or Ninety Day Schedule to be loaded onto an LNG Tanker in a Delivery Window in accordance with Section 8;
<b><i>Second Window Period:</i></b>	as defined in Section 4.2.2;
<b><i>Seller:</i></b>	as defined in the Preamble;
<b><i>Seller Aggregate Liability:</i></b>	as defined in Section 15.2.6(b);
<b><i>Seller Liability Cap:</i></b>	as defined in Section 15.2.6(c);
<b><i>Seller Taxes:</i></b>	as defined in Section 11.2;
<b><i>SI:</i></b>	the International System of Units;
<b><i>SPA1:</i></b>	that certain LNG Sale and Purchase Agreement dated December 4, 2013 by and between Corpus Christi Liquefaction, LLC (as seller) and PT Pertamina (Persero) (as buyer);
<b><i>SPA2:</i></b>	that certain LNG Sale and Purchase Agreement dated July 1, 2014 by and between Corpus Christi Liquefaction, LLC (as seller) and PT Pertamina (Persero) (as buyer);
<b><i>Specifications:</i></b>	as defined in Section 12.1.1;
<b><i>Suspension Fee:</i></b>	as defined in Section 5.7.2;
<b><i>T1 Date of First Commercial Delivery or T1 DFCD:</i></b>	as defined in Section 4.2;
<b><i>T2 Date of First Commercial Delivery or T2 DFCD:</i></b>	as defined in Section 4.6;
<b><i>Term:</i></b>	as defined in Section 4.1.1;
<b><i>Terminating Party:</i></b>	as defined in Section 20.2.1;
<b><i>Termination Events:</i></b>	as defined in Section 20.1;
<b><i>Third Party:</i></b>	a Person other than a Party;
<b><i>Third Party Claim:</i></b>	as defined in Section 15.4(a);
<b><i>Third Window Period:</i></b>	as defined in Section 4.2.3;
<b><i>Train:</i></b>	an LNG production train located at the Corpus Christi Facility, including those facilities included in the

Corpus Christi Facility that are necessary to enable Seller to fulfill its obligations to Buyer from such LNG production train;

- Train 1 Tranche:*** thirty nine million six hundred eighty thousand (39,680,000) MMBtu;
- Train 2:*** the second (2<sup>nd</sup>) Train that is commercially operable, as determined in accordance with Section 4.4.2;
- Train 2 FID:*** as defined in Section 4.6;
- Train 2 Final Window Period:*** as defined in Exhibit E;
- Train 2 First Window Period:*** as defined in Exhibit E;
- Train 2 NTP:*** as defined in Section 4.6;
- Train 2 Second Window Period:*** as defined in Exhibit E;
- Train 2 Third Window Period:*** as defined in Exhibit E;
- Train 2 Tranche:*** thirty nine million six hundred eighty thousand (39,680,000) MMBtu;
- Train 2 Trigger Date:*** as defined in Section 4.6;
- Transporter:*** any Person who is a registered or disponent owner of, or any Person who contracts with the same or with Buyer for the purposes of providing, operating, or chartering any of the LNG Tankers;
- USD or US\$:*** the lawful currency from time to time of the United States of America;
- X<sub>0</sub>:*** the constant applicable on the Effective Date and equal to USD three decimal fifty per MMBtu (US\$3.50/MMBtu); and
- X<sub>y</sub>:*** the constant applicable for a given Contract Year expressed in USD per MMBtu and calculated in accordance with Section 9.1.2.

## **1.2 Interpretation**

For purposes of this Agreement:

- 1.2.1** The titles, headings, and numbering in this Agreement are included for convenience only and will have no effect on the construction or interpretation of this Agreement.
- 1.2.2** References in this Agreement to Sections and Exhibits are to those of this Agreement unless otherwise indicated. References to this Agreement and to agreements and contractual instruments will be deemed to include all exhibits, schedules, appendices, annexes, and other attachments thereto and all subsequent amendments and other modifications to such instruments, to the extent such amendments and other modifications are not prohibited by the terms of this Agreement.
- 1.2.3** The word “include” or “including” will be deemed to be followed by “without limitation.” The term “will” has the same meaning as “shall,” and thus imposes an obligation.
- 1.2.4** Whenever the context so requires, the singular includes the plural and the plural includes the singular, and the gender of any pronoun includes the other gender.
- 1.2.5** Unless otherwise indicated, references to any statute, regulation or other law will be deemed to refer to such statute, regulation or other law as amended or any successor law.
- 1.2.6** All references to a Person shall include such Person’s successors and permitted assigns.
- 1.2.7** Unless otherwise indicated, any reference to a time of Day shall be to Central Time in the United States of America.
- 1.2.8** Approximate conversions of any unit of measurement contained in parenthesis following the primary unit of measurement included in Sections 1 through 26 of this Agreement are inserted as a matter of operational convenience only to show the approximate equivalent in such different measurement. The obligations of the Parties under Sections 1 through 26 of this Agreement will be undertaken in respect of the primary unit of measurement and not in respect of any such approximate conversion.

## **1.3 Replacement of Rates and Indices No Longer Available**

- 1.3.1** If (a) a publication that contains a rate or index used in this Agreement ceases to be published for any reason or (b) such a rate or index ceases to exist, is materially modified, or no longer is used as a liquid trading point for Gas (as

applicable), so as systematically to change its economic result, or is disaggregated, displaced or abandoned, for any reason, the Parties shall promptly discuss, with the aim of jointly selecting a rate or index or rates or indices to be used in place of such rates and indices that maintains the intent and economic effect of those original rates or indices.

- 1.3.2** If the Parties fail to agree on a replacement rate or index within thirty (30) Days, the Parties may submit such issue to an Expert pursuant to Section 21.2, as amended by the provisions of this Section 1.3.2. Any Expert selected shall be instructed to select the published rate or index, or a combination of published rates or indices, with adjustments as necessary or appropriate, that most nearly preserves the intent and economic result of the original rates or indices. If the Parties are not able to agree upon an Expert within ten (10) Days after the receipt of the notice of request for expert determination, either Party may elect to refer the determination of the replacement rate or index for arbitration in accordance with Section 21.1.
- 1.3.3** If any rate used in this Agreement is not published for a particular date, but the publication containing such rate continues to be published and the rate itself continues to exist, the Parties shall use the published rate in effect for the date such rate was most recently published prior to the particular date, unless otherwise provided in this Agreement.
- 1.3.4** If any index used in this Agreement is not published for a particular date, but the publication containing such index continues to be published and the index itself continues to exist, the Parties shall use the index from the geographic location closest in proximity to the unpublished index from the same publication in effect for the particular date adjusted by the difference between the same indices from the most recent publication published prior to the particular date, unless otherwise provided in this Agreement.
- 1.3.5** If an incorrect value is published for any rate or index used in this Agreement and such error is corrected and published within ninety (90) Days of the date of the publication of such incorrect rate or index, such corrected rate or index will be substituted for the incorrect rate or index and any calculations involving such rate or index will be recalculated and the Parties will take any necessary actions based upon these revised calculations, including adjustments of amounts previously invoiced and/or paid.

## **2. Approvals and Conditions Precedent**

### **2.1 Approvals**

- 2.1.1** Seller or an Affiliate of Seller shall obtain and maintain, or cause to be obtained and maintained, in force the Export Authorizations at all times commencing no later than the CP Deadline, except as may be excused by

Force Majeure. Buyer and Seller shall use reasonable efforts to obtain and maintain in force, and shall use reasonable efforts to cause its Affiliates to obtain and maintain in force, the other Approvals (other than the Export Authorizations) which are required for the performance of this Agreement, and shall cooperate fully with each other whenever necessary for this purpose.

- 2.1.2** If the laws of the United States of America do not require maintenance of or compliance with one or both Export Authorization(s) to export LNG from the United States of America, then for so long as the laws of the United States of America do not require such maintenance or compliance, the Parties agree that this Agreement shall be read and construed to omit those provisions of this Agreement relating to such affected Export Authorization(s) and neither Party shall have any rights or obligations (including obligations to maintain such affected Export Authorization(s), rights to terminate this Agreement and claims of Force Majeure) in respect of any such Export Authorization(s).

## **2.2 Conditions Precedent**

**2.2.1** The Parties recognize and agree that this Agreement (other than the provisions of this Section 2.2 and Sections 1, 2.1, 4.1, 14.1 to 14.6, and 15 to 26, which shall all be in full force and effect as of the Effective Date) shall not become effective unless and until each of the following conditions precedent (the “**Conditions Precedent**”) have been satisfied or waived:

- (a) Seller has received all Approvals required to construct and operate the Designated Train and any new or modified existing facilities at the Corpus Christi Facility needed to enable Seller to fulfill its obligations under this Agreement (not including any Approvals which will not be issued until after construction is commenced);
- (b) Seller has secured the necessary financing arrangements to construct and operate the Corpus Christi Facility and any facilities related thereto in respect of the Designated Train;
- (c) Seller has taken a positive final investment decision in respect of the Designated Train (“**FID**”), in its sole discretion, to construct the liquefaction facilities and to construct any other required facilities, in relation to the addition of any liquefaction facilities in respect of the Designated Train;
- (d) Seller or an Affiliate of Seller has obtained the FTA Export Authorization and the Non-FTA Export Authorization;
- (e) the Approvals required for Seller or an Affiliate of Seller to export LNG from the Designated Train are in full force and effect; and

- (f) Seller has issued to the Person primarily responsible for construction of the Designated Train and any other facilities at the Corpus Christi Facility needed to enable Seller to fulfill its obligations under this Agreement, an unconditional full notice to proceed with the construction of Designated Train and any other facilities at the Corpus Christi Facility needed to enable Seller to fulfill its obligations under this Agreement.
- 2.2.2** Promptly upon satisfaction of each of the Conditions Precedent, Seller shall notify Buyer of such satisfaction. Except in respect of the Condition Precedent set forth in Section 2.2.1(d) which can be waived only by agreement of both Parties, satisfaction of each Condition Precedent can be waived only by Seller upon notice to Buyer. The date that the last of the Conditions Precedent is fulfilled or waived shall be the “**CP Fulfillment Date**”. At Buyer’s request, Seller shall meet with Buyer on a reasonably frequent basis (but not less than one meeting every three (3) Months) to advise Buyer on the progress of the satisfaction of each of the Conditions Precedent.
- 2.2.3** Seller shall endeavor in good faith to satisfy or procure the satisfaction of each Condition Precedent by June 30, 2015 (as may be revised in accordance with Section 2.2.4, the “**CP Deadline**”).
- 2.2.4** If any Condition Precedent is not satisfied by the CP Deadline (as such CP Deadline may be revised pursuant to this Section 2.2.4), in circumstances other than where it has been waived in accordance with Section 2.2.2, Seller shall give notice to that effect to Buyer and, if requested by Buyer, shall provide an explanation of the reason for the delay in satisfaction of the Conditions Precedent and the revised date by which it is reasonably expected that all Conditions Precedent will be satisfied. If the Parties agree in writing to change the deadline for satisfaction of the Conditions Precedent to the revised date notified by Seller or another later date, such revised date shall be deemed the CP Deadline for all purposes of this Agreement.
- 2.2.5** If any Condition Precedent has been neither satisfied nor waived by the CP Deadline (as such CP Deadline may be revised pursuant to Section 2.2.4), then at any time after such CP Deadline either Party may give to the other Party a notice of termination of this Agreement. Such notice of termination shall be effective in accordance with Section 20.2 if any Condition Precedent remains neither satisfied nor waived prior to such date.

**3. Subject Matter**

**3.1 Sale and Purchase**

**3.1.1** Seller shall sell and make available for delivery, or compensate Buyer if not made available for delivery, LNG in cargoes at the Delivery Point, and Buyer shall take and pay for, or compensate Seller if not taken, such LNG, in the quantities and at the prices set forth in and otherwise in accordance with and subject to the provisions of this Agreement.

**3.1.2** Seller intends to load cargoes from the Corpus Christi Facility, but, subject to the prior written consent of Buyer (such consent not to be unreasonably withheld), Seller may deliver cargoes to Buyer from any alternate source; *provided, that:*

- (a) LNG from such alternate source shall, when made available by Seller to Buyer, comply with the Specifications;
- (b) Seller has agreed to reimburse Buyer an amount equal to Buyer's reasonable estimate of the increased costs that would be incurred as a result of the delivery of LNG at such alternate source;
- (c) the receipt of LNG at an alternate source will not affect the ability of LNG Tankers to perform other cargo receipts and deliveries in a timely fashion;
- (d) the facilities at the alternate source are compatible with LNG Tankers;  
and
- (e) the alternate source and the voyage thereto do not present added risks or dangers to any LNG Tanker or personnel of Buyer or any Affiliate of Buyer.

**3.2 Facilities**

**3.2.1** During the period from:

- (a) the Effective Date and continuing through the T1 DFCD, Seller shall proceed diligently to construct, test, commission, maintain and operate the Corpus Christi Facility (but only including the Designated Train); and
- (b) the Train 2 Trigger Date and continuing until the earlier of (i) the T2 DFCD and (ii) such time, if any, when Buyer cancels the Train 2 Tranche pursuant to Section 4.6(b), Seller shall proceed diligently to design, construct, test, commission, maintain and operate Train 2;

in each case in accordance with the standards and specifications set forth in Section 7.2.2, or Seller shall cause same to occur, so as to enable Seller to fulfill its obligations to Buyer under this Agreement.

**3.2.2** Subject to Section 2.1.1, Seller covenants that, acting as a Reasonable and Prudent Operator, it shall at all relevant times from the T1 DFCD and continuing throughout the Term own, or have access to and use of, and maintain and operate or cause to be maintained and operated, consistent with International Standards and subject to all Applicable Laws, the Corpus Christi Facility so as to enable Seller to fulfill its obligations to Buyer under this Agreement.

### **3.3 Destination**

Subject to Section 26.1 and notwithstanding the Discharge Terminal corresponding to any cargo in the ADP or Ninety Day Schedule, Buyer shall be free to (i) sell such LNG free on board at the Corpus Christi Facility or at any other point during a voyage, or at or after the unloading of any LNG purchased hereunder and (ii) transport the LNG to, and market the LNG at, any destination of its choosing, in accordance with the provisions of this Agreement.

## **4. Term**

### **4.1 Term**

**4.1.1** Term. This Agreement shall enter into force and effect as set forth in Section 2.2.1 and, subject to Section 20, shall continue in force and effect until:

- (a) the twentieth (20<sup>th</sup>) anniversary of the T2 DFCD;  
or
- (b) if the T2 DFCD does not occur prior to the twentieth (20<sup>th</sup>) anniversary of the T1 DFCD or is deemed not to occur, the twentieth (20<sup>th</sup>) anniversary of the T1 DFCD,

unless extended pursuant to Section 4.1.2 (the “**Term**”).

**4.1.2** Extension \_\_\_\_\_ of  
Term.

- (a) On or before the seventeenth (17<sup>th</sup>) anniversary of the T1 DFCD, Buyer may, by notice to Seller, extend the Term of this Agreement as to any portion of the then-applicable ACQ by a period of up to ten (10) years beyond the initial twenty (20) years as set forth in Section 4.1.1, *provided that*:
  - (i) (x) the sum of the portion of the ACQ that Buyer has elected to extend, and the ACQs of all other customers purchasing LNG or liquefaction services from the Corpus Christi Facility

at all times during the extension period elected by Buyer is equal to or greater than one hundred eighty-two million five hundred thousand (182,500,000) MMBtu, or (y) Buyer agrees to increase its ACQ during the extension period elected by Buyer such that the sum of Buyer's ACQ and the ACQs of all other customers purchasing LNG or liquefaction services from the Corpus Christi Facility during the extension period elected by Buyer is equal to or greater than one hundred eighty-two million five hundred thousand (182,500,000) MMBtu; and

- (ii) Seller or an Affiliate of Seller is able, by the exercise of reasonable efforts, to maintain in effect all Approvals, including LNG export licenses, necessary for the continued operation of the Corpus Christi Liquefaction Facility during the extension period elected by Buyer.
- (b) If Seller or an Affiliate of Seller is unable to maintain in effect all such Approvals during the entire extension period elected by Buyer, Seller shall inform Buyer of the period during which it can maintain such Approvals, and Buyer shall, by giving Seller notice no later than thirty (30) Days following receipt of Seller's notice pursuant to this Section 4.1.2(b): (i) modify its election made pursuant to Section 4.1.2(a) such that the extension period is coincident with or less than the period during which Seller can maintain such Approvals or (ii) withdraw its election made pursuant to Section 4.1.2(a).
- (c) If the Term is extended pursuant to this Section 4.1.2, the Parties shall make such revisions to this Agreement as are necessary to give effect to such extension, including Sections 5.1.1, 5.4.1(e), and 7.16.1(a).

## 4.2 T1 DFCD

The Day notified by Seller to Buyer on which Seller anticipates that the Designated Train will become commercially operable shall be the "**T1 Date of First Commercial Delivery**" or "**T1 DFCD**", which Day shall be determined by taking into account development and construction schedules, as set forth below.

**4.2.1** The period that begins on the first Day of the Month that follows the date that is forty-eight (48) Months after the CP Fulfillment Date and ends one hundred eighty (180) Days later shall be the "**First Window Period**". Such forty-eight (48) Month period shall be adjusted to reflect the guaranteed substantial completion date of the Designated Train in the final executed EPC Contract. Seller shall notify Buyer of such adjustment, if any, no later than

the date upon which Seller gives notice pursuant to Sections 2.2.2 of the fulfillment of the Condition Precedent identified in Section 2.2.1(f).

- 4.2.2 Seller shall notify Buyer, at least one hundred twenty (120) Days prior to the commencement of the First Window Period of a ninety (90) Day period falling within the First Window Period (“**Second Window Period**”) during which the T1 DFCD shall occur, or, in the absence of notification by Seller in accordance with this Section 4.2.2, the Second Window Period shall be deemed to be the last ninety (90) Days of the First Window Period.
- 4.2.3 Seller shall notify Buyer at least ninety (90) Days prior to the commencement of the Second Window Period of a sixty (60) Day period falling within the Second Window Period (“**Third Window Period**”) during which the T1 DFCD shall occur, or, in the absence of notification by Seller in accordance with this Section 4.2.3, the Third Window Period shall be deemed to be the last sixty (60) Days of the Second Window Period.
- 4.2.4 Seller shall notify Buyer at least sixty (60) Days prior to the commencement of the Third Window Period of a thirty (30) Day period falling within the Third Window Period (“**Final Window Period**”) during which the T1 DFCD shall occur, or, in the absence of notification by Seller in accordance with this Section 4.2.4, the Final Window Period shall be deemed to be the last thirty (30) Days of the Third Window Period.
- 4.2.5 Seller shall notify Buyer at least forty-five (45) Days prior to the commencement of the Final Window Period of the Day within the Final Window Period which shall be the T1 DFCD, or, in the absence of notification by Seller in accordance with this Section 4.2.5, the T1 DFCD shall be deemed to be the last Day of the Final Window Period.
- 4.2.6 The T1 DFCD shall be the date so notified or deemed pursuant to this Section 4.2, regardless of whether any LNG is scheduled for delivery to Buyer or whether any LNG is in fact so delivered. Seller will provide non-binding good faith estimates of the T1 DFCD from time to time, as credible and relevant information is available (but not less frequently than one (1) update every six (6) Months). Each window period identified in this Section 4.2 may be extended, and the T1 DFCD may be deferred on a Day-for-Day basis, in the event of Force Majeure affecting Seller that delays the Designated Train becoming commercially operable; *provided that* such extension of the window period or deferral of the T1 DFCD shall not exceed four hundred fifty-five (455) Days in aggregate.

#### 4.3 Progress Reports

Buyer and Seller shall meet periodically (but in any event not less than once every sixty (60) Days) to discuss the progress of construction of the Corpus Christi Facility (including the Designated Train and Train 2 only).

#### 4.4 Delayed T1 DFCD

4.4.1 Notwithstanding Section 4.2 to the contrary, if the Designated Train has not become commercially operable by the last Day of the Final Window Period as specified in Section 4.2.4, the T1 DFCD shall be the first Day on which the Designated Train is commercially operable, as notified by Seller.

4.4.2 For all purposes of this Agreement, a Train shall not be considered “commercially operable” unless such Train has been commissioned, Seller is capable of delivering LNG in quantities sufficient and quality necessary to permit Seller to perform its obligations in respect of such Train hereunder and its obligations in respect of such Train to every other customer who has an LNG sale and purchase agreement for the purchase and export of LNG from such Train and such Train is constructed in compliance with Section 7.2.2.

4.4.3 If the T1 DFCD does not occur within one hundred eighty (180) Days after the last Day of the Final Window Period (as such window period may have been extended pursuant to Section 4.2.6 due to Force Majeure), Buyer may elect to terminate this Agreement pursuant to Section 20.1.9 by delivering notice of such election to Seller no later than two hundred ten (210) Days after the last Day of the Final Window Period (as such window period may have been extended pursuant to Section 4.2.6 due to Force Majeure).

#### 4.5 Contract Year

References to a “**Contract Year**” mean a period of time from and including January 1<sup>st</sup> through and including December 31<sup>st</sup> of the same calendar year, *provided that*:

- (a) the first Contract Year is the period of time beginning on the T1 DFCD and ending on December 31<sup>st</sup> of the same calendar year (the “**First Contract Year**”); and
- (b) the final Contract Year is the period of time beginning on the January 1<sup>st</sup> immediately preceding the final Day of the Term and ending on the final Day of the Term (the “**Final Contract Year**”).

#### 4.6 Train 2

- (a) **“Train 2 Trigger Date”** means the date on which both of the following have occurred: (i) a positive final investment decision has been taken by Seller in its sole discretion in respect of the second (2<sup>nd</sup>) LNG production train to be located at the Corpus Christi Facility to construct the liquefaction facilities and to construct any other required facilities, in relation to the addition of any liquefaction facilities in respect of such second (2<sup>nd</sup>) train (**“Train 2 FID”**), and (ii) Seller has issued to the Person primarily responsible for construction of such second (2<sup>nd</sup>) train, an unconditional full notice to proceed with the construction of such second (2<sup>nd</sup>) train (**“Train 2 NTP”**).
- (b) The **“T2 Date of First Commercial Delivery”** or **“T2 DFCD”** shall be the later to occur of the following two (2) Days: (i) the Nominated T2 DFCD, as determined and notified by Seller to Buyer pursuant to the window-narrowing mechanism set forth in Exhibit E; and (ii) the Day on which Train 2 is commercially operable as determined in accordance with Section 4.4.2, as notified by Seller. If the T2 DFCD does not occur within one hundred eighty (180) Days after the last Day of the Train 2 Final Window Period (as such window period may have been extended pursuant to Section 1(f) of Exhibit E due to Force Majeure), Buyer may elect to cancel the Train 2 Tranche by delivering notice of such election to Seller no later than two hundred ten (210) Days after the last Day of the Train 2 Final Window Period. If Buyer elects to cancel the Train 2 Tranche pursuant to this Section 4.6(b), then the T2 DFCD shall be deemed to never occur.
- (c) Promptly upon the occurrence of each of the Train 2 FID, Train 2 NTP and Train 2 Trigger Date, Seller shall notify Buyer that such event(s) have occurred. Seller shall provide updates to Buyer on a reasonably frequent basis (but not less than once every three (3) Months) to advise Buyer on the progress being made towards the Train 2 Trigger Date.
- (d) If the Train 2 Trigger Date does not occur on or before September 30, 2015, then either Party may elect to cancel the Train 2 Tranche with immediate effect, by delivering notice of such election to the other Party prior to the occurrence of the Train 2 Trigger Date.
- (e) Without prejudice to Section 2.2, the Parties agree that Seller is under no obligation to take the Train 2 FID or issue the Train 2 NTP. If one or both Parties cancels the Train 2 Tranche in accordance with Section 4.6(d), then neither Party shall have any liability or obligation to the other Party under this Agreement in relation to the Train 2 Tranche

of LNG that was cancelled in accordance with Section 4.6(d).

## 5. Quantities

### 5.1 ACQ

**5.1.1** Subject to Section 5.1.4, the annual contract quantity (“ACQ”) for any Contract Year shall be an amount equal to:

$$ACQ = T1Q + T2Q$$

Where:

T1Q equals, for the First Contract Year and each subsequent Contract Year, the Train 1 Tranche; and

T2Q equals, (i) for any Contract Year prior to the Contract Year during which the T2 DFCD occurs, zero (0); and (ii) for the Contract Year during which the T2 DFCD occurs and each subsequent Contract Year, the Train 2 Tranche.

**5.1.2** The ACQ for purposes of determining all obligations under this Agreement shall be the amount expressed in MMBtus. All references in this Agreement to cargoes or other quantities are solely for operational convenience.

**5.1.3** With respect to each Contract Year, the AACQ for the relevant Contract Year shall be scheduled for delivery in the relevant ADP on a reasonably even and ratable basis throughout the relevant Contract Year, taking into consideration planned maintenance at the Corpus Christi Facility.

**5.1.4** The ACQ for partial Contract Years and for any Contract Year during which the T2 DFCD occurs shall be adjusted as follows:

- (a) if the First Contract Year does not commence on January 1<sup>st</sup> and/or if the Final Contract Year does not end on December 31<sup>st</sup>, then the T1Q for each such applicable Contract Year will be reduced to an amount determined by multiplying (x) the Train 1 Tranche by (y) a fraction, the numerator of which is the number of Days in the applicable Contract Year and the denominator of which is the total number of Days in the calendar year in which the applicable Contract Year occurs; and
- (b) if the T2 DFCD does not occur on January 1<sup>st</sup> and/or if the Final Contract Year does not end on December 31<sup>st</sup>, then the T2Q for the Contract Year in which T2 DFCD occurs or the Final Contract Year, as applicable, will be reduced to an amount determined by multiplying (x) the Train 2 Tranche by (y) a fraction, the numerator of which is

the number of Days in the applicable Contract Year which occur on and after the T2 DFCD and the denominator of which is the total number of Days in the calendar year in which the applicable Contract Year occurs.

## **5.2 Adjusted Annual Contract Quantity**

The “**Adjusted Annual Contract Quantity**” or “**AACQ**”, expressed in MMBtu, for each Contract Year shall be equal to the ACQ for the relevant Contract Year, plus the following:

**5.2.1** Round-Up Quantity for such Contract Year, determined in accordance with Section 5.3.1; and

**5.2.2** Round-Down Quantity for the previous Contract Year, determined in accordance with Section 5.3.2, and carried forward to the current Contract Year;

*less* any of the following:

**5.2.3** Major Scheduled Maintenance Quantity for such Contract Year, if any, determined in accordance with Section 5.4;

**5.2.4** Round-Up Quantity taken in the previous Contract Year, determined in accordance with Section 5.3.1, and carried forward as a deduction to the current Contract Year; and

**5.2.5** Round-Down Quantity for the current Contract Year, determined in accordance with Section 5.3.2.

## **5.3 Round-Up/Round-Down Quantities**

**5.3.1** If, during the development of the Annual Delivery Program, it appears that the delivery during such Contract Year of the AACQ plus the quantities specified in Section 5.2.2, less the quantities specified in Sections 5.2.3 and 5.2.4 would require Seller to make available and Buyer to take a quantity of LNG that is less than a full cargo lot, then Buyer may request, pursuant to Section 8.1.2, that the AACQ be increased by a quantity of LNG sufficient to deliver the AACQ in full cargo lots, and Seller shall use reasonable efforts to accommodate such request. Any quantity included in the Annual Delivery Program pursuant to this Section 5.3.1 shall be considered a “**Round-Up Quantity**”. In granting requests for Round-Up Quantities, Seller shall act in a non-discriminatory manner among Foundation Customers and shall give priority to the requests of Foundation Customers over the requests of other customers.

**5.3.2** If, during the development of the Annual Delivery Program, it appears that the delivery during such Contract Year of the ACQ plus the quantities specified in Section 5.2.2 less the quantities specified in Sections 5.2.3 and 5.2.4 would require Seller to make available and Buyer to take a quantity of LNG that is less than a full cargo lot, but Buyer does not request an increase in the AACQ, or Buyer requests an increase but Seller is unable by the exercise of reasonable efforts to accommodate such request, then the AACQ shall be reduced by an amount (the “**Round-Down Quantity**”) such that the resulting AACQ can be delivered in full cargo lots.

**5.4 Major Scheduled Maintenance**

**5.4.1** Seller shall be entitled to reduce the AACQ in order to perform major scheduled maintenance to the Corpus Christi Facility (the “**Major Scheduled Maintenance Quantity**”) subject to the following conditions:

- (a) Seller may only exercise its right to such reduction in a Contract Year to the extent it determines, as a Reasonable and Prudent Operator, that scheduled maintenance is required for operational reasons;
- (b) Seller shall exercise reasonable efforts to schedule such reduction during the Months of April through September;
- (c) Seller shall notify Buyer of its exercise of, and the amount of, Major Scheduled Maintenance Quantity pursuant to Section 8.1.1(b);
- (d) the Major Scheduled Maintenance Quantity reduction elected by Seller during any Contract Year may not exceed seven decimal five percent (7.5%) of the ACQ for such Contract Year; and
- (e) the cumulative amount of all Major Scheduled Maintenance Quantity reductions elected by Seller pursuant to this Section 5.4.1 shall not exceed twenty-five percent (25%) of the ACQ during any six (6) consecutive Contract Years.

**5.5 Buyer’s Purchase Obligation**

**5.5.1** During any Contract Year, Buyer shall take and pay for the Scheduled Cargo Quantity with respect to each cargo included in the AACQ and scheduled in the ADP for such Contract Year, less:

- (a) any quantities of LNG not made available by Seller for any reasons attributable to Seller (other than quantities for which Seller is excused pursuant to this Agreement from making available due to Buyer’s breach of this Agreement) including quantities not made available by

Seller due to Force Majeure affecting Seller or the Corpus Christi Facility;

- (b) any quantities of LNG not taken by Buyer for reasons of Force Majeure;
- (c) quantities of LNG for which Buyer has provided a notice of suspension pursuant to Section 5.7; and
- (d) any quantity that the relevant LNG Tanker is not capable of loading due to the Seller's delivery of LNG that has a Gross Heating Value that is less than the value identified by Seller pursuant to Section 8.1.1(a).

**5.5.2** If, with respect to any cargo identified in Section 5.5.1, Buyer does not take all or part of the Scheduled Cargo Quantity of such cargo, and such failure to take is not otherwise excused pursuant to Section 5.5.1, then the amount by which the Scheduled Cargo Quantity for such cargo exceeds the quantity of LNG taken by Buyer in relation to such cargo shall be the "**Cargo Shortfall Quantity**".

**5.5.3** With respect to any Cargo Shortfall Quantity, Buyer shall pay to Seller Cover Damages in accordance with the following, if Cover Damages are a positive amount.

- (a) "**Cover Damages**" shall be equal to: (i) the CSP *multiplied* by the Cargo Shortfall Quantity; *minus* (ii) the proceeds of any Mitigation Sale, if any; *minus* (iii) reasonable and verifiable savings obtained by Seller (including savings related to avoided fuel Gas for LNG production, transportation and Third Party costs avoided) as a result of the Mitigation Sale as opposed to the sale to Buyer; *plus* (iv) any actual, reasonable, verifiable, incremental costs incurred by Seller as a result of such Mitigation Sale (including costs related to transporting, marketing, selling, and delivery of the Cargo Shortfall Quantity). For purposes of calculating Cover Damages, the CSP shall be determined as of the Month in which the applicable Delivery Window begins.
- (b) Seller shall use reasonable efforts to mitigate its Losses resulting from Buyer's failure to take such Cargo Shortfall Quantity by reselling such Cargo Shortfall Quantity (whether as LNG or Gas,) to Third Parties (each such sale a "**Mitigation Sale**"); except that any sale of a quantity of LNG (or Gas) by Seller to any Third Party that Seller was already obligated to make at the earlier to occur of (i) Buyer's failure to take such LNG; or (ii) Buyer's notice to Seller that it will not take such LNG, is not a Mitigation Sale.

- (c) Notwithstanding the foregoing, if the Cargo Shortfall Quantity is within the operational tolerance of two percent (2%) of the Scheduled Cargo Quantity (“**Operational Tolerance**”) (such Operational Tolerance to be exercised by Buyer only with respect to operational matters regarding the LNG Tanker, and without regard to Gas markets or other commercial considerations), the Cover Damages shall be zero USD (US\$0.00).

**5.5.4** Any payment that Buyer makes under this Section 5.5 shall not be treated as an indirect, incidental, consequential or exemplary loss or a loss of income or profits for purposes of Section 15.2.1.

**5.6 Seller’s Delivery  
Obligation**

**5.6.1** During any Contract Year, Seller shall make available to Buyer the Scheduled Cargo Quantity with respect to each cargo in the AACQ and scheduled in the ADP for such Contract Year, less;

- (a) quantities of LNG not taken by Buyer for any reason attributable to Buyer (other than quantities for which Buyer is excused pursuant to this Agreement from taking due to Seller’s breach of this Agreement), or for reason of Force Majeure affecting Buyer;
- (b) quantities of LNG for which Buyer has provided a notice of suspension pursuant to Section 5.7;  
and
- (c) quantities of LNG not made available by Seller due to Force Majeure.

**5.6.2** Except as otherwise excused in accordance with the provisions of this Agreement, if, during any Contract Year, for any reason other than those specified in Section 5.6.1, Seller does not make available the Scheduled Cargo Quantity with respect to any cargo identified in Section 5.6.1 then the amount by which the Scheduled Cargo Quantity exceeds the quantity of LNG made available by Seller shall be the “**Cargo DoP Quantity**”. Seller shall make a payment to Buyer for each MMBtu of the Cargo DoP Quantity in an amount equal to: (a) the actual, documented price incurred by Buyer for the purchase of a replacement quantity of LNG or Gas (not to exceed the MMBtu equivalent of the Cargo DoP Quantity), or, in respect of any Cargo DoP Quantity for which a replacement quantity of LNG or Gas cannot be purchased, the market price of LNG at such time at the cargo’s originally scheduled destination; *less* (b) the CSP; *plus* (c) any actual, reasonable, and verifiable costs (if any), incurred by Buyer due to such failure, including costs associated with transportation; *plus* (d) any actual, verifiable costs incurred by Buyer in respect of idling the LNG Tanker scheduled to load the Cargo DoP Quantity; *less* (e) actual, reasonable, and verifiable cost savings realized by Buyer due to Seller’s failure to make the Scheduled Cargo

Quantity available (the “**Cargo DoP Payment**”). For purposes of calculating the Cargo DoP Payment, CSP shall be determined as of the Month in which the applicable Delivery Window begins.

- 5.6.3 Notwithstanding the foregoing, if the Cargo DoP Quantity is within the Operational Tolerance (such Operational Tolerance to be exercised by Seller only with respect to operational matters regarding the Corpus Christi Facility, and without regard to Gas markets or other commercial considerations), the Cargo DoP Payment shall be zero USD (US\$0.00).
- 5.6.4 Buyer shall use reasonable efforts to mitigate Seller’s liability to make any payments pursuant to this Section 5.6.
- 5.6.5 In the event the ability of the Corpus Christi Facility to produce and deliver LNG is impaired due to an unscheduled services interruption that does not constitute Force Majeure, then during such event of interruption, Seller shall comply with the Foundation Customer Priority in allocating the LNG that is available from the Corpus Christi Facility.

**5.7 Buyer’s Right to Suspend Deliveries**

- 5.7.1 Subject to the remainder of this Section 5.7, Buyer may elect to suspend deliveries of all cargoes scheduled in the ADP for the relevant Month by providing notice of such election to Seller on or prior to the twentieth (20<sup>th</sup>) Day of the Month that is two (2) Months prior to the Month for which Buyer is suspending deliveries. Once cargoes have been suspended pursuant to this Section 5.7.1, Seller shall be relieved of its obligation to make available such cargoes pursuant to Section 5.6.
- 5.7.2 During the period of suspension, Buyer shall pay a suspension fee (the “**Suspension Fee**”) for all cargoes suspended during a Month equal to:

$$X_y \times \sum SCQ_M$$

where:

$X_y$  is as set forth in Section 9.1.2; and

$\sum SCQ_M$  is equal to the sum of all Scheduled Cargo Quantities scheduled in the ADP for the relevant Month of suspension.

Payment of the Suspension Fee shall be paid in accordance with Section 10.2.2.

- 5.7.3 Buyer may elect to resume delivery of cargoes previously suspended by delivering a notice to Seller stating such election. A notice provided pursuant to this Section 5.7.3 shall be made on or prior to the twentieth (20<sup>th</sup>) Day of any Month that is two (2) Months prior to the Month for which Buyer is

electing to resume delivery of cargoes scheduled in the ADP. Any period of suspension elected by Buyer pursuant to this Section 5.7 shall not be less than one (1) Month.

**5.7.4** If, at the time of issuance of an ADP for a Contract Year, Buyer has elected suspension of performance pursuant to the terms of this Section 5.7, and Buyer desires such suspension of performance to continue into the Contract Year that is the subject of the newly issued ADP, Buyer shall provide a notice to Seller not later than the twentieth (20<sup>th</sup>) Day of the eleventh (11<sup>th</sup>) month of the prior Contract Year stating such election, and the provisions of this Section 5.7 shall apply.

**6. Delivery Point, Title and Risk**

**6.1 Delivery Point**

Seller shall deliver LNG to Buyer, subject to the terms and conditions of this Agreement, at the point at which the flange coupling of the LNG loading line at the Corpus Christi Facility joins the flange coupling of the LNG intake manifold of the relevant LNG Tanker (“**Delivery Point**”).

**6.2 Title and Risk**

Title to, and all risks in respect of, the LNG sold by Seller pursuant to this Agreement shall pass from Seller to Buyer as the LNG passes the Delivery Point.

**7. Transportation and Loading**

**7.1 Transportation by Buyer**

Buyer shall, in accordance with this Agreement, Applicable Laws, Approvals and International Standards, provide, or cause to be provided, transportation from the Delivery Point of all quantities of LNG delivered hereunder to Buyer. Buyer shall notify Seller by the 15<sup>th</sup> day following the end of each calendar quarter whether any cargo loadings at the Corpus Christi Facility (or at any alternate source in the United States pursuant to Section 3.1.2) that are the subject of this Agreement used an LNG Tanker operated or owned by Buyer or an Affiliate of Buyer. As requested by Seller, Buyer shall use reasonable efforts to provide additional information regarding the terms on which the LNG Tanker is operated, subject to all relevant confidentiality restrictions. Buyer shall cause any Third Party that has purchased a cargo that is the subject of this Agreement, to provide the information required by this Section 7.1 as if such Third Party were Buyer.

**7.2 Corpus Christi Facility**

**7.2.1** Prior to the T1 DFCD and provided the Conditions Precedent set forth in this Agreement are satisfied or waived in accordance herewith, Seller shall cause

the Corpus Christi Facility (only including the Designated Train) to be constructed and commissioned so as to be able to provide liquefaction services and otherwise to achieve commercial operations completion for making available LNG to Buyer under this Agreement. If the Train 2 Trigger Date occurs, then prior to the earlier of T2 DFCD and such time, if any, when Buyer cancels the Train 2 Tranche pursuant to Section 4.6(b), Seller shall cause Train 2 to be constructed and commissioned so as to be able to provide liquefaction services and otherwise to achieve commercial operations completion for making available LNG to Buyer under this Agreement. During the Term, Seller shall at all times cause to be provided, maintained and operated the Corpus Christi Facility in accordance with the following: (a) International Standards; (b) all terms and conditions set forth in this Agreement; (c) Applicable Laws; and (d) to the extent not inconsistent with International Standards, such good and prudent practices as are generally followed in the LNG industry by Reasonable and Prudent Operators of similar LNG liquefaction terminals.

**7.2.2** The Corpus Christi Facility shall include the following:

- (a) appropriate systems for communications with LNG Tankers;
- (b) a berth, capable of berthing an LNG Tanker having a displacement of no more than one hundred sixty-six thousand (166,000) tons, an overall length of no more than one thousand one hundred forty (1,140) feet (approximately 347 meters), a beam of no more than one hundred seventy-five (175) feet (approximately 53 meters), and a draft of no more than forty (40) feet (approximately 12 meters), which LNG Tankers can safely reach, fully laden, and safely depart, fully laden, and at which LNG Tankers can lie safely berthed and load and unload safely afloat;
- (c) lighting sufficient to permit loading operations by day or by night, to the extent permitted by Governmental Authorities and Pilots (it being acknowledged, however, that Seller shall in no event be obligated to allow nighttime berthing operations at the Corpus Christi Facility if Seller determines that such operations during nighttime hours could pose safety or operational risks to the Corpus Christi Facility, an LNG Tanker, or a Third Party);
- (d) facilities capable of transferring LNG at a rate of up to an average of twelve thousand (12,000) Cubic Meters per hour at the Delivery Point, with three (3) LNG transfer arms each having a reasonable operating envelope to allow for ship movement and manifold strainers of sixty (60) mesh;

- (e) a vapor return line system of sufficient capacity to allow for transfer of Gas necessary for safe cargo operations of an LNG Tanker at the required rates, pressures and temperatures;
- (f) facilities allowing ingress and egress between the Corpus Christi Facility and the LNG Tanker by (i) representatives of Governmental Authorities for purposes of LNG transfer operations; and (ii) an independent surveyor for purposes of conducting tests and measurements of LNG on board the LNG Tanker;
- (g) emergency shut-down systems;
- (h) LNG storage facilities;  
and
- (i) LNG liquefaction facilities having the capacity to liquefy Gas and produce not less than two hundred ninety-one thousand seven hundred (291,700) tonnes per Month of LNG, using the ConocoPhillips Optimized Cascade process under license from ConocoPhillips which will include, as necessary, the following equipment, gas turbines, compressor sets, heat exchanger systems, heavies removal system; acid gas removal unit and a mercury removal system for the pre-treatment of feed Gas received at the inlet of the Corpus Christi Facility; propane, ethylene, and amine storage tanks and control and measurement systems, flares, ancillary systems.

**7.2.3** Services and facilities not provided by Seller include the following: (a) facilities and loading lines for liquid or gaseous nitrogen to service an LNG Tanker; (b) facilities for providing bunkers; (c) facilities for the handling and delivery to the LNG Tanker of ship's stores, provisions and spare parts; and (d) nitrogen rejection or natural gas liquids (NGL) removal. Buyer shall be required to obtain towing, escort, line handling, and pilot services as described in Section 7.5.3.

### **7.3 Compatibility of the Corpus Christi Facility with LNG Tankers**

**7.3.1** Buyer shall ensure, at no cost to Seller, that each of the LNG Tankers is fully compatible with the general specifications set forth in Section 7.2.2 and any modifications made to the Corpus Christi Facility in accordance with Section 7.3.2. Should an LNG Tanker fail materially either to be compatible with the Corpus Christi Facility, or to be in compliance with the provisions of Sections 7.5 and 7.6, Buyer shall not employ such LNG Tanker until it has been modified to be so compatible or to so comply.

**7.3.2** The Parties agree that, after the Effective Date, Seller shall be entitled to modify the Corpus Christi Facility in any manner whatsoever, provided that: (x) such modifications do not render the Corpus Christi Facility incompatible with an LNG Tanker that is compatible with the general specifications set

forth in Section 7.2.2; (y) such modifications, once finalized, do not reduce the ability of Seller to make available LNG in accordance with the terms of this Agreement; and (z) such modifications do not otherwise conflict with Seller's obligations hereunder. Notwithstanding the foregoing, Seller may modify the Corpus Christi Facility in a manner that would render it incompatible with an LNG Tanker provided that such modification is required by and is made pursuant to a change in Applicable Laws, Approvals, or International Standards, or is required for safety or environmental reasons.

#### **7.4 Buyer Inspection Rights in Respect of the Corpus Christi Facility**

- 7.4.1** Upon obtaining Seller's prior written consent, which consent shall not be unreasonably withheld or delayed, a reasonable number of Buyer's designated representatives may from time to time (including during the period of construction of the liquefaction facilities) inspect the operation of the Corpus Christi Facility so long as such inspection occurs from 8:00 a.m. Central Time to 5:00 p.m. Central Time on a business day in the United States of America. Any such inspection shall be at Buyer's sole risk and expense. In conjunction with any such inspection, Seller shall, and shall use reasonable efforts to cause that its Affiliates shall, provide Buyer access at reasonable times and places (taking into consideration cost and schedule impacts) to (a) relevant qualified employees and contractors of Seller or its Affiliates in order to discuss the progress of the construction of the Corpus Christi Facility and the operation and maintenance of the Corpus Christi Facility (as applicable) and (b) relevant documentation, if any, available to Seller or its Affiliates in support of such discussions. Buyer (and its designees) shall carry out any such inspection without any interference with or hindrance to the safe and efficient operation of the Corpus Christi Facility. Buyer's right to inspect and examine the Corpus Christi Facility shall be limited to verifying Seller's compliance with Seller's obligations under this Agreement. No inspection (or lack thereof) of the Corpus Christi Facility by Buyer hereunder, or any requests or observations made to Seller or its representatives by or on behalf of Buyer in connection with any such inspection, shall (a) modify or amend Seller's obligations, representations, warranties and covenants hereunder; or (b) constitute an acceptance or waiver by Buyer of Seller's obligations hereunder.
- 7.4.2** Buyer shall indemnify and hold Seller and its Affiliates harmless from any Claims and Losses resulting from Buyer's inspection of the Corpus Christi Facility pursuant to Section 7.4.1.

**7.5 LNG Tankers**

- 7.5.1** Buyer shall cause each LNG Tanker to comply with the requirements of this Section 7.5 and the requirements of Section 7.6 in all respects.
- 7.5.2** Each LNG Tanker shall comply with the regulations of, and obtain all Approvals required by, Governmental Authorities to enable such LNG Tanker to enter, leave and carry out all required operations at the Corpus Christi Facility. Each LNG Tanker shall at all times have on board valid documentation evidencing all such Approvals. Each LNG Tanker shall comply fully with the International Safety Management Code for the Safe Operation of Ships and Pollution Prevention effective July 1<sup>st</sup>, 1998, as amended from time to time, and at all times be in possession of valid documents of compliance and safety management certificates, and can demonstrate that the LNG Tanker has an effective management system in operation that addresses all identified risks, and provides proper controls for dealing with these risks.
- 7.5.3** Buyer shall cause Transporter to enter into a tug services agreement to provide such number and types of tugs, fireboats and escort vessels as are (i) acceptable to Seller, and (ii) required by Governmental Authorities to attend the LNG Tanker and (iii) necessary and appropriate to permit safe and efficient movement of the LNG Tanker within the maritime safety areas located in the approaches to and from the Corpus Christi Facility. An Affiliate of Seller may, at its option, procure tug services at the Corpus Christi Facility. In such event, Buyer shall cause Transporter to enter into a tug services agreement with such Affiliate of Seller. Such agreement shall provide that the fees for tug services shall be applied on a non-discriminatory basis among all long-term customers. If Seller's Affiliate elects to procure tug services for the Corpus Christi Facility Seller shall so notify Buyer no later than eighteen (18) months prior to the first day of the First Window Period. Seller shall not be required to provide tugs, fireboats and escort vessels to attend any LNG Tanker and shall not be liable to Buyer in connection with Transporter's failure to enter into such arrangements.
- 7.5.4** Buyer shall pay or cause to be paid: (a) all Port Charges directly to the appropriate Person (including reimbursing Seller for any Port Charges paid by Seller or its operator on Buyer's behalf); and (b) all charges payable by reason of any LNG Tanker having to shift from berth at the Corpus Christi Facility as a result of the action or inaction of Buyer.
- 7.5.5** Each LNG Tanker must satisfy the following requirements:
- (a) Except as otherwise mutually agreed in writing by the Parties, each LNG Tanker shall be compatible with the specifications of the Corpus Christi Facility identified in Section 7.2.2 and any modifications to the Corpus Christi Facility pursuant to Section 7.3.2, and shall be of

a sufficient size to load the applicable Scheduled Cargo Quantity (subject to the Operational Tolerance). If Buyer's LNG Tanker is not capable of loading the applicable Scheduled Cargo Quantity (subject to the Operational Tolerance), Buyer shall be deemed to have failed to take the shortfall quantity and Section 5.5 shall apply, except to the extent that such failure is attributable to Seller's delivery of LNG that has a Gross Heating Value that is less than the value identified by Seller pursuant to Section 8.1.1(a).

- (b) Except as otherwise agreed in writing by Seller, which agreement shall not be unreasonably withheld, each LNG Tanker shall have a gross volumetric capacity between one hundred twenty-five thousand (125,000) Cubic Meters and one hundred eighty thousand (180,000) Cubic Meters.
- (c) Each LNG Tanker shall be, in accordance with International Standards, (i) fit in every way for the safe loading, unloading, handling and carrying of LNG in bulk at atmospheric pressure; and (ii) tight, staunch, strong and otherwise seaworthy with cargo handling and storage systems (including instrumentation) necessary for the safe loading, unloading, handling, carrying and measuring of LNG in good order and condition.
- (d) Each LNG Tanker shall at all times be maintained in class with any of the following: American Bureau of Shipping, Lloyd's Register, Bureau Veritas, Det Norske Veritas or any other classification society that is (i) a member of International Association of Classification Societies Ltd. (IACS) and (ii) mutually agreeable to the Parties.
- (e) Each LNG Tanker shall have been constructed to all applicable International Standards (including the International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk).
- (f) Each LNG Tanker shall comply with, and shall be fully equipped, supplied, operated, and maintained to comply with, all applicable International Standards and Applicable Laws, including those that relate to seaworthiness, design, safety, environmental protection, navigation, and other operational matters, and all procedures, permits, and approvals of Governmental Authorities for LNG vessels that are required for the transportation and loading of LNG at the Loading Port. Unless approved by Seller in writing, which approval shall not be unreasonably withheld or delayed, an LNG Tanker shall be prohibited from engaging in any maintenance, repair or in-water surveys while berthed at the Corpus Christi Facility. Each LNG Tanker shall comply fully with the guidelines of any Governmental

Authority of the United States of America, including the National Oceanographic and Atmospheric Administration (NOAA), in relation to actions to avoid strikes in the waters of the United States of America with protected sea turtles and cetaceans (e.g., whales and other marine mammals) and with regard to the reporting of any strike by the LNG Tanker which causes injury to such protected species.

- (g) The officers and crew of each LNG Tanker shall have the ability, experience, licenses and training commensurate with the performance of their duties in accordance with internationally accepted standards with which it is customary for Reasonable and Prudent Operators of LNG vessels to comply and as required by Governmental Authorities and any labor organization having jurisdiction over the LNG Tanker or her crew. Without in any way limiting the foregoing, the master, chief engineer, all cargo engineers and all deck officers shall be fluent in written and oral English and shall maintain all records and provide all reports with respect to the LNG Tanker in English.
- (h) Each LNG Tanker shall have communication equipment complying with applicable regulations of Governmental Authorities and permitting such LNG Tanker to be in constant communication with the Corpus Christi Facility and with other vessels in the area (including fireboats, escort vessels and other vessels employed in port operations).
- (i) Provided that the Corpus Christi Facility supplies a suitable vapor return line meeting the requirements of Section 7.2.2, then:
  - (i) an LNG Tanker with an LNG cargo containment capacity less than or equal to one hundred forty thousand (140,000) Cubic Meters shall be capable of loading a full cargo of LNG in a maximum of fifteen (15) hours; and
  - (ii) an LNG Tanker with an LNG cargo containment capacity greater than one hundred forty thousand (140,000) Cubic Meters shall be capable of loading a full cargo of LNG in the number of hours derived after applying the following formula:

$$15 + x = \text{maximum LNG transferring time (in hours)}$$

where:

$$x = y/12,000 \text{ Cubic Meters; and}$$

y = the LNG cargo containment capacity of the LNG Tanker in excess of one hundred forty thousand (140,000) Cubic Meters.

Time for connecting, cooling, draining, purging and disconnecting of liquid arms shall not be included in the computation of pumping time.

- (j) Each LNG Tanker shall procure and maintain Hull and Machinery Insurance and P&I Insurance in accordance with Section 15.6.

## **7.6 LNG Tanker Inspections; LNG Tanker Vetting Procedures; Right to Reject LNG Tanker**

- 7.6.1** During the Term, upon obtaining Transporter's or Buyer's prior written consent, such Buyer's consent not to be unreasonably withheld or delayed, Seller may, at its sole risk, send its representatives (including an independent internationally recognized maritime consultant) to inspect during normal working hours any LNG Tanker as Seller may consider necessary to ascertain whether the LNG Tanker complies with this Agreement. Seller shall bear the costs and expenses in connection with any inspection conducted hereunder. Any such inspection may include, as far as is practicable having regard to the LNG Tanker's operational schedule, examination of the records related to the LNG Tanker's hull, cargo and ballast tanks, machinery, boilers, auxiliaries and equipment; examination of the LNG Tanker's deck, engine and official log books; review of records of surveys by the LNG Tanker's classification society and relevant Governmental Authorities; and review of the LNG Tanker's operating procedures and performance of surveys, both in port and at sea. Any inspection carried out pursuant to this Section 7.6.1: (a) shall not interfere with, or hinder, any LNG Tanker's safe and efficient construction or operation; and (b) shall not entitle Seller or any of its representatives to make any request or recommendation directly to Transporter except through Buyer. No inspection (or lack thereof) of an LNG Tanker hereunder shall: (i) modify or amend Buyer's obligations, representations, warranties, and covenants hereunder; or (ii) constitute an acceptance or waiver by Seller of Buyer's obligations hereunder.
- 7.6.2** Seller shall indemnify and hold Buyer and its Affiliates harmless from any Claims and Losses resulting from Seller's inspection of any LNG Tanker pursuant to Section 7.6.1.
- 7.6.3** Buyer shall comply with all LNG Tanker vetting procedures, as set forth in the Corpus Christi Marine Operations Manual.
- 7.6.4** Seller shall have the right to reject any LNG vessel that Buyer intends to use to take delivery of LNG hereunder at the Corpus Christi Facility if such LNG

vessel does not comply materially with the provisions of this Agreement, *provided that*:

- (a) neither the exercise nor the non-exercise of such right shall reduce the responsibility of Buyer to Seller in respect of such LNG vessel and her operation, nor increase Seller's responsibilities to Buyer or Third Parties for the same; and
- (b) Buyer's obligations under this Agreement shall not be excused or suspended by reason of Buyer's inability (pursuant to the foregoing) to use a vessel as an LNG Tanker.

**7.7 Port Liability Agreement**

- 7.7.1** Buyer shall cause Transporter or the master of each LNG Tanker (acting on behalf of the ship-owner and charterer) making use of the port or marine facilities at the Corpus Christi Facility or the Loading Port thereof on behalf of Buyer, to execute the Port Liability Agreement prior to such LNG Tanker's arrival at the Corpus Christi Facility or the Loading Port thereof. In the event the master of an LNG Tanker fails to execute such Port Liability Agreement, Buyer shall indemnify and hold Seller and its Affiliates harmless from any Claims brought against, or Losses incurred by Seller or any of its Affiliates arising from such failure.
- 7.7.2** Subject to Section 7.7.1 and without prejudice to the terms of the Port Liability Agreement, Seller releases Buyer, its Affiliates, and their respective shareholders, officers, members, directors, employees, designees, representatives, and agents from liability to Seller incident to all Claims and Losses that may exist, arise or be threatened currently or in the future at any time following the Effective Date and whether or not of a type contemplated by either Party at any time, brought by any Person for injury to, illness or death of any employee of Seller, or for damage to or loss of the Corpus Christi Facility, which injury, illness, death, damage or loss arises out of, is incident to, or results from the performance or failure to perform this Agreement by Buyer, or any of its Affiliates, shareholders, officers, members, directors, employees, designees, representatives and agents.
- 7.7.3** Subject to Section 7.7.1 and without prejudice to the terms of Section 12 or the Port Liability Agreement, Buyer releases Seller, its Affiliates, and their respective shareholders, officers, members, directors, employees, designees, representatives, and agents from liability to Buyer incident to all Claims and Losses that may exist, arise or be threatened currently or in the future at any time following the Effective Date and whether or not of a type contemplated by either Party at any time, brought by any Person for injury to, illness or death of any employee of Buyer, or for damage to or loss of any LNG Tanker, which injury, illness, death, damage or loss arises out of, is incident to, or results from the performance or failure to perform this Agreement by Seller

or its Affiliates, shareholders, officers, members, directors, employees, designees, representatives and agents.

**7.7.4** The form of Port Liability Agreement may be amended from time to time without consent of Buyer only if after any such amendment the revised terms of such Port Liability Agreement: (a) do not negatively impact Buyer's ability to perform its obligations or exercise its rights under this Agreement, (b) treat Transporter in a non-discriminatory manner in comparison to all other owners and charterers of LNG vessels that use or transit the Loading Port, and (c) do not prevent any Transporter from obtaining, on commercially reasonable terms, full P&I indemnity coverage from a P&I Club, and such P&I indemnity will cover all Claims and Losses pursuant to such Port Liability Agreement in relation to use of the Loading Port by an LNG Tanker. Seller shall promptly notify Buyer upon any amendment to the Port Liability Agreement and shall provide a copy of the amended Port Liability Agreement to Buyer.

## **7.8 Corpus Christi Marine Operations Manual**

The Parties acknowledge that Seller shall deliver to Buyer not later than twelve (12) Months prior to the T1 DFCD a copy of the marine operations manual developed for the Corpus Christi Facility (as amended from time to time, the "**Corpus Christi Marine Operations Manual**") which governs activities at the Corpus Christi Facility, consistent with International Standards, and which applies to each LNG Tanker and each other LNG vessel berthing at the Corpus Christi Facility. In the event of a conflict between this Agreement and the Corpus Christi Marine Operations Manual, the provisions of this Agreement shall control. Seller shall promptly notify Buyer upon any amendment to the Corpus Christi Marine Operations Manual and shall provide a copy of the amended Corpus Christi Marine Operations Manual to Buyer.

## **7.9 Loading of LNG Tankers**

**7.9.1** Except as otherwise specifically provided, the terms of this Section 7.9 shall apply to all LNG Tankers calling at the Corpus Christi Facility.

**7.9.2** As soon as practicable after the LNG Tanker's departure from the point of departure en route to the Corpus Christi Facility, Buyer shall notify, or cause the master of the LNG Tanker to notify, Seller of the information specified below ("**In-Transit First Notice**"):

- (a) name of the LNG Tanker and, in reasonable detail, the dimensions, specifications, tank temperatures, volume of LNG onboard, operator, and owner of such LNG Tanker;
- (b) any operational deficiencies in the LNG Tanker that may affect its performance at the Corpus Christi Facility or berth; and

- (c) the  
ETA.

**7.9.3** With respect to each LNG Tanker scheduled to call at the Corpus Christi Facility, Buyer shall give, or cause the master of the LNG Tanker to give, to Seller the following notices:

- (a) A second notice (“**In-Transit Second Notice**”), which shall be sent ninety-six (96) hours prior to the ETA set forth in the In-Transit First Notice or as soon as practicable prior to such ETA if the sea time between the point of departure of the LNG Tanker and the Loading Port is less than ninety six (96) hours, stating the LNG Tanker’s then ETA. If, thereafter, such ETA changes by more than six (6) hours, Buyer shall give promptly, or cause the master of the LNG Tanker to give promptly, to Seller notice of the corrected ETA;
- (b) The forty-eight (48) hour informational notice as required by the Corpus Christi Marine Operations Manual;
- (c) A third notice (“**In-Transit Third Notice**”), which shall be sent twenty-four (24) hours prior to the ETA set forth in the In-Transit Second Notice (as corrected), confirming or amending such ETA. If, thereafter, such ETA changes by more than three (3) hours, Buyer shall give promptly, or cause the master of the LNG Tanker to give promptly, to Seller notice of the corrected ETA;
- (d) A fourth notice (“**In-Transit Final Notice**”), which shall be sent twelve (12) hours prior to the ETA set forth in the In-Transit Third Notice (as corrected), confirming or amending such ETA. If, thereafter, such ETA changes by more than one (1) hour, Buyer shall give promptly, or cause the master of the LNG Tanker to give promptly, to Seller notice of the corrected ETA; and
- (e) An NOR, which shall be given at the time prescribed in Section 7.10.

**7.9.4** Buyer shall have the right to cause a LNG Tanker to burn Gas as fuel during operations at the Corpus Christi Facility (including while conducting cargo transfer operations). The quantity of Gas burned as fuel pursuant to this Section 7.9.4 shall be determined in accordance with Exhibit A. If Buyer exercises its right pursuant to this Section 7.9.4, all amounts of Gas burned as fuel shall be added to the quantity loaded included in Seller’s invoice pursuant to Section 10.1.1, but shall have no impact in respect of Buyer’s obligations under Section 5.

**7.9.5** All vapor returned to Seller during cool-down or loading operations may be used or disposed of by Seller without compensation to Buyer.

**7.10 Notice of Readiness**

**7.10.1** The master of an LNG Tanker arriving at the Corpus Christi Facility, or such master's agent, shall give to Seller its NOR for loading upon arrival of such LNG Tanker at the PBS, provided that such LNG Tanker has all required Approvals from the relevant Governmental Authorities, and is ready, willing, and able, to proceed to berth and load LNG or to commence cool-down operations (as applicable).

**7.10.2** A valid NOR given under Section 7.10.1 shall become effective as follows:

- (a) For an LNG Tanker arriving at the PBS at any time prior to the Delivery Window allocated to such LNG Tanker, an NOR shall be deemed effective at the earlier of 6:00 a.m. Central Time on such Delivery Window or the time at which the LNG Tanker is all fast at the berth;
- (b) For an LNG Tanker arriving at the PBS at any time during the Delivery Window allocated to such LNG Tanker, an NOR shall become effective at the time of its issuance; or
- (c) For an LNG Tanker arriving at the PBS at any time after the expiration of the Delivery Window, an NOR shall become effective upon Seller's notice to the LNG Tanker that it is ready to receive the LNG Tanker at berth.

**7.11 Berthing Assignment**

**7.11.1** Seller shall berth an LNG Tanker which has tendered NOR before or during its Delivery Window promptly after Seller determines such LNG Tanker will not interfere with berthing and loading or unloading of any other scheduled LNG vessel with a higher berthing priority but in no event later than the end of the Delivery Window allocated to such LNG Tanker; provided, however, that if Seller does not berth such LNG Tanker by the end of the Delivery Window, but berths such LNG Tanker within seventy-two (72) hours after the end of its Delivery Window, Buyer's sole recourse and remedy for Seller's failure to berth the LNG Tanker by the end of the Delivery Window is demurrage pursuant to Section 7.12.3, payment for excess boil-off pursuant to Section 7.12.4 and provision by Seller of a cool-down pursuant to Section 7.16.1(b). If, as of the seventy-second (72<sup>nd</sup>) hour after the end of the Delivery Window, Seller has not berthed the LNG Tanker, and such delay is not attributable to a reason that would result in an extension of Allotted Laytime under Section 7.12.1, Seller shall be deemed to have failed to make the Scheduled Cargo Quantity of the relevant cargo available for delivery and the provisions of Section 5.6.2 shall apply.

**7.11.2** For each delivery window period, Seller shall determine the berthing priority among LNG vessels which have tendered NOR before or during their scheduled delivery window as follows:

- (a) The first berthing priority for a delivery window period shall be for an LNG vessel scheduled for such delivery window period. Priority within this group shall be given to the LNG vessel which has first tendered Seller its NOR. Once an LNG vessel achieves a first berthing priority pursuant to this Section 7.11.2(a) or 7.11.2(b), such LNG vessel shall maintain such priority until such LNG vessel is berthed, so long as its tendered NOR remains valid; and
- (b) The second berthing priority for a delivery window period shall be for an LNG vessel scheduled for arrival after such delivery window period. Priority within this group shall be given to the LNG vessel which has first tendered Seller its NOR. An LNG vessel with second berthing priority pursuant to this Section 7.11.2(b) will achieve a first berthing priority on its scheduled delivery window pursuant to Section 7.11.2(a) if such LNG vessel has not been berthed prior to such date, so long as its tendered NOR remains valid.

**7.11.3** If an LNG Tanker tenders NOR after the end of its Delivery Window, Seller shall use reasonable efforts to berth such LNG Tanker as soon as reasonably practical; *provided, however*, that, unless otherwise agreed with Buyer, Seller shall have no obligation to use such efforts to berth an LNG Tanker that tenders NOR more than seventy-two (72) hours after the end of its Delivery Window. If, as of the seventy-second (72<sup>nd</sup>) hour after the end of the Delivery Window, the LNG Tanker has not tendered NOR, and such delay is not attributable to a reason that would result in an extension of allowed berth time under Section 7.14.2(b), Buyer shall be deemed to have failed to take delivery of the Scheduled Cargo Quantity of the relevant cargo and the provisions of Sections 5.5.2 and 5.5.3 shall apply.

**7.12 Berth  
Laytime**

**7.12.1** The allotted laytime for each LNG Tanker (“**Allotted Laytime**”) shall be (i) for an LNG Tanker with an LNG cargo containment capacity of one hundred forty thousand (140,000) Cubic Meters or less, thirty-six (36) hours and (ii) for an LNG Tanker with an LNG cargo containment capacity of greater than one hundred forty thousand (140,000) Cubic Meters, according to the following formula:

$$36 + x = \text{Allotted Laytime (in hours)}$$

where:

x = y/12,000 Cubic Meters; and

y = the LNG cargo containment capacity of the LNG Tanker in excess of one hundred forty thousand (140,000) Cubic Meters)

Allotted Laytime shall be extended by any period of delay that is caused by:

- (a) reasons attributable to Buyer, a Governmental Authority, Transporter, the LNG Tanker or its master, crew, owner or operator or any Third Party outside of the reasonable control of Seller;
- (b) Force Majeure or Adverse Weather Conditions;
- (c) unscheduled curtailment or temporary discontinuation of operations at the Corpus Christi Facility necessary for reasons of safety, except to the extent such unscheduled curtailment or temporary discontinuation of operations is due to Seller's or its Affiliate's failure to operate and maintain its facilities as a Reasonable and Prudent Operator;
- (d) time at berth during cool-down pursuant to Sections 7.16.1(a) and (c);  
and
- (e) nighttime transit restrictions.

**7.12.2** The actual laytime for each LNG Tanker ("**Actual Laytime**") shall commence when the NOR is effective and shall end when (i) the LNG transfer and return lines of the LNG Tanker are disconnected from the Corpus Christi Facility's LNG transfer and return lines, (ii) the cargo documents are on board of the LNG Tanker and (iii) the LNG Tanker is cleared for departure and able to depart.

**7.12.3** In the event Actual Laytime exceeds Allotted Laytime (including any extension in accordance with Section 7.12.1) ("**Demurrage Event**"), Seller shall pay to Buyer as liquidated damages demurrage in USD (which shall be prorated for a portion of a Day) at a rate of USD eighty thousand (US\$80,000) per Day. If a Demurrage Event occurs, Buyer shall invoice Seller for such demurrage within one hundred eighty (180) Days pursuant to Section 10.1.5.

**7.12.4** If an LNG Tanker is delayed in berthing at the Corpus Christi Facility and/or commencement of LNG transfer due to an event occurring at the Corpus Christi Facility and for a reason that would not result in an extension of Allotted Laytime under Section 7.12.1, and if, as a result thereof, the commencement of LNG transfer is delayed beyond twenty-four (24) hours after NOR is effective, then, for each full hour by which commencement of LNG transfer is delayed beyond such twenty-four (24) hour period, Seller shall pay Buyer as liquidated damages an amount, on account of excess boil-

off, equal to the CSP for such Month multiplied by a quantity (in MMBtu) equal to zero decimal zero zero five seven three percent (0.00573%) of the cargo containment capacity of such LNG Tanker; provided that in no event shall the quantity of MMBtu used in the calculation of this Section 7.12.4 exceed the quantity of LNG on board the LNG Tanker at the time it issued its valid NOR. Buyer shall invoice Seller for such excess boil-off within one hundred eighty (180) Days after the applicable event pursuant to Section 10.1.5.

**7.13 LNG Transfers at the Corpus Christi Facility**

- 7.13.1** Seller shall cooperate with Transporters (or their agents) and with the master of each LNG Tanker to facilitate the continuous and efficient transfer of LNG hereunder.
- 7.13.2** During LNG transfer, Seller shall provide or take receipt of (as applicable), through the Corpus Christi Facility vapor return line, Gas in such quantities as are necessary for the safe transfer of LNG at such rates, pressures and temperatures as may be required by the design of the LNG Tanker.
- 7.13.3** Promptly after completion of loading of each cargo, Seller shall send to Buyer a certificate of origin, together with such other documents concerning the cargo as may reasonably be requested by Buyer.
- 7.13.4** Buyer, in cooperation with Seller, shall cause the LNG Tanker to depart safely and expeditiously from the berth upon completion of LNG transfer.

**7.14 LNG Tanker Not Ready for LNG Transfer; Excess Laytime**

- 7.14.1** If any LNG Tanker previously believed to be ready for LNG transfer is determined to be not ready after being berthed, the NOR shall be invalid, and Seller may direct the LNG Tanker's master to vacate the berth and proceed to anchorage, whether or not other LNG vessels are awaiting the berth, unless it appears reasonably certain to Seller that such LNG Tanker can be made ready without disrupting the overall berthing schedule of the Corpus Christi Facility or operations of the Corpus Christi Facility. When an unready LNG Tanker at anchorage becomes ready for LNG transfer, its master shall notify Seller. If, as a result of such LNG Tanker's not being ready to load, Buyer fails to take a cargo, the provisions of Sections 5.5.2 and 5.5.3 shall apply.
- 7.14.2** The following shall apply with respect to berthing:
  - (a) An LNG Tanker shall complete LNG transfer and vacate the berth as soon as possible but not later than the following allowed laytime:

- (i) twenty-four (24) hours from the time the LNG Tanker is all fast at the berth, in the case of an LNG Tanker with an LNG cargo containment capacity less than or equal to one hundred forty thousand (140,000) Cubic Meters; or
- (ii) in accordance with the following formula, in the case of an LNG Tanker with an LNG cargo containment capacity greater than one hundred forty thousand (140,000) Cubic Meters:

$$24 + x = \text{allowed laytime (in hours)}$$

where:

$$x = y/12,000 \text{ Cubic Meters; and}$$

y = the LNG cargo containment capacity of the LNG Tanker in excess of one hundred forty thousand (140,000) Cubic Meters.

- (b) Notwithstanding the foregoing, the allowed laytime shall be extended for: (i) reasons attributable to Seller, the operator of the Corpus Christi Facility; (ii) reasons attributable to a Governmental Authority; (iii) reasons attributable to any Third Party outside of the reasonable control of Buyer; (iv) time at berth during cool-down pursuant to Sections 7.16.1(a)-(c); (v) unscheduled curtailment or temporary discontinuation of operations at the Corpus Christi Facility necessary for reasons of safety, except to the extent attributable to Buyer or Transporter; (vi) Force Majeure; and (vii) nighttime transit restrictions.
- (c) If an LNG Tanker fails to depart at the end of its allowed laytime (as extended pursuant to Section 7.14.2(b)), another LNG vessel is awaiting the berth and the LNG Tanker's continued occupancy of the berth will disrupt the overall berthing schedule of the Corpus Christi Facility or operations of the Corpus Christi Facility, Seller may direct the LNG Tanker to vacate the berth and proceed to sea at utmost dispatch.
- (d) If an LNG Tanker fails to depart the berth at the end of its allowed laytime (as extended pursuant to Section 7.14.2(b)) and as a result the subsequent LNG vessel is prevented from or delayed in loading or unloading, Buyer shall reimburse Seller for any and all actual documented demurrage or excess boil-off that Seller becomes contractually obligated to pay to any Third Party with respect to such subsequent LNG vessel, as a result of the LNG Tanker not completing LNG transfer and vacating the berth as required by this Section 7.14.2;

*provided that* Buyer shall not be required to reimburse Seller for any amounts based on a demurrage rate or excess boil-off rate or price in excess of the amounts specified in Section 7.12.3 and Section 7.12.4, as applicable. Seller shall invoice Buyer for any amounts due under this Section 7.14.2(d) pursuant to Section 10.1.5 within one hundred eighty (180) Days after the relevant Delivery Window.

- (e) In the event an LNG Tanker fails to vacate the berth pursuant to this Section 7.14 and Buyer is not taking actions to cause it to vacate the berth, Seller may effect such removal at the expense of Buyer.

## **7.15 Cooperation**

**7.15.1** If any circumstance occurs or is foreseen to occur so as to cause delay to an LNG Tanker or any other LNG vessel in berthing, loading, unloading or departing, Buyer and Seller shall, without prejudice to any other provision of this Agreement, discuss the problem in good faith with each other and, if appropriate, with other users of the Loading Port, and the Parties shall use reasonable efforts to minimize or to avoid the delay, and at the same time shall cooperate with each other and with such other users of the Loading Port, as appropriate, to find countermeasures to minimize or to avoid the occurrence of any similar delay in the future.

**7.15.2** With respect to an LNG Tanker scheduled to load a cargo at the Corpus Christi Facility, if such LNG Tanker is unable to berth at the Corpus Christi Facility by the end of its Delivery Window solely due to a Force Majeure event, then the relevant cargo shall be cancelled, to the extent affected; *provided, however*, that if requested by Buyer, Seller shall use reasonable efforts to change the ADP or Ninety Day Schedule in order to maximize the safe, reliable and efficient usage of the Corpus Christi Facility and to assist Buyer, other Foundation Customers, or other buyers having a firm contract to purchase LNG from the Corpus Christi Facility to load quantities of LNG which would otherwise have been loaded at the Corpus Christi Facility during such cancelled Delivery Windows or other affected delivery windows allocated to such other Foundation Customers, or other buyers having a firm contract to purchase LNG from the Corpus Christi Facility.

## **7.16 Cool-Down and Gas-Up of LNG Tankers**

**7.16.1** Buyer shall be solely responsible for ensuring that each LNG Tanker elected by Buyer for taking a cargo arrives at the Corpus Christi Facility cold and in a state of readiness. Notwithstanding the foregoing and subject to Section 7.16.2, Seller shall provide cool-down service to LNG Tankers at Buyer's request as follows:

- (a) Seller shall use reasonable efforts (taking into account availability of sufficient berth time) to accept Buyer's request to provide cool-down service for any LNG Tanker, subject to Buyer requesting such cool-down service by notice to Seller as far in advance of the relevant cargo's Delivery Window as is reasonably practicable but in no case less than thirty (30) Days before the relevant cargo's Delivery Window, provided that Seller shall accept Buyer's request to provide a cool-down service if (i) Buyer makes such request by notice at the time Buyer proposes its schedule of receipt of cargoes pursuant to Section 8.1.2 for the relevant Contract Year or (ii) at the time of the request, the Composite ADP for the relevant Contract Year indicates sufficient available berth time to accommodate such cool-down service. Seller shall have no obligation to provide a cool-down service pursuant to this Section 7.16.1(a) in excess of: (A) four (4) total cool-downs during any Contract Year and (B) thirty six (36) total cool-downs during the initial Term; *provided, however*, that at all times prior to the T2 DFCD and at all times after any cancellation by either Party of the Train 2 Tranche pursuant to Section 4.6, Seller shall have no obligation to provide a cool-down service pursuant to this Section 7.16.1(a) in excess of: (x) two (2) total cool-downs during any Contract Year and (y) eighteen (18) total cool-downs during the initial Term. All LNG provided by Seller for cooling such LNG Tankers shall be sold, delivered and invoiced by Seller, and paid for by Buyer, at a price equal to the CSP;
- (b) Seller shall provide cool-down service without charge to any LNG Tankers requiring cool-down solely as a result of a delay caused by Seller or Seller's Affiliate, but only if such LNG Tanker made no other call between the original Delivery Window and the requested cool-down time; and
- (c) Seller shall use reasonable efforts, contingent on the availability of sufficient berth time and facilities status to provide cool-down service at any time other than as described in Sections 7.16.1(a)-(b) upon request by Buyer, provided that all LNG provided by Seller for cooling such LNG Tankers shall be sold, delivered and invoiced by Seller, and paid for by Buyer, at a price equal to the CSP.

**7.16.2** The following shall apply to any cool-down service provided by Seller pursuant to Section 7.16.1:

- (a) the MMBtu content of the total liquid quantities delivered for cooling, measured before evaporation (without deduction of the quantity of vapor returned from the LNG Tanker), shall be determined by reference to the relevant LNG Tanker's cool-down tables;

- (b) the Parties will determine by mutual agreement the rates and pressures for delivery of LNG for cool-down, but always in full accordance with safe operating parameters and procedures mutually established and agreed by both the LNG Tanker and the Corpus Christi Facility; and
- (c) LNG provided during cool down by Seller pursuant to Section 7.16.1 shall not be applied against the Scheduled Cargo Quantity for the relevant cargo.

**7.16.3** If requested by Buyer, Seller shall use reasonable efforts to obtain all relevant Approvals needed to allow Seller to offer gas-up service to LNG Tankers at the Corpus Christi Facility.

## **8. Annual Delivery Program**

### **8.1 Programming Information**

**8.1.1** No later than one hundred eighty (180) Days before the start of each Contract Year, Seller shall provide Buyer with:

- (a) Seller's good faith estimate of the Gross Heating Value of LNG to be delivered during the coming Contract Year; and
- (b) the Major Scheduled Maintenance Quantity for the Contract Year, if any.

**8.1.2** No less than one hundred ten (110) Days before the start of each Contract Year, Buyer shall notify Seller of Buyer's proposed schedule of receipt of cargoes for each Month of such Contract Year. Such schedule shall be on a reasonably even and ratable basis in accordance with Section 5.1.3, and Buyer's notice shall include the following information:

- (a) the LNG Tanker (if known) for each proposed cargo;
- (b) the Scheduled Cargo Quantity for each proposed cargo;
- (c) the proposed Delivery Window for each cargo;
- (d) Buyer's request (if any) for a Round-Up Quantity for such Contract Year;
- (e) the anticipated Discharge Terminal for each proposed cargo, subject to Section 26.1; and
- (f) any other information that may affect annual scheduling.

Buyer shall also inform Seller of any anticipated periods for maintenance to be conducted with respect to the LNG Tankers identified in (a) above.

**8.1.3** Seller will then notify Buyer no less than eighty-five (85) Days before the start of such Contract Year of Seller's proposed schedule of cargoes to be made available in each Month of such Contract Year, exercising reasonable efforts to adopt Buyer's proposed schedule of receipts requested in accordance with Section 8.1.2; *provided that* if Buyer fails to deliver the notice according to Section 8.1.2, Seller may nevertheless propose a schedule according to the terms of this Section 8.1.3. Such notice shall include the following information:

- (a) the AACQ for the Contract Year;
- (b) the Round-Up Quantity or Round-Down Quantity for the Contract Year;
- (c) any Round-Down Quantity not taken in the previous Contract Year and carried forward to the current Contract Year;
- (d) any Round-Up Quantity taken in the previous Contract Year and carried forward as a deduction in the current Contract Year;
- (e) the Major Scheduled Maintenance Quantity (if any) for the Contract Year identified by Seller pursuant to Section 8.1.1(b);
- (f) for each cargo:
  - (i) the LNG Tanker (if specified by Buyer);
  - (ii) the Scheduled Cargo Quantity specified in the notice sent by Buyer pursuant to Section 8.1.2;
  - (iii) the proposed Delivery Window;  
and
  - (iv) the Discharge Terminal specified in the notice sent by Buyer pursuant to Section 8.1.2, subject to such Discharge Terminal complying with Section 26.1; and
- (g) any other information that may affect annual scheduling.

## 8.2 Determination of Annual Delivery Program

- 8.2.1 Not later than ten (10) Days after receipt of Seller's proposed schedule provided under Section 8.1.3, Buyer shall notify Seller if Buyer desires to consult with Seller regarding the proposed schedule, and Seller shall, no later than fifteen (15) Days after receipt of Buyer's notice, meet and consult with Buyer.
- 8.2.2 If, prior to the date that is sixty (60) Days before the start of the coming Contract Year, the Parties have agreed on a schedule of deliveries for such coming Contract Year, then Seller shall issue the delivery schedule agreed by the Parties. If the Parties are unable to agree on a schedule of deliveries for the coming Contract Year, then not later than sixty (60) Days before the start of such Contract Year, Seller shall issue the delivery schedule for such Contract Year containing the information set forth in Section 8.1.3, modified to reflect any changes agreed by the Parties pursuant to Section 8.2.1. The schedule promulgated by Seller shall reflect the exercise of reasonable efforts by Seller to (i) assign to Buyer Delivery Windows that are as close as reasonably practicable to the Delivery Windows proposed by Buyer, and (ii) specify the Scheduled Cargo Quantity with respect to each LNG Tanker as notified by Buyer pursuant to Section 8.1.2. In assigning Delivery Windows Seller shall act in a non-discriminatory manner among Foundation Customers and shall give priority to the requests of Foundation Customers over the requests of other customers.
- 8.2.3 The schedule for deliveries of LNG during the Contract Year established pursuant to this Section 8.2, as amended from time to time in accordance with Section 8.3, is the "**Annual Delivery Program**" or "**ADP**". If Seller fails to issue the schedule provided for in Sections 8.1.3 or 8.2.2, if applicable, then the schedule proposed by Buyer under Section 8.1.2 shall be the ADP for the relevant Contract Year.
- 8.2.4 Seller shall combine the ADP with the similar schedules for the loading of cargoes for the account of other Persons having contractual rights to receive cargoes from Seller at the Corpus Christi Facility, and shall provide to Buyer a combined schedule (the "**Composite ADP**") showing all delivery windows and scheduled cargo quantities that have been committed by Seller, along with available, uncommitted loading windows at the Corpus Christi Facility. Seller shall promptly update the Composite ADP as the ADP is changed pursuant to Section 8.3 or other Persons' delivery windows are changed pursuant to their respective agreements.

## 8.3 Changes to Annual Delivery Program

- 8.3.1 Subject to the remainder of this Section 8.3, Buyer may request by notice a change in the ADP or Ninety Day Schedule for a Contract Year for any reason.

Seller may request by notice a change in the Scheduled Cargo Quantity or the Delivery Window for any cargo in the ADP (including any Ninety Day Schedule) for such Contract Year for operational causes affecting Seller, including Force Majeure.

- 8.3.2** As soon as possible after notice has been received pursuant to this Section 8.3, the Parties shall consult with one another in order to examine whether such ADP or Ninety Day Schedule can be revised to accommodate such proposed change(s). Neither Party shall unreasonably withhold its consent to revise the ADP or Ninety Day Schedule in accordance with changes proposed by the other Party; *provided that* neither Party shall be under any obligation to consent thereto if, in the case of Seller, it is unable to agree after the exercise of reasonable efforts to any necessary changes in its arrangements with other Foundation Customers or other buyers of LNG from the Corpus Christi Facility or if, in the case of Buyer, it is unable to agree after the exercise of reasonable efforts to any necessary changes in its arrangements with the LNG Tankers or Buyer's customers or the requested change would impose additional costs or risks upon Buyer. Seller may not withhold its consent to revise the ADP or Ninety Day Schedule if Buyer's proposed change: (a) consists of the movement of a Delivery Window to dates not committed under the Composite ADP at the time of Buyer's request and does not result in a change to the Scheduled Cargo Quantity; (b) the proposed change is, by the exercise of reasonable efforts on the part of Seller, operationally feasible; and (c) the proposed change does not result in increased costs to Seller. Seller may not withhold its approval to a requested change on the grounds of Section 8.3.2(c) if Buyer agrees to reimburse Seller for such increased costs.
- 8.3.3** Any change to the ADP or Ninety Day Schedule shall not: (a) unless expressly agreed otherwise by both Parties in such amended ADP or Ninety Day Schedule, affect the obligations pursuant to Section 5 of the Party requesting such change; or (b) result in unreasonably unratable deliveries at any time during a Contract Year.
- 8.3.4** Upon a change to the Delivery Window for a cargo, the ADP and/or Ninety Day Schedule shall be amended accordingly and an updated ADP and/or Ninety Day Schedule shall promptly be provided in writing by Seller to Buyer.

**8.4 Ninety Day Schedule**

No later than the twenty-fifth (25<sup>th</sup>) Day of each Month, Seller shall issue a forward plan of deliveries for the three (3)-Month period commencing on the first Day of the following Month thereafter (e.g., the Ninety Day Schedule for the three (3)-Month period commencing on May 1<sup>st</sup> shall be issued no later than the twenty-fifth (25<sup>th</sup>) Day of April) (such plan, as amended from time to time in accordance with

procedures set forth in this Agreement, the “**Ninety Day Schedule**”). The Ninety Day Schedule shall set forth by cargo the forecast pattern of deliveries, including the Delivery Window, LNG Tanker and Scheduled Cargo Quantity for each cargo. In the absence of agreement between the Parties otherwise, the Ninety Day Schedule will maintain the Scheduled Cargo Quantities and Delivery Windows as identified in the Annual Delivery Program.

#### **8.5 Force Majeure Affecting LNG Tanker**

With respect to any particular cargo, Buyer shall not be entitled to claim Force Majeure relief for an event affecting the LNG Tanker nominated for such cargo if such LNG Tanker was affected by, or could reasonably have been expected to be affected by, such Force Majeure event at the time it was nominated by Buyer pursuant to Section 8.1.2 or Section 8.3, as applicable, for the relevant cargo.

#### **8.6 Amended ADP to Schedule Cargoes from Train 2**

**8.6.1** No less than sixty (60) Days before the start of the Train 2 Final Window Period, Buyer shall notify Seller of Buyer’s proposed amendment to the ADP for the Contract Year during which the Train 2 Final Window Period commences, such amendment to account for the increase in the ACQ related to occurrence of the T2 DFCD.

**8.6.2** Not later than five (5) Days after receipt of Buyer’s proposed amendment provided under Section 8.6.1, the Parties shall meet and consult regarding, and work together in an attempt to agree to, an amendment to the relevant ADP to account for the increase in the ACQ related to occurrence of the T2 DFCD.

**8.6.3** Not less than forty-four (44) Days before the Nominated T2 DFCD, Seller shall issue an amended ADP for the relevant Contract Year as has been agreed by the Parties. If the Parties are unable to agree on the amended ADP for the relevant Contract Year, then not later than forty-four (44) Days before the Nominated T2 DFCD, Seller shall issue the amended ADP, which in respect of each cargo that has been added to such ADP shall include the information set forth in Sections 8.1.2(a), 8.1.2(b) and 8.1.2(e) (as was notified by Buyer pursuant to Section 8.6.1). The amended ADP issued by Seller shall reflect the exercise of reasonable efforts by Seller to assign to Buyer Delivery Windows that are as close as reasonably practicable to the Delivery Windows proposed by Buyer pursuant to Section 8.6.1. The provisions of Section 8.3 shall not apply with respect to the process of amending the relevant ADP pursuant to this Section 8.6, but shall apply with respect to any further amendment thereto after the date of issuance of the amended ADP.

**9. Contract Sales Price**

**9.1 Contract Sales Price**

**9.1.1** The contract sales price (“CSP”) (expressed in USD per MMBtu) for all LNG made available by Seller to Buyer shall be as follows:

$$\text{CSP} = (1.15 \times \text{HH}) + X_y$$

where:

$X_y$  = the constant applicable for the current Contract Year, as calculated in accordance with Section 9.1.2.

**9.1.2** In each Contract Year,  $X_y$  shall be increased annually, effective as of the first Day of each Contract Year, as soon as the relevant data is available from the US Department of Labor Bureau of Labor Statistics on or after January 1<sup>st</sup> of each calendar year, by adjusting  $X_0$  as follows:

During the period from the T1 DFCD until 11:59 p.m. on the day immediately before the T2 DFCD:  $X_y = (0.885 + 0.115 \times \text{CPI}_{(y-1)} / \text{CPI}_0) \times X_0$

From and including the T2 DFCD until this Agreement expires or is otherwise terminated:  $X_y = (0.8725 + 0.1275 \times \text{CPI}_{(y-1)} / \text{CPI}_0) \times X_0$

where:

$X_y$  = the constant for the current Contract Year;

$\text{CPI}_{(y-1)}$  = The arithmetic average of the US Department of Labor Bureau of Labor Statistics CPI (All Urban Consumers, U.S., All Items, 1982 – 1984, Not Seasonally Adjusted, Series I.D. CUUR0000SA0) for the twelve (12) Months preceding the relevant January 1st determination date;

$\text{CPI}_0$  = The arithmetic average of the US Department of Labor Bureau of Labor Statistics CPI (All Urban Consumers, U.S., All Items, 1982 – 1984, Not Seasonally Adjusted, Series I.D. CUUR0000SA0) for the twelve (12) Month period between January 1st and December 31st 2017;

*Provided, however, that:*

- (i) if at any time the US Department of Labor Bureau of Labor Statistics CPI (All Urban Consumers, U.S., All Items, 1982

- 1984, Not Seasonally Adjusted, Series I.D. CUUR0000SA0) statistics are adjusted for a relevant period following the adjustment of  $X_y$  for that period pursuant to this Section 9.1.2, then (A)  $X_y$  during that period shall be recalculated pursuant to this Section 9.1.2, (B) all invoices previously issued by Seller during such period shall be treated as Provisional Invoices, and (C) Seller shall issue a revised invoice reflecting any aggregate credit for Buyer, or debit owed by Buyer, as applicable, in respect of all such Provisional Invoices, as soon as reasonably practicable thereafter;

- (ii) if at any time prior to the end of the Term, any index is discontinued or otherwise no longer published, a comparable index will be substituted pursuant to Section 1.3; and
- (iii) if at any time prior to the end of the Term, any index is rebased, the formula in this Section 9.1.2 shall be adjusted accordingly to properly reflect the rebasing.

## **10. Invoicing and Payment**

### **10.1 Invoices**

- 10.1.1 Invoices for Cargoes.** Invoices for each cargo made available by Seller and taken by Buyer, together with relevant supporting documents including a certificate of quantity loaded, shall be prepared and delivered by Seller to Buyer promptly following each Delivery Window and receipt of the final inspection certificate applicable to the loading of such cargo. The invoice amount shall be the CSP, multiplied by the quantity of LNG loaded on Buyer's LNG Tanker net of Gas returned to Seller during loading.
- 10.1.2 Invoices for Suspension Fees.** Invoices for the Suspension Fee and for any amounts due pursuant to Section 5.7.2 shall be prepared and delivered by Seller to Buyer on or about the first Day of each Month that a suspension notice is in effect, together with relevant supporting documents showing the basis for the calculation thereof.
- 10.1.3 Invoices for Cargo DoP Payments.** Invoices for Cargo DoP Payments owed to Buyer by Seller shall be prepared by Buyer and delivered to Seller promptly following the Delivery Window of each affected cargo and completion of mitigation efforts.
- 10.1.4 Invoices for Cover Damages.** Invoices for Cover Damages owed to Seller by Buyer shall be prepared by Seller and delivered to Buyer promptly following the Delivery Window for each affected cargo.

- 10.1.5 Invoices for Various Sums Due.** In the event that any sums are due from one Party to the other Party under Section 7.5.4(b), 7.12.3, 7.12.4, 7.14.2(d), 7.16.1, 10.3.3, 10.4.1, 11.5, 12.3.1(c), or 12.3.2(a) of this Agreement, the Party to whom such sums are owed shall furnish an invoice therefor, describing in reasonable detail the basis for such invoice and providing relevant documents supporting the calculation thereof.
- 10.1.6 Invoices for Other Sums Due.** In the event that any sums are due from one Party to the other Party under this Agreement, other than for a reason addressed in Section 10.1.1 through 10.1.5, the Party to whom such sums are owed shall furnish an invoice therefor, describing in reasonable detail the basis for such invoice and providing relevant documents supporting the calculation thereof.
- 10.1.7 Notice.** Invoices shall be sent in accordance with Section 25. Seller shall send (a) each invoice to Buyer by electronic mail or fax and (b) until notified by Buyer otherwise, the original of such invoice to Buyer by courier (the “Original Invoice”), in each case in accordance with Section 25.1.
- 10.1.8 Provisional Invoices.**
- (a) In the event (i) a rate or index used in the calculation of an amount is not available on a temporary or permanent basis; or (ii) any other relevant information necessary to compute an invoice is not available, the invoicing Party may issue a provisional invoice (“**Provisional Invoice**”) in an amount calculated, in the case of subsection (i) of this Section 10.1.8(a), in accordance with Section 1.3, and, in the case of subsection (ii) of this Section 10.1.8(a), based on the best estimate of the unavailable information by the Party issuing the Provisional Invoice. A Provisional Invoice shall be deemed to be an invoice issued pursuant to Section 10.1.1 through 10.1.4, as applicable, for the purposes of the payment obligations of Seller or Buyer, as applicable, and shall be subject to subsequent adjustment in accordance with Section 10.1.8(b).
  - (b) If a Provisional Invoice has been issued, the invoicing Party shall issue a final invoice reflecting any credit or debit, as applicable, to the Provisional Invoice as soon as reasonably practicable after the information necessary to compute the payment has been obtained by such Party. Seller and Buyer shall settle such debit or credit amount, as the case may be, when payment of the next invoice is due pursuant to Section 10.2 or, if earlier, upon the termination of this Agreement.

## 10.2 Payment

All amounts invoiced under this Agreement that are due and payable shall be paid in accordance with this Section 10.2. Subject to Section 10.2.8, timing for payment under Section 10.2 shall run from receipt of the electronic (or fax) invoice issued in accordance with Section 10.1.7.

- 10.2.1 Payments for Cargoes.** Invoices issued in accordance with Section 10.1.1 for cargoes made available and taken shall become due and payable by Buyer on the later of the tenth (10<sup>th</sup>) Day after the date on which Buyer received such invoice and five (5) Payment Business Days (as defined in Section 10.2.8) after the receipt of the Original Invoice.
- 10.2.2 Payments for Suspension Fees.** Invoices issued in accordance with Section 10.1.2 shall become due and payable by Buyer on the later of (a) the fifteenth (15<sup>th</sup>) Day of the Month for which the Suspension Fee applies or (b) ten (10) Days after Buyer receives Seller's invoice.
- 10.2.3 Cargo DoP Payments.** Invoices issued in accordance with Section 10.1.3 shall become due and payable on the tenth (10<sup>th</sup>) Day following receipt by Seller.
- 10.2.4 Payments for Cover Damages.** Invoices issued in accordance with Section 10.1.4 shall become due and payable on the tenth (10<sup>th</sup>) Day following receipt by Buyer.
- 10.2.5 Payments for Other Sums Due.** An invoice issued pursuant to Section 10.1.5 or 10.1.6 shall be paid by the paying Party thereunder not later than twenty (20) Days after receipt of such invoice.
- 10.2.6 Payment Method.** All invoices shall be settled by payment in USD of the sum due by wire transfer of immediately available funds to an account with the bank designated by the other Party in accordance with Section 10.2.7.
- 10.2.7 Designated Bank.** Each Party shall designate a bank in a location reasonably acceptable to the other Party for payments under this Agreement. A Party shall designate its bank by notice to the other Party initially not later than one hundred twenty (120) Days prior to the T1 DFCD and thereafter not less than thirty (30) Days before any redesignation is to be effective.
- 10.2.8 Payment Date.** If any invoice issued pursuant to Section 10.1 would result in a Party being required to make a payment on a Day that is not a Payment Business Day (and in this Section "Payment Business Day" means each Business Day on which commercial banks are normally open to conduct business in Jakarta, Indonesia), then the due date for such invoice shall be the immediately succeeding Payment Business Day.

### **10.3 Disputed Invoice**

- 10.3.1 Payment Pending Dispute.** Absent manifest error, each Party invoiced pursuant to Section 10.1.1, 10.1.2, 10.1.3, 10.1.4, or 10.1.5 shall pay all disputed and undisputed amounts due under such invoice without netting or offsetting any amounts owed by the Party receiving the invoice, including taxes (except as provided in Section 11.4), exchange charges, or bank transfer charges. In the case of manifest error, the correct amount shall be paid disregarding such error, and necessary correction and consequent adjustment shall be made within five (5) Business Days after agreement or determination of the correct amount.
- 10.3.2 Timing.** Except with respect to Sections 1.3, 10.3.4, and 14, any invoice may be contested by the receiving Party only pursuant to Section 10.5 or if, within a period of thirteen (13) Months after its receipt thereof, that Party serves notice to the other Party questioning the correctness of such invoice. Subject to Section 10.5, if no such notice is served, the invoice shall be deemed correct and accepted by both Parties.
- 10.3.3 Interest.** The Party who invoiced and received payment of a sum, subsequently determined not to have been payable under this Agreement to such Party, shall pay interest to the other Party on such amount, at a rate per annum equal to two percent (2%) above LIBOR (as in effect on the Day when such sum was originally paid) on and from the Day when such sum was originally paid until the date of its repayment, provided that, without prejudice to the other terms of this Agreement, if such period lasts longer than ninety (90) Days, the applicable LIBOR rate for each successive term of ninety (90) Days during that period shall be that in effect on the first Day of that ninety (90) Day period. Interest shall accrue from Day to Day and be calculated on the basis of a three hundred sixty (360) Day year.
- 10.3.4 Measurement or Analyzing Errors.** Any errors found in an invoice or credit note which are caused by the inaccuracy of any measuring or analyzing equipment or device shall be corrected in accordance with Exhibit A hereto, as applicable, and shall be settled in the same manner as is set out above in this Section 10.3.

### **10.4 Delay in Payment**

- 10.4.1 Interest.** If either Seller or Buyer fails to make payment of any sum as and when due under this Agreement, it shall pay interest thereon to the other Party at a rate per annum equal to two percent (2%) above LIBOR (as in effect on the Day when such sum was originally due) on and from the Day when payment was due until the date of payment, provided that, without prejudice to the other terms of this Agreement, if such period lasts longer than ninety (90) Days, the applicable LIBOR rate for each successive term of ninety (90)

Days during that period shall be that in effect on the first Day of that ninety (90) Day period. Interest shall accrue from Day to Day and be calculated on the basis of a three hundred sixty (360) Day year.

**10.4.2** Costs and Expenses. Subject to Section 21.1.12, each Party shall bear its own costs (including attorneys' or Experts' fees or costs) in respect of enforcement of such Party's rights in any Dispute proceeding as a result of the other Party failing to perform or failing timely to perform its obligations under this Agreement including failing timely to make any payment in accordance with this Agreement.

## **10.5 Audit Rights**

Each Party shall have the right to cause an independent auditor, appointed by such Party at such Party's sole cost and expense, to audit the books, records and accounts of the other Party that are directly relevant to the determination of any amounts invoiced, charged, or credited by the other Party within the previous twelve (12) Months or as otherwise required by this Agreement. Such audit shall be conducted at the office where the records are located, during the audited Party's regular business hours and on reasonable prior notice, and shall be completed within thirty (30) Days after the audited Party's relevant records have been made available to the auditing Party. The independent auditor shall be a major international accountancy firm, and the Party appointing such auditor shall cause the auditor to execute a confidentiality agreement acceptable to the Party being audited. If the audit discloses an error in any invoiced amount under this Agreement, then the auditing Party shall, within thirty (30) Days following completion of the audit pertaining to the affected invoice or statement, provide notice to the audited Party describing the error and the basis therefor. Promptly thereafter, the Parties shall commence discussions regarding such error in order to expeditiously, and in good faith, achieve resolution thereof, provided that any adjustments arising from such audit shall be made and all credits or charges finalized within forty-five (45) Days of completion of any relevant audit.

## **10.6 Seller's Right to Suspend Performance**

If Seller has not received payment in respect of any amounts due under any invoice(s) under this Agreement totaling in excess of USD thirty million (US\$30,000,000) within five (5) Business Days after the due date thereof, or if at any time Buyer is not in compliance with Section 15.3, then without prejudice to any other rights and remedies of Seller arising under this Agreement or by Applicable Laws or otherwise, upon giving five (5) Business Days' notice to Buyer:

**10.6.1** Seller may suspend delivering any or all subsequent cargoes until the amounts outstanding under such invoice(s) and interest thereon have been paid in full and Buyer is in compliance with Section 15.3.

**10.6.2** In the event of such suspension, Buyer shall not be relieved of any of its obligations under this Agreement, including its obligation to take any LNG, and Section 5.5 will apply with respect to each cargo scheduled in the Annual Delivery Program or Ninety Day Schedule which is not delivered during the suspension.

**10.6.3** During the period that such suspension is effective, Seller shall have no obligation to make available any cargoes to Buyer.

**10.7 Final Settlement**

Within sixty (60) Days after expiration of the Term or the earlier termination of this Agreement, Seller and Buyer shall determine the amount of any final reconciliation payment. After the amount of the final settlement has been determined, Seller shall send a statement to Buyer, or Buyer shall send a statement to Seller, as the case may be, for amounts due under this Section 10.7, and Seller or Buyer, as the case may be, shall pay such final statement no later than twenty (20) Business Days after the date of receipt thereof.

**11. Taxes**

**11.1 Responsibility**

Buyer shall indemnify and hold Seller and its direct or indirect owners and Affiliates harmless from any and all Buyer Taxes, and Seller shall indemnify and hold Buyer and its Affiliates harmless from any and all Seller Taxes.

**11.2 Seller Taxes**

“**Seller Taxes**” means any taxes imposed from time to time:

- (a) solely on account of the corporate existence of Seller or its Affiliates;
- (b) in respect of the property, revenue, income, or profits of Seller or its Affiliates (other than taxes required to be deducted or withheld by Buyer from or in respect of any payments (whether in cash or in kind) under this Agreement);
- (c) subject to Section 11.5, in the United States of America or any political subdivision thereof, that may be levied or assessed upon the sale, use or purchase of LNG up to and at the Delivery Point;
- (d) in the United States of America or any political subdivision thereof, that may be levied or assessed upon the export, loading, storage, processing, transfer, transport, ownership of title, or delivery of LNG, up to and at the Delivery Point; and

- (e) payable by Buyer by reason of a failure by Seller to properly deduct, withhold or pay any taxes described in Section 11.4.

### 11.3 Buyer Taxes

“Buyer Taxes” means any taxes imposed from time to time:

- (a) solely on account of the corporate existence of Buyer or its Affiliates;
- (b) in respect of the property, revenue, income, or profits of Buyer or its Affiliates (other than taxes required to be deducted or withheld by Seller from or in respect of payments (whether in cash or in kind) under this Agreement);
- (c) in the United States of America (or any political subdivision thereof) or in any jurisdiction in which any of Buyer’s Discharge Terminals are located (or any political subdivision thereof), or any jurisdiction through which any LNG Tanker transits or on which any LNG Tanker calls (or any political subdivision thereof), in each case that may be levied or assessed upon the sale, use, purchase, import, unloading, export, loading, storage, processing, transfer, transport, ownership of title, receipt or delivery of LNG after the Delivery Point; and
- (d) payable by Seller by reason of a failure by Buyer to properly deduct, withhold or pay any taxes described in Section 11.4.

### 11.4 Withholding Taxes

If Seller or Buyer (in either case, the “Payor” for purposes of this Section 11.4), is required to deduct or withhold taxes from or in respect of any payments (whether in cash or in kind) to the other Party under this Agreement, then: (a) the Payor shall make such deductions and withholdings; (b) the Payor shall pay the full amount deducted or withheld to the appropriate Governmental Authority in accordance with Applicable Laws; (c) the Payor shall promptly furnish to the other Party the original or a certified copy of a receipt evidencing such payment; and (d) the sum payable by the Payor to the other Party shall be increased by such additional sums as necessary so that after making all required deductions and withholdings of taxes (including deductions and withholdings of taxes applicable to additional sums payable under this Section 11.4), the other Party receives an amount equal to the sum it would have received had no such deductions or withholdings of taxes been made.

### 11.5 Transfer Tax

In the event that the United States or any political subdivision thereof, including the State of Texas or any of its political subdivisions, levies or assesses a value added tax, sales or use tax, or other transfer tax on the transfer of LNG pursuant to this

Agreement, Seller shall remit such tax to the appropriate Governmental Authority and Buyer shall reimburse Seller for the amount of such tax. Pursuant to Section 10.1.5, Seller shall furnish Buyer with an invoice of the taxes required to be reimbursed to Seller. Buyer shall pay such invoice in accordance with Section 10.2.5.

#### **11.6 Mitigation**

Each Party shall use reasonable efforts to take actions or measures requested by the other Party in order to minimize taxes for which the other Party is liable under this Section 11, including filing for available refunds or rebates, provided that the other Party shall pay such Party's reasonable costs and expenses in relation thereto.

#### **11.7 Refunds**

If a Party has made an indemnification payment to the other Party pursuant to this Section 11 with respect to any amount owed or paid by the indemnified Party and the indemnified Party thereafter receives a refund or credit of any such amount, such indemnified Party shall pay to the indemnifying Party the amount of such refund or credit promptly following the receipt thereof. The indemnified Party shall provide such assistance as the indemnifying Party may reasonably request to obtain such a refund or credit.

### **12. Quality**

#### **12.1 Specification**

**12.1.1** LNG delivered under this Agreement shall, when converted into a gaseous state, comply with the following specifications ("**Specifications**"):

Minimum Gross Heat Content (dry) 1000 BTU/SCF

Maximum Gross Heat Content (dry) 1150 BTU/SCF

Minimum methane (C1) 84.0 MOL%

Maximum H<sub>2</sub>S 0.25 grains per 100 SCF

Maximum Sulfur 1.35 grains per 100 SCF

Maximum N<sub>2</sub> 1.5 MOL%

Maximum Ethane (C2) 11 MOL%

Maximum Propane (C3) 3.5 MOL%

Maximum Butane (C4) and heavier 2 MOL%

LNG shall contain no water, active bacteria or bacterial agents (including sulfate-reducing bacteria or acid producing bacteria) or other contaminants or extraneous material.

**12.1.2** With respect to each cargo to be delivered to Buyer under this Agreement, Seller shall provide Buyer with a report indicating Seller's best estimate of what the actual loaded quality composition of the LNG to be delivered to Buyer in such cargo is likely to be. Seller shall endeavor to provide such report as early as possible during the thirty (30) Day period immediately preceding the relevant cargo's Delivery Window.

**12.2 Determining LNG Specifications**

LNG shall be tested pursuant to Exhibit A to determine whether such LNG complies with the Specifications.

**12.3 Off-Specification LNG**

**12.3.1** If Seller, acting as a Reasonable and Prudent Operator, determines prior to loading a cargo that the LNG is expected not to comply with the Specifications ("**Off-Spec LNG**") upon loading, then:

- (a) Seller shall give notice to Buyer of the extent of the expected variance as soon as practicable (but in no case later than the commencement of loading of the cargo);
- (b) Buyer shall use reasonable efforts, including coordinating with the Transporter and the operator of the Discharge Terminal, to accept such LNG where the LNG would be acceptable to the Transporter and the operator of the Discharge Terminal, each of them acting in their sole discretion (unless Transporter or such operator is Buyer or an Affiliate of Buyer), and would not prejudice the safe and reliable operation of any LNG Tanker, the Discharge Terminal, and any downstream facilities being supplied regasified LNG;
- (c) if Buyer can accept delivery of such cargo, then Buyer shall notify Seller of Buyer's estimate of the direct costs to be incurred by Buyer, any Affiliate of Buyer, Transporter, and the operator of the Discharge Terminal in transporting and treating such Off-Spec LNG (or to otherwise make such LNG marketable), and, to the extent Seller agrees to such estimate, Buyer shall take delivery of such cargo, and Seller shall reimburse Buyer for all reasonable documented direct costs incurred by Buyer (including costs owed to any Affiliate of Buyer, Transporter, and the operator of the Discharge Terminal in transporting and treating such Off-Spec LNG (or to otherwise make such LNG marketable) prior to and at the Discharge Terminal),

*provided, however*, that Seller's liability shall not exceed one hundred and twenty percent (120%) of the estimate notified by Buyer and agreed by Seller; and

- (d) if Buyer determines in good faith that it cannot, using reasonable efforts, receive such cargo, or (1) Seller rejects the cost estimate or (2) Buyer anticipates that it might be liable for costs that would not otherwise be reimbursed pursuant to Section 12.3.1(c), then Buyer shall be entitled to reject such cargo by giving Seller notice of rejection within seventy-two (72) hours of Buyer's receipt of Seller's notice.

**12.3.2** If Off-Spec LNG is delivered to Buyer without Buyer being made aware of the fact that such Off-Spec LNG does not comply with the Specifications, or without Buyer being made aware of the actual extent to which such Off-Spec LNG does not comply with the Specifications, then:

- (a) if Buyer is able, using reasonable efforts, to transport and treat the Off-Spec LNG to meet the Specifications (or to otherwise make such LNG marketable), then Seller shall reimburse Buyer for all reasonable documented direct costs incurred by Buyer (including direct costs owed to any Affiliate of Buyer, Transporter, and the operator of the Discharge Terminal in transporting and treating such Off-Spec LNG received at the Discharge Terminal to meet the Specifications (or to otherwise make such LNG marketable)), in an amount not exceeding one hundred percent (100%) of the product of the delivered quantity of such Off-Spec LNG and the CSP; *provided, however*, that Buyer, any Affiliate of Buyer, Transporter, and the operator of the Discharge Terminal shall not be required to incur costs in excess of those reimbursable by Seller; or
- (b) if Buyer determines in good faith that it cannot, using reasonable efforts, transport and treat such Off-Spec LNG to meet the Specifications (or to make such LNG marketable), then: (i) Buyer shall be entitled to reject such Off-Spec LNG by giving Seller notice of such rejection as soon as practicable, and in any case within ninety-six (96) hours after (A) Seller notifies Buyer in writing that such LNG is Off-Spec LNG and the actual extent to which such Off-Spec LNG does not comply with the Specifications or (B) Buyer becomes aware that such LNG is Off-Spec LNG, whichever occurs first; (ii) Buyer shall be entitled to dispose of the loaded portion of such Off-Spec LNG (or regasified LNG produced therefrom) in any manner that Buyer, acting in accordance with the standards of a Reasonable and Prudent Operator, deems appropriate including by directing Seller to offload such Off-Spec LNG at the Loading Port; and (iii) Seller shall reimburse Buyer in respect of and indemnify and hold Buyer harmless

from all direct loss, damage, costs and expenses incurred by Buyer, any Affiliate of Buyer, or Transporter as a result of the delivery of such Off-Spec LNG, including in connection with the handling, treatment or safe disposal of such Off-Spec LNG or other LNG being held at the Discharge Terminal or being carried onboard the LNG Tanker which was contaminated by it, cleaning or clearing the LNG Tanker and Discharge Terminal, and damage caused to the LNG Tanker and Discharge Terminal.

**12.3.3** If Buyer rejects a cargo in accordance with Section 12.3.1(d) or 12.3.2(b), Seller shall be deemed to have failed to make available such cargo and Section 5.6.2 shall apply.

**13. Measurements and Tests**

**13.1 LNG Measurement and Tests**

LNG delivered to Buyer, and Gas used as fuel by Buyer, pursuant to this Agreement shall be measured and tested in accordance with Exhibit A.

**13.2 Parties to Supply Devices**

**13.2.1** Buyer shall supply, operate and maintain, or cause to be supplied, operated and maintained, suitable gauging devices for the LNG tanks of the LNG Tanker, as well as pressure and temperature measuring devices, in accordance with Section 13.3 and Exhibit A, and any other measurement, gauging or testing devices which are incorporated in the structure of such LNG Tanker or customarily maintained on shipboard.

**13.2.2** Seller shall supply, operate and maintain, or cause to be supplied, operated and maintained, devices required for collecting samples and for determining quality and composition of the delivered LNG, in accordance with Section 13.3 and Exhibit A, and any other measurement, gauging or testing devices which are necessary to perform the measurement and testing required hereunder at the Loading Port.

**13.3 Selection of Devices**

Each device provided for in this Section 13 shall be selected and verified in accordance with Exhibit A. Any devices that are provided for in this Section 13 not previously used in an existing LNG trade shall be chosen by written agreement of the Parties and shall be such as are, at the time of selection, accurate and reliable in their practical application. The required degree of accuracy of such devices shall be agreed in writing by Buyer and Seller in advance of their use, and such degree of accuracy shall be verified by an independent surveyor who is agreed by Buyer and Seller.

**13.4 Tank Gauge Tables of LNG Tanker**

Buyer shall furnish to Seller, or cause Seller to be furnished, a certified copy of tank gauge tables as described in Exhibit A for each LNG tank of the LNG Tanker and of tank gauge tables revised as a result of any recalibration of an LNG tank of an LNG Tanker.

**13.5 Gauging and Measuring LNG Volumes Loaded**

Volumes of LNG delivered under this Agreement will be determined by gauging the LNG in the LNG tanks of the LNG Tanker immediately before and after loading in accordance with the terms of Exhibit A.

**13.6 Samples for Quality Analysis**

Representative samples of the delivered LNG shall be obtained by Seller as provided in Exhibit A.

**13.7 Quality Analysis**

The samples referred to in Section 13.6 shall be analyzed, or caused to be analyzed, by Seller in accordance with the terms of Exhibit A, in order to determine the molar fractions of the hydrocarbons and components in the sample.

**13.8 Operating Procedures**

**13.8.1** Prior to carrying out measurements, gauging and analyses hereunder, the Party responsible for such operations shall notify the designated representative(s) of the other Party, allowing such representative(s) a reasonable opportunity to be present for all operations and computations; *provided, however,* that the absence of such representative(s) after notification and reasonable opportunity to attend shall not affect the validity of any operation or computation thereupon performed.

**13.8.2** At the request of either Party, any measurements, gauging and/or analyses provided for in Sections 13.5, 13.6, 13.7 and 13.10.1 shall be witnessed and verified by an independent surveyor agreed upon in writing by Buyer and Seller. The results of verifications and records of measurement shall be maintained in accordance with the terms of Exhibit A.

**13.9 MMBtu Quantity Delivered**

The number of MMBtus sold and delivered shall be calculated at the Delivery Point by Seller and witnessed and verified by a mutually appointed independent surveyor agreed upon in writing by the Parties following the procedures set forth in Exhibit A.

**13.10 Verification of Accuracy and Correction for Error**

**13.10.1** Each Party shall test and verify the accuracy of its devices at intervals to be agreed between the Parties. In the case of gauging devices of the LNG Tanker, such tests and verifications shall take place during each scheduled dry-docking, provided that the interval between such dry dockings shall not exceed five (5) years. Indications from any redundant determining devices should be reported to the Parties for verification purposes. Each Party shall have the right to inspect and if a Party reasonably questions the accuracy of any device, to require the testing or verification of the accuracy of such device in accordance with the terms of Exhibit A.

**13.10.2** Permissible tolerances of the measurement, gauging and testing devices shall be as described in Exhibit A.

**13.11 Costs and Expenses**

**13.11.1** Except as provided in this Section 13.11, all costs and expenses for testing and verifying measurement, gauging or testing devices shall be borne by the Party whose devices are being tested and verified; *provided, however,* that representatives of the Parties attending such tests and verifications shall do so at the cost and risk of the Party they represent.

**13.11.2** In the event that a Party inspects or requests the testing/verification of any of the other Party's devices on an exceptional basis in each case as provided in Section 13.10.1, the Party requesting the testing/verification shall bear all costs thereof.

**13.11.3** The costs of the independent surveyor:

- (a) requested by a Party in accordance with Section 13.8.2 shall be borne by the requesting Party; and
- (b) referred to in Section 13.9 shall be borne equally by Buyer and Seller.

**14. Force Majeure**

**14.1 Force Majeure**

Neither Party shall be liable to the other Party for any delay or failure in performance under this Agreement if and to the extent such delay or failure is a result of Force Majeure. To the extent that the Party so affected fails to use commercially reasonable efforts to overcome or mitigate the effects of such events of Force Majeure, it shall not be excused for any delay or failure in performance that would have been avoided by using such commercially reasonable efforts. Subject to the provisions of this Section 14, the term "**Force Majeure**" shall mean any act, event or circumstance, whether of the kind described herein or otherwise, that is not reasonably within the control of, does not result from the fault or negligence of, and would not have been

avoided or overcome by the exercise of reasonable diligence by, the Party claiming Force Majeure or an Affiliate of the Party claiming Force Majeure, such Party and, as applicable, its Affiliate having observed a standard of conduct that is consistent with a Reasonable and Prudent Operator, and that prevents or delays in whole or in part such Party's performance of one or more of its obligations under this Agreement.

**14.1.1** Force Majeure may include circumstances of the following kind, provided that such circumstances satisfy the definition of Force Majeure set forth above:

- (a) acts of God, the government, or a public enemy; strikes, lockout, or other industrial disturbances;
- (b) wars, blockades or civil disturbances of any kind; epidemics, Adverse Weather Conditions, fires, explosions, arrests and restraints of governments or people;
- (c) the breakdown or failure of, freezing of, breakage or accident to, or the necessity for making repairs or alterations to any facilities or equipment;
- (d) in respect of the Seller: (i) loss of, accidental damage to, or inaccessibility to or inoperability of (x) the Corpus Christi Facility or any Connecting Pipeline or (y) the liquefaction and loading facilities at the alternate source agreed by the Parties pursuant to Section 3.1.2 but only with respect to those cargoes which Buyer has agreed may be supplied from such alternate source; and (ii) any event that would constitute an event of force majeure under (A) any agreement to which Seller is a party that is necessary for Seller to carry out any obligations hereunder or (B) without limiting the foregoing, an agreement between Seller and the operator or operators of any Connecting Pipeline for Gas transportation services, *provided however*, that an event of force majeure affecting a party to any such agreement shall constitute Force Majeure under this Agreement only to the extent such event meets the definition of Force Majeure in this Section 14.1;
- (e) in respect of Buyer, events affecting the ability of any LNG Tanker to receive and transport LNG, subject to Section 14.2.3; and
- (f) the withdrawal, denial, or expiration of, or failure to obtain, any Approval.

**14.1.2** Nothing in this Section 14.1 shall be construed to require a Party to observe a higher standard of conduct than that required of a Reasonable and Prudent Operator as a condition to claiming the existence of Force Majeure.

## 14.2 Limitations on Force Majeure

**14.2.1 Indemnity and Payment Obligations.** Notwithstanding Section 14.1, no Force Majeure shall relieve, suspend, or otherwise excuse either Party from performing any obligation to indemnify, reimburse, hold harmless or otherwise pay the other Party under this Agreement.

**14.2.2 Events Not Force Majeure.** The following events shall not constitute Force Majeure:

- (a) a Party's inability to finance its obligations under this Agreement or the unavailability of funds to pay amounts when due in the currency of payment;
- (b) the unavailability of, or any event affecting, any facilities at or associated with any loading port or unloading port other than the Corpus Christi Facility or any alternate source agreed by the Parties pursuant to Section 3.1.2;
- (c) the ability of Seller, Buyer, or their respective Affiliates, to obtain better economic terms for LNG or Gas from an alternative supplier or buyer, as applicable;
- (d) changes in either Party's market factors, default of payment obligations or other commercial, financial or economic conditions, including failure or loss of any of Buyer's, Seller's, or their respective Affiliates', Gas or LNG markets;
- (e) breakdown or failure of plant or equipment caused by normal wear and tear or by a failure to properly maintain such plant or equipment;
- (f) the non-availability or lack of economically obtainable Gas reserves;
- (g) in the case of the Seller, any event arising from an action or omission of (i) any Affiliate of Seller, (ii) the contractor or sub-contractor or agent of Seller or Affiliate of Seller, (iii) the operator of any part of the Corpus Christi Facility to the extent that, had the Seller taken such action or experienced such event, such event would not constitute Force Majeure pursuant to the provisions of this Section 14;
- (h) the loss of interruptible or secondary firm transportation service on a Connecting Pipeline or any pipeline upstream of a Connecting Pipeline unless the cause of such loss was an event that would satisfy the definition of Force Majeure hereunder and primary in-the-path transportation service on such pipeline was also interrupted as a result of such event; and

- (i) in the case of Buyer, acts of a Governmental Authority of, or changes in Applicable Laws of, the Republic of Indonesia which affect solely or primarily Buyer and are not generally applicable to all public and private entities doing business in the Republic of Indonesia.

**14.2.3** Force Majeure relief in respect of Buyer for an event described in Section 14.1.1(e) affecting a specific LNG Tanker shall only be available with respect to cargoes that are scheduled to be transported on such LNG Tanker in the applicable Ninety Day Schedule or ADP for such Contract Year, or (to the extent that the ADP for the following Contract Year has been issued by Seller) in the ADP for the following Contract Year.

### **14.3 Notification**

A Force Majeure event shall take effect at the moment such an event or circumstance occurs. Upon the occurrence of a Force Majeure event that prevents, interferes with or delays the performance by Seller or Buyer, in whole or in part, of any of its obligations under this Agreement, the Party affected shall give notice thereof to the other Party describing such event and stating the obligations the performance of which are affected (either in the original or in supplemental notices) and stating, as applicable:

**14.3.1** the estimated period during which performance may be prevented, interfered with or delayed, including, to the extent known or ascertainable, the estimated extent of such reduction in performance;

**14.3.2** the particulars of the program to be implemented to resume normal performance under this Agreement;  
and

**14.3.3** the anticipated portion of Buyer's AACQ for a Contract Year that will not be made available or taken, as the case may be, by reason of Force Majeure.

Such notices shall thereafter be updated at least monthly during the period of such claimed Force Majeure specifying the actions being taken to remedy the circumstances causing such Force Majeure.

### **14.4 Measures**

Prior to resumption of normal performance, the Parties shall continue to perform their obligations under this Agreement to the extent not excused by such event of Force Majeure.

**14.5 No Extension of Term**

The Term shall not be extended as a result of or by the duration of an event of Force Majeure.

**14.6 Settlement of Industrial Disturbances**

Settlement of strikes, lockouts, or other industrial disturbances shall be entirely within the discretion of the Party experiencing such situations, and nothing in this Agreement shall require such Party to settle industrial disputes by yielding to demands made on it when it considers such action inadvisable.

**14.7 Foundation Customer Priority**

Notwithstanding any other provision in this Section 14, during any event of Force Majeure affecting Seller, Seller shall apportion the remaining capacity at the Corpus Christi Facility according to the Foundation Customer Priority.

**“Foundation Customer Priority”** means that Buyer and other Foundation Customers will receive priority for receiving LNG from the remaining available LNG production capacity, if any, at the Corpus Christi Facility in the following manner: all such remaining available LNG production capacity at the Corpus Christi Facility (and the LNG produced therefrom) will be allocated, to the extent practicable, to Buyer based upon the proportionate share of Buyer’s AACQ to the sum of all Foundation Customers’ adjusted annual contract quantities (including Buyer), without regard to whether the underlying event affects the Designated Train or another liquefaction train, and without regard to whether the remaining available LNG production capacity includes the Designated Train.

**15. Liabilities and Indemnification**

**15.1 General**

Subject to Section 15.2, and without prejudice to any indemnity provided under this Agreement, Seller shall be liable to Buyer, and Buyer shall be liable to Seller, for any loss which has been suffered as a result of the breach by the Party liable of any one or more of its obligations under this Agreement, to the extent that the Party liable should reasonably have foreseen the loss.

**15.2 Limitations on Liability**

**15.2.1 Incidental and Consequential Losses.** Neither Party shall be liable to the other Party hereunder as a result of any act or omission in the course of or in connection with the performance of this Agreement, for or in respect of:

- (a) any indirect, incidental, consequential or exemplary losses;

- (b) any loss of income or profits;
- (c) except as expressly provided in this Agreement, any failure of performance or delay in performance to the extent relieved by the application of Force Majeure in accordance with Section 14; or
- (d) except as expressly provided in this Agreement, any losses arising from any claim, demand or action made or brought against the other Party by a Third Party.

**15.2.2** Exclusive Remedies. A Party's sole liability, and the other Party's exclusive remedy, arising under or in connection with Sections 5.5, 5.6, 5.7, 7.12.3, 7.12.4, 7.14.2(d), and 12.3 and this Section 15 shall be as set forth in each such provision, respectively.

**15.2.3** Liquidated Damages. The Parties agree that it would be impracticable to determine accurately the extent of the loss, damage and expenditure that either Party would have in the circumstances described in Sections 5.5, 5.6, 5.7, 7.12.3 and 7.12.4. Accordingly, the Parties have estimated and agreed in advance that the sole liability, and exclusive remedy for such circumstances shall be as provided in those Sections, and neither Party shall have additional liability as a result of any such circumstances. Each amount described in or determined by the provisions of Sections 5.5, 5.6, 5.7, 7.12.3 and 7.12.4 is intended to represent a genuine pre-estimate by the Parties as to the loss or damage likely to be suffered by the Party receiving the payment or benefit in each such circumstance. Each Party waives any right to claim or assert, in any arbitration or expert determination pursuant to Section 21 in any action with respect to this Agreement, that any of the exclusive remedies set forth in Sections 5.5, 5.6, 5.7, 7.12.3 and 7.12.4 do not represent a genuine pre-estimate by the Parties as to the loss or damage likely to be suffered by the Party receiving the payment or benefit in each such circumstance or otherwise are not valid and enforceable damages.

**15.2.4** Express Remedies. The Parties agree that Section 15.2.1 shall not impair a Party's obligation to pay the amounts specified in, or the validity of or limitations imposed by, Sections 5.5, 5.6, 5.7, 7.12.3, 7.12.4, 7.14.2(d), and 12.3. Neither Party shall have a right to make a claim for actual damages (whether direct or indirect) or other non-specified damages under any circumstances for which an express remedy or measure of damages is provided in this Agreement.

**15.2.5** Remedies in Contract. Except with respect to claims for injunctive relief under Sections 19 and 21.1.11 and without prejudice to Section 20.2.6, a Party's sole remedy against the other Party for nonperformance or breach of this Agreement or for any other claim of whatsoever nature arising out of or in relation to this Agreement shall be in contract and no Party shall be liable to another Party (or its Affiliates and contractors and their respective

members, directors, officers, employees and agents) in respect of any damages or losses suffered or claims which arise out of, under or in any alleged breach of statutory duty or tortious act or omission or otherwise.

**15.2.6 Seller Aggregate Liability for Certain Events.**

- (a) Notwithstanding any provision herein to the contrary, the maximum Seller Aggregate Liability as of any given date in respect of any occurrence or series of occurrences shall not exceed the Seller Liability Cap.
- (b) “**Seller Aggregate Liability**” shall mean, as of any date of determination, any and all liability of Seller to Buyer under this Agreement, excluding (i) any Seller liabilities under this Agreement for which Seller has already made payment to Buyer as of such date, (ii) any liability caused by the gross negligence or willful misconduct of Seller or an Affiliate of Seller and (iii) any amounts related to an indemnity obligation of Seller.
- (c) The “**Seller Liability Cap**” shall be an amount (in USD) equal to:
  - (i) at all times, except as provided in Section 15.2.6(c)
    - (ii):
      - A. on or prior to the fifth (5th) anniversary of the T1 DFCD, USD one hundred thirty seven million (US\$137,000,000); and
      - B. after the fifth (5th) anniversary of the T1 DFCD, USD one hundred eighty two million (US\$182,000,000); and
  - (ii) at all times after such time, if any, that T2 DFCD occurs:
    - A. on or prior to the fifth (5th) anniversary of the T1 DFCD, USD two hundred and seventy four million (US\$274,000,000); and
    - B. after the fifth (5th) anniversary of the T1 DFCD, USD three hundred and sixty four million (US\$364,000,000).

**15.2.7 EXCEPT FOR WARRANTIES OF TITLE AND NO LIENS OR ENCUMBRANCES, AND SUBJECT TO THE PROVISIONS OF THIS AGREEMENT CONCERNING THE QUALITY OF LNG TO BE DELIVERED UNDER THIS AGREEMENT, SELLER EXPRESSLY NEGATES ANY WARRANTY WITH RESPECT TO LNG DELIVERED UNDER THIS AGREEMENT, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY WITH**

**RESPECT TO CONFORMITY TO SAMPLES, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.**

**15.3 Buyer's Credit; Credit Support**

**15.3.1** Buyer shall at all times maintain an Acceptable Credit Rating or provide or cause to be provided a Guaranty. In the event a guarantor that has provided a guaranty hereunder no longer has an Acceptable Credit Rating or is otherwise no longer an Acceptable Guarantor, Buyer shall provide either (a) a replacement Guaranty, or if Buyer is unable to provide a replacement Guaranty because no Guarantor exists, (b) an alternative credit support acceptable to Lenders at all times. Any Guaranty or alternative credit support required to be delivered to Seller pursuant to this Section 15.3.1 shall be delivered within ten (10) Business Days of such requirement arising.

**15.3.2** If Buyer, or Buyer's Guarantor, merges or consolidates, sells all or substantially all of its assets, novates or assigns this Agreement, then the surviving entity, asset purchaser or assignee, as the case may be, shall either have and maintain an Acceptable Credit Rating or upon ceasing to have such rating, provide or cause to be provided a Guaranty. Any Guaranty required to be delivered to Seller pursuant to this Section 15.3.2 shall be delivered within ten (10) Business Days of such requirement arising.

**15.4 Third Party Liability**

With respect to Third Party liabilities:

- (a) If any Third Party shall notify either Party (the "**Indemnified Party**") with respect to any matter (a "**Third Party Claim**") that may give rise to a claim for indemnification against the other Party (the "**Indemnifying Party**") under this Section 15 or elsewhere in this Agreement, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; *provided, however*, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is materially prejudiced.
- (b) The Indemnifying Party will have the right to defend against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within fifteen (15) Days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against any damages the Indemnified Party may suffer resulting from,

arising out of, relating to, in the nature of, or caused by the Third Party Claim; (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder; (iii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief; (iv) settlement of, or an adverse judgment with respect to, the Third Party Claim is not in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interests of the Indemnified Party; and (v) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

- (c) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 15.4(b): (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim; (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld); and (iii) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld).
- (d) In the event any of the conditions in Section 15.4(b) is or becomes unsatisfied, or a conflict arises, with regard to the Third Party Claim, between the Indemnified Party and the Indemnifying Party in respect of such Third Party Claim the Indemnified Party may defend against the Third Party Claim in any manner it reasonably may deem appropriate.
- (e) If either Party gives notice to the other Party of a Third Party Claim pursuant to the provisions of Section 15.4(a) and the notified Party does not give notice that it will indemnify the notifying Party in the manner set out in Section 15.4(b), the notifying Party shall nevertheless send copies of all pleadings and other documents filed in any such Third Party lawsuit to the notified Party and such notified Party may have the right to participate in the defense of the Third Party Claim in any manner permitted by Applicable Law.

**15.5 Seller's Insurance**

**15.5.1** Seller shall obtain and maintain or cause to be obtained and maintained:

- (a) insurance for the Corpus Christi Facility to the extent required by Applicable Law, and
- (b) additional insurance, as is reasonably necessary and available on reasonable commercial terms, against such other risks and at such levels as a Reasonable and Prudent Operator of a liquefaction terminal would obtain.

**15.5.2** Seller shall obtain or cause to be obtained the insurance required by Section 15.5.1 from a reputable insurer (or insurers) reasonably believed to have adequate financial reserves. Seller shall exercise its best efforts, or shall cause the applicable insured Person to use its best efforts, to collect any amount due under such insurance policies.

**15.6 Buyer's Insurance**

Buyer shall ensure that insurances are procured and maintained for each LNG Tanker in accordance with the following provisions. In all cases, such insurance shall establish insurance coverages consistent with insurances to the standards which a ship owner operating reputable LNG vessels, as a Reasonable and Prudent Operator, should observe in insuring LNG vessels of similar type, size, age and trade as such LNG Tanker. In this regard:

- (a) Hull and Machinery Insurance shall be placed and maintained with reputable marine underwriters; and
- (b) Protection & Indemnity Insurance (“**P&I Insurance**”) shall be placed and maintained with full P&I indemnity cover in the ordinary course from a P&I Club, and such LNG Tanker shall be entered for insurance with a P&I Club, including pollution liability standard for LNG vessel and Certificate of Financial Responsibility.

**16. Safety**

**16.1 General**

The Parties recognize the importance of securing and maintaining safety in all matters contemplated in this Agreement, including the construction and operation of their respective facilities and the LNG Tankers and transportation of LNG. It is their respective intentions to secure and maintain high standards of safety in accordance with the generally accepted standards prevailing in the LNG and LNG transportation industries from time to time.

**16.2 Third Parties**

Both Parties shall endeavor to ensure that their respective employees, agents, operators, Transporter, contractors and suppliers shall have due regard to safety and abide by the relevant regulations while they are performing work and services in connection with the performance of this Agreement, including such work and services performed within and around the area of the Corpus Christi Facility and on board the LNG Tankers.

**17. Representations, Warranties and Undertakings**

**17.1 Representations and Warranties of Buyer**

As of the Effective Date and until the expiration or termination of this Agreement, Buyer represents, undertakes and warrants that:

**17.1.1** Buyer is and shall remain duly formed and in good standing under the laws of the Republic of Indonesia;

**17.1.2** Buyer has the requisite power, authority and legal right to execute and deliver, and to perform its obligations under, this Agreement;

**17.1.3** Buyer has not incurred any liability to any financial advisor, broker or finder for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller or any of its Affiliates could be liable; and

**17.1.4** neither the execution, delivery, nor performance of this Agreement violates or will violate, results or will result in a breach of or constitutes or will constitute a default under any provision of Buyer's organizational documents, any law, judgment, order, decree, rule, or regulation of any court, administrative agency, or other instrumentality of any Governmental Authority or of any other material agreement or instrument to which Buyer is a party.

**17.2 Representations and Warranties of Seller**

As of the Effective Date and until the expiration or termination of this Agreement, Seller represents, undertakes and warrants that:

**17.2.1** Seller is and shall remain duly formed and in good standing under the laws of the State of Delaware and duly qualified to do business in the State of Texas;

**17.2.2** Seller has the requisite power, authority and legal right to execute and deliver, and to perform its obligations under this Agreement;

**17.2.3** Seller has not incurred any liability to any financial advisor, broker or finder for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer or any of its Affiliates could be liable; and

**17.2.4** neither the execution, delivery, nor performance of this Agreement, violates or will violate, results or will result in a breach of, or constitutes or will constitute a default under, any provision of Seller's organizational documents, any law, judgment, order, decree, rule, or regulation of any court, administrative agency, or other instrumentality of any Governmental Authority or of any other material agreement or instrument to which Seller is a party.

**17.3 Business Practices**

Each Party represents and warrants to the other, as of the Effective Date, that it has not taken any actions that would, if such actions were undertaken after the Effective Date, conflict with such Party's obligations under Section 26.3.

**18. Exchange of Information**

The Parties shall maintain close communication and mutually provide and shall use reasonable efforts to exchange available information directly relevant to the fulfillment of the terms and conditions of this Agreement.

**19. Confidentiality**

**19.1 Duty of Confidentiality**

The (i) terms of this Agreement and (ii) any information disclosed by either Party to the other Party in connection with this Agreement which is not:

- (a) already known to the recipient from sources other than the other Party;
- (b) already in the public domain (other than as a result of a breach of the terms of this Section 19.1);  
or
- (c) independently developed by the recipient;

shall be "**Confidential Information**" and shall, unless otherwise agreed in writing by the disclosing Party, be kept confidential and shall not be used by the receiving Party other than for a purpose connected with this Agreement or, except as provided below, disclosed to Third Parties by the receiving Party.

## 19.2 Permitted Disclosures

19.2.1 The Confidential Information, which either Party receives from the other, may be disclosed by such Party:

- (a) to any Person who is such Party's legal counsel, other professional consultant or adviser, Transporter, insurer, accountant or construction contractor; *provided that* such disclosure is solely to assist the purpose for which such Person was so engaged;
- (b) if required and to the extent required by the rules of any recognized stock exchange or agency established in connection therewith upon which the securities of such Party or a company falling within Section 19.2.1(e) are quoted;
- (c) if required and to the extent required by the U.S. Department of Energy;
- (d) without limiting Section 19.2.1(c), if required and to the extent required by any Applicable Laws, or such Party becomes legally required (by oral questions, interrogatories, request for information or documents, orders issued by any Governmental Authority or any other process) to disclose such information, or to the extent necessary to enforce Section 21.1 or 21.2 or any arbitration award or binding decision of an Expert (including by filing Confidential Information in proceedings before a court or other competent judicial authority) or to seek interim relief under Section 21.1.11; *provided that* such Party shall, to the extent practicable, give prior notice to the other Party of the requirement and the terms thereof and shall cooperate with the other Party to minimize the disclosure of the information, seek a protective order or other appropriate remedy, and if such protective order or other remedy is not obtained, then such Party will furnish only that portion of such information that it is legally required to furnish;
- (e) to any of its Affiliates or shareholders (or any company involved in the provision of advice to any such Affiliate or shareholder for the purposes of this Agreement) and any employee of that Party or of a company to which disclosure is permitted pursuant to this Section 19.2.1(e);
- (f) to any *bona fide* intended assignees of a Party's interests under this Agreement;
- (g) to any Third Party as reasonably necessary for the performance of a Party's obligations under this Agreement;

- (h) as reasonably required for the purposes of an arbitration pursuant to Section 21.1 or an Expert proceeding pursuant to Section 21.2, to any arbitrator appointed in accordance with Section 21.1.4, or Expert appointed pursuant to Section 21.2.1, or to any other party to an arbitration or Expert proceeding arising under or in connection with this Agreement, or to any witnesses appearing in an arbitration under Section 21.1 or in an Expert proceeding arising under or in connection with this Agreement, to the extent that the information is relevant to the arbitration or Expert proceeding; or
- (i) to any Person reasonably required to see such Confidential Information, including the Lenders, in connection with any *bona fide* financing or offering or sale of securities by Seller or Buyer or any Affiliate of Seller or Buyer or any Affiliate of any of the shareholders of Seller or Buyer, to comply with the disclosure or other requirements of Applicable Law or of financial institutions or other participants (including rating agencies) in such financing, offering or sale.

**19.2.2** The Party making the disclosure shall ensure that any Person listed in Section 19.2.1(a), (e), (f), (g), (h) or (i) to which it makes the disclosure (excluding any legal counsel, arbitrator or Expert already bound by confidentiality obligations) undertakes to hold such Confidential Information subject to confidentiality obligations equivalent to those set out in Section 19.1. In the case of a disclosure to an employee made in accordance with Section 19.2.1(e), the undertaking shall be given by the company on its own behalf and in respect of all its employees.

**19.2.3** Seller may disclose Confidential Information to its Foundation Customers related to scheduling, operations and other relevant technical information to comply with Seller's performance of Section 8, only to the extent necessary to ensure the effective implementation thereof.

**19.2.4** No press release concerning the execution of this Agreement or resolution of any Disputes shall be issued unless agreed by the Parties.

**19.3 Duration of Confidentiality**

The foregoing obligations with regard to the Confidential Information shall remain in effect for three (3) years after this Agreement is terminated or expires.

## 20. Default and Termination

### 20.1 Termination Events

The following circumstances (each, a “**Termination Event**”) shall give rise to the right for either or both of Seller and Buyer (as the case may be) to terminate this Agreement:

- 20.1.1 in respect of either Party, if a Bankruptcy Event has occurred with respect to the other Party;
- 20.1.2 in respect of either Party, if the other Party fails to pay or cause to be paid any amount or amounts in the aggregate due that are in excess of USD thirty million (US\$30,000,000), for a period of ten (10) Days or more following the due date of the relevant invoice;
- 20.1.3 in respect of either Party, violation of Sections 17.3 or 26.3.1(ii) by the other Party;
- 20.1.4 in respect of either Party, in accordance with Section 2.2.5;
- 20.1.5 in respect of Seller, if Buyer fails to comply with (a) Section 15.3.1, (b) Section 15.3.2, or (c) Section 22;
- 20.1.6 in respect of Seller, if Buyer or any Guarantor under any Guaranty required to be delivered to Seller pursuant to the terms of this Agreement fails to execute any Direct Agreement as agreed by Seller’s Lenders within sixty (60) Days after Seller’s request thereof;
- 20.1.7 in respect of Buyer, if (a) Seller has declared Force Majeure one or more times and the interruptions resulting from such Force Majeure total twenty-four (24) Months during any thirty-six (36) Month period, and (b) such Force Majeure has resulted in Seller being prevented from making available fifty percent (50%) or more of the annualized ACQ during such periods of Force Majeure;
- 20.1.8 in respect of Seller, if (a) Buyer has declared Force Majeure one or more times and the interruptions resulting from such Force Majeure total twenty-four (24) Months during any thirty-six (36) Month period, and (b) such Force Majeure has resulted in Buyer being prevented from taking fifty percent (50%) or more of the annualized ACQ during such periods of Force Majeure;
- 20.1.9 in respect of Buyer, pursuant to the terms of Section 4.4.3;
- 20.1.10 in respect of Seller, violation of Section 26.1 by Buyer;
- 20.1.11 in respect of Seller, violation of Section 26.2 by Buyer;

**20.1.12** in respect of Buyer, if Seller fails to make available (as such obligation for any cargo is set forth in Section 5.6.1) fifty percent (50%) of the cargoes scheduled in any given twelve (12) Month period; and

**20.1.13** in respect of Seller, if Buyer fails to take (as such obligation for any cargo is set forth in Section 5.5.1) fifty percent (50%) of the cargoes scheduled in any given twelve (12) Month period.

## **20.2 Termination**

**20.2.1 Notice of Termination.** Upon the occurrence of any Termination Event, subject to Section 20.2.5, the Party which has the right under Section 20.1 to terminate this Agreement (“**Terminating Party**”) may give notice thereof to the other Party, specifying in reasonable detail the nature of such Termination Event (except that any termination notice with respect to a Termination Event identified in Section 20.1.12 or 20.1.13 shall only be valid if notice thereof is provided within ninety (90) Days after such Termination Event first arose).

**20.2.2 Timing.** Except with respect to the Termination Events described in Section 20.2.3, at any time after the expiry of a period of forty-five (45) Days after the Terminating Party gave notice of a Termination Event pursuant to Section 20.2.1, unless the circumstances constituting the Termination Event have been fully remedied or have ceased to apply, the Terminating Party may terminate this Agreement with immediate effect by giving notice of such termination to the other Party.

**20.2.3 Certain Events.** Upon the occurrence of a Termination Event described in Sections 20.1.1, 20.1.3, 20.1.5, 20.1.6, 20.1.7, 20.1.8, 20.1.10, 20.1.11, 20.1.12, and 20.1.13 the Terminating Party’s notice pursuant to Section 20.2.1 shall terminate this Agreement immediately.

**20.2.4 Rights Accrued Prior to Termination.** Termination of this Agreement shall be without prejudice to:

- (a) the rights and liabilities of the Parties accrued prior to or as a result of such termination; and
- (b) claims for breaches of Section 19 that occur during the three (3) year period after termination of this Agreement.

**20.2.5 Limits to Termination.** Neither Seller nor Buyer, respectively, may terminate this Agreement if the Termination Event occurs solely because of a breach by the non-terminating Party arising from events for which that non-terminating Party would otherwise be entitled to terminate this Agreement.

**20.2.6 Termination for Credit Events.** Seller hereby waives any right it may have to seek monetary damages arising solely as a result of a Termination Event set forth in Section 20.1.5(a), provided that such Termination Event is not a result of Buyer, Guarantor and/or its Affiliate or their successor intending to avoid its liabilities or obligations under this Agreement or intentionally failing to deliver a Guaranty or alternative credit support. This waiver shall be without prejudice to any other right available to Seller following a breach by Buyer of any of its obligations under this Agreement, including Seller's rights of suspension. Nothing in this Section 20.2.6 shall act as a waiver of any right Seller may have to seek monetary damages in respect of any other Termination Event, whether or not the circumstances giving rise to such other Termination Event would also have entitled Seller to terminate the Agreement pursuant to Section 20.1.5(a).

### **20.3 Survival**

The following provisions shall survive expiration or termination of this Agreement: Sections 1, 10, 11, 13.8.2, 15, 19 (to the extent provided therein), 20.2.4, and 21 to 26, in addition to this Section 20.3.

## **21. Dispute Resolution and Governing Law**

### **21.1 Dispute Resolution**

**21.1.1 Arbitration.** Any Dispute (other than a Dispute submitted to an Expert under Section 21.2.1) shall be exclusively and definitively resolved through final and binding arbitration, it being the intention of the Parties that this is a broad form arbitration agreement designed to encompass all possible claims and disputes under this Agreement.

**21.1.2 Rules.** The arbitration shall be conducted in accordance with the International Arbitration Rules of the American Arbitration Association ("AAA") (as then in effect).

**21.1.3 Number of Arbitrators.** The arbitral tribunal shall consist of three (3) arbitrators, who shall endeavor to complete the final hearing in the arbitration within six (6) Months after the appointment of the last arbitrator.

**21.1.4 Method of Appointment of the Arbitrators.** If there are only two (2) parties to the Dispute, then each party to the Dispute shall appoint one (1) arbitrator within thirty (30) Days of the filing of the arbitration, and the two arbitrators so appointed shall select the presiding arbitrator within thirty (30) Days after the latter of the two arbitrators has been appointed by the parties to the Dispute. If a party to the Dispute fails to appoint its party-appointed arbitrator or if the two party-appointed arbitrators cannot reach an agreement on the presiding arbitrator within the applicable time period, then the AAA shall

serve as the appointing authority and shall appoint the remainder of the three arbitrators not yet appointed. If the arbitration is to be conducted by three arbitrators and there are more than two parties to the Dispute, then within thirty (30) Days of the filing of the arbitration, all claimants shall jointly appoint one arbitrator and all respondents shall jointly appoint one arbitrator, and the two arbitrators so appointed shall select the presiding arbitrator within thirty (30) Days after the latter of the two arbitrators has been appointed by the parties to the Dispute. For the purposes of appointing arbitrators under this Section 21, (a) Buyer, any guarantor under any guaranty required to be delivered to Seller pursuant to the terms of this Agreement and all persons whose interest in this Agreement derives from them shall be considered as one party; and (b) Seller and all persons whose interest in this Agreement derives from Seller shall be considered as one party. If either all claimants or all respondents fail to make a joint appointment of an arbitrator, or if the party-appointed arbitrators cannot reach an agreement on the presiding arbitrator within the applicable time period, then the AAA shall serve as the appointing authority and shall appoint the remainder of the three (3) arbitrators not yet appointed.

- 21.1.5 Consolidation.** If the Parties initiate multiple arbitration proceedings under this Agreement and/or under any guaranty required to be delivered to Seller pursuant to the terms of this Agreement, the subject matters of which are related by common questions of law or fact and which could result in conflicting awards or obligations, then either Party may request prior to the appointment of the arbitrators for such multiple or subsequent Disputes that all such proceedings be consolidated into a single arbitral proceeding. Such request shall be directed to the AAA, which shall consolidate appropriate proceedings into a single proceeding unless consolidation would result in undue delay for the arbitration of the Disputes.
- 21.1.6 Place of Arbitration.** Unless otherwise agreed by all parties to the Dispute, the place of arbitration shall be New York, New York.
- 21.1.7 Language.** The arbitration proceedings shall be conducted in the English language, and the arbitrators shall be fluent in the English language.
- 21.1.8 Entry of Judgment.** The award of the arbitral tribunal shall be final and binding. Judgment on the award of the arbitral tribunal may be entered and enforced by any court of competent jurisdiction. The Parties agree that service of process for any action to enforce an award may be accomplished according to the procedures of Section 25, as well as any other procedure authorized by law.
- 21.1.9 Notice.** All notices required for any arbitration proceeding shall be deemed properly given if given in accordance with Section 25.

- 21.1.10**Qualifications and Conduct of the Arbitrators. All arbitrators shall be and remain at all times wholly impartial, and, once appointed, no arbitrator shall have any ex parte communications with any of the parties to the Dispute concerning the arbitration or the underlying Dispute other than communications directly concerning the selection of the presiding arbitrator, where applicable.
- 21.1.11**Interim Measures. Any party to the Dispute may apply to a court in Harris County, Texas for interim measures (a) prior to the constitution of the arbitral tribunal (and thereafter as necessary to enforce the arbitral tribunal's rulings); or (b) in the absence of the jurisdiction of the arbitral tribunal to rule on interim measures in a given jurisdiction. The Parties agree that seeking and obtaining such interim measures shall not waive the right to arbitration. The arbitrators (or in an emergency the presiding arbitrator acting alone in the event one or more of the other arbitrators is unable to be involved in a timely fashion) may grant interim measures including injunctions, attachments and conservation orders in appropriate circumstances, which measures may be immediately enforced by court order. Hearings on requests for interim measures may be held in person, by telephone, by video conference or by other means that permit the parties to the Dispute to present evidence and arguments.
- 21.1.12**Costs and Attorneys' Fees. The arbitral tribunal is authorized to award costs of the arbitration in its award, including: (a) the fees and expenses of the arbitrators; (b) the costs of assistance required by the tribunal, including its Experts; (c) the fees and expenses of the administrator; (d) the reasonable costs for legal representation of a successful Party; and (e) any such costs incurred in connection with an application for interim or emergency relief and to allocate those costs between the parties to the Dispute. The costs of the arbitration proceedings, including attorneys' fees, shall be borne in the manner determined by the arbitral tribunal.
- 21.1.13**Interest. The award shall include pre-award and post-award interest, as determined by the arbitral award, from the date of any default or other breach of this Agreement until the arbitral award is paid in full. Interest shall accrue at a rate per annum equal to two percent (2%) above LIBOR (as in effect on the Day such award was issued) on and from the Day when such award was issued until the date of its repayment, provided that, without prejudice to the other terms of this Agreement, if such period lasts longer than ninety (90) Days, the applicable LIBOR rate for each successive term of ninety (90) Days during that period shall be that in effect on the first Day of that ninety (90) Day period. Interest shall accrue from Day to Day and be calculated on the basis of a three hundred sixty (360) Day year.
- 21.1.14**Currency of Award. The arbitral award shall be made and payable in USD, free of any tax or other deduction.

**21.1.15 Waiver of Challenge to Decision or Award.** To the extent permitted by law, the Parties hereby waive any right to appeal from or challenge any arbitral decision or award, or to oppose enforcement of any such decision or award before a court or any governmental authority, except with respect to the limited grounds for modification or non-enforcement provided by any applicable arbitration statute or treaty.

**21.1.16 Confidentiality.** Any arbitration or Expert determination relating to a Dispute (including an arbitral award, a settlement resulting from an arbitral award, documents exchanged or produced during an arbitration or Expert proceeding, and memorials, briefs or other documents prepared for the arbitration or Expert proceeding) shall be Confidential Information subject to the confidentiality provisions of Section 19; *provided, however*, that breach of such confidentiality provisions shall not void any settlement, determination or award.

## **21.2 Expert Determination**

**21.2.1 General.** In the event of any disagreement between the Parties regarding a measurement under Exhibit A hereto or any other Dispute which the Parties agree to submit to an Expert (in either case, a “**Measurement Dispute**”), the Parties hereby agree that such Measurement Dispute shall be resolved by an Expert selected as provided in this Section 21.2.1. The Expert is not an arbitrator of the Measurement Dispute and shall not be deemed to be acting in an arbitral capacity. The Party desiring an expert determination shall give the other Party to the Measurement Dispute notice of the request for such determination. If the Parties to the Measurement Dispute are unable to agree upon an Expert within ten (10) Days after receipt of the notice of request for an expert determination, then, upon the request of any of the Parties to the Measurement Dispute, the International Centre for Expertise of the International Chamber of Commerce (“**ICC**”) shall appoint such Expert and shall administer such expert determination through the ICC’s Rules for Expertise. The Expert shall be and remain at all times wholly impartial, and, once appointed, the Expert shall have no ex parte communications with any of the Parties to the Measurement Dispute concerning the expert determination or the underlying Measurement Dispute. The Parties to the Measurement Dispute shall cooperate fully in the expeditious conduct of such expert determination and provide the Expert with access to all facilities, books, records, documents, information and personnel necessary to make a fully informed decision in an expeditious manner. Before issuing a final decision, the Expert shall issue a draft report and allow the Parties to the Measurement Dispute to comment on it. The Expert shall endeavor to resolve the Measurement Dispute within thirty (30) Days (but no later than sixty (60) Days) after his appointment, taking into account the circumstances requiring an expeditious resolution of the matter in dispute. If the International Centre

for Expertise of the ICC is requested pursuant to this Section 21.2 to administer an expert determination, to the extent that the provisions of this Section 21.2 alter the ICC's Rules for Expertise, any such alteration shall be disregarded to the extent that the International Centre for Expertise of the ICC will as a result of such alteration refuse to administer the expert determination, and the provisions of the ICC's Rules for Expertise shall apply.

**21.2.2 Final and Binding.** The Expert's decision shall be final and binding on the Parties to the Measurement Dispute unless challenged in an arbitration pursuant to Section 21.1 within thirty (30) Days of the date the Expert's decision. If challenged, (a) the decision shall remain binding and be implemented unless and until finally replaced by an award of the arbitrators; (b) the decision shall be entitled to a rebuttable presumption of correctness; and (c) the Expert shall not be appointed in the arbitration as an arbitrator or as advisor to either Party without the written consent of both Parties.

**21.2.3 Arbitration of Expert Determination.** In the event that a Party requests expert determination for a Measurement Dispute which raises issues that require determination of other matters in addition to correct measurement under Exhibit A hereto, then either Party may elect to refer the entire Measurement Dispute for arbitration under Section 21.1.1. In such case, the arbitrators shall be competent to make any measurement determination that is part of a Dispute. An expert determination not referred to arbitration shall proceed and shall not be stayed during the pendency of an arbitration.

### **21.3 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York (United States of America) without regard to principles of conflict of laws that would specify the use of other laws.

### **21.4 Immunity**

**21.4.1** Each Party, as to itself and its assets, hereby irrevocably, unconditionally, knowingly and intentionally waives any right of immunity (sovereign or otherwise) and agrees not to claim, or assert any immunity with respect to the matters covered by this Agreement in any arbitration, Expert proceeding, or other action with respect to this Agreement, whether arising by statute or otherwise, that it may have or may subsequently acquire, including rights under the doctrines of sovereign immunity and act of state, immunity from legal process (including service of process or notice, pre-judgment or pre-award attachment, attachment in aid of execution, or otherwise), immunity from jurisdiction or judgment of any court, arbitrator, Expert or tribunal (including any objection or claim on the basis of inconvenient forum), and immunity from enforcement or execution of any award or judgment or any other remedy.

**21.4.2** Each Party irrevocably, unconditionally, knowingly and intentionally:

- (a) agrees that the execution, delivery and performance by it of this Agreement constitute private and commercial acts rather than public or governmental acts;
- (b) consents in respect of the enforcement of any judgment against it in any such proceedings in any jurisdiction and to the giving of any relief or the issue of any process in connection with such proceedings (including the making, enforcement or execution of any such judgment or any order arising out of any such judgment against or in respect of any property whatsoever irrespective of its use or intended use).

## **22. Assignments**

### **22.1 Merger, Consolidation**

This Agreement shall be binding upon and inure to the benefit of any successor to each of Seller and Buyer by merger, or consolidation, provided in the case of Buyer, the successor shall either have and maintain an Acceptable Credit Rating or provide or cause to be provided a Guaranty prior to such event.

### **22.2 Assignment by Buyer**

**22.2.1 Prior Written Consent.** Buyer may novate or assign this Agreement in its entirety to another Person, for the remainder of the Term, upon the prior written consent of Seller (which consent shall not be unreasonably withheld or delayed), provided that:

- (a) unless such Person has an Acceptable Credit Rating, a Guaranty is provided to Seller prior to such novation or assignment; and
- (b) such assignee assumes all of the obligations of Buyer under this Agreement commencing as of the date of the assignment by execution of a copy of this Agreement in its own name (countersigned by Seller) or by execution of a binding assignment and assumption agreement which is enforceable by Seller.

**22.2.2 Without Prior Consent.** Buyer may novate or assign this Agreement in its entirety, for the remainder of the Term, without Seller's prior consent, to an Affiliate of Buyer, provided that:

- (a) unless such Affiliate assignee has an Acceptable Credit Rating, a Guaranty is provided to Seller prior to such novation or assignment;

- (b) such Affiliate assignee assumes all of the obligations of Buyer under this Agreement commencing as of the date of the novation or the assignment by execution of a copy of this Agreement in its own name (countersigned by Seller) or by execution of a binding assignment and assumption agreement which is enforceable by Seller; and
- (c) performance of this Agreement by Seller with such Affiliate assignee would comply with Applicable Laws and all relevant Approvals.

**22.2.3 Further Obligations.** Upon a novation or assignment in whole by Buyer in accordance with this Section 22.2, the assignor shall be released from all further obligations, duties and liabilities under this Agreement, other than any obligations, duties and liabilities arising prior to the date of effectiveness of such novation or assignment.

**22.3 Assignments by Seller**

**22.3.1 Prior Written Consent.** Seller may novate or assign this Agreement in its entirety, for the remainder of the Term, upon the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), *provided* that the assignee assumes all of the obligations of Seller under this Agreement commencing as of the date of the assignment or novation by execution of a copy of this Agreement in its own name (countersigned by Buyer) or by execution of a binding assignment and assumption agreement which is enforceable by Buyer; *provided, however*, that if the assignee is an Affiliate of Seller, will be the sole owner of the Corpus Christi Facility and will have all Approvals and access to export authorizations equivalent to the Export Authorizations to the extent needed to perform Seller's obligations under this Agreement, Buyer shall be deemed to consent to such assignment or novation of this Agreement.

**22.3.2 Pursuant to Direct Agreement.** At any time that an event of default has occurred and is continuing under any loan agreements to which Seller is a party, Seller may novate or assign this Agreement in its entirety, for the remainder of the Term, to the extent that Buyer has so consented in the Direct Agreement.

**22.3.3 Further Obligations.** Upon a novation or assignment by Seller, in accordance with this Section 22.3, the assignor shall be released from all further obligations, duties and liabilities under this Agreement, other than any obligations, duties and liabilities arising prior to the date of effectiveness of such novation or assignment.

## 22.4 Seller Financing

**22.4.1 Lender Financing.** Seller shall have the right to obtain financing from Lenders. In connection with any financing or refinancing of the Corpus Christi Facility, Buyer, shall, if so requested by Seller, deliver to Seller's Lenders or the agent acting on behalf of any such Lenders ("**Lenders' Agent**") certified copies of its corporate charter and by-laws, resolutions, incumbency certificates, financial statements, and such other items as available and upon reasonable request by Lenders or Lenders' Agent. Buyer shall not be required to provide any documents or information which would cause it to be in breach of Applicable Laws, including the rules of any recognized stock exchange on which Buyer's stock is quoted.

**22.4.2 Assignment as Security.** Buyer further acknowledges and agrees that Seller may assign, transfer, or otherwise encumber, all or any of its rights, benefits and obligations under this Agreement or any guaranty required to be delivered to Seller pursuant to the terms of this Agreement to such Lenders or Lenders' Agent as security for its obligations to Lenders. Accordingly, upon Seller's request pursuant to a notice hereunder, Buyer shall enter into, and shall cause any guarantor under any guaranty required to be delivered to Seller pursuant to the terms of this Agreement to enter into, direct agreements (each, a "**Direct Agreement**") that:

- (a) provide for the assignment and transfer of the assigning Person's rights and obligations under this Agreement or the relevant other agreement to a nominee of Lender following a default by the assigning Person under its lending arrangement; and
- (b) (i) are substantially in the form of Exhibit D (or in the case of a guarantor under any guaranty required to be delivered to Seller pursuant to the terms of this Agreement, Exhibit D with appropriate modifications), with such revisions as may be required by (x) Buyer; or (y) the Lenders or Lenders' Agent so long as such changes do not materially affect Buyer's or such guarantor's rights or obligations under this Agreement or any such guaranty, and (ii) contain such further undertakings that are normal and customary in project financings or refinancings of this type; *provided, however*, that, Buyer shall not be required to provide (or cause to be provided) any guaranty or similar commitment in favor of the Lenders, Seller or any other Person, other than any guaranty required to be delivered to Seller pursuant to the terms of this Agreement.

**23. Contract  
Language**

This Agreement, together with the Exhibits hereto are executed in the English language. The Parties confirm that they fully understand and agree to be bound by the terms and conditions of this Agreement notwithstanding that it is prepared and executed in English. In compliance with Law No. 24/2009 of the Republic of Indonesia regarding National Flag, Language, Emblem and Anthem, the Parties agree to, as soon as reasonably practicable after this Agreement is executed, have this Agreement translated into the Indonesian language by a qualified sworn translator appointed jointly by the Parties. Upon completion of such translation, the Parties shall jointly confirm in writing that the translated Agreement shall operate as the agreed Indonesian language version of the Agreement. The Indonesian language agreement shall have the Effective Date as its effective date. Such Indonesian language version shall form an integral and inseparable part of the English version. In the event of inconsistencies or differences in interpretation between the English and Indonesian texts, the English version shall prevail and the relevant Indonesian version shall be deemed to be automatically amended to conform with and to make the relevant Indonesian text consistent with the relevant English text. Furthermore, each Party agrees it will not cite or invoke Law 24/2009 of the Republic of Indonesia or any regulation issued thereunder, or claim the fact that this Agreement was executed in the English language only, to (a) defend its non-performance or breach of its obligations under this Agreement; or (b) allege that this Agreement is against public policy or otherwise does not constitute its legal, valid and binding obligations, enforceable against it in accordance with its terms.

**24. Miscellaneous**

**24.1 Disclaimer of  
Agency**

This Agreement does not appoint either Party as the agent, partner or legal representative of the other for any purposes whatsoever, and neither Party shall have any express or implied right or authority to assume or to create any obligation or responsibility on behalf of or in the name of the other Party.

**24.2 Entire  
Agreement**

This Agreement, together with the Exhibits hereto, constitutes the entire agreement between the Parties and includes all promises and representations, express or implied, and supersedes all other prior agreements and representations, written or oral, between the Parties relating to the subject matter. Anything that is not contained or expressly incorporated by reference in this instrument, is not part of this Agreement.

**24.3 Third Party  
Beneficiaries**

The Parties do not intend any term of this Agreement to be for the benefit of, or enforceable by, any Third Party except as expressly provided in Section 7.7. The Parties may rescind or vary this Agreement, in whole or in part, without the consent of any Third Party, including those Third Parties referred to under Section 7.7, even

if as a result such Third Party's rights to enforce a term of this Agreement will be varied or extinguished.

**24.4 Amendments and Waiver**

This Agreement may not be supplemented, amended, modified or changed except by an instrument in writing signed by Seller and Buyer and expressed to be a supplement, amendment, modification or change to this Agreement. A Party shall not be deemed to have waived any right or remedy under this Agreement by reason of such Party's failure to enforce such right or remedy.

**24.5 Exclusion**

The United Nations Convention on Contracts for the International Sale of Goods (and the Convention on the Limitation Period in the International Sale of Goods) shall not apply to this Agreement and the respective rights and obligations of the Parties hereunder.

**24.6 Further Assurances**

Each Party hereby agrees to take all such action as may be necessary to effectuate fully the purposes of this Agreement, including causing this Agreement or any document contemplated herein to be duly registered, notarized, attested, consularized and stamped in any applicable jurisdiction.

**24.7 Severability**

If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

**24.8 Precedence**

The Parties agree that this Agreement amends, supersedes and replaces in its entirety each of the Original SPAs, including each Indonesian language version that formed an integral and inseparable part of the English version of each Original SPA in accordance with Section 23 of such Original SPA, and combines the Original SPAs.

**25. Notices**

**25.1 Form of Notice**

**25.1.1** Except as expressly set forth herein, any notice, invoice or other communication from one of the Parties to the other Party (or, where

contemplated in this Agreement, from or to the Transporter or the master of the LNG Tanker), which is required or permitted to be made by the provisions of this Agreement shall be:

- (a) made in the English language;
- (b) made in writing;
- (c) (i) delivered by hand or sent by courier to the address of the other Party which is shown below or to such other address as the other Party shall by notice require or; (ii) be sent by facsimile to the facsimile number of the other Party which is shown below or to such other facsimile number as the other Party shall by notice require or; (iii) with respect to any notice, invoice or other communication to be sent pursuant to Sections 7, 8, 10 or 12 (or others as may be agreed by the Parties), be sent by electronic mail to the e-mail address of the other Party which is shown below or to such other e-mail address as the other Party shall by notice require; and
- (d) marked for the attention of the Person(s) there referred to or to such other Person(s) as the other Party shall by notice require.

**25.1.2** The addresses of the Parties for service of notices are as follows:

**Seller:** Corpus Christi Liquefaction, LLC  
700 Milam Street  
Suite 1900  
Houston, TX 77002  
Telephone: (713) 375-5287  
Fax: (713) 375-6160  
E-mail: Customer.Coordination@Cheniere.com  
  
Attention: Commercial Operations

**Buyer:** PT Pertamina (Persero)  
Kwarnas Building 7th floor  
Jalan Medan Merdeka Timur No.6  
Jakarta 10110 Indonesia  
Attention: Vice President LNG, New & Renewable Energy Directorate  
Telephone: (+62) 021 3508033 Ext. 1654  
Fax: (+62) 021 3516622  
E-mail: lng.trading@pertamina.com

**25.2 Effective Time of Notice**

- 25.2.1** Any notice, invoice or other communication made by one Party to the other Party in accordance with the foregoing provisions of this Section 25 shall be deemed to be received by the other Party if delivered by hand or by courier, on the Day on which it is received at that Party's address or, if sent by facsimile, on the next Day on which the office of the receiving Party is normally open for business following the Day on which it is received in a legible form at the address to which it is properly addressed. The foregoing shall not apply to notices or communications sent by facsimile or e-mail under Sections 7.9.2, 7.9.3, and 7.10, which shall be deemed effective at the time transmitted to the facsimile number shown above or such other number or electronic mail address previously notified by the receiving Party.
- 25.2.2** Without limiting the meaning of the word "received" for the purpose of the preceding paragraph, a notice which is delivered by hand or by courier shall be deemed to have been received at a Party's address if it is placed in any receptacle normally used for the delivery of post to the address of that Party.
- 25.2.3** Any notice given by facsimile or electronic mail shall be subsequently confirmed by letter, unless otherwise agreed, but without prejudice to the validity of the original notice.

**26. Business Practices**

**26.1 Trade Law Compliance**

Each Party agrees to comply with the Export Authorizations, including incorporating into any resale contract for LNG sold under this Agreement the necessary conditions to ensure compliance with the Export Authorizations. Buyer shall promptly provide to Seller all information required by Seller or Seller's Affiliate to comply with the Export Authorizations. If any Export Authorization requires conditions to be included in this Agreement then, within fifteen (15) days following the issuance of the Export Authorization imposing such condition, the Parties shall discuss the appropriate changes to be made to this Agreement to comply with such Export Authorization and shall amend this Agreement accordingly. Buyer acknowledges and agrees that it may resell or transfer LNG purchased hereunder for delivery only to the countries identified in an Export Authorization and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Buyer represents and warrants that the final delivery of LNG received pursuant to the terms of this Agreement are permitted and lawful under United States of America laws and policies, including the rules, regulations, orders, policies, and other determinations of the United States Department of Energy, the Office of Foreign Assets Control of the United States Department of the Treasury and the Federal Energy Regulatory Commission, and Buyer shall not take any action which would cause any Export Authorization to be withdrawn, revoked, suspended or not renewed.

## **26.2 Use of LNG**

At all times during the Term, Buyer shall, with respect to all LNG delivered by Seller to Buyer pursuant to this Agreement: (a) utilize such LNG, or regasify such LNG and utilize such regasified LNG as a refined product or chemical feedstock; (b) use or consume such LNG to produce power for sale to customers; (c) market such LNG to traders, distributors or wholesalers for resale to their own customers; or (d) resell such LNG to other Persons provided that the transfer by Buyer to a Transporter of gas that boils off from a cargo in transit from the Delivery Point shall be considered to be a sale.

## **26.3 Prohibited Practices**

**26.3.1** Each Party agrees that in connection with this Agreement and the activities contemplated herein, it will take no action, or omit to take any action, which would (i) violate any Applicable Law applicable to that Party, or (ii) cause the other Party to be in violation of any Applicable Law applicable to such other Party, including the U.S. Foreign Corrupt Practices Act, the OECD convention on anti-bribery, the U.K. Bribery Act of 2010, E.U. and E.U. member country anti-bribery and corruption laws, and corruption or any similar statute, regulation, order or convention binding on such other Party, as each may be amended from time to time, and including any implementing regulations promulgated pursuant thereto.

**26.3.2** Without limiting Section 26.3.1, each Party agrees on behalf of itself, its directors, officers, employees, agents, contractors, and Affiliates, not to pay any fees, commissions or rebates to any employee, officer or agent of the other Party or its Affiliates or shareholders nor provide or cause to be provided to any of them any gifts or entertainment of significant cost or value in connection with this Agreement or in order to influence or induce any actions or inactions in connection with the commercial activities of the Parties hereunder.

## **26.4 Records; Audit**

Each Party shall keep all records necessary to confirm compliance with Sections 26.1, 26.2, 26.3.1(ii), and 26.3.2 for a period of five (5) years following the year for which such records apply. If either Party asserts that the other Party is not in compliance with Sections 26.1, 26.2, 26.3.1(ii), or 26.3.2, the Party asserting noncompliance shall send a notice to the other Party indicating the type of noncompliance asserted. After giving such notice, the Party asserting noncompliance may cause an independent auditor to audit the records of the other Party in respect of the asserted noncompliance. The costs of any independent auditor under this Section 26.4 shall be paid (i) by the Party being audited, if such Party is determined not to be in compliance with Sections 26.1, 26.2, 26.3.1(ii) or 26.3.2, as applicable,

and (ii) by the Party requesting the audit, if the Party being audited is determined to be in compliance with Sections 26.1, 26.2, 26.3.1(ii), or 26.3.2, as applicable.

## **26.5 Indemnity**

Each Party agrees to indemnify and hold the other Party harmless from any Losses arising out of the indemnifying Party's breach of any or all of Section 26.1, Section 26.3, or Section 26.4 or the breach of the representation and warranty in Section 17.3.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the date first above written.

**SELLER:**

**BUYER:**

Corpus Christi Liquefaction, LLC

PT Pertamina (Persero)

/s/ R. Keith Teague

/s/ Yenni Andayani

Name: R. Keith Teague

Name: Yenni Andayani

Title: President and Chief Operating Officer

Title: New & Renewable Energy Director

## EXHIBIT A

### MEASUREMENT

#### 1. Parties to Supply Devices

- a) General. Unless otherwise agreed, Buyer and Seller shall supply equipment and conform to procedures that are in accordance with the latest version of the standards referred to in this document.
- b) Buyer Devices. Buyer or Buyer's agent shall supply, operate and maintain, or cause to be supplied, operated and maintained, suitable gauging devices for the liquid level in LNG tanks of the LNG Tankers, pressure and temperature measuring devices, and any other measurement or testing devices which are incorporated in the structure of LNG vessels or customarily maintained on board ship.
- c) Seller Devices. Seller shall supply, operate and maintain, or cause to be supplied, operated and maintained, devices required for collecting samples and for determining quality and composition of the LNG and any other measurement or testing devices which are necessary to perform the measurement and testing required hereunder at the Corpus Christi Facility.
- d) Dispute. Any Dispute arising under this Exhibit A shall be submitted to an Expert under Section 21.2 of this Agreement.

#### 2. Selection of Devices

All devices provided for in this Exhibit A shall be approved by Seller, acting as a Reasonable and Prudent Operator. The required degree of accuracy (which shall in any case be within the permissible tolerances defined herein and in the applicable standards referenced herein) of such devices selected shall be mutually agreed upon by Buyer and Seller. In advance of the use of any device, the Party providing such device shall cause tests to be carried out to verify that such device has the required degree of accuracy.

#### 3. Verification of Accuracy and Correction for Error

- a) Accuracy. Accuracy of devices used shall be tested and verified at the request of either Party, including the request by a Party to verify accuracy of its own devices. Each Party shall have the right to inspect at any time the measurement devices installed by the other Party, provided that the other Party is notified in advance. Testing shall be performed only when both Parties are represented, or have received adequate advance notice thereof, using methods recommended by the manufacturer or any other method agreed to by Seller and Buyer. At the request of any Party hereto, any test shall be witnessed and verified by an independent surveyor mutually agreed upon by Buyer and Seller. Permissible tolerances shall be as defined herein or as defined in the applicable standards referenced herein.
  - b) Inaccuracy. Inaccuracy of a device exceeding the permissible tolerances shall require correction of previous recordings, and computations made on the basis of those recordings, to zero
-

error with respect to any period which is definitely known or agreed upon by the Parties as well as adjustment of the device. All invoices issued during such period shall be amended accordingly to reflect such correction, and an adjustment in payment shall be made between Buyer and Seller. If the period of error is neither known nor agreed upon, and there is no evidence as to the duration of such period of error, corrections shall be made and invoices amended for each delivery of LNG made during the last half of the period since the date of the most recent calibration of the inaccurate device. However, the provisions of this Paragraph 3 shall not be applied to require the modification of any invoice that has become final pursuant to Section 10.3.2 of this Agreement.

c) Costs and Expenses of Test Verification. All costs and expenses for testing and verifying Seller's measurement devices shall be borne by Seller, and all costs and expenses for testing and verifying Buyer's measurement devices shall be borne by Buyer. The fees and charges of independent surveyors for measurements and calculations shall be borne by the Parties in accordance with Section 13.11.3 of this Agreement.

#### 4. Tank Gauge Tables of LNG Tankers

a) Initial Calibration. Buyer shall arrange or caused to be arranged, for each tank of each LNG Tanker, a calibration of volume against tank level. Buyer shall provide Seller or its designee, or cause Seller or its designee to be provided, with a certified copy of tank gauge tables for each tank of each LNG Tanker verified by a competent impartial authority or authorities mutually agreed upon by the Parties. Such tables shall include correction tables for list, trim, tank contraction and any other items requiring such tables for accuracy of gauging.

Tank gauge tables prepared pursuant to the above shall indicate volumes in cubic meters expressed to the nearest thousandth (1/1000), with LNG tank depths expressed in meters to the nearest hundredth (1/100).

b) Presence of Representatives. Seller and Buyer shall each have the right to have representatives present at the time each LNG tank on each LNG Tanker is volumetrically calibrated.

c) Recalibration. If the LNG tanks of any LNG Tanker suffer distortion of such nature as to create a reasonable doubt regarding the validity of the tank gauge tables described herein (or any subsequent calibration provided for herein), Buyer or Buyer's agent shall recalibrate the damaged tanks, and the vessel shall not be employed as an LNG Tanker hereunder until appropriate corrections are made. If mutually agreed between Buyer and Seller representatives, recalibration of damaged tanks can be deferred until the next time when such damaged tanks are warmed for any reason, and any corrections to the prior tank gauge tables will be made from the time the distortion occurred. If the time of the distortion cannot be ascertained, the Parties shall mutually agree on the time period for retrospective adjustments.

#### 5. Units of Measurement and Calibration

The Parties shall co-operate in the design, selection and acquisition of devices to be used for measurements and tests in order that all measurements and tests may be conducted in the SI system of units, except for the quantity delivered which is expressed in MMBtu, the Gross Heating Value (volume based) which is expressed in Btu/SCF and the pressure which is expressed in millibar and

temperature in Celsius. In the event that it becomes necessary to make measurements and tests using a new system of units of measurements, the Parties shall establish agreed upon conversion tables.

#### 6. Accuracy of Measurement

All measuring equipment must be maintained, calibrated and tested in accordance with the manufacturer's recommendations. In the absence of a manufacturer's recommendation, the minimum frequency of calibration shall be one hundred eighty (180) Days, unless otherwise mutually agreed between the Parties. Documentation of all tests and calibrations will be made available by the Party performing the same to the other Party. Acceptable accuracy and performance tolerances shall be:

##### a) Liquid Level Gauging Devices.

Each LNG tank of the LNG Tanker shall be equipped with primary and secondary liquid level gauging devices as per Paragraph 7(b) of this Exhibit A.

The measurement accuracy of the primary gauging devices shall be plus or minus seven point five ( $\pm 7.5$ ) millimeters and the secondary liquid level gauging devices shall be plus or minus ten ( $\pm 10$ ) millimeters.

The liquid level in each LNG tank shall be logged or printed.

##### b) Temperature Gauging Devices.

The temperature of the LNG and of the vapor space in each LNG tank shall be measured by means of a number of properly located temperature measuring devices sufficient to permit the determination of average temperature.

The measurement accuracy of the temperature gauging devices shall be as follows:

(i) in the temperature range of minus one hundred sixty five to minus one hundred forty degree Celsius ( $-165^{\circ}\text{C}$  to  $-140^{\circ}\text{C}$ ), the accuracy shall be plus or minus zero point two degree Celsius ( $\pm 0.2^{\circ}\text{C}$ );

(ii) in the temperature range of minus one hundred forty to plus forty degree Celsius ( $-140^{\circ}\text{C}$  to  $+40^{\circ}\text{C}$ ), the accuracy shall be plus or minus one point five degree Celsius ( $\pm 1.5^{\circ}\text{C}$ ).

The temperature in each LNG tank shall be logged or printed.

##### c) Pressure Gauging Devices.

Each LNG tank of the LNG Tanker shall have one (1) absolute pressure gauging device.

The measurement accuracy of the pressure gauging device shall be plus or minus one percent ( $\pm 1\%$ ) of the measuring range.

The pressure in each LNG tank shall be logged or printed.

d) List and Trim Gauging Devices.

A list gauging device and a trim gauging device shall be installed. These shall be interfaced with the custody transfer system.

The measurement accuracy of the list and the trim gauging devices shall be better than plus or minus zero point zero five ( $\pm 0.05$ ) degrees for list and: (i) in respect of LNG Tankers constructed, commissioned and owned by Buyer prior to the Effective Date, plus or minus zero point zero two ( $\pm 0.02$ ) degrees for trim; or (ii) otherwise, plus or minus zero point zero one ( $\pm 0.01$ ) degrees for trim.

7. Gauging and Measuring LNG Volumes Delivered

a) Gauge Tables. Upon Seller's representative and the independent surveyor, if present, arriving on board the LNG Tanker prior to the commencement of or during loading, Buyer or Buyer's representative shall make available to them a certified copy of tank gauge tables for each tank of the LNG Tanker.

b) Gauges. Volumes of LNG delivered pursuant to this Agreement shall be determined by gauging the LNG in the tanks of the LNG Tankers before and after loading. Each LNG Tanker's tank shall be equipped with a minimum of two (2) independent sets of level gauges, each set utilizing preferably a different measurement principle. Comparison of the two (2) systems, designated as Primary and Secondary Measurement Systems, shall be performed from time to time to ensure compliance with the acceptable performance tolerances stated herein.

c) Gauging Process. Gauging the liquid in the tanks of the LNG Tankers and measuring of liquid temperature, vapor temperature and vapor pressure in each LNG tank, trim and list of the LNG Tankers, and atmospheric pressure shall be performed, or caused to be performed, by Buyer before and after loading. Seller's representative shall have the right to be present while all measurements are performed and shall verify the accuracy and acceptability of all such measurements. The first gauging and measurements shall be made immediately before the commencement of loading. The second gauging and measurements shall take place immediately after the completion of loading.

d) Records. Copies of gauging and measurement records shall be furnished to Seller immediately upon completion of loading.

e) Gauging Liquid Level of LNG. The level of the LNG in each LNG tank of the LNG Tanker shall be gauged by means of the primary gauging device installed in the LNG Tanker for that purpose. The level of the LNG in each tank shall be logged or printed.

Measurement of the liquid level in each LNG tank of the LNG Tanker shall be made to the nearest millimeter by using the primary liquid level gauging devices. Should the primary devices fail, the secondary device shall be used.

Five (5) readings shall be made following manufacturer's recommendations on reading interval. The arithmetic average of the readings rounded to the nearest millimeter using one (1) decimal place shall be deemed the liquid level.

f) Determination of Temperature. The temperature of the LNG and of the vapor space in each LNG tank shall be measured by means of a sufficient number of properly located temperature measuring devices to permit the determination of average temperature. Temperatures shall be measured at the same time as the liquid level measurements and shall be logged or printed.

In order to determine the temperature of liquid and vapor respectively in the LNG Tanker one (1) reading shall be taken at each temperature gauging device in each LNG tank. An arithmetic average of such readings rounded to the nearest zero point one degree Celsius (0.1 °C) using two (2) decimal places with respect to vapor and liquid in all LNG tanks shall be deemed the final temperature of the vapor and liquid respectively.

Buyer shall cause each cargo tank in the LNG Tanker to be provided with a minimum of five (5) temperature measuring devices. One such measuring device shall be located in the vapor space at the top of each cargo tank, one near the bottom of each cargo tank and the remainder distributed at appropriate intervals from the top to the bottom of the cargo tank. These devices shall be used to determine the average temperatures of the liquid cargo and the vapor in the cargo tank.

The average temperature of the vapor in an LNG Tanker shall be determined immediately before loading by means of the temperature measuring devices specified above at the same time as when the liquid level is measured. The temperature measuring devices shall be fully surrounded by the vapor. This determination shall be made by taking the temperature readings of the temperature measuring devices in question to the nearest zero point zero one degrees Celsius (0.01°C), and if more than one of the devices are fully surrounded by the vapor, by averaging those readings, and rounding to one (1) decimal place.

The average temperature of the liquid in an LNG Tanker shall be determined immediately after loading by means of the temperature measuring devices specified above.

g) Determination of Pressure. The pressure of the vapor in each LNG tank shall be determined by means of pressure measuring devices installed in each LNG tank of the LNG Tankers. The atmospheric pressure shall be determined by readings from the standard barometer installed in the LNG Tankers. Pressures shall be measured at the same time as the liquid level measurements, and shall be logged or printed.

Buyer shall cause the LNG Tanker to be provided with pressure measuring equipment capable of determining the absolute pressure of the vapor in each cargo tank with an accuracy equal to or better than plus or minus one percent ( $\pm 1\%$ ) of the measuring range.

The pressure of the vapor in an LNG Tanker shall be determined immediately before loading at the same time as when the liquid level is measured.

Such determination shall be made by taking the pressure readings of the pressure measuring devices to the nearest millibar, then averaging these readings and rounding to a whole millibar.

h) Determination of Density. The LNG density shall be calculated using the revised Klosek-McKinley method. Should any improved data, method of calculation or direct measurement device become available which is acceptable to both Buyer and Seller, such improved data, method or device shall then be used.

## 8. Samples for Quality Analysis

a) General. Representative liquid samples shall be collected from an appropriate point located as close as practical to the loading line starting one (1) hour after full loading rate is reached and ending one (1) hour before ramping down from the full loading rate. A sample shall be taken and analyzed at least once every twenty (20) minutes by an on-line chromatograph during this period; *provided, however,* that no less than forty (40) samples shall be taken per cargo loading operation. Samples taken when biphasic or overheated LNG is suspected to be in the main transfer line will be disregarded. These incremental samples will be passed through a vaporizer, and samples of the vaporized liquid will be analyzed. The resulting analyses, which are generally proportional to time, will be arithmetically averaged to yield an analysis that is representative of the loaded LNG cargo. This arithmetically averaged analysis shall be used for all appropriate calculations associated with the delivered LNG cargo. If both Seller and the Buyer agree that the result of the arithmetic average does not give a fair representation of the composition of the LNG, both Parties shall meet and decide in good faith the appropriate method to determine the composition of the LNG. Should the automatic sampling system fail during the loading, manual samples shall be collected and analyzed for accounting purposes.

b) Manual Samples. Prior to the end of the loading cycle, three (3) sets of spot samples shall be collected from the vaporizer at the following intervals during loading, when loading is twenty-five percent (25%), fifty percent (50%), and seventy-five percent (75%) complete. Spot samples shall be collected in accordance with Gas Processors Association (“GPA”) Standard 2166 - Methods for Obtaining Gas Samples for Analysis by Gas Chromatography - or by other mutually agreeable methods. The samples shall be properly labeled and then distributed to Buyer and Seller. Seller shall retain one (1) sample for a period of forty (40) Days, unless the analysis is in dispute. If the analysis is in dispute, the sample will be retained until the dispute is resolved.

Sampling and analysis methods and procedures that differ from the above may be employed with the mutual agreement of the Parties.

## 9. Quality Analysis

a) Certification and Deviation. Chromatograph calibration gasses shall be provided and their composition certified by an independent third party. From time to time, deviation checks shall be performed to verify the accuracy of the gas composition mole percentages and resulting calculated physical properties. Analyses of a sample of test gas of known composition resulting when procedures that are in accordance with the above mentioned standards have been applied will be considered as acceptable if the resulting calculated gross heating value is within plus or minus zero point three percent ( $\pm 0.3\%$ ) of the known gross heating value of the test gas sample. If the deviation exceeds the tolerance stated, the gross real heating value, relative density and compressibility previously calculated will be corrected immediately. Previous analyses will be corrected to the point where the error occurred, if this can be positively identified to the

satisfaction of both Parties. Otherwise it shall be assumed that the drift has been linear since the last recalibration and correction shall be based on this assumption.

b) GPA Standard 2261. All samples shall be analyzed by Seller to determine the molar fraction of the hydrocarbon and other components in the sample by gas chromatography using a mutually agreed method in accordance with GPA Standard 2261 - Method of Analysis for Gas and Similar Gaseous Mixtures by Gas Chromatography, current as of January 1<sup>st</sup>, 1990 and as periodically updated or as otherwise mutually agreed by the Parties. If better standards for analysis are subsequently adopted by GPA or other recognized competent impartial authority, upon mutual agreement of Buyer and Seller, they shall be substituted for the standard then in use, but such substitution shall not take place retroactively. A calibration of the chromatograph or other analytical instrument used shall be performed by Seller immediately prior to the analysis of the sample of LNG delivered. Seller shall give advance notice to Buyer of the time Seller intends to conduct a calibration thereof, and Buyer shall have the right to have a representative present at each such calibration; *provided, however*, Seller will not be obligated to defer or reschedule any calibration in order to permit the representative of Buyer to be present.

c) GPA Standard 2377 and 2265. Seller shall determine the presence of Hydrogen Sulfide (H<sub>2</sub>S) by use of GPA Standard 2377 - Test of Hydrogen Sulfide and Carbon Dioxide in Gas Using Length of Stain Tubes. If necessary, the concentration of H<sub>2</sub>S and total sulfur will be determined using one or more of the following methods as is appropriate: gas chromatography, Gas Processors Standard 2265 - Standard for Determination of Hydrogen Sulfide and Mercaptan Sulfur in Gas (Cadmium Sulfate - Iodometric Titration Method) or any other method that is mutually acceptable. If Hydrogen Sulfide or Carbon Dioxide are detected by the above methods then Seller shall confirm the presence of Hydrogen Sulfide or Carbon Dioxide in accordance with GPA Standard 2261-00 (Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography).

#### 10. Operating Procedures

a) Notice. Prior to conducting operations for measurement, gauging, sampling and analysis provided in this Exhibit A, the Party responsible for such operations shall notify the appropriate representatives of the other Party, allowing such representatives reasonable opportunity to be present for all operations and computations; provided that the absence of the other Party's representative after notification and opportunity to attend shall not prevent any operations and computations from being performed.

b) Independent Surveyor. At the request of either Party any measurement, gauging, sampling and analysis shall be witnessed and verified by an independent surveyor mutually agreed upon by Buyer and Seller. The results of such surveyor's verifications shall be made available promptly to each Party.

c) Preservation of Records. All records of measurement and the computed results shall be preserved by the Party responsible for taking the same, or causing the same to be taken, and made available to the other Party for a period of not less than three (3) years after such measurement and computation.

## 11. Quantities Delivered

a) Calculation of MMBtu Quantities. The quantity of MMBtu delivered shall be calculated by Seller and verified by Buyer. Either Party may, at its own expense, require the measurements and calculations and/or their verification by an independent surveyor, mutually agreed upon by the Parties. Consent to an independent surveyor proposed by a Party shall not be unreasonably withheld by the other Party.

b) Determination of Gross Heating Value. All component values shall be in accordance with the latest revision of GPA Standard 2145 SI (2009) - Physical Constants for Hydrocarbons & Other Compounds of Interest to the Natural Gas Industry and the latest revision of the reference standards therein. Standard reference conditions for Hi component should be 15°C & 101.325 kPa.

c) Determination of Volume of LNG Loaded.

(i) The LNG volume in the tanks of the LNG Tanker before and after loading (valves have to be closed) shall be determined by gauging on the basis of the tank gauge tables provided for in Paragraph 6. During the period when measurement is occurring, no LNG cargo, ballast, boil-off gas, fuel oil or other cargo transfer activity will be carried out on the LNG Tanker. Measurements shall first be made immediately before loading commences. Accordingly, after connection of the loading arms, but prior to their cool down, and immediately before opening the manifold ESD valves of the LNG Tanker, the initial gauging shall be conducted upon the confirmation of stoppage of all spray pumps and compressors and shut-off of the gas master valve to the LNG Tanker's boilers or any other gas consuming unit. The gas master valve to the LNG Tanker's boilers or any other gas consuming unit shall remain closed until after the second gauging, unless a regulatory change requires the consumption of gas during the vessel loading operations and/or upon mutual agreement between all parties upon which event the procedure for the measurement of gas consumed during loading shall be calculated in accordance with Paragraph 12.4 of this Exhibit A. A second gauging shall be made immediately after loading is completed. Accordingly, the second gauging shall be conducted upon the confirmation of shut-off of the manifold ESD valves, with transfer pumps off and allowing sufficient time for the liquid level to stabilize. Measurements prior to loading and after loading will be carried out based on the condition of the LNG Tanker's lines upon arrival at berth. Since significant volumes of LNG may remain in the LNG Tanker's manifold and crossover, gauging will be performed with these lines in the same condition prior to loading and after loading. If the LNG Tanker's manifold and crossover lines are empty (warm) when measurement is taken before loading commences, they will be emptied prior to measurement following the completion of loading. If the crossover lines are liquid filled (cold) when measurement is taken before loading commences, they will remain full (cold) until measurement is taken following the completion of loading. The volume of LNG remaining in the tanks immediately before loading of the LNG Tanker shall be subtracted from the volume immediately after loading and the resulting volume shall be taken as the volume of the LNG delivered from the terminal to the LNG Tanker.

The volume of LNG stated in cubic meters to the nearest zero point zero zero one (0.001) cubic meter, shall be determined by using the tank gauge tables and by applying the volume corrections set forth therein.

(ii) Gas returned to the terminal and gas consumed by the LNG Tanker during loading shall be taken into account to determine the volume loaded for Buyer's account in accordance with the formula in Paragraph 12.4 of this Exhibit A - MMBtu Calculation of the Quantity of LNG Loaded.

(iii) If failure of the primary gauging and measuring devices of an LNG Tanker should make it impossible to determine the LNG volume, the volume of LNG loaded shall be determined by gauging the liquid level using the secondary gauging and measurement devices. If an LNG Tanker is not so equipped, the volume of LNG loaded shall be determined by gauging the liquid level in Seller's onshore LNG storage tanks immediately before and after loading the LNG Tanker, in line with the terminal procedures, and such volume shall have subtracted from it an estimated LNG volume, agreed upon by the Parties, for boil-off from such tanks during the loading of such LNG Tanker. Seller shall provide Buyer, or cause Buyer to be provided with, a certified copy of tank gauge tables for each onshore LNG tank which is to be used for this purpose, such tables to be verified by a competent impartial authority.

## 12. Calculations

The calculation procedures contained in this Paragraph 12 are generally in accordance with the Institute of Petroleum Measurement Manual, Part XII, the Static Measurement of Refrigerated Hydrocarbon Liquids, Section 1, IP 251/76.

$d$  = density of LNG loaded at the prevailing composition and temperature  $T_1$  in  $\text{kg}/\text{m}^3$ , rounded to two (2) decimal places, calculated according to the method specified in Paragraph 12.1 of this Exhibit A.

$H_i$  = gross heating value (mass based) of component "i" in  $\text{MJ}/\text{kg}$ , in accordance with Paragraph 12.6(a) of this Exhibit A.

$H_m$  = gross heating value (mass based) of the LNG loaded in  $\text{MJ}/\text{kg}$ , calculated in accordance with the method specified in Paragraph 12.3 of this Exhibit A, rounded to four (4) decimal places.

$H_v$  = gross heating value (volume based) of the LNG loaded in  $\text{Btu}/\text{SCF}$ , calculated in accordance with the method specified in Paragraph 12.5 of this Exhibit A.

$K_1$  = volume correction in  $\text{m}^3/\text{kmol}$ , at temperature  $T_1$ , obtained by linear interpolation from Paragraph 12.6(c) of this Exhibit A, rounded to six (6) decimal places.

$K_2$  = volume correction in  $\text{m}^3/\text{kmol}$ , at temperature  $T_1$  obtained by linear interpolation from Paragraph 12.6(d) of this Exhibit A, rounded to six (6) decimal places.

$M_i$  = molecular mass of component "i" in  $\text{kg}/\text{kmol}$ , in accordance with Paragraph 12.6(a) of this Exhibit A.

$P$  = average absolute pressure of vapor in an LNG Tanker immediately before loading, in millibars, rounded to a whole millibar.

Q = number of MMBtu contained in the LNG delivered, rounded to the nearest ten (10) MMBtu.

Tl = average temperature of the liquid cargo in the LNG Tanker immediately after loading, in degrees Celsius, rounded to one (1) decimal place.

Tv = average temperature of the vapor in an LNG Tanker immediately before loading, in degrees Celsius, rounded to one (1) decimal place.

V = the volume of the liquid cargo loaded, in cubic meters, rounded to three (3) decimal places.

Vh = the volume of the liquid cargo in an LNG Tanker immediately before loading, in cubic meters, rounded to three (3) decimal places.

Vb = the volume of the liquid cargo in an LNG Tanker immediately after loading, in cubic meters, rounded to three (3) decimal places.

Vi = molar volume of component "i" at temperature Tl, in m<sup>3</sup>/kmol, obtained by linear interpolation from Paragraph 12.6(b) of this Exhibit A, rounded to six (6) decimal places.

Xi = molar fraction of component "i" of the LNG samples taken from the loading line, rounded to four (4) decimal places, determined by gas chromatographic analysis.

Xm = the value of Xi for methane.

Xn = the value of Xi for nitrogen.

### 12.1 Density Calculation Formula

The density of the LNG loaded which is used in the MMBtu calculation in 12.4 of this Exhibit A shall be calculated from the following formula derived from the revised Klosek-McKinley method:

$$d = \frac{\sum (X_i \times M_i)}{\sum (X_i \times V_i) - \left[ K1 + \frac{(K2 - K1) \times X_n}{0.0425} \right] \times X_m}$$

In the application of the above formula, no intermediate rounding shall be made if the accuracy of "d" is thereby affected.

### 12.2 Calculation of Volume Delivered

The volume, in cubic meters, of each LNG cargo loaded shall be calculated by using the following formula:

$$V = V_b - V_h$$

### 12.3 Calculation of Gross Heating Value (Mass Based)

The gross heating value (mass based), in MJ/kg, of each LNG cargo loaded shall be calculated by using the following formula:

$$H_m = \frac{\sum (X_i \times M_i \times H_i)}{\sum (X_i \times M_i)}$$

### 12.4 MMBtu Calculation of the Quantity of LNG Loaded

The number of MMBtu contained in the LNG loaded shall be calculated using the following formula:

$$Q = \frac{1}{1055.12} \times \left\{ (V \times d \times H_m) - \left( V \times \frac{288.15}{273.15 + T_v} \times \frac{P}{1013.25} \right) \times 37.7 + QBOG \right\}$$

The derivation of the conversion factor 1/1055.12 in the formula in this Paragraph for the conversion of MJ into MMBtu is obtained from GPA-2145:1994 and IP-251:1976 as follows:

- (a) q(T,P) means the gross heating value (measured at temperature T and pressure P), contained in a given quantity of gas;
- (b) q(60°F, 14.696 psia) in MJ = 1/1.00006 x q(15°C, 1013.25 millibar) in MJ;
- (c) 1 MMBtu corresponds to 1055.06 MJ;
- (d) q(60°F, 14.696 psia) in MMBtu = 1/1055.06 x q(60°F, 14.696 psia) in MJ; and
- (e) Combining (b) and (d) above yields:

$$q(60^\circ\text{F}, 14.696 \text{ psia}) \text{ in MMBtu} = 1/1055.12 \times q(15^\circ\text{C}, 1013.25 \text{ millibar}) \text{ in MJ.}$$

Hence the number of MJ derived shall be divided by 1055.12 to obtain the number of MMBtu for invoicing purposes.

QBOG = the quantity of boil off gas in MJ consumed by the LNG tanker during loading, calculated as follows:

$$QBOG = (V2 \times 55.575)$$

where:

V2 = the quantity of natural gas consumed by the LNG tanker during loading (as calculated pursuant to the below formula), stated in kg and rounded to the nearest kg; and

55.575 the heating value of the vapor (assumed to be 100% of methane) stated in MJ/kg at standard reference conditions  
= (15°C, 1.01325 bar) for both combustion & metering references (tables below).

#### Quantity of Natural Gas Consumed by LNG Tanker (V2)

The quantity of natural gas consumed by the LNG tanker during loading shall be computed by taking the initial and the final reading of Natural Gas Consumption Meter on board the tanker (i.e. final reading of Natural Gas Consumption Meter after completion of loading minus initial reading of Natural Gas Consumption Meter before the start of loading) and is calculated by using the following formula:

$$V2 = V_f - V_i$$

where:

V2 = the quantity of natural gas consumed by the LNG tanker during loading, stated in kg;

Vf = the reading of Natural Gas Consumption Meter on board the tanker after the completion of loading, stated in kg;  
and

Vi = the reading of Natural Gas Consumption Meter on board the tanker before the start of loading, stated in kg.

#### 12.5 Calculation of Gross Heating Value (Volume Based)

The calculation of the Gross Heating Value (volume based) in Btu/SCF shall be derived from the same compositional analysis as is used for the purposes of calculating the Gross Heating Value (mass based) Hm and the following formula shall apply:

$$H_v = 1.13285 \times \sum (X_i \times M_i \times H_i)$$

The derivation of the conversion factor 1.13285 for the conversion of MJ/kmol into Btu/SCF is obtained as follows:

- (a) molar gross heating value =  $\sum (X_i \times M_i \times H_i)$  MJ/kmol;
- (b) 1 kmol = 2.20462 lbmol;
- (c) 1 lbmol = 379.482 SCF;
- (d) hence 1 kmol = 836.614 SCF; and
- (e)  $H_v = 1,000,000 / (1055.12 \times 836.614) \times \sum (X_i \times M_i \times H_i)$  Btu/SCF

## 12.6 Data

### (a) Values of Hi and Mi

<u>Component</u>	<u>Hi (in MJ/kg)</u>	<u>Mi (in kg/kmol)</u>
Methane	55.575	16.0425
Ethane	51.951	30.0690
Propane	50.369	44.0956
Iso-Butane	49.388	58.1222
N-Butane	49.546	58.1222
Iso-Pentane	48.950	72.1488
N-Pentane	49.045	72.1488
N-Hexane	48.715	86.1754
Nitrogen	0	28.0134
Carbon Dioxide	0	44.0095
Oxygen	0	31.9988

Source: GPA Publication 2145 SI-2009: "Table of Physical Properties for Hydrocarbons and Other Compounds of Interest to the Natural Gas Industry".

### (b) Values of Vi (cubic meter/kmol)

<u>Temperature</u>	<u>-150°C</u>	<u>-154°C</u>	<u>-158°C</u>	<u>-160°C</u>	<u>-162°C</u>	<u>-166°C</u>	<u>-170°C</u>
Methane	0.039579	0.038983	0.038419	0.038148	0.037884	0.037375	0.036890
Ethane	0.048805	0.048455	0.048111	0.047942	0.047774	0.047442	0.047116
Propane	0.063417	0.063045	0.062678	0.062497	0.062316	0.061957	0.061602
Iso-Butane	0.079374	0.078962	0.078554	0.078352	0.078151	0.077751	0.077356
N-Butane	0.077847	0.077456	0.077068	0.076876	0.076684	0.076303	0.075926
Iso-Pentane	0.092817	0.092377	0.091939	0.091721	0.091504	0.091071	0.090641
N-Pentane	0.092643	0.092217	0.091794	0.091583	0.091373	0.090953	0.090535
N-Hexane	0.106020	0.105570	0.105122	0.104899	0.104677	0.104236	0.103800
Nitrogen	0.055877	0.051921	0.048488	0.046995	0.045702	0.043543	0.041779
Carbon Diox	0.027950	0.027650	0.027300	0.027200	0.027000	0.026700	0.026400
Oxygen	0.03367	0.03275	0.03191	0.03151	0.03115	0.03045	0.02980

Source: National Bureau of Standards Interagency Report 77-867, Institute of Petroleum IP251/76 for Oxygen.

Note: For intermediate values of temperature and molecular mass a linear interpolation shall be applied

(c) Values of Volume Correction Factor, K1 (cubic meter/kmol)

<u>Molecular Mass of Mixture</u>	<u>-150°C</u>	<u>-154°C</u>	<u>-158°C</u>	<u>-160°C</u>	<u>-162°C</u>	<u>-166°C</u>	<u>-170°C</u>
16.0	-0.000012	-0.000010	-0.000009	-0.000009	-0.000008	-0.000007	-0.000007
16.5	0.000135	0.000118	0.000106	0.000100	0.000094	0.000086	0.000078
17.0	0.000282	0.000245	0.000221	0.000209	0.000197	0.000179	0.000163
17.2	0.000337	0.000293	0.000261	0.000248	0.000235	0.000214	0.000195
17.4	0.000392	0.000342	0.000301	0.000287	0.000274	0.000250	0.000228
17.6	0.000447	0.000390	0.000342	0.000327	0.000312	0.000286	0.000260
17.8	0.000502	0.000438	0.000382	0.000366	0.000351	0.000321	0.000293
18.0	0.000557	0.000486	0.000422	0.000405	0.000389	0.000357	0.000325
18.2	0.000597	0.000526	0.000460	0.000441	0.000423	0.000385	0.000349
18.4	0.000637	0.000566	0.000499	0.000477	0.000456	0.000412	0.000373
18.6	0.000677	0.000605	0.000537	0.000513	0.000489	0.000440	0.000397
18.8	0.000717	0.000645	0.000575	0.000548	0.000523	0.000467	0.000421
19.0	0.000757	0.000685	0.000613	0.000584	0.000556	0.000494	0.000445
19.2	0.000800	0.000724	0.000649	0.000619	0.000589	0.000526	0.000474
19.4	0.000844	0.000763	0.000685	0.000653	0.000622	0.000558	0.000503
19.6	0.000888	0.000803	0.000721	0.000688	0.000655	0.000590	0.000532
19.8	0.000932	0.000842	0.000757	0.000722	0.000688	0.000622	0.000561
20.0	0.000976	0.000881	0.000793	0.000757	0.000721	0.000654	0.000590
25.0	0.001782	0.001619	0.001475	0.001407	0.001339	0.001220	0.001116
30.0	0.002238	0.002043	0.001867	0.001790	0.001714	0.001567	0.001435

Source: National Bureau of Standards Interagency Report 77-867.

Note 1: Molecular mass of mixture equals  $\sum (X_i \times M_i)$ .

Note 2: For intermediate values of temperature and molecular mass a linear interpolation shall be applied.

(d) Values of Volume Correction Factor, K2 (cubic meter/kmol)

<u>Molecular Mass of Mixture</u>	<u>-150°C</u>	<u>-154°C</u>	<u>-158°C</u>	<u>-160°C</u>	<u>-162°C</u>	<u>-166°C</u>	<u>-170°C</u>
16.0	-0.000039	-0.000031	-0.000024	-0.000021	-0.000017	-0.000012	-0.000009
16.5	0.000315	0.000269	0.000196	0.000178	0.000162	0.000131	0.000101
17.0	0.000669	0.000568	0.000416	0.000377	0.000341	0.000274	0.000210
17.2	0.000745	0.000630	0.000478	0.000436	0.000397	0.000318	0.000246
17.4	0.000821	0.000692	0.000540	0.000495	0.000452	0.000362	0.000282
17.6	0.000897	0.000754	0.000602	0.000554	0.000508	0.000406	0.000318
17.8	0.000973	0.000816	0.000664	0.000613	0.000564	0.000449	0.000354
18.0	0.001049	0.000878	0.000726	0.000672	0.000620	0.000493	0.000390
18.2	0.001116	0.000939	0.000772	0.000714	0.000658	0.000530	0.000425
18.4	0.001184	0.001000	0.000819	0.000756	0.000696	0.000567	0.000460
18.6	0.001252	0.001061	0.000865	0.000799	0.000735	0.000605	0.000496
18.8	0.001320	0.001121	0.000912	0.000841	0.000773	0.000642	0.000531
19.0	0.001388	0.001182	0.000958	0.000883	0.000811	0.000679	0.000566
19.2	0.001434	0.001222	0.000998	0.000920	0.000844	0.000708	0.000594
19.4	0.001480	0.001262	0.001038	0.000956	0.000876	0.000737	0.000623
19.6	0.001526	0.001302	0.001078	0.000992	0.000908	0.000765	0.000652
19.8	0.001573	0.001342	0.001118	0.001029	0.000941	0.000794	0.000681
20.0	0.001619	0.001382	0.001158	0.001065	0.000973	0.000823	0.000709
25.0	0.002734	0.002374	0.002014	0.001893	0.001777	0.001562	0.001383
30.0	0.003723	0.003230	0.002806	0.002631	0.002459	0.002172	0.001934

Source: National Bureau of Standards Interagency Report 77-867.

Note 1: Molecular mass of mixture equals  $\sum (X_i \times M_i)$ .

Note 2: For intermediate values of temperature and molecular mass a linear interpolation shall be applied.

**EXHIBIT B**

**FORM OF PORT LIABILITY AGREEMENT**

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**EXHIBIT C**

**FORM OF GUARANTY**

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**EXHIBIT D**

**FORM OF DIRECT AGREEMENT**

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**EXHIBIT E**  
**T2 DFCD WINDOW NARROWING MECHANISM**

1. The Day notified by Seller to Buyer on which Seller anticipates that Train 2 will become commercially operable shall be the “**Nominated T2 DFCD**”, which Day shall be determined by taking into account development and construction schedules, as set forth below.

- a) The period that begins on the first Day of the Month that follows the date that is fifty-nine (59) Months after the Train 2 Trigger Date and ends one hundred eighty (180) Days later shall be the “**Train 2 First Window Period**”. Such fifty-nine (59) Month period shall be adjusted to reflect the guaranteed substantial completion date of Train 2 in the final executed EPC Contract. Seller shall notify Buyer of such adjustment, if any, no later than the date upon which Seller gives notice of the Train 2 Trigger Date pursuant to Section 4.6(c).
  - b) Seller shall notify Buyer, at least one hundred twenty (120) Days prior to the commencement of the Train 2 First Window Period of a ninety (90) Day period falling within the Train 2 First Window Period (“**Train 2 Second Window Period**”) during which the Nominated T2 DFCD shall occur, or, in the absence of notification by Seller in accordance with this Section 1(b) the Train 2 Second Window Period shall be deemed to be the last ninety (90) Days of the Train 2 First Window Period.
  - c) Seller shall notify Buyer at least ninety (90) Days prior to the commencement of the Train 2 Second Window Period of a sixty (60) Day period falling within the Train 2 Second Window Period (“**Train 2 Third Window Period**”) during which the Nominated T2 DFCD shall occur, or, in the absence of notification by Seller in accordance with this Section 1(c) the Train 2 Third Window Period shall be deemed to be the last sixty (60) Days of the Train 2 Second Window Period.
  - d) Seller shall notify Buyer at least sixty (60) Days prior to the commencement of the Train 2 Third Window Period of a thirty (30) Day period falling within the Train 2 Third Window Period (“**Train 2 Final Window Period**”) during which the Nominated T2 DFCD shall occur, or, in the absence of notification by Seller in accordance with this Section 1(d) the Train 2 Final Window Period shall be deemed to be the last thirty (30) Days of the Train 2 Third Window Period.
  - e) Seller shall notify Buyer at least forty-five (45) Days prior to the commencement of the Train 2 Final Window Period of the Day within the Train 2 Final Window Period which shall be the Nominated T2 DFCD, or, in the absence of notification by Seller in accordance with this Section 1(e), the Nominated T2 DFCD shall be deemed to be the last Day of the Train 2 Final Window Period.
  - f) The Nominated T2 DFCD shall be the date so notified or deemed pursuant to this Section 1, regardless of whether any LNG is scheduled for delivery to Buyer or whether any LNG is in fact so delivered. Seller will provide non-binding good faith
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estimates of the Nominated T2 DFCD from time to time, as credible and relevant information is available (but not less frequently than one (1) update every six (6) Months). Each window period identified in this Section 1 may be extended, and the Nominated T2 DFCD may be deferred on a Day-for-Day basis, in the event of Force Majeure affecting Seller that delays Train 2 becoming commercially operable; *provided that* such extension of the window period or deferral of the Nominated T2 DFCD shall not exceed four hundred fifty-five (455) Days in aggregate.

**CHENIERE ENERGY, INC.**

**2014-2018 Long-Term Cash Incentive Program**

Approved by the Compensation Committee on April 21, 2015

Adopted by the Board of Directors on April 21, 2015

**Purpose**

Cheniere Energy, Inc. (the “Company”) hereby establishes and adopts this 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) to provide long-term cash incentive award opportunities to incentivize and retain employees and consultants of the Company and its affiliates, contingent upon meeting certain performance goals.

**Overview**

The Cash LTIP is structured as a sub-plan of and under the Company’s 2015 Long-Term Cash Incentive Plan, as amended from time to time (the “Plan”). The Cash LTIP sets forth the terms of the Company’s basic long-term cash incentive program for the 2014 through 2018 Performance Periods.

Awards under the Cash LTIP for any Performance Period depend upon total shareholder return during the applicable Performance Period and cumulatively over the life of the 2014 through 2018 Performance Periods.

Unless otherwise defined in this Cash LTIP, capitalized terms used herein will have the meanings assigned to them in the Plan document; *provided, however*, that with respect to Awards issued under the Cash LTIP, capitalized terms will have the meanings as may be set forth and otherwise defined in the Phantom Unit Award Agreement under the Cash LTIP.

Nothing contained in the Cash LTIP shall prohibit the Company or any of its subsidiaries and/or Affiliates from establishing other bonus or long-term incentive compensation plans or programs (whether or not under the Plan) or making awards thereunder, in each case, providing for the payment of incentive compensation to employees and consultants of the Company, its subsidiaries, and/or Affiliates, including any Participants (as defined below) in the Cash LTIP.

**Administration of the Cash LTIP**

The Cash LTIP will be administered by the Committee in accordance with the terms of and pursuant to its authority under the Plan.

The Cash LTIP is (and Awards granted hereunder are) subject to all of the provisions of the Plan, together with all of the rules and determinations from time to time issued by the Committee and by the Board pursuant to the Plan; *provided, however*, that in the event of a conflict between any provision of the Plan and the Cash LTIP, the provisions of the Cash LTIP will control but only to the extent such conflict is permitted under the Plan.

### **Performance Period**

The term of the Cash LTIP (the “Term”) commenced as of November 1, 2013 (the “Cash LTIP Start Date”) and will consist of five consecutive annual performance periods ending October 31, 2018.

Each annual performance period during the Term (each, a “Performance Period”) will commence on November 1 (as applicable, the “Period Start Date”) and, except as otherwise provided herein with respect to a Change of Control during a Performance Period, will continue through October 31 of the following year (as applicable, the “Period End Date”).

### **Eligibility**

Except as otherwise delegated by the Committee in accordance with the Plan and applicable law, the Committee will determine the employees and consultants eligible to participate in the Cash LTIP for any Performance Period(s) (the “Participants”).

At or prior to the date of grant of Awards for each Performance Period, except as otherwise delegated by the Committee in accordance with the Plan and applicable law, the Committee will select and identify the Participants that will be eligible to participate in the Cash LTIP with regard to the Performance Period for which Awards are being granted. The Participants for any Performance Period may include employees and consultants who commenced employment or other services with the Company and its affiliates after the Period End Date for the Performance Period. The Committee shall in good faith consider the recommendations of senior management with regard to the individuals who should be eligible to participate in the Cash LTIP for any Performance Period, but is under no obligation to follow such recommendations.

### **Annual Phantom Unit Pools**

The maximum aggregate long-term cash incentive pool allocable to Cash LTIP Participants for each Performance Period (the “Aggregate Unit Pool”) will be denominated in a number of phantom units (“Units”) equal to (i) the Applicable TSV Percentage, multiplied by (ii) the TSV Growth, and divided by (iii) the Average Closing Stock Price. The components of the Aggregate Unit Pool will be calculated according to the following definitions:

- “Aggregate Pool Percentage” means the sum of two percent (2.0%) and the actual percentage of TSV Growth used by the Committee to establish the General Pool.
- “Annual TSR” for a Performance Period means a percentage equal to (i) divided by (ii) and multiplied by (iii) where (i) is the difference between (a) the Total Shareholder Value for such

Performance Period, and (b) the Total Shareholder Value for the immediately preceding Performance Period, (ii) is the Total Shareholder Value for the immediately preceding Performance Period, and (iii) is 100. For the first Performance Period that ended October 31, 2014, the Total Shareholder Value for the immediately preceding Performance Period will be deemed to be equal to \$8,362,445,350 (the “Initial TSV”).

- “Annualized Cumulative TSR” for a Performance Period means a percentage equal to (i) the quotient of (a) the Total Shareholder Value for such Performance Period divided by (b) the Initial TSV, such quotient (ii) raised to a power equal to the quotient of (a) one (1) divided by (b) the number of Performance Periods (including the current Performance Period) that have occurred since (and including) the 2014 Performance Period, the resulting amount (iii) minus one (1) and then (iv) multiplied by 100.
- “Applicable TSV Growth” for a Performance Period means (i) if the Senior Executive Pool for such Performance Period is not limited by the application of the Senior Executive Pool Limit, the actual TSV Growth for such Performance Period as determined in accordance with this Plan, or (ii) if the Senior Executive Pool for such Performance Period is limited by the application of the Senior Executive Pool Limit, the Capped TSV Growth.
- “Applicable TSV Percentage” means:
  - If either of the Annual TSR or the Annualized Cumulative TSR for the Performance Period is less than eight percent (8.0%), zero percent (0%).
  - If each of the Annual TSR and the Annualized Cumulative TSR for the Performance Period is equal to or exceed nine percent (9.0%), the Aggregate Pool Percentage.
  - If for the Performance Period: (i) both of the Annual TSR and the Annualized Cumulative TSR equal or exceed eight percent (8.0%) and (ii) either the Annual TSR or the Annualized Cumulative TSR is less than nine percent (9.0%), then the Applicable TSV Percentage will be equal to (a) the Applicable Pool Percentage, multiplied by (b) one hundred (100), multiplied by (c) the difference between (x) the lesser of (A) the Annual TSR and (B) the Annualized Cumulative TSR minus (y) eight percent (8.0%).
- “Average Closing Stock Price” means, as to any Performance Period, the simple average of the closing prices of the Company’s Common Stock as reported by the primary stock exchange on which the Company’s Common Stock is traded (as of the date of adoption of this Cash LTIP, the NYSE MKT LLC) (the “Primary Exchange”) on each day of trading on the Primary Exchange that occurs during a period of 30 consecutive calendar days that ends on (and includes) the day immediately prior to last day of the applicable Performance Period. The calculation of the Average Closing Stock Price will not include any price for any day that is a weekend, holiday or any other day in which the Company’s Common Stock was not traded during such day on the Primary Exchange.

- “Market Capitalization” means, as to any Performance Period, (i) the Average Closing Stock Price multiplied by (ii) the number of outstanding shares of the Company’s Common Stock as of the last day of the Performance Period.
- “Total Shareholder Value” means, as to any Performance Period, (i) the Market Capitalization for such Performance Period; plus (ii) the aggregate amount paid by the Company for all repurchases of the Company’s Common Stock made by the Company since the Cash LTIP Start Date (excluding repurchase of any shares issued under the Company’s 2011 Incentive Plan or any other equity compensation for the net settlement of taxes owed by employees); minus (iii) the aggregate value of all stock issuances (excluding shares issued under any equity compensation plan, including the Company’s 2011 Incentive Plan and any other equity compensation plan) since the Cash LTIP Start Date; plus (iv) the aggregate amount of all dividends paid to holders of the Company’s Common Stock since the Cash LTIP Start Date.
- “TSV Growth” means, as to any Performance Period, a positive amount equal to: (i) the sum of (a) the Total Shareholder Value for such Performance Period, plus (b) any Carry-Over TSV Growth (as defined below) from the immediately preceding Performance Period (if any and as applicable); minus (ii) the Total Shareholder Value achieved in the most recently completed Performance Period for which Awards were granted; *provided, however*, that for the first Performance Period that ended October 31, 2014, the Total Shareholder Value for the most recently completed Performance Period will be deemed to be equal to Initial TSV, and the Total Shareholder Value for such 2014 Performance Period will be equal to \$16,881,586,848. If the TSV Growth is not a positive amount in excess of 0, then the TSV Growth will be deemed to be 0.

In the event that a Change of Control (as defined in the Plan) occurs during a Performance Period, then (i) the Period End Date for such Performance Period shall be the date of consummation of the Change of Control; (ii) the Applicable TSV Percentage for such Performance Period will be determined prior to the consummation of such Change of Control, assuming that the Average Closing Stock Price as of the last day of the Performance Period is equal to the average closing stock price of the Company’s Common Stock as reported on the NYSE MKT LLC over the three (3) consecutive days immediately prior to the date of consummation of the Change of Control in which the Company’s Common Stock was traded on the NYSE MKT LLC; and (iii) allocations among Participants for such Performance Period will be made, and Awards for such Performance Period will be granted, prior to the consummation of the Change of Control (and not later than immediately prior to the Change of Control); and (iv) Awards for such Performance Period will become vested upon the Change of Control and paid on or within thirty (30) days following the Change of Control. For purposes of the foregoing, the consideration payable in such Change of Control will be deemed to be: (A) in the case of a sale, exchange or purchase of the Company’s equity securities, the total consideration payable for such securities (including the amount of any dividends paid to holders of the Company’s Common Stock in connection with such Change of Control) and (B) in the case of a sale or disposition by the Company of all or substantially all of the Company’s assets, the total consideration payable for such assets, net of any required repayment of indebtedness by the Company in connection with such sale, plus the net value of any current assets and liabilities not sold by the Company.

For any Performance Period, the amount of the Aggregate Unit Pool, and all calculations and determinations in respect thereof, will be determined by the Committee as soon as practicable after the end of the Performance Period (consistent with generally accepted accounting principles and/or as identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis, or other Securities and Exchange Commission filings).

#### **Allocation of Aggregate Unit Pool and Determination of Individual Awards**

Following the determination of the maximum Aggregate Unit Pool for a Performance Period, the Committee (or its delegate) will approve, or review and recommend to the Board for approval in accordance with the Company's Compensation Committee Charter (as amended and/or restated from time to time), allocations of individual Awards for such Performance Period, in accordance with the terms and conditions set forth below and in the Plan and subject to all requirements under applicable law (including the Exchange Act) and applicable stock exchange rules; provided, however, that to the extent required by the Company's Compensation Committee Charter (as amended and/or restated), Awards to Executive Officers shall be reviewed and recommended by the Compensation Committee to the Board for approval, and for the avoidance of doubt, the term "Committee" as used herein shall be deemed to refer to the Board for purposes of the grant of any such Awards.

The Chief Executive Officer of the Company shall participate in the Senior Executive Pool (as defined below). In addition, the Committee shall select and identify, after consultation with the Chief Executive Officer of the Company, the other individuals who will participate in the Senior Executive Pool (as defined below) with respect to each Performance Period (such individuals, together with the Chief Executive Officer of the Company, the "Senior Executives"). The individuals comprising the Senior Executive Pool in a Performance Period need not be the same individuals (other than the Chief Executive Officer of the Company) comprising the Senior Executive Pool in any other Performance Period or Periods.

The Committee will also establish the number of Units that may be granted to Participants who comprise the Senior Executive Group with respect to any Performance Period, in the aggregate (the "Senior Executive Pool"). The number of Units that will be granted to the Senior Executives from the Senior Executive Pool for any Performance Period (except the 2014 Performance Period) shall equal the lesser of (i) two percent (2%) of the TSV Growth divided by the Average Closing Stock Price and (ii) one-and-a-half percent (1.5%) of the total number of shares of the Company's Common Stock outstanding as of the last day of the applicable Performance Period, subject to any of the applicable adjustment provisions in the Plan (the "Senior Executive Pool Limit"). However, if the Senior Executive Pool for any Performance Period is limited by the Senior Executive Pool Limit in clause (ii) above, the Committee shall determine the level of TSV Growth for the Performance Period (the "Capped TSV Growth") that, when divided by the Average Closing Stock Price, would result in a Senior Executive Pool equal to the number of Units actually payable to the Senior Executives as a result of the Senior Executive Pool Limit in such clause (ii), and the excess (if any) of the actual TSV Growth for such Performance Period over the Capped TSV Growth (such excess,

the “Carry-Over TSV Growth”) will be included in the calculation of the TSV Growth for the immediately subsequent Performance Period.

Following the determination of the Senior Executive Pool by the Committee for any Performance Period, the Committee shall allocate the Senior Executive Pool among Participants designated as Senior Executives for such Performance Period after consultation with, and soliciting the recommendations of, the Chief Executive Officer of the Company; *provided, however*, that the number of Units underlying such Senior Executives’ Awards from the Senior Executive Pool, in the aggregate, shall not exceed the Senior Executive Pool Limit for the applicable Performance Period except as otherwise determined by the Committee in its sole discretion. Except as otherwise determined by the Committee in its sole discretion, the Chief Executive Officer of the Company will be allocated Awards in respect of fifty percent (50%) of the total number of Units in the Senior Executive Pool for each Performance Period; *provided, however*, that the Committee may, in its sole discretion, allocate Awards to the Chief Executive Officer in respect of an amount of Units that is less than or in excess of fifty percent (50%) of the total Senior Executive Pool for the Performance Period.

The Committee will also establish the number of Units that may be granted to Participants who are not Senior Executives for any Performance Period, in the aggregate (the “General Pool”); *provided, however*, that except as otherwise determined by the Committee in its sole discretion, the number of Units comprising the General Pool for any Performance Period shall have a targeted range of (a) not less than two percent (2%) of the Applicable TSV Growth divided by the Average Closing Stock Price, and (b) not in excess of four percent (4%) of the Applicable TSV Growth divided by the Average Closing Stock Price (the “General Pool Limit”). The Committee may, in its sole discretion, establish a General Pool that is less than the amount in clause (a) above or in excess of the amount in clause (b) above for any given Performance Period.

Following the determination of the General Pool by the Committee for any Performance Period, the Chief Executive Officer of the Company will present recommendations for the allocation of the General Pool to the Committee for review, modification, and approval; *provided, however*, that the number of Units underlying such non-Senior Executives’ Awards from the General Pool, in the aggregate, shall not exceed the General Pool Limit for the applicable Performance Period except as otherwise determined by the Committee in its sole discretion.

Except as otherwise determined by the Committee in its sole discretion, Senior Executives shall not receive any allocations from the General Pool and non-Senior Executives shall not receive any allocations from the Senior Executive Pool. Notwithstanding the foregoing, any Awards shall be subject to all legal requirements under applicable law (including the Exchange Act) and applicable stock exchange rules and requirements and to the extent, if any, the foregoing parts of this paragraph would be in violation thereof, they shall be null and void and the relevant decisions shall be made by the Committee in its sole discretion.

At any time following the determination of any allocation of the Aggregate Unit Pool to a Participant for any Performance Period or Performance Periods, the Committee (or its delegate) may in its sole discretion communicate to any or all Participants the applicable allocation made to such Participants

in writing promptly following the determination thereof (such written notice, an “Allocation Notice”).

Any allocation determined with respect to a Participant for any Performance Period who forfeits his or her right to receive an Award under the Cash LTIP for such Performance Period may be reallocated by the Committee (or its delegate) to any other Participant or Participants at any time prior to grant; *provided, however*, that except as otherwise determined by the Committee, there will be no reallocations of forfeited allocations or Awards.

### **Terms and Conditions of Awards**

Following the determination of individual Award allocations from the Aggregate Unit Pool by the Committee (or its delegate), the Company will issue awards of Units under the Cash LTIP pursuant to a written Phantom Unit Award Agreement. The number of Units issued to any Participant under an Award in respect of any Performance Period under the Cash LTIP will be determined based the allocations from the Aggregate Unit Pool.

All Units issued pursuant to the Cash LTIP will be awarded no later than March 15 of the year following the last day of the applicable Performance Period, subject to the Participant’s continued employment in good standing through the date of grant, *provided, however*, that Awards for the 2014 Performance Period will be issued following the date on which the Cash LTIP is adopted by the Board (but no later than March 15 of the year following the last day of the year in which the Cash LTIP is adopted by the Board). A Participant whose employment terminates for any reason (or no reason) prior to the date of issuance of Awards for the applicable Performance Period will not receive an Award of Units under the Cash LTIP for the applicable Performance Period.

Except as otherwise determined by the Committee and set forth in the Phantom Stock Award Agreement, Units issued under the Cash LTIP will be granted subject to the Plan and evidenced pursuant to a Phantom Stock Award Agreement having terms and conditions as set forth below:

- Vesting. The Units will become vested and the forfeiture restrictions will lapse as follows, in each case, subject to the Participant’s continued employment in good standing through the applicable vesting date, one-third (1/3rd) of the Units will become vested and payable on the first, second and third anniversaries of the date of grant or such other date as may be determined by the Committee and set forth in the Phantom Stock Award Agreement; *provided, however*, that with respect to Awards for the 2014 Performance Period, Units will become vested and the forfeiture restrictions will lapse as follows, in each case, subject to the Participant’s continued employment in good standing through the applicable vesting date: one-third (1/3rd) of the Units will become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the date of grant occurs; an additional one-third (1/3rd) of the Units will become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the date of grant occurs; and the remainder of the Units will become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the date of grant occurs. The period from the date of

grant for any given Award of Units until such Units become vested and payable will be referred to as the “Restricted Period.” If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded down to the next lower whole Unit, except the final installment, which will be for the balance of the total Units.

Except as otherwise set provided herein or in an applicable Phantom Unit Award Agreement, upon the termination of a Participant’s employment with the Company and its affiliates, all outstanding Units not then vested as of the date of termination will not vest and will be deemed cancelled and forfeited as of such date of termination of employment.

- Change of Control. Upon a Change of Control (as defined below), all outstanding and unvested Units will become vested and payable as of the date of such Change of Control.
- Termination of Employment due to Death or Disability. If the Participant’s employment with the Company or an affiliate is terminated due to the death of the Participant or by the Company or an affiliate due to the Disability (as defined below) of the Participant, while performing Continuous Service, then all outstanding and unvested Units will become vested and payable as of the date of such termination.
- Termination of Employment without Cause or for Good Reason. If the Participant’s employment with the Company or an affiliate is terminated by the Company or an affiliate without Cause (as defined below) or, to the extent (and only to the extent) set forth in the Phantom Unit Award Agreement, by the Participant for Good Reason (as defined below), then all outstanding and unvested Units will become vested and payable as of the date of such termination.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an affiliate without Cause or due to the Disability of the Participant or by Participant for Good Reason, in each case, unless the Participant (or the Participant’s beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within 60 days after the date of termination (or such longer period specified by the Company in writing). If a release is required by the Company as a condition of such acceleration of vesting, and such release is not timely executed and delivered by the Participant, or if such release is timely executed but is subsequently revoked by the Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment, and no payments shall be made in respect thereof.

The terms “Cause,” “Disability” and “Change of Control” as applied to any Award under the Cash LTIP will have the meaning set forth in the Plan, unless otherwise determined by the Committee and set forth in the applicable Phantom Unit Award Agreement.

The term “Good Reason” as applied to any Award under the Cash LTIP will have the meaning, if any, set forth in the applicable Phantom Unit Award Agreement; *provided, however*, that in the absence of a “Good Reason” definition in the applicable Phantom Unit Award Agreement, no resignation by the Participant shall constitute a termination of employment with the Company or an affiliate by the Participant for Good Reason purposes of the Award.

### **Amendment and Termination**

The Committee may, except as otherwise provided in a written agreement with any Participant, at any time, including during a Performance Period, alter, amend, suspend, modify, restate, supplement or terminate the Cash LTIP; *provided, however*, that no such amendment, suspension or termination will have a materially adverse effect on any Awards previously granted under the Cash LTIP to a Participant or any allocation of the Aggregate Unit Pool communicated to a Participant pursuant to an Allocation Notice (it being understood that an amendment to permit the Company to grant restricted shares of Company Common Stock in lieu of Units or to settle awards in shares of the Company’s Common Stock in lieu of cash, or any grant or settlement pursuant to such an amendment, shall not be deemed to have a materially adverse effect on any Award or allocation). The Company and its affiliates will be under no obligation to continue the Cash LTIP after the 2018 Performance Period or to offer any other annual bonus program in any future period. Notwithstanding anything herein to the contrary, the Committee may suspend, amend or terminate the Cash LTIP and any Allocation Notice issued hereunder following a Change of Control with respect to any or all future Performance Periods.

### **Taxes**

The Company will have the right to take any action as may be necessary or appropriate to satisfy any federal, state, local or any other tax withholding obligations or national insurance/social security obligations as it determines are necessary in relation to Awards under this Cash LTIP and/or arising from the issuance, vesting or disposal of Awards acquired under the Cash LTIP and/or the Plan, including, without limitation, to the extent permitted by Section 409A of the Code, accelerating payment in respect of Awards in order to pay the Federal Insurance Contributions Act tax imposed under Sections 3101, 3121(a), and 3121(v)(2) of the Code, as applicable, in respect of Awards under the Cash LTIP.

Participants will be solely responsible for and liable for any tax consequences (including but not limited to any interest or penalties) as a result of participation in the Cash LTIP. None of the Board, the Company or the Committee makes any commitment or guarantee that any federal, state or local tax treatment will apply or be available to any person participating or eligible to participate hereunder and assumes no liability whatsoever for the tax consequences to the participants.

Section 13(h) of the Plan is hereby incorporated and shall apply to the Cash LTIP and all Awards hereunder. Without limiting the generality of the foregoing, all Awards under the Cash LTIP are intended to comply with, or be exempt from, the requirements of Section 409A of the Code and will be interpreted accordingly, and the Company makes no commitment or guarantee to Participants that any federal or state tax treatment will apply or be available to any person eligible for benefits

under an Award and in no event whatsoever will the Company be liable for any additional tax, interest or penalty that may be imposed as a result of Section 409A or any damages for failing to comply with Section 409A.

The Company makes no commitment or guarantee to Participants that any particular United Kingdom tax treatment will apply or be available to any person eligible for benefits under an Award and in no event whatsoever will the Company be liable for any tax, interest or penalty that may be imposed under any applicable United Kingdom employment tax legislation. If the Company so requires, Participants subject to UK taxation in respect of an Award will enter into an election under section 431 of the Income Tax (Earnings and Pensions) Act 2003. Upon the making of such election, the Company and/or the Participant's employer will have the right to take any action as may be necessary to comply with related reporting obligations and withholding obligations in respect of income tax and National Insurance Contributions which may arise from the making of such election.

### **Miscellaneous**

The obligations of the Company under the Cash LTIP will be binding upon any successor corporation or organization (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the entity.

No right or benefit under the Cash LTIP will be subject to alienation, sale, assignment, pledge, encumbrance, garnishment, execution or levy of any kind or charge, and any attempt to alienate, sell, assign, pledge, encumber and, to the extent permitted by applicable law, garnish, execute upon or levy upon the same, will be void and will not be recognized or given effect by the Company.

The Cash LTIP and all determinations made and actions taken thereunder will be governed by the laws of the State of Delaware.

No person will have any claim or right to participate in the Cash LTIP or to receive any allocation or be issued any Award in the Cash LTIP, in each case, except as otherwise determined by the Committee (or its delegate) or pursuant to any agreement. An allocation from the Aggregate Unit Pool for any Performance Period(s) will not confer on any Participant a right to continued employment with the Company. The Company expressly reserves the right to terminate the employment or services of any Participant at any time. Any Award granted to any Participant will remain subject to the terms thereof, including without limitation and as applicable, the Plan and any Phantom Unit Award Agreement to which such Award may be subject.

The Cash LTIP shall be funded from the general assets of the Company as and when payments become due under the Cash LTIP and the applicable Phantom Unit Award Agreement, and any obligations under the Cash LTIP arising from, or relating to, any Award will constitute a general unsecured claim. Participants do not have any right or interest, whether vested or otherwise, in the Cash LTIP or in any amount payable hereunder until the grant of Awards thereof and unless all of the terms, conditions and provisions of the Plan, the Cash LTIP and the applicable Phantom Unit Award Agreement have been complied with. Nothing contained in the Cash LTIP shall require the Company or any of its subsidiaries and/or Affiliates to segregate or earmark any cash, shares of stock or other property for payment of amounts under the Cash LTIP or any Award issued hereunder.

**CHENIERE ENERGY, INC.**  
**2015 LONG-TERM CASH INCENTIVE PLAN**

**PHANTOM UNIT AWARD AGREEMENT**

1. **Award of Phantom Units.** Cheniere Energy, Inc., a Delaware corporation (“Company”), hereby awards to the undersigned Participant (“Participant”) a cash-based award (the “Award”) of phantom units (the “Units”), each of which is a notional unit of common stock, \$0.003 par value per share, of the Company (“Common Stock”), subject to and in accordance with the terms and conditions of this Phantom Unit Award Agreement (this “Agreement”). The total number of Units awarded to Participant pursuant to this Award is set forth on the signature page hereto, and such Units shall be subject to vesting on the applicable vesting dates set forth herein. The Units hereunder are awarded effective as of the date set forth on the signature page hereto (the “Grant Date”) under the Company’s 2015 Long-Term Cash Incentive Plan (as amended or restated from time to time, the “Plan”) pursuant to the Company’s 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) in respect of the 2014 Performance Period. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings assigned to them in the Cash LTIP.

2. **Effect of the Plan.** The Units granted to Participant are subject to all of the provisions of the Plan and this Agreement, together with all of the rules and determinations from time to time issued by the Committee and/or the Board pursuant to the Plan; provided, however, that in the event of a conflict between any provision of the Plan and this Agreement or between any provision of the Cash LTIP and this Agreement, the provisions of this Agreement shall control but only to the extent such conflict is permitted under the Plan. Except as otherwise provided in a written agreement with Participant, the Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Participant, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Participant hereunder, and this Agreement shall be subject, without further action by the Company or Participant, to such amendment, modification, restatement or supplement unless provided otherwise therein.

3. **Transferability.** Participant shall not have any power or right to transfer, assign, pledge, exchange, hypothecate, encumber or otherwise dispose of any portion of any amount payable hereunder (by operation of law or otherwise), other than the right to receive payment in settlement of Units pursuant to Participant’s will or the laws of descent or distribution, and any attempt to do so shall be null and void and unenforceable. Should Participant die before receiving payment of amounts vested and payable under Paragraphs 4 or 5, such amounts shall be paid to Participant’s estate. The amounts payable hereunder shall not be subject to attachment, garnishment, levy, execution or any other legal or equitable process.

4. **Restricted Period; Vesting.** Subject to Participant’s continued employment through the applicable vesting date and except as otherwise provided in Paragraph 5 below, the Units shall vest and become payable as provided in Paragraph 6 below as follows: one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the Grant Date occurs; an additional one-third (1/3<sup>rd</sup>) of the Units shall

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become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs; and the remainder of the Units shall become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs. The period from the date hereof until any Units become vested and payable shall be referred to as the “Restricted Period.” If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded to the next lower Unit, except the final installment, which will be for the balance of the total Units.

**5. Termination of Employment or Services; Change in Control.** Except as otherwise provided in this Paragraph 5, in the event of the termination, resignation, or removal of Participant from employment with or services to Company and its Affiliates for any reason, any Units not then vested shall not vest and shall, without further action of any kind by the Company or Participant, immediately be forfeited by Participant. Notwithstanding the foregoing, the Units not then vested shall become vested in full immediately upon (a) the termination of Participant’s employment with the Company or an Affiliate (1) by the Company or an Affiliate without Cause (as defined below), (2) by Participant for Good Reason (as defined below), (3) by the Company or an Affiliate due to the Disability of Participant while performing Continuous Service or (4) due to the death of Participant while performing Continuous Service or (b) the consummation of a Change of Control during Participant’s Continuous Service.

For purposes of this Agreement, the term “Cause” means termination of employment with the Company or an Affiliate by the Company or such Affiliate under any of the following circumstances:

- (1) the willful commission by Participant of a crime or other act of misconduct that causes or is likely to cause substantial economic damage to the Company or an Affiliate or substantial injury to the business reputation of the Company or Affiliate;
- (2) the commission by Participant of an act of fraud in the performance of Participant’s duties on behalf of the Company or an Affiliate;
- (3) the willful and material violation by Participant of the Company’s Code of Business Conduct and Ethics Policy; or
- (4) the continuing and repeated failure of Participant to perform the duties of Participant to the Company or an Affiliate, including by reason of Participant’s habitual absenteeism (other than such failure resulting from Participant’s incapacity due to physical or mental illness), which failure has continued for a period of at least thirty days following delivery of a written demand for substantial performance to Participant by the Board which specifically identifies the manner in which the Board believes that Participant has not performed his or her duties;

*provided, however,* that, notwithstanding anything to the contrary in the Plan or this Agreement, for purposes of determining whether “Cause” exists under Agreement, if Participant is an Executive Officer, then no act, or failure to act, on the part of Participant shall be considered “willful” unless done or omitted to be done by Participant not in good faith and without reasonable belief that Participant's action or omission was in the best interest of the Company or an Affiliate, as the case may be.

The determination of whether Cause exists with respect to an Executive Officer shall be made by the Board (or its designee) in its sole discretion and with respect to a Participant who is not an Executive Officer shall be made by the Company's Vice President of Human Resources in his or her sole discretion in consultation with the Company's General Counsel.

For purposes of this Agreement, the term “Good Reason” means termination of employment with the Company or an Affiliate by Participant under any of the following circumstances, if the Company or such Affiliate fails to cure such circumstances within thirty (30) days after receipt of written notice from Participant (the “Cure Period”) to the Company or such Affiliate setting forth a description of such Good Reason (which notice shall be provided by Participant to the Company or such Affiliate within thirty (30) days following the occurrence of one or more of the following circumstances):

- (1) the removal from or failure to re-elect Participant to the office or position in which he or she last served;
- (2) the assignment to Participant of any duties, responsibilities, or reporting requirements materially inconsistent with his or her position with the Company or an Affiliate, or any material diminishment, on a cumulative basis, of Participant’s overall duties, responsibilities, or status;
- (3) a material reduction by the Company or an Affiliate in Participant’s annual base salary; or
- (4) the requirement by the Company or an Affiliate that the principal place of business at which Participant performs his or her duties be changed to a location more than fifty (50) miles from his or her current place of business.

In the event that the Company or an Affiliate fails to remedy the condition constituting Good Reason during the applicable Cure Period, Participant’s “separation from service” (within the meaning of Section 409A of the Code) must occur, if at all, within ninety (90) days following such Cure Period in order for such termination as a result of such condition to constitute a termination for Good Reason.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an Affiliate without Cause or due to the Disability of Participant or by Participant for Good Reason, in each case, unless Participant (or Participant’s beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within sixty (60) days after the date of termination. Notwithstanding anything in the previous sentence to the contrary, if a release is required by the Company as a condition of such acceleration of vesting and lapse of forfeiture restrictions, and such release is not timely executed and delivered by Participant, or if such release is timely executed but is subsequently revoked by Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment.

**6. Time and Form of Payment.** To the extent a Unit shall become vested and payable pursuant to Paragraph 4 or Paragraph 5, Participant shall receive a payment in cash in the amount (less applicable withholding) equal to the product of (a) the Fair Market Value (as defined in the Plan) of a share of Common Stock on the applicable vesting date and (b) the number of Units that become vested and payable on such vesting date. Such cash payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the sixtieth (60<sup>th</sup>) day following the date on which vesting occurs; *provided, however*, that any payment in respect of Units for which vesting is accelerated subject to the release of claims under Paragraph 5 and that would otherwise be made prior to the sixtieth (60<sup>th</sup>) day after the date of termination, such payment shall be made on the sixtieth (60<sup>th</sup>) day after the date of termination.

**7. Ownership Rights.** A Unit is a notional unit of Common Stock of the Company and, as a result, does not provide or give rise to any right to a share of Common Stock or to receive the Fair Market Value of a share of Common Stock except as specifically provided in this Agreement. During the Restricted Period, any distribution in the form of cash paid or delivered by the Company on a share of Common Stock shall not entitle Participant to any distribution (whether in cash, Common Stock, Units or otherwise) with respect to any Unit.

**8. Adjustments.** In the event of any distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of Company, issuance of warrants or other rights to purchase Common Stock or other securities of Company, or other similar transaction or event affects the Common Stock, then the Company shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Agreement in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available hereunder.

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

**10. Amendment and Termination; Waiver.** This Agreement, together with the Plan and the Cash LTIP, constitutes the entire agreement by Participant and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings between Participant and the Company with respect to the subject matter hereof, whether written or oral. Except as provided otherwise in Paragraph 2, this Agreement may not be amended or terminated by the Company without the written consent of Participant, provided Company may amend this Agreement unilaterally (a) as provided in the Plan and/or Cash LTIP or (b) if Company determines that an amendment is necessary to comply with applicable law (including the requirements of the Code). Any provision for the benefit of the Company contained in this Agreement may be waived in writing, either generally or in any particular instance, by the Company. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

**11. Unsecured Obligation.** The Company's obligation under this Agreement shall be an unfunded and unsecured promise. Participant's right to receive the payments and benefits

contemplated hereby from the Company under this Arrangement shall be no greater than the right of any unsecured general creditor of the Company, and Participant shall not have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

**12. No Right To Continued Employment.** Neither the Award nor anything in this Agreement shall confer upon Participant any right to continued employment with the Company (or its Affiliates or their respective successors) or shall interfere in any way with the right of the Company (or its Affiliates or their respective successors) to terminate Participant's employment at any time.

**13. Tax Matters; No Guarantee of Tax Consequences.** All payments under the terms of the Agreement shall be subject to, and reduced by, any amount of federal, state and local income, employment and other taxes required to be withheld by the Company in connection with such payments. The Agreement is intended to be exempt from, or to comply with, the requirements of Section 409A of the Code, and the Agreement shall be interpreted accordingly; provided that in no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. The Company makes no commitment or guarantee to Participant that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Agreement.

**14. Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law (in which case such federal law shall apply).

**15. Severability; Interpretive Matters.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural and vice versa. The captions and headings used in the Agreement are inserted for convenience and shall not be deemed a part of the Agreement granted hereunder for construction or interpretation.

**16. Counterparts.** This Agreement may be signed in any number of counterparts, each of which will be an original, with the same force and effect as if the signature thereto and hereto were upon the same instrument.

*[Remainder of Page Blank - Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date indicated below.

**COMPANY:**  
**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: Ann Raden  
Title: Vice President, Human Resources & Administration

I hereby accept the Award subject to all of the terms and provisions hereof. I acknowledge and agree that the Award shall vest and become payable, if at all, only during the period of my continued service with the Company or as otherwise provided in the Agreement (not through the act of issuing the Award).

**PARTICIPANT:**

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

Total Number of Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_, 2015

*[Signature Page - 2014-2018 Long-Term Cash Incentive Program - 2014 Performance Period]*

**CHENIERE ENERGY, INC.**  
**2015 LONG-TERM CASH INCENTIVE PLAN**

**PHANTOM UNIT AWARD AGREEMENT**

**1. Award of Phantom Units.** Cheniere Energy, Inc., a Delaware corporation (“Company”), hereby awards to the undersigned Participant (“Participant”) a cash-based award (the “Award”) of phantom units (the “Units”), each of which is a notional unit of common stock, \$0.003 par value per share, of the Company (“Common Stock”), subject to and in accordance with the terms and conditions of this Phantom Unit Award Agreement (this “Agreement”). The total number of Units awarded to Participant pursuant to this Award is set forth on the signature page hereto, and such Units shall be subject to vesting on the applicable vesting dates set forth herein. The Units hereunder are awarded effective as of the date set forth on the signature page hereto (the “Grant Date”) under the Company’s 2015 Long-Term Cash Incentive Plan (as amended or restated from time to time, the “Plan”) pursuant to the Company’s 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) in respect of the 2014 Performance Period. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings assigned to them in the Cash LTIP.

**2. Effect of the Plan.** The Units granted to Participant are subject to all of the provisions of the Plan and this Agreement, together with all of the rules and determinations from time to time issued by the Committee and/or the Board pursuant to the Plan; provided, however, that in the event of a conflict between any provision of the Plan and this Agreement or between any provision of the Cash LTIP and this Agreement, the provisions of this Agreement shall control but only to the extent such conflict is permitted under the Plan. Except as otherwise provided in a written agreement with Participant, the Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Participant, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Participant hereunder, and this Agreement shall be subject, without further action by the Company or Participant, to such amendment, modification, restatement or supplement unless provided otherwise therein.

**3. Transferability.** Participant shall not have any power or right to transfer, assign, pledge, exchange, hypothecate, encumber or otherwise dispose of any portion of any amount payable hereunder (by operation of law or otherwise), other than the right to receive payment in settlement of Units pursuant to Participant’s will or the laws of descent or distribution, and any attempt to do so shall be null and void and unenforceable. Should Participant die before receiving payment of amounts vested and payable under Paragraphs 4 or 5, such amounts shall be paid to Participant’s estate. The amounts payable hereunder shall not be subject to attachment, garnishment, levy, execution or any other legal or equitable process.

**4. Restricted Period; Vesting.** Subject to Participant’s continued employment through the applicable vesting date and except as otherwise provided in Paragraph 5 below, the Units shall vest and become payable as provided in Paragraph 6 below as follows: one-third (1/3<sup>rd</sup>) of the Units

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shall become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the Grant Date occurs; an additional one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs; and the remainder of the Units shall become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs. Note to Draft - February 1, 2016, 2017 and 2018 vesting schedule intended for Cash LTIP Awards for the 2014 Performance Period. In accordance with the Cash LTIP, for future years, it is intended that the Units become vested and the forfeiture restrictions will lapse as follows, in each case, subject to the Participant's continued employment in good standing through the applicable vesting date, one-third (1/3<sup>rd</sup>) of the Units will become vested and payable on the first, second and third anniversaries of the date of grant or such other date as may be determined by the Committee and set forth in the Phantom Stock Award Agreement. The period from the date hereof until any Units become vested and payable shall be referred to as the "Restricted Period." If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded to the next lower Unit, except the final installment, which will be for the balance of the total Units.

**5. Termination of Employment or Services; Change in Control.** Except as otherwise provided in this Paragraph 5, in the event of the termination, resignation, or removal of Participant from employment with or services to Company and its Affiliates for any reason, any Units not then vested shall not vest and shall, without further action of any kind by the Company or Participant, immediately be forfeited by Participant. Notwithstanding the foregoing, the Units not then vested shall become vested in full immediately upon (a) the termination of Participant's employment with the Company or an Affiliate (1) by the Company or an Affiliate without Cause (as defined in the Plan), (2) by the Company or an Affiliate due to the Disability of Participant while performing Continuous Service or (3) due to the death of Participant while performing Continuous Service, or (b) the consummation of a Change of Control during Participant's Continuous Service.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an Affiliate without Cause or due to the Disability of Participant unless Participant (or Participant's beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within sixty (60) days after the date of termination. Notwithstanding anything in the previous sentence to the contrary, if a release is required by the Company as a condition of such acceleration of vesting and lapse of forfeiture restrictions, and such release is not timely executed and delivered by Participant, or if such release is timely executed but is subsequently revoked by Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment.

**6. Time and Form of Payment.** To the extent a Unit shall become vested and payable pursuant to Paragraph 4 or Paragraph 5, Participant shall receive a payment in cash in the amount (less applicable withholding) equal to the product of (a) the Fair Market Value (as defined in the Plan) of a share of Common Stock on the applicable vesting date and (b) the number of Units that

become vested and payable on such vesting date. Such cash payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the sixtieth (60<sup>th</sup>) day following the date on which vesting occurs; *provided, however*, that any payment in respect of Units for which vesting is accelerated subject to the release of claims under Paragraph 5 and that would otherwise be made prior to the sixtieth (60<sup>th</sup>) day after the date of termination, such payment shall be made on the sixtieth (60<sup>th</sup>) day after the date of termination.

**7. Ownership Rights.** A Unit is a notional unit of Common Stock of the Company and, as a result, does not provide or give rise to any right to a share of Common Stock or to receive the Fair Market Value of a share of Common Stock except as specifically provided in this Agreement. During the Restricted Period, any distribution in the form of cash paid or delivered by the Company on a share of Common Stock shall not entitle Participant to any distribution (whether in cash, Common Stock, Units or otherwise) with respect to any Unit.

**8. Adjustments.** In the event of any distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of Company, issuance of warrants or other rights to purchase Common Stock or other securities of Company, or other similar transaction or event affects the Common Stock, then the Company shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Agreement in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available hereunder.

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

**10. Amendment and Termination; Waiver.** This Agreement, together with the Plan and the Cash LTIP, constitutes the entire agreement by Participant and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings between Participant and the Company with respect to the subject matter hereof, whether written or oral. Except as provided otherwise in Paragraph 2, this Agreement may not be amended or terminated by the Company without the written consent of Participant, provided Company may amend this Agreement unilaterally (a) as provided in the Plan and/or Cash LTIP or (b) if Company determines that an amendment is necessary to comply with applicable law (including the requirements of the Code). Any provision for the benefit of the Company contained in this Agreement may be waived in writing, either generally or in any particular instance, by the Company. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

**11. Unsecured Obligation.** The Company's obligation under this Agreement shall be an unfunded and unsecured promise. Participant's right to receive the payments and benefits contemplated hereby from the Company under this Arrangement shall be no greater than the right of any unsecured general creditor of the Company, and Participant shall not have nor acquire any

legal or equitable right, interest or claim in or to any property or assets of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

**12. No Right To Continued Employment.** Neither the Award nor anything in this Agreement shall confer upon Participant any right to continued employment with the Company (or its Affiliates or their respective successors) or shall interfere in any way with the right of the Company (or its Affiliates or their respective successors) to terminate Participant's employment at any time.

**13. Tax Matters; No Guarantee of Tax Consequences.** All payments under the terms of the Agreement shall be subject to, and reduced by, any amount of federal, state and local income, employment and other taxes required to be withheld by the Company in connection with such payments. The Agreement is intended to be exempt from, or to comply with, the requirements of Section 409A of the Code, and the Agreement shall be interpreted accordingly; provided that in no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. The Company makes no commitment or guarantee to Participant that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Agreement.

**14. Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law (in which case such federal law shall apply).

**15. Severability; Interpretive Matters.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural and vice versa. The captions and headings used in the Agreement are inserted for convenience and shall not be deemed a part of the Agreement granted hereunder for construction or interpretation.

**16. Counterparts.** This Agreement may be signed in any number of counterparts, each of which will be an original, with the same force and effect as if the signature thereto and hereto were upon the same instrument.

*[Remainder of Page Blank - Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date indicated below.

**COMPANY:**  
**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: Ann Raden  
Title: Vice President, Human Resources & Administration

I hereby accept the Award subject to all of the terms and provisions hereof. I acknowledge and agree that the Award shall vest and become payable, if at all, only during the period of my continued service with the Company or as otherwise provided in the Agreement (not through the act of issuing the Award).

**PARTICIPANT:**

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

Total Number of Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_, 2015

*[Signature Page - 2014-2018 Long-Term Cash Incentive Program - 2014 Performance Period]*

**CHENIERE ENERGY, INC.**  
**2015 LONG-TERM CASH INCENTIVE PLAN**

**PHANTOM UNIT AWARD AGREEMENT**

**1. Award of Phantom Units.** Cheniere Energy, Inc., a Delaware corporation (“Company”), hereby awards to the undersigned Participant (“Participant”) a cash-based award (the “Award”) of phantom units (the “Units”), each of which is a notional unit of common stock, \$0.003 par value per share, of the Company (“Common Stock”), subject to and in accordance with the terms and conditions of this Phantom Unit Award Agreement (this “Agreement”). The total number of Units awarded to Participant pursuant to this Award is set forth on the signature page hereto, and such Units shall be subject to vesting on the applicable vesting dates set forth herein. The Units hereunder are awarded effective as of the date set forth on the signature page hereto (the “Grant Date”) under the Company’s 2015 Long-Term Cash Incentive Plan (as amended or restated from time to time, the “Plan”) pursuant to the Company’s 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) in respect of the 2014 Performance Period. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings assigned to them in the Cash LTIP.

**2. Effect of the Plan.** The Units granted to Participant are subject to all of the provisions of the Plan and this Agreement, together with all of the rules and determinations from time to time issued by the Committee and/or the Board pursuant to the Plan; provided, however, that in the event of a conflict between any provision of the Plan and this Agreement or between any provision of the Cash LTIP and this Agreement, the provisions of this Agreement shall control but only to the extent such conflict is permitted under the Plan. Except as otherwise provided in a written agreement with Participant, the Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Participant, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Participant hereunder, and this Agreement shall be subject, without further action by the Company or Participant, to such amendment, modification, restatement or supplement unless provided otherwise therein.

**3. Transferability.** Participant shall not have any power or right to transfer, assign, pledge, exchange, hypothecate, encumber or otherwise dispose of any portion of any amount payable hereunder (by operation of law or otherwise), other than the right to receive payment in settlement of Units pursuant to Participant’s will or the laws of descent or distribution, and any attempt to do so shall be null and void and unenforceable. Should Participant die before receiving payment of amounts vested and payable under Paragraphs 4 or 5, such amounts shall be paid to Participant’s estate. The amounts payable hereunder shall not be subject to attachment, garnishment, levy, execution or any other legal or equitable process.

**4. Restricted Period; Vesting.** Subject to Participant’s continued employment through the applicable vesting date and except as otherwise provided in Paragraph 5 below, the Units shall vest and become payable as provided in Paragraph 6 below as follows: one-third (1/3<sup>rd</sup>) of the Units

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shall become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the Grant Date occurs; an additional one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs; and the remainder of the Units shall become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs. Note to Draft - February 1, 2016, 2017 and 2018 vesting schedule intended for Cash LTIP Awards for the 2014 Performance Period. In accordance with the Cash LTIP, for future years, it is intended that the Units become vested and the forfeiture restrictions will lapse as follows, in each case, subject to the Participant's continued employment in good standing through the applicable vesting date, one-third (1/3<sup>rd</sup>) of the Units will become vested and payable on the first, second and third anniversaries of the date of grant or such other date as may be determined by the Committee and set forth in the Phantom Stock Award Agreement. The period from the date hereof until any Units become vested and payable shall be referred to as the "Restricted Period." If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded to the next lower Unit, except the final installment, which will be for the balance of the total Units.

**5. Termination of Employment or Services; Change in Control.** Except as otherwise provided in this Paragraph 5, in the event of the termination, resignation, or removal of Participant from employment with or services to Company and its Affiliates for any reason, any Units not then vested shall not vest and shall, without further action of any kind by the Company or Participant, immediately be forfeited by Participant. Notwithstanding the foregoing, the Units not then vested shall become vested in full immediately upon (a) the termination of Participant's employment with the Company or an Affiliate (1) by the Company or an Affiliate without Cause (as defined below), (2) by Participant for Good Reason (as defined below), (3) by the Company or an Affiliate due to the Disability of Participant while performing Continuous Service or (4) due to the death of Participant while performing Continuous Service or (b) the consummation of a Change of Control during Participant's Continuous Service.

For purposes of this Agreement, the term "Cause" means termination of employment with the Company or an Affiliate by the Company or such Affiliate under any of the following circumstances:

- (1) the willful commission by Participant of a crime or other act (or repeated acts) of misconduct that causes or is likely to cause substantial economic damage to the Company or an Affiliate or substantial injury to the business reputation of the Company or Affiliate or which constitute a repudiatory breach of Participant's contract of employment (or any other agreement under which Participant is engaged);
- (2) the commission by Participant of an act of fraud in the performance of Participant's duties on behalf of the Company or an Affiliate;
- (3) the willful and material violation by Participant of the Company's Code of Business Conduct and Ethics Policy; or

(4) the continuing and repeated failure of Participant to perform the duties of Participant to the Company or an Affiliate, including by reason of Participant's habitual absenteeism.

The determination of whether Cause exists with respect to an Executive Officer shall be made by the Board (or its designee) in its sole discretion and with respect to a Participant who is not an Executive Officer shall be made by the Company's Vice President of Human Resources in his or her sole discretion in consultation with the Company's General Counsel.

For purposes of this Agreement, the term "Good Reason" means termination of employment with the Company or an Affiliate by Participant under any of the following circumstances, if the Company or such Affiliate fails to cure such circumstances within thirty (30) days after receipt of written notice from Participant (the "Cure Period") to the Company or such Affiliate setting forth a description of such Good Reason (which notice shall be provided by Participant to the Company or such Affiliate within thirty (30) days following the occurrence of one or more of the following circumstances):

- (1) the removal from or failure to re-elect Participant to the office or position in which he or she last served;
- (2) the assignment to Participant of any duties, responsibilities, or reporting requirements materially inconsistent with his or her position with the Company or an Affiliate, or any material diminishment, on a cumulative basis, of Participant's overall duties, responsibilities, or status; or
- (3) a material reduction by the Company or an Affiliate in Participant's annual base salary.

In the event that the Company or an Affiliate fails to remedy the condition constituting Good Reason during the applicable Cure Period, Participant's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within ninety (90) days following such Cure Period in order for such termination as a result of such condition to constitute a termination for Good Reason.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an Affiliate without Cause or due to the Disability of Participant or by the Participant for Good Reason, in each case, unless Participant (or Participant's beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within sixty (60) days after the date of termination. Notwithstanding anything in the previous sentence to the contrary, if a release is required by the Company as a condition of such acceleration of vesting and lapse of forfeiture restrictions, and such release is not timely executed and delivered by Participant, or if such release is timely executed but is subsequently revoked by Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment.

**6. Time and Form of Payment.** To the extent a Unit shall become vested and payable pursuant to Paragraph 4 or Paragraph 5, Participant shall receive a payment in cash in the amount (less applicable withholding) equal to the product of (a) the Fair Market Value (as defined in the Plan) of a share of Common Stock on the applicable vesting date and (b) the number of Units that become vested and payable on such vesting date. Such cash payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the sixtieth (60<sup>th</sup>) day following the date on which vesting occurs; *provided, however*, that any payment in respect of Units for which vesting is accelerated subject to the release of claims under Paragraph 5 and that would otherwise be made prior to the sixtieth (60<sup>th</sup>) day after the date of termination, such payment shall be made on the sixtieth (60<sup>th</sup>) day after the date of termination.

**7. Ownership Rights.** A Unit is a notional unit of Common Stock of the Company and, as a result, does not provide or give rise to any right to a share of Common Stock or to receive the Fair Market Value of a share of Common Stock except as specifically provided in this Agreement. During the Restricted Period, any distribution in the form of cash paid or delivered by the Company on a share of Common Stock shall not entitle Participant to any distribution (whether in cash, Common Stock, Units or otherwise) with respect to any Unit.

**8. Limitation on Rights.** The Award has been established voluntarily by the Company, is discretionary in nature and may be modified, suspended or terminated by the Company at any time, as provided in this Agreement. This Award does not create a right to further employment with the Company or any of its subsidiaries and does not interfere with the ability of the Company or Participant's employer to terminate Participant's employment relationship at any time with or without cause. Participant's acceptance of this Award and the Units is voluntary. The future value of the Units is unknown and cannot be predicted with certainty. No claim or entitlement to compensation or damages arises from forfeiture or termination of the Units or diminution in value of the Units and Participant irrevocably releases the Company and Participant's employer from any such claim that may arise. Except as otherwise provide in Paragraph 5 hereof, in the event of Participant's termination of employment with the Company or Participant's employer, Participant's right to the Units under this Agreement will terminate effective as of (a) the date that Participant is no longer employed or (b) if earlier, the date Participant gives or receives notice for termination of employment.

**9. No Right to Future Grants.** This Award is voluntary and occasional and does not create any contractual or other right to receive future Units or other awards or benefits in lieu of this Award even if Units or other awards or benefits have been granted repeatedly in the past. All decisions with respect to future grants of Units or other awards, if any, will be at the sole discretion of the Company. The Units granted under this Agreement are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company and are outside the scope of Participant's employment contract, if any.

**10. Extraordinary Item of Compensation.** This Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any

severance, resignation, termination, redundancy, end of service payments, bonuses, long-term service awards, pension or retirement benefits or similar payments. Moreover, insofar as Participant is an employee of the Company or any Affiliate, this Award and this Agreement and the rights hereunder are not part of Participant's employment or contract of employment with the Company or any Affiliate. In the event Participant is not an employee of the Company, this Award will not be interpreted to form an employment contract or relationship with the Company; and furthermore, this Award will not be interpreted to form an employment contract with Participant's employer or any subsidiary or affiliate of the Company.

**11. Adjustments.** In the event of any distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of Company, issuance of warrants or other rights to purchase Common Stock or other securities of Company, or other similar transaction or event affects the Common Stock, then the Company shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Agreement in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available hereunder.

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

**13. Amendment and Termination; Waiver.** This Agreement, together with the Plan and the Cash LTIP, constitutes the entire agreement by Participant and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings between Participant and the Company with respect to the subject matter hereof, whether written or oral. Except as provided otherwise in Paragraph 2, this Agreement may not be amended or terminated by the Company without the written consent of Participant, provided Company may amend this Agreement unilaterally (a) as provided in the Plan and/or Cash LTIP or (b) if Company determines that an amendment is necessary to comply with applicable law (including the requirements of the Code). Any provision for the benefit of the Company contained in this Agreement may be waived in writing, either generally or in any particular instance, by the Company. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

**14. Unsecured Obligation.** The Company's obligation under this Agreement shall be an unfunded and unsecured promise. Participant's right to receive the payments and benefits contemplated hereby from the Company under this Arrangement shall be no greater than the right of any unsecured general creditor of the Company, and Participant shall not have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

**15. Tax Reporting and Tax Payment Liability.** The Company's obligation to make payments in respect of the Units is subject to the satisfaction of any and all applicable tax withholding requirements, including, without limitation, in relation to any United Kingdom income tax and national insurance contributions through operation of the PAYE system. Regardless of any action the Company or Participant's employer takes with respect to any or all income tax, social insurance (including national insurance), payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and the Company and/or Participant's employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant or vesting of the Units and the payment of cash and (b) do not commit to structure the terms of the Award or any aspect of the Units or the Award to reduce or eliminate Participant's liability for Tax-Related Items. Participant authorizes the Company and/or Participant's employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation (including payments made pursuant to Paragraph 2 of the Agreement) paid to Participant by the Company and/or Participant's employer.

**16. Authorization of Withholding, Deduction of Payment Within 30 Days.** Participant agrees and authorizes that any withholding, deduction or payment indicated in Section 13 must occur within 30 days of the grant, vesting and settlement of the Units. Participant acknowledges that failure to withhold, deduct or pay income tax within the 30-day period may result in an additional income tax charge arising.

**17. Data Privacy Consent.** Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this document by and among, as applicable, Participant's employer and the Company and any of its subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in this Award. Participant understands that the Company and Participant's employer hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Units or any other entitlement with respect thereto awarded, canceled, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing this Award ("Data"). Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of this Award, that these recipients may be located in Participant's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's Vice President of Human Resources and Administration. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in this Award. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in this Award. Participant understands that Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's

Vice President of Human Resources and Administration. Participant understands, however, that refusing or withdrawing of consent may affect Participant's ability to participate in this Award. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant may contact the Company's Vice President of Human Resources and Administration.

**18. Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law (in which case such federal law shall apply).

**19. Severability; Interpretive Matters.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as of the illegal, invalid, or unenforceable provision had never been included herein. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural and vice versa. The captions and headings used in the Agreement are inserted for convenience and shall not be deemed a part of the Agreement granted hereunder for construction or interpretation.

**20. Counterparts.** This Agreement may be signed in any number of counterparts, each of which will be an original, with the same force and effect as if the signature thereto and hereto were upon the same instrument.

*[Remainder of Page Blank - Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date indicated below.

**COMPANY:**  
**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: Ann Raden  
Title: Vice President, Human Resources & Administration

I hereby accept the Award subject to all of the terms and provisions hereof. I acknowledge and agree that the Award shall vest and become payable, if at all, only during the period of my continued service with the Company or as otherwise provided in the Agreement (not through the act of issuing the Award).

**PARTICIPANT:**

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

Total Number of Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_, 2015

*[Signature Page - 2014-2018 Long-Term Cash Incentive Program - 2014 Performance Period]*

**CHENIERE ENERGY, INC.**  
**2015 LONG-TERM CASH INCENTIVE PLAN**  
**PHANTOM UNIT AWARD AGREEMENT**

1. **Award of Phantom Units.** Cheniere Energy, Inc., a Delaware corporation (“Company”), hereby awards to the undersigned Participant (“Participant”) a cash-based award (the “Award”) of phantom units (the “Units”), each of which is a notional unit of common stock, \$0.003 par value per share, of the Company (“Common Stock”), subject to and in accordance with the terms and conditions of this Phantom Unit Award Agreement (this “Agreement”). The total number of Units awarded to Participant pursuant to this Award is set forth on the signature page hereto, and such Units shall be subject to vesting on the applicable vesting dates set forth herein. The Units hereunder are awarded effective as of the date set forth on the signature page hereto (the “Grant Date”) under the Company’s 2015 Long-Term Cash Incentive Plan (as amended or restated from time to time, the “Plan”) pursuant to the Company’s 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) in respect of the 2014 Performance Period. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings assigned to them in the Cash LTIP.

2. **Effect of the Plan.** The Units granted to Participant are subject to all of the provisions of the Plan and this Agreement, together with all of the rules and determinations from time to time issued by the Committee and/or the Board pursuant to the Plan; provided, however, that in the event of a conflict between any provision of the Plan and this Agreement or between any provision of the Cash LTIP and this Agreement, the provisions of this Agreement shall control but only to the extent such conflict is permitted under the Plan. Except as otherwise provided in a written agreement with Participant, the Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Participant, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Participant hereunder, and this Agreement shall be subject, without further action by the Company or Participant, to such amendment, modification, restatement or supplement unless provided otherwise therein.

3. **Transferability.** Participant shall not have any power or right to transfer, assign, pledge, exchange, hypothecate, encumber or otherwise dispose of any portion of any amount payable hereunder (by operation of law or otherwise), other than the right to receive payment in settlement of Units pursuant to Participant’s will or the laws of descent or distribution, and any attempt to do so shall be null and void and unenforceable. Should Participant die before receiving payment of amounts vested and payable under Paragraphs 4 or 5, such amounts shall be paid to Participant’s estate. The amounts payable hereunder shall not be subject to attachment, garnishment, levy, execution or any other legal or equitable process.

4. **Restricted Period; Vesting.** Subject to Participant’s continued employment through the applicable vesting date and except as otherwise provided in Paragraph 5 below, the Units shall vest and become payable as provided in Paragraph 6 below as follows: one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the Grant Date occurs; an additional one-third (1/3<sup>rd</sup>) of the Units shall

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become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs; and the remainder of the Units shall become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs. The period from the date hereof until any Units become vested and payable shall be referred to as the “Restricted Period.” If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded to the next lower Unit, except the final installment, which will be for the balance of the total Units.

5. **Termination of Employment or Services; Change in Control.** Except as otherwise provided in this Paragraph 5, in the event of the termination, resignation, or removal of Participant from employment with or services to Company and its Affiliates for any reason, any Units not then vested shall not vest and shall, without further action of any kind by the Company or Participant, immediately be forfeited by Participant. Notwithstanding the foregoing, the Units not then vested shall become vested in full immediately upon (a) the termination of Participant’s employment with the Company or an Affiliate (1) by the Company or an Affiliate without Cause (as defined in the Plan), (2) by the Company or an Affiliate due to the Disability of Participant while performing Continuous Service or (3) due to the death of Participant while performing Continuous Service or (b) the consummation of a Change of Control during Participant’s Continuous Service.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an Affiliate without Cause or due to the Disability of Participant, in each case, unless Participant (or Participant’s beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within sixty (60) days after the date of termination. Notwithstanding anything in the previous sentence to the contrary, if a release is required by the Company as a condition of such acceleration of vesting and lapse of forfeiture restrictions, and such release is not timely executed and delivered by Participant, or if such release is timely executed but is subsequently revoked by Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment.

6. **Time and Form of Payment.** To the extent a Unit shall become vested and payable pursuant to Paragraph 4 or Paragraph 5, Participant shall receive a payment in cash in the amount (less applicable withholding) equal to the product of (a) the Fair Market Value (as defined in the Plan) of a share of Common Stock on the applicable vesting date and (b) the number of Units that become vested and payable on such vesting date. Such cash payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the sixtieth (60<sup>th</sup>) day following the date on which vesting occurs; *provided, however*, that any payment in respect of Units for which vesting is accelerated subject to the release of claims under Paragraph 5 and that would otherwise be made prior to the sixtieth (60<sup>th</sup>) day after the date of termination, such payment shall be made on the sixtieth (60<sup>th</sup>) day after the date of termination.

7. **Ownership Rights.** A Unit is a notional unit of Common Stock of the Company and, as a result, does not provide or give rise to any right to a share of Common Stock or to receive the Fair Market Value of a share of Common Stock except as specifically provided in this Agreement. During

the Restricted Period, any distribution in the form of cash paid or delivered by the Company on a share of Common Stock shall not entitle Participant to any distribution (whether in cash, Common Stock, Units or otherwise) with respect to any Unit.

8. **Limitation on Rights.** The Award has been established voluntarily by the Company, is discretionary in nature and may be modified, suspended or terminated by the Company at any time, as provided in this Agreement. This Award does not create a right to further employment with the Company or any of its subsidiaries and does not interfere with the ability of the Company or Participant's employer to terminate Participant's employment relationship at any time with or without cause. Participant's acceptance of this Award and the Units is voluntary. The future value of the Units is unknown and cannot be predicted with certainty. No claim or entitlement to compensation or damages arises from forfeiture or termination of the Units or diminution in value of the Units and Participant irrevocably releases the Company and Participant's employer from any such claim that may arise. Except as otherwise provide in Paragraph 5 hereof, in the event of Participant's termination of employment with the Company or Participant's employer, Participant's right to the Units under this Agreement will terminate effective as of (a) the date that Participant is no longer employed or (b) if earlier, the date Participant gives or receives notice for termination of employment.

9. **No Right to Future Grants.** This Award is voluntary and occasional and does not create any contractual or other right to receive future Units or other awards or benefits in lieu of this Award even if Units or other awards or benefits have been granted repeatedly in the past. All decisions with respect to future grants of Units or other awards, if any, will be at the sole discretion of the Company. The Units granted under this Agreement are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company and are outside the scope of Participant's employment contract, if any.

10. **Extraordinary Item of Compensation.** This Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-term service awards, pension or retirement benefits or similar payments. Moreover, insofar as Participant is an employee of the Company or any Affiliate, this Award and this Agreement and the rights hereunder are not part of Participant's employment or contract of employment with the Company or any Affiliate. In the event Participant is not an employee of the Company, this Award will not be interpreted to form an employment contract or relationship with the Company; and furthermore, this Award will not be interpreted to form an employment contract with Participant's employer or any subsidiary or affiliate of the Company.

11. **Adjustments.** In the event of any distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of Company, issuance of warrants or other rights to purchase Common Stock or other securities of Company, or other similar transaction or event affects the Common Stock, then the Company shall, in such manner as it may deem equitable, make adjustments to the terms and

provisions of this Agreement in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available hereunder.

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

13. **Amendment and Termination; Waiver.** This Agreement, together with the Plan and the Cash LTIP, constitutes the entire agreement by Participant and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings between Participant and the Company with respect to the subject matter hereof, whether written or oral. Except as provided otherwise in Paragraph 2, this Agreement may not be amended or terminated by the Company without the written consent of Participant, provided Company may amend this Agreement unilaterally (a) as provided in the Plan and/or Cash LTIP or (b) if Company determines that an amendment is necessary to comply with applicable law (including the requirements of the Code). Any provision for the benefit of the Company contained in this Agreement may be waived in writing, either generally or in any particular instance, by the Company. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

14. **Unsecured Obligation.** The Company's obligation under this Agreement shall be an unfunded and unsecured promise. Participant's right to receive the payments and benefits contemplated hereby from the Company under this Arrangement shall be no greater than the right of any unsecured general creditor of the Company, and Participant shall not have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

15. **Tax Reporting and Tax Payment Liability.** The Company's obligation to make payments in respect of the Units is subject to the satisfaction of any and all applicable tax withholding requirements, including, without limitation, in relation to any United Kingdom income tax and national insurance contributions through operation of the PAYE system. Regardless of any action the Company or Participant's employer takes with respect to any or all income tax, social insurance (including national insurance), payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and the Company and/or Participant's employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant or vesting of the Units and the payment of cash and (b) do not commit to structure the terms of the Award or any aspect of the Units or the Award to reduce or eliminate Participant's liability for Tax-Related Items. Participant authorizes the Company and/or Participant's employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation (including payments made pursuant to Paragraph 2 of the Agreement) paid to Participant by the Company and/or Participant's employer.

16. **Authorization of Withholding, Deduction of Payment Within 30 Days.** Participant agrees and authorizes that any withholding, deduction or payment indicated in Section 13 must occur within 30 days of the grant, vesting and settlement of the Units. Participant acknowledges that failure to withhold, deduct or pay income tax within the 30-day period may result in an additional income tax charge arising.

17. **Data Privacy Consent.** Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this document by and among, as applicable, Participant's employer and the Company and any of its subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in this Award. Participant understands that the Company and Participant's employer hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Units or any other entitlement with respect thereto awarded, canceled, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing this Award ("Data"). Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of this Award, that these recipients may be located in Participant's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's Vice President of Human Resources and Administration. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in this Award. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in this Award. Participant understands that Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Vice President of Human Resources and Administration. Participant understands, however, that refusing or withdrawing of consent may affect Participant's ability to participate in this Award. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant may contact the Company's Vice President of Human Resources and Administration.

18. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law (in which case such federal law shall apply).

19. **Severability; Interpretive Matters.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as of the illegal, invalid, or unenforceable provision had never been included herein. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural and

vice versa. The captions and headings used in the Agreement are inserted for convenience and shall not be deemed a part of the Agreement granted hereunder for construction or interpretation.

20. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which will be an original, with the same force and effect as if the signature thereto and hereto were upon the same instrument.

*[Remainder of Page Blank - Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date indicated below.

**COMPANY:**  
**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: Ann Raden  
Title: Vice President, Human Resources & Administration

I hereby accept the Award subject to all of the terms and provisions hereof. I acknowledge and agree that the Award shall vest and become payable, if at all, only during the period of my continued service with the Company or as otherwise provided in the Agreement (not through the act of issuing the Award).

**PARTICIPANT:**

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

Total Number of Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_, 2015

*[Signature Page - 2014-2018 Long-Term Cash Incentive Program - 2014 Performance Period]*

**CHENIERE ENERGY, INC.**  
**2015 LONG-TERM CASH INCENTIVE PLAN**

**PHANTOM UNIT AWARD AGREEMENT**

**1. Award of Phantom Units.** Cheniere Energy, Inc., a Delaware corporation (“Company”), hereby awards to the undersigned Participant (“Participant”) a cash-based award (the “Award”) of phantom units (the “Units”), each of which is a notional unit of common stock, \$0.003 par value per share, of the Company (“Common Stock”), subject to and in accordance with the terms and conditions of this Phantom Unit Award Agreement (this “Agreement”). The total number of Units awarded to Participant pursuant to this Award is set forth on the signature page hereto, and such Units shall be subject to vesting on the applicable vesting dates set forth herein. The Units hereunder are awarded effective as of the date set forth on the signature page hereto (the “Grant Date”) under the Company’s 2015 Long-Term Cash Incentive Plan (as amended or restated from time to time, the “Plan”) pursuant to the Company’s 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) in respect of the 2014 Performance Period. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings assigned to them in the Cash LTIP.

**2. Effect of the Plan.** The Units granted to Participant are subject to all of the provisions of the Plan and this Agreement, together with all of the rules and determinations from time to time issued by the Committee and/or the Board pursuant to the Plan; provided, however, that in the event of a conflict between any provision of the Plan and this Agreement or between any provision of the Cash LTIP and this Agreement, the provisions of this Agreement shall control but only to the extent such conflict is permitted under the Plan. Except as otherwise provided in a written agreement with Participant, the Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Participant, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Participant hereunder, and this Agreement shall be subject, without further action by the Company or Participant, to such amendment, modification, restatement or supplement unless provided otherwise therein.

**3. Transferability.** Participant shall not have any power or right to transfer, assign, pledge, exchange, hypothecate, encumber or otherwise dispose of any portion of any amount payable hereunder (by operation of law or otherwise), other than the right to receive payment in settlement of Units pursuant to Participant’s will or the laws of descent or distribution, and any attempt to do so shall be null and void and unenforceable. Should Participant die before receiving payment of amounts vested and payable under Paragraphs 4 or 5, such amounts shall be paid to Participant’s estate. The amounts payable hereunder shall not be subject to attachment, garnishment, levy, execution or any other legal or equitable process.

**4. Restricted Period; Vesting.** Subject to Participant’s continued provision of services through the applicable vesting date and except as otherwise provided in Paragraph 5 below, the Units shall vest and become payable as provided in Paragraph 6 below as follows: one-third (1/3<sup>rd</sup>)

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of the Units shall become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the Grant Date occurs; an additional one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs; and the remainder of the Units shall become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs. The period from the date hereof until any Units become vested and payable shall be referred to as the "Restricted Period." If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded to the next lower Unit, except the final installment, which will be for the balance of the total Units.

**5. Termination of Services; Change in Control.** Except as otherwise provided in this Paragraph 5, in the event of the termination, resignation, or removal of Participant from services to Company and its Affiliates for any reason, any Units not then vested shall not vest and shall, without further action of any kind by the Company or Participant, immediately be forfeited by Participant. Notwithstanding the foregoing, the Units not then vested shall become vested in full immediately upon (a) the termination of Participant's services to the Company or an Affiliate (1) by the Company or an Affiliate without Cause (as defined in the Plan, provided, however, that termination of Participant's service with the Company or an Affiliate as a result of the termination or expiration of an applicable consulting agreement without Cause be treated as a termination of Participant's services by the Company or an Affiliate without Cause for purposes of this Agreement, provided, further, that the termination or expiration of the consulting agreement following an offer by the Company or an Affiliate to extend or renew such consulting agreement on substantially similar or better terms and conditions shall not be deemed to be a termination of services by the Company without Cause), (2) by the Company or an Affiliate due to the Disability of Participant while performing Continuous Service, or (3) due to the death of Participant while performing Continuous Service, or (b) the consummation of a Change of Control during Participant's Continuous Service.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an Affiliate without Cause or due to the Disability of Participant, in each case, unless Participant (or Participant's beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within sixty (60) days after the date of termination. Notwithstanding anything in the previous sentence to the contrary, if a release is required by the Company as a condition of such acceleration of vesting and lapse of forfeiture restrictions, and such release is not timely executed and delivered by Participant, or if such release is timely executed but is subsequently revoked by Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment.

**6. Time and Form of Payment.** To the extent a Unit shall become vested and payable pursuant to Paragraph 4 or Paragraph 5, Participant shall receive a payment in cash in the amount (less applicable withholding, if any) equal to the product of (a) the Fair Market Value (as defined

in the Plan) of a share of Common Stock on the applicable vesting date and (b) the number of Units that become vested and payable on such vesting date. Such cash payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the sixtieth (60<sup>th</sup>) day following the date on which vesting occurs; *provided, however*, that any payment in respect of Units for which vesting is accelerated subject to the release of claims under Paragraph 5 and that would otherwise be made prior to the sixtieth (60th) day after the date of termination, such payment shall be made on the sixtieth (60th) day after the date of termination.

**7. Ownership Rights.** A Unit is a notional unit of Common Stock of the Company and, as a result, does not provide or give rise to any right to a share of Common Stock or to receive the Fair Market Value of a share of Common Stock except as specifically provided in this Agreement. During the Restricted Period, any distribution in the form of cash paid or delivered by the Company on a share of Common Stock shall not entitle Participant to any distribution (whether in cash, Common Stock, Units or otherwise) with respect to any Unit.

**8. Adjustments.** In the event of any distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of Company, issuance of warrants or other rights to purchase Common Stock or other securities of Company, or other similar transaction or event affects the Common Stock, then the Company shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Agreement in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available hereunder.

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

**10. Amendment and Termination; Waiver.** This Agreement, together with the Plan and the Cash LTIP, constitutes the entire agreement by Participant and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings between Participant and the Company with respect to the subject matter hereof, whether written or oral. Except as provided otherwise in Paragraph 2, this Agreement may not be amended or terminated by the Company without the written consent of Participant, provided Company may amend this Agreement unilaterally (a) as provided in the Plan and/or Cash LTIP or (b) if Company determines that an amendment is necessary to comply with applicable law (including the requirements of the Code). Any provision for the benefit of the Company contained in this Agreement may be waived in writing, either generally or in any particular instance, by the Company. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

**11. Unsecured Obligation.** The Company's obligation under this Agreement shall be an unfunded and unsecured promise. Participant's right to receive the payments and benefits contemplated hereby from the Company under this Arrangement shall be no greater than the right

of any unsecured general creditor of the Company, and Participant shall not have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

**12. No Right To Continued Services.** Neither the Award nor anything in this Agreement shall confer upon Participant any right to continued service with the Company (or its Affiliates or their respective successors) or shall interfere in any way with the right of the Company (or its Affiliates or their respective successors) to terminate Participant's service at any time.

**13. Tax Matters; No Guarantee of Tax Consequences.** All payments under the terms of the Agreement shall be subject to, and reduced by, any amount of federal, state and local income, employment and other taxes required to be withheld by the Company in connection with such payments. The Agreement is intended to be exempt from, or to comply with, the requirements of Section 409A of the Code, and the Agreement shall be interpreted accordingly; provided that in no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. The Company makes no commitment or guarantee to Participant that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Agreement.

**14. Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law (in which case such federal law shall apply).

**15. Severability; Interpretive Matters.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as of the illegal, invalid, or unenforceable provision had never been included herein. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural and vice versa. The captions and headings used in the Agreement are inserted for convenience and shall not be deemed a part of the Agreement granted hereunder for construction or interpretation.

**16. Counterparts.** This Agreement may be signed in any number of counterparts, each of which will be an original, with the same force and effect as if the signature thereto and hereto were upon the same instrument.

*[Remainder of Page Blank - Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date indicated below.

**COMPANY:**  
**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: Ann Raden  
Title: Vice President, Human Resources & Administration

I hereby accept the Award subject to all of the terms and provisions hereof. I acknowledge and agree that the Award shall vest and become payable, if at all, only during the period of my continued service with the Company or as otherwise provided in the Agreement (not through the act of issuing the Award).

**PARTICIPANT:**

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

Total Number of Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_, 2015

*[Signature Page - 2014-2018 Long-Term Cash Incentive Program - 2014 Performance Period]*

**CHENIERE ENERGY, INC.**  
**2015 LONG-TERM CASH INCENTIVE PLAN**

**PHANTOM UNIT AWARD AGREEMENT**

**1. Award of Phantom Units.** Cheniere Energy, Inc., a Delaware corporation (“Company”), hereby awards to the undersigned Participant (“Participant”) a cash-based award (the “Award”) of phantom units (the “Units”), each of which is a notional unit of common stock, \$0.003 par value per share, of the Company (“Common Stock”), subject to and in accordance with the terms and conditions of this Phantom Unit Award Agreement (this “Agreement”). The total number of Units awarded to Participant pursuant to this Award is set forth on the signature page hereto, and such Units shall be subject to vesting on the applicable vesting dates set forth herein. The Units hereunder are awarded effective as of the date set forth on the signature page hereto (the “Grant Date”) under the Company’s 2015 Long-Term Cash Incentive Plan (as amended or restated from time to time, the “Plan”) pursuant to the Company’s 2014-2018 Long-Term Cash Incentive Program (the “Cash LTIP”) in respect of the 2014 Performance Period. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meanings assigned to them in the Cash LTIP.

**2. Effect of the Plan.** The Units granted to Participant are subject to all of the provisions of the Plan and this Agreement, together with all of the rules and determinations from time to time issued by the Committee and/or the Board pursuant to the Plan; provided, however, that in the event of a conflict between any provision of the Plan and this Agreement or between any provision of the Cash LTIP and this Agreement, the provisions of this Agreement shall control but only to the extent such conflict is permitted under the Plan. Except as otherwise provided in a written agreement with Participant, the Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Participant, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Participant hereunder, and this Agreement shall be subject, without further action by the Company or Participant, to such amendment, modification, restatement or supplement unless provided otherwise therein.

**3. Transferability.** Participant shall not have any power or right to transfer, assign, pledge, exchange, hypothecate, encumber or otherwise dispose of any portion of any amount payable hereunder (by operation of law or otherwise), other than the right to receive payment in settlement of Units pursuant to Participant’s will or the laws of descent or distribution, and any attempt to do so shall be null and void and unenforceable. Should Participant die before receiving payment of amounts vested and payable under Paragraphs 4 or 5, such amounts shall be paid to Participant’s estate. The amounts payable hereunder shall not be subject to attachment, garnishment, levy, execution or any other legal or equitable process.

**4. Restricted Period; Vesting.** Subject to Participant’s continued provision of services through the applicable vesting date and except as otherwise provided in Paragraph 5 below, the

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Units shall vest and become payable as provided in Paragraph 6 below as follows: one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the calendar year commencing immediately after the calendar year in which the Grant Date occurs; an additional one-third (1/3<sup>rd</sup>) of the Units shall become vested and payable on February 1 of the second (2<sup>nd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs; and the remainder of the Units shall become vested and payable on February 1 of the third (3<sup>rd</sup>) calendar year commencing after the calendar year in which the Grant Date occurs. The period from the date hereof until any Units become vested and payable shall be referred to as the "Restricted Period." If an installment of the vesting and release of Units from the Restricted Period covers a fractional Unit, such installment will be rounded to the next lower Unit, except the final installment, which will be for the balance of the total Units.

**5. Termination of Services; Change in Control.** Except as otherwise provided in this Paragraph 5, in the event of the termination, resignation, or removal of Participant from services to Company and its Affiliates for any reason, any Units not then vested shall not vest and shall, without further action of any kind by the Company or Participant, immediately be forfeited by Participant. Notwithstanding the foregoing, the Units not then vested shall become vested in full immediately upon (a) the termination of Participant's services to the Company or an Affiliate (1) by the Company or an Affiliate without Cause (as defined in the Plan, subject to the proviso below), (2) by the Company or an Affiliate due to the Disability of Participant while performing Continuous Service or (3) due to the death of Participant while performing Continuous Service or (b) the consummation of a Change of Control during Participant's Continuous Service.

A termination of Participant's service with the Company or an Affiliate as a result of the termination or expiration of an applicable consulting agreement without Cause (as defined in the Plan) shall be treated as a termination of services by the Company without Cause for purposes of this Agreement, *provided, however*, that the termination or expiration of the consulting agreement following an offer by the Company or an Affiliate to extend or renew such consulting agreement on substantially similar or better terms and conditions shall not be deemed to be a termination of services by the Company without Cause.

Notwithstanding anything herein to the contrary, vesting of outstanding and unvested Units will not be accelerated as a result of a termination by the Company or an Affiliate without Cause or due to the Disability of Participant, in each case, unless Participant (or Participant's beneficiaries or estate) shall execute and deliver to the Company (and not revoke) a fully effective release of claims in the form, if any, as may be required by, and in such form provided by, the Company, within sixty (60) days after the date of termination. Notwithstanding anything in the previous sentence to the contrary, if a release is required by the Company as a condition of such acceleration of vesting and lapse of forfeiture restrictions, and such release is not timely executed and delivered by Participant, or if such release is timely executed but is subsequently revoked by Participant, any Units which were unvested as of the date of termination shall be deemed cancelled and forfeited as of such date of termination of employment.

**6. Time and Form of Payment.** To the extent a Unit shall become vested and payable pursuant to Paragraph 4 or Paragraph 5, Participant shall receive a payment in cash in the amount (less applicable withholding) equal to the product of (a) the Fair Market Value (as defined in the Plan) of a share of Common Stock on the applicable vesting date and (b) the number of Units that become vested and payable on such vesting date. Such cash payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the sixtieth (60<sup>th</sup>) day following the date on which vesting occurs; *provided, however*, that any payment in respect of Units for which vesting is accelerated subject to the release of claims under Paragraph 5 that would otherwise be made prior to the sixtieth (60<sup>th</sup>) day after the date of termination, such payment shall be made on the sixtieth (60<sup>th</sup>) day after the date of termination.

**7. Ownership Rights.** A Unit is a notional unit of Common Stock of the Company and, as a result, does not provide or give rise to any right to a share of Common Stock or to receive the Fair Market Value of a share of Common Stock except as specifically provided in this Agreement. During the Restricted Period, any distribution in the form of cash paid or delivered by the Company on a share of Common Stock shall not entitle Participant to any distribution (whether in cash, Common Stock, Units or otherwise) with respect to any Unit.

**8. Limitation on Rights.** The Award has been established voluntarily by the Company, is discretionary in nature and may be modified, suspended or terminated by the Company at any time, as provided in this Agreement. This Award does not create a right to employment with the Company or any of its subsidiaries and does not interfere with the ability of the Company or its Affiliates to terminate Participant's services at any time with or without cause. Participant's acceptance of this Award and the Units is voluntary. The future value of the Units is unknown and cannot be predicted with certainty. No claim or entitlement to compensation or damages arises from forfeiture or termination of the Units or diminution in value of the Units and Participant irrevocably releases the Company and its Affiliates from any such claim that may arise. Except as otherwise provide in Paragraph 5 hereof, in the event of Participant's termination of services to the Company or its Affiliates, Participant's right to the Units under this Agreement will terminate effective as of (a) the date that Participant no longer provides services to the Company or its Affiliates or (b) if earlier, the date Participant gives or receives notice for termination of Participant's services.

**9. No Right to Future Grants.** This Award is voluntary and occasional and does not create any contractual or other right to receive future Units or other awards or benefits in lieu of this Award even if Units or other awards or benefits have been granted repeatedly in the past. All decisions with respect to future grants of Units or other awards, if any, will be at the sole discretion of the Company. The Units granted under this Agreement are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company and are outside the scope of Participant's consulting agreement, if any.

**10. Extraordinary Item of Compensation.** This Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-term service awards, pension or retirement benefits or similar payments. Moreover, this Award and this

Agreement and the rights hereunder are not part of Participant's consulting agreement with the Company or any Affiliate. This Award will not be interpreted to form an employment contract or relationship with the Company; and furthermore, this Award will not be interpreted to form an employment contract with the Company or any subsidiary or Affiliate of the Company.

**11. Adjustments.** In the event of any distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of Company, issuance of warrants or other rights to purchase Common Stock or other securities of Company, or other similar transaction or event affects the Common Stock, then the Company shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Agreement in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available hereunder.

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

**13. Amendment and Termination; Waiver.** This Agreement, together with the Plan, constitutes the entire agreement by Participant and the Company with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings between Participant and the Company with respect to the subject matter hereof, whether written or oral. Except as provided otherwise in Paragraph 2, this Agreement may not be amended or terminated by the Company without the written consent of Participant, provided Company may amend this Agreement unilaterally (a) as provided in the Plan and/or Cash LTIP or (b) if Company determines that an amendment is necessary to comply with applicable law (including the requirements of the Internal Revenue Code of 1986, as amended (the "Code")). Any provision for the benefit of the Company contained in this Agreement may be waived in writing, either generally or in any particular instance, by the Company. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

**14. Unsecured Obligation.** The Company's obligation under this Agreement shall be an unfunded and unsecured promise. Participant's right to receive the payments and benefits contemplated hereby from the Company under this Arrangement shall be no greater than the right of any unsecured general creditor of the Company, and Participant shall not have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

**15. Tax Reporting and Tax Payment Liability.** The Company's obligation to make payments in respect of the Units is subject to the satisfaction of any and all applicable tax withholding requirements, including, without limitation, in relation to any United Kingdom income tax and

national insurance contributions through operation of the PAYE system. Regardless of any action the Company or an Affiliate takes with respect to any or all income tax, social insurance (including national insurance), payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the ultimate liability for all Tax-Related Items is and remains Participant’s responsibility and the Company and its Affiliates (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant or vesting of the Units and the payment of cash and (b) do not commit to structure the terms of the Award or any aspect of the Units or the Award to reduce or eliminate Participant’s liability for Tax-Related Items. Participant authorizes the Company and its Affiliates to withhold all applicable Tax-Related Items legally payable by Participant from Participant’s wages or other cash compensation (including payments made pursuant to Paragraph 2 of the Agreement) paid to Participant by the Company and its Affiliates.

**16. Authorization of Withholding, Deduction of Payment Within 30 Days.** Participant agrees and authorizes that any withholding, deduction or payment indicated in Section 13 must occur within 30 days of the grant, vesting and settlement of the Units. Participant acknowledges that failure to withhold, deduct or pay income tax within the 30-day period may result in an additional income tax charge arising.

**17. Data Privacy Consent.** Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant’s personal data as described in this document by and among, as applicable, the Company and any of its subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Participant’s participation in this Award. Participant understands that the Company and its Affiliates hold certain personal information about Participant, including, but not limited to, Participant’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Units or any other entitlement with respect thereto awarded, canceled, vested, unvested or outstanding in Participant’s favor, for the purpose of implementing, administering and managing this Award (“Data”). Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of this Award, that these recipients may be located in Participant’s country, or elsewhere, and that the recipient’s country may have different data privacy laws and protections than Participant’s country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting the Company’s Vice President of Human Resources and Administration. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant’s participation in this Award. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant’s participation in this Award. Participant understands that Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company’s Vice President of Human Resources and Administration. Participant understands, however, that refusing or withdrawing of consent may affect Participant’s ability to participate in this Award. For more information on the consequences

of Participant's refusal to consent or withdrawal of consent, Participant may contact the Company's Vice President of Human Resources and Administration.

**18. Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law (in which case such federal law shall apply).

**19. Severability; Interpretive Matters.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural and vice versa. The captions and headings used in the Agreement are inserted for convenience and shall not be deemed a part of the Agreement granted hereunder for construction or interpretation.

**20. Counterparts.** This Agreement may be signed in any number of counterparts, each of which will be an original, with the same force and effect as if the signature thereto and hereto were upon the same instrument.

*[Remainder of Page Blank - Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date indicated below.

**COMPANY:**  
**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: Ann Raden  
Title: Vice President, Human Resources & Administration

I hereby accept the Award subject to all of the terms and provisions hereof. I acknowledge and agree that the Award shall vest and become payable, if at all, only during the period of my continued service with the Company or as otherwise provided in the Agreement (not through the act of issuing the Award).

**PARTICIPANT:**

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

Total Number of Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_, 2015

*[Signature Page - 2014-2018 Long-Term Cash Incentive Program - 2014 Performance Period]*

**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;
  - 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.

Date: April 30, 2015

/s/ Charif Souki

Charif Souki  
Chief Executive Officer

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

I, Michael J. Wortley, 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;
  - 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.

Date: April 30, 2015

/s/ Michael J. Wortley

Michael J. Wortley  
Chief Financial Officer

**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 March 31, 2015, 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.

Date: April 30, 2015

/s/ Charif Souki

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Charif Souki  
Chief Executive Officer

**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 March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Wortley, 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.

Date: April 30, 2015

/s/ Michael J. Wortley

\_\_\_\_\_  
Michael J. Wortley  
Chief Financial Officer