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

FORM 10-Q

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

For the quarterly period ended September 30, 2005

OR

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

For the transition period from_____ to _____

Commission File No. 001-16383

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

Delaware
(State or other jurisdiction of incorporation or organization)

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

717 Texas Avenue, Suite 3100
Houston, Texas
(Address of principal executive offices)

77002
(Zip Code)

(713) 659-1361
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☒ No ☐.

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 October 31, 2005, there were 54,138,808 shares of Cheniere Energy, Inc. Common Stock, $.003 par value, issued and outstanding.

CHENIERE ENERGY, INC.
INDEX TO FORM 10-Q

CAUTIONARY STATEMENT
REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical 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 each of our proposed liquefied natural gas ("LNG") receiving terminals by certain dates, or at all;
- statements that we expect to receive Draft Environmental Impact Statements or Final Environmental Impact Statements from the Federal Energy Regulatory Commission ("FERC") by certain dates, or at all, or that we expect to receive an order from FERC authorizing us to construct and operate proposed LNG receiving terminals by a certain date, or at all;
- statements regarding any financing transactions or arrangements, or ability to enter into such transactions, whether on the part of Cheniere or at the project level;
- statements relating to the construction of our proposed LNG receiving terminals, including statements concerning the engagement of any engineering, procurement and construction ("EPC") contractor and the anticipated terms and provisions of any agreement with an EPC contractor, and anticipated costs related thereto;
- statements regarding any terminal use agreement ("TUA") or other agreement to be performed substantially in the future, including any cash distributions and revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of our total regasification capacity that is, or may become subject to, TUAs;

- statements regarding possible equity or asset purchases or sales, including of interests in current or future projects;
- statements that our proposed LNG receiving terminals and pipelines, when completed, will have certain characteristics, including amounts of regasification and storage capacities, a number of storage tanks and docks, pipeline deliverability and a number of pipeline interconnections, if any;
- statements regarding the possible expansions of the currently projected size of any of our proposed LNG receiving terminals;
- statements regarding our business strategy, our business plans or any other plans, forecasts or objectives, any or all of which are subject to change;
- statements regarding any Securities and Exchange Commission ("SEC") or other governmental or regulatory inquiry or investigation;
- statements regarding anticipated legislative, governmental, regulatory, administrative or other public body actions, requirements, permits or decisions; and
- any other statements that relate to non-historical or future information.

These forward-looking statements are often identified by the use of terms and phrases such as "achieve," "anticipate," "believe," "estimate," "expect," "forecast," "plan," "project," "propose," "strategy" and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in "Risk Factors" of our annual report on Form 10-K, as amended, for the year ended December 31, 2004. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. These forward-looking statements are made as of the date of this quarterly report. 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.

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

	September 30, 2005	December 31, 2004
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 738,946	$ 308,443
Restricted Cash and Cash Equivalents	172,110	—
Restricted Certificate of Deposit	912	900
Advances to EPC Contractor	16,173	—
Accounts Receivable	2,426	1,374
Derivative Assets	4,946	—
Prepaid Expenses	1,037	564
Total Current Assets	936,550	311,281
NON-CURRENT RESTRICTED CASH AND CASH EQUIVALENTS	31,342	—
PROPERTY, PLANT AND EQUIPMENT, NET	198,414	20,880
DEBT ISSUANCE COSTS, NET	44,399	1,302
INVESTMENT IN LIMITED PARTNERSHIP	—	—
GOODWILL	76,844	—
INTANGIBLE LNG ASSETS	93	88
OTHER	455	16
Total Assets	$ 1,288,097	$ 333,567
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 886	$ 1,262
Accrued Liabilities	17,074	3,196
Accrued Losses on Investment in Limited Partnership	2,711	1,071
Current Portion of Long-Term Debt	6,000	—
Derivative Liabilities	139	—
Total Current Liabilities	26,810	5,529
LONG-TERM DEBT	919,000	—
DEFERRED REVENUE	38,000	23,000
LONG-TERM DERIVATIVE LIABILITIES	7,145	—
LONG-TERM ASSET RETIREMENT OBLIGATION	101	99
MINORITY INTEREST	—	338
COMMITMENTS AND CONTINGENCIES	—	—
STOCKHOLDERS' EQUITY		
Preferred Stock, $.0001 par value		
Authorized: 5,000,000 shares, Issued and Outstanding: none	—	—
Common Stock, $.003 par value		
Authorized: 120,000,000 and 40,000,000 shares at September 30, 2005 and December 31, 2004, respectively		
Issued and Outstanding: 54,043,808 shares at September 30, 2005 and 50,918,582 shares at December 31, 2004	162	153
Additional Paid-in-Capital	368,509	364,504
Deferred Compensation	(4,505)	(6,543)
Accumulated Deficit	(64,887)	(53,513)
Accumulated Other Comprehensive Loss	(2,238)	—
Total Stockholders' Equity	297,041	304,601
Total Liabilities and Stockholders' Equity	$ 1,288,097	$ 333,567

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

Table of Contents

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues				
Oil and Gas Sales	$ 729	$ 465	$ 2,154	$ 1,132
Total Revenues	729	465	2,154	1,132
Operating Costs and Expenses				
LNG Receiving Terminal Development Expenses	4,127	3,447	14,902	13,415
Oil and Gas Production Costs	78	15	166	29
Depreciation, Depletion and Amortization	682	266	1,737	632
General and Administrative Expenses	6,523	2,242	17,114	7,106
Total Operating Costs and Expenses	11,410	5,970	33,919	21,182
Loss from Operations	(10,681)	(5,505)	(31,765)	(20,050)
Gain on Sale of Investment in Unconsolidated Affiliate	20,206	—	20,206	—
Equity in Net (Loss) Income of Limited Partnership	(2,261)	(583)	(3,232)	85
Reimbursement from Limited Partnership Investment	—	—	—	2,500
Derivative Gain, net	931	—	264	—
Interest Expense	(5,058)	—	(5,058)	—
Interest Income	4,541	32	8,114	48
Income (Loss) Before Income Taxes and Minority Interest	7,678	(6,056)	(11,471)	(17,417)
Provision for Income Taxes	—	—	—	—
Income (Loss) Before Minority Interest	7,678	(6,056)	(11,471)	(17,417)
Minority Interest	—	417	97	2,650
Net Income (Loss)	$ 7,678	$ (5,639)	$(11,374)	$(14,767)
Net Income (Loss) Per Share				
Basic	$ 0.14	$ (0.15)	$ (0.21)	$ (0.39)
Diluted	$ 0.14	$ (0.15)	$ (0.21)	$ (0.39)
Weighted Average Number of Shares Outstanding				
Basic	53,938	38,546	53,358	37,536
Diluted	55,749	38,546	53,358	37,536

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

CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount					
Balance—December 31, 2004	50,919	$ 153	$364,504	$ (6,543)	$ (53,513)	$ —	$ 304,601
Issuances of Stock	3,110	9	79,237	—	—	—	79,246
Issuance of Restricted Stock	15	—	498	(498)	—	—	—
Amortization of Deferred Compensation	—	—	—	2,536	—	—	2,536
Expenses Related to Offerings	—	—	(27)	—	—	—	(27)
Purchase of Issuer Call Spread	—	—	(75,703)	—	—	—	(75,703)
Comprehensive Loss on Interest Rate Swaps	—	—	—	—	—	(2,238)	(2,238)
Net Loss	—	—	—	—	(11,374)	—	(11,374)
Balance—September 30, 2005	54,044	$ 162	$368,509	$ (4,505)	$ (64,887)	$ (2,238)	$ 297,041

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

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

	Nine Months Ended September 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (11,374)	$(14,767)
Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities:		
Depreciation, Depletion and Amortization	1,737	632
Non-Cash Compensation	2,487	2,699
Equity in Net (Income) Loss of Limited Partnership	3,232	(85)
Gain on Sale of Investment in Unconsolidated Affiliate	(20,206)	—
Reimbursement from Limited Partnership Investment	—	(2,500)
Minority Interest	(97)	(2,650)
Non-Cash Derivative Gain	(282)	—
Other	892	(21)
Changes in Operating Assets and Liabilities:		
Accounts Receivable – Affiliates	—	1,000
Other Accounts Receivable	(604)	(314)
Prepaid Expenses	(473)	127
Deferred Revenue	15,000	—
Accounts Payable and Accrued Liabilities	589	(782)
NET CASH USED IN OPERATING ACTIVITIES	(9,099)	(16,661)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Restricted Cash and Cash Equivalents	(203,452)	—
LNG Terminal Construction-In-Progress	(164,541)	—
Advance to EPC Contractor, net of transfers to Construction-In-Progress	(16,173)	—
Purchase of Fixed Assets	(2,806)	(881)
Investment in Limited Partnership	(1,592)	—
Oil and Gas Property Additions	(1,982)	(1,124)
Acquisition Costs	(111)	—
Proceeds from Sale of Investment in Unconsolidated Affiliate	20,206	—
Purchase of Restricted Certificate of Deposit	—	(1,123)
Reimbursement from Limited Partnership Investment	—	2,500
Sale of Limited Partnership Interest.	—	883
Sale of Interest in Oil and Gas Prospects	1,235	1,632
Other	(602)	(205)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(369,818)	1,682
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Convertible Senior Unsecured Notes	325,000	—
Proceeds from Term Loan	600,000	—
Purchase of Issuer Call Spread	(75,703)	—
Debt Issuance Costs	(42,019)	(108)
Sale of Common Stock	2,095	20,102
Offering Costs	(27)	(965)
Repayment of Note Payable	—	(1,000)
Partnership Contributions by Minority Owner	74	2,819
NET CASH PROVIDED BY FINANCING ACTIVITIES	809,420	20,848
NET INCREASE IN CASH AND CASH EQUIVALENTS	430,503	5,869
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	308,443	1,258
CASH AND CASH EQUIVALENTS — END OF PERIOD	$ 738,946	$ 7,127

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

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

NOTE 1 — Basis of Presentation

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

For further information, refer to the consolidated financial statements and footnotes included in our annual report on Form 10-K, as amended, for the year ended December 31, 2004. Interim results are not necessarily indicative of results to be expected for the full fiscal year ending December 31, 2005. Certain reclassifications have been made to conform prior period amounts to the current period presentation. These reclassifications had no effect on net loss or stockholders' equity.

All references to issued and outstanding shares, weighted average shares, and per share amounts in the accompanying unaudited consolidated financial statements have been retroactively adjusted to reflect our two-for-one stock split that occurred on April 22, 2005.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 123R,*Share-Based Payment*, that addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for equity instruments of the company, such as stock options and non-vested stock. SFAS No. 123R eliminates the ability to account for share-based compensation transactions using the Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and requires instead that such transactions be accounted for using a fair value-based method. We currently account for stock-based compensation using the intrinsic method pursuant to APB Opinion No. 25. SFAS No. 123R requires that all stock-based payments to employees, including grants of employee stock options and non-vested stock, be recognized as compensation expense in the financial statements based on their fair values at the time such awards are granted. SFAS No. 123R was scheduled to be effective for periods beginning after June 15, 2005. However, on April 14, 2005, the SEC deferred the effective date to January 1, 2006 for companies with fiscal years ending December 31. Accordingly, we will be required to apply SFAS No. 123R beginning in the fiscal quarter ending March 31, 2006. We are currently assessing the provisions of SFAS No. 123R and its impact on our consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154,*Accounting Changes and Error Corrections – A Replacement of APB Opinion No. 20 and FASB Statement No. 3*. SFAS No. 154 changes the requirements for accounting and reporting on a change in accounting principle, while carrying forward the guidance in APB Opinion No. 20, *Accounting Changes* and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*, with respect to accounting for changes in estimates, changes in the reporting entity and the correction of errors. APB 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change, the cumulative effect of changing to the new accounting principle. SFAS No. 154 requires retrospective application to prior periods' financial statements for voluntary changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The impact of SFAS No. 154 will depend on the accounting change that occurs in a future period.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

In October 2005, the FASB issued FASB Staff Position ("FSP") 13-1, *Accounting for Rental Costs Incurred During a Construction Period*, to address the accounting for rental costs associated with operating leases that are incurred during a construction period. FSP 13-1 requires rental costs associated with ground or building operating leases that are incurred during a construction period to be recognized as rental expense. FSP 13-1 is effective in fiscal years beginning after December 15, 2005. As of September 30, 2005, we have capitalized $1,136,000 in rental expenses related to our Sabine Pass LNG terminal site lease.

Stock-Based Compensation

We currently account for employee stock-based compensation granted under our long-term incentive plans using the intrinsic value method prescribed by APB Opinion No. 25 and related interpretations. There was no stock-based compensation expense associated with option grants recognized in the net income (loss) for the three and nine months ended September 30, 2005 and 2004, as all options granted had exercise prices greater than or equal to the market value of the underlying common stock on the dates of grant. The following table illustrates the effect on the net income (loss) and the net income (loss) per share if we had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net income (loss) as reported	$ 7,678	$ (5,639)	$(11,374)	$(14,767)
Add: Stock-based employee compensation included in net income (loss)	—	—	61	—
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related income tax	(3,734)	(568)	(8,927)	(1,480)
Pro forma net income (loss)	$ 3,944	$ (6,207)	$(20,240)	$(16,247)
Net income (loss) per share:				
Basic – as reported	$ 0.14	$ (0.15)	$ (0.21)	$ (0.39)
Diluted – as reported	$ 0.14	$ (0.15)	$ (0.21)	$ (0.39)
Basic – pro forma	$ 0.07	$ (0.16)	$ (0.38)	$ (0.43)
Diluted – pro forma	$ 0.07	$ (0.16)	$ (0.38)	$ (0.43)

From our inception, we have recorded annual losses for both financial reporting purposes and for federal income tax reporting purposes. Accordingly, we are not presently a taxpayer, and therefore there is no tax effect on stock-based employee compensation expense.

NOTE 2 — Restricted Cash and Cash Equivalents

In February 2005, Sabine Pass LNG, L.P., our wholly-owned subsidiary ("Sabine Pass LNG"), entered into an $822,000,000 credit agreement and other related agreements (the "Sabine Pass Credit Facility") with an initial syndicate of 47 financial institutions. Société Générale serves as the administrative agent and HSBC Bank USA, N.A. ("HSBC") serves as collateral agent. Under the terms and conditions of the Sabine Pass Credit Facility, all cash held by Sabine Pass LNG is controlled by the

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

collateral agent. These funds can only be released by the collateral agent upon receipt of satisfactory documentation that the Sabine Pass LNG project costs are bona fide expenditures and are permitted under the terms of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility does not permit Sabine Pass LNG to hold any cash, or cash equivalents, outside of the accounts established under the agreement. Because these cash accounts are controlled by the collateral agent, the Sabine Pass LNG cash balance of $30,000 held in these accounts as of September 30, 2005 is classified as restricted on our balance sheet.

On August 31, 2005, Cheniere LNG Holdings, LLC, our wholly-owned subsidiary ("Cheniere LNG Holdings"), entered into a $600,000,000 Senior Secured Term Loan (the "Term Loan") with Credit Suisse, Cayman Islands Branch ("Credit Suisse") who also serves as collateral agent and administrative agent. Under the conditions of the Term Loan, Cheniere LNG Holdings was required to fund from the loan proceeds, a total of $216,200,000 into two collateral accounts: $181,000,000 into a debt service reserve collateral account and $35,200,000 into a capital contribution reserve collateral account. These funds are restricted to the payment of interest and principal due under the Term Loan, reimbursement of certain expenses, and funding of additional capital contributions to Sabine Pass LNG as required under the Sabine Pass Credit Facility. Because the accounts are controlled by the collateral agent, our cash and cash equivalent balance of $203,422,000 held in these accounts as of September 30, 2005 is classified as restricted on our consolidated balance sheet. Of this amount, $31,342,000 is classified as non-current due to the timing of certain required debt amortization payments and additional capital contributions required to fund the construction of the Sabine Pass LNG receiving terminal.

NOTE 3 — Restricted Certificate of Deposit and Letter of Credit

Under the terms of our office lease, we are required to post a standby letter of credit in favor of the lessor. The initial amount of the letter of credit was increased from $865,000 to $1,123,000 in April 2004 related to the expansion of our office space, and the amount is reduced by $225,000 per annum over a five-year period. This letter of credit was initially established under the terms of our bank line of credit at that time.

Upon the termination of our bank line of credit in June 2004, we purchased a certificate of deposit in the amount of $1,123,000 and entered into a pledge agreement in favor of the commercial bank that had previously issued the standby letter of credit for $1,123,000. In October 2004, both the letter of credit and certificate of deposit were amended to decrease the face amounts by $225,000 to $898,000. The renewed letter of credit and the certificate of deposit both mature in November 2005. Under the terms of the pledge agreement, the commercial bank was assigned a security interest in the certificate of deposit as collateral for the letter of credit. As a result, the certificate of deposit plus accrued interest is classified as restricted on our consolidated balance sheet at September 30, 2005 and December 31, 2004.

NOTE 4 — Advances to EPC Contractor

In December 2004, Sabine Pass LNG entered into a lump-sum turnkey EPC contract with Bechtel Corporation ("Bechtel"). Under the EPC contract, we were required to make a 5% advance payment to Bechtel upon issuance of the final notice to proceed ("NTP") related to the construction of the Sabine Pass LNG facility. A payment of $32,347,000 was made to Bechtel in March 2005 when the NTP was issued and that amount was classified on our consolidated balance sheet as a current asset. In accordance with the payment schedule included in the EPC contract, $2,696,000 per month is being reclassified to construction-in-progress over a twelve-month period. As of September 30, 2005, the remaining balance of the advance was $16,173,000.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

NOTE 5 — Property, Plant and Equipment

Property, plant and equipment is comprised of LNG terminal construction-in-progress expenditures, LNG site and related costs, investments in oil and gas properties, and fixed assets, as follows (in thousands):

	September 30, 2005	December 31, 2004
LNG TERMINAL COSTS		
LNG terminal construction-in-progress	$ 173,609	$ —
LNG site and related costs, net	939	786
Total LNG Terminal Costs	174,548	786
OIL AND GAS PROPERTIES, full cost method		
Proved	3,480	3,339
Unproved	17,934	16,688
Accumulated depreciation, depletion and amortization	(1,919)	(971)
Total Oil and Gas Properties, net	19,495	19,056
FIXED ASSETS		
Computers and office equipment	3,018	905
Furniture and fixtures	627	523
Computer software	1,068	334
Leasehold improvements	1,242	100
Other	26	—
Accumulated depreciation	(1,610)	(824)
Total Fixed Assets, net	4,371	1,038
PROPERTY, PLANT AND EQUIPMENT, net	$ 198,414	$ 20,880

NOTE 6 — Debt Issuance Costs

As of September 30, 2005, we have capitalized $44,399,000 of costs directly associated with the arrangement of debt financing, net of accumulated amortization, as follows:

Debt Facility	Debt Issuance Costs	Amortization Period [1]	Accumulated Amortization	Net Costs
Sabine Pass Credit Facility [2]	$ 20,176,000	10 years	$ (1,175,000)	$ 19,001,000
Convertible Senior Unsecured Notes [3]	9,511,000	7 years	(246,000)	9,265,000
Term Loan [4]	16,083,000	7 years	(186,000)	15,897,000
Other	236,000	—	—	236,000
	$ 46,006,000		$ (1,607,000)	$ 44,399,000

(1) Debt issuance costs are amortized over the term of the related debt facility.
(2) Although no borrowings were outstanding as of September 30, 2005, the amortization of the debt issuance cost is recorded to interest expense; however, such interest expense is being capitalized as construction-in-progress during the construction period of the Sabine Pass LNG receiving terminal. For the three and nine months ended September 30, 2005, respectively, the amounts amortized and capitalized were $504,000 and $1,175,000.
(3) For the three and nine months ended September 30, 2005, the amount amortized to interest expense was $246,000.
(4) For the three and nine months ended September 30, 2005, the amount amortized to interest expense was $186,000.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

NOTE 7 — Investment in Limited Partnership

We account for our 30% limited partnership investment in Freeport LNG Development, L.P. ("Freeport LNG") using the equity method of accounting. For the three and nine months ended September 30, 2004, our equity share of the net (loss) income of the limited partnership was $(583,000) and $85,000, respectively. Net income for the nine months ended September 30, 2004 was reduced by $278,000, which was our equity share of the net loss of the partnership not recorded in 2003 because our investment basis in the limited partnership at December 31, 2003 had been reduced to zero, and we had no obligation or intention to fund this unrecorded loss. For the three and nine months ended September 30, 2005, our equity share of the net loss of the limited partnership was $2,261,000 and $3,232,000, respectively. Our equity share of the Freeport LNG net loss for the three months ended September 30, 2005 includes $1,075,000 ("2005 Suspended Loss") related to our 30% equity share of the second quarter 2005 net loss of the limited partnership. The 2005 Suspended Loss was not recognized as of June 30, 2005 because our investment in Freeport LNG had been reduced to zero, and we did not intend to fund the 2005 Suspended Loss at that time; however, we received additional capital call notices during the third quarter of 2005, as discussed below, which we intend to fund during the fourth quarter of 2005. As a result, we included the 2005 Suspended Loss as part of our 30% equity share of the third quarter 2005 net loss of Freeport LNG.

In January 2004, we received the final $2,500,000 payment from Freeport LNG pursuant to the terms of the agreement related to our February 2003 disposition of LNG assets in exchange for cash and a limited partner interest in Freeport LNG. Because our investment basis in Freeport LNG had been previously reduced to zero, the $2,500,000 payment was recorded as a reimbursement from limited partnership investment in our consolidated statement of operations during the first quarter of 2004.

Through the first nine months of 2005, we have funded capital call notices totaling $1,592,000. As of September 30, 2005, we had outstanding capital call notices totaling $4,950,000 due during the fourth quarter of 2005. Of this amount, $225,000 was paid in October 2005. We presently intend to fund the remaining outstanding balance representing our 30% pro rata share, or $4,725,000.

As of September 30, 2005 and December 31, 2004, our investment balances in Freeport LNG were zero, and we had accrued losses on investment in limited partnership of $2,711,000 and $1,071,000, respectively. We accrued these liabilities because we intended to provide additional financial support through the capital calls as described above.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

The financial position of Freeport LNG at September 30, 2005 and December 31, 2004, and the results of Freeport LNG's operations for the three and nine months ended September 30, 2005 and 2004, are summarized as follows (in thousands):

	September 30, 2005	December 31, 2004
Current assets	$ 4,541	$ 38,106
Construction-in-progress	177,632	9,728
Fixed assets, net, and other assets	2,378	592
Total assets	$ 184,551	$ 48,426
Current liabilities	$ 45,608	$ 5,676
Note payable	147,693	48,041
Deferred revenue and other deferred credits	5,755	3,500
Partners' capital	(14,505)	(8,791)
Total liabilities and partners' capital	$ 184,551	$ 48,426

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenue	$ —	$ —	$ —	$10,000
Income (loss) from continuing operations	$(3,950)	$(1,943)	$(10,771)	$ 1,208
Net income (loss)	$(3,950)	$(1,943)	$(10,771)	$ 1,208
Cheniere's equity in income (loss) from limited partnership	$(2,261)[1]	$ (583)	$ (3,232)	$ 85[2]

(1) Represents equity in net loss for the three months ended September 30, 2005, including the $1,075,000 2005 Suspended Loss not recorded during the second quarter of 2005.

(2) Represents equity in net income for the nine months ended September 30, 2004, less $278,000 equity in loss not recorded as of December 31, 2003.

NOTE 8 — Derivative Instruments

Interest Rate Derivative Instruments

In connection with the closing of the Sabine Pass Credit Facility in February 2005, we entered into interest rate swap agreements with HSBC and Société Générale (the "Sabine Swaps") to hedge against changes in floating interest rates. Under the terms of the Sabine Swaps, Sabine Pass LNG will be able to hedge against rising interest rates, to a certain extent, with respect to its drawings under the Sabine Pass Credit Facility, up to a maximum amount of $700,000,000. The Sabine Swaps have the effect of fixing the LIBOR component of the interest rate payable under the Sabine Pass Credit Facility with respect to anticipated hedged drawings thereunder at 4.49% from July 25, 2005 through March 25, 2009 and at 4.98% from March 26, 2009 through March 25, 2012. The final termination date of the Sabine Swaps will be March 25, 2012.

In connection with the closing of the Term Loan on August 31, 2005, we entered into interest rate swap agreements with Credit Suisse (the "Term Loan Swaps") to hedge against rising interest rates. Under the terms of the Term Loan Swaps, we hedged an initial notional amount of $600,000,000. The notional amounts decline in accordance with anticipated principal payments under the Term Loan. The Term Loan Swaps have the effect of fixing the LIBOR rate component of the interest rate payable under

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

the Term Loan at 3.75% from August 31, 2005 to September 27, 2007, at 3.98% from September 28, 2007 to September 27, 2008, and at 5.98% from September 28, 2008 to September 30, 2010. The final termination date of the Term Loan Swaps will be September 30, 2010.

Accounting for Hedges

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended and interpreted by other related accounting literature, establishes accounting and reporting standards for derivative instruments. Under SFAS No. 133, we are required to record derivatives on our balance sheet as either an asset or liability measured at their fair value, unless exempted from derivative treatment under the normal purchase and normal sale exception. Changes in the fair value of derivatives are recognized currently in earnings unless specific hedge criteria are met. These criteria require that the derivative is determined to be effective as a hedge and that it is formally documented and designated as a hedge.

We have determined that the Sabine Swaps and the Term Loan Swaps (collectively, the "Swaps") qualify as cash flow hedges within the meaning of SFAS No. 133 and have designated them as such. At their inception, we determined the hedging relationship of the Swaps and the underlying debt to be highly effective. We will continue to assess the hedge effectiveness of the Swaps on a quarterly basis in accordance with the provisions of SFAS No. 133.

SFAS No. 133 provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income ("OCI") and be reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, must be recognized currently in earnings. For the three and nine months ended September 30, 2005, we have recognized net derivative gains of $931,000 and $264,000, respectively, into earnings. If the forecasted transaction is no longer probable of occurring, the associated gain or loss recorded in OCI is recognized currently in earnings.

Summary of Derivative Values

The following table reflects the amounts that are recorded as assets and liabilities at September 30, 2005 for our derivative instruments (in thousands):

	Interest Rate Derivative Instruments
Current derivative assets	$ 4,946
Derivative receivables [1]	410
Long-term derivative assets	—
Total derivative assets	5,356
Current derivative liabilities	139
Derivative payables [2]	24
Long-term derivative liabilities	7,145
Total derivative liabilities	7,308
Net derivative liabilities	$ 1,952

(1) Included in Accounts Receivables on the Consolidated Balance Sheet.
(2) Included in Accrued Liabilities on the Consolidated Balance Sheet.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

From our inception, we have recorded annual losses for both financial reporting purposes and for federal income tax reporting purposes. Accordingly, we are not presently a taxpayer, and therefore there is no tax effect on comprehensive income.

Below is a reconciliation of our net derivative liabilities to our accumulated other comprehensive loss at September 30, 2005 (in thousands):

Net derivative liabilities	$(1,952)
Recognized derivative ineffectiveness recorded as a gain, net	(286)
Accumulated other comprehensive loss.	$(2,238)

For the three and nine months ended September 30, 2005, we have realized $42,000 of derivative losses as a result of our hedging activity. The maximum length of time over which we have hedged our exposure to the variability in future cash flows for forecasted transactions is seven years under the Swaps. As of September 30, 2005, $4,600,000 of accumulated net deferred gains on the Swaps currently included in other comprehensive loss are expected to be reclassified to earnings during the next twelve months, assuming no change in the LIBOR forward curve at September 30, 2005. The actual amounts that will be reclassified will likely vary based on the probability that interest rates will, in fact, change. Therefore, management is unable to predict what the actual reclassification from OCI to earnings (positive or negative) will be for the next three months.

NOTE 9 — Goodwill

On February 8, 2005, we acquired the minority interest of Corpus Christi LNG, L.P. (“Corpus Christi LNG”) through the acquisition of BPU LNG, Inc. (“BPU”) in exchange for 2,000,000 restricted shares of our common stock. BPU held as its sole asset the 33.3% limited partner interest in Corpus Christi LNG. As a result of this transaction, we now own 100% of the limited partner interest in Corpus Christi LNG. This transaction was accounted for using the purchase method of accounting as prescribed by SFAS No. 141, *Accounting for Business Combinations*, and was valued at $77,246,000, including direct transaction costs. Of this amount, $76,844,000 has been recorded as goodwill and will be accounted for in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*. The goodwill is the difference between the deemed value of the shares conveyed and the historical carrying value of the minority interest under generally accepted accounting principles plus direct transaction costs. We perform an annual goodwill impairment review in the fourth quarter of each year, although we may perform a goodwill impairment review more frequently whenever events or circumstances indicate that the carrying value may not be recoverable.

Because BPU’s sole asset was the 33.3% limited partner interest in Corpus Christi LNG, which was consolidated in our financial statements, we do not believe that pro forma financial statements would provide any additional benefit to an investor in our common stock. As a result, we have not prepared pro forma financial statements related to the transaction.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

NOTE 10 — Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	September 30, 2005	December 31, 2004
LNG terminal construction costs	$ 7,886	$ —
Debt issuance costs	3,152	—
LNG terminal development expenses	1,397	1,611
Insurance expense	—	488
Professional and legal services	894	342
Fixed assets	1,108	—
Taxes other than income	35	111
Accrued interest expense	1,436	—
Other accrued liabilities	1,166	644
Accrued liabilities	$ 17,074	$ 3,196

NOTE 11 — Deferred Revenue

In December 2003, we entered into an option agreement with J & S Cheniere S.A., a Switzerland joint-stock company ("J & S Cheniere"), in which we are a minority owner, under which J & S Cheniere has an option to enter into a TUA reserving up to 200 million cubic feet per day ("MMcf/d") of capacity at each of our Sabine Pass and Corpus Christi LNG facilities. We were paid $1,000,000 in connection with the execution of the option agreement by J & S Cheniere in January 2004. The terms of the TUA contemplated by the J & S Cheniere option agreement have not been negotiated or finalized. We anticipate that definitive arrangements with J & S Cheniere may involve different terms and transaction structures than were contemplated when the option agreement was entered into in December 2003. Although non-refundable, we have recorded the option fee as deferred revenue.

In November 2004, Total LNG USA, Inc. ("Total") paid Sabine Pass LNG a nonrefundable advance capacity reservation fee of $10,000,000 in connection with the reservation of approximately 1.0 billion cubic feet per day ("Bcf/d") of LNG regasification capacity at the Sabine Pass LNG receiving terminal. An additional advance capacity reservation fee payment of $10,000,000 was paid by Total to Sabine Pass LNG in April 2005. The advance capacity reservation fee payments will be amortized over a 10-year period after operations commence as a reduction of Total's regasification capacity fee under its TUA. As a result, we record the advance capacity reservation payments that we receive, although non-refundable, as deferred revenue to be amortized to income over the corresponding 10-year period.

Also in November 2004, we entered into a TUA to provide Chevron USA, Inc. ("Chevron USA") with approximately 700 MMcf/d of LNG regasification capacity at our Sabine Pass LNG receiving terminal. Chevron USA had the option, which it did not exercise, to reduce its capacity at Sabine Pass to approximately 500 MMcf/d by July 1, 2005. Chevron USA has the option to increase its reserved capacity to approximately 1.0 Bcf/d by December 1, 2005. A related omnibus agreement requires Chevron USA to make advance capacity reservation fee payments to Sabine Pass LNG totaling up to $20,000,000, with $12,000,000 paid in 2004 and $5,000,000 paid in April 2005. A payment of $3,000,000 will be due if Chevron USA exercises the option to increase its reserved capacity at the Sabine Pass LNG facility to approximately 1.0 Bcf/d. These capacity reservation fee payments will be amortized over a 10-year period as a reduction of Chevron USA's regasification capacity fee under the TUA. As a result, we record the advance capacity reservation payments that we receive, although non-refundable, as deferred revenue to be amortized to income over the corresponding 10-year period.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

As of September 30, 2005 and December 31, 2004, we had recorded $38,000,000 and $23,000,000, respectively, as deferred revenue related to option and advance capacity reservation fee payments.

NOTE 12 — Minority Interest in Limited Partnership

In May 2003, we formed Corpus Christi LNG to develop an LNG receiving terminal near Corpus Christi, Texas. Under the terms of the limited partnership agreement, we contributed our technical expertise and know-how and all of the work in progress related to the Corpus Christi LNG project in exchange for a 66.7% limited partnership interest in Corpus Christi LNG.

Substantially all Corpus Christi LNG expenditures incurred through March 31, 2004 were the obligation of the minority owner, as the minority owner was required to fund 100% of the first $4,500,000 of partnership expenditures. As partnership expenditures had reached $4,500,000 as of March 31, 2004, the minority owner began sharing all subsequent expenditures based on its 33.3% limited partner interest.

In February 2005, we acquired the minority interest of Corpus Christi LNG through the acquisition of BPU. As a result of this transaction, we now own 100% of the limited partner interest of Corpus Christi LNG and are required to fund 100% of expenditures incurred after such date. We also manage the project as the general partner through one of our wholly-owned subsidiaries.

For the three months ended September 30, 2005 and 2004, the consolidated statement of operations includes zero and $417,000, respectively, related to the minority interest of Corpus Christi LNG. For the nine months ended September 30, 2005 and 2004, the consolidated statement of operations includes $97,000 and $2,650,000, respectively, related to the minority interest of Corpus Christi LNG.

NOTE 13 — Long-Term Debt

As of September 30, 2005 and December 31, 2004, our long-term debt is comprised of the following (in thousands):

	September 30, 2005	December 31, 2004
Sabine Pass Credit Facility	$ —	$ —
Convertible Senior Unsecured Notes	325,000	—
Term Loan	600,000	—
	925,000	—
Less: Current Portion – Term Loan	(6,000)	—
Total Long-Term Debt	$ 919,000	$ —

Sabine Pass Credit Facility

In February 2005, Sabine Pass LNG entered into the $822,000,000 Sabine Pass Credit Facility with an initial syndicate of 47 financial institutions. Société Générale serves as the administrative agent and HSBC serves as collateral agent. The Sabine Pass Credit Facility will be used to fund a substantial majority of the costs of constructing and placing into operation the Sabine Pass LNG receiving terminal. Unless Sabine Pass LNG decides to terminate availability earlier, the Sabine Pass Credit Facility will be available until no later than April 1, 2009, after which time any unutilized portion of the Sabine Pass Credit Facility will be permanently canceled. Before Sabine Pass LNG may make an initial borrowing under the Sabine Pass Credit Facility, it will be required to provide evidence that it has received equity

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

contributions in amounts sufficient to fund $234,000,000 of the project costs. Of such amount, as of September 30, 2005, approximately $209,000,000 had been funded, and there were no borrowings outstanding under the Sabine Pass Credit Facility.

Borrowings under the Sabine Pass Credit Facility bear interest at a variable rate equal to LIBOR plus the applicable margin. The applicable margin varies from 1.25% to 1.625% during the term of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility provides for a commitment fee of 0.50% per annum on the daily committed, undrawn portion of the facility. Annual administrative fees must also be paid to the administrative and collateral agents. The principal of loans made under the Sabine Pass Credit Facility must be repaid in semi-annual installments commencing six months after the later of (i) the date that substantial completion of the project occurs under the EPC contract and (ii) the commercial start date under the Total TUA. Sabine Pass LNG may specify an earlier date to commence repayment upon satisfaction of certain conditions. In any event, payments under the Sabine Pass Credit Facility must commence no later than October 1, 2009, and all obligations under the Sabine Pass Credit Facility mature and must be fully repaid by February 25, 2015.

In connection with the closing of the Sabine Pass Credit Facility, Sabine Pass LNG entered into swap agreements with HSBC and Société Générale. Under the terms of the swap agreements, Sabine Pass LNG will be able to hedge against rising interest rates, to a certain extent, with respect to its drawings under the Sabine Pass Credit Facility, up to a maximum amount of $700,000,000. The swap agreements have the effect of fixing the LIBOR component of the interest rate payable under the Sabine Pass Credit Facility with respect to anticipated hedged drawings under the Sabine Pass Credit Facility, up to a maximum of $700,000,000 at 4.49% from July 25, 2005 to March 25, 2009, and at 4.98% from March 26, 2009 through March 25, 2012. The final termination date of the swap agreements will be March 25, 2012.

During the construction period, all interest costs, including amortization of related debt issuance costs and commitment fees, will be capitalized as part of the total cost of the Sabine Pass LNG receiving terminal. As of September 30, 2005, $3,737,000 in commitment fees and amortization of debt issuance costs have been capitalized and included in LNG terminal construction-in-progress.

The Sabine Pass Credit Facility contains customary conditions precedent to the initial borrowing and any subsequent borrowings as well as customary affirmative and negative covenants. Sabine Pass LNG has obtained and may in the future seek consents, waivers and amendments to the Sabine Pass Credit Facility documents. The obligations of Sabine Pass LNG under the Sabine Pass Credit Facility are secured by substantially all of Sabine Pass LNG's property, including the Total and Chevron USA TUAs and the partnership interests in Sabine Pass LNG.

Convertible Senior Unsecured Notes

On July 27, 2005, we consummated a private offering of $325,000,000 aggregate principal amount of Convertible Senior Unsecured Notes due August 1, 2012 to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The notes bear interest at a rate of 2.25% per year. The notes are convertible into our common stock under certain circumstances at an initial conversion rate of 28.2326 per $1,000 principal amount of the notes, which is equal to a conversion price of approximately $35.42 per share. We may redeem some or all of the notes on or before August 1, 2012, for cash equal to 100% of the principal plus any accrued and unpaid interest if in the previous 10 trading days the volume-weighted average price of our common stock exceeds $53.13, subject to adjustment, for at least five consecutive trading days. In the event of such a redemption, we will make an additional payment equal to the present value of all remaining scheduled interest payments through August 1, 2012, discounted at the U.S. Treasury rate plus 50 basis points. The notes may be converted at the option of the holders at any time.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Concurrent with the issuance of the Convertible Senior Unsecured Notes, we also entered into hedge transactions in the form of an issuer call spread (consisting of a purchase and a sale of call options on our common stock) with an affiliate of the initial purchaser of the notes, having a term of two years, and a net cost to us of $75,703,000. These hedge transactions are expected to offset potential dilution from conversion of the notes up to a market price of $70.00 per share. The net cost of the hedge transactions is recorded as a reduction to Additional Paid-in-Capital in accordance with the guidance of the Emerging Issues Task Force ("EITF") Issue 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. Net proceeds from the offering were $239,786,000, after deducting the cost of the hedge transactions, the underwriting discount and related fees. As of September 30, 2005, no holders have elected to convert their notes. Total interest expense recognized for the three and nine months ended September 30, 2005 was $1,567,000 before interest capitalization of $53,000.

Term Loan

On August 31, 2005, Cheniere LNG Holdings entered into the $600,000,000 Term Loan with Credit Suisse. The Term Loan interest rate equals LIBOR plus a 2.75% margin and terminates on August 30, 2012. In connection with the closing, Cheniere LNG Holdings entered into swap agreements with Credit Suisse to hedge the LIBOR interest rate component of the Term Loan. The blended rate of the swap agreements on the Term Loan results in an annual fixed interest rate of 7.25% (including the 2.75% margin) for the first five years (See Note 8 – Derivative Instruments). Beginning December 1, 2005, quarterly principal payments of $1,500,000 are required through June 30, 2012, and a final principal payment of $559,500,000 is required on August 30, 2012. As discussed in Note 2, a portion of the loan proceeds is controlled by Credit Suisse and is restricted to its use.

At September 30, 2005, principal repayments of $6,000,000 are due within the next 12 months and are classified on the balance sheet as a current liability. Interest expense for the three and nine months ended September 30, 2005 was $3,571,000 before interest capitalization of $27,000. The Term Loan contains customary affirmative and negative covenants. The obligations of Cheniere LNG Holdings are secured by its 100% equity interest in Sabine Pass LNG and its 30% limited partner equity interest in Freeport LNG.

Note Payable

In January 2004, we repaid the $1,000,000 outstanding balance under a line of credit with a commercial bank. The line of credit was terminated in June 2004.

NOTE 14 — Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding for the period. The computation of diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock that are dilutive to net income were exercised or converted into common stock or resulted in the issuance of common stock that would then share in the earnings of Cheniere.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

The following table reconciles basic and diluted weighted average shares outstanding for the three and nine months ended September 30, 2005 and 2004 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Weighted average common shares outstanding:				
Basic	53,938	38,546	53,358	37,536
Dilutive common stock options [1]	1,811	—	—	—
Dilutive common stock warrants [2]	—	—	—	—
Dilutive Convertible Senior Unsecured Notes [3]	—	—	—	—
Diluted	55,749	38,546	53,358	37,536
Basic earnings (loss) per share	$ 0.14	$ (0.15)	$ (0.21)	$ (0.39)
Diluted earnings (loss) per share	$ 0.14	$ (0.15)	$ (0.21)	$ (0.39)

(1) Options to purchase 734,562 shares of common stock were outstanding but not included in the computation of diluted net income per share for the three months ended September 30, 2005 because the exercise prices of the options were greater than the weighted average market price of the common shares and would be anti-dilutive to the computations. In-the-money options representing 3,144,096 shares of common stock were not included in the computation of diluted net loss per share for the three months ended September 30, 2004 because they have an anti-dilutive effect to net loss per share. Options to purchase 1,828,363 and 220,000 shares of common stock were outstanding but not included in the computations of diluted net loss per share for the nine months ended September 30, 2005 and 2004, respectively, because the exercise prices of the options were greater than the average market price of the common shares and would be anti-dilutive to the computations. In-the-money options representing 2,530,755 and 2,924,096 shares of common stock were not included in the computation of diluted net loss per share for the nine months ended September 30, 2005 and 2004, respectively, because they have an anti-dilutive effect to net loss per share.

(2) In-the-money warrants representing 888,334 shares of common stock were not included in the computation of diluted net loss per share for the three and nine months ended September 30, 2004 because they have an anti-dilutive effect to net loss per share.

(3) Common shares of 6,583,000 on a weighted average basis, issuable upon conversion of the Convertible Senior Unsecured Notes, were not included in the computation of diluted net income per share for the three months ended September 30, 2005 because the computation of diluted net income per share utilizing the "if-converted" method would be anti-dilutive. Common shares of 2,218,000 on a weighted average basis, issuable upon conversion of the Convertible Senior Unsecured Notes, were not included in the computation of diluted net loss per share for the nine months ended September 30, 2005 because they have an anti-dilutive effect to net loss per share.

We entered into an issuer call spread (an instrument that combines the purchase and sale of call options on our common stock), to offset the potential dilution from conversion of our Convertible Senior Secured Notes (described in Note 13 – "Long-Term Debt"). Purchased call options are always excluded from the calculation of diluted earning per share because they are anti-dilutive. SFAS No. 128, *Earnings per Share*, requires that we include the sold call options in the calculation of diluted earnings per share using the treasury stock method whenever the average market price of our common shares exceeds the strike price of the call options. The strike price of the sold call options is $70 per share, which is greater than the average market price of our common stock for the three and nine months ended September 30, 2005; thus, the sold call options were not included in the calculation of diluted earning per share. The total number of shares that could potentially be included under the sold call options is 9,176,000.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

NOTE 15 — Other Comprehensive Income (Loss)

The following table is a reconciliation of our Net Income (Loss) to our Comprehensive Income (Loss) for the periods shown (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net Income (Loss)	$ 7,678	$(5,639)	$(11,374)	$(14,767)
Other Comprehensive Income (Loss) items:				
Cash Flow Hedges, net of tax	13,255	—	(2,238)	—
Comprehensive Income (Loss)	$20,933	$(5,639)	$(13,612)	$(14,767)

From our inception, we have recorded losses for both financial reporting purposes and for federal income tax reporting purposes. Accordingly, we are not presently a taxpayer, and therefore there is no tax effect on comprehensive income.

NOTE 16 — Related Party Transactions

From time to time, officers and employees may charter aircraft for company business travel. We entered into a letter agreement ("charter letter") with an unrelated third-party entity, Western Airways, Inc. ("Western"), that specifies the terms under which it would provide for charter of a Challenger 600 aircraft. One of the Challenger 600 aircraft which may be provided by Western for such services is owned by Bramblebush, LLC (the "LLC"). The LLC is owned and/or controlled by our Chairman and Chief Executive Officer, Charif Souki. Our Code of Business Conduct and Ethics prohibits potential conflicts of interest. Upon the recommendation of our Audit Committee, which determined that the terms of the charter letter are fair and in our best interest, our Board of Directors unanimously approved the terms of the charter letter in May 2005, and granted an exception under our Code of Business Conduct and Ethics in order to permit us to charter the Challenger 600 aircraft. For the three and nine months ended September 30, 2005, we incurred $233,000 and $485,000, respectively, related to the charter of the Challenger 600 aircraft owned by the LLC.

NOTE 17 — Commitments and Contingencies

In January 2005, we exercised our Sabine Pass LNG site options and executed 30-year leases related to the option acreage. These lease agreements call for annual payments totaling $1,500,000. We have the option to renew these leases for six 10-year periods.

In March 2005, we amended our office lease to increase our rentable square footage to include an additional floor on the premises. The lease term for the additional floor runs from May 2005 through January 2014. We have an option to renew the lease for an additional five years at the then-current market rate as part of the renewal of our original lease space. Under the amended lease, there are no monthly lease payments for the additional floor from May 2005 through April 14, 2007, after which time the lease payments range from approximately $30,000 to $39,000 per month through January 2014. We have prepaid $201,000 in rent related to 2013 and have included such amount in Other Assets on the consolidated balance sheet as of September 30, 2005.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

In July 2005, we executed a letter of intent with a potential EPC contractor to negotiate an EPC contract for construction of our Corpus Christi LNG terminal. Subject to certain terms and conditions, in the event that we did not execute an EPC contract with this contractor on or before January 31, 2006, we were obligated to pay the contractor a fee of $1,000,000. On October 10, 2005, we entered into a Memorandum of Understanding ("MOU") with the same potential EPC contractor to negotiate the terms of an EPC contract for each of the Corpus Christi and Creole Trail LNG receiving terminals. Under the terms of the MOU, the $1,000,000 fee was cancelled and replaced by a $500,000 termination fee, payable, with certain exceptions, if we elect to terminate the MOU or if we fail to agree on the terms of an EPC contract for at least one of the terminals by April 30, 2007.

Note 18 – Gain on Sale of Investment in Unconsolidated Affiliate

In October 2000, Cheniere and Warburg, Pincus Energy Partners, L.P. formed Gryphon Exploration Company ("Gryphon") to fund an oil and gas exploration program in the Gulf of Mexico. Since January 1, 2003, our investment (effective 9.3% ownership) in Gryphon has been accounted for under the cost method of accounting, and our investment basis was zero. On August 31, 2005, Gryphon was sold for $283,000,000, plus assumption of $14,000,000 of net debt in a merger with Woodside Energy (USA). The transaction generated net cash proceeds of $20,206,000 to us, and since our investment balance was zero at the closing of this transaction, we recognized a gain on our consolidated statement of operations for the three and nine months ended September 30, 2005 equal to the net cash proceeds amount.

NOTE 19 — Supplemental Cash Flow Information

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

	Nine Months Ended September 30,	
	2005	2004
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 3,238	$ —
Income taxes	$ —	$ —

NOTE 20 — Financial Instruments

The estimated fair value of financial instruments is the amount at which the instrument could be exchanged currently between willing parties. The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term nature. We use available marketing data and valuation methodologies to estimate the fair value of debt. This disclosure is presented in accordance with SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* and does not impact our financial position, results of operations or cash flows.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Long-Term Debt (in thousands):

	September 30, 2005	
	Carrying Amount	Estimated Fair Value
Term Loan due 2012 [1]	$600,000	$ 600,000
2.25% Convertible Senior Unsecured Notes due 2012 [2]	325,000	425,000
Sabine Pass Credit Facility [3]	—	—
	$925,000	$1,025,000

(1) The Term Loan bears interest based on a floating rate; therefore, the estimated fair value is deemed to equal the carrying amount of these notes.
(2) The fair value of our Convertible Senior Unsecured Notes is based on a closing trading price as of September 30, 2005.
(3) The Sabine Pass Credit Facility will bear interest based on a floating rate. No debt was outstanding under this facility at September 30, 2005.

NOTE 21 — Business Segment Information

Our business activities are conducted within two principal operating segments: LNG receiving terminal development, and oil and gas exploration and development. These segments operate independently.

Our LNG receiving terminal development segment is in various stages of developing LNG receiving terminal projects along the U.S. Gulf Coast, primarily at the following locations: on Quintana Island near Freeport, Texas; in Cameron Parish, Louisiana near Sabine Pass; near Corpus Christi, Texas; and at the mouth of the Calcasieu Channel in Cameron Parish, Louisiana. In addition, our related natural gas pipeline development activities and other initiatives that complement the development of our LNG receiving terminal business are included in the segment.

Our oil and gas exploration and development segment explores for oil and natural gas using a regional database of 7,000 square miles of regional 3D seismic data. Exploration efforts are focused on the shallow waters of the Gulf of Mexico offshore of Louisiana and Texas and consist primarily of active interpretation of our seismic data and generation of prospects, participation in the drilling of wells and farm-out arrangements and back-in interests (reversionary interests in oil and gas leases reserved by us) whereby the capital costs of such activities are borne by industry partners. This segment participates in drilling and production operations with industry partners on the prospects that we generate.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues:				
LNG Receiving Terminal	$ —	$ —	$ —	$ —
Oil & Gas Exploration and Development	729	465	2,154	1,132
Total	729	465	2,154	1,132
Corporate and Other [1]	—	—	—	—
Total Consolidated	$ 729	$ 465	$ 2,154	$ 1,132
Net Income (Loss):				
LNG Receiving Terminal	$ (9,121)	$(3,675)	$(23,341)	$ (8,242)
Oil & Gas Exploration and Development	20,156	233	20,118	637
Total	11,035	(3,442)	(3,223)	(7,605)
Corporate and Other [1]	(3,357)	(2,197)	(8,151)	(7,162)
Total Consolidated	$ 7,678	$(5,639)	$(11,374)	$(14,767)

	September 30, 2005	December 31, 2004
Total Assets:		
LNG Receiving Terminal	$ 714,061	$ 24,355
Oil & Gas Exploration and Development	19,791	19,931
Total	733,852	44,286
Corporate and Other [1]	554,245	289,281
Total Consolidated	$ 1,288,097	$ 333,567

[1] Includes corporate activities and certain intercompany eliminations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

We are engaged primarily in the development of an LNG receiving terminal business and related LNG business opportunities centered on the U.S. Gulf Coast. Upon completing our proposed LNG receiving terminals, our business will consist of receiving deliveries of LNG from LNG carriers, processing such LNG to return it to a gaseous state and delivering it to pipelines for transportation to purchasers. We own interests in four limited partnerships that are developing LNG receiving terminals:

- Freeport LNG, in which we own a 30% interest, is developing an LNG receiving terminal on Quintana Island, near Freeport, Texas;
- Sabine Pass LNG, in which we own a 100% interest, is developing an LNG receiving terminal near Sabine Pass in Cameron Parish, Louisiana;
- Corpus Christi LNG, in which we own a 100% interest, is developing an LNG receiving terminal near Corpus Christi, Texas; and
- Creole Trail LNG, L.P. ("Creole Trail LNG") in which we own a 100% interest, is developing an LNG receiving terminal at the mouth of the Calcasieu Channel in Cameron Parish, Louisiana.

Freeport LNG

Freeport LNG is currently developing an LNG receiving terminal with initial regasification capacity of 1.5 Bcf/d. We developed this project and then sold a 60% limited partner interest to an affiliate of the general partner of Freeport LNG and a 10% limited partner interest to another unaffiliated party. We continue to own a 30% limited partner interest in Freeport LNG. Freeport LNG has received authorization from FERC to commence construction of the Freeport LNG facility. Construction began in the first quarter of 2005, and we expect that terminal operations will commence in 2008. In order to commence operations, Freeport LNG will be required to satisfy the remaining conditions specified by FERC. Freeport LNG has filed an application seeking an additional order from FERC to authorize the construction of an expansion.

In March 2004, The Dow Chemical Company ("Dow") entered into a 20-year TUA with Freeport LNG providing for a firm commitment by Dow for the use of approximately 500 MMcf/d of regasification capacity beginning with commercial start-up of the facility.

ConocoPhillips Company ("ConocoPhillips") paid Freeport LNG nonrefundable fees of $13.5 million during 2004 and has reserved approximately 1.0 Bcf/d of regasification capacity in the terminal, has reserved 300 MMcf/d of additional regasification capacity in connection with the proposed expansion, has acquired a 50% interest in the general partner of Freeport LNG and has agreed to provide a substantial majority of the construction funding for the initial phase of the project. ConocoPhillips will be primarily responsible for managing the construction and operation of the facility.

Sabine Pass LNG

We own 100% of the general partner and limited partner interests in Sabine Pass LNG, which is developing an LNG receiving terminal with an initial regasification capacity of 2.6 Bcf/d. In March 2005, FERC issued an order authorizing Sabine Pass LNG to commence construction of the Sabine Pass LNG facility. Construction began in March 2005, and we expect to commence terminal operations in 2008. In order to commence operations, Sabine Pass LNG will be required to satisfy remaining conditions specified by FERC. In July 2005, we made a filing with FERC seeking approval to increase the regasification capacity of the Sabine Pass LNG terminal to 4.0 Bcf/d.

In September 2004, Sabine Pass LNG entered into a TUA to provide Total with approximately 1.0 Bcf/d of LNG regasification capacity at the Sabine Pass LNG receiving terminal. In November 2004, Total exercised its option to proceed with the transaction by delivering to Sabine Pass LNG an advance capacity reservation fee payment of $10 million and a guarantee by Total S.A. of certain Total obligations under the TUA. Cheniere, Sabine Pass LNG and Total also entered into an omnibus agreement in September 2004, under which the TUA remains subject to certain conditions. An additional advance capacity reservation fee payment of $10 million was paid by Total to Sabine Pass LNG in April 2005.

The TUA provides for Total to pay a fee of $0.32 per million British thermal units ("MMBtu"), subject in part to adjustment for inflation, for approximately 1.0 Bcf/d of regasification capacity for a 20-year period beginning not later than April 2009, subject to substantial completion. In addition, under the omnibus agreement, if Sabine Pass LNG enters into a new TUA with a third party, other than our affiliates, for capacity of 50 MMcf/d or more, with a term of five years or more, prior to the commercial start date of the terminal, Total will have the option, exercisable within 30 days of the receipt of notice of such transaction, to adopt the pricing terms contained in such new TUA for the remainder of the term of the Total TUA.

In November 2004, Sabine Pass LNG entered into a TUA to provide Chevron USA with approximately 700 MMcf/d of LNG regasification capacity at the Sabine Pass LNG receiving terminal. The TUA provides for Chevron USA to pay a fee of $0.32 per MMBtu, subject in part to adjustment for inflation, for a 20-year period beginning not later than July 2009, subject to substantial completion. Chevron USA had the option, which it did not exercise, to reduce its reserved capacity at the Sabine Pass LNG facility to approximately 500 MMcf/d by July 1, 2005. Chevron USA has the option to increase its reserved capacity to approximately 1.0 Bcf/d by December 1, 2005. Chevron Corporation will guarantee certain Chevron USA payment obligations under the TUA.

In accordance with the provisions of an omnibus agreement, Chevron USA agreed to make advance capacity reservation fee payments to Sabine Pass LNG totaling up to $20 million, under specified conditions, of which $17 million has been paid through September 30, 2005. An additional $3 million advance capacity reservation fee payment will be due if Chevron USA exercises its option to increase its capacity at the Sabine Pass LNG facility to approximately 1.0 Bcf/d by December 1, 2005.

We estimate that the cost of constructing the 2.6 Bcf/d Sabine Pass LNG facility will be approximately $750 million to $850 million, before financing costs. In December 2004, we entered into a lump-sum turnkey agreement with Bechtel at a contract price of $646.9 million, which price is subject to change. Our cost estimate is subject to change due to such items as cost overruns, change orders and changes in commodity prices (particularly steel). Bechtel will be entitled to a bonus of $12 million, or a lesser amount in certain cases, if Bechtel, by April 3, 2008, completes construction sufficient to achieve among other requirements specified in the EPC agreement, a sendout rate of at least 2.0 Bcf/d for a minimum substained test period of 24 hours. Bechtel will be entitled to receive an additional bonus of up to $6 million if commercial operation is achieved by January 2, 2008. As of November 1, 2005, change orders to the EPC contract of $24.5 million in the aggregate have been approved, thereby increasing the total contract price to $671.4 million.

In August 2005, construction at our Sabine Pass LNG terminal site was temporarily suspended in connection with Hurricane Katrina, as a precautionary measure. In September 2005, the terminal site was again secured and evacuated in anticipation of Hurricane Rita, the eye of which made landfall to the east of the site. No significant damage occurred to the site, equipment or materials by either of these hurricanes. We have begun remobilizing construction activities at the site and expect activity to return to pre-hurricane levels by mid-November 2005. Assessment of the impact from Hurricane Rita by us and our contractors and suppliers will continue, but we do not foresee any significant delay to the overall Sabine Pass construction plan. We expect that some of the down time may be recovered in the future.

Corpus Christi LNG and Creole Trail LNG

We own 100% of the general partner and limited partner interests in Corpus Christi LNG, which is developing an LNG receiving terminal near Corpus Christi, Texas with a regasification capacity of 2.6 Bcf/d. In April 2005, FERC issued an order authorizing Corpus Christi LNG to site, construct and operate the Corpus Christi LNG receiving terminal. In order to obtain authorization to commence construction of the project, Corpus Christi LNG will be required to satisfy remaining conditions specified by FERC. We expect to begin construction after obtaining financing and customer commitments for regasification capacity and entering into an EPC agreement for our planned regasification capacity at our Corpus Christi LNG facility and to commence terminal operations approximately three years after construction commences.

We own 100% of the general partner and limited partner interests in Creole Trail LNG. We plan to develop the Creole Trail LNG facility in the same manner as our Sabine Pass LNG facility, although it will be a larger facility with two docks, four 160,000 cm storage tanks and an initial regasification capacity of 3.3 Bcf/d. In May 2005, we filed on application with FERC to obtain an order to site, construct and operate the facility. Once we obtain FERC authorization, we expect to begin construction after obtaining financing and customer commitments for regasification capacity at Creole Trail LNG and to commence terminal operations approximately three years after construction commences.

We are currently marketing a total of 2.0 Bcf/d of regasification capacity at either of our Corpus Christi LNG and/or Creole Trail LNG receiving terminals under long-term TUAs at $0.32 per MMBtu, the same price contracted for at Sabine Pass LNG, to unaffiliated third parties; however, we may not be able to obtain any TUAs on terms acceptable to us, or at all. We currently intend that the remaining regasification capacity at these two facilities will be contracted to Cheniere LNG Trading & Marketing, Inc., our wholly-owned subsidiary, in order to utilize the regasification capacity as part of our LNG marketing activities.

Other

In December 2003, we entered into an option agreement with J & S Cheniere (an entity in which we are a minority owner), under which J & S Cheniere has an option to enter into a TUA reserving up to 200 MMcf/d of capacity at each of our Sabine Pass and Corpus Christi LNG facilities. We were paid $1 million in January 2004 in connection with the execution of the option agreement by J & S Cheniere. The terms of the TUA contemplated by the option agreement have not been negotiated or finalized. We anticipate that definitive arrangements with J & S Cheniere may involve different terms and transaction structures than were contemplated when the option agreement was entered into in December 2003.

As part of our overall energy business strategy, we are pursuing initiatives that could complement the development of our LNG receiving terminal business. These initiatives include pursuing downstream opportunities such as natural gas pipelines, storage, marketing and trading. In addition, these initiatives include pursuing upstream opportunities such as investment in LNG shipping businesses, securing foreign LNG supply arrangements, development of foreign natural gas reserves that could be converted into LNG, and oil and gas exploration, development, production, transportation and processing activities generally.

Liquidity and Capital Resources

LNG receiving terminal development

We are primarily engaged in developing LNG receiving terminals. These LNG terminal projects will require significant amounts of capital and are subject to risks and delays in completion. Even if successfully completed, these projects will not begin to operate and generate significant cash flows until several years from now. As a result, our business success will depend to a significant extent upon our ability to obtain the funding necessary to construct these LNG terminals, to bring them into operation on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process.

We currently estimate that, in the aggregate, our four terminal projects will require in excess of $3 billion, before financing costs, to construct and place in service. In addition, we have related potential pipeline projects in different stages of development. These projects and the other downstream and upstream opportunities we are pursuing, if successfully pursued, will also require significant amounts of capital.

We are currently engaged in the marketing process, seeking long-term, creditworthy "anchor tenant" TUA contracts for a total of 2.0 Bcf/d of regasification capacity at either our proposed Corpus Christi LNG and/or Creole Trail LNG facilities. Upon execution of any TUA, we expect to receive an advance payment for regasification capacity sold. Any such advance payment would provide additional capital to help meet our ongoing liquidity needs. Certain of our TUAs are designed to serve as collateral to facilitate project level debt financing that we have obtained or may in the future obtain with respect to the construction of the related LNG receiving terminal.

As of September 30, 2005, our unrestricted cash and cash equivalent balance was $738.9 million. However, we must augment these existing sources of cash with significant additional funds in order to carry out our business plan.

We currently expect that capital requirements for our four current LNG terminal projects will be financed in part through issuances of project-level debt, equity or a combination of the two and in part with net proceeds of debt or equity securities issued by Cheniere or other Cheniere borrowings. Our anticipated capital requirements and financing plans for the four currently planned LNG terminal development projects follow.

Freeport LNG

We have been advised by Freeport LNG that it has entered into a lump-sum turnkey contract for its 1.5 Bcf/d facility and that the estimated cost to construct this facility is approximately $750 million to $800 million, before financing costs. Construction began in the first quarter of 2005. ConocoPhillips has agreed to provide a substantial majority of the financing to construct the initial phase of the project. ConocoPhillips has also paid Freeport LNG an aggregate of $13.5 million, has reserved approximately 1.0 Bcf/d of LNG regasification capacity at the terminal and has reserved 300 MMcf/d of additional capacity in connection with the proposed expansion.

Freeport LNG has filed an application seeking an additional order from FERC to authorize the construction of an expansion that would increase the regasification capacity at its currently permitted 1.5 Bcf/d LNG terminal to approximately 4.0 Bcf/d. In addition to enhanced revaporization capacity, the proposed expansion includes a second dock, a third LNG storage tank and underground gas storage. The development, construction and operation of the Freeport LNG facility, as well as the anticipated financial consequences for us as a limited partner in Freeport LNG, will change as a result of such an expansion.

Under the limited partnership agreement of Freeport LNG, development expenses of the Freeport LNG project and other Freeport LNG cash needs generally are to be funded out of Freeport LNG's own cash flows, borrowings or other sources, and with capital contributions by the limited partners. Capital contributions in the amount of approximately $1.6 million have been paid by us for our pro rata share during the first nine months of 2005. At September 30, 2005, we had outstanding approximately $5.0 million of capital call notices related to our 30% pro rata share, of which $225,000 was paid in October 2005. We intend to fund the remaining capital calls during the fourth quarter of 2005. Additional capital calls may be made upon us and the other limited partners in Freeport LNG. In the event of each such future capital call, we will have the option either to contribute the requested capital or to decline to contribute. If we decline to contribute, the other limited partners could elect to make our contribution and receive back twice the amount contributed on our behalf, without interest, before any Freeport LNG cash flows are otherwise distributed to us. We currently expect to evaluate Freeport LNG capital calls on a case-by-case basis and to fund additional capital contributions that we elect to make using cash on hand and funds raised through the issuance of Cheniere equity or debt securities or other Cheniere borrowings.

Sabine Pass LNG

In February 2005, Sabine Pass LNG entered into the $822 million Sabine Pass Credit Facility with an initial syndicate of 47 financial institutions. Société Générale serves as the administrative agent, and HSBC serves as collateral agent. The Sabine Pass Credit Facility will be used to fund a substantial majority of the costs of constructing and placing into operation the Sabine Pass LNG receiving terminal. Unless Sabine Pass LNG decides to terminate availability earlier, the Sabine Pass Credit Facility will be available until no later than April 1, 2009, after which time any unutilized portion of the Sabine Pass Credit Facility will be permanently canceled. Before Sabine Pass LNG may make an initial borrowing under the Sabine Pass Credit Facility, it will be required to provide evidence that it has received equity contributions in amounts sufficient to fund $234 million of the project costs. Of such amount, as of September 30, 2005, approximately $209 million had been funded, and there were no borrowings outstanding under the Sabine Pass Credit Facility.

Borrowings under the Sabine Pass Credit Facility bear interest at a variable rate equal to LIBOR plus the applicable margin. The applicable margin varies from 1.25% to 1.625% during the term of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility provides for a commitment fee of 0.50% per annum on the daily committed, undrawn portion of the facility. Annual administrative fees must also be paid to the administrative and collateral agents. The principal of the loans made under the Sabine Pass Credit Facility must be repaid in semi-annual installments commencing six months after the later of (i) the date that substantial completion of the project occurs under the EPC agreement and (ii) the commercial start date under the Total TUA. Sabine Pass LNG may specify an earlier date to commence repayment upon satisfaction of certain conditions. In any event, payments under the Sabine Pass Credit Facility must commence no later than October 1, 2009, and all obligations under the Sabine Pass Credit Facility mature and must be fully repaid by February 25, 2015.

The Sabine Pass Credit Facility contains customary conditions precedent to the initial borrowing and any subsequent borrowings as well as customary affirmative and negative covenants. Sabine Pass LNG has obtained and may in the future seek consents, waivers and amendments to the Sabine Pass

Credit Facility documents. The obligations of Sabine Pass LNG under the Sabine Pass Credit Facility are secured by substantially all of Sabine Pass LNG's property, including the Total and Chevron USA TUAs, and the partnership interests in Sabine Pass LNG.

In connection with the closing of the Sabine Pass Credit Facility, Sabine Pass LNG entered into swap agreements with HSBC and Société Générale. Under the terms of the swap agreements, Sabine Pass LNG will be able to hedge against rising interest rates, to a certain extent, with respect to its drawings under the Sabine Pass Credit Facility up to a maximum amount of $700 million. The swap agreements have the effect of fixing the LIBOR component of the interest rate payable under the Sabine Pass Credit Facility with respect to anticipated hedged drawings under the Sabine Pass Credit Facility, up to a maximum of $700 million, at 4.49% from July 25, 2005 to March 25, 2009, and at 4.98% from March 26, 2009 through March 25, 2012. The final termination date of the swap agreements will be March 25, 2012.

In December 2004, Sabine Pass LNG entered into the EPC contract with Bechtel pursuant to which Bechtel is providing Sabine Pass LNG with services for the engineering, procurement and construction of the Sabine Pass LNG receiving terminal. In December 2004, a limited notice to proceed ("LNTP") was issued to and accepted by Bechtel, at which time Bechtel commenced performance of certain off-site engineering and preparatory work under the EPC contract. In late March 2005, we advanced 5% of the contract price, or $32.3 million, to Bechtel and issued the full notice to proceed, or NTP. This advance is credited against amounts due under the EPC contract in equal installments over a twelve-month period. In early April 2005, Bechtel accepted the NTP and commenced all other aspects of the work under the EPC contract.

The EPC contract with Bechtel is for $646.9 million plus certain reimbursable costs. This contract price is subject to adjustment for changes in certain commodity prices, contingencies, change orders and other items. Payments under the EPC agreement will be made in accordance with the payment schedule set forth in the EPC agreement. The contract price and payment schedule, including milestones, may be amended only by change order. Bechtel will be liable to Sabine Pass LNG in the event of certain delays in achieving substantial completion, minimum acceptance criteria and performance guarantees. Bechtel will be entitled to a bonus of $12 million, or a lesser amount in certain cases, if Bechtel, by April 3, 2008, completes construction sufficient to achieve, among other requirements specified in the EPC agreement, a sendout rate of at least 2.0 Bcf/d for a minimum sustained test period of 24 hours. Bechtel will be entitled to receive an additional bonus of up to $6 million if commercial operation is achieved by January 2, 2008. As of November 1, 2005, change orders to the EPC contract of $24.5 million in the aggregate have been approved, thereby increasing the total contract price to $671.4 million.

In November 2004, Total paid Sabine Pass LNG a nonrefundable advance capacity reservation fee of $10 million in connection with the reservation of approximately 1.0 Bcf/d of LNG regasification capacity at the Sabine Pass LNG receiving terminal. An additional advance capacity reservation fee payment of $10 million was paid by Total to Sabine Pass LNG in April 2005. The capacity reservation fee payments will be amortized over a 10-year period as a reduction of Total's regasification capacity fee under the TUA. As a result, we record the advance payments that we receive, although non-refundable, as deferred revenue to be amortized to income over the corresponding 10-year period.

In accordance with the provisions of an omnibus agreement, Chevron USA agreed to make advance capacity reservation fee payments to Sabine Pass LNG totaling up to $20 million, under specified conditions, beginning with $5 million paid in November 2004 and $7 million paid in December 2004. A third payment of $5 million was paid by Chevron USA to Sabine Pass LNG in April 2005. A payment of $3 million will be due if Chevron USA exercises the option to increase its reserved capacity at the Sabine Pass LNG facility to approximately 1.0 Bcf/d by December 1, 2005. These capacity reservation fee payments will be amortized over a 10-year period as a reduction of Chevron USA's regasification capacity fee under the TUA. As a result, we record the advance payments that we receive, although non-refundable, as deferred revenue to be amortized to income over the corresponding 10-year period.

In January 2004, we were paid $1 million by J & S Cheniere in connection with an option to purchase LNG regasification capacity in each of our Sabine Pass and Corpus Christi LNG facilities. Although non-refundable, we have recorded the option fee as deferred revenue.

Corpus Christi LNG

We currently estimate that the cost of constructing the Corpus Christi LNG facility will be approximately $650 million to $750 million, before financing costs. The former minority owner was required to fund 100% of the first $4.5 million of Corpus Christi LNG's expenditures, which amount was reached as of March 31, 2004, and thereafter 33.3%, with us funding the balance. In February 2005, we acquired the minority owner's interest in Corpus Christi LNG, and we have since funded, or will arrange funding of, 100% of Corpus Christi LNG's expenditures. We currently expect to be able to fund the costs of the Corpus Christi LNG terminal using project financing similar to that used for our Sabine Pass LNG facility, proceeds from debt or equity offerings, or a combination thereof. If these types of financing are not available, we will be required to seek alternative sources of financing, which may not be available on acceptable terms, if at all.

Creole Trail LNG

We currently estimate that the cost of constructing the Creole Trail LNG facility will be approximately $850 million to $950 million, before financing costs. We currently expect to be able to fund the costs of the Creole Trail LNG terminal using project financing similar to that used for our Sabine Pass LNG facility, proceeds from debt or equity offerings, or a combination thereof. If these types of financing are not available, we will be required to seek alternative sources of financing, which may not be available on acceptable terms, if at all.

Convertible Senior Unsecured Notes

On July 27, 2005, we consummated a private offering of $325 million aggregate principal amount of Convertible Senior Unsecured Notes due August 1, 2012 to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The notes bear interest at a rate of 2.25% per year. The notes are convertible into our common stock under certain circumstances at an initial conversion rate of 28.2326 per $1,000 principal amount of the notes, which is equal to a conversion price of approximately $35.42 per share. We may redeem some or all of the notes on or before August 1, 2012, for cash equal to 100% of the principal plus any accrued and unpaid interest if in the previous 10 trading days the volume, weighted average price of our common stock exceeds $53.13, subject to adjustment, for at least five consecutive trading days. In the event of such a redemption, we will make an additional payment equal to the present value of all remaining scheduled interest payments through August 1, 2012, discounted at the U.S Treasury rate plus 50 basis points. The notes may be converted at the option of the holders at any time.

Concurrent with the issuance of the Convertible Senior Unsecured Notes, we also entered into hedge transactions in the form of an issuer call spread (consisting of a purchase and a sale of call options on our common stock) with an affiliate of the initial purchaser of the notes, having a term of two years and a net cost to us of $75.7 million. These hedge transactions are expected to offset potential dilution from conversion of the notes up to a market price of $70.00 per share. The net cost of the hedge transactions will be recorded as a reduction to Additional Paid-in-Capital in accordance with the guidance of EITF Issue 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock.* Net proceeds from the offering were $239.8 million, after deducting the cost of the hedge transactions, the underwriting discount and related fees.

We currently intend to use the net proceeds from the Convertible Senior Unsecured Notes offering primarily for the following purposes: (1) to fund the potential expansion of the Sabine Pass LNG receiving terminal, development and construction of the Corpus Christi and/or Creole Trail LNG receiving terminals and pipelines; (2) to pay debt service obligations; and/or (3) for general corporate purposes.

Term Loan

On August 31, 2005, Cheniere LNG Holdings entered into the $600 million Term Loan with Credit Suisse. The Term Loan interest rate equals LIBOR plus a 2.75% margin and terminates on August 30, 2012. In connection with the closing, Cheniere LNG Holdings entered into swap agreements with Credit Suisse to hedge the LIBOR interest rate component of the Term Loan. The blended rate of the swap agreements on the Term Loan results in an annual fixed interest rate of 7.25% (including the 2.75% margin) for the first five years (See Note 8 – Derivative Instruments). Beginning December 31, 2005, quarterly principal payments of $1.5 million are required through June 30, 2012, and a final principal payment of $559.5 million is required on August 30, 2012. The Term Loan contains customary affirmative and negative covenants. The obligations of Cheniere LNG Holdings are secured by its 100% equity interest in Sabine Pass LNG and its 30% limited partner equity interest in Freeport LNG.

Under the conditions of the Term Loan, Cheniere LNG Holdings was required to fund from the loan proceeds a total of $216.2 million into two collateral accounts: $181 million into a debt service reserve collateral account and $35.2 million into a capital contribution reserve collateral account. These funds are restricted to the payment of interest and principal due under the Term Loan, reimbursement of certain expenses, and funding of additional capital contributions to Sabine Pass LNG required under the Sabine Pass Credit Facility. Because these accounts are controlled by Credit Suisse, the collateral agent, our cash and cash equivalent balance of $203.4 million held in these accounts as of September 30, 2005 is classified as restricted on our consolidated balance sheet. Of this amount, $31.3 million is classified as non-current due to the timing of certain required debt amortization payments and additional capital contributions required to fund the construction of the Sabine Pass LNG receiving terminal.

We currently intend to use the proceeds from the Term Loan primarily for the following purposes: (1) to fund our remaining equity requirements under the Sabine Pass Credit Facility for the construction of the Sabine Pass LNG receiving terminal; (2) to pay specified Term Loan debt service obligations and certain other expenses; (3) to pay fees and expenses related to the closing of the Term Loan; (4) to fund the potential expansion of the Sabine Pass LNG receiving terminal; (5) to fund the development and construction of the Corpus Christi and/or Creole Trail LNG receiving terminals and pipelines; and/or (6) for general corporate purposes.

Short-term liquidity needs

We anticipate funding our more immediate liquidity requirements, including some expenditures related to the construction of the LNG receiving terminals, through a combination of any or all of the following:

- cash balances;
- issuances of Cheniere debt and equity securities, including issuances of common stock pursuant to exercises by the holders of existing warrants and options;
- LNG receiving terminal capacity reservation fees;

- collection of receivables; and
- sales of prospects generated by our exploration group.

Historical cash flows

Net cash used in operations totaled $9.1 million during the nine months ended September 30, 2005 compared to $16.7 million in the same period of 2004. The improvement resulted from $15.0 million of advance capacity reservation fee payments received by Sabine Pass LNG in 2005 which partially offsets $24.1 million of cash used in operating activities.

Net cash used in investing activities was $369.8 million during the nine months ended September 30, 2005 compared to net cash provided by investing activities of $1.7 million in the same period of 2004. During the first nine months of 2005, we funded $203.4 million related to restricted cash balances required under the Term Loan. We also advanced $16.2 million to the Sabine Pass LNG EPC contractor (net of $16.1 million credited against invoices and transferred to construction-in-progress related to the Sabine Pass LNG receiving terminal), and we charged $164.5 million to construction-in-progress related to the Sabine Pass LNG facility. The remaining cash used in investing activities during the first nine months of 2005 primarily related to the purchase of fixed assets, advances to Freeport LNG and oil and gas property additions. These uses of cash were partially offset by $20.2 million in proceeds received from the sale of our interest in Gryphon and $1.2 million from the sale of our interest in oil and gas prospects. During the first nine months of 2004, cash provided by investing activities of $1.7 million included a reimbursement from limited partnership investment, sale of limited partnership interest, and sales of our interests in oil and gas prospects, partially offset by the purchase of a restricted certificate of deposit and oil and gas property and fixed asset additions.

Net cash provided by financing activities was $809.4 million in the nine months ended September 30, 2005 compared to $20.8 million in the same period of 2004. During the first nine months of 2005, we received proceeds from the issuance of our Convertible Senior Unsecured Notes and completion of the Term Loan in the amounts of $249.3 million (net of $75.7 million for the issuer call spread) and $600.0 million, respectively. In addition, we received $2.1 million in proceeds from the exercise of stock options and warrants. These proceeds were partially offset by $42.0 million in debt issuance costs related to the Sabine Pass Credit Facility, the Convertible Senior Unsecured Notes and the Term Loan. During the first nine months of 2004, we received net proceeds of $19.1 million (after offering costs of $965,000) related to a private sale of our common stock in January 2004 and exercises of warrants and stock options during the first nine months of 2004. We also received $2.8 million in partnership contributions in the first nine months of 2004 from the minority owner in Corpus Christi LNG. Cash flows from financing activities in the first nine months of 2004 were partially offset by the repayment of a $1 million note payable.

Due to the factors described above, our cash and cash equivalents increased to $738.9 million as of September 30, 2005 compared to $308.4 million at December 31, 2004, and our working capital increased to $909.7 million as of September 30, 2005 compared to $305.8 million at December 31, 2004.

Issuances of common stock

In February 2005, our stockholders approved an increase in Cheniere's authorized common stock from 40 million to 120 million shares. On April 22, 2005, we issued 26,789,242 shares of our common stock in a two-for-one stock split. The stock split entitled all stockholders of record at the close of business on April 8, 2005 to receive one additional share of common stock for each share held on that date. All per share amounts and outstanding and weighted share amounts included in this quarterly report on Form 10-Q have been restated to give effect to the two-for-one stock split.

In February 2005, we acquired the 33.3% minority interest in Corpus Christi LNG through the acquisition of BPU in exchange for two million restricted shares of our common stock valued at $77.0 million plus direct transaction costs.

During the first nine months of 2005, 15,000 shares of restricted common stock, valued at $498,000, were issued to employees who are not executive officers of Cheniere. As a result of these issuances, we recorded $498,000 of deferred compensation as a reduction to stockholders' equity. The stock from each issuance vests 25% per year over a four-year period on each anniversary of the grant date.

During the nine months ended September 30, 2005, a total of 547,000 shares of our common stock were issued pursuant to the exercise of stock options, resulting in net cash proceeds of $1.6 million. A total of 433,000 shares of common stock were also issued pursuant to the exercise of warrants, resulting in net cash proceeds of $520,000. In addition, 97,000 shares were issued in satisfaction of cashless exercises of warrants to purchase 100,000 shares of common stock, and 33,000 shares were issued in satisfaction of cashless exercises of options to purchase 34,000 shares of common stock.

Lease obligations

In January 2005, we exercised our Sabine Pass site options and executed 30-year leases related to the option acreage. These lease agreements call for annual payments totaling $1.5 million. We have the option to renew these leases for six 10-year periods.

In March 2005, we amended our office lease to increase our rentable square footage to include an additional floor on the premises. The lease term for the additional floor runs from May 2005 through January 2014. We have an option to renew the lease for an additional five years at the then-current market rate as part of the renewal of our original lease space. Under the amended lease, there are no monthly lease payments for the additional floor from May 2005 through April 14, 2007, after which time the lease payments range from approximately $30,000 to $39,000 per month through January 2014. We have prepaid $201,000 in rent related to 2013 and have included such amount in Other Assets on the accompanying consolidated balance sheet as of September 30, 2005.

Restricted cash, restricted certificate of deposit and letter of credit

The Sabine Pass Credit Facility established cash collateral accounts under the exclusive control of HSBC, the collateral agent. Accordingly, the Sabine Pass LNG cash balance of $30,000 held in these accounts as of September 30, 2005 is classified as restricted on our consolidated balance sheet.

In connection with completing the Term Loan, we established cash collateral accounts under the exclusive control of Credit Suisse, the collateral agent. Accordingly, our cash and cash equivalent balance of $203.4 million held in these accounts as of September 30, 2005 is classified as restricted on our consolidated balance sheet. Of this amount, $31.3 million is classified as non-current due to the timing of certain required debt service payments and additional contributions required for the construction of the Sabine Pass LNG receiving terminal.

Under the terms of our office lease, we are required to post a standby letter of credit in favor of the lessor. The initial amount of the letter of credit was increased from $865,000 to $1.1 million in April 2004 related to the expansion of our office space, and the amount is reduced by $225,000 per annum over a five-year period. This letter of credit was initially established under the terms of our bank line of credit at that time.

Upon the termination of our bank line of credit in June 2004, we purchased a certificate of deposit in the amount of $1.1 million and entered into a pledge agreement in favor of the commercial bank that

had previously issued the standby letter of credit for $1.1 million. In October 2004, both the letter of credit and certificate of deposit were amended to decrease the face amounts by $225,000 to $898,000. The renewed letter of credit and the certificate of deposit both mature on November 30, 2005. Under the terms of the pledge agreement, the commercial bank was assigned a security interest in the certificate of deposit as collateral for the letter of credit. As a result, the certificate of deposit plus $13,000 of accrued interest is classified as restricted on our consolidated balance sheet at September 30, 2005.

Off-balance sheet arrangements

As of September 30, 2005, we had no "off-balance sheet arrangements" that may have a current or future material affect on our consolidated financial condition or results of operations.

Results of Operations — Comparison of the Three-Month Periods Ended September 30, 2005 and 2004

Overview

Our financial results for the three months ended September 30, 2005 reflected net income of $7.7 million, or $0.14 per share (basic and diluted), compared to a net loss of $5.6 million, or $0.15 per share (basic and diluted), for the three months ended September 30, 2004.

The major factor contributing to our net income of $7.7 million during the third quarter of 2005 was the $20.2 million gain on the sale of our investment in Gryphon, which was partially offset by LNG receiving terminal development expenses of $4.1 million and general and administrative expenses of $6.5 million. Absent the gain on the sale of our investment in Gryphon, we would have reported a net loss of $12.5 million, or $0.23 per share (basic and diluted), during the third quarter of 2005,. The major factors contributing to our $5.6 million net loss during the third quarter of 2004 were LNG receiving terminal development expenses of $3.4 million (which were offset by a $417,000 minority interest in the operations of Corpus Christi LNG), general and administrative expenses of $2.2 million and our equity share of the net loss of Freeport LNG of $583,000.

LNG receiving terminal development and related pipeline activities

LNG receiving terminal development expenses were 20% higher in the third quarter of 2005 ($4.1 million) than in the third quarter of 2004 ($3.4 million). Our development expenses primarily include professional fees associated with front-end engineering and design work, obtaining orders from FERC authorizing construction of our facilities and other required permitting for our planned LNG receiving terminals, their related natural gas pipelines as well as other initiatives that complement the development of our LNG receiving terminal business. Expenses of our LNG employees involved in development activities are also included. Beginning in the first quarter of 2005, costs related to the construction of our Sabine Pass LNG receiving terminal have been capitalized.

In the third quarter of 2005, we recorded $1.5 million of LNG terminal development expenses attributable to our Creole Trail LNG and Corpus Christi LNG receiving terminals and the proposed Sabine Pass LNG expansion projects. In addition, we incurred $756,000 of development expenses relating to pipeline development activities for our Sabine Pass and Creole Trail LNG projects. We also incurred $1.8 million in other LNG receiving terminal development expenses, including $1.4 million in LNG employee-related costs. Our LNG staff increased from an average of 16 employees in the third quarter of 2004 to an average of 28 employees in the third quarter of 2005 as a result of the expansion of our business. LNG employee-related costs for the third quarter of 2005 included non-cash compensation of $296,000, primarily related to the amortization of deferred compensation associated with non-vested stock awarded in 2004.

In the third quarter of 2004, we incurred $1.5 million in terminal development expenses related to our Sabine Pass LNG receiving terminal and related pipeline. We also incurred $1.2 million related to our Corpus Christi LNG receiving terminal and related pipeline. This amount was offset partially by $417,000 related to the minority interest of our 33.3% limited partner. In addition, we incurred $734,000 in other terminal development expenses primarily related to LNG employee-related costs. Such amount included non-cash compensation of $112,000 related to the amortization of deferred compensation associated with non-vested stock awards granted in February 2004.

In the third quarter of 2005, our 30% equity share of the net loss of Freeport LNG was $2.3 million. In contrast, in the third quarter of 2004, our 30% equity share of the net loss of Freeport LNG was $583,000.

General and administrative expenses

General and administrative ("G&A") expenses primarily relate to our general corporate and other activities. These expenses increased $4.3 million, or 191%, to $6.5 million in the third quarter of 2005 compared to $2.2 million in the third quarter of 2004. The increase in G&A resulted primarily from the expansion of our business (including increases in corporate staff from an average of 14 employees in the third quarter of 2004 to an average of 55 employees in the third quarter of 2005). Corporate employee-related costs for the third quarter of 2005 and 2004 included non-cash compensation of $494,000 and $304,000, respectively, related to the amortization of deferred compensation associated with non-vested stock awards granted in 2004 and 2005. We capitalize as oil and gas property costs that portion of G&A expenses directly related to our exploration and development activities. We capitalized $172,000 in the third quarter of 2005 compared to $197,000 in the third quarter of 2004.

Depreciation, depletion and amortization expenses

Depreciation, depletion and amortization ("DD&A") expenses increased $416,000, or 156%, to $682,000 in the third quarter of 2005 from $266,000 in the third quarter of 2004. The increase primarily resulted from higher oil and gas DD&A as a result of an increase in our DD&A rate from $1.18 per thousand cubic feet equivalent ("Mcfe") in the third quarter of 2004 to $3.54 per Mcfe in the third quarter of 2005 and higher production volumes discussed below. DD&A also increased $261,000 in the third quarter of 2005 as a result of higher depreciation expense associated with the acquisition of furniture, fixtures and equipment and office space leasehold improvements associated with the expansion of our business.

Derivative gain, net

During the third quarter of 2005, we recorded a net derivative gain of $931,000 attributable to the ineffective portion of our interest rate swaps.

Interest income

Interest income increased to $4.5 million in the third quarter of 2005 from $32,000 in the third quarter of 2004 because cash and cash equivalents balances increased due to our common stock offering in December 2004 and the issuance of our Convertible Senior Unsecured Notes and completion of the Term Loan during the third quarter of 2005.

Interest expense

Interest expense, net of capitalization, was $5.1 million in the third quarter of 2005 compared to zero in the third quarter of 2004. This increase was attributable to the issuance of our Convertible Senior Unsecured Notes and completion of the Term Loan during the third quarter of 2005. Capitalized interest of $3.1 million in the third quarter of 2005 was primarily related to the amortization of debt issuance cost and commitment fees associated with the Sabine Pass Credit Facility.

Oil and gas activities

Oil and gas revenues increased by $264,000, or 56%, to $729,000 in the third quarter of 2005 from $465,000 in the third quarter of 2004 as a result of a 15% increase in production volumes (92,000 Mcfe in the third quarter of 2005 compared to 80,000 Mcfe in the third quarter of 2004) and by a 37% increase in average natural gas prices to $7.87 per thousand cubic feet ("Mcf") in the third quarter of 2005 from $5.73 per Mcf in the third quarter of 2004. Our production costs are relatively minor because most of our revenues are generated from non-cost bearing, overriding royalty interests ("ORRI"). In December 2004, we converted an ORRI to a cost-bearing working interest upon well payout, which resulted in higher production volumes as well as higher operating costs during the third quarter of 2005; however, production volumes from certain wells in the third quarter of 2005 were negatively impacted by the effects of Hurricanes Katrina and Rita.

Results of Operations — Comparison of the Nine-Month Periods Ended September 30, 2005 and 2004

Overview

Our financial results for the nine months ended September 30, 2005 reflected a net loss of $11.4 million, or $0.21 per share (basic and diluted), compared to a net loss of $14.8 million, or $0.39 per share (basic and diluted), for the nine months ended September 30, 2004.

The major factors contributing to our net loss of $11.4 million during the first nine months of 2005 were LNG receiving terminal development expenses of $14.9 million and general and administrative expenses of $17.1 million, which was significantly offset by the $20.2 million gain on the sale of our investment in Gryphon. Absent the gain on the sale of our investment in Gryphon, we would have reported a net loss of $31.6 million, or $0.59 per share (basic and diluted), for the first nine months of 2005. The major factors contributing to our $14.8 million net loss during the first nine months of 2004 were LNG receiving terminal development expenses of $13.4 million (which were offset by a $2.7 million minority interest in the operations of Corpus Christi LNG) and general and administrative expenses of $7.1 million, partially offset by a $2.5 million reimbursement from our limited partnership investment in Freeport LNG.

LNG receiving terminal development and related pipeline activities

LNG receiving terminal development expenses were 11% higher in the first nine months of 2005 ($14.9 million) than in the first nine months of 2004 ($13.4 million). Beginning in the first quarter of 2005, however, costs related to the construction of our Sabine Pass LNG receiving terminal have been capitalized.

In the first nine months of 2005, we incurred $5.6 million in LNG pipeline development expenses primarily related to our Sabine Pass LNG and Creole Trail LNG projects. LNG receiving terminal development expenses for the first nine months of 2005 were $4.5 million and were mainly attributable to our Creole Trail LNG and Corpus Christi LNG terminal projects and the proposed Sabine Pass LNG terminal expansion. In addition, we incurred $4.8 million in other LNG receiving terminal development expenses, including $4.1 million in LNG employee-related costs. Our LNG staff increased from an average of 14 employees in the first nine months of 2004 to an average of 24 employees in the first nine months of 2005 as a result of the expansion of our business. LNG employee-related costs for the first nine months of 2005 included non-cash compensation of $874,000 related to the amortization of deferred compensation associated with non-vested stock awarded in 2004.

In the first nine months of 2004, we incurred $5.7 million in development expenses related to our Sabine Pass LNG receiving terminal and related pipeline. We also incurred $5.1 million related to our Corpus Christi LNG receiving terminal and related pipeline. This amount, however, was partially offset by the minority interest of our 33.3% limited partner totaling $2.7 million. Substantially all expenditures incurred through March 31, 2004 by Corpus Christi LNG were the obligation of the minority owner, as the minority owner was required to fund 100% of the first $4.5 million of project expenditures. As project expenditures had reached $4.5 million by March 31, 2004, the minority owner began sharing all subsequent project expenditures based on its 33.3% limited partner interest. During the first nine months of 2004, we also incurred $2.6 million in LNG employee-related costs. Such amount included non-cash compensation of $750,000 (which included vested stock awards and amortization of deferred compensation associated with non-vested stock awards) granted in 2004.

In the first nine months of 2005, our 30% equity share of the net loss of Freeport LNG was $3.2 million. In contrast, in the first nine months of 2004, our 30% equity share of the net income of Freeport LNG was $85,000 because Freeport LNG recorded net income as a result of Freeport LNG's receipt of a non-refundable fee of $10 million from ConocoPhillips in January 2004.

In January 2004, we received the final $2.5 million payment from Freeport LNG pursuant to the terms of the agreement related to our February 2003 disposition of LNG assets in exchange for cash and a limited partner interest in Freeport LNG. Because our investment basis in Freeport LNG had been previously reduced to zero, the $2.5 million payment was recorded as a reimbursement from limited partnership investment in our consolidated statement of operations during the first quarter of 2004.

General and administrative expenses

G&A expenses increased $10.0 million, or 141%, to $17.1 million in the first nine months of 2005 compared to $7.1 million in the first nine months of 2004. The increase in G&A resulted primarily from the expansion of our business (including increases in corporate staff from an average of 13 employees in the first nine months of 2004 to an average of 42 employees in the first nine months of 2005). Corporate employee-related costs for the first nine months of 2005 included non-cash compensation of $1.6 million related to the amortization of deferred compensation associated with non-vested stock awarded in 2004 and 2005. Corporate employee-related costs for the first nine months of 2004 included non-cash compensation of $2.0 million (which included vested stock awards and amortization of deferred compensation associated with non-vested stock awards) granted in 2004. We capitalize as oil and gas property costs that portion of G&A expenses directly related to our exploration and development activities. We capitalized $644,000 in the first nine months of 2005 compared to $721,000 in the first nine months of 2004.

Depreciation, depletion and amortization expenses

DD&A expenses increased $1.1 million, or 175%, to $1.7 million in the first nine months of 2005 from $632,000 in the first nine months of 2004. The increase resulted from higher oil and gas DD&A as a result of an increase in our DD&A rate from $1.24 per Mcfe for the first nine months of 2004 to $2.90 per Mcfe for the first nine months of 2005 and higher production volumes discussed below. DD&A also increased by $473,000 as a result of higher depreciation expense associated with the acquisition of furniture, fixtures and equipment and office space leasehold improvements associated with the expansion of our business.

Derivative gain, net

During the first nine months of 2005, we recorded a net derivative gain of $264,000 attributable to the ineffective portion of our interest rate swaps.

Interest income

Interest income increased to $8.1 million in the first nine months of 2005 from $48,000 in the first nine months of 2004 as a result of an increase in our cash and cash equivalent balances resulting from our common stock offering in December 2004 and the issuance of our Convertible Senior Unsecured Notes and completion of the Term Loan in the third quarter of 2005.

Interest expense

Interest expense, net of capitalization, was $5.1 million in the first nine months of 2005 compared to zero in the first nine months of 2004. This increase was attributable to the issuance of our Convertible Senior Unsecured Notes and completion of the Term Loan during the third quarter of 2005. Capitalized interest of $3.8 million in the first nine months of 2005 was primarily related to the amortization of debt issuance cost and commitment fees associated with the Sabine Pass Credit Facility.

Oil and gas activities

Oil and gas revenues increased by $1.1 million, or 90%, to $2.2 million in the first nine months of 2005 from $1.1 million in the first nine months of 2004 as a result of a 68% increase in production volumes (327,000 Mcfe in the first nine months of 2005 compared with 194,000 Mcfe in the first nine months of 2004) and a 12% increase in average natural gas prices to $6.54 per Mcf in the first nine months of 2005 from $5.82 per Mcf in the first nine months of 2004. Our production costs are relatively minor because most of our revenues are generated from non-cost bearing ORRI. In December 2004, we converted an ORRI to a cost-bearing working interest upon well payout resulting in higher production volumes as well as higher operating costs during the first nine months of 2005.

Other matters

Critical accounting estimates and policies

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

Accounting for LNG activities

Costs to develop our planned LNG receiving terminals are expensed as incurred. These costs primarily include professional fees associated with front-end engineering and design work and obtaining orders from FERC authorizing construction of our terminals and other required permitting for our planned LNG receiving terminals and their related natural gas pipelines. Land costs associated with LNG terminal sites are capitalized. Costs of certain permits are capitalized as intangible LNG assets. We have also capitalized costs related to options to purchase or lease land that may be used for potential LNG terminal sites. Such costs will be amortized over the term of the lease should a lease be entered into. LNG terminal site rentals and related amortization of capitalized options are capitalized during the construction period of the terminal. Beginning in 2006, however, such costs will be expensed as required by FSP 13-1.

In the first quarter of 2005, we began capitalizing all direct costs associated with the construction of the Sabine Pass LNG facility, upon satisfaction of the following criteria: (1) regulatory approval had been received; (2) financing was in place; and (3) management was committed to the construction of the facility. In addition, during the construction periods of our LNG receiving terminal projects, we capitalize interest and other related debt costs in accordance with SFAS No. 34, *Capitalization of Interest Cost*, as amended by SFAS No. 58, *Capitalization of Interest Cost in Financial Statements That Include Investments Accounted for by the Equity Method (an Amendment of FASB Statement No. 34)*. Upon commencement of LNG terminal operations, capitalized interest, as a component of the total cost of the terminal, will be amortized over the estimated useful life of the LNG receiving terminal.

Revenue recognition

LNG regasification capacity fees are recognized as revenue over the term of the respective TUAs. Advance capacity reservation fees are deferred initially.

Full cost method of accounting

We follow the full cost method of accounting for our oil and gas properties. Under this method, all productive and non-productive exploration and development costs incurred for the purpose of finding oil and gas reserves are capitalized. Such capitalized costs include lease acquisition, geological and geophysical work, delay rentals, drilling, completing and equipping oil and gas wells, together with internal costs directly attributable to property acquisition, exploration and development activities. Interest is capitalized on oil and gas properties not subject to amortization.

The costs of our oil and gas properties, including the estimated future costs to develop proved reserves and the carrying amounts of any asset retirement obligations, are depreciated using a composite unit-of-production rate based on estimates of proved reserves. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, then the amount of the impairment is added to the capitalized costs to be amortized. Net capitalized costs are limited to a capitalization ceiling, calculated on a quarterly basis as the aggregate of the present value, discounted at 10%, of estimated future net revenues from proved reserves (based on current economic and operating conditions), but excluding asset retirement obligations, plus the lower of cost or fair market value of unproved properties, less related income tax effects.

Our allocation of seismic exploration costs between proved and unproved properties involves an estimate of the total reserves to be discovered through our exploration program. This estimate includes a number of assumptions that we have incorporated into a three-year plan. Such factors include an estimate of the number of exploration prospects generated, prospect reserve potential, success ratios and ownership interests. We transfer unproved properties to proved properties based on a ratio of proved reserves discovered at a point in time to the estimate of total reserves to be discovered in our exploration program. The carrying value of unproved properties is evaluated for possible impairment by comparing it to the estimated future net cash flows associated with the estimated total reserves to be discovered in our exploration program. To the extent that the carrying value of unproved properties is greater than the estimated future net revenue, any excess is transferred to proved properties. It is reasonably possible, based on the results obtained from future drilling and prospect generation, that revisions to this estimate of total reserves to be discovered could affect our capitalization ceiling.

Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved oil and gas reserves.

We account for the retirement of our tangible long-lived assets in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations*. SFAS No. 143 requires us to record the fair value of a liability for legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related long-lived assets. Subsequently, the asset retirement costs included in the carrying amount of the related asset are allocated to expense using the unit-of-production method used to depreciate oil and gas properties under the full cost method of accounting.

Oil and gas reserves

The process of estimating quantities of proved reserves is inherently uncertain, and our reserve data are only estimates. Reserve engineering is a subjective process of estimating underground accumulations of natural gas and crude oil that cannot be measured in an exact manner. The process relies on interpretations of available geologic, geophysical, engineering and production data. The extent, quality and reliability of this technical data can vary. The process also requires certain economic assumptions, some of which are mandated by the SEC, such as oil and gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The accuracy of a reserve estimate is a function of the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions and the judgment of the persons preparing the estimate. At least annually, our reserves are estimated by an independent petroleum engineer.

Because these estimates depend on many assumptions, all of which may substantially differ from actual results, reserve estimates may be different from the quantities of natural gas and crude oil that are ultimately recovered. In addition, results of drilling, testing and production after the date of an estimate may justify material revisions to the estimate.

The present value of future net cash flows does not necessarily represent the current market value of our estimated proved natural gas and oil reserves. In accordance with SEC requirements, we base the estimated discounted future net cash flows from proved reserves on prices and costs on the date of the estimate. Actual future prices and costs may be materially higher or lower than the prices and costs as of the date of the estimate.

Our rate of recording DD&A is dependent upon our estimate of proved reserves. If the estimate of proved reserves declines, the rate at which we record DD&A expense increases thereby reducing net income. Such a decline may result from lower market prices, which may make it uneconomical to drill for and produce higher cost fields.

Cash flow hedges

As defined in SFAS No. 133, cash flow hedge transactions hedge the exposure to variability in expected future cash flows (i.e., in our case, the variability of floating interest rate exposure). In the case of cash flow hedges, the hedged item (the underlying risk) is generally unrecognized (i.e., not recorded on the balance sheet prior to settlement), and any changes in the fair value, therefore, will not be recorded within earnings. Conceptually, if a cash flow hedge is effective, this means that a variable, such as a movement in interest rates, has been effectively fixed so that any fluctuations will have no net result on either cash flows or earnings. Therefore, if the changes in fair value of the hedged item are not recorded in earnings, then the changes in fair value of the hedging instrument (the derivative) must also be excluded from the income statement or else a one-sided net impact on earnings will be reported, despite the fact that the establishment of the effective hedge results in no net economic impact. To prevent such a scenario from occurring, SFAS No. 133 requires that the fair value of a derivative instrument designated as a cash flow hedge be recorded as an asset or liability on the balance sheet, but with the offset reported as part of other comprehensive income, to the extent that the hedge is effective. Any ineffective portion will be reflected in earnings.

Goodwill

Goodwill is accounted for in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*. We perform an annual goodwill impairment review in the fourth quarter of each year, although we may perform a goodwill impairment review more frequently whenever events or circumstances indicate that the carrying value may not be recoverable.

New accounting pronouncements

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*, that addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for equity instruments of the company, such as stock options and restricted stock. SFAS No. 123R eliminates the ability to account for share-based compensation transactions using the APB Opinion No. 25 and requires instead that such transactions be accounted for using a fair value-based method. We currently account for stock-based compensation using the intrinsic method pursuant to APB Opinion No. 25. SFAS No. 123R requires that all stock-based payments to employees, including grants of employee stock options and restricted stock, be recognized as compensation expense in the financial statements based on their fair values at the time such awards are granted. SFAS No. 123R was scheduled to be effective for periods beginning after June 15, 2005. However, on April 14, 2005, the SEC deferred the effective date to January 1, 2006 for companies with fiscal years ending December 31. Accordingly, we will be required to apply SFAS No. 123R beginning in the fiscal quarter ending March 31, 2006. We are currently assessing the provisions of SFAS No. 123R and its impact on our consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections – A Replacement of APB Opinion No. 20 and FASB Statement No. 3*. SFAS No. 154 changes the requirements for accounting and reporting on a change in accounting principle, while carrying forward the guidance in APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*, with respect to accounting for changes in estimates, changes in the reporting entity, and the correction of errors. APB 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change, the cumulative effect of changing to the new accounting principle. SFAS No. 154 requires retrospective application to prior periods' financial statements for voluntary changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The impact of SFAS No. 154 will depend on the accounting change that occurs in a future period.

In October 2005, the FASB issued FSP 13-1, *Accounting for Rental Costs Incurred During a Construction Period*, to address the accounting for rental costs associated with operating leases that are incurred during a construction period. FSP 13-1 requires rental costs associated with ground or building operating leases that are incurred during a construction period to be recognized as rental expense. FSP 13-1 is effective in fiscal years beginning after December 15, 2005. As of September 30, 2005, we have capitalized $1.1 million in rental expenses related to our Sabine Pass LNG terminal site lease.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The development of our LNG receiving terminal business is based upon the foundational premise that prices of natural gas in the U.S. will be sustained at levels of $3.00 per Mcf or more. Should the price of natural gas in the U.S. decline to sustained levels below $3.00 per Mcf, our ability to develop and operate LNG receiving terminals could be materially adversely affected.

We produce and sell natural gas, crude oil and condensate. As a result, our financial results can be affected as these commodity prices fluctuate widely in response to changing market forces. We have not entered into any derivative transactions related to our oil and gas producing activities.

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 sheet.

Interest Rates

We are exposed to changes in interest rates, primarily as a result of our debt obligations. The fair value of our fixed rate debt is affected by changes in market rates. We utilize interest rate swap agreements to mitigate exposure to rising interest rates. We do not use interest rate swap agreements for speculative or trading purposes.

In connection with the closing of the Sabine Pass Credit Facility in February 2005, we entered into interest rate swap agreements to hedge against increases in floating interest rates with respect to draws, up to a maximum of $700 million under this facility. No debt was outstanding under this facility at September 30, 2005.

At September 30, 2005, we had $925 million of debt outstanding. Of this amount, our $325 million of Convertible Senior Unsecured Notes bore a fixed interest rate of 2.25%. The Term Loan, totaling $600 million, bore interest at floating rates; however, concurrent with the closing of the Term Loan, we entered into interest rate swaps with respect to this $600 million loan (See Note 8 -Derivative Instruments).

The following table summarizes the fair market values of our existing interest rate swap agreements as of September 30, 2005 (in thousands):

Variable to Fixed Swaps

Maturity Date	Notional Principal Amount	Fixed Interest Rate (Pay)	Weighted Average Interest Rate	Fair Market Value [1]
October 2005 through December 2005	$ 159,554	4.49%	US $ LIBOR BBA	$ (13)
January 2005 through December 2006	5,673,818	3.75% - 4.49%	US $ LIBOR BBA	4,914
January 2006 through December 2007	9,086,074	3.75% - 4.49%	US $ LIBOR BBA	5,314
January 2007 through December 2008	10,638,516	3.98% - 5.98%	US $ LIBOR BBA	1,553
January 2008 through December 2009	5,113,000	4.49% - 5.98%	US $ LIBOR BBA	(7,050)
January 2009 through December 2010	2,942,260	4.98% - 5.98%	US $ LIBOR BBA	(5,584)
January 2010 through December 2011	1,331,700	4.98%	US $ LIBOR BBA	(1,005)
January 2011 through December 2012	650,100	4.98%	US $ LIBOR BBA	(467)
	$35,595,022			$ (2,338)

(1) The fair market value is based upon a marked-to-market calculation utilizing an extrapolation of third-party mid-market LIBOR rate quotes at September 30, 2005.

Item 4. Disclosure 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

We are and may in the future be involved as a party to various legal proceedings, which are incidental to the ordinary course of business. We regularly analyze current information and, as necessary, provide accruals for probable liabilities on the eventual disposition of these matters. In the opinion of management and legal counsel, as of September 30, 2005, there were no threatened or pending legal matters that would have a material impact on our consolidated results of operations, financial position or cash flows.

As previously disclosed, we received a letter dated December 17, 2004 advising us of a nonpublic, informal inquiry being conducted by the SEC. On August 9, 2005, the SEC informed us that it had issued a formal order and commenced a nonpublic factual investigation of actions and communications by Cheniere, its current or former directors, officers and employees and other persons in connection with our agreements and negotiations with Chevron USA, the Company's December 2004 public offering of common stock, and trading in our securities. The scope, focus and subject matter of the SEC investigation may change from time to time, and we may be unaware of matters under consideration by the SEC. We have cooperated fully with the SEC informal inquiry and intend to continue cooperating fully with the SEC in its investigation.

Item 6. Exhibits

(a) Each of the following exhibits is filed herewith:

10.1	Credit Agreement, dated August 31, 2005, among Cheniere LNG Holdings, LLC, the initial lenders named therein, and Credit Suisse, Cayman Islands Branch
10.2	Security Agreement, dated August 31, 2005, from Cheniere LNG Holdings, LLC to Credit Suisse, Cayman Islands Branch
10.3	Pledge Agreement, dated August 31, 2005, from Cheniere LNG-LP Interests, LLC to Credit Suisse, Cayman Islands Branch
10.4	Control Agreement, dated August 31, 2005, from Cheniere LNG Holdings, LLC, to Credit Suisse, Cayman Islands Branch, and The Bank of New York
10.5	Novation Confirmation (#9233022), dated September 6, 2005, among Credit Suisse First Boston International, Cheniere Energy, Inc. and Cheniere LNG Holdings, LLC
10.6	Novation Confirmation (#9233023), dated August 31, 2005, among Credit Suisse First Boston International, Cheniere Energy, Inc. and Cheniere LNG Holdings, LLC
10.7	Novation Confirmation (#9233025), dated August 31, 2005, among Credit Suisse First Boston International, Cheniere Energy, Inc. and Cheniere LNG Holdings, LLC
10.8	Novation Confirmation (#9233026), dated August 31, 2005, among Credit Suisse First Boston International, Cheniere Energy, Inc. and Cheniere LNG Holdings, LLC
10.9	Novation Confirmation (#9233027), dated August 31, 2005, among Credit Suisse First Boston International, Cheniere Energy, Inc. and Cheniere LNG Holdings, LLC
10.10	Consent and Waiver No. 5 to Credit Agreement, dated as of July 5, 2005, among Sabine Pass LNG, L.P., Société Générale and HSBC Bank USA, National Association
10.11	Consent and Waiver No. 6 to Credit Agreement, dated as of July 27, 2005, among Sabine Pass LNG, L.P., Société Générale and HSBC Bank USA, National Association
10.12	Consent and Waiver No. 7 to Credit Agreement, dated as of August 29, 2005, among Sabine Pass LNG, L.P., Société Générale and HSBC Bank USA, National Association
10.13	Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan
10.14	Cheniere Energy, Inc. Amended and Restated 1997 Stock Option Plan
31.1	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2	Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

CHENIERE ENERGY, INC.

/s/ Craig K. Townsend

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

Date: November 4, 2005

Exhibit 10.1

EXECUTION COPY

$600,000,000

CREDIT AGREEMENT

Dated as of August 31, 2005

Among

CHENIERE LNG HOLDINGS, LLC

as Borrower

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders,

and

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

as Collateral Agent and Administrative Agent

and

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

as Sole Bookrunner and Sole Lead Arranger

Cheniere Credit Agreement

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

CREDIT AGREEMENT

CREDIT AGREEMENT dated as of August 31, 2005 among CHENIERE LNG HOLDINGS, LLC, a Delaware limited liability company (the "***Borrower***"), the Initial Lenders (as hereinafter defined), the persons who become Lenders (as hereinafter defined) after the date hereof, CREDIT SUISSE, CAYMAN ISLANDS BRANCH ("***CS***"), as collateral agent (together with any successor collateral agent appointed pursuant to*Article VII*, the "***Collateral Agent***") for the Secured Parties (as hereinafter defined), and CS, as administrative agent (together with any successor administrative agent appointed pursuant to *Article VII*, the "***Administrative Agent***" and, together with the Collateral Agent, the "***Agents***") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Borrower is the direct, wholly owned Subsidiary of Cheniere LNG-LP Interests, LLC, a Delaware limited liability company (the "***Pledgor***"), and the Borrower and the Pledgor are indirect, wholly owned Subsidiaries of Cheniere Energy, Inc., a Delaware corporation ("***Cheniere***").

(2) Cheniere indirectly owns (a) 100% of the Equity Interests (as hereinafter defined) of Sabine Pass LNG, L.P., a Delaware limited partnership (***Sabine Pass***") through Sabine Pass LNG – LP, LLC, a Delaware limited liability company (the "***Sabine Limited Partner***"), as the sole limited partner of Sabine Pass, and Sabine Pass LNG – GP, Inc., a Delaware corporation (the "***Sabine General Partner***"; and, together with the Sabine Limited Partner, the "***Sabine Partners***"), as the sole general partner of Sabine Pass, and (b) Equity Interests constituting 30% of the limited partnership interests of Freeport LNG Development L.P., a Delaware limited partnership ("***Freeport***"), through Cheniere FLNG, L.P., a Delaware limited partnership (the "***Freeport Limited Partner***"), (i) the limited partnership interests of which are held by the Borrower, and (ii) the general partnership interest of which are held through Cheniere FLNG – GP, LLC, a Delaware limited liability company (the "***FLNG-GP Partner***"; and together with the Freeport Limited Partner, the "***Freeport Partners***") .

(3) Cheniere has contributed or caused its Subsidiaries to contribute (collectively, the "***Contribution***") to the Borrower all of the Equity Interests in the Sabine Partners and Freeport Partners owned by them.

(4) The Borrower has requested that the Lenders lend to the Borrower $600,000,000 to (a) pay an amount equal to the Debt Service Reserve Required Amount (as hereinafter defined) into the Debt Service Reserve Account (as hereinafter defined), (b) pay an amount equal to the Capital Contribution Reserve Required Amount (as hereinafter defined) into the Capital Contribution Reserve Account (as hereinafter defined), (c) pay Transaction Costs (as hereinafter defined), and (d) with any loan proceeds remaining after the payments described in the foregoing *clauses (a), (b) and (c)*, to make distributions to the Pledgor (such distributions, collectively, the "***Distribution***").

(5) The Lenders have indicated their willingness to agree to lend such amounts on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"***Administrative Agent***" has the meaning specified in the recital of parties to this Agreement.

"***Administrative Agent's Account***" means the account of the Administrative Agent specified by the Administrative Agent in writing to the Lenders from time to time.

"***Advance***" has the meaning specified in *Section 2.01*.

"***Affiliate***" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "*control*" (including the terms "*controlling*," "*controlled by*" and "*under common control with*") of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"***Agent Parties***" has the meaning specified in *Section 8.02(c)*.

"***Agents***" has the meaning specified in the recital of parties to this Agreement.

"***Agreement Value***" means, for each Hedge Agreement, on any date of determination, an amount reasonably determined by the Administrative Agent equal to the amount, if any, that would be payable by the Borrower to the counterparty to such Hedge Agreement in accordance with its terms as if (i) such Hedge Agreement was being terminated early on such date of determination, (ii) the Borrower was the sole "*Affected Party*" and (iii) the Administrative Agent was the sole party determining such payment amount.

"***Applicable Lending Office***" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"***Applicable Margin***" means 2.75% *per annum.*

"***Approved Fund***" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"***Arranger***" means Credit Suisse, Cayman Islands Branch in its capacity as sole bookrunner and sole lead arranger in respect of the Facility.

"***Assignment and Acceptance***" means an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by *Section 8.07* or by the definition of "*Eligible Assignee*"), and accepted by the Administrative Agent, in accordance with *Section 8.07* and in substantially the form of *Exhibit C* hereto or any other form approved by the Administrative Agent.

"***Available***" means, solely with respect to any information or other matters pertaining to Freeport, such information or other matters as have been received by, or are readily obtainable by, the Borrower or any Freeport Partner; *provided*, that, to the extent any Loan Document requires delivery or disclosure of any such information or materials to the Agents and the Lenders, for purposes of such delivery and disclosure requirements, "*Available*" shall exclude such information or matters that could not be so delivered or disclosed without violating any legal or contractual requirements with respect to Freeport with any Person that is not a Subsidiary of Cheniere.

"***Bankruptcy Law***" means Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

"***Base Rate***" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest per annum determined by CS as its prime rate in effect at its principal office in New York, New York, and notified to the Borrower; and

(b) 1/2 of 1% *per annum* above the Federal Funds Rate.

"***Base Rate Advance***" means an Advance that bears interest as provided in the *proviso* to *Section 2.05(a)*.

"***Board of Directors***" means, with respect to any corporation, its board of directors and, with respect to any limited liability company, partnership or other entity, its manager or general partner or, if applicable, board of managers or any comparable governing body.

"***Borrower***" has the meaning specified in the recital of parties to this Agreement.

"***Borrower Contracted Cash Flow Available for Debt Service***" means, as of any time of determination, for any applicable Measurement Period, without duplication,

(a) with respect to any completed Qualified Fiscal Quarter in such Measurement Period, the aggregate amount of distributions and dividends paid to the Borrower that have been deposited into the Debt Service Reserve Account only to the extent that (i) such distributions or dividends originated from distributions or dividends paid or made by Freeport or Sabine Pass, and (ii) in the case of distributions or dividends originating from Sabine Pass, such distributions and dividends are attributable to revenues generated by the Sabine Pass Existing TUAs and the Sabine Pass Qualified Contracts; *minus*,

(b) with respect to any completed Qualified Fiscal Quarter during such Measurement Period, the aggregate amount of costs, expenses and other payments by the Borrower in cash (other than Debt Service and other payments in respect of the Facility and Investments); *plus*,

(c) in the case of any Measurement Period that does not contain four completed Qualified Fiscal Quarters, for any current or future fiscal quarter during such Measurement Period, the aggregate amount of projected distributions and dividends of the kind described in *clause (a)* above *minus* the aggregate amount of projected costs, expenses and Investments of the kind described in *clause (b)* above, in each case, calculated in accordance with *clauses (a) and (b)* above as set forth in the most recently delivered Forecasts pursuant to *Section 5.03(d)* solely to the extent that, at the time of determination of Borrower Contracted Cash Flow Available for Debt Service for such Measurement Period, such distributions and dividends are not then prohibited from being made by the applicable Project Parent to the Borrower; *provided*, that, with respect to distributions and dividends attributable to the expansion of the Development of the Sabine Pass Project, such distributions and dividends shall only be included to the extent that the Borrower is able to deliver Project Financial Information with respect to future periods in respect of such expansion; *plus*,

(d) the aggregate amount of Net Cash Proceeds from capital contributions received by the Borrower during such Measurement Periods and deposited into the Debt Service Reserve Account to the extent that, in any covenant compliance certificates delivered pursuant to *Section 5.03(b), (c) or (d)*, the Borrower certifies that such Net Cash Proceeds have been paid into, or will within three Business Days be paid into, the Debt Service Reserve Account in accordance with *clause (d)* of this definition and actually have been, or are, paid into the Debt Service Reserve Account in immediately available funds within such time; *provided*, that (i) capital contributions contemplated by this *clause (d)* may only be included in the calculation of Borrower Contracted Cash Flow Available for Debt Service only in one fiscal quarter during any period of four consecutive fiscal quarters, (ii) if such Measurement Period includes Qualified Fiscal Quarters, such Capital Contributions shall be deemed to have been received in the last Qualified Fiscal Quarter of such Measurement Period, and (iii) if such Measurement Period is not comprised of solely Qualified Fiscal Quarters, such Net Cash Proceeds shall be deemed to have been received in the fiscal quarter in which it was actually received; *minus*,

(e) the aggregate amount of payment made by the Borrower or any of its Subsidiaries (other than Sabine Pass) during such Measurement Period in respect of the Crest Royalty or under the Crest Settlement Documents; *plus*,

(f) the aggregate amount of payments received by the Borrower or any of its Subsidiaries (other than Sabine Pass) from Cheniere under the Crest Cheniere Indemnity during such Measurement Period as reimbursement for any payments described in *clause (e)*.

"***Borrower Party***" means each of the Pledgor, the Borrower and each of the Borrower's Subsidiaries.

"***Borrower's Account***" means the account of the Borrower specified by the Borrower in writing to the Administrative Agent from time to time.

"***Borrowing***" means the simultaneous Advances of the same type made by the Lenders on the Effective Date

"***Business Day***" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"***Capital Contribution Requirements***" has the meaning set forth in *Section 4.01(x)*.

"***Capital Contribution Reserve Account***" has the meaning specified in the Security Agreement.

"***Capital Contribution Reserve Required Amount***" means, without duplication, (a) on the Effective Date, $35,200,000, and thereafter *plus* (b) in connection with any additional Debt under *Section 5.02(b)(iii)*, the aggregate amount of Net Cash Proceeds of capital contributions required by *Section 5.02(b)(iii)(D)*, *minus* (c) the aggregate amount of Investments made in any Project Party from funds in the Capital Contribution Reserve Account, directly or indirectly through a Project Parent, actually made as of such date, the proceeds of which were used to satisfy any Capital Contribution Requirement, *minus* (d) the aggregate amount of Investments made in Sabine Pass from funds in the Capital Contribution Reserve Account, directly or indirectly through a Sabine Partner, actually made as of such date, the proceeds of which were used to satisfy Obligations in connection with the Development of the Sabine Pass Project as contemplated by *Section 5.02(b)(iii)(D)*.

"***Capitalized Leases***" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"***Cash Equivalents***" means any of the following, to the extent owned by the Borrower free and clear of all Liens other than Liens created under the Collateral Documents: (a) readily marketable direct obligations of the Government of the United

States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States having a maturity of not greater than 90 days from the date of acquisition thereof, (b) insured certificates of deposit of or time deposits with any commercial bank that is a Lender or a member of the Federal Reserve System, issues (or the parent of which issues) commercial paper rated as described in *clause (c)* below, is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least $1,000,000,000 having a maturity of not greater than 90 days from the date of acquisition thereof, (c) commercial paper issued by any corporation organized under the laws of any State of the United States and rated at least "*Prime-1*" (or the then equivalent grade) by Moody's or "*A-1*" (or the then equivalent grade) by S&P having a maturity of not greater than 90 days from the date of acquisition thereof, or (d) money market mutual funds, registered under the Investment Company Act of 1940, as amended, that invest exclusively in investments described in *clauses (a), (b) and (c)* above.

"***Change of Control***" means the occurrence of any of the following:

(a) (i) the Pledgor shall cease to own directly 100% of all of the Equity Interests in the Borrower and control 100% of the Voting Interests in the Borrower; or (ii) Cheniere shall cease to own, directly or indirectly, 100% of all of the Equity Interests in the Borrower and control 100% of the Voting Interests in the Borrower; or (iii) the Borrower shall cease to own directly 100% of all of the Equity Interests in any Project Parent and control 100% of the Voting Interests in any Project Parent; or (iv) the Sabine General Partner and the Sabine Limited Partner, collectively, shall cease to own 100% of all of the Equity Interests in Sabine Pass or control 100% of the Voting Interests in Sabine Pass; or

(b) (i) any Person or two or more Persons (other than Permitted Holders) acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Interests of Cheniere (or other securities convertible into such Voting Interests) representing 50% or more of the combined voting power of all Voting Interests of Cheniere; or (ii) the approval by the holders of Equity Interests of Cheniere of any plan or proposal for the liquidation or dissolution of any Borrower Party; or (iii) the replacement of a majority of the Board of Directors of Cheniere over a one-year period from the directors who constituted the Board of Directors of Cheniere at the beginning of such period, and such replacement shall not have been approved by a vote of a majority of the Board of Directors of Cheniere, then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved; or

(c) a "*change of control*" or similar event or condition occurs or exists under any Sabine Pass Project Debt Document.

"***Cheniere***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Chevron TUA***" means the Terminal Use Agreement dated as of November 8, 2004 between Chevron U.S.A. Inc. and Sabine Pass, as amended.

"***Collateral***" means all "*Collateral*" and "*Pledged Equity* " referred to in the Collateral Documents and all other property that is or is intended to be subject to the Liens created under the Collateral Documents.

"***Collateral Agent***" has the meaning specified in the recital of parties to this Agreement.

"***Collateral Documents***" means the Security Agreement, the Pledge Agreement, each of the collateral documents, instruments and agreements delivered pursuant to *Section 5.01(j)*, and each other agreement that creates or purports to create a Lien.

"***Commitment***" means with respect to any Lender at any time, the amount set forth opposite such Lender's name on *Schedule I* hereto under the caption "*Commitment*", or if such Lender has entered into one or more Assignment and Acceptances, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to *Section 8.07(d)* as such Lender's "*Commitment*".

"***Communications***" has the meaning specified in *Section 8.02(b)*.

"***Confidential Information***" means information that Cheniere or any Borrower Party furnishes to any Agent or any Lender which is designated in writing as confidential, but does not include any such information that is or becomes generally available to the public other than as a result of a breach by such Agent or any Lender of its obligations hereunder or that is or becomes available to such Agent or such Lender from a source other than Cheniere or any Borrower Party that is not, to the best of such Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with Cheniere or any Borrower Party.

"***Consolidated***" refers to the consolidation of accounts in accordance with GAAP.

"***Contribution"*** has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Conversion,***" "***Convert***" and "***Converted***" each refer to a conversion of Advances of one Type into Advances of the other Type.

"***Crest***" means Crest Investment Company, a Texas corporation.

"***Crest Cheniere Indemnity***" means any indemnity arrangement heretofore or hereafter provided by Cheniere in favor of any of its Subsidiaries pursuant to the Crest Settlement Documents.

"***Crest Default Remedy Instruction***" means either (a) if the Borrower fails to make any payment in respect of the Secured Crest Obligations (as defined in the Security Agreement) after written demand by Crest, any instruction by Crest to the Collateral

Agent in writing to exercise remedies under the Security Agreement as a result of such failure to pay, or (b) if the Pledgor fails to make any payment in respect of the Secured Crest Obligations (as defined in the Pledge Agreement) after written demand by Crest, any instruction by Crest to the Collateral Agent in writing to exercise remedies under the Pledge Agreement as a result of such failure to pay.

"***Crest Royalty***" means royalty payments to be made to Crest in an amount not to exceed $10,950,000 in any "production year" (as defined in the Crest Settlement Documents).

"***Crest Settlement Documents***" means (i) that certain Settlement and Purchase Agreement, dated as of June 14, 2001, by and among Cheniere, the Freeport Limited Partner, Crest Energy, L.L.C., Crest Investment Company and Freeport LNG Terminal, LLC, (ii) those certain assumption and adoption documents, dated May 9, 2005 and August 16, 2005, executed by the Loan Parties, pursuant to such Settlement and Purchase Agreement, (iii) those certain Indemnification Agreements, dated May 9, 2005 and August 16, 2005, executed by Cheniere, relating thereto and (iv) any and all other agreements and documents heretofore or hereafter entered into by any Subsidiary of Cheniere pursuant to Section 1.07 of such Settlement and Purchase Agreement.

"***CS***" has the meaning specified in the recital of parties to this Agreement.

"***Debt***" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 90 days incurred in the ordinary course of such Person's business), (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Obligations of such Person as lessee under Capitalized Leases, (f) all Obligations of such Person under acceptance, letter of credit or similar facilities, (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends, (h) all Obligations of such Person in respect of Hedge Agreements, valued at the Agreement Value thereof, (i) all Obligations, contingent or otherwise, of such Person for production payments from property operated by or on behalf of such Person and other similar arrangements with respect to natural resources, (j) all Guarantees of Debt and Synthetic Debt of such Person, and (k) all indebtedness and other payment Obligations referred to in *clauses (a) through (j)* above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment Obligations.

"*Debt Service"* means, for any period, the sum of (a) all payments of interest (assuming no prepayments of the Advances) in respect of the aggregate principal amount of the Advances, (b) all payments of scheduled amortization installments of the aggregate principal amount of the Advances, (c) all fees in respect of the Facility or otherwise required to be paid under any Loan Document, and (d) all fees payable in connection with, and all Obligations, in respect of Hedge Agreements required to be maintained by the Borrower pursuant to *Section 5.01(m)* (net of any amounts payable to the Borrower thereunder at any time of determination).

"*Debt Service Reserve Account"* has the meaning specified in the Security Agreement.

"***Debt Service Reserve Required Amount***" means, at any time of determination, (a) on the Effective Date, (i) $181,000,000, and thereafter, *plus* (b) the Net Cash Proceeds of any capital contributions contemplated by *clause (d)* of the definition of "*Borrower Contracted Cash Flow Available for Debt Service*", *plus* (c) the aggregate amount of all interest income received in cash or Cash Equivalents in respect of any amounts in the Debt Service Reserve Account, *plus* (d) the aggregate of all distributions and dividends received by the Borrower from the Project Parents in an amount not to exceed $25,000,000, *minus* (e) the aggregate amount of Debt Service payments actually made in an amount not to exceed the sum of *clauses (a) and (c)*, *minus* (f) the aggregate amount of payments made by the Borrower and its Subsidiaries (other than Sabine Pass) in respect of operating expenses, overhead and tax payments in aggregate amount not to exceed (i) $2,000,000 from the Effective Date to the first Qualified Fiscal Quarter and (ii) $1,000,000 from the first Qualified Fiscal Quarter to August 30, 2012.

"***Default***" means any Event of Default or any event that would constitute an Event of Default but for the passage of time or the requirement that notice be given or both.

"***Default Interest***" has the meaning set forth in *Section 2.05(b)*.

"***Development***" means the development, expansion, acquisition, ownership, occupation, construction, equipping, testing, repair, operation, maintenance and use of facilities and assets relating to LNG receiving terminals and the sale of Services or other products or by-products thereof.

"***Distribution***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Domestic Lending Office***" means, with respect to any Lender, the office of such Lender specified as its "*Domestic Lending Office*" opposite its name on *Schedule I* hereto or in the Assignment and Acceptance pursuant to which it became a Lender, as the case may be, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

"***Effective Date***" has the meaning specified in *Section 3.01*.

"***Eligible Assignee***" means (i) a Lender; (ii) an Affiliate of a Lender; (iii) an Approved Fund; and (iv) any other Person approved by the Administrative Agent, such approval not to be unreasonably withheld or delayed; *provided*, *however*, that neither any Borrower Party nor any Affiliate of a Borrower Party shall qualify as an Eligible Assignee under this definition.

"***Environmental Action***" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order, consent agreement, unilateral order or consent decree relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"***Environmental Law***" means any Federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction or decree relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"***Environmental Permit***" means any permit, approval, license or other authorization required under any Environmental Law.

"***Equity Interests***" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"***ERISA Affiliate***" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party, or under common control with any Borrower Party, within the meaning of Section 414 of the Internal Revenue Code.

"***ERISA Event***" means (a)(i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC or (ii) the

requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Borrower Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Borrower Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such Plan.

"***Eurocurrency Liabilities***" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"***Eurodollar Lending Office***" means, with respect to any Lender, the office of such Lender specified as its "*Eurodollar Lending Office*" opposite its name on *Schedule I* hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

"***Eurodollar Rate***" means, for any Interest Period for any Eurodollar Rate Advance, an interest rate *per annum* equal to the rate *per annum* obtained by dividing (a) the rate *per annum* determined by the Administrative Agent at approximately 11:00 a.m. (London time), on the date that is two Business Days prior to the commencement of such Interest Period by reference to the British Bankers' Association Interest Settlement Rates for deposits in dollars (as set forth by any service selected by the Administrative Agent that has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period or to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the interest rate *per annum* determined by the Administrative Agent to be the average of the rates *per annum* at which deposits in U.S. dollars are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period, by (b) a percentage equal to 100% *minus* the Eurodollar Rate Reserve Percentage for such Interest Period.

"***Eurodollar Rate Advance***" means an Advance that bears interest as provided in *Section 2.05(a)* (without giving effect to the *proviso* contained therein).

"***Eurodollar Rate Reserve Percentage***" for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"***Events of Default***" has the meaning specified in *Section 6.01*.

"***Excess Cash Flow***" means, for any period, the (a) sum of, without duplication, (i) the amount held in the Debt Service Reserve Account at the end of the day on the last day of such period and (ii) all distributions and dividends received by the Borrower from the Project Parents during such period and not paid into the Debt Service Reserve Account, *minus* (b) the Debt Service Reserve Required Amount in effect for the first day after the end of such period.

"***Excess Cash Flow Percentage***" means (a) 100% if the aggregate outstanding principal amount of all Advances at such date is greater than the applicable Excess Cash Flow Targeted Principal Amount until the aggregate outstanding principal amount of all Advances at such date is equal to the applicable Excess Cash Flow Targeted Principal Amount, and (b) 50% to the extent that the aggregate outstanding principal amount of all Advances at such date (including after giving effect to other mandatory prepayments from Excess Cash Flow on such date) is less than the applicable Excess Cash Flow Targeted Principal Amount.

"***Excess Cash Flow Targeted Principal Amount***" means, as of any date, the amount set forth opposite such date as set forth on *Schedule II* hereto.

"***Existing Project Debt*** " means, with respect to each Existing Project, all Debt of each Project Parent and each Project Party with respect to such Existing Project.

"***Existing Project Debt Documents***" means, with respect to each Existing Project, each material agreement, document or instrument governing, evidencing or otherwise in connection with Existing Project Debt of such Existing Project, which in the case of the Sabine Pass Project, is more particularly specified in *Section 4.01(t)*.

"***Existing Project Documents***" means (a) with respect to the Sabine Pass Project, all Material Contracts and "*Material Project Documents*" (as such term is defined in the Sabine Pass Credit Agreement, as more particularly specified in *Section 4.01(w)*, and (b) with respect to the Freeport Project, all contracts, documents and instruments a default under which, or the termination of, could reasonably be expected to result in a Material Adverse Effect.

"***Existing Projects***" means either or both of the Freeport Project and the Sabine Pass Project, as the context may require.

Facility" means (a) at any time prior to the Borrowing, the aggregate amount of the Lenders' Commitments at such time, and (b) at any time after the Borrowing, the aggregate amount of the Lenders' Advances at such time.

"***Federal Funds Rate***" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"***Fee Letter***" means the fee letter dated August 19, 2005 between Cheniere, the Borrower and CS, as amended.

"***FERC"*** means the United States Federal Energy Regulatory Commission or any successor thereto having jurisdiction over the transportation of natural gas through any Project.

"***Fiscal Year***" means a fiscal year ending on December 31 in any calendar year.

"***FLNG- GP Partner***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Forecasts***" means as of the Effective Date or as of any later date, to the extent Available, the financial projections dated on or about the Effective Date or such later date relating to the Projects for the period from the Effective Date or such later date through and including the eighth anniversary of the Effective Date prepared by the Borrower in form and substance reasonably acceptable to the Lenders, which shall (a) be prepared for the first eight fiscal quarters during such period, on a quarterly basis and thereafter on an annual basis, (b) set forth in reasonable detail the projected amount reasonably expected by the Borrower to be available for distribution and dividend, and to be paid, by the Project Parties to the Project Parents and by the Project Parents to the Borrower during each of the next four fiscal quarters, (c) set forth in reasonable detail the projected amount of Borrower Contracted Cash Flow Available for Debt Service reasonably expected to be realized by the Borrower during each of the next four fiscal quarters, (d) with respect to any Forecasts delivered after the Effective Date, include a comparative analysis of (i) financial performance of the Projects from the Effective Date to the date thereof against the projected financial performance as of the Effective Date for such

period, (ii) Borrower Contracted Cash Flow Available for Debt Service from the Effective Date to the date thereof against the projected Borrower Contracted Cash Flow Available for Debt Service as of the Effective Date for such period, (iii) change in projected financial performance of the Projects from the date of the prior Forecasts, and (iv) change in projected Borrower Contracted Cash Flow Available for Debt Service Projects from the date of the prior Forecasts, (e) with respect to *clauses (b) and (c)*, be prepared in light of the amount of all Obligations of each Project Party and Project Parent required to be paid or otherwise reasonably expected to be paid during such period, any financial and other restrictions or conditions set forth in any Project Document, Project Debt Document or Material Contract, in each case, with respect to any Sabine Partner or the Sabine Project (including, without limitation, the ability to pay dividends and distributions), any limitations or restrictions imposed by applicable laws and any other factors and conditions deemed necessary or appropriate by a Responsible Officer of the Borrower, and (f) be accompanied by a certificate of a Responsible Officer of the Borrower to the effect that (i) the projections therein were made in good faith and represent the Borrower Parties' best estimate of future financial performance of the Projects (including, with respect to Freeport, based on all Available information), and (ii) the assumptions on the basis of which such projections were made were (when made) (A) believed by the Borrower to be reasonable (or in the case of Freeport believed by it to be reasonable based upon the information Available to it), and (B) consistent in all material respects with the Project Financial Information, as updated.

"***Freeport***" " has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Freeport Limited Partner***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Freeport Partners***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Freeport Partnership Agreement***" means the Amended and Restated Limited Partnership Agreement of Freeport LNG Development, L.P., dated as of February 27, 2003, among Freeport LNG-GP, Inc., Freeport LNG Investments, LLC and Cheniere LNG, Inc., as amended by the First Amendment to Amended and Restated Limited Partnership Agreement, dated as of December 20, 2003, and as further amended, modified or supplemented from time to time.

"***Freeport Project***" means Freeport and/or the Development by Freeport located in or near Freeport, Texas by Freeport.

"***Fund***" means any Person (other than an individual) that is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"***GAAP***" has the meaning specified in *Section 1.03*.

"***Gas"*** means any hydrocarbon or mixture of hydrocarbons consisting predominantly of methane which is in a gaseous state.

"***Governmental Authority"*** means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign.

"***Governmental Authorization"*** means any authorization, approval, consent, franchise, license, covenant, order, ruling, permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification or registration with, any Governmental Authority.

"***Granting Lender***" has the meaning specified in *Section 8.07(j)*.

"***Guarantee***" means, with respect to any Person, any Obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or any other payment Obligations ("***primary obligations***") of any other Person (the "***primary obligor***") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the Obligation of a primary obligor, (b) the Obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (c) any Obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Guarantee) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"***Hazardous Materials***" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, toxic mold, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"***Hedge Agreements***" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements.

"***Hedge Bank***" means any Lender or Agent or the Arranger or an Affiliate of a Lender, an Agent or the Arranger in its capacity as a party to a Secured Hedge Agreement, so long as such Hedge Bank was a Lender, Agent, Arranger or Affiliate thereof at the time it entered into such Secured Hedge Agreement.

"***Historical Financial Statements***" means (a) the audited balance sheets of Freeport as at December 31, 2002, December 31, 2003 and December 31, 2004, and the related audited statements of income and audited statements of cash flows of Freeport for the fiscal years then ended, accompanied by an unqualified opinion of Hein & Associates LLP independent public accountants, for each such fiscal year, (b) the balance sheet of Freeport as at June 30, 2005, and the related statement of income and statement of cash flows of Freeport for the six months then ended, (c) the audited balance sheet of Sabine Pass as at December 31, 2004, and the related audited statement of income and audited statement of cash flows of Sabine Pass for the fiscal year then ended, accompanied by an unqualified opinion of UHY/Mann, Frankfort Stein and Lipp CPAs LLC, independent public accountants, for such fiscal year, and (d) the balance sheet of Sabine Pass as at June 30, 2005, and the related statement of income and statement of cash flows of Sabine Pass for the six months then ended.

"***Indemnified Party***" has the meaning specified in *Section 8.04(b)*.

"***Independent Manager***" means a duly appointed member or a director or member of the Board of Directors of the Borrower who is not currently or at any time during the five-year period prior to the date of this Agreement, (a) a direct or indirect legal or beneficial owner in Cheniere or any of its Affiliates (excluding *de minimus* ownership interests), (b) a creditor, supplier, employee, officer, director, family member, manager, or contractor of Cheniere or any of its affiliates, or (c) a person who controls (whether directly, indirectly, or otherwise) Cheniere or any of its Affiliates or any creditor, supplier, employee, officer, director, manager, or contractor of Cheniere or any of its Affiliates.

"***Information Memorandum***" means the information memorandum dated August 2005 used by the Arranger in connection with the syndication of the Commitments.

"***Initial Lenders***" means the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders.

"***Initial Pledged Equity***" has the meaning specified in the Security Agreement.

"***Insufficiency***" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"***Interest Period***" means the period commencing on the date of a Eurodollar Rate Advance, and ending on the last day of the period selected by the Borrower pursuant to

the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 11:00 a.m. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; *provided*, *however*, that:

(a) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day; *provided*, *however*, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

(b) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month;

(c) if the Borrower shall fail to select the duration of any Interest Period as set forth above, the Borrower shall automatically be deemed to have selected an interest period of three months; and

(d) the Borrower may not have portions of the Borrowing outstanding with more than five Interest Periods at any time.

"***Internal Revenue Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"***Investment***" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation (or similar transaction), any arrangement pursuant to which the investor incurs Debt of the types referred to in *clause (j) or (k)* of the definition of "*Debt*" in respect of such Person and any reimbursement, indemnification or similar Obligations arising out of any Guarantee.

"***Lenders***" means the Initial Lenders and each Person that shall become a Lender hereunder pursuant to *Section 8.07* for so long as such Initial Lender or Person, as the case may be, shall be a party to this Agreement.

"***Lien***" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"***LLC Agreement***" means the Limited Liability Company Agreement of the Borrower, dated as of August 16, 2005, entered into by Cheniere LNG Terminals, Inc., a Delaware corporation, as the initial member, and by the Independent Manager, as revised by the counterpart signature page and Schedule B thereto, each dated August 17, 2005 entered into by Pledgor, as the sole equity member, and Cheniere LNG Terminals, Inc., as the resigning member.

"***LNG***" means Gas that is in liquid state at or below its boiling point at pressure of approximately one atmosphere.

"***LNG Vessel***" means any ocean-going vessel suitable for transporting LNG.

"***Loan Documents***" means (i) this Agreement, (ii) the Notes, (iii) the Collateral Documents, and (iv) the Fee Letter, in each case, as amended.

"***Loan Parties***" means the Borrower and the Pledgor.

"***Margin Stock***" has the meaning specified in Regulation U.

"***Material Adverse Change***" means any material adverse change in (a) the business, financial condition, operations, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, or Sabine Pass, or (b) the ability of Sabine Pass to comply with its material Obligations under any Project Document or Project Debt Documents to which it is a party.

"***Material Adverse Effect***" means (a) a material adverse effect on (i) the business, financial condition, operations, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, or Sabine Pass, (ii) the rights and remedies of any Agent or any Lender under any Loan Document, (iii) the ability of any Loan Party to perform its Obligations under any Loan Document to which it is or is to be a party, or (iv) the ability of Sabine Pass to comply with its material Obligations under any Project Document or Project Debt Documents to which it is a party, or (b) a "*material adverse effect*" or comparable event, condition or circumstance under any Project Debt Document to which Sabine Pass is a party.

"***Material Contract***" means, with respect to Sabine Pass, (a) the Sabine Pass Existing TUAs, (b) the Sabine Pass Bechtel EPC Contract and any other Sabine Pass EPC Contract, and (c) each Sabine Pass Qualified Contract.

"***Maximum Distribution Amount***" means an amount equal to (a) the aggregate principal amount of the Advances made on the Effective Date,*minus* (b) the Debt Service Reserve Required Amount as of the Effective Date, *minus* (c) the Capital Contribution Reserve Required Amount as of the Effective Date, *minus* (d) the aggregate amount of Transaction Costs paid on the Effective Date and the amount thereof reasonably expected to be paid (whether incurred before or after the Effective Date) after the Effective Date as relating to the Transaction.

"***Measurement Period***" means, as of any date of determination, a period of four consecutive fiscal quarters containing at least one Qualified Fiscal Quarter, which shall be (a) if four or more Qualified Fiscal Quarters have been completed at such date, the four most recently completed Qualified Fiscal Quarters, or (b) if one or more, but less than four, Qualified Fiscal Quarters have been completed at such date, all such completed Qualified Fiscal Quarters *plus* the current fiscal quarter and such of the next successive fiscal quarters necessary to achieve a period of four consecutive fiscal quarters.

"***Moody's***" means Moody's Investors Service, Inc.

"***Multiemployer Plan***" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Borrower Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"***Multiple Employer Plan***" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Borrower Party or any ERISA Affiliate and at least one Person other than the Borrower Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Borrower Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"***Net Cash Proceeds***" means, with respect to the sale or issuance of any Equity Interests or the receipt of any capital contribution by any Person, (a) all cash and Cash Equivalents received in connection with such sale or issuance or capital contribution *minus* (b) the underwriting discounts and commissions or similar payments, and other out-of-pocket costs, fees, commissions, premiums and expenses, incurred by seller or issuer thereof in connection with such sale or issuance to the extent such amounts were not deducted in determining the amount referred to in *clause (a)*.

"***NGA"*** means the United States Natural Gas Act of 1938, as heretofore and hereafter amended, and codified pursuant to 15 U.S.C. §717 et seq.

"***Note***" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of *Exhibit A* hereto, evidencing the indebtedness of the Borrower to such Lender resulting from the Advance made by such Lender, as amended.

"***Notice of Borrowing***" has the meaning specified in *Section 2.02(a)*.

"***Obligation***" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in

Section 6.01(f). Without limiting the generality of the foregoing, the Obligations of any Loan Party under the Loan Documents include (a) the obligation to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Loan Party under any Loan Document to the extent provided in such Loan Document and (b) the obligation of such Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"***Open Year***" has the meaning specified in *Section 4.01(r)(iii)*.

"***Operating Expense Account***" has the meaning specified in *Section 5.01(l)(vi)*.

"***Other Taxes***" has the meaning specified in *Section 2.09(b)*.

"***Patriot Act***" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

"***PBGC***" means the Pension Benefit Guaranty Corporation (or any successor).

"***Permitted Holder***" means (a) the officers and directors of Cheniere as of the Effective Date, (b) any immediate family member of any Person referred to in *clause (a)* or (c) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially owning a controlling interest of which consist of any one or more Persons referred to in *clause (a) or (b)*.

"***Person***" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"***Plan***" means a Single Employer Plan or a Multiple Employer Plan.

"***Platform***" has the meaning specified in *Section 8.02(b)*.

"***Pledge Agreement***" has the meaning specified in *Section 3.01(a)(iii)*.

"***Pledged Equity*** " has the meaning specified in the Pledge Agreement.

"***Pledgor***" has the meaning specified in the recital of parties to this Agreement, together with its permitted assigns in accordance with the Pledge Agreement.

"***Preferred Interests***" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"***Pro Forma Balance Sheet***" means the *pro forma* Consolidated balance sheet of the Borrower as of June 30, 2005, after giving *pro forma* effect to each Transaction, in form and substance, and based on assumptions, reasonably satisfactory to the Arranger.

"***Project***" means each Existing Project, together with any additional or ancillary Development of or to any Existing Project.

"***Project Debt***" means (a) the Existing Project Debt, and (b) any other Debt in respect of a Project permitted to be incurred in accordance with *Section 5.02(b)*.

"***Project Debt Default***" means any "*Default*" or "*Event of Default*" or analogous terms in any Project Debt Document.

"***Project Debt Documents***" means (a) the Existing Project Debt Documents, and (b) each material agreement, document or instrument governing, evidencing or in connection with any other Project Debt.

"***Project Documents***" means (a) with respect to the Existing Projects, the Existing Project Documents, and (b) with respect to any other Projects, each material agreement, document or instrument relating to the Development, operation, use, management, sale or purchase of any Services or products relating to, lease, service and maintenance, Governmental Authorizations (including from FERC) with respect to any Project and related assets and any credit support in connection with foregoing.

"***Project Financial Information***" means (a) with respect to the Sabine Pass Project, each of the following as defined in the Sabine Pass Credit Agreement, the Construction Budget and Schedule, the Operating Budget and any other financial forecasts, projections and budgets or updates to any of the foregoing and *pro forma* financial statements delivered to the lenders under the Sabine Pass Credit Agreement from time to time, including, without limitation, giving effect to the expansion of the Development of the Sabine Pass Project except to the extent, with respect to forecasted information for the expansion of the Development of the Sabine Pass Project in future periods, the Borrower believes in good faith because of the stage of the Development of such expansion, any assumptions required for such forecasted information would not be reasonable, and (b) with respect to the Freeport Project, to the extent Available, any financial forecasts, projections and budgets or updates to any of the foregoing and *pro forma* financial statements.

"***Project Parent***" means each of the Sabine General Partner, the Sabine Limited Partner and each Freeport Partner.

"***Project Party***" means each of Sabine Pass and Freeport.

"***Qualified Fiscal Quarter***" means, commencing with the fiscal quarter in which the Borrower first receives distributions or dividends with respect to revenues attributable to any Sabine Pass TUA, at any time of determination, such fiscal quarter and each subsequent fiscal quarter for which financial statements have been delivered as required pursuant to *Sections 5.03(b) and (c)*.

"***Redeemable***" means, with respect to any Equity Interest, any such Equity Interest that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"***Register***" has the meaning specified in *Section 8.07(d)*.

"***Regulation U***" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"***Responsible Officer***" means the president, chief financial officer or treasurer of any Person.

"***Restricted Payments***" has the meaning specified in *Section 5.02(g)*.

"***Required Lenders***" means, at any time, Lenders owed or holding at least a majority in interest of the aggregate principal amount of the Advances outstanding at such time.

"***Retained Excess Cash Flow Collateral Account***" has the meaning specified in the Security Agreement.

"***S&P***" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"***Sabine General Partner***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Sabine Limited Partner***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Sabine Partner***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Sabine Pass***" has the meaning specified in the *Preliminary Statements* to this Agreement.

"***Sabine Pass Affiliate***" shall mean any Person that directly or indirectly Controls, or is under common Control with, or is Controlled by, Sabine Pass; *provided*, that notwithstanding the foregoing, the definition of "*Sabine Pass Affiliate*" shall not encompass (a) any individual solely by reason of his or her being a director, officer or employee of any Person and (b) the Agent, the Collateral Agent or any Lender under, and as each such term is defined in, the Sabine Pass Credit Agreement. As used herein, "***Control***" (including, with its correlative meanings, "*Controlled by*" and "*under common Control with*") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) and, in any event, any Person owning at least fifty percent (50%) of the voting securities of another Person shall be deemed to Control that Person.

"***Sabine Pass Bechtel EPC Contract***" means the lump sum turnkey agreement for the engineering, procurement and construction of the Project by and between Sabine Pass and Bechtel Corporation dated as of December 18, 2004, as amended.

"***Sabine Pass Contracted Cash Flow Available for Debt Service***" means, for any applicable period, without duplication, (a) the aggregate revenues projected to be realized by Sabine Pass under the Chevron TUA and the Total TUA and any Sabine Pass Qualified Contracts then in effect, *minus* (b) the aggregate amount of Sabine Pass Operation and Maintenance Expenses, in each case, as set forth in the Forecasts and Sabine Pass Debt Incurrence Projections required to be delivered pursuant to *Section 5.02(b)(iii)*.

"***Sabine Pass Contracted Debt Service Coverage Ratio***" means, as of any date, for any applicable period, the annual projected ratio of (a) Sabine Pass Contracted Cash Flow Available for Debt Service to (b) with all respect to all Debt of Sabine Pass, (i) all scheduled payments of interest in respect of the aggregate principal amount thereof computed on a net basis after giving effect to any related Hedge Agreement, (ii) all scheduled payments of principal in respect thereof, (iii) all fees (including, without limitation, commitment fees, arrangement and underwriting fees, and funding fees) in respect thereof, and (iv) to the extent not included above, all other Obligations that are required to be paid pursuant to the definitive documentation governing such Debt, including with respect to transactions that are required to be entered into in connection with such Debt (for example, Hedge Agreements).

"***Sabine Pass Credit Agreement***" means the Credit Agreement, dated as of February 25, 2005, among Sabine Pass, each of the lenders thereto, Société Générale, as administrative agent, and HSBC Bank USA, National Association, as collateral agent, as amended.

"***Sabine Pass Debt Incurrence Projections***" means (a) all financial forecasts, projections and budgets or updates to any of the foregoing and*pro forma* financial statements in connection with the incurrence of additional Debt for the Development of the Sabine Pass Project prepared by the Borrower and Sabine Pass, delivered to the lenders or financiers of such additional Debt under *Section 5.02(b)(iii)* and as otherwise reasonably requested by the Administrative Agent, prepared in accordance with *clauses (e) and (f)* of the definition of "*Forecasts*", and (b) any updated Project Financial Information delivered to the lenders under the Sabine Pass Credit Agreement.

"***Sabine Pass EPC Contract***" means any contract or other agreement for the engineering, procurement and/or construction of the expansion of the Sabine Pass Project, between Sabine Pass and a Sabine Pass EPC Contractor, which may be the Sabine Pass Bechtel EPC Contract, to the extent that any such contract or agreement is necessary to the Development of such expansion.

"***Sabine Pass EPC Contractor"*** means, in the case of the Sabine Pass Bechtel EPC Contract, Bechtel Corporation and otherwise, any other construction contractor, equipment supplier or other third party, in each case, with the capability and creditworthiness (or credit support) to perform its obligations under a Sabine Pass EPC Contract.

"***Sabine Pass Existing TUAs***" means the Chevron TUA and the Total TUA.

"***Sabine Pass Operation and Maintenance Expenses***" means all operation and maintenance expenses (including maintenance capital expenditures) of the Sabine Pass Project, including without limitation, the Operation and Maintenance Expenses as such term is defined in the Sabine Pass Credit Agreement, as in effect on the date hereof.

"***Sabine Pass Partnership Agreement***" means the Fourth Amended and Restated Agreement of Limited Partnership of Sabine Pass, LNG L.P., effective as of February 25, 2005, as further amended.

"***Sabine Pass Pipeline***" means the 16-mile long, 42-inch diameter pipeline from the Sabine Pass Project to Johnsons Bayou, Louisiana authorized by the FERC pursuant to Section 7(c) of the NGA or any extension or replacement thereof or any other pipeline on the Site requiring authorization from FERC pursuant to Section 7(c) of the NGA.

"***Sabine Pass Project"*** means Sabine Pass and/or the LNG receiving terminal in Cameron Parish, Louisiana, featuring a regasification design capacity of approximately 2.6 billion cubic feet per day, two docks and three storage tanks with an aggregate capacity of approximately 10.1 billion cubic feet and all other facilities and activities incidental to the foregoing, to be constructed and owned by Sabine Pass but excluding the Sabine Pass Pipeline or any other pipeline outside the site.

"***Sabine Pass Qualified Contract"*** means any contract or agreement, including any Sabine Pass Existing TUA or any additional TUA or any amendment of, or exercise of a right in, any Sabine Pass Existing TUA that increases the volume and payments thereunder, of Sabine Pass that (a) is for the purchase of Services from the Sabine Pass Project, (b) has a term through at least December 31, 2019, and (c) is with a counterparty that has a corporate credit rating (or the equivalent rating) of at least BBB from S&P or at least Baa2 from Moody's, in each case, that is not on credit watch with negative implications or other negative outlook, or Sabine Pass shall have received credit support with no material conditions for the obligations of such counterparty under such contract or agreement from a third party with such corporate credit ratings (or the equivalent ratings) having a term at least equal to the term of such contract or agreement.

"***Secured Hedge Agreement***" means any Hedge Agreement required or permitted under *Article V* that is entered into by and between the Borrower and any Hedge Bank, or entered into by and between an Affiliate of the Borrower and a Hedge Bank and assigned to, and assumed by, the Borrower.

"***Secured Lender Parties***" means the Agents, the Lenders, and the Hedge Banks.

"***Secured Obligations***" has the meaning specified in *Section 2* of the Security Agreement.

"***Secured Parties***" means the Secured Lender Parties and Crest.

"***Security Agreement***" has the meaning specified in *Section 3.01(a)(ii)*.

"***Services***" means (a) the berthing of LNG Vessels at a Project, (b) the unloading and receipt of LNG from LNG Vessels, (c) storage of inventory of any counterparty to a TUA or other customers, (d) the regasification of the LNG held in storage, (e) the transportation and delivery of the regasified LNG to the point of delivery as specified by counterparty to a TUA or other customers, as applicable, or (f) other activities directly related to the performance by a Project Party of the foregoing.

"***Single Employer Plan***" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Borrower Party or any ERISA Affiliate and no Person other than the Borrower Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Borrower Party or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"***Solvent***" and "***Solvency***" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"***SPC***" has the meaning specified in *Section 8.07(j)*.

"***Subsidiary***" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"***Supplemental Collateral Agent***" has the meaning specified in *Section 7.01(c)*.

"***Synthetic Debt***" means, with respect to any Person, without duplication of any clause within the definition of "*Debt*," all (a) Obligations of such Person under any lease that is treated as an operating lease for financial accounting purposes and a financing lease for tax purposes (i.e., a "*synthetic lease*"), (b) Obligations of such Person in respect of transactions entered into by such Person, the proceeds from which would be reflected on the financial statements of such Person in accordance with GAAP as cash flows from financings at the time such transaction was entered into (other than as a result of the issuance of Equity Interests) and (c) Obligations of such Person in respect of other transactions entered into by such Person that are not otherwise addressed in the definition of "*Debt*" or in *clause (a) or (b)* above that are intended to function primarily as a borrowing of funds (including, without limitation, any minority interest transactions that function primarily as a borrowing).

"***Tax Sharing Agreement***" means the Tax Sharing Agreement, dated as of August 30, 2005, among Cheniere, the Pledgor, the Borrower and the Sabine Limited Partner.

"***Taxes***" has the meaning specified in *Section 2.09(a)*.

"***Total TUA"*** means the LNG Terminal Use Agreement dated as of September 2, 2004 between Total LNG USA, Inc. and Sabine Pass, as amended by the Amendment of LNG Terminal Use Agreement, dated as of January 24, 2005, and as further amended.

"***Transaction***" means, collectively, the Contribution, the Borrowing on the Effective Date, the Distribution, the initial funding into the Debt Service Reserve Account, the initial funding of the Capital Contribution Reserve Account, the payment of the Transaction Costs and the other transactions contemplated by the Loan Documents to be consummated on the Effective Date.

"***Transaction Costs***" means the fees, costs and expenses incurred or to be incurred in connection with the Transaction.

"***TUA***" means any agreement between a Project Party and a counterparty for the provision of Services, as amended.

"***Type***" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"***Voting Interests***" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"***Welfare Plan***" means a welfare plan, as defined in Section 3(1) of ERISA, that is maintained for employees of any Borrower Party or in respect of which any Borrower Party could have liability.

"***Withdrawal Liability***" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods; Other Definitional Provisions. In this Agreement and the other Loan Documents in the computation of periods of time from a specified date to a later specified date, the word "*from*" means "from and including" and the words "*to*" and "*until*" each mean "*to but excluding*." References in the Loan Documents to any agreement or contract "*as amended*" shall mean and be a reference to such agreement or contract as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect from time to time ("***GAAP***"); provided that for purposes of calculating Borrower Contracted Cash Flow Available for Debt Service or Sabine Pass Contracted Cash Flow Available for Debt Service, GAAP shall be "*GAAP*" consistent with those applied in the preparation of the Historical Financial Statements.

ARTICLE II

AMOUNT AND TERMS OF THE ADVANCES

SECTION 2.01. The Advance. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make a single advance (an "***Advance***") to the Borrower on the Effective Date in an amount not to exceed such Lender's Commitment at such time. The Borrowing shall consist of Advances made simultaneously by the Lenders ratably according to their Commitments. Amounts borrowed under this *Section 2.01* and repaid or prepaid may not be reborrowed.

SECTION 2.02. Making the Advances. (a) The Borrowing shall be made on notice, given on the proposed Effective Date, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier or electronic communication. Such notice of Borrowing (the "***Notice of Borrowing***") shall be by telephone, confirmed immediately in writing, or by telecopier or electronic communication, in substantially the form of *Exhibit B* hereto, specifying therein the requested date of the Borrowing. Each Lender shall, before 11:00 A.M. (New York City time) on the Effective Date, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of the Borrowing in accordance with the respective Commitment of such Lender and the other Lenders. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in *Article III*, the Administrative Agent will make such funds available to the Borrower by crediting the Borrower's Account.

(b) The Notice of Borrowing shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the Notice of

Borrowing the applicable conditions set forth in *Article III*, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of the Borrowing when such Advance, as a result of such failure, is not made on such date.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the Effective Date that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the Effective Date in accordance with *subsection (a)* of this *Section 2.02* and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, and the Borrower has been advanced such corresponding amount, such Lender and the Borrower severally agree to repay or pay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at such time under *Section 2.05* to Advances comprising such Borrowing, and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Advance as part of the Borrowing for all purposes.

(d) The failure of any Lender to make the Advance to be made by it as part of the Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the Effective Date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the Effective Date.

SECTION 2.03. Repayment of Advances. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders the aggregate outstanding principal amount of the Advances on the following dates in the amounts indicated (which amounts shall be reduced as a result of the application of prepayments in accordance with *Section 2.04*):

Date	Amount
December 31, 2005	$1,500,000.00
March 31, 2006	$1,500,000.00
June 30, 2006	$1,500,000.00
September 30, 2006	$1,500,000.00
December 31, 2006	$1,500,000.00
March 31, 2007	$1,500,000.00
June 30, 2007	$1,500,000.00
September 30, 2007	$1,500,000.00
December 31, 2007	$1,500,000.00
March 31, 2008	$1,500,000.00
June 30, 2008	$1,500,000.00
September 30, 2008	$1,500,000.00

December 31, 2008	$1,500,000.00
March 31, 2009	$1,500,000.00
June 30, 2009	$1,500,000.00
September 30, 2009	$1,500,000.00
December 31, 2009	$1,500,000.00
March 31, 2010	$1,500,000.00
June 30, 2010	$1,500,000.00
September 30, 2010	$1,500,000.00
December 31, 2010	$1,500,000.00
March 31, 2011	$1,500,000.00
June 30, 2011	$1,500,000.00
September 30, 2011	$1,500,000.00
December 31, 2011	$1,500,000.00
March 31, 2012	$1,500,000.00
June 30, 2012	$1,500,000.00
August 30, 2012	$559,500,000.00

provided, *however*, that the final principal installment shall be repaid on August 30, 2012 and in any event shall be in an amount equal to the aggregate principal amount of the Advances outstanding on such date.

SECTION 2.04. Prepayments. (a) Optional. The Borrower may, upon at least five Business Days' notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding aggregate principal amount of the Advances, in whole or ratably in part, together with (i) accrued interest to the date of such prepayment on the aggregate principal amount prepaid, and (ii) in the case of any such prepayment prior to (A) August 31, 2006, a premium equal to 2.00% of the aggregate principal amount prepaid and (B) August 31, 2007, a premium equal to 1.00% of the aggregate principal amount prepaid; *provided*, *however*, that (x) each partial prepayment shall be in an aggregate principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof, and (y) if any prepayment is made on a date other than the last day of an Interest Period for such Advance, the Borrower shall also pay any amounts owing pursuant to *Section 8.04(c)*. Each such prepayment of any Advances shall be applied to the remaining principal installments thereof*pro rata*.

(b) Mandatory. (i) The Borrower shall, on or before the 90th day following the end of each Fiscal Year, prepay an aggregate principal amount of the Advances in an amount equal to Excess Cash Flow Percentage of Excess Cash Flow for such Fiscal Year and, to the extent any such Excess Cash Flow is not required to be so prepaid, the Borrower may retain such Excess Cash Flow, which shall be deposited in the Retained Excess Cash Flow Collateral Account and may be applied in accordance with the terms of this Agreement and the Security Agreement.

(ii) Prepayments of any Advances, in whole or in part, under this*Section 2.04(b)* shall be paid together with all accrued interest to the date of such prepayment on the aggregate principal amount prepaid. Each such prepayment of any Advances shall be applied to the remaining principal installments thereof *pro rata*.

(c) Change of Control. The Borrower shall, upon a Change of Control, prepay the outstanding aggregate principal amount of all Advances in full together with accrued interest to the date of such prepayment on the aggregate principal amount of such Advances and a premium equal to 1.00% of the aggregate principal amount of such Advances.

SECTION 2.05. Interest. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full at a rate *per annum* equal at all times during each Interest Period for such Advance to the sum of (i) the Eurodollar Rate for such Interest Period for such Advance *plus* (ii) the Applicable Margin, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be paid in full; *provided*, *however*, that if prior to the commencement of any Interest Period, the Administrative Agent reasonably determines that adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period or Eurodollar Rate Advances are to be Converted into Base Rate Advances pursuant to *Section 2.07(c) or (d)*, then during such period, such rate *per annum* shall instead be a rate *per annum* equal at all times to the sum of (A) the Base Rate in effect from time to time *plus* (B) the Applicable Margin *minus* 1.00% *per annum*, payable in arrears on the last day of each calendar quarter during such periods and on the date such Base Rate Advance shall be Converted into a Eurodollar Rate Advance or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of a Default under *Section 6.01(a) or 6.01(f)* or an Event of Default, the Administrative Agent may, and upon the request of the Required Lenders shall, require that the Borrower pay interest ("***Default Interest***") on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on each of the dates on which interest is required to be paid under *Section 2.05(a)*, and on demand, at a rate *per annum* equal at all times to 2.00% *per annum* above the rate *per annum* required to be paid on such Advance pursuant to *Section 2.05(a)*, and (ii) to the fullest extent permitted by applicable law, the amount of any interest, fee or other amount payable under this Agreement or any other Loan Document to any Agent or any Lender that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate *per annum* equal at all times to 2.00% *per annum* above the rate *per annum* required to be paid on Advances pursuant to *Section 2.05(a)*; *provided, however,* that following the making of the request or the granting of the consent specified by *Section 6.01* to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of *Section 6.01*, Default Interest shall accrue and be payable hereunder whether or not previously required by the Administrative Agent.

(c) Notice of Interest Period and Interest Rate. Promptly after receipt of a notice of selection of an Interest Period pursuant to the terms of the definition of "*Interest Period*", the Administrative Agent shall give notice to the Borrower and each Lender of the applicable Interest Period and the applicable interest rate determined by the Administrative Agent for purposes of *clause (a)* above.

SECTION 2.06. Agents' Fees. The Borrower shall pay to each Agent for its own account such fees as may from time to time be agreed between the Borrower and such Agent.

SECTION 2.07. Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority issued or adopted after the Effective Date (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or of making, funding or maintaining Eurodollar Rate Advances (excluding, for purposes of this *Section 2.07*, any such increased costs resulting from (x) Taxes or Other Taxes (as to which *Section 2.09* shall govern) and (y) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of such type, then, upon demand by such Lender or such corporation (with a copy of such demand to the Administrative Agent), the Borrower shall pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend. A certificate as to such amounts submitted to the Borrower by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) If Lenders owed at least a majority of the then aggregate unpaid principal amount thereof notify the Administrative Agent that the Eurodollar Rate for any Interest Period will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance until the Administrative Agent shall notify the Borrower that such Lenders have determined that the circumstances causing such suspension no longer exist.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrower through the Administrative Agent, each Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance until the Administrative Agent shall notify the Borrower that such Lender has determined that the circumstances causing such suspension no longer exist.

(e) In the event that any Lender demands payment of costs or additional amounts pursuant to this*Section 2.07* or *Section 2.09* or asserts, pursuant to *Section 2.07(d)*, that it is unlawful for such Lender to make Eurodollar Rate Advances then (subject to such Lender's right to rescind such demand or assertion within 10 days after the notice from the Borrower referred to below), the Borrower may, upon 20 days' prior written notice to such Lender and the Administrative Agent, elect to cause such Lender to assign its Advances in full to one or more Persons selected by the Borrower so long as (i) each such Person satisfies the criteria of an Eligible Assignee and is reasonably satisfactory to the Administrative Agent, (ii) such Lender receives payment in full in cash of the outstanding principal amount of all Advances made by it and all accrued and unpaid interest thereon and all other amounts due and payable to such Lender as of the date of such assignment (including, without limitation, amounts owing pursuant to *Sections 2.07, 2.09* and *8.04*), and (iii) each such assignee agrees to accept such assignment and to assume all obligations of such Lender hereunder in accordance with *Section 8.07*.

SECTION 2.08. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the other Loan Documents, irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds, with payments being received by the Administrative Agent after such time being deemed to have been received on the next succeeding Business Day. The Administrative Agent shall take such action as may be reasonably required, including, without limitation, releasing or causing to be released funds as contemplated by Section 7 of the Security Agreement, to permit the Borrower to make such payment. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by the Borrower is in respect of principal, interest or any other Obligation then payable hereunder and under the other Loan Documents to more than one Lender, to such Lenders for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective Obligations then payable to such Lenders and (ii) if such payment by the Borrower is in respect of any Obligation then payable hereunder to one Lender, to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement.

(b) The Borrower hereby authorizes each Lender and each of its Affiliates, if and to the extent payment owed to such Lender is not made by the Borrower to the Administrative Agent when due hereunder or under the other Loan Documents to charge from time to time, to the fullest extent permitted by law, against any or all of the Borrower's accounts with such Lender or such Affiliate any amount so due.

(c) All computations of interest and of fees shall be made by the Administrative Agent on the basis of a year of 360 days (except with respect to Base Rate Advances, a year of 365/366 days) for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the other Loan Documents shall be stated to be due on a day other than a Business Day, such payment shall be made on the immediately preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to any Lender hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each such Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.09. Taxes. (a) Any and all payments by any Loan Party to or for the account of any Lender or any Agent hereunder or under any other Loan Document shall be made, in accordance with *Section 2.09* or the applicable provisions of such other Loan Document, if any, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, *excluding*, in the case of each Lender and each Agent, taxes that are imposed on its overall net income by the United States and taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction under the laws of which such Lender or such Agent, as the case may be, is organized or any political subdivision thereof and, in the case of each Lender, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under any other Loan Document being hereinafter referred to as "***Taxes***"). If any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender or any Agent, (i) the sum payable by such Loan Party shall be increased as may be necessary so that after such Loan Party and the Administrative Agent have made all required deductions (including deductions applicable to additional sums payable under this *Section 2.09*) such Lender or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make all such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Loan Party shall pay any present or future stamp, documentary, excise, property, intangible, mortgage recording or similar taxes, charges or levies that arise from any payment made by such Loan Party hereunder or under any other Loan Documents or from the execution, delivery or registration of, performance under, or otherwise with respect to, this Agreement or the other Loan Documents (hereinafter referred to as "***Other Taxes***").

(c) The Loan Parties shall indemnify each Lender and each Agent for and hold them harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this *Section 2.09*, imposed on or paid by such Lender or such Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or such Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the appropriate Loan Party shall furnish to the Administrative Agent, at its address referred to in *Section 8.02*, the original or a certified copy of a receipt evidencing such payment, to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Administrative Agent. In the case of any payment hereunder or under the other Loan Documents by or on behalf of a Loan Party through an account or branch outside the United States or by or on behalf of a Loan Party by a payor that is not a United States person, if such Loan Party determines that no Taxes are payable in respect thereof, such Loan Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of *subsections (d) and (e)* of this *Section 2.09*, the terms "*United States*" and "*United States person*" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long thereafter as such Lender remains lawfully able to do so), provide each of the Administrative Agent and the Borrower with two original Internal Revenue Service Forms W-8BEN or W-8EC1 or (in the case of a Lender that has certified in writing to the Administrative Agent that it is not (i) a "*bank*" as defined in Section 881(c)(3)(A) of the Internal Revenue Code), (ii) a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of any Loan Party or (iii) a controlled foreign corporation related to any Loan Party (within the meaning of Section 864(d)(4) of the Internal Revenue Code), Internal Revenue Service Form W-8BEN, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or any other Loan Document or, in the case of a Lender that has certified that it is not a "*bank*" as described above, certifying that such Lender is a foreign corporation, partnership, estate or trust. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded

from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; *provided*, *however*, that if, at the effective date of the Assignment and Acceptance pursuant to which a Lender becomes a party to this Agreement, the Lender assignor was entitled to payments under *subsection (a)* of this *Section 2.09* in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this *subsection (e)* requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service Form W-8BEN or W-8EC1 or the related certificate described above, that the applicable Lender reasonably considers to be confidential, such Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form, certificate or other document described in *subsection (e)* above (other than if such failure is due to a change in law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided or if such form, certificate or other document otherwise is not required under *subsection (e)* above), such Lender shall not be entitled to indemnification under *subsection (a) or (c)* of this *Section 2.09* with respect to Taxes imposed by the United States by reason of such failure;*provided*, *however*, that should a Lender become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Loan Parties shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

SECTION 2.10. Sharing of Payments, Etc. If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, other than as a result of an assignment pursuant to *Section 8.07*) (a) on account of Obligations due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) on account of Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, such Lender shall forthwith purchase from the other Lenders such interests or participating interests in the Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; *provided*, *however*, that if all or any portion

of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (i) the purchase price paid to such Lender to (ii) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such other Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing an interest or participating interest from another Lender pursuant to this *Section 2.10* may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such interest or participating interest, as the case may be, as fully as if such Lender were the direct creditor of the Borrower in the amount of such interest or participating interest, as the case may be.

SECTION 2.11. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely to finance the Transaction.

SECTION 2.12. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Administrative Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender, with a Note payable to the order of such Lender in a principal amount equal to the outstanding Advances of such Lender. All references to Notes in the Loan Documents shall mean Notes, if any, to the extent issued hereunder.

(b) The Register maintained by the Administrative Agent pursuant to *Section 8.07(d)* shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of the Borrowing made hereunder, the Type of Advances comprising the Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to *subsection (b)* above, and by each Lender in its account or accounts pursuant to *subsection (a)* above, shall be *prima facie* evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; *provided*, *however*, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND OF LENDING

SECTION 3.01. Conditions Precedent. This Agreement shall become effective on and as of the first date (the "***Effective Date***") on which the following conditions precedent have been satisfied (and the obligation of each Lender to make an Advance is subject to the satisfaction of such conditions precedent before or concurrently with the Effective Date):

(a) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day (unless otherwise specified), in form and substance satisfactory to the Administrative Agent (unless otherwise specified) and (except for the Notes) in sufficient copies for each Lender requesting a copy thereof:

(i) The Notes payable to the order of the Lenders to the extent requested by the Lenders pursuant to the terms of *Section 2.12*.

(ii) A security agreement in substantially the form of *Exhibit D* hereto (the "***Security Agreement***"), duly executed by the Borrower, together with:

(A) to the extent same are certificated, certificates representing the Initial Pledged Equity referred to therein accompanied by undated stock powers (or other appropriate instruments of transfer) executed in blank,

(B) copies of proper financing statements, duly filed on or before the Effective Date under the Uniform Commercial Code of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement, covering the Collateral described in the Security Agreement,

(C) evidence of the completion of all other recordings and filings of or with respect to the Security Agreement that the Administrative Agent may deem necessary or desirable in order to perfect and protect the security interest created thereunder, and

(D) evidence that all other action that the Administrative Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement has been taken.

(iii) A pledge agreement in substantially the form of *Exhibit E* hereto (the "***Pledge Agreement***"), duly executed by the Pledgor, together with (A)

certificates representing the Initial Pledged Equity referred to therein accompanied by undated stock powers executed in blank and (B) copies of proper financing statements, duly filed on or before the Effective Date under the Uniform Commercial Code in the jurisdiction of organization of the Pledgor covering the Collateral described in the Pledge Agreement.

(iv) Certified copies of the resolutions or other requisite authorizing actions of the Board of Directors of each Loan Party approving the Transaction and each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary corporate, partnership or limited liability company action and governmental and other third party approvals and consents, if any, with respect to the Transaction and each Loan Document to which it is or is to be a party.

(v) Copies of certificates of the Secretary of State of the jurisdiction of incorporation, organization or formation of each Borrower Party dated reasonably near the Effective Date certifying (A) as to a true and correct copy of the charter (including the certificate of formation) of such Borrower Party and each amendment thereto on file in such Secretary's office, and (B) that (1) such amendments are the only amendments to such Borrower Party's charter on file in such Secretary's office, (2) such Borrower Party has paid all franchise taxes to the date of such certificate, and (3) such is duly incorporated, organized or formed and in good standing or presently subsisting under the laws of the State of the jurisdiction of its incorporation, organization or formation.

(vi) A certificate of each Loan Party signed on behalf of such Loan Party by its President or a Vice President and its Secretary or any Assistant Secretary, dated the Effective Date (the statements made in which certificate shall be true on and as of the Effective Date), certifying as to (A) the absence of any amendments to the charter of such Loan Party since the date of the Secretary of State's certificate referred to in *Section 3.01(a)(v)*, (B) a true and correct copy of the bylaws, partnership agreement, limited liability company or operating agreement or other comparable agreement of such Loan Party as in effect on the date on which the resolutions or other authorizing actions referred to in *Section 3.01(a)(iv)* were adopted and on the Effective Date, (C) the truth and correctness in all material respects of the representations and warranties of each such Loan Party, and to its knowledge, of the other parties, contained in the Loan Documents and, with respect to the Sabine Pass Project, Project Documents and the Project Debt Documents as though made on and as of the Effective Date, except as disclosed in such certificate (such exceptions to be reasonably satisfactory to the Administrative Agent) and (D) the absence of any event occurring and continuing, or resulting from the Borrowing or any other Transaction, that constitutes a Default.

(vii) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign each Transaction Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

(viii) A certificate of the Borrower signed on behalf of the Borrower by its President or a Vice President and its Secretary or any Assistant Secretary, dated the Effective Date (the statements made in which certificate shall be true on and as of the Effective Date), certifying as to (A) the absence of any amendments to the charter of each Project Parent and Sabine Pass since the date of the Secretary of State's certificate referred to in *Section 3.01(a)(v)*, (B) a true and correct copy of the bylaws, partnership agreement, limited liability company or operating agreement or other comparable agreement of each Project Parent and Project Party as in effect on the Effective Date, and (C) the absence of any event occurring and continuing, or resulting from the Borrowing or any other Transaction, that constitutes a Project Debt Default under any Project Debt Document to which Sabine Pass is a party.

(ix) A certificate from each Loan Party signed on behalf of the Loan Party by a Responsible Officer, in substantially the form of *Exhibit F*, attesting to the Solvency of such Loan Party both before and after giving effect to the Transaction.

(x) A certificate of the Borrower signed on behalf of the Borrower by a Responsible Officer, dated the Effective Date (A) calculating in reasonable detail the Debt Service Reserve Required Amount, Capital Contribution Reserve Required Amount and the Maximum Distribution Amount, and (B) certifying as to the true and correct copies of, (1) the Historical Financial Statements, (2) the *Pro Forma* Balance Sheet, (3) the Existing Project Documents with respect to the Sabine Pass Project, (4) the Existing Project Debt Documents with respect to the Sabine Pass Project, and (5) all Project Financial Information to the extent Available as of the Effective Date, in the form heretofore furnished to the Administrative Agent.

(xi) Forecasts as of the Effective Date.

(xii) Such financial, business and other information regarding any Loan Party or Sabine Pass as the Arranger shall have requested, including, without limitation, information as to possible contingent liabilities, tax matters, environmental matters, and obligations under Plans, Multiemployer Plans and Welfare Plans, collective bargaining agreements and other arrangements with employees.

(xiii) Evidence of insurance as required by *Section 5.01(d)*.

(xiv) Favorable opinions of Andrews Kurth LLP, special New York and Texas counsel for the Loan Parties, in substantially the form of *Exhibit G-1A* and *Exhibit G-1B* hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request, including, without limitation, an

opinion with respect to the non-substantive consolidation of the Borrower with Cheniere or any of its Affiliates (other than the Borrower and its Subsidiaries) in a case under Bankruptcy Law.

(xv) A favorable opinion or opinions of Richards, Layton & Finger, P.A., special Delaware counsel for the Loan Parties, in substantially the form of *Exhibit G-2* hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

(b) The Contribution shall have been duly consummated in accordance with, and is effective under, all applicable laws and appropriate documents and instruments (which shall be in form and substance reasonably satisfactory to the Arranger) and the Arranger shall have received satisfactory evidence thereof and, after giving effect thereto, the Lenders shall be satisfied with the corporate and legal structure and capitalization of the Borrower, each of its Subsidiaries, including the terms and conditions of the charter, bylaws, partnership agreements, limited liability company or operating agreements or comparable agreements, and each class of Equity Interest in the Borrower, each of its Subsidiaries and each of the Project Parties and of each agreement or instrument relating to such structure or capitalization.

(c) The Lenders shall be satisfied that the Borrower has no Debt other than the Facility and Hedge Agreements permitted by this Agreement and none of the Borrower's Subsidiaries has any Debt other than Debt permitted under *Section 5.02(b)*.

(d) Each of the Debt Service Reserve Account, the Capital Contribution Reserve Account and the Retained Excess Cash Flow Collateral Account shall have been established, all actions with respect thereto required pursuant to the Security Agreement shall have been taken, and the Borrower shall have delivered irrevocable written notice to each Project Parent, acknowledged and agreed by each Project Parent, that all amounts received by such Project Parent which are required to be so deposited shall promptly be paid to the Borrower in immediately available funds into the Debt Service Reserve Account.

(e) Before giving effect to the Transaction, there shall have occurred no Material Adverse Change with respect to any Loan Party or any of the Borrower's Subsidiaries since December 31, 2004 and the consummation of the Transaction could not reasonably be expected to result in a Material Adverse Effect.

(f) There shall exist no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries pending or threatened before any Governmental Authority that (i) could be reasonably likely to have a Material Adverse Effect, (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the Transaction, or (iii) purports to affect the legality, validity or enforceability of any Material Contract.

(g) All Governmental Authorizations and third party consents and approvals necessary in connection with the Transaction shall have been obtained (without the

imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect; all applicable waiting periods in connection with the Transaction shall have expired without any action being taken by any competent authority, and no law or regulation shall be applicable in the judgment of the Lender, in each case that restrains, prevents or imposes materially adverse conditions upon the Transaction or the rights of the Loan Parties or their Subsidiaries freely to transfer or otherwise dispose of, or to create any Lien on, any properties now owned or hereafter acquired by any of them.

(h) The Borrower shall have paid all accrued fees of the Arranger, Agents and the Lenders and all accrued expenses of the Agents (including the accrued fees and expenses of counsel to the Administrative Agent and local counsel to the Lenders).

(i) The Agents and the Lenders shall have had access to environmental information relating to the Sabine Pass as made publicly available by FERC.

(j) The representations and warranties contained in each Loan Document shall be true and correct in all material respects, before and after giving effect to the Borrowing or any other Transaction.

(k) No Default or Project Debt Default has occurred and is continuing or would result from the Borrowing or any other Transaction.

(l) The Facility shall be rated at least "*BB*" by S&P.

SECTION 3.02. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in*Section 3.01*, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Effective Date specifying its objection thereto and such Lender shall not have made available to the Administrative Agent such Lender's ratable portion of the Borrowing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Each Borrower Party (i) is a corporation, limited liability company or limited partnership duly incorporated, organized or formed, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) is duly qualified and in good standing as a foreign corporation, partnership or company in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed could not be reasonably likely to have a Material Adverse Effect, and (iii) has all requisite corporate,

limited liability company or partnership, as applicable, power and authority (including, without limitation, all Governmental Authorizations necessary as of the date hereof) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. All of the outstanding Equity Interests in the Borrower and each Project Parent have been validly issued, if corporations are fully paid and non-assessable and are owned by the Pledgor or the Borrower, as applicable, free and clear of all Liens except those created under the Collateral Documents.

(b) Set forth on *Schedule 4.01(b)* hereto is a complete and accurate list of all Borrower Parties, showing as of the date hereof (as to each Borrower Party) the jurisdiction of its incorporation, organization or formation, the address of its principal place of business and its U.S. taxpayer identification number or, in the case of any non-U.S. Borrower Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its incorporation. The copy of the charter of each Borrower Party and each amendment thereto provided pursuant to *Section 3.01(a)(v)* is a true and correct copy of each such document, each of which is valid and in full force and effect.

(c) Set forth on *Schedule 4.01(c)* hereto is a complete and accurate list of all Equity Interests directly or indirectly owned or held by the Borrower, showing as of the date hereof, as to each such Person in which the Borrower owns or holds such Equity Interests, (i) the jurisdiction of its incorporation, organization or formation, (ii) the number of shares, membership interests or partnership interests, as applicable, of each class of its Equity Interests authorized, and (iii) the number outstanding, on the date hereof and the percentage of each such class of its Equity Interests owned or held (directly or indirectly) by the Borrower and the number of shares, membership interests or partnership interests, as applicable, covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the date hereof. Other than the Equity Interests in the Project Parents and the Project Parties, the Borrower does not own or hold any direct or indirect Equity Interests in any other Person. All of the outstanding Equity Interests in each of the Project Parents and the Project Parties issued to the Borrower or a Project Parent have been validly issued, if corporations, are fully paid and non-assessable and are directly owned by the Borrower or such Project Parent free and clear of all Liens, except those created under the Collateral Documents or permitted under this Agreement. Sabine Pass has no Subsidiaries.

(d) The execution, delivery and performance by each Loan Party of each Loan Document to which it is or is to be a party, and the consummation of the Transaction, are within such Loan Party's corporate, limited liability company or limited partnership, as applicable, powers, have been duly authorized by all necessary corporate, limited liability company or limited partnership, as applicable, action, and do not (i) contravene such Loan Party's charter, bylaws, limited liability company or operating agreement, partnership agreement or other constituent documents, (ii) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default or require any payment to be made (other than pursuant to the Loan Documents) under, any contract,

loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Borrower Party or any of their properties, including, without limitation, any Material Contract, any Project Document and any Project Debt Document, in each case, to which a Borrower Party is a party, or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the Equity Interests in the Borrower or any properties of the Borrower or any Project Parent or Sabine Pass. No Borrower Party is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which could be reasonably likely to have a Material Adverse Effect, including, without limitation, any Material Contract, any Project Document and any Project Debt Document, in each case, to which a Borrower Party is a party.

(e) No Governmental Authorization, and no notice to or filing with, any Governmental Authority or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of any Transaction Document to which it is or is to be a party, or for the consummation of the Transaction, (ii) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created under the Collateral Documents (including the first priority nature thereof) or (iv) the exercise by any Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on *Schedule 4.01(e)* hereto, all of which (except as indicated on said schedule) have been duly obtained, taken, given or made and are in full force and effect. All applicable waiting periods in connection with the Transaction have expired without any action having been taken by any competent authority restraining, preventing or imposing materially adverse conditions upon the Transaction or the rights of the Loan Parties or their Subsidiaries freely to transfer or otherwise dispose of, or to create any Lien on, any properties now owned or hereafter acquired by any of them.

(f) This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms except as limited by general principles of equity and bankruptcy, insolvency and similar laws.

(g) There is no action, suit, investigation, litigation or proceeding affecting any Borrower Party or any of its Subsidiaries, including any Environmental Action, pending or threatened before any Governmental Authority or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect, (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the Transaction, or (iii) purports to affect the legality, validity or enforceability of any Material Document.

(h) The Historical Financial Statements, certified by a Responsible Officer of the Borrower, copies of which have been furnished to each Lender, fairly present in all

material respects (subject, in the case Historical Financial Statements as at June 30, 2005, to year-end audit adjustments), the financial condition of Sabine Pass and, to the knowledge of the Borrower, Freeport, as at such dates and the results of operations Freeport and Sabine Pass, as applicable, for the periods ended on such dates, all in accordance with GAAP applied on a consistent basis, and since December 31, 2004, there has been no Material Adverse Change. The *Pro Forma* Balance Sheet, certified by a Responsible Officer of the Borrower, copies of which have been furnished to each Lender, fairly present in all material respects the Consolidated *pro forma* financial condition of the Borrower and its Subsidiaries as at such date, giving effect to the Transaction.

(i) The Forecasts delivered to the Lenders pursuant to*Section 3.01(a)(xi)* were prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed reasonable by Borrower in light of the conditions existing at the time of delivery of such Forecasts, and represented, at the time of delivery, the Borrower's estimate of its future financial performance.

(j) The Information Memorandum, the Loan Documents and any other information furnished by or on behalf of any Borrower Party to the Arranger, any Agent or any Lender in connection with the negotiation and syndication of the Loan Documents or pursuant to the terms of the Loan Documents, taken as a whole, did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any material respect; *provided*, that with respect to any projected financial information, forecasts, estimates, or forward-looking information, including that contained in the Information Memorandum, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and the Borrower makes no representation as to the actual attainability of any projections set forth in the Information Memorandum, or any such other items listed in this sentence.

(k) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(l) Neither any Borrower Party nor any of its Subsidiaries is an "*investment company*," or a company "*Controlled*" by an "*investment company*," or an "*investment advisor*" as such terms are defined in the Investment Company Act of 1940, as amended. Neither any Borrower Party nor any of its Subsidiaries is a "*holding company*," or a "*subsidiary company*" of a "*holding company*," or an "*affiliate*" of a "*holding company*" or of a "*subsidiary company*" of a "*holding company*," as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. Neither the making of any Advances, nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of any such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(m) No Borrower Party is a party to any indenture, loan or credit agreement or any lease or other agreement or instrument (including any Material Contract, Project Document and Project Debt Document) or subject to any charter, corporate, partnership or limited liability company restriction that could be reasonably likely to have a Material Adverse Effect.

(n) All filings and other actions necessary or desirable to perfect and protect the security interests in the Collateral created under the Collateral Documents have been duly made or taken and are in full force and effect, and the Collateral Documents create in favor of the Collateral Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral, securing the payment of the Secured Obligations, and all filings and other actions necessary to perfect and protect such security interest have been duly taken. Each of the Loan Parties is the legal and beneficial owners of the Collateral owned by it free and clear of any Lien, except for the liens and security interests created under the Loan Documents or permitted under this Agreement.

(o) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(p) (i) Set forth on *Schedule 4.01(p)* hereto is a complete and accurate list of all Plans and Multiemployer Plans.

(ii) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(iii) *Schedule B* (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Plan, if any, copies of which have been filed with the Internal Revenue Service and furnished to the Lenders, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such *Schedule B* there has been no material adverse change in such funding status.

(iv) Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(v) Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(q) (i) Except as otherwise set forth on *Schedule 4.01(q)* hereto, the operations and properties of each Project Parent and Sabine Pass have (A) at all times been in compliance with and are in compliance with all Environmental Laws and Environmental Permits and (B) each Project Parent and Sabine Pass have obtained and maintained in full force and effect all Environmental Permits required for operations and properties of each Project Parent and Sabine Pass, except for any non-compliance or failure to obtain or maintain in full force and effect that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect;

(ii) Except as otherwise set forth on *Schedule 4.01(q)* hereto, there are no facts, circumstances, conditions or occurrences regarding the operations and properties of any Loan Party or any of its Subsidiaries that could reasonably be expected (A) to form the basis of a material Environmental Action or give rise to a material liability or material obligation under any Environmental Law, with respect to the operations and properties of any Loan Party or any of its Subsidiaries, or against any Loan Party or any of its Subsidiaries, that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (B) to cause any of the properties currently owned by any Loan Party or any of its Subsidiaries to be subject to any material restrictions on ownership, occupancy, use or transferability under any Environmental Law (excluding restrictions on the transferability of Government Authorizations upon the transfer of ownership of assets subject to such Government Authorizations);

(iii) Except as otherwise set forth on *Schedule 4.01(q)* hereto, there are (A) no past Environmental Actions, (B) no pending Environmental Actions and (C) to the best of the Borrower's knowledge, no threatened Environmental Actions, in each case arising with respect to the operations and properties of any Loan Party or any of its Subsidiaries against any Loan Party or any of its Subsidiaries, that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect;

(iv) Except as otherwise set forth on *Schedule 4.01(q)* hereto, Hazardous Materials have not at any time been released, discharged or disposed of on any property currently owned or operated by any Loan Party or any of its Subsidiaries other than in compliance at all times with all applicable Environmental Laws and Environmental Permits or so as not to give rise to a material Environmental Action or a material liability or obligation under any Environmental Law; and

(v) Except as otherwise set forth on *Schedule 4.01(q)* hereto, there have been no material environmental investigations, studies, audits, reviews or other analyses relating to environmental site conditions that have been conducted by, or which are in the possession of any Loan Party or any of its Subsidiaries in relation to any site, location or operation of any Loan Party or any of its Subsidiaries which have not been provided to the Administrative Agent and the Lenders.

(r) (i) Except for the Tax Sharing Agreement, neither the Borrower nor any of its Subsidiaries is party to any tax sharing agreement other than a tax sharing agreement approved by the Required Lenders.

(ii) Cheniere and each of its Subsidiaries, including the Pledgor, the Borrower and its Subsidiaries, has filed, has caused to be filed or has been

included in all tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties.

(iii) Set forth on *Schedule 4.01(r)* hereto is a complete and accurate list, as of the date hereof, of each taxable year of each Loan Party and each of its Subsidiaries and any Affiliate that joins in the filing of a consolidated, combined or unitary tax return with the Borrower for which Federal income tax returns have been filed and for which the expiration of the applicable statute of limitations for assessment or collection has not occurred by reason of extension or otherwise (an "***Open Year***").

(iv) The aggregate unpaid amount, as of the date hereof, of adjustments to the Federal income tax liability of each Loan Party and each of its Subsidiaries and Affiliates (other than directors, officers and employees) proposed by the Internal Revenue Service with respect to Open Years is zero. No issues have been raised by the Internal Revenue Service in respect of Open Years that, in the aggregate, could be reasonably likely to have a Material Adverse Effect.

(v) The aggregate unpaid amount, as of the date hereof, of adjustments to the state, local and foreign tax liability of each Loan Party and its Subsidiaries and Affiliates (other than directors, officers and employees) proposed by all state, local and foreign taxing authorities (other than amounts arising from adjustments to Federal income tax returns) is zero. No issues have been raised by such taxing authorities that, in the aggregate, could be reasonably likely to have a Material Adverse Effect.

(vi) No "*ownership change*" as defined in Section 382(g) of the Internal Revenue Code, and no event that would result in the application of the "separate return limitation year" or "consolidated return change of ownership" limitations under the Federal income tax consolidated return regulations, has occurred with respect to the Borrower, Sabine Pass or Cheniere since December 31, 2004. Cheniere and its Subsidiaries (including Sabine Pass) have, as of the date hereof, net operating loss carryforwards for U.S. Federal income tax purposes equal in the aggregate to at least $40,000,000.

(vii) The Contribution will not be taxable to the Pledgor, the Borrower, any Project Parent or Sabine Pass.

(s) Neither the business nor the properties of Sabine Pass, are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that could be reasonably likely to have a Material Adverse Effect.

(t) Neither the Borrower nor any of its Subsidiaries has any Debt except (i) for Debt under the Loan Documents, (ii) in the case of the Borrower only, Hedge Agreements permitted by this Agreement, (iii) in the case of the Project Parents only, to

the extent that the pledge by the Project Parents of their Equity Interests in the Project Parties pursuant to the Project Debt Documents constitutes Debt, such pledges, and (iv) in the case of Sabine Pass, the Existing Project Debt with respect to the Sabine Pass Project. Set forth on *Schedule 4.01(t)* hereto is a complete and accurate list of all Existing Project Debt, including the principal amount outstanding thereunder, and the Existing Project Debt Documents with respect to the Sabine Pass Project. There is no "*Default*" or "*Event of Default*" under the Existing Project Debt Documents with respect to the Sabine Pass Project.

(u) There no Liens on the property or assets of the Borrower and its Subsidiaries (including the Equity Interests in the Project Partners) and no Liens on the Pledged Equity, in each case, except for the Liens created under the Loan Documents or permitted under this Agreement.

(v) The Borrower and its Subsidiaries (other than Sabine Pass) have no Investments as of the date hereof other than the Investments reflected on *Schedule 4.01(c)*.

(w) Set forth on *Schedule 4.01(w)* hereto is a complete and accurate list of all Existing Project Documents with respect to the Sabine Pass Project. Each such Existing Project Document has been duly authorized, executed and delivered by Sabine Pass and has not been amended or otherwise modified, and to the knowledge of the Borrower is in full force and effect and is binding upon and enforceable against all parties thereto in accordance with its terms, and there exists no default under any such Existing Project Document by Sabine Pass and to the Borrower's knowledge, there exists no default under any such Existing Project Documents by any other party thereto.

(x) Set forth on *Schedule 4.01(x)* hereto is a complete and accurate list of all documents, agreements and instruments pursuant to which any Project Parent is required to make any Investments in a Project, whether pursuant to a capital call, a contribution agreement, as a condition to funding under any Project Debt Document to which any Borrower Party is a party, as a condition to performance under any EPC Contract or otherwise, showing as of the date hereof the parties, the reasonable maximum potential amount of such Obligations as of the date hereof estimated in good faith by the Borrower, and the Project in which such Investments are to be made (the aggregate amount of such Obligations, the "***Capital Contribution Requirements***"). Other than the Capital Contribution Requirements, the Borrower and its Subsidiaries have no obligations to make any capital contributions, or to comply with any capital call relating to, Freeport or the Freeport Project and, other than the Capital Contribution Requirements, the failure of Cheniere or any of its Subsidiaries to make any capital contribution or to comply with or meet any capital call relating to Freeport or the Freeport Project shall not result in any liability or other obligation to or of the Borrower and its Subsidiaries whatsoever.

(y) None of the Borrower or the Secured Parties, solely by virtue of the execution, delivery and performance of, or its consummation of the transactions contemplated by Loan Documents shall be or become (i) a "gas utility company", a "public-utility company" or either a "subsidiary company" an "affiliate" of a "registered holding

company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended, (ii) subject to regulation under the Public Utility Holding Company Act of 1935, as amended, except pursuant to Section 9(a)(2) thereof, (iii) a "*natural-gas company*" as such term is defined in the NGA, (iv) subject to regulation pursuant to the NGA or subject to regulation under the laws of the State of Louisiana or the State of Texas with respect to rates or subject to material financial and organizational regulation under such law, or (v) subject to regulation under the law of the State of Louisiana or the State of Texas as a "*public utility*", a "*gas utility*", a "*public service corporation*" or other similar term with respect to rates or material financial matters.

(z) The LLC Agreement provides that: (i) the consent of the Independent Manager is required to (A) file, consent to the filing of, or join in any filing of, a bankruptcy or insolvency petition, or otherwise institute insolvency proceedings, (B) dissolve, liquidate, consolidate, merge, or sell all or substantially all of the assets of the Borrower; (C) engage in any other business activity, and (D) amend the LLC Agreement; (ii) the Borrower will not be dissolved and its affairs will not be wound up solely upon the withdrawal or termination of a member (other than the last remaining member); (iii) if the Borrower is dissolved, the Borrower's assets will not be liquidated without the consent of 100% of the Lenders and that the Secured Parties shall be entitled to continue to exercise and pursue all of their rights and remedies under the Loan Documents and retain the Collateral until the Obligations have been paid in full or otherwise completely discharged; and (iv) in making any decisions for the Borrower, the Independent Manager is required to consider the interests of the Agents, the Lenders and the Hedge Banks.

(aa) Except as disclosed in *Schedule 4.01(aa)*, the representations and warranties contained in each Existing Project Document and Existing Project Debt Document to which the Sabine Partners and Sabine Pass are a party shall be true and correct in all material respects, before and after giving effect to the Borrowing and each other Transaction, on the Effective Date other than any such representations or warranties that, by their terms, refer to a specific date, in which case, as of such specific date.

ARTICLE V

COVENANTS

SECTION 5.01. Affirmative Covenants. So long as any Advance or any other Obligation of the Borrower under any Loan Document shall remain unpaid or any Lender shall have a Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, in each case, comply shall also be construed to mean not to violate.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent or penalties may attach, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its

property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; *provided*, *however*, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which reserves required by GAAP are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors; *provided*, *further*, solely in the case of Sabine Pass, if Sabine Pass shall have the right to "*Contest*" (as defined in the Sabine Pass Credit Agreement) any such tax, assessment, charge or claim pursuant to the Sabine Pass Credit Agreement, Sabine Pass shall not be required to pay or discharge any such tax, assessment, charge or claim if it is "*Contesting*" (as defined in the Sabine Pass Credit Agreement) such tax, assessment, charge or claim and Sabine Pass shall promptly pay any valid, final judgment rendered upon the conclusion of the relevant Contest, if any, enforcing any such tax, assessment, charge or claim and cause it to be satisfied of record.

(c) Compliance with Environmental Laws. Comply, and cause each of its Subsidiaries and all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew, and cause each of its Subsidiaries to obtain and renew, all Environmental Permits necessary for its operations and properties; and conduct, and cause each of its Subsidiaries to conduct, any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws; *provided*, *however*, that neither the Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances.

(d) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance (including, without limitation, business interruption insurance) with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates, including, without limitation, all insurances required to be maintained by the Sabine Pass Credit Agreement.

(e) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, in full force and effect (i) its legal existence and structure and good standing under the laws of the jurisdiction of its organization, and (ii) as necessary in the normal conduct of its business and as necessary for the Development of the Projects, all rights (charter and statutory), permits, licenses, approvals, privileges and franchises necessary for the Development of the Projects.

(f) Visitation Rights. At any reasonable time and from time to time, except during the continuation of an Event of Default, during normal business hours following reasonable notice, permit any of the Agents or any of the Lenders, or any agents or

representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and in the case of Sabine Pass, to the extent required, upon reasonable notice to the Sabine Pass EPC Contractor visit the properties of, the Borrower and any Subsidiaries of the Borrower, and to discuss the affairs, finances and accounts of the Borrower and any of the Borrower's Subsidiaries with any of their officers or directors and with their independent certified public accountants.

(g) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and accounts of the Borrower and each such Subsidiary in accordance with generally accepted accounting practices in effect from time to time.

(h) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its material properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(i) Transactions with Affiliates. (i) Conduct, and cause each of its Subsidiaries (other than Sabine Pass) to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates on terms that are no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate, it being understood and agreed that the following enumerated transactions namely the transactions contemplated by (A) the Tax Sharing Agreement, (B) the Management Services Agreement, dated as of February 25, 2005, between the Sabine General Partner and Sabine Pass and the payment of invoices received by the Sabine General Partner from its Affiliates in amounts not to exceed the amounts it receives under said Management Services Agreement, (C) the Project Documents and the Project Debt Documents, as in effect as of the date hereof, to which any Project Parent is a party, as may be amended in accordance with this Agreement, (D) the Crest Settlement Documents and the Crest Cheniere Indemnity, and (E) the Transactions are permitted hereunder and such specific approval shall not be construed to indicate that such transactions would not otherwise meet the arm's-length requirement described above; and (ii) cause Sabine Pass not to directly or indirectly enter into any transaction that is otherwise permitted under the Sabine Pass Credit Agreement with or for the benefit of a Sabine Pass Affiliate (including guarantees and assumptions of obligations of a Sabine Pass Affiliate) except (A) to the extent required by applicable Government Rule (as defined in the Sabine Pass Credit Agreement), (B) the transactions listed on Appendix D to the Sabine Pass Credit Agreement, (C) upon terms no less favorable to Sabine Pass than would be obtained in a comparable arm's-length transaction with a Person that is not a Sabine Pass Affiliate or (D) for any processing agreement with a Sabine Pass Affiliate of Sabine Pass for the uncommitted capacity of the Sabine Pass Project or any expansion thereof, provided that the terms of such agreement provide for the recovery of at least the incremental "*Operation and Maintenance Expenses*" (as defined in the Sabine Pass Credit Agreement) associated with operations pursuant to such agreement and such agreement complies with the second sentence of Section 8.21(c) of the Sabine Pass Credit Agreement (it being understood that the specification of transactions or agreements in subclauses (A), (B) and (D) of this clause (ii) shall not be construed to indicate that such transactions or agreements would not otherwise meet the

requirements of subclause (C) of this clause (ii)); *provided*, that prior to Sabine Pass's entering into any agreement with a Sabine Pass Affiliate, the Borrower shall deliver to the Administrative Agent certified copies of all certificates required to be delivered by Sabine Pass pursuant to Section 8.24 of the Sabine Pass Credit Agreement.

(j) Covenant to Guarantee Obligations and Give Security. Upon (x) the request of the Collateral Agent following the occurrence and during the continuance of a Default, or (y) the acquisition of any property (including, without limitation, Equity Interests in any Person) by the Borrower, and such property, in the judgment of the Collateral Agent, shall not already be subject to a perfected first priority security interest in favor of the Collateral Agent for the benefit of the Secured Parties subject to Liens permitted by this Agreement, then in each case at the Borrower's expense:

(i) within 10 days after (A) such request, furnish to the Collateral Agent a description of the real and personal properties of the Borrower in detail reasonably satisfactory to the Collateral Agent and (B) such formation or acquisition, furnish to the Collateral Agent a description of the real and personal properties of the Borrower or the real and personal properties so acquired, in each case in detail reasonably satisfactory to the Collateral Agent;

(ii) within 15 days after such request or acquisition of property by the Borrower, duly execute and deliver, and cause the Borrower to duly execute and deliver, to the Collateral Agent such additional Collateral Documents and Collateral Document supplements and other security agreements in form and substance reasonably satisfactory to the Collateral Agent and its counsel securing payment of all the Obligations of the Borrower under the Loan Documents and constituting Liens on all such properties;

(iii) within 30 days after such request, formation or acquisition, take whatever action (including, without limitation, the recording of mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary in the reasonable opinion of the Collateral Agent to vest in the Collateral Agent (or in any representative of the Collateral Agent designated by it) valid and subsisting Liens on the properties purported to be subject to additional Collateral Documents and Collateral Document supplements and other security agreements delivered pursuant to this *Section 5.01(j)*, enforceable against all third parties in accordance with their terms; and

(iv) at any time and from time to time, promptly execute and deliver, and cause the Pledgor to execute and deliver, any and all further instruments and documents and take, and cause the Pledgor to take, all such other action as the Collateral Agent may reasonably deem necessary or desirable in obtaining the full benefits of, or in perfecting and preserving the Liens of, any Collateral Documents, supplements thereto or documents that are intended to be Collateral Documents.

(k) Further Assurances. (i) Promptly upon request by any Agent, or any Lender through the Administrative Agent, correct any material mutual mistake that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and

(ii) Promptly upon request by any Agent, or any Lender through the Administrative Agent, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as any Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to (A) carry out more effectively the purposes of the Loan Documents, (B) to the fullest extent permitted by applicable law, subject the Borrower's or any of its Subsidiaries' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (D) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which the Borrower or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

(l) Reserve Accounts and Payments. (i) Maintain at all times each of the Debt Service Reserve Account, the Capital Contribution Reserve Account and the Retained Excess Cash Flow Collateral Account as required by the Security Agreement, (ii) cause Sabine Pass and each Project Parent, to the maximum extent not prohibited under any Project Document or Project Debt Document to which it is a party, promptly to make distributions or dividends to the Borrower of all cash and Cash Equivalents other than cash or Cash Equivalents received, directly or indirectly, from the Borrower or make Investments in any Project Party permitted by this Agreement or to be used to pay operating expenses of the Project Parents not to exceed $100,000 in the aggregate in any one Fiscal Year for all Project Parents or to pay invoices received by the Sabine General Partner from its Affiliates in amounts not to exceed the amounts it receives under the Management Services Agreement dated as of February 25, 2005 between the Sabine General Partner and Sabine Pass, (iii) cause each Subsidiary of the Borrower to pay immediately to the Borrower, as a dividend or distribution, all cash, assets and other amounts received by it (either directly or indirectly through another Subsidiary that is the parent of such Subsidiary), including, without limitation, (A) all dividends and distributions received, directly or indirectly, from any Project Party, (B) all amounts received upon the sale, transfer or other disposition of any assets, and (C) all amounts received under the Crest Cheniere Indemnity, but excluding amounts received, directly or indirectly, from the Borrower to make Investments in any Project Party permitted by this Agreement or to pay operating costs and expenses permitted by this Agreement (including clause (ii) above), (iv) cause all distributions, dividends, Restricted Payments

and all cash, assets and other amounts received by, or payable to, the Borrower, whatsoever, other than Net Cash Proceeds permitted by this Agreement to make Investments in any Project Party or to pay operating costs and expenses, to be deposited in the Debt Service Reserve Account, (v) maintain at all times an amount equal to at least the Debt Service Reserve Required Amount in the Debt Service Reserve Account and an amount equal to at least the Capital Contribution Reserve Required Amount in the Capital Contribution Reserve Account, and (vi) only create or establish depositary, securities or other accounts only to the extent permitted by, and as required by, the Security Agreement other than accounts with balances not in excess of $100,000 in the aggregate (the "***Operating Expense Account***").

(m) Interest Rate Hedging. Enter into no later than 30 days after the Effective Date, and maintain at all times thereafter, interest rate Hedge Agreements, such that at least 50% of all Debt of the Borrower (other than in respect of Hedge Agreements) shall be subject to a fixed interest rate protection reasonably satisfactory to the Administrative Agent for a period of no less than 5 years.

(n) Performance of Material Contracts. Cause each Project Parent and Sabine Pass to perform and observe all the terms and provisions of each Material Contract and, with respect to the Sabine Pass Project, each Project Document and each Project Debt Document to be performed or observed by it, maintain each such Material Contract and each such Project Document in full force and effect through its stated term, enforce each such Material Contract and each such Project Document in accordance with its terms, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect or result in a Project Debt Default with respect to the Sabine Pass Project.

(o) Ratings. Maintain ratings of the Facility by S&P.

(p) Maintenance of Separate Existence. Do all things necessary to maintain its entity existence separate and apart from Cheniere and all other Affiliates of Cheniere, including, without limitation:

(i) maintaining at least one Independent Manager;

(ii) having stationery and other business forms separate from those of Cheniere and its Affiliates;

(iii) being at all times adequately capitalized in light of its contemplated business; *provided*, that the foregoing shall not require its members to make additional contributions in order to comply with the foregoing;

(iv) at all times paying for its own operating expenses and liabilities from its own funds;

(v) maintaining its assets, funds and transactions separately from those of Cheniere and its Affiliates, reflecting such assets and transactions in financial statements separate and distinct from those of Cheniere and its Affiliates, and evidencing such assets and transactions by appropriate entries in books and records separate and distinct from those of Cheniere and its Affiliates;

(vi) holding itself out to the public under the Borrower's own name as a legal entity separate and distinct from Cheniere and its Affiliates;

(vii) complying with all organizational formalities necessary to maintain its separate existence and take such other actions as are necessary or appropriate to authorize all of the Borrower's actions required by law to be authorized by its Board of Directors;

(viii) not engaging in any transaction with Cheniere or any of its Affiliates, except as permitted by this Agreement;

(ix) not maintaining any joint account with Cheniere or any of its Affiliates or, except as otherwise provided by the Crest Settlement Documents, becoming liable as a guarantor or otherwise with respect to any Debt or contractual obligation of Cheniere or any of its Affiliates (other than Subsidiaries of the Borrower);

(x) not directing or participating in the management of Cheniere or any of its Affiliates (other than Subsidiaries of the Borrower);

(xi) except as otherwise provided by the Crest Settlement Documents and the Crest Cheniere Indemnity, not making any payment or distribution of assets with respect to any obligation of Cheniere or any of its Affiliates (other than Subsidiaries of the Borrower) or granting a Lien on any of its assets to secure any obligation of Cheniere or any of its Affiliates;

(xii) not making loans or advances or otherwise extending credit to Cheniere or any of its Affiliates (other than Subsidiaries of the Borrower);

(xiii) except as otherwise provided by the Crest Settlement Documents and the Crest Cheniere Indemnity, not holding itself out as having agreed to pay, or as being liable (primarily or secondarily) for, any obligations of Cheniere or any of its Affiliates (other than Subsidiaries of the Borrower); and

(xiv) taking and continuing to take all actions described in the assumptions as to facts set forth in, and forming the basis of, the opinion of Andrews Kurth LLP with respect to non-substantive consolidation delivered pursuant to *Section 3.01(a)(xiv)*.

(q) LLC Agreement. Ensure that the LLC Agreement provides that: (i) the consent of the Independent Manager is required to (A) file, consent to the filing of, or join in any filing of, a bankruptcy or insolvency petition, or otherwise institute insolvency proceedings, (B) dissolve, liquidate, consolidate, merge, or sell all or substantially all of the assets of the Borrower; (C) engage in any other business activity, and (D) amend the LLC Agreement; (ii) the Borrower will not be dissolved and its affairs will not be wound

up solely upon the withdrawal or termination of a member (other than the last remaining member); (iii) if the Borrower is dissolved, the Borrower's assets will not be liquidated without the consent of 100% of the Lenders and that the Secured Parties shall be entitled to continue to exercise and pursue all of their rights and remedies under the Loan Documents and retain the Collateral until the Obligations have been paid in full or otherwise completely discharged; and (iv) in making any decisions for the Borrower, the Independent Manager is required to consider the interests of the Agents, the Lenders and the Hedge Banks.

Provided, *however*, notwithstanding the provisions of this *Section 5.01*, if the compliance or performance of any provision of this *Section 5.01* by any Project Party is inconsistent in any material respect with the express requirements of any Project Debt Document to which such Project Party is a party, then such Project Party shall comply with the applicable requirements of the Project Debt Document to which it is a party to the extent of such material inconsistency and the failure to comply and perform any of the foregoing provisions of this *Section 5.01* shall not constitute a Default solely for purposes of *Sections 6.01(c) or (d)*.

SECTION 5.02. Negative Covenants. So long as any Advance or any other Obligation of the Borrower under any Loan Document shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries (including Sabine Pass) to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file or suffer to exist, or permit any of its Subsidiaries to sign or file or suffer to exist, under the Uniform Commercial Code of any jurisdiction, a financing statement that names the Borrower or any of its Subsidiaries as debtor, or sign or suffer to exist, or permit any of its Subsidiaries to sign or suffer to exist, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, except:

(i) Liens created under the Loan Documents;

(ii) (A) Liens on the assets of Sabine Pass created under the Project Debt Documents or permitted to be incurred or exist under the Project Debt Documents and (B) Liens on the Equity Interests in the Project Parties pledged by the Project Parents pursuant to the Project Debt Documents;

(iii) except for Sabine Pass, (A) any interest or title of a lessor or sublessor under any lease of real property, including precautionary or protective financing statements in respect thereof, in respective of offices, and (B) customary contractual and statutory rights of setoff relating to the establishment and maintenance of depositary relations with banks in connection with bank accounts authorized to be maintained under the terms of this Agreement, (C) Liens for Taxes that are not yet due or that are being contested in good faith in accordance with this Agreement; and

(iv) the rights and interests of Crest under the Security Agreement and the Pledge Agreement.

(b) Debt. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt, except:

(i) Debt under the Loan Documents;

(ii) (A) Existing Project Debt of Sabine Pass and Debt to be incurred pursuant to the Existing Project Debt Documents of Sabine Pass, and (B) to extent that the pledge by the Project Parents of their Equity Interests in the Project Parties pursuant to the Existing Project Debt Documents as in effect on the date hereof constitutes Debt, such pledges;

(iii) Additional Debt of Sabine Pass incurred to finance the Development of the Sabine Pass Project*provided*, that no Default has occurred and is continuing, or would result therefrom, and each of the following conditions shall have been satisfied;

(A) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, Sabine Pass shall have entered into one or more Sabine Pass Qualified Contracts;

(B) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, one or more Sabine Pass EPC Contracts is in place, which, together with any amendments, modifications and change orders with respect thereto, and any incidental work, materials and/or deliverables to be provided or performed by other Persons, is sufficient to bring the Sabine Pass Project (including after giving effect to any additions, expansions, improvements and other expenditures to be financed with such Debt) to an operational state or to substantial completion and to commence fulfillment of obligations in respect of the Chevron TUA, the Total TUA and each Sabine Pass Qualified Contract;

(C) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, Sabine Pass and/or one or more Sabine Pass EPC Contractors (or other contractors working in conjunction with the Sabine Pass EPC Contractors) on behalf of Sabine Pass, collectively, have obtained all material approvals and Governmental Authorizations (including, without limitation, FERC and pursuant to the NGA) necessary and sufficient to commence construction or, if the Sabine Pass Project is then at such stage of Development, to continue construction or to commence operations;

(D) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, the aggregate amount of such Debt (or the commitments therefor), together with the Net Cash

Proceeds of any capital contribution that the Borrower has received, which shall have been deposited into the Capital Contribution Reserve Account, for Investments made or to be made in Sabine Pass in connection with such Development, are sufficient to satisfy all Obligations reasonably estimated to be incurred in connection with such Development, including, without limitation, as may be required in order to ensure that the conditions set forth in *subclause (B)* above will be satisfied;

(E) such Debt, and the terms and conditions of the Project Debt Documents for the Sabine Pass Project to be entered into in connection therewith, (1) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, are otherwise permitted by the Project Documents and the Project Debt Documents of the Sabine Pass Project and the Sabine Pass Existing TUAs, (2) at all times, shall be non-recourse to the Project Parents (other than the Equity Interests in Sabine Pass directly owned by the Sabine Partners and their obligations under the agreements pursuant to which such Equity Interests are pledged) and the Borrower, (3) at all times, shall have a maturity no earlier than June 30, 2015, and (4) at all times, with respect to any restrictions or conditions on the ability of Sabine Pass to make Restricted Payments, or similar payments, to the Sabine Partners or the Borrower, shall (x) to the extent containing any financial ratio condition to make dividends, distributions or other payments to the Project Parents or the Borrower, limit such financial condition to a minimum Debt Service Coverage Ratio (as defined in the Sabine Pass Credit Agreement) not exceed a ratio of 1.25:1.00 or lower, and (y) otherwise, contain restrictions or conditions that are not materially more restrictive than the corresponding restrictions and conditions set forth in the Sabine Pass Credit Agreement, as in effect on the date hereof;

(F) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, after giving *pro forma* effect to the incurrence of such Debt and the terms and conditions thereof, the terms and conditions of such Sabine Pass Qualified Contracts and the projected results of operations of the Sabine Pass Project, as so expanded, in each case, as set forth in *pro forma* Forecasts, updated Project Financial Information and Sabine Pass Debt Incurrence Projections delivered to the Administrative Agent, (1) the projected *pro forma* Borrower Contracted Cash Flow Available For Debt Service in any Fiscal Year during the period commencing with the later of (x) the current Fiscal Year and (y) the first Fiscal Year in which there are four Qualified Fiscal Quarters through the Fiscal Year ended 2014 shall not be less than $75,000,000, (2) the gross revenue attributable to the Sabine Pass Existing TUAs shall not be less than $190,000,000 in any Fiscal Year in which there are four Qualified Fiscal Quarters, and (3) the *pro forma* projected Sabine Pass Contracted Debt Service Coverage Ratio in any Fiscal Year during the period commencing with the later of (x) the current Fiscal Year and (y) the first Fiscal Year in which there are four Qualified Fiscal Quarters through the Fiscal Year ended 2014 shall not be less than 1.50:1.00; and

(G) at the time of the execution of the Project Debt Documents pursuant to which such Debt is to be incurred, the Administrative Agent shall have received certification from the Borrower, signed on its behalf by a Responsible Officer of the Borrower, (1) that each of the conditions required to be satisfied in order to incur such Debt in accordance with this *Section 5.02(b)(iii)* have been satisfied, and (2) setting forth the calculations, in reasonable detail, of the Borrower Contracted Cash Flow Available For Debt Service and the Sabine Pass Contracted Debt Service Coverage Ratios required pursuant to *subclause (F)*;

(iv) Debt extending the maturity of, or refunding or refinancing, in whole or in part, but not increasing the principal amount of, any Existing Project Debt or any Project Debt incurred in accordance with *Section 5.02(b)(iii)*; *provided*, that (A) the terms of any such Debt, and of any agreement entered into and of any instrument issued in connection therewith, are otherwise permitted by the Loan Documents and shall be non-recourse to any Project Parent (other than the Equity Interests of the Project Party owned by the Project Parent and their obligations under the agreements pursuant to which such Equity Interests are pledged) and the Borrower and shall otherwise comply with the requirements of *Section 5.02(b)(iii)(E) and (F)*, including delivery of *pro forma* Forecasts, updated Project Financial Information and Sabine Pass Debt Incurrence Projections delivered to the Administrative Agent with respect to any such extension, refunding or refinancing or increase giving *pro forma* effect to such extension, refunding or refinancing;

(v) Debt of Sabine Pass permitted to be incurred under any Project Debt Document to which it is a party; and

(vi) Debt of the Borrower in respect of Hedge Agreements required to be maintained pursuant to *Section 5.01(m)* and Hedge Agreements designed to hedge against fluctuations in interest rates consistent with prudent business practice covering a notional amount not to exceed the aggregate principal amount of the Advances and not for speculative purposes.

(c) Change in Nature of Business. Engage in any business or activity (i) except for Sabine Pass, other than holding the Equity Interests of its Subsidiaries and the transactions contemplated by the Loan Documents, in the case of the Borrower, and the Project Documents and the Project Debt Documents, in the case of the Project Parents, and (ii) for Sabine Pass, other than the Development of the Sabine Pass Project and the expansion thereof and any activities incidental thereto.

(d) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so*provided*, that the Sabine Partners may merge with and into each other so long as (i) such merger is

permitted under the Project Documents and the Project Debt Documents, in each case, to which any Borrower Party is a Party, and (ii) if the Sabine General Partner is a party to such merger, the Sabine General Partner shall be the surviving entity.

(e) Sales, Etc., of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire, or permit any of its Subsidiaries to grant any option or other right to purchase, lease or otherwise acquire, any assets, except sales, transfers or other dispositions of assets by any Project Party permitted by the Project Debt Documents.

(f) Investments in Other Persons. Make or hold, or permit any of its Subsidiaries to make or hold, any Investment in any Person, except:

(i) (A) Investments by the Borrower in the Project Parents, and (B) Investments by the Project Parents in the Project Parties;

(ii) Investments in Hedge Agreements permitted under *Section 5.02(b)(vi)*;

(iii) Investments consisting of Cash Equivalents with respect to any amounts held in the Debt Service Reserve Account, the Capital Contribution Reserve Account and the Retained Excess Cash Flow Collateral Account; and

(iv) Investments made by Sabine Pass permitted under any Project Debt Document or Project Document for the Sabine Pass Project to which it is a party;

Provided, that, notwithstanding anything to the contrary, neither the Borrower nor any of its Subsidiaries (other than Sabine Pass) may create or acquire any additional Subsidiaries or Equity Interests of any Person other than a Person in which it holds Equity Interests as of the date of this Agreement.

(g) Restricted Payments. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such, or permit any of its Subsidiaries to do any of the foregoing, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Borrower (any of the foregoing, "***Restricted Payments***"), except that:

(i) the Borrower may declare and pay dividends and distributions to the Pledgor on the Effective Date so long as the aggregate amount thereof does not exceed the Maximum Distribution Amount; and

(ii) so long as no Default under *Section 6.01(f)* has occurred and is continuing, the Borrower or any Subsidiary may declare and pay dividends and distributions to the extent necessary to perform its obligations under any Tax Sharing Agreement to which it is a party;

(iii) any Subsidiary of the Borrower may declare and pay cash dividends and distributions to the Borrower or any Project Parent; and

(iv) Sabine Pass may make payments to the Sabine General Partner pursuant to the Management Services Agreement described in *Section 5.01(i)*.

(h) Amendments of Certain Documents. (i) Amend, or permit any of its Subsidiaries to amend, its certificate of incorporation, bylaws, partnership agreement, limited liability company or operating agreement or other constitutive documents, including the Sabine Pass Partnership Agreement and the Freeport Partnership Agreement if such amendment (A) could reasonably expected to have a Material Adverse Effect, (B) could reasonably be expected to result in diminished Borrower Contracted Cash Flow Available for Debt Service resulting from 1.7 Bcf/d contracted under the Total and Chevron TUAs as of the date hereof, unless a Responsible Officer of the Borrower shall certify such diminution will not be material and that the Board of Directors and the Independent Manager of the Borrower have determined that such amendment is in the best interests of the applicable Project Parties and the applicable Project, and (C) could result in creditors of Cheniere and its Affiliates (other than the Borrower and its Subsidiaries) consolidating the Borrower or any of the assets of the Borrower and its Subsidiaries with Cheniere or any of its Affiliates (other than the Borrower and its Subsidiaries) or the assets of Cheniere or any of its Affiliates (other than the Borrower and its Subsidiaries), (ii) except in connection with the incurrence of additional Debt in accordance with the terms and conditions of *Sections 5.02(b)(iii)* or *(iv)* (in such case, solely to the extent necessary to permit such additional Debt) permit Sabine Pass to amend the Sabine Pass Credit Agreement or any other Project Debt Document to which Sabine Pass is a party if such amendment could reasonably be expected to result in diminished Borrower Contracted Cash Flow Available for Debt Service resulting from 1.7 Bcf/d contracted under the Total and Chevron TUAs as of the date hereof unless a Responsible Officer of the Borrower shall certify such diminution will not be material and that the Board of Directors and the Independent Manager of the Borrower have determined that such amendment is in the best interests of the applicable Project Parties and the applicable Project and that, in their good faith belief, such amendment could not reasonably be expect to result in a Material Adverse Effect, (iii) terminate the financing commitments under the Sabine Pass Credit Facility unless alternate debt or equity financing proceeds have been received or debt financing commitments subject to conditions that are no more conditional in any material respect than the conditions to funding under the Sabine Pass Credit Agreement.

(i) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in (i) accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles, or (ii) Fiscal Year.

(j) Prepayments, Etc., of Debt. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt, except (i) the prepayment of the Advances in accordance with the terms of this Agreement, (ii) regularly scheduled or required repayments or redemptions of Project Debt, and (iii) any prepayments or redemptions of Project Debt in connection with (A) a refunding or refinancing of such Project Debt permitted by *Section 5.02(b)(iv)* or (B) creation of additional Debt permitted by *Section 5.02(b)(iii)*.

(k) Negative Pledge. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its property or assets except (i) agreements in favor of the Secured Parties or (ii) prohibitions or conditions under any Project Debt Documents applicable solely to the assets of the Project Parties and the Project Parents.

(l) Payment Restrictions Affecting Subsidiaries. Directly or indirectly, enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Subsidiaries to declare or pay dividends or other distributions in respect of its Equity Interests or repay or prepay any Debt owed to, make loans or advances to, or otherwise transfer assets to or make Investments in, the Borrower or any Subsidiary of the Borrower (whether through a covenant restricting dividends, loans, asset transfers or investments, a financial covenant or otherwise), except (i) the Loan Documents, (ii) the Existing Project Debt Documents, and (iii) any other Project Debt Documents so long as the terms thereof are not more restrictive in any material respect than the provisions of the Existing Project Debt Documents.

SECTION 5.03. Reporting Requirements. So long as any Advance or any other Obligation of the Borrower under any Loan Document shall remain unpaid, or any Lender shall have a Commitment hereunder, the Borrower will furnish to the Agents and the Lenders:

(a) Default Notice. As soon as possible and in any event within two days after the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of a Responsible Officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto.

(b) Annual Financials. As soon as available and in any event within 120 days after the end of each Fiscal Year, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, including therein a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and a Consolidated statement of income and a Consolidated statement of cash flows of the Borrower and its Subsidiaries for such Fiscal Year, in each case, (i) accompanied by an opinion as to such audit report of UHY/Mann, Frankfort, Stein and Lipp CPAs LLC or other independent public accountants of recognized standing reasonably acceptable to the Administrative Agent, and (ii) certifying that such financial statements fairly present in all material respects the financial condition and results of operations of the Borrower as at the end of,

and for , such fiscal year in accordance with GAAP or otherwise certifying such financial statements in a manner to which the Required Lenders have not objected, together with (A) a certificate of such accounting firm to the Lenders stating that in the course of the regular audit of the business of the Borrower and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default has occurred and is continuing, a statement as to the nature thereof, (B) a schedule in form and substance reasonably satisfactory to the Administrative Agent of the computations used by a Responsible Officer of the Borrower in determining, as of the end of such Fiscal Year, compliance with the covenant contained in *Section 5.04*; *provided*, that, in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide a reconciliation of such financial statements to GAAP, and (C) a certificate of a Responsible Officer of the Borrower stating that to his knowledge after due inquiry no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto.

(c) Quarterly Financials. As soon as available and in any event within 60 days after the end of each of the first three quarters of each Fiscal Year, a Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and a Consolidated statement of income and a Consolidated statement of cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and a Consolidated statement of income and a Consolidated statement of cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth, in each case, in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to normal year-end audit adjustments) by a Responsible Officer of the Borrower as having been prepared in accordance with GAAP, together with (i) a certificate of said officer stating that to his knowledge after due inquiry no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto, and (ii) a schedule in form and substance reasonably satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in *Section 5.04*; *provided*, that, in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide a reconciliation of such financial statements to GAAP.

(d) Forecasts. As soon as available and in any event within 60 days after the end of each fiscal quarter, Forecasts prepared by management of the Borrower, in form reasonably satisfactory to the Administrative Agent, together, if the applicable Measurement Period includes fiscal quarters that are as set forth in Forecasts, with a schedule in form and substance reasonably satisfactory to the Administrative Agent of the computations used by the Borrower in determining compliance with the covenant contained in *Section 5.04*.

(e) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any Governmental Authority affecting any Borrower Party of the type described in *Section 4.01(g)*.

(f) Project Information. Promptly (i) after the furnishing thereof, copies of all Project Financial Information and any other information of the type contemplated by Section 8.25 of the Sabine Pass Credit Agreement, (ii) after any increases in aggregate amount of the Capital Contribution Requirements in excess of $5,000,000 from that estimated as of the date hereof and thereafter, as estimated at any later date, notice thereof.

(g) Agreement Notices. Promptly upon receipt thereof, copies of all notices, requests and other documents received by any Project Party under or pursuant to any Material Contract, Project Document or Project Debt Document as the Administrative Agent may reasonably request.

(h) ERISA. (i) ERISA Events and ERISA Reports. (A) Promptly and in any event within 10 days after any Borrower Party or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a statement of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, that such Borrower Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (B) on the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

(ii) Plan Terminations. Promptly and in any event within two Business Days after receipt thereof by any Borrower Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan.

(iii) Multiemployer Plan Notices. Promptly and in any event within five Business Days after receipt thereof by any Borrower Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by such Borrower Party or any ERISA Affiliate in connection with any event described in *clause (A) or (B)*.

(iv) Plan Annual Reports. Promptly and in any event within 30 days after the filing thereof with the United States Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series), if any, with respect to each Plan.

(i) Environmental Conditions. Promptly after the assertion or occurrence thereof, notice of any Environmental Action against or of any noncompliance by any Borrower Party with any Environmental Law or Environmental Permit that could reasonably be expected to (i) have a Material Adverse Effect or (ii) result in a Project Debt Default with respect to the Sabine Pass Project.

(j) Insurance. As soon as available and in any event within 30 days after the end of each Fiscal Year, a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for the Borrower and Sabine Pass and containing such additional information as any Agent, or any Lender through the Administrative Agent, may reasonably specify.

(k) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Project Party as any Agent, or any Lender through the Administrative Agent, may from time to time reasonably request and, in the case of Freeport, to the extent Available.

SECTION 5.04. Financial Covenant. So long as any Advance or any other Obligation of the Borrower under any Loan Document shall remain unpaid, or any Lender shall have a Commitment hereunder, the Borrower will maintain during each Measurement Period, Borrower Contracted Cash Flow Available for Debt Service of not less than $75,000,000.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("***Events of Default***") shall occur and be continuing:

(a) (i) the Borrower shall fail to pay principal of any Advance when the same shall become due and payable or (ii) the Borrower shall fail to pay interest on any Advance, or, after receipt of any demand, invoice, request or other notice therefore, make any other payment under any Loan Document, in each case under this clause (ii) within three Business Days after the same shall become due and payable; or

(b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; *provided*, that if such representation or warranty relates to any representations or warranty under the Project Documents or the Project Debt Documents, such misrepresentation or such false statement shall not constitute an Event of Default if such condition or circumstance is (i) subject to cure, as determined by the Required Lenders in their reasonable judgment and (ii) in such case, remedied within 30 days after the earlier of (A) written notice of such default from the Administrative Agent or (B) any Borrower Party's knowledge of such default (which shall be deemed to exist upon receipt of any notice by such party by the agent under the Sabine Pass Credit Agreement); or

(c) (i) the Borrower shall fail to perform or observe any term, covenant or agreement contained in *Section 2.11, 5.01(e), (i), (j), (l) or (p), or (m), 5.02, 5.03(a), or 5.04* or *Section 4 or 5* of the Security Agreement, or (ii) the Pledgor shall fail to perform or observe any term, covenant or agreement contained in the Pledge Agreement; or

(d) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of the date on which (i) any officer of the Borrower becomes aware of such failure or (ii) written notice thereof shall have been given to the Borrower by any Agent or any Lender; *provided*, that if such failure consists of the default by Sabine Pass to perform its covenants and agreements under its Project Debt Documents and such default is a "*Default*" under Section 9.01(e) of the Sabine Pass Credit Agreement that is not capable of remedy within such 30-day period, then if the cure period for such Event of Default under Section 9.01(e) of the Sabine Pass Credit Agreement is extended, such 30-day period shall be extended to a total period of 60 days (or, if less, the extended period under the Sabine Pass Credit Agreement) so long as (i) such Default is subject to cure by Sabine Pass, (ii) Sabine Pass is diligently and continuously proceeding to cure such Default and (iii) such additional cure period could not reasonably be expected to (A) result in a Material Adverse Effect, (B) materially and adversely affect the Borrower's rights, duties, obligations or liabilities under the Chevron TUA or the Total TUA; or

(e) (i) the Borrower or any of the Borrower's Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Debt of such Borrower Party that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least $10,000,000 either individually or in the aggregate for all such Borrower Parties (but excluding Debt outstanding hereunder), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature; or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt in full shall be required to be made, in each case prior to the stated maturity thereof other than in the case of secured Debt of Sabine Pass permitted under the Sabine Pass Credit Agreement that is required to be prepaid as a result of any tax refunds or any sale, transfer or any other disposition of the assets securing such Debt so long as such sale, transfer or other disposition and such prepayment are permitted under the Sabine Pass Credit Agreement; or (iii) a Crest Default Remedy Instruction shall have been given; or

(f) (i) the Borrower or any of the Borrower's Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any

proceeding shall be instituted by or against any Borrower Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or (ii) any Borrower Party or any of its Affiliates shall take any corporate action to authorize any of the actions set forth above in this *subsection (f)*; or

(g) any judgments or orders, either individually or in the aggregate, for the payment of money in excess of $10,000,000 shall be rendered against the Borrower or any of the Borrower's Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; *provided*, *however*, that any such judgment or order shall not give rise to an Event of Default under this *Section 6.01(g)(ii)* if and for so long as (A) the amount of such judgment or order is covered by a valid and binding policy of insurance in favor of such Borrower Party from an insurer that is rated at least "A" by A.M. Best Company, which policy covers full payment thereof and (B) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment or order; or

(h) any non-monetary judgment or order shall be rendered against the Borrower or any of the Borrower's Subsidiaries that could reasonably be expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any material provision of any Loan Document after delivery thereof pursuant to *Section 3.01 or 5.01(j)* shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(j) any Collateral Document or financing statement after delivery thereof pursuant to *Section 3.01 or 5.01(j)* shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority lien on and security interest in the Collateral purported to be covered thereby subject to Liens permitted by this Agreement; or

(k) (i) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an

ERISA Event shall have occurred and then exist (or the liability of the Borrower Parties and the ERISA Affiliates related to such ERISA Event) exceeds $10,000,000, (ii) any Borrower Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $10,000,000, or (iii) any Borrower Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding $10,000,000; or

(l) any Secured Party, solely by virtue of the execution, delivery and performance of, or its consummation of the transactions contemplated by the Loan Documents shall be or become (i) a "*gas utility company*", a "*public-utility company*" or either a "*subsidiary company*" an "*affiliate*" of a "*registered holding company*", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended, (ii) subject to regulations under in the Public Utility Holding Company Act of 1935, as amended, except pursuant to Section 9(a)(2) thereof, (iii) a "*natural-gas company*" as such term is defined in the NGA, (iv) subject to regulation pursuant to the NGA or subject to regulation under the laws of the State of Louisiana or the State of Texas with respect to rates or subject to material financial and organizational regulation under such law, or (v) subject to regulation under the law of the State of Louisiana or the State of Texas as a "*public utility*", a "*gas utility*", a "*public service corporation*" or other similar term with respect to rates or material financial matters; or

(m) any of this Agreement, any Collateral Documents or any material provision of any of the foregoing shall at any time for any reason cease to be in full force and effect, be declared null and void or voidable (and the same is not forthwith effectively rectified or replaced by the Borrower upon becoming aware thereof) or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by the Borrower or any Subsidiary of the Borrower or the Borrower or any Subsidiary of the Borrower shall deny that it has any or any further Obligation thereunder, or at any time it shall be unlawful or impossible for them to perform any of their respective Obligations under the Loan Documents.

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitments of each Lender and the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due

and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided*, *however*, that, in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (x) the Commitments of each Lender and the obligation of each Lender to make Advances shall automatically be terminated and (y) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE AGENTS

SECTION 7.01. Authorization and Action. (a) Each Lender (in its capacities as a Lender, and on behalf of itself and its Affiliates as potential Hedge Banks) hereby appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Obligations of the Loan Parties under the Loan Documents), no Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders, all Hedge Banks and all holders of Notes; *provided*, *however*, that no Agent shall be required to take any action that exposes such Agent to personal liability or that is contrary to this Agreement or applicable law.

(b) In furtherance of the foregoing, each Lender (in its capacities as a Lender, and on behalf of itself and its Affiliates as potential Hedge Banks) hereby appoints and authorizes the Collateral Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent (and any Supplemental Collateral Agents appointed by the Collateral Agent pursuant to *Section 7.01(c)* for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights or remedies thereunder at the direction of the Collateral Agent) shall be entitled to the benefits of this *Article VII* (including, without limitation, *Section 7.05*) as though the Collateral Agent (and any such Supplemental Collateral Agents) were an "*Agent*" under the Loan Documents, as if set forth in full herein with respect thereto.

(c) Any Agent may execute any of its duties under this Agreement or any other Loan Document (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents or of exercising any rights and remedies thereunder at the direction of the Collateral Agent) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts

concerning all matters pertaining to such duties. The Collateral Agent may also from time to time, when the Collateral Agent deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a "***Supplemental Collateral Agent***") with respect to all or any part of the Collateral; *provided*, *however*, that no such Supplemental Collateral Agent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Collateral Agent. Should any instrument in writing from the Borrower or any other Loan Party reasonably be required by any Supplemental Collateral Agent so appointed by the Collateral Agent to more fully or certainly vest in and confirm to such Supplemental Collateral Agent such rights, powers, privileges and duties, the Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Collateral Agent. If any Supplemental Collateral Agent, or successor thereto, shall die, become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Supplemental Collateral Agent, to the extent permitted by law, shall automatically vest in and be exercised by the Collateral Agent until the appointment of a new Supplemental Collateral Agent. No Agent shall be responsible for the negligence or misconduct of any agent, attorney-in-fact or Supplemental Collateral Agent that it selects in accordance with the foregoing provisions of this *Section 7.01(c)* in the absence of such Agent's gross negligence or willful misconduct.

SECTION 7.02. Agents' Reliance, Etc. Neither any Agent nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Agent: (a) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (c) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or the existence at any time of any Default under the Loan Documents or to inspect the property (including the books and records) of any Loan Party; (d) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; and (e) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, telecopy or electronic communication) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CS and Affiliates. With respect to its Commitments, the Advances made by it and any Notes issued to it, CS shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though it was not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include CS in its respective individual capacities. CS and its respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Borrower Party, any of its Subsidiaries and

any Person that may do business with or own securities of any Borrower Party or any such Subsidiary, all as if CS were not an Agent and without any duty to account therefor to the Lenders. No Agent shall have any duty to disclose any information obtained or received by it or any of its Affiliates relating to any Borrower Party or any of its Subsidiaries to the extent such information was obtained or received in any capacity other than as such Agent.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on the financial statements referred to in *Section 4.01* and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. (a) Each Lender severally agrees to indemnify each Agent (to the extent not promptly reimbursed by the Borrower) from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent under the Loan Documents (collectively, the "***Indemnified Costs***"); *provided*, *however*, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under *Section 8.04*, to the extent that such Agent is not promptly reimbursed for such costs and expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this *Section 7.05* applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person.

(b) For purposes of this *Section 7.05*, each Lender's ratable share of any amount shall be determined, at any time, according to the sum of the aggregate principal amount of the Advances outstanding at such time and owing to such Lender. The failure of any Lender to reimburse any Agent promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this *Section 7.05* shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 7.06. Successor Agents. Any Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without

cause by the Required Lenders; *provided*, *however*, that any removal of the Administrative Agent will not be effective until it has also been replaced as Collateral Agent and released from all of its obligations in respect thereof. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent with the consent, so long as no Event of Default shall have occurred and be continuing, of the Borrower, such consent not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least $250,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent and, in the case of a successor Collateral Agent, upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to the Collateral Documents, and such other instruments or notices, as may be necessary, or as the Required Lenders may reasonably request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, such successor Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. If within 45 days after written notice is given of the retiring Agent's resignation or removal under this *Section 7.06* no successor Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (a) the retiring Agent's resignation or removal shall become effective, (b) the retiring Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (c) the Required Lenders shall thereafter perform all duties of the retiring Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent as provided above. After any retiring Agent's resignation or removal hereunder as Agent shall have become effective, the provisions of this *Article VII* shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes or any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed (or in the case of the Collateral Documents, consented to) by the Borrower, the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided*, *however*, that (a) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following at any time:

(i) waive any of the conditions specified in *Section 3.01*,

(ii) change the number of Lenders or the percentage of the aggregate unpaid principal amount of the Advances, in each case, that shall be required for the Lenders or any of them to take any action hereunder,

(iii) release all or substantially all of the Collateral in any transaction or series of related transactions, or

(iv) amend this *Section 8.01*,

and (b) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender specified below for such amendment, waiver or consent:

(i) increase the Commitment of a Lender without the consent of such Lender;

(ii) reduce the principal of, or stated rate of interest on, the Advances owed to a Lender or any fees or other amounts stated to be payable hereunder or under the other Loan Documents to such Lender without the consent of such Lender; or

(iii) postpone any date scheduled for any payment of principal of, or interest on, the Advances pursuant to *Section 2.03 or 2.05* or any date fixed for any payment of fees hereunder in each case payable to a Lender without the consent of such Lender;

provided, *further*, that no amendment, waiver or consent shall, unless in writing and signed by an Agent in addition to the Lenders required above to take such action, affect the rights or duties of such Agent under this Agreement or the other Loan Documents.

SECTION 8.02. Notices, Etc. (a) All notices and other communications provided for hereunder shall be either (x) in writing (including telegraphic, telecopy or electronic communication) and mailed, telegraphed, telecopied or delivered or (y) as and to the extent set forth in *Section 8.02(b)* and in the proviso to this *Section 8.02(a)*, in an electronic medium and delivered as set forth in *Section 8.02(b)*, if to any Loan Party, to the Borrower at 717 Texas, Suite 3100, Houston, Texas 77002, Attention: Graham McArthur, Treasurer, Fax: 713-659-5459, E-mail Address: gmcarthur@cheniere.com; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on *Schedule I* hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; if to the Collateral Agent, at its address at Eleven Madison Avenue, New York, New York 10010-3629, Attention: James Moran, Fax: 212-743-1878, E-mail Address: james.moran@csfb.com; and if to the Administrative Agent, at its address at Eleven Madison Avenue, New York, New York 10010-3629, Attention: James Moran, Fax: 212-743-1878, E-mail Address: james.moran@csfb.com; or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent; *provided*, *however*, that materials and information described in *Section 8.02(b)* shall be delivered to the Administrative Agent in accordance with the provisions thereof or as otherwise specified to the Borrower by the Administrative Agent. All such notices and other communications shall, when mailed, telegraphed, telecopied, or e-mailed, be effective when deposited in the mails, delivered to the telegraph company, transmitted by telecopier or sent by electronic communication, respectively, except that notices and

communications to any Agent pursuant to *Article II, III or VII* shall not be effective until received by such Agent. Delivery by telecopier of an executed counterpart of a signature page to any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto be executed and delivered hereunder shall be effective as delivery of an original executed counterpart thereof.

(b) The Borrower hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a Conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or Interest Period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or the Borrowing or other extension of credit thereunder (all such non-excluded communications being referred to herein collectively as "***Communications***"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to an electronic mail address specified by the Administrative Agent to the Borrower. In addition, the Borrower agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent. The Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on IntraLinks or a substantially similar electronic transmission system (the "***Platform***").

(c) THE PLATFORM IS PROVIDED "*AS IS*" AND "*AS AVAILABLE*". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, "***AGENT PARTIES***") HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time (i) of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address. Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

(e) The parties hereto acknowledge that information which is required to be provided by the Borrower and which is not publicly available and, in the reasonable judgment of the Borrower, which is material with respect to Cheniere, the Borrower or their respective subsidiaries or any of their respective securities for purposes of United States Federal and state securities laws, may be designated by the Borrower as "private information" which will not be made available on any portion of the Platform which is designated for "Public Investors" or a similar designation.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or any Agent to exercise, and no delay in exercising, any right hereunder or under any Note or any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay promptly on demand (i) all reasonable costs and expenses of each Agent in connection with the preparation, execution, delivery, administration, modification and amendment of, or any consent or waiver under, the Loan Documents (including, without limitation, (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable fees and expenses of counsel for each Agent with respect thereto, with respect to advising such Agent as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto) and (ii) all reasonable costs and expenses of each Agent and the Lenders in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent and the Lenders with respect thereto).

(b) The Borrower agrees to indemnify, defend and save and hold harmless each Agent, each Lender and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "***Indemnified Party***") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Facility, the actual or proposed use of the proceeds of the Advances, the Loan Documents or any of the transactions contemplated thereby, or (ii) the actual or alleged presence of Hazardous Materials on any property of any Loan Party or any of its Subsidiaries or any Environmental Action relating in any way to any Loan Party or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this *Section 8.04(b)* applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors, any Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the Transaction is consummated. The Borrower also agrees not to assert any claim against any Agent, any Lender or any of their Affiliates, or any of their respective officers, directors, employees, agents and advisors, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Facility, the actual or proposed use of the proceeds of the Advances, the Loan Documents or any of the transactions contemplated by the Loan Documents.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to *Section 2.04, 2.05(b)(i) or 2.07(d)*, acceleration of the maturity of the Advance pursuant to *Section 6.01* or for any other reason, or if the Borrower fails to make any payment or prepayment of an Advance for which a notice of prepayment has been given or that is otherwise required to be made, whether pursuant to *Section 2.03, 2.04 or 6.01* or otherwise, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion or such failure to pay or prepay, as the case may be, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by the Administrative Agent or any Lender, in its sole discretion.

(e) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrower

contained in *Sections 2.07 and 2.09* and this *Section 8.04* shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

SECTION 8.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by *Section 6.01* to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of*Section 6.01*, each Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured. Each Agent and each Lender agrees promptly to notify the Borrower after any such set-off and application; *provided*, *however*, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under *this Section* are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower and each Agent and the Administrative Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, each Agent and each Lender and their respective successors and permitted assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of each Lender.

SECTION 8.07. Assignments and Participations. (a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advance owing to it and the Note held by it); *provided*, *however*, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of the Facility, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender or an Approved Fund of any Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the aggregate amount of the Commitments being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $1,000,000 (or such lesser amount as shall be approved by the Administrative Agent and, so long as no Default shall have occurred and be continuing at the time of effectiveness of such assignment, the Borrower); *provided* that such minimum amount shall be aggregated for two or more simultaneous assignments by or to two or more Approved Funds or Affiliates, (iii) each such assignment shall be to an Eligible Assignee, (iv) no such assignments shall be permitted without the consent of the Administrative Agent until the Administrative Agent shall have notified the Lenders that syndication of the Facility hereunder has been completed, and (v) the parties to each such assignment shall (A) electronically execute and

deliver to the Administrative Agent an Assignment and Acceptance via an electronic loan assignment confirmation system acceptable to the Administrative Agent (which initially shall be ClearPar, LLC) or (B) if no such system shall then be specified by the Administrative Agent, manually execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note (if any) subject to such assignment and a processing and recordation fee of $3,500.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (ii) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under *Sections 2.07, 2.09 and 9.04* to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, each Lender assignor thereunder and each assignee thereunder confirm to and agree with each other and the other parties thereto and hereto as follows: (i) Such Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment, and the outstanding balance of its Advances, without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto or the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in *Section 4.01* and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will, independently and without reliance upon any Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee confirms that it is an Eligible Assignee; (vii) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto; and (viii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent, acting for this purpose (but only for this purpose) as the agent of the Borrower, shall maintain at its address referred to in *Section 8.02* a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing under the Facility to, each Lender from time to time (the "***Register***"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Agent or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this *Section 8.07*, any applicable tax forms and together with any Note (if any) subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of *Exhibit C* hereto, (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register. In the case of any assignment by a Lender, within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note (if any) a new Note to the order of such Eligible Assignee in an amount equal to the Advances assigned to it under the Facility pursuant to such Assignment and Acceptance and, if any assigning Lender that had a Note prior to such assignment has retained Advances hereunder under the Facility, a new Note to the order of such assigning Lender in an amount equal to Advances retained by it hereunder. Such new Note shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of *Exhibit A* hereto. No assignment shall be effective unless it has been recorded in the Register as provided in this paragraph (e).

(f) Each Lender may sell participations to one or more Persons (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, the Advances owing to it and the Note (if any) held by it); *provided*, *however*, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or release all or substantially all of the Collateral.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this *Section 8.07*, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; *provided*, *however*, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender.

(h) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note (if any) held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

(i) Notwithstanding anything to the contrary contained herein, any Lender that is a Fund may create a security interest in all or any portion of the Advances owing to it and any Note held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities; *provided* that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this *Section 8.07*, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(j) Notwithstanding anything to the contrary contained herein, any Lender (a "***Granting Lender***") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower (an "***SPC***") the option to provide all or any part of the Advance that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to fund the Advance and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Advance, the Granting Lender shall be obligated to make such Advance pursuant to the terms hereof. The making of an Advance by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Advance were made by such Granting Lender. Each party hereto hereby agrees that (i) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, (ii) no SPC shall be entitled to the benefits of *Sections 2.07 and 2.09* (or any other increased costs protection provision) and (iii) the Granting Lender shall for all purposes, including, without limitation, the approval of any amendment or waiver of any provision of any Loan Document, remain the Lender of record hereunder. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior Debt of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained in this Agreement, any SPC may (i) with notice to, but without prior consent of, the Borrower and the

Administrative Agent and without paying any processing fee therefore, assign all or any portion of its interest in the Advance to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Advances to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such SPC. This *subsection (j)* may not be amended without the prior written consent of each Granting Lender, all or any part of whose Advances are being funded by the SPC at the time of such amendment.

(k) The Borrower shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Administrative Agent and each Lender, and any such attempted assignment without such consent shall be null and void.

SECTION 8.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by telecopier of an executed counterpart or other common electronic image distributed by email of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 8.09. Confidentiality. Neither any Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Borrower, other than (a) to such Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Eligible Assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) as requested or required by any state, Federal or foreign authority or examiner (including the National Association of Insurance Commissioners or any similar organization or quasi-regulatory authority) regulating such Lender, (d) to any rating agency when required by it, *provided* that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Loan Parties received by it from such Lender, (e) in connection with any litigation or proceeding to which such Agent or such Lender or any of its Affiliates may be a party or (f) in connection with the exercise of any right or remedy under this Agreement or any other Loan Document.

SECTION 8.10. Release of Collateral. Upon the sale, lease, transfer or other disposition of any item of Collateral of any Loan Party (including, without limitation, as a result of the sale, in accordance with the terms of the Loan Documents, of the Loan Party that owns such Collateral) in accordance with the terms of the Loan Documents, the Collateral Agent will, at the Borrower's expense, execute and deliver to such Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents in accordance with the terms of the Loan Documents.

SECTION 8.11. Patriot Act Notice. Each Lender and each Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or such Agent, as applicable, to identify such Loan Party in accordance

with the Patriot Act. The Borrower shall, and shall cause each of its Subsidiaries to, provide to the extent commercially reasonable, such information and take such actions as are reasonably requested by any Agents or any Lender in order to assist the Agents and the Lenders in maintaining compliance with the Patriot Act.

SECTION 8.12. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.13. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.14. Waiver of Jury Trial. Each of the Borrower, the Agents and the Lenders irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of any Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CHENIERE LNG HOLDINGS, LLC,
as Borrower

By /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

CREDIT SUISSE, CAYMAN ISLANDS
BRANCH, as Collateral Agent,
Administrative Agent and Initial Lender

By /s/ James Moran

Title: James Moran
Managing Director

By /s/ Gregory S. Richards

Title: Gregory S. Richards
Associate

Exhibit 10.2

EXECUTION COPY

SECURITY AGREEMENT

Dated August 31, 2005

From

Cheniere LNG Holdings, LLC

to

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

as Collateral Agent

TABLE OF CONTENTS

Schedules

Exhibit

Cheniere Security Agreement

SECURITY AGREEMENT

SECURITY AGREEMENT dated August 31, 2005 made by Cheniere LNG Holdings, LLC, a Delaware limited liability company (the "***Borrower***"), to Credit Suisse, Cayman Islands Branch, as collateral agent (in such capacity, together with any successor collateral agent appointed pursuant to *Article VII* of the Credit Agreement (as hereinafter defined), the "***Collateral Agent***") for the Secured Parties (as defined in the Credit Agreement).

PRELIMINARY STATEMENTS.

(1) The Borrower has entered into a Credit Agreement dated as of August 31, 2005 (said Agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "***Credit Agreement***") with the Lenders and the Agents (each as defined therein).

(2) The Borrower is the owner of the shares of stock or other Equity Interests (the "***Initial Pledged Equity***") described in *Schedule I* hereto and issued by the Persons named therein.

(3) The Borrower is the owner of Account No. GLA/111-565, Sub Account No. 467669 (the "***Retained Excess Cash Flow Collateral Account***"), with The Bank of New York.

(4) The Borrower is the owner of Account No. GLA/111-565, Sub Account No. 467670 (the "***Debt Service Reserve Account***"), with The Bank of New York.

(5) The Borrower is the owner of Account No. GLA/111-565, Sub Account No. 467668 (the "***Capital Contribution Reserve Account***"), with The Bank of New York.

(6) Pursuant to the Credit Agreement, the Borrower is entering into this Agreement in order to grant to the Collateral Agent for the ratable benefit of the Secured Lender Parties a security interest in the Collateral (as hereinafter defined).

(7) Pursuant to the Crest Settlement Documents, the Borrower is prohibited from creating or allowing to be created any lien, security interest or other encumbrance on any of Borrower's assets for borrowed money that is senior to or *pari passu* with the Obligations of the Borrower to Crest (excluding certain project financing arrangements); therefore, the parties hereto intend that the security interests granted herein in favor of the Collateral Agent is also for the benefit of Crest and the rights and interests of Crest with respect to the Collateral shall be senior to the rights and interests of the Secured Lender Parties, as provided herein.

(8) It is a condition precedent to the making of Advances by the Lenders under the Credit Agreement and the entry into Secured Hedge Agreements by the Hedge Banks from time to time that the Borrower shall have granted the security interest contemplated by this Agreement.

(9) Terms defined in the Credit Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Credit Agreement. Further, unless otherwise defined in this Agreement or in the Credit Agreement, terms defined in Article 8 or 9

of the UCC (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9. "***UCC***" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided*, that, if perfection or the effect of perfection or non perfection or the priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "***UCC***" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non perfection or priority.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Advances under the Credit Agreement and to induce the Hedge Banks to enter into Secured Hedge Agreements from time to time, the Borrower hereby agrees with the Collateral Agent for the ratable benefit of the Secured Parties as follows:

Section 1. Grant of Security. The Borrower hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in the Borrower's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by the Borrower, wherever located, and whether now or hereafter existing or arising (collectively, the "***Collateral***"):

(a) all equipment in all of its forms, including, without limitation, all parts thereof and all accessions thereto;

(b) all inventory in all of its forms, including, without limitation, all accessions thereto and products thereof and documents therefore (the "***Inventory***");

(c) all accounts, instruments (including, without limitation, promissory notes), deposit accounts, general intangibles (including, without limitation, payment intangibles) and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services and whether or not earned by performance, and all rights now or hereafter existing in and to all supporting obligations and in and to all security agreements, mortgages, Liens, leases, letters of credit, surety and performance bonds and other contracts securing or otherwise relating to the foregoing property (any and all of the foregoing, to the extent not referred to in *clause (d), (e) or (f) below*, being the "***Receivables***," and any and all such supporting obligations, security agreements, mortgages, Liens, leases, letters of credit, surety and performance bonds and other contracts, being the "***Related Contracts***");

(d) the following (the "***Security Collateral***"):

(i) the Initial Pledged Equity and the certificates, if any, representing the Initial Pledged Equity, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Equity and all warrants, rights or options issued thereon or with respect thereto;

(ii) all additional shares of stock and other Equity Interests from time to time acquired by the Borrower in any manner (such shares and other Equity

Interests, together with the Initial Pledged Equity, being the "***Pledged Equity***"), and the certificates, if any, representing such additional shares or other Equity Interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all warrants, rights or options issued thereon or with respect thereto;

(iii) all indebtedness from time to time owed to the Borrower (such indebtedness, being the "***Pledged Debt***") and the instruments, if any, evidencing such indebtedness, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness;

(iv) all securities accounts (each being a "***Securities Account***"), all security entitlements with respect to all financial assets from time to time credited to any Securities Account and all financial assets, and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such security entitlements or financial assets and all warrants, rights or options issued thereon or with respect thereto; and

(v) all other investment property (including, without limitation, all (A) securities, whether certificated or uncertificated, (B) security entitlements, (C) securities accounts, (D) commodity contracts and (E) commodity accounts) in which the Borrower has now, or acquires from time to time hereafter, any right, title or interest in any manner, and the certificates or instruments, if any, representing or evidencing such investment property, and all dividends, distributions, return of capital, interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such investment property and all warrants, rights or options issued thereon or with respect thereto;

(e) each of the agreements listed on *Schedule II* hereto and each Hedge Agreement to which the Borrower is now or may hereafter become a party, in each case, as such agreements may be amended, amended and restated, supplemented or otherwise modified from time to time (collectively, the "***Assigned Agreements***"), including, without limitation, all rights of the Borrower to (i) receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii) receive any other proceeds any other amounts payable in respect thereof (whether payable by a third party or otherwise) and (iii) compel performance and otherwise exercise all remedies thereunder (all such Collateral being the "***Agreement Collateral***");

(f) the following (collectively, the "***Account Collateral***"):

(i) the Debt Service Reserve Account, the Capital Contribution Reserve Account, the Retained Excess Cash Flow Collateral Account and any other deposit accounts, now or hereafter existing (such deposit accounts, together

with the Debt Service Reserve Account, the Capital Contribution Reserve Account and the Retained Excess Cash Flow Collateral Account, the "***Pledged Deposit Accounts***"), and all funds and financial assets from time to time credited thereto (including, without limitation, all Cash Equivalents), and all certificates and instruments, if any, from time to time representing or evidencing any Pledged Deposit Account or any amounts in, or credited to, any such Pledged Deposit Accounts;

(ii) all promissory notes, certificates of deposit, checks and other instruments from time to time delivered to or otherwise possessed by the Collateral Agent for or on behalf of the Grantor in substitution for or in addition to any or all of the then existing Account Collateral; and

(iii) all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral;

(g) all books and records (including, without limitation, credit files, printouts and other computer output materials and records) of the Borrower pertaining to any of the Collateral; and

(h) all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the Collateral (including, without limitation, proceeds, collateral and supporting obligations that constitute property of the types described in *clauses (a) through (g)* of this Section 1) and, to the extent not otherwise included, all (A) payments under insurance, or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, and (B) cash.

Section 2. Security for Obligations. This Agreement secures the payment of (i) all Obligations of the Borrower and each other Loan Party now or hereafter existing under the Loan Documents and the Secured Hedge Agreements, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such Obligations being the "***Secured Loan Obligations***") and (ii) all of Borrower's obligations, if any, to pay the Crest Royalty (the "***Secured Crest Obligations"*** and collectively with the Secured Loan Obligations the ***"Secured Obligations"***). Without limiting the generality of the foregoing, this Agreement secures, the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Borrower to any Secured Party under the Loan Documents or in respect of the Secured Crest Obligations but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Loan Party.

Section 3. Borrower Remains Liable. Anything herein to the contrary notwithstanding, (a) the Borrower shall remain liable under the contracts and agreements included in the Borrower's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the

exercise by the Collateral Agent of any of the rights hereunder shall not release the Borrower from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Loan Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Security Collateral. (a) The Borrower will not open or maintain any Securities Account without the prior consent of the Collateral Agent. The Borrower will maintain all Securities Accounts only with the financial institution acting as Collateral Agent hereunder or with an Affiliate of the Collateral Agent or with a financial institution that has duly executed and delivered a Securities Account Control Agreement or Securities/Deposit Account Control Agreement (each as hereinafter defined). With respect to any Securities Account and any Security Collateral that constitutes a security entitlement as to which the financial institution acting as Collateral Agent hereunder is not the securities intermediary, the Borrower will cause the securities intermediary with respect to such Securities Account or security entitlement to agree with the Borrower and the Collateral Agent that such securities intermediary will comply with entitlement orders originated by the Collateral Agent without further consent of the Borrower, such agreement to be in form and substance satisfactory to the Collateral Agent (a "***Securities Account Control Agreement***" or "***Securities/Deposit Account Control Agreement***," respectively).

(b) The Collateral Agent shall have the right, at any time in its discretion and without notice to the Borrower, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Security Collateral, subject only to the revocable rights specified in *Section 11(a)*. In addition, the Collateral Agent shall have the right at any time to convert Security Collateral consisting of financial assets credited to any Securities Account to Security Collateral consisting of financial assets held directly by the Collateral Agent, and to convert Security Collateral consisting of financial assets held directly by the Collateral Agent to Security Collateral consisting of financial assets credited to the Securities Account or cash or Cash Equivalents deposited, in, or credited to, the Cash Collateral Account. The Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Security Collateral for certificates or instruments of smaller or larger denominations.

(c) Upon the request of the Collateral Agent, the Borrower will notify each issuer of Security Collateral granted by it hereunder that such Security Collateral is subject to the security interest granted hereunder.

Section 5. Account Collateral. The Borrower will not open or maintain any deposit account, other than the Debt Service Reserve Account, the Capital Contribution Reserve Account and, the Retained Excess Cash Flow Cash Collateral Account, except for the Operating Expense Account expressly permitted by *Section 5.01(l)* of the Credit Agreement without the prior consent of the Collateral Agent. The Borrower will maintain all deposit accounts (other than the Operating Expense Account), which shall be Pledged Deposit Accounts, only with the financial institution acting as Collateral Agent hereunder or with an Affiliate of the Collateral Agent or with a financial institution that has duly executed and delivered a Deposit Account

Control Agreement (as hereinafter defined). With respect to any deposit account as to which the financial institution acting as Collateral Agent hereunder is not the bank (other than the Operating Expense Account), the Borrower will cause such bank to agree with the Borrower and the Collateral Agent that such bank will comply with instructions originated by the Collateral Agent directing the disposition of funds in such deposit account without the further consent of the Borrower, such agreement to be in form and substance reasonably satisfactory to the Collateral Agent (a "***Deposit Account Control Agreement***").

Section 6. Investments of Amounts in the Pledged Deposit Accounts. The Collateral Agent will, subject to the provisions of *Sections 5, 7 and 17*, from time to time (a) invest, or direct the applicable bank to invest, amounts deposited in, received with respect to, any Pledged Deposit Account in such Cash Equivalents credited to such Pledged Deposit Account as the Borrower may select, and (b) reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in each case, in other Cash Equivalents credited in the same manner. Interest and proceeds that are not invested or reinvested in Cash Equivalents as provided above shall be deposited and held in such Pledged Deposit Account. The Collateral Agent shall have the right at any time to exchange, or direct the applicable bank to exchange, such Cash Equivalents for similar Cash Equivalents of smaller or larger determinations, or for other Cash Equivalents, credited to the applicable Pledged Deposit Account. In addition, if the Collateral Agent determines that amount of cash (in immediately available funds) held in the Debt Service Reserve Account or the Capital Contribution Reserve Account, as the case may be, is insufficient to make any payments required to be made therefrom under *Section 7*, then the Collateral Agent may sell or otherwise dispose of any Cash Equivalents for cash to be deposited into such Debt Service Reserve Account or Capital Contribution Reserve Account, as the case may be.

Section 7. Release of Amounts in Pledged Deposit Accounts. (a) Debt Service Reserve Account. In connection with any Debt Service payment or any other amounts then required or permitted to be paid under *Section 2.03, 2.04, 2.05 or 2.06* of the Credit Agreement or under any other provision of the Loan Documents, the Collateral Agent will pay and release or cause to be paid and released to the Administrative Agent from available cash deposited or held in the Debt Service Reserve Account the amount specified by the Administrative Agent for such Debt Service or such other payment at such time and to the account, or as otherwise directed by the Administrative Agent, for application to such Debt Service payment or other payments. Upon the request of the Borrower, the Collateral Agent may release or cause to be released to the Borrower, or otherwise transfer or cause to be transferred as instructed by the Borrower, from available cash deposited or held in the Debt Service Reserve Account, (i) to the extent that the Crest Royalty or any portion thereof for any year becomes due and payable after the expiration of all applicable cure and grace periods and has not been paid by any other Person prior to the expiration of all applicable cure and grace periods and the Borrower is required to pay such past due Crest Royalty or portion thereof (the "***Borrower's Past Due Crest Royalty Amount***"), an amount equal to the Borrower's Past Due Crest Royalty Amount, and (ii) so long as no Default under *Section 6.01(a) or (f)* or any Event of Default shall have occurred and be continuing, or would result therefrom, amounts to be deposited in the Operating Expense Account in an aggregate amount not to exceed (A) $2,000,000 from the Effective Date to the first Qualified Fiscal Quarter and (B) $1,000,000 from the first Qualified Fiscal Quarter to August 30, 2012. In addition, if any Default under *Section 6.01(a) or (f)* of the Credit Agreement or any Event of Default shall have occurred and be continuing, the Collateral Agent will pay and release or cause

to be paid and released to the Administrative Agent such amounts from the Debt Service Reserve Account as may be specified by the Administrative Agent at any time, and from time to time, at such times and to such accounts, or as otherwise directed by the Administrative Agent, for application to the Obligations under the Loan Documents.

(b) Capital Contribution Reserve Account. So long as no Default under *Section 6.01(a) or (f)* of the Credit Agreement and no Event of Default shall have occurred and be continuing, upon three Business Days' prior written notice to the Administrative Agent and the Collateral Agent, the Collateral Agent will pay from available cash deposited or held in the Capital Contribution Reserve Account directly to any Project Parent for Investment in any Project Party or pay directly to any Project Party on behalf of a Project Parent the amount specified by the Borrower at such time and to such account as directed by the Borrower for application by such Project Party to the Development of its Project; *provided*, that if such Investment is to satisfy a Capital Contribution Requirement in respect of the Sabine Pass Project, such amount may be paid from the Capital Contribution Reserve Account so long as (i) such Investment is actually made and satisfies such Capital Contribution Requirement, and (ii) no Default under *Section 6.01 (f)* or any Event of Default (other than an Event of Default under *Section 6.01(b), (d) or (l))* shall have occurred and be continuing, or would result therefrom. In addition, if any Default under *Section 6.01(a) or (f)* of the Credit Agreement or any Event of Default shall have occurred and be continuing, the Collateral Agent will pay and release or cause to be paid and released to the Administrative Agent such amounts from the Capital Contribution Reserve Account as may be specified by the Administrative Agent at any time, and from time to time, at such times and to such accounts, or as otherwise directed by the Administrative Agent, for application to the Obligations under the Loan Documents.

(c) Retained Excess Cash Flow Collateral Account. So long as no Default under *Section 6.01(a) or (f)* of the Credit Agreement or Event of Default shall have occurred and be continuing, amounts deposited or held in the Retained Excess Cash Flow Collateral Account may be paid and released to the Borrower or as otherwise directed by the Borrower, in each case, for application of such amounts as are required to be used (or if not specifically required to be used in a specified manner, permitted to be used) for Investments in accordance with the Credit Agreement or to make payments with respect to the Loan Documents. In addition, if any Default under *Section 6.01(a) or (f)* of the Credit Agreement or any Event of Default shall have occurred and be continuing, the Collateral Agent will pay and release or cause to be paid and released to the Administrative Agent such amounts from the Retained Excess Cash Flow Collateral Account as may be specified by the Administrative Agent at any time, and from time to time, at such times and to such accounts, or as otherwise directed by the Administrative Agent, for application to the Obligations under the Loan Documents.

Section 8. Representations and Warranties. The Borrower represents and warrants as follows:

(a) The Borrower's exact legal name, location, chief executive office, type of organization, jurisdiction of organization and organizational identification number is set forth in *Schedule III* hereto. The Borrower has no trade names other than as listed on*Schedule III* hereto. The Borrower was formed on August 16, 2005 and has not had any other name, location, chief executive office, type of organization, jurisdiction of organization or organizational identification number from those set forth in *Schedule III*.

(b) The Borrower is the legal and beneficial owner of the Collateral granted or purported to be granted by it free and clear of any Lien, claim, option or right of others, except for the security interest created under this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing the Borrower or any trade name of the Borrower as debtor is on file in any recording office, except (i) such as may have been filed in favor of the Collateral Agent relating to the Loan Documents, (ii) as may have been filed in favor of Collateral Agent or Crest relating to the Secured Crest Obligations or (iii) as otherwise permitted under the Credit Agreement.

(c) The Pledged Equity pledged by the Borrower hereunder has been duly authorized and validly issued and is fully paid and non assessable.

(d) The Initial Pledged Equity pledged by the Borrower constitutes the percentage of the issued and outstanding Equity Interests of the issuers thereof indicated on *Schedule I* hereto. *Schedule I* hereto sets forth all Pledged Debt all of the outstanding indebtedness owed to the Borrower, including the issuers thereof and the outstanding principal amount thereof.

(e) The Borrower has no investment property, other than the investment property listed on *Schedule I* hereto.

(f) The Assigned Agreements to which the Borrower is a party, true and complete copies of which (other than the Hedge Agreements) have been furnished to the Collateral Agent, have been duly authorized, executed and delivered by all parties thereto, have not been amended, amended and restated, supplemented or otherwise modified, are in full force and effect and are binding upon and enforceable against all parties thereto in accordance with their terms. Each party to the Assigned Agreements listed on *Schedule II* hereto other than the Borrower has executed and delivered to the Borrower and the Collateral Agent a consent, in substantially the form of *Exhibit A* hereto or otherwise in form and substance satisfactory to the Collateral Agent.

(g) The Borrower agrees, and has effectively so instructed each other party to each Assigned Agreement to which it is a party, that all payments due or to become due under or in connection with such Assigned Agreement will be made directly to the Debt Service Reserve Account.

(h) The Borrower has no accounts, other than the Debt Service Reserve Account, the Capital Contribution Reserve Account and the Retained Excess Cash Flow Collateral Account listed on *Schedule IV* hereto.

(i) This Agreement creates in favor of the Collateral Agent for the benefit of the Secured Parties a valid security interest in the Collateral granted by the Borrower, securing the payment of the Secured Obligations; all filings and other actions (including, without limitation, actions necessary to obtain control of Collateral as provided in Sections 9-104, 9-106 and 9-107 of the UCC) necessary to perfect the security interest in the Collateral granted by the Borrower have been duly made or taken and are in full force and effect; and such security interest is first priority other than as relating to letter of credit rights.

(j) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by the Borrower of the security interest granted hereunder or for the execution, delivery or performance of this Agreement by the Borrower, (ii) the perfection or maintenance of the security interest created hereunder (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the UCC, which financing statements have been duly filed and are in full force and effect, and the actions described in *Section 4* with respect to the Security Collateral, which actions have been taken and are in full force and effect, or (iii) the exercise by the Collateral Agent of its voting or other rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with the disposition of any portion of the Security Collateral by laws affecting the offering and sale of securities generally.

Section 9. Further Assurances. (a) The Borrower agrees that from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that the Collateral Agent may request, in order to perfect and protect any pledge or security interest granted or purported to be granted by the Borrower hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of the Borrower. Without limiting the generality of the foregoing, the Borrower will promptly with respect to Collateral of the Borrower: (i) if any such Collateral shall be evidenced by a promissory note or other instrument, deliver and pledge to the Collateral Agent hereunder such note or instrument duly indorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Collateral Agent; (ii) file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Agent may request, in order to perfect and preserve the security interest granted or purported to be granted by the Borrower hereunder; and (iii) deliver to the Collateral Agent evidence that all other actions that the Collateral Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest granted or purported to be granted by the Borrower under this Agreement has been taken.

(b) The Borrower hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, including, without limitation, one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of the Borrower, regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law. The Borrower ratifies its authorization for the Collateral Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

(c) The Borrower will furnish to the Collateral Agent from time to time*statements* and *schedules* further identifying and describing the Collateral of the Borrower and such other reports in connection with such Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

Section 10. Post-Closing Changes; Collections on Assigned Agreements, Receivables and Related Contracts (a) The Borrower will not change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in *Section 8(a)* of this Agreement without first giving at least 30 days' prior written notice to the Collateral Agent and taking all action required by the Collateral Agent for the purpose of perfecting or protecting the security interest granted by this Agreement. The Borrower will hold and preserve its records relating to the Collateral, including, without limitation, the Assigned Agreements and Related Contracts, and will permit representatives of the Collateral Agent at any time during normal business hours to inspect and make abstracts from such records and other documents. If the Borrower does not have an organizational identification number and later obtains one, it will forthwith notify the Collateral Agent of such organizational identification number.

(b) All amounts and proceeds received by the Borrower and not required to be paid or deposited into the Debt Service Reserve Account or the Capital Contribution Reserve Account or permitted to be paid or deposited into the Retained Excess Cash Flow Collateral Account shall be promptly paid or deposited into the Retained Excess Cash Flow Collateral Account or shall be received in trust for the benefit of the Collateral Agent hereunder and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary indorsement) to be deposited in the Retained Excess Cash Flow Collateral Account and may be released to the Borrower on the terms set forth in *Section 7*. The Borrower will not permit or consent to the subordination of its right to payment under any of the Assigned Agreements.

Section 11. Voting Rights; Dividends; Etc. (a) So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral of the Borrower or any part thereof for any purpose; *provided however*, that the Borrower will not exercise or refrain from exercising any such right if such action would have (i) a material adverse effect on the value of the Security Collateral or any part thereof or (ii) a Material Adverse Effect.

(b) So long as no Default under *Section 6.01(a) or (f)* and Event of Default shall have occurred and be continuing, to the extent permitted by the Credit Agreement, Borrower shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral, *provided, however*, that any and all (i) dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral, (ii) dividends and other distributions paid or payable in cash in respect of any Security Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid in surplus, and (iii) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, any Security Collateral shall be, and shall be forthwith credited to, deposited or paid into the Debt Service Reserve and as may be more particularly required by the Credit Agreement, or delivered to the Collateral Agent for such application, and shall, if received by the Borrower, be received in trust for the benefit of the Collateral Agent, and be forthwith delivered to the Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

Section 12. As to the Assigned Agreements. The Borrower will at its expense (a) furnish to the Collateral Agent such information and reports regarding the Assigned Agreements and such other Collateral of the Borrower as the Collateral Agent may reasonably request and (b) upon request of the Collateral Agent, make to each other party to any Assigned Agreement to which it is a party such demands and requests for information and reports or for action as the Borrower is entitled to make thereunder.

Section 13. Transfers and Other Liens; Additional Shares. The Borrower agrees that it will (a) cause each issuer of any Pledged Equity by the Borrower not to issue any Equity Interests or other securities in addition to or in substitution for the Pledged Equity issued by such issuer, except to the Borrower, and (b) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional Equity Interests or other securities of each issuer of the Pledged Equity.

Section 14. Collateral Agent Appointed Attorney in Fact. The Borrower hereby irrevocably appoints the Collateral Agent the Borrower's attorney in fact, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(b) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with *clause (a)* above, and

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Assigned Agreement or the rights of the Collateral Agent with respect to any of the Collateral.

The above appointment of Collateral Agent as Borrower's attorney-in-fact shall be effective only during any period in which a Default or Event of Default shall be continuing.

Section 15. Collateral Agent May Perform. If the Borrower fails to perform any agreement contained herein, the Collateral Agent may, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Borrower under *Section 18*.

Section 16. The Collateral Agent's Duties. (a) The powers conferred on the Collateral Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action

with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Collateral Agent may from time to time, when the Collateral Agent deems it to be necessary, appoint one or more subagents (each a "***Subagent***") for the Collateral Agent hereunder with respect to all or any part of the Collateral. In the event that the Collateral Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by the Borrower hereunder shall be deemed for purposes of this Security Agreement to have been made to such Subagent, in addition to the Collateral Agent, for the ratable benefit of the Secured Parties, as security for the Secured Obligations of the Borrower, (ii) such Subagent shall automatically be vested, in addition to the Collateral Agent, with all rights, powers, privileges, interests and remedies of the Collateral Agent hereunder with respect to such Collateral, and (iii) the term "C*ollateral Agent*," when used herein in relation to any rights, powers, privileges, interests and remedies of the Collateral Agent with respect to such Collateral, shall include such Subagent; *provided*, *however*, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Collateral Agent.

Section 17. Remedies. If (x) any Event of Default shall have occurred and be continuing or (y) a Crest shall have given the Collateral Agent a Crest Default Remedy Instruction:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) require the Borrower to, and the Borrower hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place and time to be designated by the Collateral Agent that is reasonably convenient to both parties; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable; (iii) occupy any premises owned or leased by the Borrower where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to the Borrower in respect of such occupation; and (iv) exercise any and all rights and remedies of the Borrower under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) any and all rights of the Borrower to demand or otherwise require payment of any amount under, or performance of any provision of, the Assigned Agreements, the Receivables, the Related Contracts and the other Collateral, (B) withdraw, or cause or direct the withdrawal, of all funds with

respect to the Account Collateral and (C) exercise all other rights and remedies with respect to the Assigned Agreements, the Receivables, the Related Contracts and the other Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. The Borrower agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. It shall be a condition precedent to any sale or transfer of the Collateral to any purchaser or transferee, that such purchaser or transferee enter into an assumption agreement substantially in the form of the assumption and adoption dated May 9, 2005 which is one of the Crest Settlement Documents unless, at the time of each such transfer, Cheniere or any of its direct or indirect affiliates, joint ventures, and subsidiaries that are involved in the LNG business have under contract at one or more LNG facilities it retains, the right and obligation to process and receive a tariff for processing at least one Bcf of gas per day, for a period of at least five years following such transfer of assets. To the extent any purchaser or transferee is required to enter into any such assumption agreement, it shall be assigned the benefits of the Crest Cheniere Indemnity.

(b) Any cash held by or on behalf of the Collateral Agent and all cash proceeds received by or on behalf of the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Agent pursuant to *Section 18*) in whole or in part by the Collateral Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations, in the following manner:

(i) *first,* if in connection with a Crest Default Remedy Instruction, paid to Crest for payment of the Borrower's Past Due Crest Royalty Amount;

(ii) *second*, paid to the Agents for any amounts then owing to the Agents pursuant to *Section 8.04* of the Credit Agreement or otherwise under the Loan Documents, ratably in accordance with the amounts then owing to the Agents; and

(iii) *third*, ratably paid to the Lenders and the Hedge Banks for any amounts then owing to them, in their capacities as such, under the Loan Documents and the Secured Hedge Agreements ratably in accordance with the amounts then owing to the Lenders and the Hedge Banks, *provided* that, for purposes of this *Section 17*, the amount owing to any Hedge Bank pursuant to any Secured Hedge Agreement to which it is a party (other than any amount theretofore accrued and unpaid) shall be deemed to be equal to the Agreement Value thereof.

Any surplus of such cash or cash proceeds held by or on the behalf of the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus.

(c) All payments received by the Borrower under or in connection with any Assigned Agreement or otherwise in respect of the Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary indorsement).

(d) The Collateral Agent may, without notice to the Borrower except as required by law and at any time or from time to time, charge, set off and otherwise apply all or any part of the Secured Obligations against any funds held with respect to the Account Collateral or in any other deposit account.

(e) Notwithstanding anything to the contrary, if the exercise of any remedies in respect of the Collateral is related to a Borrower's Past Due Crest Royalty Amount or in connection with a Crest Default Remedy Instruction, recourse to the Collateral for the benefit of any Secured Parties shall be: *first* against the Retained Excess Cash Flow Collateral Account and all amounts therein, *second*, after no further amounts are available from the Retained Excess Cash Flow Collateral Account, the other Pledged Deposit Accounts and all amounts therein, *third*, after no further amounts are available from the Retained Excess Cash Flow Collateral Account and the other Pledged Deposit Accounts, all other Collateral other than the Pledged Equity and the Assigned Agreements, and *last*, thereafter, the Pledged Equity and the Assigned Agreements.

Section 18. Indemnity and Expenses. (a) The Borrower agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "***Indemnified Party***") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) The Borrower will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of the Borrower, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the other Secured Parties hereunder, or (iv) the failure by the Borrower to perform or observe any of the provisions hereof.

Section 19. Amendments; Waivers; Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Borrower herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Agent or any other Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Section 20. Notices, Etc. All notices and other communications provided for hereunder shall be either (i) in writing (including telecopier communication) and mailed, telecopied or otherwise delivered or (ii) by electronic mail (if electronic mail addresses are designated as provided below) confirmed immediately in writing, in the case of the Borrower or the Collateral Agent, addressed to it at its address specified in the Credit Agreement; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall, when mailed, telecopied, sent by electronic mail or otherwise, be effective when deposited in the mails, telecopied, sent by electronic mail and confirmed in writing, or otherwise delivered (or confirmed by a signed receipt), respectively, addressed as aforesaid; except that notices and other communications to the Collateral Agent shall not be effective until received by the Collateral Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of *this Agreement* or *Schedule* hereto shall be effective as delivery of an original executed counterpart thereof.

Section 21. Continuing Security Interest; Assignments under the Credit Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Secured Loan Obligations and (ii) the termination or expiration of all Secured Hedge Agreements, (b) be binding upon the Borrower, its successors and assigns, and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing *clause (c)*, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in *Section 8.07* of the Credit Agreement.

Section 22. Release; Termination. Upon the latest of (a) the payment in full in cash of the Secured Loan Obligations and (b) the termination or expiration of all Secured Hedge Agreements, the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Borrower. Upon any such termination, the Collateral Agent will, at the applicable Borrower's expense, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such termination.

Section 23. Subordination of Liens. The parties hereto intend that the security interests created under this Agreement in favor of the Collateral Agent to the extent for the

benefit of the Secured Lender Parties shall be effectively subordinate to the security interests created under this Agreement in favor of the Collateral Agent to the extent for the benefit of Crest, by virtue of Crest having prior rights and interests in the Collateral pursuant to the provisions of *Section 17* hereof. By its acceptance of the benefits hereof, Crest acknowledges and agrees that the Liens created in favor of the Collateral Agent for the benefit of the Secured Lender Parties to secure the Secured Loan Obligations are permitted under the Crest Settlement Documents.

Section 24. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 25. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Borrower has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CHENIERE LNG HOLDINGS, LLC
as Borrower

By: /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

Schedule I to the Security Agreement

INVESTMENT PROPERTY

Part I

Initial Pledged Shares

Issuer	Class of Equity Interest	Par Value	Certificate No(s)	Number of Shares	Percentage of Outstanding Shares

Part II

Pledged Debt

Debt Issuer	Description of Debt	Debt Certificate No(s)	Final Maturity	Outstanding Principal Amount

Part III

Other Investment Property

Issuer	Name of Investment	Certificate No(s)	Amount	Other Identification

ASSIGNED AGREEMENTS

Assigned Agreement[1]

[1] Identify with all relevant available details, including parties, date and name of agreement as appear in the agreement itself.

Cheniere Security Agreement

Schedule III to the Security Agreement

LOCATION, CHIEF EXECUTIVE OFFICE, TYPE OF ORGANIZATION, JURISDICTION OF ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER

Borrower	Location	Chief Executive Office	Type of Organization	Jurisdiction of Organization	Organizational I.D. No.
Cheniere Security Agreement					

ACCOUNTS

Cheniere Security Agreement

FORM OF CONSENT AND AGREEMENT

Cheniere Security Agreement

Exhibit 10.3

EXECUTION COPY

PLEDGE AGREEMENT

Dated August 31, 2005

From

The Pledgor referred to herein

as Pledgor

to

Credit Suisse, Cayman Islands Branch

as Collateral Agent

TABLE OF CONTENTS

Schedules

PLEDGE AGREEMENT

PLEDGE AGREEMENT dated August 31, 2005 (this "Agreement") made by Cheniere LNG-LP Interests, LLC, a Delaware limited liability company (the "***Pledgor***"), to Credit Suisse, Cayman Islands Branch, as collateral agent (in such capacity, together with any successor collateral agent appointed pursuant to Article VII of the Credit Agreement (as hereinafter defined), the "***Collateral Agent***") for the Secured Parties (as defined in the Credit Agreement).

PRELIMINARY STATEMENTS.

(1) Cheniere LNG Holdings, LLC, a Delaware limited liability company (the "***Borrower***"), has entered into a Credit Agreement dated as of August 31, 2005 (said Agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "***Credit Agreement***") with the Lenders and the Agents (each as defined therein).

(2) Pursuant to the Credit Agreement, the Pledgor is entering into this Agreement in order to grant to the Collateral Agent for the ratable benefit of the Secured Lender Parties a security interest in the Collateral (as hereinafter defined).

(3) Pursuant to a the Crest Settlement Documents, the Pledgor is prohibited from creating or allowing to be created any lien, security interest or other encumbrance on any of the Pledgor's assets for borrowed money that is senior to or *pari passu* with the Obligations of the Pledgor to Crest (excluding certain project financing arrangements); therefore, the parties hereto intend that the security interests granted herein to the Collateral Agent is also for the benefit of Crest and the rights and interests of Crest with respect to the Collateral shall be senior to the rights and interests of the Collateral Agent for the benefit of the Secured Lender Parties as provided herein.

(4) The Pledgor is the owner of 100% of all Equity Interests of the Borrower, which consists of as of the date hereof (the "***Initial Pledged Equity***") the Equity Interests described in Schedule II hereto and issued by the Persons named therein.

(5) It is a condition precedent to the making of Advances by the Lenders under the Credit Agreement and the entry into Secured Hedge Agreements by the Hedge Banks from time to time that the Pledgor shall have granted the security interest contemplated by this Agreement.

(6) The Pledgor will derive substantial direct and indirect benefit from the transactions contemplated by the Loan Documents.

(7) Terms defined in the Credit Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Credit Agreement. Further, unless otherwise defined in this Agreement or in the Credit Agreement, terms defined in Article 8 or 9 of the UCC (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9. "***UCC***" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection

or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "***UCC***" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Advances under the Credit Agreement and to induce the Hedge Banks to enter into Secured Hedge Agreements from time to time, the Pledgor hereby agrees with the Collateral Agent for the ratable benefit of the Secured Parties as follows:

Section 1. Grant of Security. The Pledgor hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in the Pledgor's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by the Pledgor, wherever located, and whether now or hereafter existing or arising (collectively, the "***Collateral***"):

(a) the Initial Pledged Equity and the certificates, if any, representing the Initial Pledged Equity, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Equity and all subscription warrants, rights or options issued thereon or with respect thereto; and

(b) all additional shares or units and other Equity Interests of or in the Borrower or any successor entity from time to time issued by the Borrower or acquired by the Pledgor in any manner (such shares, units and other Equity Interests, together with the Initial Pledged Equity, being the "***Pledged Equity***"), and the certificates, if any, representing such additional shares or other Equity Interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all subscription warrants, rights or options issued thereon or with respect thereto;

(c) all proceeds of, collateral for and supporting obligations relating to, any and all of the Collateral (including, without limitation, proceeds, collateral and supporting obligations that constitute property of the types described in *clauses (a) and (b)* and this *clause (c)*).

Section 2. Security for Obligations. This Agreement secures, in the case of the Pledgor, (i) all Obligations of the Borrower now or hereafter existing under the Loan Documents and the Secured Hedge Agreements, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such Obligations being the "***Secured Loan Obligations***") and (ii) all of Pledgor's obligations, if any, to pay the Crest Royalty (the "***Secured Crest Obligations"*** and collectively with the Loan Obligations the ***"Secured Obligations"***). Without limiting the generality of the foregoing, this

Agreement secures, as to the Pledgor, the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Pledgor to any Secured Party under the Loan Documents or in respect of the Secured Crest Obligations but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving a Loan Party.

Section 3. Pledgor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Pledgor shall remain liable under the contracts and agreements included in the Pledgor's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release the Pledgor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Loan Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Delivery and Control of Collateral. (a) All certificates or instruments representing or evidencing Collateral shall be delivered to and held by or on behalf of the Collateral Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Collateral Agent. The Collateral Agent shall have the right, at any time in its discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral, subject only to the revocable rights specified in *Section 8(a)*. In addition, the Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

(b) With respect to any Collateral in which the Pledgor has any right, title or interest and that constitutes an uncertificated security, the Pledgor will cause the Borrower either (i) to register the Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with the Pledgor and the Collateral Agent that the Borrower will comply with instructions with respect to such security originated by the Collateral Agent without further consent of the Pledgor, such authenticated record to be in form and substance satisfactory to the Collateral Agent.

Section 5. Representations and Warranties. The Pledgor represents and warrants as follows:

(a) The Pledgor's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in Schedule I hereto. The Pledgor has only the trade names listed on Schedule I hereto. The Pledgor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office in the state or jurisdiction set forth in Schedule I hereto. The information set forth in Schedule I hereto with respect to the Pledgor is true and accurate in all respects. The Pledgor has not previously changed its name, location, chief executive office, type of organization, jurisdiction of organization or organizational identification number from those set forth in Schedule I hereto except as disclosed in Schedule III hereto.

(b) All Collateral consisting of certificated securities and instruments has been delivered to the Collateral Agent.

(c) The Pledgor is the legal and beneficial owner of the Collateral of the Pledgor free and clear of any Lien, claim, option or right of others, except for the security interest created under this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing the Pledgor or any trade name of the Pledgor as debtor with respect to such Collateral is on file in any recording office, except (i) such as may have been filed in favor of the Collateral Agent relating to the Loan Documents, (ii) as may have been filed in favor of Collateral Agent or Crest relating to the Secured Crest Obligations or (iii) as otherwise permitted under the Credit Agreement.

(d) The Pledged Equity pledged by the Pledgor hereunder has been duly authorized and validly issued and is fully paid and non-assessable. With respect to the Pledged Equity that is an uncertificated security, the Pledgor has caused the issuer thereof either (i) to register the Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with the Pledgor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of the Pledgor. If the Pledgor is an issuer of Pledged Equity, the Pledgor confirms that it has received notice of such security interest.

(e) The Initial Pledged Equity pledged by the Pledgor constitutes 100% of each series and each class of issued and outstanding Equity Interests of the Borrower.

(f) All filings and other actions (including without limitation, actions necessary to obtain control of Collateral as provided in Section 9-106 of the UCC) necessary to perfect the security interest in the Collateral of the Pledgor created under this Agreement have been duly made or taken and are in full force and effect, and this Agreement creates in favor of the Collateral Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral of the Pledgor, securing the payment of the Secured Obligations.

(g) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by the Pledgor of the security interest granted hereunder or for the execution, delivery or performance of this Agreement by the Pledgor, (ii) the perfection or maintenance of the security interest created hereunder (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the UCC, which financing statements have been duly filed and are in full force and effect, and the actions described in *Section 4*, which actions have been taken and are in full force and effect or (iii) the exercise by the Collateral Agent of its voting or other rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with the disposition of any portion of the Collateral by laws affecting the offering and sale of securities generally.

Section 6. Further Assurances and Covenants. (a) The Pledgor agrees that from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that the Collateral Agent may request, in order to perfect and protect any pledge or security interest granted or purported to be granted by the Pledgor hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of the Pledgor. Without limiting the generality of the foregoing, the Pledgor will promptly with respect to Collateral of the Pledgor: (i) file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Agent may request, in order to perfect and preserve the security interest granted or purported to be granted by the Pledgor hereunder; (ii) deliver and pledge to the Collateral Agent for benefit of the Secured Parties certificates representing Collateral that constitutes certificated securities, accompanied by undated stock powers or other appropriate instruments of transfer executed in blank; (iii) take all action necessary to ensure that the Collateral Agent has control of Collateral consisting of investment property as provided in Section 9-106 of the UCC; and (iv) deliver to the Collateral Agent evidence that all other action that the Collateral Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest created by the Pledgor under this Agreement has been taken.

(b) The Pledgor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto covering the Collateral, in each case without the signature of the Pledgor, and regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. The Pledgor ratifies its authorization for the Collateral Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

(c) The Pledgor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral of the Pledgor and such other reports in connection with such Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(d) The Pledgor will ensure that the LLC Agreement provides at all times that: (i) the consent of the Independent Manager is required to (A) file, consent to the filing of, or join in any filing of, a bankruptcy or insolvency petition, or otherwise institute insolvency proceedings, (B) dissolve, liquidate, consolidate, merge, or sell all or substantially all of the assets of the Borrower; (C) engage in any other business activity, and (D) amend the LLC Agreement; (ii) the Borrower will not be dissolved and its affairs will not be wound up solely upon the withdrawal or termination of a member (other than the last remaining member); (iii) if the Borrower is dissolved, the Borrower's assets will not be liquidated without the consent of 100% of the Lenders and that the Secured Parties shall be entitled to continue to exercise and

pursue all of their rights and remedies under the Loan Documents and retain the Collateral until the Obligations have been paid in full or otherwise completely discharged; and (iv) in making any decisions for the Borrower, the Independent Manager shall be required to consider the interests of the Agents, the Lenders and the Hedge Banks.

(e) The Pledgor will not cause the Borrower to file a voluntary petition under any Bankruptcy Laws or other insolvency laws unless, and only unless, such filing has been authorized in accordance with the LLC Agreement.

(f) The Pledgor will cause the Borrower to have at all times at least one Independent Manager.

(g) The Pledgor will not cause the Borrower to create or acquire any Subsidiaries other than the Subsidiaries of the Borrower existing on the Closing Date.

Section 7. Post-Closing Changes. The Pledgor will not change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in ***Section 5(a)*** without first giving at least 30 days' prior written notice to the Collateral Agent and taking all action required by the Collateral Agent for the purpose of perfecting or protecting the security interest granted by this Agreement. The Pledgor will not become bound by a security agreement authenticated by another Person (determined as provided in Section 9-203(d) of the UCC) without giving the Collateral Agent 30 days' prior written notice thereof and taking all action required by the Collateral Agent to ensure that the perfection and first priority nature of the Collateral Agent's security interest in the Collateral will be maintained. The Pledgor will hold and preserve its records relating to the Collateral and will permit representatives of the Collateral Agent at any time during normal business hours to inspect and make abstracts from such records and other documents. If the Pledgor does not have an organizational identification number and later obtains one, it will forthwith notify the Collateral Agent of such organizational identification number.

Section 8. Voting Rights; Dividends; Etc. (a) So long as no Default under Section 6.01(f) of the Credit Agreement or Event of Default shall have occurred and be continuing:

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights of the Pledgor pertaining to the Collateral consisting of Equity Interests or any part thereof for any purpose; *provided however*, that the Pledgor will not exercise or refrain from exercising any such right if such action would have a material adverse effect on the value of the Collateral or any part thereof.

(ii) To the extent permitted by the Credit Agreement, the Pledgor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Collateral of the Pledgor if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Loan Documents; *provided*, *however*, that any and all

(A) dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Collateral,

(B) dividends and other distributions paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, any Collateral

shall be, and shall be forthwith delivered to the Collateral Agent to hold as, Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of the Pledgor and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary indorsement).

(iii) The Collateral Agent will execute and deliver (or cause to be executed and delivered) to the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights that it is entitled to exercise pursuant to *paragraph (i)* above and to receive the dividends or interest payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of a Default under Section 6.01(f) of the Credit Agreement or an Event of Default:

(i) All rights of the Pledgor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to *Section 8(a)(i)* shall, upon notice to the Pledgor by the Collateral Agent, cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to *Section 8(a)(ii)* shall automatically cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by the Pledgor contrary to the provisions of paragraph (i) of this*Section 8(b)* shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary indorsement).

Section 9. Transfers and Other Liens; Additional Shares. (a) The Pledgor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral or (ii) create, incur, assume or suffer to exist to exist any Lien upon or with respect to any of the Collateral except for the pledge, assignment and security interest created under this Agreement.

(b) The Pledgor agrees that it will (i) cause the Borrower not to issue any Equity Interests or other securities in addition to or in substitution for the Pledged Equity, except to the Pledgor, and (ii) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional Equity Interests or other securities of the Borrower as Collateral.

Section 10. Collateral Agent Appointed Attorney-in-Fact. The Pledgor hereby irrevocably appoints the Collateral Agent the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(b) to receive, indorse and collect any drafts or other instruments or documents, in connection with *clause (a)* above, and

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral.

The above appointment of Collateral Agent as Pledgor's attorney-in-fact shall be effective only during any period in which a Default or Event of Default shall be continuing.

Section 11. Collateral Agent May Perform. If the Pledgor fails to perform any agreement contained herein, the Collateral Agent may, as the Collateral Agent deems necessary to protect the security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor under *Section 14*.

Section 12. The Collateral Agent's Duties. (a) The powers conferred on the Collateral Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Collateral Agent may from time to time, when the Collateral Agent deems it to be necessary, appoint one or

more subagents (each a "***Subagent***") for the Collateral Agent hereunder with respect to all or any part of the Collateral. In the event that the Collateral Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by the Pledgor hereunder shall be deemed for purposes of this Agreement to have been made to such Subagent, in addition to the Collateral Agent, for the ratable benefit of the Secured Parties, as security for the Secured Obligations of the Pledgor, (ii) such Subagent shall automatically be vested, in addition to the Collateral Agent, with all rights, powers, privileges, interests and remedies of the Collateral Agent hereunder with respect to such Collateral, and (iii) the term "Collateral Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Collateral Agent with respect to such Collateral, shall include such Subagent; *provided*, *however*, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Collateral Agent.

Section 13. Remedies. If (x) any Event of Default shall have occurred and be continuing or (y) a Crest shall have given the Collateral Agent a Crest Default Remedy Instruction:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable; and (ii) exercise any and all rights and remedies of any of the Pledgors under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. It shall be a condition precedent to any sale or transfer of the Collateral to any purchaser or transferee, that such purchaser or transferee enter into an assumption agreement substantially in the form of the assumption and adoption dated May 9, 2005 which is one of the Crest Settlement Documents unless, at the time of each such transfer, Cheniere or any of its direct or indirect affiliates, joint ventures, and subsidiaries that are involved in the LNG business have under contract at one or more LNG facilities it retains, the right and obligation to process and receive a tariff for processing at least one Bcf of gas per day, for a period of at least five years following such transfer of assets. To the extent any purchaser or transferee is required to enter into any such assumption agreement, it shall be assigned the benefits of the Crest Cheniere Indemnity.

(b) Any cash held by or on behalf of the Collateral Agent and all cash proceeds received by or on behalf of the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Agent pursuant to *Section 14*) in whole or in part by the Collateral Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations, in the following manner:

(i) *first,* if in connection with a Crest Default Remedy Instruction, to the extent that the Crest Royalty or any portion thereof for any year becomes due and payable after the expiration of all applicable cure and grace periods and has not been paid by any other Person prior to the expiration of all applicable cure and grace periods and the Pledgor is required to pay such past due Crest Royalty or portion thereof (the "***Pledgor's Past Due Crest Royalty Amount***"), paid to Crest for payment of the Pledgor's Past Due Crest Royalty Amount;

(ii) *second*, paid to the Agents for any amounts then owing to the Agents pursuant to *Section 8.04* of the Credit Agreement or otherwise under the Loan Documents, ratably in accordance with such respective amounts then owing to the Agents; and

(iii) *third*, ratably paid to the Lenders and the Hedge Banks, respectively, for any amounts then owing to them, in their capacities as such, under the Loan Documents ratably in accordance with such respective amounts then owing to such Lenders and the Hedge Banks, *provided* that, for purposes of this *Section 13*, the amount owing to any such Hedge Bank pursuant to any Secured Hedge Agreement to which it is a party (other than any amount therefore accrued and unpaid) shall be deemed to be equal to the Agreement Value therefor.

Any surplus of such cash or cash proceeds held by or on the behalf of the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the applicable Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All payments received by the Pledgor in respect of the Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary indorsement).

(d) The Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of any or all the Collateral by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that any such private sale may result in prices and other terms

less favorable than if such sale were a public sale and, notwithstanding such circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner.

(e) Notwithstanding anything to the contrary, the exercise of any remedies in respect of the Collateral related to a Pledgor's Past Due Crest Royalty Amount or in connection with a Crest Default Remedy Instruction shall be subject to the prior exercise of remedies under the Security Agreement.

Section 14. Indemnity and Expenses. (a) The Pledgor agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "***Indemnified Party***") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) The Pledgor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from or other realization upon, any of the Collateral of the Pledgor, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the other Secured Parties hereunder or (iv) the failure by the Pledgor to perform or observe any of the provisions hereof.

Section 15. Amendments; Waivers; Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Agent or any other Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Section 16. Notices, Etc. All notices and other communications provided for hereunder shall be either (i) in writing (including telegraphic, telecopier or telex communication) and mailed, telegraphed, telecopied, telexed or otherwise delivered or (ii) by electronic mail (if electronic mail addresses are designated as provided below) confirmed immediately in writing, in the case of the Borrower or the Collateral Agent, addressed to it at its address specified in the Credit Agreement and, in the case of the Pledgor, addressed to it at its address set forth opposite the Pledgor's name on the signature pages hereto or on the signature page to the Pledge Agreement Supplement pursuant to which it became a party hereto; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall, when mailed, telecopied, sent by electronic mail or

otherwise, be effective when deposited in the mails, telecopied, sent by electronic mail and confirmed in writing, or otherwise delivered (or confirmed by a signed receipt), respectively, addressed as aforesaid; except that notices and other communications to the Collateral Agent shall not be effective until received by the Collateral Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Pledge Agreement Supplement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

Section 17. Continuing Security Interest; Assignments Under the Credit Agreement This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Secured Loan Obligations, (ii) the Termination Date and (iii) the termination or expiration of all Secured Hedge Agreements, (b) be binding upon the Pledgor, its successors and assigns and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing *clause (c)*, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in *Section 8.07* of the Credit Agreement.

Section 18. Release; Termination. (a) Upon any sale, transfer or other disposition of any item of Collateral of the Pledgor in accordance with the terms of the Loan Documents, the Collateral Agent will, at the Pledgor's expense, execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence the release of such item of Collateral from the security interest granted hereby; *provided*, *however*, that (i) at the time of such request and such release no Event of Default shall have occurred and be continuing, (ii) the Pledgor shall have delivered to the Collateral Agent, at least ten Business Days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, transfer or other disposition in reasonable detail, including, without limitation, the price thereof and any expenses in connection therewith, together with a form of release for execution by the Collateral Agent and a certificate of the Pledgor to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Collateral Agent may request and (iii) the proceeds of any such sale, transfer or other disposition required to be applied, or any payment to be made in connection therewith, in accordance with *Section 2.06* of the Credit Agreement shall, to the extent so required, be paid or made to, or in accordance with the instructions of, the Collateral Agent when and as required under *Section 2.06* of the Credit Agreement.

(b) Upon the latest of (i) the payment in full in cash of the Loan Obligations, (ii) the Termination Date and (iii) the termination or expiration of all Secured Hedge Agreements, the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Pledgor. Upon any such termination, the Collateral Agent will, at the applicable Pledgor's expense, execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

Section 19. Security Interest Absolute. The obligations of the Pledgor under this Agreement are independent of the Secured Obligations or any other Obligations of any other Loan Party under or in respect of the Loan Documents, and a separate action or actions may be brought and prosecuted against the Pledgor to enforce this Agreement, irrespective of whether any action is brought against the Pledgor or any other Loan Party or whether the Pledgor or any other Loan Party is joined in any such action or actions. All rights of the Collateral Agent and the other Secured Parties and the pledge, assignment and security interest hereunder, and all obligations of the Pledgor hereunder, shall be irrevocable, absolute and unconditional irrespective of, and the Pledgor hereby irrevocably waives (to the maximum extent permitted by applicable law) any defenses it may now have or may hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other Obligations of any other Loan Party under or in respect of the Loan Documents or any other amendment or waiver of or any consent to any departure from any Loan Document, including, without limitation, any increase in the Secured Obligations resulting from the extension of additional credit to any Loan Party or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;

(d) any manner of application of any Collateral or any other collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Secured Obligations or any other Obligations of any other Loan Party under or in respect of the Loan Documents or any other assets of any Loan Party or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Loan Party or any of its Subsidiaries;

(f) any failure of any Secured Party to disclose to any Loan Party any information relating to the business, condition (financial or otherwise), operations, performance, assets, nature of assets, liabilities or prospects of any other Loan Party now or hereafter known to such Secured Party (the Pledgor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the release or reduction of liability of the Pledgor or other grantor or surety with respect to the Secured Obligations; or

(h) any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, the Pledgor or any other Pledgor or a third party grantor of a security interest.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or by any other Person upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, all as though such payment had not been made.

Section 20. Subordination of Liens. The parties hereto intend that the security interests created under this Agreement in favor of the Collateral Agent to the extent for the benefit of the Secured Lender Parties shall be effectively subordinate to the security interests created under this Agreement in favor of the Collateral Agent to the extent for the benefit of Crest, by virtue of Crest having prior rights and interests in the Collateral pursuant to the provisions of *Section 13* hereof. By its acceptance of the benefits hereof, Crest acknowledges and agrees that the Liens created in favor of the Collateral Agent for the benefit of the Secured Lender Parties to secure the Secured Loan Obligations are permitted under the Crest Settlement Documents.

Section 21. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 22. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 23. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 24. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this

Agreement or any of the other Loan Documents to which it is a party in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 25. Waiver of Jury Trial. The Pledgor irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of any Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CHENIERE LNG-LP INTERESTS, LLC

By: /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

Address for Notices:

Cheniere LNG-LP Interests, LLC
717 Texas Avenue
Suite 3100
Houston, TX 77002

Schedule I to the Pledge Agreement

LOCATION, CHIEF EXECUTIVE OFFICE, TYPE OF ORGANIZATION, JURISDICTION OF ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER

Pledgor	Location	Chief Executive Office	Type of Organization	Jurisdiction of Organization	Organizational I.D. No.	Trade Names

Schedule II to the Pledge Agreement

PLEDGED EQUITY

Part I

Class of Equity Interest	Par Value	Certificate No(s)	Number of Shares	Percentage of Outstanding Shares

Schedule III to the Pledge Agreement

CHANGES IN NAME, LOCATION, ETC.

1. Changes in the Pledgor's Name (including new Pledgor with a new name and names associated with all predecessors in interest of the Pledgor):

Pledgor	**Changes**

2. Changes in the Pledgor's Location:

Pledgor	**Changes**

3. Changes in the Pledgor's Chief Executive Office:

Pledgor	**Changes**

4. Changes in the Type of Organization:

Pledgor	**Changes**

5. Changes in the Jurisdiction of Organization:

Pledgor	**Changes**

6. Changes in the Organizational Identification Number:

Pledgor	**Changes**

Exhibit 10.4

EXECUTION COPY

CONTROL AGREEMENT

CONTROL AGREEMENT (this "***Agreement***") dated as of August 31, 2005, among Cheniere LNG Holdings, LLC, a Delaware limited liability company (the "***Grantor***"), Credit Suisse, Cayman Islands Branch, as Collateral Agent (the "***Secured Party***"), and The Bank of New York, as securities intermediary and depository bank (the "***Account Bank***").

PRELIMINARY STATEMENTS:

(1) The Grantor has granted the Secured Party a security interest (the "***Security Interest***") in the following accounts maintained by the Account Bank for the Grantor (the "***Accounts***"):

The Bank of New York
ABA Number: 021-000-018
Account Number: GLA/111-565
Account Name: CAPITAL CNTRBUTN RESERVE
Sub Account Number: 467668
Ref: CHENIERE LNG HOLDINGS

The Bank of New York
ABA Number: 021-000-018
Account Number: GLA/111-565
Account Name: RETAINED EXCESS CASH FLOW COLLATERAL
Sub Account Number: 467669
Ref: CHENIERE LNG HOLDINGS

The Bank of New York
ABA Number: 021-000-018
Account Number: GLA/111-565
Account Name: DS RESERVE
Account Number: 467670
Ref: CHENIERE LNG HOLDINGS

(2) Terms defined in Article 8 or 9 of the Uniform Commercial Code in effect in the State of New York (the "***N.Y. Uniform Commercial Code***") are used in this Agreement as such terms are defined in such Article 8 or 9.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. The Accounts. The Grantor and the Account Bank represent and warrant to, and agree with, the Secured Party that:

(a) The Account Bank maintains each Account for the Grantor, and all property (including, without limitation, all funds and financial assets) held by the Account Bank for the account of the Grantor are, and will continue to be, credited to an Account in accordance with instructions given by the Grantor (unless otherwise provided herein).

(b) To the extent that funds are credited to any Account, such Account is a deposit account; and to the extent that financial assets are credited to any Account, such Account is a securities account. The Account Bank is (i) the bank with which each Account is maintained and (ii) the securities intermediary with respect to financial assets held in any Account. The Grantor is (x) the Account Bank's customer with respect to the Accounts and (y) the entitlement holder with respect to all financial assets credited from time to time to any Account.

(c) Notwithstanding any other agreement to the contrary, the Account Bank's jurisdiction with respect to the Accounts for purposes of the N.Y. Uniform Commercial Code is, and will continue to be for so long as the Security Interest shall be in effect, the State of New York.

(d) The Grantor and the Account Bank (to its knowledge without independent investigation) do not know of any claim to or interest in the Accounts or any property (including, without limitation, funds and financial assets) credited to the Accounts, except for claims and interests of the parties referred to in this Agreement.

SECTION 2. Control by Secured Party. The Account Bank will comply with (i) all instructions directing disposition of the funds in the Accounts, (ii) all notifications and entitlement orders that the Account Bank receives directing it to transfer or redeem any financial asset in any Account and (iii) all other directions concerning the Accounts, including, without limitation, directions to distribute to the Secured Party proceeds of any such transfer or redemption or interest or dividends on financial assets in any Account (any such instruction, notification or direction referred to in clause (i), (ii) or (iii) above being an "***Account Direction***"), in each case of clauses (i), (ii) and (iii) above originated by the Secured Party without further consent by the Grantor.

SECTION 3. Grantor's Rights in Accounts. Except for crediting the Grantor's property to the Accounts pursuant to Section 1(a) or otherwise directed by the Secured Party, the Account Bank will not comply with any Account Direction or any other direction concerning any Account originated by the Grantor.

SECTION 4. Priority of Secured Party's Security Interest. (a) The Account Bank (i) subordinates to the Security Interest and in favor of the Secured Party any security interest, lien or right of recoupment or setoff that the Account Bank may have, now or in the future, against any Account or any funds and financial assets credited to any Account and (ii) agrees that it will not exercise any right in respect of any such security interest or lien or any such right of recoupment or setoff until the Security Interest is terminated, except that the Account Bank (A) will retain its prior security interest and lien on funds and financial assets credited to any Account, (B) may exercise any right in respect of such security interest or lien,

and (C) may exercise any right of recoupment or setoff against any Account, in the case of clauses (A), (B) and (C) above, to secure or to satisfy payment (x) of the purchase price for financial assets credited to such Account, (y) for its customary fees and expenses for the routine maintenance and operation of such Account and (z) for the face amount of any items that have been credited to such Account but are subsequently returned unpaid because of uncollected or insufficient funds.

(b) The Account Bank will not enter into any other agreement with any Person relating to Account Directions or other directions with respect to any Account.

SECTION 5. Statements, Confirmations, and Notices of Adverse Claims. (a) The Account Bank will send copies of all statements and confirmations for each Account simultaneously to the Secured Party and the Grantor.

(b) When the Account Bank receives written notice of any claim or interest in any Account or any funds or financial assets credited to any Account other than the claims and interests of the parties referred to in this Agreement, the Account Bank will promptly notify the Secured Party and the Grantor of such claim or interest.

SECTION 6. The Account Bank's Responsibility. (a) The Account Bank will not be liable to the Grantor or the Secured Party under any circumstances (other than those which are determined to have been caused by the Account Bank's own gross negligence or willful misconduct as found by a court of competent jurisdiction in a final, non-appealable judgment), including, without limitation, for complying with an Account Direction or other direction concerning any Account originated by the Secured Party, even if the Grantor notifies the Account Bank that the Secured Party is not legally entitled to issue such Account Direction or such other direction.

(b) This Agreement does not create any obligation of the Account Bank except for those expressly set forth in this Agreement and, to the extent any Account is a securities account, in Part 5 of Article 8 of the N.Y. Uniform Commercial Code and, to the extent any Account is a deposit account, in Article 4 of the N.Y. Uniform Commercial Code. In particular, the Account Bank need not investigate whether the Secured Party is entitled under the Secured Party's agreements with the Grantor to give an Account Direction or other direction concerning any Account. The Account Bank may conclusively rely on notices and communications it believes given by the appropriate party.

(c) The Account Bank undertakes to perform such duties and only such duties as are specifically set forth in this and no implied covenants or obligations shall be read into this against the Account Bank.

(d) The Account Bank may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(e) The Account Bank may consult with counsel of its selection and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Account Bank shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

(g) In no event shall the Account Bank be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Account Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 7. Indemnity. The Grantor, and failing which, the Secured Party will indemnify the Account Bank, its officers, directors, employees and agents against claims, losses, damages, liabilities and expenses arising out of this Agreement (including, without limitation, reasonable attorney's fees and disbursements), except to the extent the claims, liabilities or expenses are determined to have been caused by the Account Bank's own gross negligence or willful misconduct as found by a court of competent jurisdiction in a final, non-appealable judgment.

SECTION 8. Termination; Survival. (a) The Secured Party may terminate this Agreement by notice to the Account Bank and the Grantor. If the Secured Party notifies the Account Bank that the Security Interest has terminated, this Agreement will immediately terminate.

(b) The Account Bank may terminate this Agreement on 60 days' prior notice to the Secured Party and the Grantor*provided* that before such termination the Account Bank and the Grantor shall make arrangements to transfer the property (including, without limitation, all funds and financial assets) credited to each Account to another Account Bank that shall have executed, together with the Grantor, a control agreement in favor of the Secured Party in respect of such property in substantially the form of this Agreement or otherwise in form and substance satisfactory to the Secured Party.

(c) Sections 6 and 7 will survive termination of this Agreement.

SECTION 9. Governing Law. This Agreement and each Account will be governed by the law of the State of New York. The Account Bank and the Grantor may not change the law governing any Account without the Secured Party's express prior written agreement.

SECTION 10. Entire Agreement. This Agreement is the entire agreement, and supersedes any prior agreements, and contemporaneous oral agreements, of the parties concerning its subject matter.

SECTION 11. Amendments. No amendment of, or waiver of a right under, this Agreement will be binding unless it is in writing and signed by the party to be charged.

SECTION 12. Financial Assets. The Account Bank agrees with the Secured Party and the Grantor that, to the fullest extent permitted by applicable law, all property (other than funds) credited from time to time to any Account will be treated as financial assets under Article 8 of the N.Y. Uniform Commercial Code.

SECTION 13. Notices. A notice, instruction, direction or other communication to a party under this Agreement will be in writing (except that Account Directions may be given orally), will be sent to the party's address set forth under its name below or to such other address as the party may notify the other parties and will be effective on receipt.

SECTION 14. Binding Effect. This Agreement shall become effective when it shall have been executed by the Grantor, the Secured Party and the Account Bank, and thereafter shall be binding upon and inure to the benefit of the Grantor, the Secured Party and the Account Bank and their respective successors and assigns.

SECTION 15. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 16. Force Majeure. In no event shall the Account Bank be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Account Bank shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CHENIERE LNG HOLDINGS, LLC

By /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

Address:
717 Texas, Suite 3100, Houston, Texas 77002
Attention: Treasurer
Fax No.: (713) 659-5459

CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as Collateral Agent

By /s/ James Moran

Name: James Moran
Title: Managing Director

By /s/ Gregory S. Richards

Name: Gregory S. Richards
Title: Associate

Address:
Eleven Madison Avenue, New York, New York 10010-3629
Attention: James Moran
Fax No.: (212) 743-1878

THE BANK OF NEW YORK

By /s/ Ritu Khanna

Name: Ritu Khanna
Title: Vice President

Address:
101 Barclary Street, New York, NY 10286
Attention: Global Finance Unit
Fax No.: (212) 815-5802

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One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
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Novation Confirmation

Date: 6 September 2005

To: Cheniere Energy Inc.

To: Cheniere LNG Holdings, LLC

From: Credit Suisse First Boston International ("CSFBi")

Re: Novation Transaction

External ID: 9233022

Dear Sir/Madam:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

This Confirmation amends, restates and supersedes in its entirety all Confirmations dated prior to the date hereof in respect of this Transaction.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2000 ISDA definitions (the "Product Definitions"), each as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the Product Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation with govern. In the event of any inconsistency between the Novation Confirmation and the New Confirmation, the New Confirmation will govern for the purpose of the New Transaction.

2. The terms of the Novation Transaction to which this Novation Confirmation relates are as follows:

Novation Trade Date:	31 August 2005
Novated Amount:	USD 600,000,000
Transferor:	Cheniere Energy Inc.
Transferee:	Cheniere LNG Holdings, LLC
Remaining Party:	Credit Suisse First Boston International

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London E14 4QJ

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New Agreement (between Transferee and Remaining Party):	Section 1.11 of the Definitions shall apply save that an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) subject to the laws of the State of New York shall be deemed to be incorporated for the purposes hereof

3. The terms of the Old Transaction to which this Novation Confirmation relates, for identification purposes, are as follows:

Trade Date of Old Transaction:	29 August 2005
Effective Date of Old Transaction:	31 August 2005
Termination Date of Old Transaction:	30 September 2006

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in the New Confirmation attached hereto as Exhibit A.

Full First Calculation Period:	Applicable

5. Miscellaneous Provisions:

Non-Reliance:	Applicable

6. Notice Details:

Telephone and/or Facsimile Numbers for Notices:

Transferee:	To be advised
Remaining Party:	To be advised

Credit Suisse First Boston International is authorized and regulated by the Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to the parties on request.

The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Credit Suisse First Boston International
By its Agent: Credit Suisse First Boston LLC

By: /s/ JOHN RYAN
Name: **John Ryan**
Title: **A.V.P. Operations**

Cheniere Energy Inc.

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CFO**

Cheniere LNG Holdings, LLC

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CEO**

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EXHIBIT A

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One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
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6 September 2005

Cheniere LNG Holdings, LLC
717 Texas Avenue
Suite 3100
Houston, Texas 77002
United States

External ID 9233022

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

This Confirmation amends, restates and supersedes in its entirety all Confirmations dated prior to the date hereof in respect of this Transaction.

1. The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

   If you and we are parties to the 1992 ISDA Master Agreement, (the "Agreement"), this Confirmation supplements, forms a part of, and is subject to such Agreement. If you and we are not yet parties to the Agreement, you and we agree to use our best efforts promptly to negotiate, execute, and deliver the Agreement, including our standard form of Schedule attached thereto and made a part thereof, with such modifications as you and we shall in good faith agree. Upon execution and delivery by you and us of the Agreement, this Confirmation shall supplement, form a part of, and be subject to such Agreement. Until you and we execute and deliver the Agreement, this Confirmation (together with all other Confirmations of Transactions previously entered into between us, notwithstanding anything to the contrary therein) shall supplement, form a part of, and be subject to the 1992 ISDA Master Agreement as if, on the Trade Date of the first such Transaction between us, you and we had executed that agreement (without any Schedule thereto) and had specified that the Automatic Early Termination provisions contained in Section 6(a) of such agreement would apply.

   The Agreement and each Confirmation thereunder will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine and each party hereby submits to the Courts of the State of New York.

   CSFBi and Counterparty each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

   In this Confirmation, "CSFBi" means Credit Suisse First Boston International and "Counterparty" means Cheniere LNG Holdings, LLC

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 600,000,000; Subject to adjustment as per Amortization Schedule attached hereto.
Novation Trade Date:	31 August 2005
Effective Date:	31 August 2005
Termination Date:	**30 September 2006**, subject to adjustment in accordance with the Modified Following Business Day Convention

Floating Amounts:

Floating Rate Payer:	CSFBi
Floating Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 30 September 2005 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	USD-LIBOR-BBA
Floating Rate for the Initial Calculation Period:	3.67%
Spread:	None
Designated Maturity:	3 months
Floating Rate Day Count Fraction:	Actual/360

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The last day of September and March, commencing on 30 September 2005 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	3.75%
Fixed Rate Day Count Fraction:	Actual/360
Compounding:	Inapplicable
Business Days:	New York and London
Calculation Agent:	CSFBi

3. Other Provisions:

(a) Credit Support Document:

For Counterparty, the "Collateral Documents," as such term is defined in the Credit Agreement dated as of August 31, 2005, among Counterparty, the lenders party thereto, and Credit Suisse, Cayman Islands Branch, as administrative agent and collateral agent for such lenders, as it may be amended, restated or otherwise modified from time to time (as used herein, the "Credit Agreement").

(b) Credit Support Provider:

For Counterparty, each grantor of a pledge, security interest or other form of hypothecation under any of the Collateral Documents.

(c) Additional Termination Event:

It shall constitute an Additional Termination Event if at any time the "Collateral," as such term is defined in the Credit Agreement, fails to secure Counterparty's obligations to CSFBi hereunder (or under any and all particular Transactions).

For the purpose of the foregoing, Counterparty shall be deemed to be the Affected Party.

(d) Payments on Early Termination: For the purpose of Section 6(e) of the Agreement, the Second Method and Loss will apply.

(e) Additional Representations and Obligations of Counterparty:

Counterparty represents and warrants to CSFBi and further covenants that, except for the Secured Credit Obligations (as defined in the Collateral Documents), its obligations hereunder (or under any and all particular Transactions) are or shall be secured pari passu in all respects and at all times with all of Counterparty's senior secured obligations.

(f) Set-Off:

Without affecting the provisions of this Confirmation requiring the calculation of certain net payment amounts, all payments under this Confirmation will be made without set-off or counterclaim; provided, however, that upon the designation or deemed designation of any Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) under applicable law:

the Non-Defaulting Party or the party that is not the Affected Party (in either case, "X") may, without prior notice to any person, set off any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or to any Affiliate of X, against any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y, and, for this purpose, may convert one currency into another. If any sum or obligation is unascertained, X may in good faith estimate that sum or obligation and set off in respect of that estimate, subject to X or Y, as the case may be, accounting to the other party when such sum or obligation is ascertained.

Nothing in this provision shall be effective or deemed to create any charge or other security interest.

4. Account Details:

Payments to CSFBi:	As advised separately in writing
Payments to Counterparty:	As advised separately in writing

Credit Suisse First Boston International is authorized and regulated by The Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Counterparty on request.

ADDITIONAL TERMS

Amortization Schedule

Calculated Period up to but excluding the Payment Date scheduled to occur on:	Notional Amount: (in USD)
September 30, 2005	600,000,000
December 31, 2005	600,000,000
March 31, 2006	598,500,000
June 30, 2006	597,000,000
September 30, 2006	595,500,000

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London E14 4QJ

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Novation Confirmation

Date: 31 August 2005

To: Cheniere Energy Inc.

To: Cheniere LNG Holdings, LLC

From: Credit Suisse First Boston International ("CSFBi")

Re: Novation Transaction

External ID: 9233023

Dear Sir/Madam:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2000 ISDA definitions (the "Product Definitions"), each as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the Product Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation will govern. In the event of any inconsistency between the Novation Confirmation and the New Confirmation, the New Confirmation will govern for the purpose of the New Transaction.

2. The terms of the Novation Transaction to which this Novation Confirmation relates are as follows:

Novation Trade Date:	31 August 2005
Novated Amount:	USD 594,000,000
Transferor:	Cheniere Energy Inc.
Transferee:	Cheniere LNG Holdings, LLC
Remaining Party:	Credit Suisse First Boston International
New Agreement (between Transferee and Remaining Party):	Section 1.11 of the Definitions shall apply save that an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) subject to the laws of the State of New York shall be deemed to be incorporated for the purposes hereof

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London E14 4QJ

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3. The terms of the Old Transaction to which this Novation Confirmation relates, for identification purposes, are as follows:

Trade Date of Old Transaction:	29 August 2005
Effective Date of Old Transaction:	30 September 2006
Termination Date of Old Transaction:	30 September 2007

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in the New Confirmation attached hereto as Exhibit A.

Full First Calculation Period:	Applicable

5. Miscellaneous Provisions:

Non-Reliance:	Applicable

6. Notice Details:

Telephone and/or Facsimile Numbers for Notices:

Transferee:	To be advised
Remaining Party:	To be advised

Credit Suisse First Boston International is authorized and regulated by the Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to the parties on request.

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London E14 4QJ

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The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Credit Suisse First Boston International
By its Agent: Credit Suisse First Boston LLC

By: /s/ CHRISTY GRANT
Name: **Christy Grant**
Title: **Assistant Vice President Operations**

Cheniere Energy Inc.

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CFO**

Cheniere LNG Holdings, LLC

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CEO**

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London E14 4QJ

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EXHIBIT A

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One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

31 August 2005

Cheniere LNG Holdings, LLC
717 Texas Avenue
Suite 3100
Houston, Texas 77002
United States

External ID 9233023

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

   If you and we are parties to the 1992 ISDA Master Agreement, (the "Agreement"), this Confirmation supplements, forms a part of, and is subject to such Agreement. If you and we are not yet parties to the Agreement, you and we agree to use our best efforts promptly to negotiate, execute, and deliver the Agreement, including our standard form of Schedule attached thereto and made a part thereof, with such modifications as you and we shall in good faith agree. Upon execution and delivery by you and us of the Agreement, this Confirmation shall supplement, form a part of, and be subject to such Agreement. Until you and we execute and deliver the Agreement, this Confirmation (together with all other Confirmations of Transactions previously entered into between us, notwithstanding anything to the contrary therein) shall supplement, form a part of, and be subject to the 1992 ISDA Master Agreement as if, on the Trade Date of the first such Transaction between us, you and we had executed that agreement (without any Schedule thereto) and had specified that the Automatic Early Termination provisions contained in Section 6(a) of such agreement would apply.

   The Agreement and each Confirmation thereunder will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine and each party hereby submits to the Courts of the State of New York.

   CSFBi and Counterparty each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

   In this Confirmation, "CSFBi" means Credit Suisse First Boston International and "Counterparty" means Cheniere LNG Holdings, LLC

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 594,000,000; Subject to adjustment as per Amortization Schedule attached hereto.
Novation Trade Date:	31 August 2005

Effective Date:	29 September 2006
Termination Date:	30 September 2007, subject to adjustment in accordance with the Modified Following Business Day Convention

Floating Amounts:

Floating Rate Payer:	CSFBi
Floating Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2006 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	USD-LIBOR-BBA
Spread:	None
Designated Maturity:	3 months
Floating Rate Day Count Fraction:	Actual/360

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2006 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	3.75%
Fixed Rate Day Count Fraction:	Actual/360
Compounding:	Inapplicable
Business Days:	New York and London
Calculation Agent:	CSFBi

3. Other Provisions:

(a) Credit Support Document:

For Counterparty, the "Collateral Documents," as such term is defined in the Credit Agreement dated as of August 31, 2005, among Counterparty, the lenders party thereto, and Credit Suisse, Cayman Islands

Branch, as administrative agent and collateral agent for such lenders, as it may be amended, restated or otherwise modified from time to time (as used herein, the "Credit Agreement").

(b) Credit Support Provider:

For Counterparty, each grantor of a pledge, security interest or other form of hypothecation under any of the Collateral Documents.

(c) Additional Termination Event:

It shall constitute an Additional Termination Event if at any time the "Collateral," as such term is defined in the Credit Agreement, fails to secure Counterparty's obligations to CSFBi hereunder (or under any and all particular Transactions).

For the purpose of the foregoing, Counterparty shall be deemed to be the Affected Party.

(d) Payments on Early Termination: For the purpose of Section 6(e) of the Agreement, the Second Method and Loss will apply.

(e) Additional Representations and Obligations of Counterparty:

Counterparty represents and warrants to CSFBi and further covenants that, except for the Secured Credit Obligations (as defined in the Collateral Documents), its obligations hereunder (or under any and all particular Transactions) are or shall be secured pari passu in all respects and at all times with all of Counterparty's senior secured obligations.

(f) Set-Off:

Without affecting the provisions of this Confirmation requiring the calculation of certain net payment amounts, all payments under this Confirmation will be made without set-off or counterclaim; provided, however, that upon the designation or deemed designation of any Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) under applicable law:

the Non-Defaulting Party or the party that is not the Affected Party (in either case, "X") may, without prior notice to any person, set off any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or to any Affiliate of X, against any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y, and, for this purpose, may convert one currency into another. If any sum or obligation is unascertained, X may in good faith estimate that sum or obligation and set off in respect of that estimate, subject to X or Y, as the case may be, accounting to the other party when such sum or obligation is ascertained.

Nothing in this provision shall be effective or deemed to create any charge or other security interest.

4. Account Details:

Payments to CSFBi:	As advised separately in writing
Payments to Counterparty:	As advised separately in writing

Credit Suisse First Boston International is authorized and regulated by The Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Counterparty on request.

ADDITIONAL TERMS

Amortization Schedule

Calculated Period up to but excluding the Payment Date scheduled to occur on:	Notional Amount: (in USD)
December 31, 2006	594,000,000
March 31, 2007	592,500,000
June 30, 2007	591,000,000
September 30, 2007	589,500,000

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London E14 4QJ

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Novation Confirmation

Date: 31 August 2005

To: Cheniere Energy Inc.

To: Cheniere LNG Holdings, LLC

From: Credit Suisse First Boston International ("CSFBi")

Re: Novation Transaction

External ID: 9233025

Dear Sir/Madam:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2000 ISDA definitions (the "Product Definitions"), each as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the Product Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation with govern. In the event of any inconsistency between the Novation Confirmation and the New Confirmation, the New Confirmation will govern for the purpose of the New Transaction.

2. The terms of the Novation Transaction to which this Novation Confirmation relates are as follows:

Novation Trade Date:	31 August 2005
Novated Amount:	USD 588,000,000
Transferor:	Cheniere Energy Inc.
Transferee:	Cheniere LNG Holdings, LLC
Remaining Party:	Credit Suisse First Boston International
New Agreement (between Transferee and Remaining Party):	Section 1.11 of the Definitions shall apply save that an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) subject to the laws of the State of New York shall be deemed to be incorporated for the purposes hereof

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London E14 4QJ

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3. The terms of the Old Transaction to which this Novation Confirmation relates, for identification purposes, are as follows:

Trade Date of Old Transaction:	29 August 2005
Effective Date of Old Transaction:	28 September 2007
Termination Date of Old Transaction:	30 September 2008

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in the New Confirmation attached hereto as Exhibit A.

Full First Calculation Period:	Applicable

5. Miscellaneous Provisions:

Non-Reliance:	Applicable

6. Notice Details:

Telephone and/or Facsimile Numbers for Notices:

Transferee:	To be advised
Remaining Party:	To be advised

Credit Suisse First Boston International is authorized and regulated by the Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to the parties on request.

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Credit Suisse First Boston International
By its Agent: Credit Suisse First Boston LLC

By: /s/ CHRISTY GRANT
Name: **Christy Grant**
Title: **Assistant Vice President Operations**

Cheniere Energy Inc.

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CFO**

Cheniere LNG Holdings, LLC

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CEO**

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

EXHIBIT A

CREDIT SUISSE | FIRST BOSTON

CREDIT SUISSE FIRST BOSTON INTERNATIONAL

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

31 August 2005

Cheniere LNG Holdings, LLC
717 Texas Avenue
Suite 3100
Houston, Texas 77002
United States

External ID 9233025

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

   If you and we are parties to the 1992 ISDA Master Agreement, (the "Agreement"), this Confirmation supplements, forms a part of, and is subject to such Agreement. If you and we are not yet parties to the Agreement, you and we agree to use our best efforts promptly to negotiate, execute, and deliver the Agreement, including our standard form of Schedule attached thereto and made a part thereof, with such modifications as you and we shall in good faith agree. Upon execution and delivery by you and us of the Agreement, this Confirmation shall supplement, form a part of, and be subject to such Agreement. Until you and we execute and deliver the Agreement, this Confirmation (together with all other Confirmations of Transactions previously entered into between us, notwithstanding anything to the contrary therein) shall supplement, form a part of, and be subject to the 1992 ISDA Master Agreement as if, on the Trade Date of the first such Transaction between us, you and we had executed that agreement (without any Schedule thereto) and had specified that the Automatic Early Termination provisions contained in Section 6(a) of such agreement would apply.

   The Agreement and each Confirmation thereunder will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine and each party hereby submits to the Courts of the State of New York.

   CSFBi and Counterparty each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

   In this Confirmation, "CSFBi" means Credit Suisse First Boston International and "Counterparty" means Cheniere LNG Holdings, LLC

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 588,000,000; Subject to adjustment as per Amortization Schedule attached hereto.
Novation Trade Date:	31 August 2005

Effective Date:	28 September 2007
Termination Date:	30 September 2008, subject to adjustment in accordance with the Modified Following Business Day Convention

Floating Amounts:

Floating Rate Payer:	CSFBi
Floating Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2007 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	USD-LIBOR-BBA
Spread:	None
Designated Maturity:	3 months
Floating Rate Day Count Fraction:	Actual/360

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2007 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	3.98%
Fixed Rate Day Count Fraction:	Actual/360
Compounding:	Inapplicable
Business Days:	New York and London
Calculation Agent:	CSFBi

3. Other Provisions:

(a) Credit Support Document:

For Counterparty, the "Collateral Documents," as such term is defined in the Credit Agreement dated as of August 31, 2005, among Counterparty, the lenders party thereto, and Credit Suisse, Cayman Islands

Branch, as administrative agent and collateral agent for such lenders, as it may be amended, restated or otherwise modified from time to time (as used herein, the "Credit Agreement").

(b) Credit Support Provider:

For Counterparty, each grantor of a pledge, security interest or other form of hypothecation under any of the Collateral Documents.

(c) Additional Termination Event:

It shall constitute an Additional Termination Event if at any time the "Collateral," as such term is defined in the Credit Agreement, fails to secure Counterparty's obligations to CSFBi hereunder (or under any and all particular Transactions).

For the purpose of the foregoing, Counterparty shall be deemed to be the Affected Party.

(d) Payments on Early Termination: For the purpose of Section 6(e) of the Agreement, the Second Method and Loss will apply.

(e) Additional Representations and Obligations of Counterparty:

Counterparty represents and warrants to CSFBi and further covenants that, except for the Secured Credit Obligations (as defined in the Collateral Documents), its obligations hereunder (or under any and all particular Transactions) are or shall be secured pari passu in all respects and at all times with all of Counterparty's senior secured obligations.

(f) Set-Off:

Without affecting the provisions of this Confirmation requiring the calculation of certain net payment amounts, all payments under this Confirmation will be made without set-off or counterclaim; provided, however, that upon the designation or deemed designation of any Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) under applicable law:

the Non-Defaulting Party or the party that is not the Affected Party (in either case, "X") may, without prior notice to any person, set off any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or to any Affiliate of X, against any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y, and, for this purpose, may convert one currency into another. If any sum or obligation is unascertained, X may in good faith estimate that sum or obligation and set off in respect of that estimate, subject to X or Y, as the case may be, accounting to the other party when such sum or obligation is ascertained.

Nothing in this provision shall be effective or deemed to create any charge or other security interest.

4. Account Details:

Payments to CSFBi:	As advised separately in writing
Payments to Counterparty:	As advised separately in writing

Credit Suisse First Boston International is authorized and regulated by The Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Counterparty on request.

ADDITIONAL TERMS

Amortization Schedule

Calculated Period up to but excluding the Payment Date scheduled to occur on:	Notional Amount: (in USD)
December 31, 2007	588,000,000
March 31, 2008	586,500,000
June 30, 2008	585,000,000
September 30, 2008	583,500,000

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CREDIT SUISSE FIRST BOSTON INTERNATIONAL

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

Novation Confirmation

Date: 31 August 2005

To: Cheniere Energy Inc.

To: Cheniere LNG Holdings, LLC

From: Credit Suisse First Boston International ("CSFBi")

Re: Novation Transaction

External ID: 9233026

Dear Sir/Madam:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2000 ISDA definitions (the "Product Definitions"), each as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the Product Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation with govern. In the event of any inconsistency between the Novation Confirmation and the New Confirmation, the New Confirmation will govern for the purpose of the New Transaction.

2. The terms of the Novation Transaction to which this Novation Confirmation relates are as follows:

Novation Trade Date:	31 August 2005
Novated Amount:	USD 582,000,000
Transferor:	Cheniere Energy Inc.
Transferee:	Cheniere LNG Holdings, LLC
Remaining Party:	Credit Suisse First Boston International
New Agreement (between Transferee and Remaining Party):	Section 1.11 of the Definitions shall apply save that an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) subject to the laws of the State of New York shall be deemed to be incorporated for the purposes hereof

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

3. The terms of the Old Transaction to which this Novation Confirmation relates, for identification purposes, are as follows:

Trade Date of Old Transaction:	29 August 2005
Effective Date of Old Transaction:	30 September 2008
Termination Date of Old Transaction:	30 September 2009

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in the New Confirmation attached hereto as Exhibit A.

Full First Calculation Period:	Applicable

5. Miscellaneous Provisions:

Non-Reliance:	Applicable

6. Notice Details:

Telephone and/or Facsimile Numbers for Notices:

Transferee:	To be advised
Remaining Party:	To be advised

Credit Suisse First Boston International is authorized and regulated by the Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to the parties on request.

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Credit Suisse First Boston International
By its Agent: Credit Suisse First Boston LLC

By: /s/ JOHN RYAN
Name: **John Ryan**
Title: **A.V.P. Operations**

Cheniere Energy Inc.

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CFO**

Cheniere LNG Holdings, LLC

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CEO**

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

EXHIBIT A

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

31 August 2005

Cheniere LNG Holdings, LLC
717 Texas Avenue
Suite 3100
Houston, Texas 77002
United States

External ID 9233026

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

   If you and we are parties to the 1992 ISDA Master Agreement, (the "Agreement"), this Confirmation supplements, forms a part of, and is subject to such Agreement. If you and we are not yet parties to the Agreement, you and we agree to use our best efforts promptly to negotiate, execute, and deliver the Agreement, including our standard form of Schedule attached thereto and made a part thereof, with such modifications as you and we shall in good faith agree. Upon execution and delivery by you and us of the Agreement, this Confirmation shall supplement, form a part of, and be subject to such Agreement. Until you and we execute and deliver the Agreement, this Confirmation (together with all other Confirmations of Transactions previously entered into between us, notwithstanding anything to the contrary therein) shall supplement, form a part of, and be subject to the 1992 ISDA Master Agreement as if, on the Trade Date of the first such Transaction between us, you and we had executed that agreement (without any Schedule thereto) and had specified that the Automatic Early Termination provisions contained in Section 6(a) of such agreement would apply.

   The Agreement and each Confirmation thereunder will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine and each party hereby submits to the Courts of the State of New York.

   CSFBi and Counterparty each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

   In this Confirmation, "CSFBi" means Credit Suisse First Boston International and "Counterparty" means Cheniere LNG Holdings, LLC

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 582,000,000; Subject to adjustment as per Amortization Schedule attached hereto.
Novation Trade Date:	31 August 2005

Effective Date:	28 September 2008
Termination Date:	30 September 2009, subject to adjustment in accordance with the Modified Following Business Day Convention

Floating Amounts:

Floating Rate Payer:	CSFBi
Floating Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2008 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	USD-LIBOR-BBA
Spread:	None
Designated Maturity:	3 months
Floating Rate Day Count Fraction:	Actual/360

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2008 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	5.98%
Fixed Rate Day Count Fraction:	Actual/360
Compounding:	Inapplicable
Business Days:	New York and London
Calculation Agent:	CSFBi

3. Other Provisions:

(a) Credit Support Document:

For Counterparty, the "Collateral Documents," as such term is defined in the Credit Agreement dated as of August 31, 2005, among Counterparty, the lenders party thereto, and Credit Suisse, Cayman Islands

Branch, as administrative agent and collateral agent for such lenders, as it may be amended, restated or otherwise modified from time to time (as used herein, the "Credit Agreement").

(b) Credit Support Provider:

For Counterparty, each grantor of a pledge, security interest or other form of hypothecation under any of the Collateral Documents.

(c) Additional Termination Event:

It shall constitute an Additional Termination Event if at any time the "Collateral," as such term is defined in the Credit Agreement, fails to secure Counterparty's obligations to CSFBi hereunder (or under any and all particular Transactions).

For the purpose of the foregoing, Counterparty shall be deemed to be the Affected Party.

(d) Payments on Early Termination: For the purpose of Section 6(e) of the Agreement, the Second Method and Loss will apply.

(e) Additional Representations and Obligations of Counterparty:

Counterparty represents and warrants to CSFBi and further covenants that, except for the Secured Credit Obligations (as defined in the Collateral Documents), its obligations hereunder (or under any and all particular Transactions) are or shall be secured pari passu in all respects and at all times with all of Counterparty's senior secured obligations.

(f) Set-Off:

Without affecting the provisions of this Confirmation requiring the calculation of certain net payment amounts, all payments under this Confirmation will be made without set-off or counterclaim; provided, however, that upon the designation or deemed designation of any Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) under applicable law:

the Non-Defaulting Party or the party that is not the Affected Party (in either case, "X") may, without prior notice to any person, set off any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or to any Affiliate of X, against any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y, and, for this purpose, may convert one currency into another. If any sum or obligation is unascertained, X may in good faith estimate that sum or obligation and set off in respect of that estimate, subject to X or Y, as the case may be, accounting to the other party when such sum or obligation is ascertained.

Nothing in this provision shall be effective or deemed to create any charge or other security interest.

4. Account Details:

Payments to CSFBi:	As advised separately in writing
Payments to Counterparty:	As advised separately in writing

Credit Suisse First Boston International is authorized and regulated by The Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Counterparty on request.

ADDITIONAL TERMS

Amortization Schedule

Calculated Period up to but excluding the Payment Date scheduled to occur on:	Notional Amount: (in USD)
December 31, 2008	582,000,000
March 31, 2009	580,500,000
June 30, 2009	579,000,000
September 30, 2009	577,500,000

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One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

Novation Confirmation

Date: 31 August 2005

To: Cheniere Energy Inc.

To: Cheniere LNG Holdings, LLC

From: Credit Suisse First Boston International ("CSFBi")

Re: Novation Transaction

External ID: 9233027

Dear Sir/Madam:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2000 ISDA definitions (the "Product Definitions"), each as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the Product Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation with govern. In the event of any inconsistency between the Novation Confirmation and the New Confirmation, the New Confirmation will govern for the purpose of the New Transaction.

2. The terms of the Novation Transaction to which this Novation Confirmation relates are as follows:

Novation Trade Date:	31 August 2005
Novated Amount:	USD 576,000,000
Transferor:	Cheniere Energy Inc.
Transferee:	Cheniere LNG Holdings, LLC
Remaining Party:	Credit Suisse First Boston International
New Agreement (between Transferee and Remaining Party):	Section 1.11 of the Definitions shall apply save that an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) subject to the laws of the State of New York shall be deemed to be incorporated for the purposes hereof

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

3. The terms of the Old Transaction to which this Novation Confirmation relates, for identification purposes, are as follows:

Trade Date of Old Transaction:	29 August 2005
Effective Date of Old Transaction:	30 September 2009
Termination Date of Old Transaction:	30 September 2010

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in the New Confirmation attached hereto as Exhibit A.

Full First Calculation Period:	Applicable

5. Miscellaneous Provisions:

Non-Reliance:	Applicable

6. Notice Details:

Telephone and/or Facsimile Numbers for Notices:

Transferee:	To be advised
Remaining Party:	To be advised

Credit Suisse First Boston International is authorized and regulated by the Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to the parties on request.

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Credit Suisse First Boston International
By its Agent: Credit Suisse First Boston LLC

By: /s/ JOHN RYAN
Name: **John Ryan**
Title: **A.V.P. Operations**

Cheniere Energy Inc.

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CFO**

Cheniere LNG Holdings, LLC

By: /s/ DON A. TURKLESON
Name: **Don A. Turkleson**
Title: **CEO**

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

EXHIBIT A

CREDIT SUISSE | FIRST BOSTON

CREDIT SUISSE FIRST BOSTON INTERNATIONAL

One Cabot Square,
London E14 4QJ

Telephone 020 7888 8888
www.csfb.com

31 August 2005

Cheniere LNG Holdings, LLC
717 Texas Avenue
Suite 3100
Houston, Texas 77002
United States

External ID 9233026

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

   If you and we are parties to the 1992 ISDA Master Agreement, (the "Agreement"), this Confirmation supplements, forms a part of, and is subject to such Agreement. If you and we are not yet parties to the Agreement, you and we agree to use our best efforts promptly to negotiate, execute, and deliver the Agreement, including our standard form of Schedule attached thereto and made a part thereof, with such modifications as you and we shall in good faith agree. Upon execution and delivery by you and us of the Agreement, this Confirmation shall supplement, form a part of, and be subject to such Agreement. Until you and we execute and deliver the Agreement, this Confirmation (together with all other Confirmations of Transactions previously entered into between us, notwithstanding anything to the contrary therein) shall supplement, form a part of, and be subject to the 1992 ISDA Master Agreement as if, on the Trade Date of the first such Transaction between us, you and we had executed that agreement (without any Schedule thereto) and had specified that the Automatic Early Termination provisions contained in Section 6(a) of such agreement would apply.

   The Agreement and each Confirmation thereunder will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine and each party hereby submits to the Courts of the State of New York.

   CSFBi and Counterparty each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

   In this Confirmation, "CSFBi" means Credit Suisse First Boston International and "Counterparty" means Cheniere LNG Holdings, LLC

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 576,000,000; Subject to adjustment as per Amortization Schedule attached hereto.
Novation Trade Date:	31 August 2005

Effective Date:	30 September 2009
Termination Date:	30 September 2010, subject to adjustment in accordance with the Modified Following Business Day Convention

Floating Amounts:

Floating Rate Payer:	CSFBi
Floating Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2009 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	USD-LIBOR-BBA
Spread:	None
Designated Maturity:	3 months
Floating Rate Day Count Fraction:	Actual/360

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	The last day of September, December, March and June, commencing on 31 December 2009 and ending on the Termination Date, inclusive, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	5.98%
Fixed Rate Day Count Fraction:	Actual/360
Compounding:	Inapplicable
Business Days:	New York and London
Calculation Agent:	CSFBi

3. Other Provisions:

(a) Credit Support Document:

For Counterparty, the “Collateral Documents,” as such term is defined in the Credit Agreement dated as of August 31, 2005, among Counterparty, the lenders party thereto, and Credit Suisse, Cayman Islands

Branch, as administrative agent and collateral agent for such lenders, as it may be amended, restated or otherwise modified from time to time (as used herein, the "Credit Agreement").

(b) Credit Support Provider:

For Counterparty, each grantor of a pledge, security interest or other form of hypothecation under any of the Collateral Documents.

(c) Additional Termination Event:

It shall constitute an Additional Termination Event if at any time the "Collateral," as such term is defined in the Credit Agreement, fails to secure Counterparty's obligations to CSFBi hereunder (or under any and all particular Transactions).

For the purpose of the foregoing, Counterparty shall be deemed to be the Affected Party.

(d) Payments on Early Termination: For the purpose of Section 6(e) of the Agreement, the Second Method and Loss will apply.

(e) Additional Representations and Obligations of Counterparty:

Counterparty represents and warrants to CSFBi and further covenants that, except for the Secured Credit Obligations (as defined in the Collateral Documents), its obligations hereunder (or under any and all particular Transactions) are or shall be secured pari passu in all respects and at all times with all of Counterparty's senior secured obligations.

(f) Set-Off:

Without affecting the provisions of this Confirmation requiring the calculation of certain net payment amounts, all payments under this Confirmation will be made without set-off or counterclaim; provided, however, that upon the designation or deemed designation of any Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) under applicable law:

the Non-Defaulting Party or the party that is not the Affected Party (in either case, "X") may, without prior notice to any person, set off any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or to any Affiliate of X, against any sum or obligation (whether or not arising under this Confirmation, whether matured or unmatured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y, and, for this purpose, may convert one currency into another. If any sum or obligation is unascertained, X may in good faith estimate that sum or obligation and set off in respect of that estimate, subject to X or Y, as the case may be, accounting to the other party when such sum or obligation is ascertained.

Nothing in this provision shall be effective or deemed to create any charge or other security interest.

4. Account Details:

Payments to CSFBi:	As advised separately in writing
Payments to Counterparty:	As advised separately in writing

Credit Suisse First Boston International is authorized and regulated by The Financial Services Authority and has entered into this transaction as principal. The time at which the above transaction was executed will be notified to Counterparty on request.

ADDITIONAL TERMS

Amortization Schedule

Calculated Period up to but excluding the Payment Date scheduled to occur on:	Notional Amount: (in USD)
December 31, 2009	576,000,000
March 31, 2010	574,500,000
June 30, 2010	498,780,000
September 30, 2010	497,280,000

Exhibit 10.10

CONSENT AND AMENDMENT NO. 5 TO CREDIT AGREEMENT

This CONSENT AND AMENDMENT NO. 5 TO CREDIT AGREEMENT (this "Consent"), dated as of July 5, 2005, is made among Sabine Pass LNG, L.P., a Delaware limited partnership (the "Borrower"), Société Générale, in its capacity as administrative agent for the Lenders (the "Agent"), HSBC Bank USA, National Association, in its capacity as collateral agent for the Lenders (the "Collateral Agent") and the Lenders party to the Credit Agreement (as defined below).

W I T N E S S E T H

WHEREAS, the Borrower, the Agent and the Collateral Agent are party to a Credit Agreement dated as of February 25, 2005 (as amended, modified and supplemented and in effect from time to time, the "Credit Agreement"), pursuant to which the lenders from time to time party thereto (the "Lenders") have agreed to make loans to the Borrower in an aggregate principal amount of $822,000,000;

WHEREAS, as set forth in Section 8.37 of the Credit Agreement, Sabine is required to either (a) (i) purchase the Noble W&T Offshore Well #1 (the "Well") under the terms specified therein and (ii) either (A) render the Well inoperable or (B) relocate the Well or make certain modifications thereto to render it intrinsically safe and to make certain representations and take certain precautions with respect to the operation thereof or (b) enter into an agreement to cause the actions described in clause (ii) above to occur.

WHEREAS, as described in the amendment request letter (the "Amendment Request Letter") attached hereto as Exhibit A, the Borrower has been unable to acquire the Well; and

WHEREAS, as a result of the above-described circumstance, the Borrower has requested that the Lenders consent to certain amendments to the Credit Agreement, as more fully described in the Amendment Request Letter.

NOW THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions. Capitalized terms (including those used in the preamble and the recitals above) not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the principles of interpretation set forth therein shall apply herein.

Section 2. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 3 hereof, the Credit Agreement is amended as follows:

(a) The definition of "Consent and Agreement" in Section 1.01 of the Credit Agreement is amended by deleting the phrase "or the Noble Option Agreement" in the third line thereof.

(b) The definition of "Material Project Documents" in Section 1.01 of the Credit Agreement is amended by deleting the phrase "the Noble Option Agreement (i)" and replacing the term "(j)" with the term "(i)".

(c) The definition of "Noble Option Agreement" in Section 1.01 of the Credit Agreement is deleted in its entirety.

(d) Each of Sections 6.01(b) and 6.01(c)(ii) of the Credit Agreement is amended by deleting the phrase "and the Noble Option Agreement" appearing in the third line of each thereof.

(e) Section 6.01(e) of the Credit Agreement is amended by deleting the phrase "and the Noble Option Agreement" appearing in the last line thereof.

(f) Section 6.03(k) of the Credit Agreement is amended by deleting all the words following the term "Agent" in the fifth line thereof.

(g) The provisions of Section 8.37 are deleted in their entirety and are replaced by the phrase "Intentionally Omitted."

Section 3. Effectiveness. This Consent shall become effective upon receipt by the Agent of the counterparts of this Consent duly executed and delivered by each of the Borrower, the Agent and the Majority Lenders.

Section 4. Miscellaneous.

(a) Limited Amendment.

(i) Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Financing Documents shall remain unchanged and unwaived and shall continue to be and shall remain in full force and effect in accordance with their respective terms.

(ii) The amendments set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be a waiver or an amendment of any right, power or remedy of any Lender, the Agent or the Collateral Agent under, or a waiver of, consent to or modification of, any other term or provision of the Credit Agreement, any other Financing Document referred to therein or herein or of any transaction or further or future action on the part of the Borrower which would require the consent of the Lenders under the Credit Agreement or any of the other Financing Documents.

(iii) Except as provided in Section 2 hereof, nothing contained in this Consent shall abrogate, prejudice, diminish or otherwise affect any powers, rights, remedies or obligations of any Person arising before the date of this Consent.

(b) Financing Document. This Consent shall be deemed to be a Financing Document referred to in the Credit Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof.

(c) Counterparts; Integration; Effectiveness. This Consent may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any parties hereto may execute this Consent by signing any such counterpart.

(d) Costs and Expenses. The Borrower agrees to pay and reimburse the Agent for all its reasonable costs and out-of-pocket expenses (including, without limitation, the reasonable fees and expenses of counsel to the Agent and the Lenders) incurred in connection with the preparation and delivery of this Consent and such other related documents.

(e) Governing Law. **THE CONSENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK**.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be duly executed and delivered as of the day and year first above written.

SABINE PASS LNG, L.P.,
as Borrower

By: Sabine Pass LNG – GP, Inc.,
its General Partner

By: /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

Address for Notices:

717 Texas Avenue, Suite 3100
Houston, TX 77002
Attn: Treasurer

SOCIÉTÉ GÉNÉRALE,
as Agent

By: /s/ Deepa Dadlani

Name: Deepa Dadlani
Title: Vice President

Address for Notices:

1221 Avenue of the Americas
New York, NY 10020
Attn: Deepa Dadlani

HSBC BANK USA, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Deirdra N. Ross

Name: Deirdra N. Ross
Title: Assistant Vice President

Address for Notices:

HSBC Bank USA, National Association
452 Fifth Avenue
New York, NY 10018
Attn: Corporate Trust

With a copy to:

DLA Piper Rudnick Gray Cary US LLP
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, PA 19103
Attn: Peter Tucci, Esq.

Exhibit A
to Consent No. 5

Amendment Request Letter

(see attached)

Consent No. 5

Exhibit 10.11

EXECUTION COPY

CONSENT AND AMENDMENT NO. 6
TO CREDIT AGREEMENT

This CONSENT AND AMENDMENT NO. 6 TO CREDIT AGREEMENT (this "Consent and Amendment"), dated as of July 27, 2005, is made among Sabine Pass LNG, L.P., a Delaware limited partnership (the "Borrower"), Société Générale, in its capacity as administrative agent for the Lenders (the "Agent"), HSBC Bank USA, National Association, in its capacity as collateral agent for the Lenders (the "Collateral Agent") and the Lenders party to the Credit Agreement (as defined below).

W I T N E S S E T H

WHEREAS, the Borrower, the Agent and the Collateral Agent are party to a Credit Agreement dated as of February 25, 2005 (as amended, modified and supplemented and in effect from time to time, the "Credit Agreement"), pursuant to which the lenders from time to time party thereto (the "Lenders") have agreed to make loans to the Borrower in an aggregate principal amount of $822,000,000;

WHEREAS, the Borrower and Bechtel Corporation (the "EPC Contractor") have entered into an Engineering, Procurement and Construction Agreement (the "EPC Contract") relating to the Project;

WHEREAS, pursuant to the waiver request letter (the "Waiver Request Letter"), attached hereto as Exhibit A, the Borrower has requested that the Lenders consent to (a) the Borrower entering into the Change Orders (the forms of which are attached hereto as Exhibit B) (the "Change Orders") which will result in an increase in the price of the EPC Contract and (b) an amendment of Section 8.20(a)(i) of the Credit Agreement with respect to the requirement that the Borrower fund in advance the amounts necessary to pay for such price increase, in each case, as more fully described in the Waiver Request Letter.

NOW THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions. Capitalized terms (including those used in the preamble and the recitals above) not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the principles of interpretation set forth therein shall apply herein.

Section 2. Consent. Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Agent, the Collateral Agent and the Lenders hereby consent to the Borrower entering into the Change Orders.

Section 3. Amendment to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Credit Agreement is hereby amended

by (a) adding the following phrase at the end of Section 8.20(a)(i)(C)(1) thereof: "provided that no such deposit shall be required in connection with any such Change Order the amount and subject matter of which is included as a Contingency line item or which constitutes a utilization of any portion of the unallocated Contingency reflected in the Construction Budget and Schedule delivered on the Closing Date." and (b) adding the following sentence at the end of Section 8.20(a)(i): "For the avoidance of doubt, nothing contained in this clause 8.20(a)(i) shall be deemed to amend or modify any other requirement contained in this Agreement to obtain the consent of the Lenders, the Agent and/or the Independent Engineer for any increase in Project Costs or use of proceeds of the Loans;"

Section 4. Conditions Precedent. This Consent and Amendment shall become effective on the date on which the Agent has received counterparts of this Consent and Amendment duly executed and delivered by each of the Borrower and the Majority Lenders.

Section 5. Miscellaneous.

(a) Limited Amendment.

(i) Except as expressly consented to or amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Financing Documents shall remain unchanged and unwaived and shall continue to be and shall remain in full force and effect in accordance with their respective terms.

(ii) The consent and amendment set forth herein shall be limited precisely as provided for herein to the provisions expressly consented to or amended and shall not be deemed to be a waiver of any right, power or remedy of any Lender, the Agent or the Collateral Agent under, or a waiver of, consent to or modification of any other term or provision of the Credit Agreement, any other Financing Document referred to therein or herein or of any transaction or further or future action on the part of the Borrower which would require the consent of the Lenders under the Credit Agreement or any of the other Financing Documents.

(iii) Except as provided in Section 2 and Section 3 hereof, nothing contained in this Consent and Amendment shall abrogate, prejudice, diminish or otherwise affect any powers, rights, remedies or obligations of any Person arising before the date of this Consent and Amendment.

(b) Financing Document. This Consent and Amendment shall be deemed to be a Financing Document referred to in the Credit Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof.

(c) Counterparts; Integration; Effectiveness. This Consent and Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any parties hereto may execute this Consent and Amendment by signing any such counterpart.

(d) Costs and Expenses. The Borrower agrees to pay and reimburse the Agent for all its reasonable costs and out-of-pocket expenses (including, without limitation, the reasonable fees and expenses of counsel to the Agent and the Lenders) incurred in connection with the preparation and delivery of this Consent and Amendment and such other related documents.

(e) Governing Law. **THIS CONSENT AND AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Consent and Amendment to be duly executed and delivered as of the day and year first above written.

SABINE PASS LNG, L.P.,
as Borrower

By: Sabine Pass LNG – GP, Inc.,
its General Partner

By: /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

Address for Notices:

717 Texas Avenue, Suite 3100
Houston, TX 77002
Attn: Treasurer

SOCIÉTÉ GÉNÉRALE,
as Agent

By: /s/ Deepa Dadlani

Name: Deepa Dadlani
Title: Vice President

Address for Notices:

1221 Avenue of the Americas
New York, NY 10020
Attn: Deepa Dadlani

HSBC BANK USA, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Deirdra N. Ross

Name: Deirdra N. Ross
Title: Assistant Vice President

Address for Notices:

HSBC Bank USA, National Association
452 Fifth Avenue
New York, NY 10018
Attn: Corporate Trust

With a copy to:

DLA Piper Rudnick Gray Cary US LLP
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, PA 19103
Attn: Peter Tucci, Esq.

Waiver Request Letter

(see attached)

[Exhibit B]
[to Consent and Amendment No. 6]

Change Order

(see attached)

Consent and Amendment No. 6

FORM OF CONSENT AGREEMENT NO. 7
TO CREDIT AGREEMENT

This CONSENT AGREEMENT NO. 7 TO CREDIT AGREEMENT (this "Consent"), dated as of August 30, 2005, is made among Sabine Pass LNG, L.P., a Delaware limited partnership (the "Borrower"), Société Générale, in its capacity as administrative agent for the Lenders (the "Agent"), HSBC Bank USA, National Association, in its capacity as collateral agent for the Lenders (the "Collateral Agent") and the Lenders party to the Credit Agreement (as defined below).

W I T N E S S E T H

WHEREAS, the Borrower, the Agent and the Collateral Agent are party to a Credit Agreement dated as of February 25, 2005 (as amended, modified and supplemented and in effect from time to time, the "Credit Agreement"), pursuant to which the lenders from time to time party thereto (the "Lenders") have agreed to make loans to the Borrower in an aggregate principal amount of $822,000,000;

WHEREAS, the Borrower and Bechtel Corporation (the "EPC Contractor") have entered into an Engineering, Procurement and Construction Agreement (as amended, modified and supplemented and in effect from time to time, the "EPC Contract") relating to the Project;

WHEREAS, pursuant to Section 8.20(a)(v) of the Credit Agreement, consent of the Majority Lenders is required for the Borrower to enter into any Change Order for an amount greater than $35 million which causes any material component or material design feature or aspect of the Project to deviate in a fundamental manner from the specifications set forth in the EPC Contract;

WHEREAS, pursuant to the consent request letter (the "Consent Request Letter"), attached hereto as Exhibit A, the Borrower has requested the Lenders' consent for a Change Order with respect to an increase in the Project's send-out pressure (the "Change Order") which will result in an increase in the price of the EPC Contract of not more than $50 million (as more fully described in the Consent Request Letter).

NOW THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions. Capitalized terms (including those used in the preamble and the recitals above) not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the principles of interpretation set forth therein shall apply herein.

Section 2. Consent. Subject to the satisfaction of the conditions set forth in Section 3 and Section 4 hereof, the Agent, acting with the consent of the Majority Lenders,

hereby consents, pursuant to Section 8.20(a)(v) of the Credit Agreement, to the Borrower entering into the Change Order solely to the extent such Change Order conforms to the description thereof set forth in the Consent Request Letter. As further described in Section 4(c) below, this Consent shall not be deemed to be an approval of the terms and conditions of any long-term services contract or lease engine agreement referred to in the Consent Request Letter.

Section 3. Conditions Precedent. This Consent shall become effective on the date on which the Agent has received counterparts of this Consent duly executed and delivered by the Borrower.

Section 4. Conditions Subsequent. This Consent shall be conditioned upon the satisfaction of the following conditions:

(a) upon execution of the Change Order, receipt by the Collateral Agent from the Borrower of the amount of the Change Order in cash for deposit to the Construction Account in accordance with Section 8.20(a)(i)(C) of the Credit Agreement. For the avoidance of doubt, funds deposited to the Construction Account pursuant to this Section 4(a) shall (i) not constitute part of, and shall be in addition to, the Equity Contribution Amount and (ii) shall, together with the Equity Contribution Amount, be used to pay Project Costs prior to the Funding Date;

(b) receipt by Agent of an execution form of the Change Order satisfactory to the Independent Engineer and consistent in all material respects with the purchase order and the Change Order in each case as described in the Consent Request Letter and, in the case of the Change Order, which shall not be greater than $50 million; and

(c) receipt by the Agent of an executed copy of each document or instrument executed in connection with the Change Order and, to the extent such documents or instruments constitute Additional Project Documents, the Borrower shall obtain the necessary consent of the Lenders and shall deliver all required Ancillary Documents related thereto.

Section 5. Miscellaneous.

(a) Limited Consent.

(i) Except as expressly consented to hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Financing Documents shall remain unchanged and unwaived and shall continue to be and shall remain in full force and effect in accordance with their respective terms.

(ii) The consent set forth herein shall be limited precisely as provided for herein to the provisions expressly consented to and shall not be deemed to be a waiver of any right, power or remedy of any Lender, the Agent or the Collateral Agent under, or a waiver of, consent to or modification of, any other term or provision of the Credit Agreement, any other Financing Document referred to therein or herein or of any transaction or further or future action on the part of the Borrower which would require the consent of the Lenders under the Credit Agreement or any of the other Financing Documents.

(iii) Except as provided in Section 2 hereof, nothing contained in this Consent shall abrogate, prejudice, diminish or otherwise affect any powers, rights, remedies or obligations of any Person arising before the date of this Consent.

(b) Financing Document. This Consent shall be deemed to be a Financing Document referred to in the Credit Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof.

(c) Counterparts; Integration; Effectiveness. This Consent may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any party hereto may execute this Consent by signing any such counterpart.

(d) Costs and Expenses. The Borrower agrees to pay and reimburse the Agent for all its reasonable costs and out-of-pocket expenses (including, without limitation, the reasonable fees and expenses of counsel to the Agent and the Lenders) incurred in connection with the preparation and delivery of this Consent and such other related documents.

(e) Governing Law. **THIS CONSENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be duly executed and delivered as of the day and year first above written.

SABINE PASS LNG, L.P.,
as Borrower

By: Sabine Pass LNG – GP, Inc.,
its General Partner

By: /s/ Graham McArthur

Name: Graham McArthur
Title: Treasurer

Address for Notices:

717 Texas Avenue, Suite 3100
Houston, TX 77002
Attn: Treasurer

SOCIÉTÉ GÉNÉRALE,
as Agent

By: /s/ Deepa Dadlani

Name: Deepa Dadlani
Title: Vice President

Address for Notices:

1221 Avenue of the Americas
New York, NY 10020
Attn: Robert Preminger

HSBC BANK USA, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Deirdra N. Ross

Name: Deirdra N. Ross
Title: Assistant Vice President

Address for Notices:

HSBC Bank USA, National Association
452 Fifth Avenue
New York, NY 10018
Attn: Corporate Trust

With a copy to:

DLA Piper Rudnick Gray Cary US LLP
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, PA 19103
Attn: Peter Tucci, Esq.

Exhibit A
to Consent and Amendment No. 6

Consent Request Letter

(see attached)

Consent and Amendment No. 7

Exhibit 10.13

CHENIERE ENERGY, INC.

AMENDED AND RESTATED

2003 STOCK INCENTIVE PLAN

September 8, 2005

CHENIERE ENERGY, INC.

AMENDED AND RESTATED 2003 STOCK INCENTIVE PLAN

Table of Contents

CHENIERE ENERGY, INC.
AMENDED AND RESTATED
2003 STOCK INCENTIVE PLAN

WHEREAS, the Board of Directors of Cheniere Energy, Inc., a Delaware corporation (the "*Company*"), adopted the 2003 Stock Incentive Plan (the "*Original Plan*") on November 11, 2003, which became effective on January 29, 2004 upon receiving Stockholder approval thereof; and

WHEREAS, the Original Plan has heretofore been amended to authorize officers of the Company to make certain determinations regarding Option grants, to increase the number of shares authorized thereunder and to revise the definition of Fair Market Value; and

WHEREAS, the Company desires to incorporate all of the prior amendments to the Original Plan and the revisions made herein into a restatement of the Original Plan (the Original Plan, as amended and rested hereby, the "*Plan*");

NOW THEREFORE, the Original Plan is hereby amended and restated as follows. Capitalized words not otherwise defined shall have the meanings set forth below in Section 1.8.

ARTICLE I
INTRODUCTION

1.1 Purpose. The Plan is intended to promote the interests of the Company and its stockholders by encouraging Employees, Consultants and Non-Employee Directors of the Company or its Affiliates to acquire or increase their equity interests in the Company, thereby giving them an added incentive to work toward the continued growth and success of the Company. The Board of Directors of the Company (the "*Board*") also contemplates that through the Plan, the Company and its Affiliates will be better able to compete for the services of the individuals needed for the continued growth and success of the Company.

1.2 Shares Subject to the Plan. The aggregate number of shares of Common Stock that may be issued under the Plan shall not exceed 8,000,000. No more than 1,000,000 shares of Common Stock shall be issued to any one Participant in any one calendar year. Notwithstanding the above, however, in the event that at any time after the Effective Date the outstanding shares of Common Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a merger, consolidation, recapitalization, reclassification, stock split, stock dividend, combination of shares or the like, the aggregate number and class of securities available under the Plan shall be ratably adjusted by the Committee, whose determination shall be final and binding upon the Company and all other interested persons. In the event the number of shares of Common Stock to be delivered upon the exercise or payment of any Award granted under the Plan is reduced for any reason whatsoever or in the event any Award granted under the Plan can no longer under any circumstances be exercised or paid, the number of shares of Common Stock no longer subject to such Award shall thereupon be released from such Award and shall thereafter be available under the Plan for the grant of additional Awards. Shares of Common Stock issued pursuant to the Plan (i) may be treasury shares, authorized but unissued shares or, if applicable, shares acquired in the open market and (ii) shall be fully paid and nonassessable.

1.3 Administration of the Plan. The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee shall interpret the Plan and all Awards under the Plan, shall make such rules as it deems necessary for the proper administration of the Plan, shall make all other determinations necessary or advisable for the administration of the Plan and shall correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award under the Plan in the manner and to the extent that the Committee deems desirable to effectuate the Plan. Any action taken or determination made by the Committee pursuant to this and the other paragraphs of the Plan shall be conclusive on all parties. The act or determination of a majority of the Committee shall be deemed to be the act or determination of the Committee.

1.4 Amendment and Discontinuance of the Plan. The Board may amend, suspend or terminate the Plan; provided, however, no amendment, suspension or termination of the Plan may without the consent of the holder of an Award terminate such Award or adversely affect such person's rights with respect to such Award in any material respect; provided further, however, that any amendment which would constitute a "material revision" of the Plan (as that term is used in the rules of the American Stock Exchange) shall be subject to shareholder approval.

1.5 Granting of Awards to Participants.

(a) The Committee shall have the authority to grant, prior to the expiration date of the Plan, Awards to any Participant as may be selected by it on the terms and conditions hereinafter set forth in the Plan. In selecting a Participant to receive Awards, including the type and size of the Award, the Committee may consider any factors that it may deem relevant.

(b) The Board or the Committee may, by a resolution adopted by the Board or the Committee, authorize one or more officers of the Company to do one or both of the following: (i) designate Participants to be recipients of Awards and (ii) determine the terms of the Award to be received by such Participant; provided, however, that the resolution so authorizing such officer or officers shall specify the total aggregate number of shares of Common Stock, if any, to be issued pursuant to or underlying an Award such officer or officers may award. The Board or the Committee may not authorize an officer to designate himself or herself as a recipient of any Options.

1.6 Term of Plan. The Plan shall terminate upon, and no further Awards shall be made, after January 15, 2014.

1.7 Leave of Absence. If an employee is on military, sick leave or other bona fide leave of absence, such person shall be considered an "Employee" for purposes of an outstanding Award during the period of such leave provided it does not exceed 90 days, or, if longer, so long as the person's right to reemployment is guaranteed either by statute or by contract. If the period of leave exceeds 90 days, the employment relationship shall be deemed to have terminated on the 91st day of such leave, unless the person's right to reemployment is guaranteed by statute or contract.

1.8 Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

"*1933 Act*" means the Securities Act of 1933, as amended.

"*1934 Act*" means the Securities Exchange Act of 1934, as amended.

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

"*Awards*" means, collectively, Options, Purchased Stock, Bonus Stock, Stock Appreciation Rights, Phantom Stock, Restricted Stock, Performance Awards, or Other Stock or Performance Based Awards.

"*Bonus Stock*" is defined in Article V.

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

"*Change of Control*" shall be deemed to have occurred upon any of the following events:

(i) any "person" (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as modified in Section 13(d) and 14(d) of

the Exchange Act) other than (A) the Company or any of its subsidiaries, (B) any employee benefit plan of the Company or any of its subsidiaries, (C) or any Affiliate, (D) a company owned, directly or indirectly, by stockholders of the Company in substantially the same proportions as their ownership of the Company, or (E) an underwriter temporarily holding securities pursuant to an offering of such securities (a "Person"), becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the shares of voting stock of the Company then outstanding; provided, however, that an initial public offering of Common Stock shall not constitute a Change of Control;

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

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

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

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations thereunder (including Treasury Regulations sec. 1.162-27 and successor regulations thereto).

"*Committee*" means the compensation committee appointed by the Board or a sub-committee appointed by the compensation committee to administer the Plan or, if none, the Board; provided however, that with respect to any Award granted to a Covered Employee which is intended to be "performance-based compensation" as described in Section 162(m)(4)(c) of the Code, the Committee shall consist solely of two or more "outside directors" as described in Section 162(m)(4)(c)(i) of the Code.

"Common Stock" means the common stock of the Company, $.003 par value per share.

"*Consultant*" means any individual, other than a Director or an Employee, who renders consulting or advisory services to the Company or an Affiliate.

"Covered Employee" shall mean the Chief Executive Officer of the Company and each of the four highest paid officers of the Company other than the Chief Executive Officer as described in Section 162(m)(3) of the Code.

"*Disability*" means an inability of the Participant to perform material services for the Company for a period of 90 consecutive days or a total of 180 days, during any 365-day period, in either case as a result of incapacity due to mental or physical illness, which is determined to be total and permanent. A determination of Disability shall be made by a physician satisfactory to both the Participant (or his guardian) and the Company, provided that if the Participant (or his guardian) and the Company do not agree on a physician, the Participant and the Company shall each select a physician and these two together shall select a third physician, whose determination as to Disability shall be binding on all parties. Eligibility for disability benefits under any policy for long-term disability benefits provided to the Participant by the Company shall conclusively establish the Participant's disability.

"Effective Date" means January 15, 2004, the date the Plan was originally adopted by the Company's stockholders.

"*Employee*" means any employee of the Company or an Affiliate.

"*Employment*" includes any period in which a Participant is an Employee or a paid Consultant to the Company or an Affiliate.

"*Fair Market Value or FMV Per Share*" means the closing price of a share of the Common Stock on the principal exchange or over-the-counter market on which such shares are trading, if any, or as reported on any composite index which includes such principal exchange, as of any given date. If shares of the Common Stock are not listed or admitted to trading on any exchange, over-the-counter market or any similar organization as of the determination date, the Fair Market Value or FMV Per Share shall be determined by the Committee in good faith using any fair and reasonable means selected in its discretion.

"Good Reason" means termination of employment by an Employee, termination of service by a Consultant or resignation from the Board of a Non-Employee Director under any of the following circumstances:

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

(ii) if such Employee, Consultant or Non-Employee Director is not a party to an agreement with the Company that defines the term "Good Reason," such term shall mean termination of employment or service under any of the following circumstances, if the Company fails to cure such circumstances within thirty (30) days after receipt of written notice from the Participant to the Company setting forth a description of such Good Reason:

(i) the removal from or failure to re-elect the Participant to the office or position in which he or she last served;

(ii) the assignment to the Participant of any duties, responsibilities, or reporting requirements inconsistent with his or her position with the Company, or any material diminishment, on a cumulative basis, of the Participant's overall duties, responsibilities, or status;

(iii) a material reduction by the Company in the Participant's fees, compensation, or benefits; or

(iv) the requirement by the Company that the principal place of business at which the Participant performs his duties be changed to a location more than fifty (50) miles from downtown Houston, Texas.

"*Incentive Option*" means any option that satisfies the requirements of Code Section 422 and is granted pursuant to Article III of the Plan.

"*Non-Employee Director*" means any person who is a member of the Board but who is neither an Employee nor Consultant of the Company or any Affiliate.

"*Non-Qualified Option*" shall mean an option not intended to satisfy the requirements of Code Section 422 and which is granted pursuant to Article II of the Plan.

"*Option*" means an option to acquire shares of Common Stock granted pursuant to the provisions of the Plan, and refers to either an Incentive Option or a Non-Qualified Option, or both, as applicable.

"*Option Expiration Date*" means the date determined by Committee which shall not be more than ten years after the date of grant of an Option.

"Optionee" means a Participant who has received or will receive an Option.

"*Other Stock-Based Award*" means an award granted pursuant to Article IX of the Plan that is not otherwise specifically provided for, the value of which is based in whole or in part upon the value of a share of Common Stock.

"*Outstanding Company Common Stock*" means, as of any date of determination, the then outstanding shares of Common Stock of the Company.

"*Outstanding Company Voting Securities*" means, as of any date of determination, the combined voting power of the then outstanding voting securities of the Company entitled to vote generally on the election of directors.

"*Participant*" means any Non-Employee Director, Employee or Consultant, granted an Award under the Plan or a guardian appointed to act on behalf of the Participant.

"*Performance Award*" means an Award granted pursuant to Article VIII of the Plan, which, if earned, shall be payable in shares of Common Stock, cash or any combination thereof as determined by the Committee.

"*Phantom Shares*" means an Award of the right to receive shares of Common Stock issued at the end of a Restricted Period which is granted pursuant to Article VI of the Plan.

"*Purchased Stock*" means a right to purchase Common Stock granted pursuant to Article IV of the Plan.

"*Reload Option*" is defined in Section 2.3(g).

"*Restricted Period*" shall mean the period established by the Committee with respect to an Award during which the Award either remains subject to forfeiture or is not exercisable by the Participant.

"*Restricted Stock*" shall mean any share of Common Stock, prior to the lapse of restrictions thereon, granted under Article VII of the Plan.

"*Stock Appreciation Rights*" means an Award granted pursuant to Article VI of the Plan.

ARTICLE II
NONQUALIFIED STOCK OPTIONS

2.1 Grants. The Committee may grant Options to purchase the Common Stock to any Employee, Consultant or Non-Employee Director according to the terms set forth below.

2.2 Calculation of Exercise Price. The exercise price to be paid for each share of Common Stock deliverable upon exercise of each Option granted under this Article II shall not be less than the FMV Per Share on the date of grant of such Option. The exercise price for each Option granted under Article II shall be subject to adjustment as provided in Section 2.3(e).

2.3 Terms and Conditions of Options. Options shall be in such form as the Committee may from time to time approve, shall be subject to the following terms and conditions and may contain such additional terms and conditions, not inconsistent with this Article II, as the Committee shall deem desirable:

(a) *Option Period and Conditions and Limitations on Exercise.* No Option shall be exercisable later than the Option Expiration Date. To the extent not prohibited by other provisions of the Plan, each Option shall be exercisable at such time or times as the Committee in its discretion may determine at the time such Option is granted.

(b) *Manner of Exercise.* In order to exercise an Option, the Optionee shall deliver to the Company payment in full for the options being exercised, together with any required withholding taxes. The payment of the aggregate exercise price for the Options shall be by one or more of the following (i) in cash or by check payable and acceptable to the Company, (ii) with the consent of the Committee, by tendering to the Company shares of Common Stock owned by the Optionee for more than six months, (iii) with the consent of the Committee and upon the Optionee's written request, the Company may deliver certificates for the shares of Common Stock for which the Option is being exercised to a broker for sale on behalf of the Optionee, provided that the Optionee has irrevocably instructed such broker to remit from the proceeds of such sale directly to the Company on the Optionee's behalf the full amount of the exercise price plus any taxes the Company is required to withhold or (iv) subject to the consent of the Committee, payment of the exercise price may be made with shares of Common Stock with respect to which the Option is being exercised. In the event that the person elects to make payment as allowed under clause (ii) above, the Committee may require the Optionee to deliver a written representation that all shares of Common Stock being purchased are being acquired for investment and not with a view to, or for resale in connection with, any distribution of such shares.

(c) Intentionally Omitted.

(d) *Options not Transferable.* Except as provided below, no Non-qualified Option granted hereunder shall be transferable other than by (i) will or by the laws of descent and distribution or (ii) pursuant to a domestic relations order and, during the lifetime of the Participant to whom any such Option is granted, and it shall be exercisable only by the Participant. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of, or to subject to execution, attachment or similar process, any Option granted hereunder, or any right thereunder, contrary to the provisions hereof, shall be void and ineffective, shall give no right to the purported transferee, and shall, at the sole discretion of the Committee, result in forfeiture of the Option with respect to the shares involved in such attempt. With respect to a specific Non-qualified Option, the Participant may transfer, for estate planning purposes, all or part of such Option to one or more immediate family members or related family trusts or partnerships or similar entities.

(e) *Adjustment of Options.* In the event that at any time after the Effective Date the outstanding shares of Common Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of merger, consolidation, recapitalization, reclassification, stock split, stock dividend, combination of shares or the like, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares as to which all outstanding Options granted, or portions thereof then unexercised, shall be exercisable, to the end that after such event the shares subject to the Plan and each Participant's proportionate interest shall be maintained as before the occurrence of such event. Such adjustment in an outstanding Option shall be made without change in the total price applicable to the Option or the unexercised portion of the Option (except for any change in the aggregate price resulting from rounding-off of share quantities or prices) and with any necessary corresponding adjustment in exercise price per share. Any such adjustment made by the Committee shall be final and binding upon all Participants, the Company, and all other interested persons.

(f) *Listing and Registration of Shares.* Each Option shall be subject to the requirement that if at any time the Committee determines, in its discretion, that the listing, registration, or qualification of the shares of Common Stock subject to such Option under any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase of shares of Common Stock thereunder, such Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained and the same shall have been free of any conditions not acceptable to the Committee.

(g) *Reload Options*. A Non-qualified Option may, in the discretion of the Committee, include a Reload Option right which shall entitle the Participant, upon (i) the exercise of such original Non-qualified Option prior to the Participant's termination of service and (ii) payment of the appropriate exercise price in shares of Common Stock that have been owned by such Participant for at least six months prior to the date of exercise, to receive a new Non-qualified Option (the "*Reload Option*") to purchase, at the FMV Per Share on the date of the exercise of the original Non-qualified Option, the number of shares of Common Stock equal to the number of whole shares delivered by the Participant in payment of the exercise price of the original Non-qualified Option. Such Reload Option shall be subject to the same terms and conditions, including expiration date, and shall be exercisable at the same time or times as the original Non-qualified Option with respect to which it is granted.

2.4 Amendment. The Committee may, with the consent of the Optionee, amend an Option at any time. The Committee may at any time or from time to time, in its discretion, in the case of any Option which is not then immediately exercisable in full, accelerate the time or times at which such Option may be exercised to any earlier time or times. The Committee, in its absolute discretion, may grant to holders of outstanding Options, in exchange for the surrender and cancellation of such Options, new Options having exercise prices lower (or higher) than the exercise price provided in the Options so surrendered and canceled and containing such other terms and conditions as the Committee may deem appropriate; provided, however, that the Committee shall have no discretion to exchange, cancel or issue such Options if the exercise of such discretion would cause such Options to be subject to Section 409A of the Code.

2.5 Acceleration of Vesting. Any Option granted hereunder which is not otherwise vested shall vest (unless specifically provided to the contrary by the Committee in the document or instrument evidencing an Option granted hereunder) upon (i) termination of an Employee or Consultant or removal of a Non-Employee Director without Cause; (ii) resignation of a Non-Employee Director with Good Reason; (iv) termination, removal or resignation of a Participant for any reason within one (1) year from the effective date of the Change of Control; or (iii) death or Disability of the Participant.

2.6 Other Provisions.

(a) A Participant shall not be entitled to any rights as a stockholder of the Company with respect to any shares of Common Stock subject to such Option until he shall have become the holder of record of such shares of Common Stock.

(b) No Option granted hereunder shall be construed as limiting any right which the Company or any Affiliate may have to terminate at any time, with or without cause, a Participant to whom such Option has been granted.

(c) Notwithstanding any provision of the Plan or the terms of any Option, the Company shall not be required to issue any shares of Common Stock hereunder if such issuance would, in the judgment of the Committee, constitute a violation of any state or federal law or of the rules or regulations of any governmental regulatory body.

(d) No Option shall be exercisable more than six (6) months after the Optionee ceases to be an Employee for any reason other than death or Disability, or more than one (1) year after the Optionee ceases to be an Employee due to death or Disability.

ARTICLE III
INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Article III, all the provisions of Article II shall be applicable to Incentive Options. Options which are specifically designated as Non-Qualified Options shall **not** be subject to the terms of this Section III.

3.1 Eligibility. Incentive Options may only be granted to Employees.

3.2 Exercise Price. The exercise price per Share shall not be less than the FMV Per Share on the date of grant of such Option.

3.3 Dollar Limitation. The aggregate Fair Market Value (determined as of the respective date or dates of grant) of shares of Common Stock for which one or more options granted to any Employee under the Plan (or any other option plan of the Company or any Affiliate) may for the first time become exercisable as Incentive Options during any one (1) calendar year shall not exceed the sum of One Hundred Thousand Dollars ($100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

3.4 10% Stockholder. If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the FMV Per Share on the option grant date and the option term shall not exceed five (5) years measured from the option grant date.

3.5 Options Not Transferable. No Incentive Option granted hereunder shall be transferable other than by will or by the laws of descent and distribution and shall be exercisable during the Optionee's lifetime only by such Optionee.

3.6 Reload Options. No Reload Options shall be granted with respect to any Incentive Options.

3.7 Compliance with 422. All Options that are intended to be Incentive Options shall be designated as such in the Option grant and in all respects shall be issued in compliance with Code Section 422.

3.8 Limitations on Exercise. No Incentive Option shall be exercisable more than three (3) months after the Optionee ceases to be an Employee for any reason other than death or Disability, or more than one (1) year after the Optionee ceases to be an Employee due to death or Disability.

ARTICLE IV
PURCHASED STOCK

4.1 Eligible Persons. The Committee shall have the authority to sell shares of Common Stock to such Employees, Consultants and Non-Employee Directors as may be selected by it, on such terms and conditions as it may establish, subject to the further provisions of this Article IV. Each issuance of Common Stock under this Article shall be evidenced by an agreement, which shall be subject to applicable provisions of this Plan and to such other provisions not inconsistent with this Plan as the Committee may approve for the particular sale transaction.

4.2 Purchase Price. The price per share of Common Stock to be purchased by a Participant under this Plan shall be determined in the sole discretion of the Committee, and may be less than, but shall not be greater than the FMV Per Share at the time of purchase.

4.3 Payment of Purchase Price. Payment of the purchase price of Purchased Stock under this Plan shall be made in full in cash.

ARTICLE V
BONUS STOCK

The Committee may, from time to time and subject to the provisions of the Plan, grant shares of Bonus Stock to Employees, Consultants or Non-Employee Directors. Bonus Stock shall be shares of Common Stock that are not subject to a Restricted Period under Article VII.

ARTICLE VI
STOCK APPRECIATION RIGHTS AND PHANTOM STOCK

6.1 Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Employees, Consultants or Non-Employee Directors on the following terms and conditions.

(a) *Right to Payment.* A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the FMV Per Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee.

(b) *Rights Related to Options.* A Stock Appreciation Right granted in connection with an Option shall entitle a Participant, upon exercise thereof, to surrender that Option or any portion thereof, to the extent unexercised, and to receive payment of an amount computed

pursuant to Subsection 6.1(a) hereof. That Option shall then cease to be exercisable to the extent surrendered. A Stock Appreciation Right granted in connection with an Option shall be exercisable only at such time or times and only to the extent that the related Option is exercisable and shall not be transferable (other than by will or the laws of descent and distribution or pursuant to a domestic relations order) except to the extent that the related Option is transferable.

(c) *Right Without Option.* A Stock Appreciation Right granted independent of an Option shall be exercisable as determined by the Committee and set forth in the Award agreement governing the Stock Appreciation Right.

(d) *Terms*. The Committee shall determine at the date of grant the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

6.2 Phantom Stock Awards. The Committee is authorized to grant Phantom Stock Awards to Employees, Consultants and Non-Employee Directors, which are rights to receive cash equal to the Fair Market Value of a specified number of shares of Common Stock on the last day of a specified deferral period, subject to the following terms and conditions:

(a) *Award and Restrictions*. Satisfaction of a Phantom Stock Award shall occur upon expiration of the deferral period specified for such Phantom Stock Award by the Committee or, if permitted by the Committee, as elected by the Participant. In addition, Phantom Stock Awards shall be subject to such restrictions (which may include a risk of forfeiture), if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, installments or otherwise, as the Committee may determine.

(b) *Forfeiture.* Except as otherwise determined by the Committee or as may be set forth in any Award, employment or other agreement pertaining to a Phantom Stock Award, upon termination of employment or services during the applicable deferral period or portion thereof to which forfeiture conditions apply, all Phantom Stock Awards that are at that time subject to deferral (other than a deferral at the election of the Participant) shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Phantom Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Phantom Stock Awards.

(c) *Performance Goals*. To the extent the Committee determines that any Award granted pursuant to this Article VI shall constitute performance-based compensation for purposes of Section 162(m) of the Code, the grant or settlement of the Award shall, in the Committee's discretion, be subject to the achievement of performance goals determined and applied in a manner consistent with Section 8.2.

ARTICLE VII
RESTRICTED STOCK

7.1 Eligible Persons. All Employees, Consultants and Non-Employee Directors shall be eligible for grants of Restricted Stock.

7.2 Restricted Period and Vesting.

(a) The Restricted Stock shall be subject to such restrictions on transfer by the Participant and repurchase by the Company as the Committee, in its sole discretion, shall determine. Prior to the lapse of such restrictions the Participant shall not be permitted to transfer such shares. The Company shall have the right to repurchase or recover such shares for the amount of cash paid therefor, if any, if (i) the Participant shall terminate employment from or services to the Company prior to the lapse of such restrictions, subject to section 7.2(b) below; or (ii) the Restricted Stock is forfeited by the Participant pursuant to the terms of the Award.

(b) Notwithstanding the foregoing, unless the Award specifically provides otherwise, all Restricted Stock not otherwise vested shall vest upon (i) termination of an Employee or Consultant or removal of a Non-Employee Director without Cause; (ii) termination by an Employee or Consultant or resignation of a Non-Employee Director with Good Reason; (iii) termination, resignation or removal of a Participant for any reason within one (1) year from the effective date of a Change of Control; or (iv) death or Disability of the Participant.

Each certificate representing Restricted Stock awarded under the Plan may be evidenced in such manner as the Committee shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock. The grantee of Restricted Stock shall have all the rights of a stockholder with respect to such shares, including the right to vote and the right to receive dividends or other distributions paid or made with respect to such shares.

ARTICLE VIII
PERFORMANCE AWARDS

8.1 Performance Awards. The Committee may grant Performance Awards based on performance criteria measured over a period of not less than one year and not more than three years. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to increase the amounts payable under any Award subject to performance conditions except as limited under Section 8.2 in the case of a Performance Award granted to a Covered Employee.

8.2 Performance Goals. The grant and/or settlement of a Performance Award shall be contingent upon terms set forth in this Section 8.2.

(a) *General*. The performance goals for Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee. In the case of any Award granted to a Covered Employee, performance goals shall be designed to be objective and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the level or levels of performance targeted by the Committee are such that the achievement of performance goals is "substantially uncertain" at the time of grant. The Committee may determine that such Performance Awards shall be granted and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to the grant and/or settlement of such Performance Awards. Performance goals may differ among Performance Awards granted to any one Participant or for Performance Awards granted to different Participants.

(b) *Business Criteria.* One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries, divisions or business or geographical units of the Company (except with respect to the total stockholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for Performance Awards granted to a Participant: (A) earnings per share; (B) increase in revenues; (C) increase in cash flow; (D) increase in cash flow return; (E) return on net assets; (F) return on assets; (G) return on investment; (H) return on equity; (I) economic value added; (J) gross margin; (K) net income; (L) pretax earnings; (M) pretax earnings before interest, depreciation and amortization; (N) pretax operating earnings after interest expense and before incentives, service fees, and extraordinary or special items; (O) operating income; (P) total stockholder return; (Q) debt reduction; and (R) any of the above goals determined on the absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of comparable companies.

(c) *Performance Period; Timing for Establishing Performance Goals.* Achievement of performance goals in respect of Performance Awards shall be measured over a performance period of not less than one year and not more than five years, as specified by the Committee. Performance goals in the case of any Award granted to a Participant shall be established not later than 90 days after the beginning of any performance period applicable to such Performance Awards, or at such other date as may be required or permitted for "performance-based compensation" under Section 162(m) of the Code.

(d) *Settlement of Performance Awards; Other Terms.* After the end of each performance period, the Committee shall determine the amount, if any, of Performance Awards payable to each Participant based upon achievement of business criteria over a performance period. The Committee may not exercise discretion to increase any such amount payable in respect of a Performance Award designed to comply with Section 162(m) of the Code. The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of employment by the Participant prior to the end of a performance period or settlement of Performance Awards.

(e) *Written Determinations*. All determinations by the Committee as to the establishment of performance goals, the amount of any Performance Award, and the

achievement of performance goals relating to Performance Awards shall be made in writing in the case of any Award granted to a Participant. The Committee may not delegate any responsibility relating to such Performance Awards.

(f) *Status of Performance Awards under Section 162(m) of the Code.* It is the intent of the Company that Performance Awards granted to persons who are designated by the Committee as likely to be Covered Employees within the meaning of Section 162(m) of the Code shall, if so designated by the Committee, constitute "performance-based compensation" within the meaning of Section 162(m) of the Code. Accordingly, the terms of this Section 8.2 shall be interpreted in a manner consistent with Section 162(m) of the Code. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Participant will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee, at the time of grant of a Performance Award, who is likely to be a Covered Employee with respect to that fiscal year. If any provision of the Plan as in effect on the date of adoption or any agreements relating to Performance Awards that are designated as intended to comply with Section 162(m) of the Code does not comply or is inconsistent with the requirements of Section 162(m) of the Code, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

ARTICLE IX
OTHER STOCK OR PERFORMANCE BASED AWARDS

The Committee is hereby authorized to grant to Employees, Consultants and Non-Employee Directors, Other Stock or Performance-Based Awards, which shall consist of a right which (i) is not an Award described in any other Article and (ii) is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of Common Stock (including, without limitation, securities convertible into shares of Common Stock) or cash as are deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of any such Other Stock or Performance-Based Award.

ARTICLE X
CERTAIN PROVISIONS APPLICABLE TO ALL AWARDS

10.1 General. Awards may be granted on the terms and conditions set forth herein. In addition, the Committee may impose on any Award or the exercise thereof, such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of employment by the Participant and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion to accelerate or waive, at any time, any term or condition of an Award that is not mandatory under the Plan; provided, however, that the Committee shall not have a discretion to accelerate or waive any term or condition of an Award that is intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code if such discretion would cause the Award not to so qualify. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy

the requirements of the Delaware General Corporation Law, no consideration other than services may be required for the grant of any Award.

10.2 Stand-Alone, Additional, Tandem, and Substitute Awards. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate, or any other right of a Participant to receive payment from the Company or any Affiliate. Such additional, tandem and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Committee shall require the surrender of such other Award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Affiliate.

10.3 Term of Awards. The term or Restricted Period of each Award that is an Option, Stock Appreciation Right, Phantom Stock or Restricted Stock shall be for such period as may be determined by the Committee; provided that in no event shall the term of any such Award exceed a period of ten years (or such shorter terms as may be required in respect of an Incentive Option under Section 422 of the Code).

10.4 Form and Timing of Payment under Awards; Deferrals. Subject to the terms of the Plan and any applicable Award agreement, payments to be made by the Company or a Subsidiary upon the exercise of an Option or other Award or settlement of an Award shall be made as soon as administratively feasible. The settlement of any Award may, subject to any limitations set forth in the Award agreement, be accelerated and cash paid in lieu of shares of Common Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events; provided, however, that no Award may be accelerated or cash paid in lieu of shares if the Committee determines that such action would cause the Participant to be subject to an excise tax under Section 409A of the Code. In the discretion of the Committee, Awards granted pursuant to Article VI or VIII of the Plan may be payable in shares of Common Stock to the extent permitted by the terms of the applicable Award agreement. Installment or deferred payments may be required by the Committee (subject to Section 1.4 of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of amounts in respect of installment or deferred payments denominated in shares of Common Stock. Any deferral shall only be allowed as is provided in a separate deferred compensation plan adopted by the Company which complies with Section 409A of the Code. The Plan shall not constitute any "employee benefit plan" for purposes of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

10.5 Vested and Unvested Awards. After the satisfaction of all of the terms and conditions set by the Committee with respect to an Award of (i) Restricted Stock, a certificate, without a legend, for the number of shares that are no longer subject to such restrictions, terms and conditions shall be delivered to, or registered in the name of, the Participant or his or her nominee, (ii) Phantom Stock, to the extent not paid in cash, a certificate for the number of shares

equal to the number of shares of Phantom Stock earned shall be delivered to, or registered in the name of, the Participant, and (iii) Stock Appreciation Rights or Performance Awards, cash and/or a certificate for the number of shares equal in value to the number of Stock Appreciation Rights or amount of Performance Awards vested shall be delivered to, or registered in the name of, the Participant or his or her nominee. Upon termination, resignation or removal of a Participant under circumstances that do not cause such Participant to become fully vested, any remaining unvested Options, shares of Restricted Stock, Phantom Stock, Stock Appreciation Rights or Performance Awards, as the case may be, shall either be forfeited back to the Company or, if appropriate under the terms of the Award, shall continue to be subject to the restrictions, terms and conditions set by the Committee with respect to such Award.

10.6 Exemptions from Section 16(b) Liability. It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16(b) of the Exchange Act pursuant to an applicable exemption (except for transactions acknowledged by the Participant in writing to be non-exempt). Accordingly, if any provision of this Plan or any Award agreement does not comply with the requirements of Rule 16b-3 as then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b) of the Exchange Act.

10.7 Other Provisions. No grant of any Award shall be construed as limiting any right which the Company or any Affiliate may have to terminate at any time, with or without cause, the employment of any person to whom such Award has been granted.

ARTICLE XI
WITHHOLDING FOR TAXES

Any issuance of Common Stock pursuant to the exercise of an Option or payment of any other Award under the Plan shall not be made until appropriate arrangements satisfactory to the Company have been made for the payment of any tax amounts (federal, state, local or other) that may be required to be withheld or paid by the Company with respect thereto. Such arrangements may, at the discretion of the Committee, include allowing the person to tender to the Company shares of Common Stock owned by the person, or to request the Company to withhold shares of Common Stock being acquired pursuant to the Award, whether through the exercise of an Option or as a distribution pursuant to the Award, together with payment of any remaining portion of such tax amounts in cash or by check payable and acceptable to the Company.

Notwithstanding the foregoing, if on the date of an event giving rise to a tax withholding obligation on the part of the Company the person is an officer or individual subject to Rule 16b-3, such person may direct that such tax withholding be effectuated by the Company withholding the necessary number of shares of Common Stock (at the tax rate required by the Code) from such Award payment or exercise.

ARTICLE XII
MISCELLANEOUS

12.1 No Rights to Awards. No Participant or other person shall have any claim to be granted any Award, there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards and the terms and conditions of Awards need not be the same with respect to each recipient.

12.2 No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or any Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

12.3 Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with applicable federal law and the laws of the State of Delaware, without regard to any principles of conflicts of law.

12.4 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Participant or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Participant or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

12.5 Other Laws. The Committee may refuse to issue or transfer any shares of Common Stock or other consideration under an Award if, acting in its sole discretion, it determines that the issuance of transfer or such shares or such other consideration might violate any applicable law.

12.6 Shareholder Agreements. The Committee may condition the grant, exercise or payment of any Award upon such person entering into a stockholders' agreement in such form as approved from time to time by the Board.

CHENIERE ENERGY, INC.
AMENDED AND RESTATED
1997 STOCK OPTION PLAN

WHEREAS, the Board of Directors (the "*Board*") of Cheniere Energy, Inc., a Delaware corporation (the "*Company*"), adopted and approved the 1997 Stock Option Plan (the "*Original Plan*") on April 22, 1997. By unanimous written consent of the Board, dated October 2, 1997, the Original Plan was amended and restated effective as of April 22, 1997 and was duly approved by Stockholders on November 5, 1997; and

WHEREAS, the Original Plan has heretofore been amended to increase the number of shares authorized thereunder and to revise the definition of Fair Market Value; and

WHEREAS, the Company desires to incorporate all of the prior amendments to the Original Plan and the revisions made herein into a restatement of the Original Plan (the Original Plan, as amended and restated hereby, the "*Plan*");

NOW THEREFORE, the Original Plan is hereby amended and restated as follows. Capitalized words not otherwise defined shall have the meanings set forth below in Article II.

ARTICLE I
PURPOSE

The Plan is intended to advance the interests of the Company and its stockholders and subsidiaries by attracting, retaining and motivating the performance of selected directors, officers, consultants and employees of the Company of high caliber and potential upon whose judgment, initiative and effort the Company is largely dependent for the successful conduct of its business, and to encourage and enable such directors, officers, consultants and employees to acquire and retain a propriety interest in the Company by ownership of its stock.

ARTICLE II
DEFINITIONS

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations thereunder (including Treasury Regulations sec. 1.162-27 and successor regulations thereunder).

"*Committee* means the compensation committee appointed by the Board or a sub-committee appointed by the compensation committee to administer the Plan or, if none, the Board; provided however, that with respect to any Award granted to a Covered Employee which is intended to be "performance-based compensation" as described in Section 162(m)(4)(c) of the Code, the Committee shall consist solely of two or more "outside directors" as described in Section 162(m)(4)(c)(i) of the Code.

Notwithstanding the preceding paragraph, the term "Committee" as used in the Plan with respect to any Nonqualified Stock Option for a Committee member shall refer to the Board. In the case of a Nonqualified Stock Option for a Committee member, the Board shall have all of the powers and responsibilities of the Committee hereunder as to such Option, and any actions as to such Options may be acted upon only by the Board (unless it otherwise designates in its discretion). When the Board exercises its authority to act in the capacity as the Committee hereunder with respect to a Nonqualified Stock Option for a Committee member, it shall so designate with respect to any action that it undertakes in its capacity as the Committee.

"*Common Stock*" means the Company's common stock, $.003 par value per share.

"*Covered Employee*" means the Chief Executive Officer of the Company and each of the four highest paid officers of the Company other than the Chief Executive Officer as described in Section 162(m)(3) of the Code.

"*Date of Grant*" means the date on which an Option becomes effective in accordance with Section 6.1 hereof.

"Effective Date" means April 22, 1997, the date the Plan was originally adopted by the Board.

"*Eligible Person*" means any person who is a director, officer, consultant or employee of the Company or any Subsidiary.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Fair Market Value or FMV Per Share*" means the closing price of a share of the Common Stock on the principal exchange or over-the-counter market on which such shares are trading, if any, or as reported on any composite index which includes such principal exchange, as of any given date. If shares of the Common Stock are not listed or admitted to trading on any exchange, over-the-counter market or any similar organization as of the determination date, the Fair Market Value or FMV Per Share shall be determined by the Committee in good faith using any fair and reasonable means selected in its discretion.

"*Incentive Stock Option*" means a stock option granted under the Plan that is intended to meet the requirements of Section 422 of the Code.

"*Insider*" means an individual who is, on the relevant date, an officer or director designated by the Board to file reports pursuant to Section 16 of the Exchange Act, with the Securities and Exchange Commission or ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

"*Nonqualified Stock Option*" means a stock option granted under the Plan that is not an Incentive Stock Option.

"*Option*" means an Incentive Stock Option or a Nonqualified Stock option granted under the Plan.

"*Optionee*" means an Eligible Person to whom an Option has been granted, which Option has not expired, under the Plan.

"*Option Price*" means the price at which each share of Common Stock subject to an Option may by purchased, determined in accordance with Section 6.2 hereof.

"*Performance-Based Exception*" means the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code.

"*Stock Option Agreement*" means an agreement between the Company and an Optionee under which the Optionee may purchase Common Stock under the Plan.

"*Subsidiary*" means a subsidiary corporation of the Company, within the meaning of Section 424(f) of the Code.

ARTICLE III
ELIGIBILITY

All Eligible Persons are eligible to receive a grant of an Option under the Plan. The Committee shall, in its sole discretion, determine and designate from time to time those Eligible Persons who are to be granted an Option.

ARTICLE IV
ADMINISTRATION

4.1 Committee Members. The Plan shall be administered by the Committee.

4.2 Committee Authority. Subject to the express provisions of the Plan, the Committee shall have the authority, in its discretion, to determine the Eligible Persons to whom an Option shall be granted, the time or times at which an Option shall be granted, the number of shares of Common Stock subject to each Option, the Option Price of the shares subject to each Option, and the time or times when each Option shall become exercisable and the duration of the exercise period.

Subject to the express provisions of the Plan, the Committee shall also have discretionary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the details and provisions of each Stock Option Agreement, and to make all the determinations necessary or advisable in the administration of the Plan. All such actions and determinations by the Committee shall be conclusively binding for all purposes and upon all persons. No Committee member shall be liable for any action or determination made in good faith with respect to the Plan, any Option or any Stock Option Agreement entered into hereunder.

The Board or the Committee may, by a resolution adopted by the Board or the Committee, authorize one or more officers of the Company to determine the Eligible Persons to whom an Option shall be granted, the time or times at which an Option shall be granted, the number of shares of Common Stock subject to each Option, the Option Price of the shares subject to each Option, and the time or times when each Option shall become exercisable and the duration of the exercise period; provided, however, that the resolution so authorizing such officer or officers shall specify the total aggregate number of Options such officer or officers may award. The Board or the Committee may not authorize an officer to designate himself or herself as a recipient of any Options.

4.3 Majority Rule. A majority of the members of the Committee (or, if less than three, all of the members) shall constitute a quorum, and any action taken by a majority present at a meeting at which a quorum is present or any action taken without a meeting evidenced by a writing executed by a majority of the whole Committee shall constitute the action of the Committee.

4.4 Company Assistance. The Company shall supply full and timely information to the Committee on all matters relating to Eligible Persons, their employment or other service to the Company, their death, disability or other termination of service, and such other pertinent facts as the Committee may require. The Company shall furnish the Committee with such clerical and other assistance as is necessary in the performance of its duties.

ARTICLE V
SHARES OF STOCK SUBJECT TO PLAN

5.1 Number of Shares. Subject to adjustment pursuant to the provisions of Section 5.2 hereof, the maximum number of shares of Common Stock which may be issued and sold hereunder shall be 5,000,000 shares. Shares of Common Stock issued and sold under the Plan may be either authorized but unissued shares or Shares held in the Company's treasury. Shares of Common Stock covered by an Option that shall have been exercised shall not again be available for an option grant. If an Option shall terminate for any reason (including, without limitation, the cancellation of an Option pursuant to Section 6.6 hereof) without being wholly exercised, the number of shares to which such Option termination relates shall again be available for grant hereunder. Unless and until the Committee determines that a particular Option granted to a Covered Employee is not intended to comply with the Performance-Based Exception, the following rules shall apply to grants of Options to Covered Employees:

(a) Subject to adjustment as provided in Section 5.2, the maximum aggregate number of Options for shares of Common Stock that may be granted in any calendar year to any Covered Employee shall be one million (1,000,000) shares.

(b) With respect to any Option granted to a Covered Employee that is canceled or repriced, the number of shares of Common Stock subject to such Option shall continue to count against the maximum number of shares that may be the subject of Options granted to such Covered Employees under subsection (a) above and, in this regard, such maximum shall be determined in accordance with Section 162(m) of the Code.

(c) The limitations of subsections (a) and (b) above shall be construed and administered so as to comply with the Performance-Based Exception.

5.2 Antidilution. Subject to Article IX hereof, in the event of a reorganization recapitalization, stock split, stock dividend, combination of shares, merger or consolidation, or the sale, conveyance, or other transfer by the Company of all or substantially all of its property, or any other change in the corporate structure or shares of the Company, pursuant to any of which events the then outstanding shares of Common Stock are split up or combined, or are changed into, become exchangeable at the holder's election for or entitle the holder thereof to, other shares of stock, or in the case of any other transaction described in Section 424(a) of the Code, the Committee may change the number and kind of shares (including by substitution of shares of another corporation) subject to the Options and/or the Option Price of such shares in the manner that it shall deem to be equitable and appropriate. In no event may any such change be made to an Incentive Stock Option which would constitute a "modification" within the meaning of Section 424(h)(3) of the Code.

ARTICLE VI
OPTIONS

6.1 Grant of Option. An Option may be granted to any Eligible Person selected by the Committee. The grant of an Option shall first be effective upon the date it is approved by the Committee, except to the extent the Committee shall specify a later date upon which the grant of an Option shall first be effective. Each Option shall be designated, at the discretion of the Committee, as an Incentive Stock Option or a Nonqualified Stock Option, provided that Incentive Stock Options may only be granted to Eligible Persons who are considered employees of the Company or any Subsidiary for purposes of Section 422 of the Code. The Company and the Optionee shall execute a Stock Option Agreement which shall set forth such terms and conditions of the Option as may be determined by the Committee to be consistent with the Plan, and which may include additional provisions and restrictions that are not inconsistent with the Plan.

6.2 Option Price. The Option Price shall be determined by the Committee; provided, however, the Option Price of an Incentive Stock Option shall not be less than 100 percent (100%) of the Fair Market Value of Common Stock on the Date of Grant. To the extent that a Nonqualified Stock Option is intended to qualify for the Performance-Based Exception, the Option Price shall not be less than 100 percent (100%) of the Fair Market Value of Common Stock on the Date of Grant.

No employee shall be eligible for the grant of any Incentive Stock Option who owns, or would own immediately before the grant of such Incentive Stock Option, directly or indirectly, stock possessing more than ten percent (10%) of the total combined voting power of all classes

of stock of the Company, or any parent or Subsidiary of the Company. This restriction does not apply if, at the time such Incentive Stock Option is granted, the Option Price is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Date of Grant. For the purpose of the immediately preceding sentence, the attribution rules of Section 424(d) of the Code shall apply for the purpose of determining an employee's percentage ownership in the Company or any parent or Subsidiary. This paragraph shall be construed consistent with the requirements of Section 422 of the Code.

6.3 Vesting; Term of Option. Unless otherwise specified by the Committee in the Stock Option Agreement for an Optionee, an option shall vest and become exercisable in cumulative annual installments, each of which shall relate to one quarter of the number of shares of Common Stock originally covered thereby (adjusted in accordance with Section 5.2 hereof), on the second, third, fourth and fifth anniversaries of the Date of Grant, respectively, provided that the Optionee is an Eligible Person on such anniversary. Notwithstanding the foregoing, the Committee, in its sole discretion, may accelerate the exercisability to the extent provided in Article VIII hereof; provided, however, that no Option may be accelerated or cash paid in lieu of shares if the Committee determines that such action would cause the Optionee to be subject to an excise tax under Section 409A of the Code. The period during which a vested Option may be exercised shall be ten years from the Date of Grant, unless a shorter exercise period is specified by the Committee in the Stock Option Agreement for any Optionee.

6.4 Option Exercise; Withholding. An Option may be exercised in whole or in part at any time, with respect to whole shares only, within the period permitted for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option with respect to a specified number of shares delivered to the Company at its principal office, and payment in full to the Company at said office of the amount of the Option Price for the number of shares of the Common Stock with respect to which the Option is then being exercised. Payment of the Option Price shall be made (i) in cash or by cash equivalent, (ii) at the discretion of the Committee, in Common Stock (not subject to limitations on transfer) or (iii) at the discretion of the Committee, by a combination of such cash and such Common Stock. In addition to and at the time or payment of the Option Price, the Optionee shall pay to the Company in cash or, at the discretion of the Committee, in Common Stock the full amount of all federal and state withholding and other employment taxes applicable to the taxable income of such Optionee resulting from such exercise.

6.5 Nontransferability of Option. No option shall be transferred by an Optionee other than by (a) will or the laws of descent and distribution or (b) pursuant to a domestic relations order. No transfer of an option by the Optionee by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer. During the lifetime of an Optionee, the Option shall be exercisable only by the Optionee, except that, in the case of an Optionee who is legally incapacitated, the Option shall be exercisable by his guardian or legal representative.

6.6 Cancellation, Substitution and Amendment of Options. The Committee shall have the authority to effect, at any time and from time to time, with the consent of the affected Optionees, (i) the cancellation of any or all outstanding Options and the grant in substitution therefor of new Options covering the same or different numbers of shares of Common Stock and having an Option Price which may be the same as or different than the Option Price of the canceled Options or (ii) the amendment of the terms of any and all outstanding Options provided, however, that the Committee shall have no discretion to exchange, cancel or issue such Options if the exercise of such discretion would cause such Options to be subject to Section 409A of the Code.

ARTICLE VII
INCENTIVE STOCK OPTIONS

7.1 Annual Limits. No Incentive Stock Option shall be granted to an Optionee as a result of which the aggregate Fair Market Value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan (and any other stock option plans of the Company, any Subsidiary or any parent corporation) would exceed $100,000, as determined in accordance with Section 422(d) of the Code. This limitation shall be applied by taking Options into account in the order in which granted.

Notwithstanding any contrary provision in the Plan, to the extent that the aggregate Fair Market Value (determined as of the Date of Grant) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionee during any single calendar year (under the Plan and any other stock option plans of the Company and its Subsidiaries or parent) exceeds the sum of $100,000, such Incentive Stock Option shall be treated as a Nonqualified Stock Option and not as an Incentive Stock Option, but all other terms and provisions of such Stock option shall remain unchanged. This paragraph shall be applied by taking Incentive Stock Options into account in the order in which they are granted.

7.2 Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two years following the Date of Grant or one year following the transfer of such shares to the Optionee upon exercise, the Optionee shall, within 10 days after such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require. With respect to any disqualifying disposition of shares of Common Stock received by an Optionee pursuant to the exercise of an Incentive Stock Option, the Company shall have the right to withhold from any salary, wages or other compensation payable by the Company to the Optionee an amount sufficient to satisfy federal, state and local tax withholding requirements attributable to such disqualifying disposition.

7.3 Other Terms and Conditions. Any Incentive Stock Option granted hereunder shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as are deemed necessary, or desirable by the Committee, which terms, together with the terms of this Plan, shall be intended and interpreted to cause such Incentive Stock Option to qualify as an “incentive stock option” under Section 422 of the Code.

ARTICLE VIII
TERMINATION OF SERVICE

8.1 Death. Except if otherwise provided in the Stock Option Agreement, if an Optionee shall die at any time after the Date of Grant and while he is an Eligible Person, the executor or administrator of the estate of the decedent, or the person or persons to whom an Option shall have been validly transferred in accordance with Section 6.5 hereof pursuant to will or the laws of descent and distribution, shall have the right, during the period ending one year after the date of the Optionee's death (subject to Section 6.3 hereof concerning the maximum term of an Option), to exercise the Optionee's Option to the extent that it was exercisable at the date of the Optionee's death and shall not have been previously exercised. The Committee may determine at or after the Date of Grant to make any portion of the Optionee's Option that is not exercisable at the date of death immediately vested and exercisable. No Incentive Stock Option may be exercised more than one year after the Optionee's termination of employment due to death.

8.2 Disability. Except if otherwise provided in the Stock Option Agreement, if an Optionee's employment or other service with the Company or any Subsidiary shall be terminated as a result of his permanent and total disability (within the meaning of Section 22(e)(3) of the Code) at any time after the Date of Grant and while he is an Eligible Person, the Optionee (or in case of an Optionee who is legally incapacitated, his guardian or legal representative) shall have the right, during a period ending one year after the date of his termination due to disability (subject to Section 6.3 hereof concerning the maximum term of an Option), to exercise such Option to the extent that it was exercisable at the date of such termination of employment or other service and shall not have been exercised. The Committee may determine at or after grant to make any portion of this Option that is not exercisable at the date of termination of employment or other service due to disability immediately vested and exercisable. No Incentive Stock Option may be exercised more than one year after the Optionee's termination of employment due to disability.

8.3 Termination for Cause. If an Optionee's employment or other service with the Company or any Subsidiary shall be terminated for cause, the Optionee's right to exercise any unexercised portion of this Option shall immediately terminate and all rights thereunder shall cease. For purposes of this Section 8.3, termination for "cause" shall include, but not be limited to, embezzlement or misappropriation of funds, any acts of dishonesty resulting in conviction for a felony, misconduct resulting in material injury to the Company or any Subsidiary, significant activities harmful to the reputation of the Company or any Subsidiary, a significant violation of Company or Subsidiary policy, willful refusal to perform, or substantial disregard of, the duties property assigned to the Optionee, or a significant violation of any contractual statutory or common law duty of loyalty to the Company or any Subsidiary. The Committee shall have the power to determine whether the Optionee has been terminated for cause and the date upon which such termination for cause occurs. Any such determination shall be final, conclusive and binding upon the Optionee.

8.4 Other Termination of Service. Except if otherwise provided in the Stock Option Agreement, if an Optionee's employment or other service with the Company or any Subsidiary shall be terminated for any reason other than death, permanent and total disability or termination for cause, the Optionee shall have the right, during the period ending 90 days after such termination (subject to Section 6.3 hereof concerning the maximum term of an Option), to exercise such Option to the extent that it was exercisable at the date of such termination and shall not have been exercised. For purposes of this Section 8.4, an Optionee shall not be considered to have terminated employment or other service with the Company or any Subsidiary until the expiration of the period of any military, sick leave or other bona fide leave of absence, up to a maximum period of 90 days (or such greater period during which the Optionee is guaranteed reemployment either by statute or contact).

ARTICLE IX
CHANGE IN CONTROL

9.1 Change in Control. Upon a "change in control" of the Company (as defined in Section 9.2), each outstanding Option, to the extent that it shall not otherwise have become vested, shall become fully and immediately vested (without regard to any otherwise applicable vesting requirement under Section 6.3 or in the Stock Option Agreement) and an Optionee shall surrender his option and receive with respect to each share of Common Stock issuable under such Option outstanding at such time, a payment is cash equal to the excess of the Fair Mark Value of the Common Stock at the time of the change in control over the Option Price of the Common Stock; provided, however, that no such vesting and cash payment shall occur if (i) the change in control has been approved by at least two-thirds of the members of the Board who were serving as such immediately prior to such transaction and (ii) provision has been made in connection with such transaction for (a) the continuation of the Plan and/or the assumption of such Options by a successor corporation (or a parent or subsidiary thereof) or (b) the substitution for such Options of new options covering the stock of a successor corporation (or a parent or subsidiary thereof), with appropriate adjustments as to the number and kinds of shares and exercise prices. In the event of any such continuation, assumption or substitution, the Plan and/or such Options shall continue in the manner and under the terms so provided.

9.2 Definition. For purposes of Section 9.1 hereof, a "change in control" of the Company shall mean:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the total voting power of all of the Company's then outstanding securities entitled to vote generally in the election of directors to the Board; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a change in control; (i) any acquisition by the Company or its parent or Subsidiaries, (ii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or its parent or Subsidiaries, or (iii) any acquisition consummated with the prior approval of the Board; or

(b) During the period of two consecutive calendar years, individuals who at the beginning of such period constitute the Board, and any new director(s) whose (i) election by the Board or (ii) nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, should cease for any reason to constitute a majority of the Board; or

(c) The Company becomes a party to a merger, plan of reorganization, consolidation or share exchange in which either (i) the Company will not be the surviving corporation or (ii) the Company will be the surviving corporation and any outstanding shares of the Company's common stock will be converted into shares of any other company (other than a reincorporation or the establishment of a holding company involving no change of ownership of the Company) or other securities, cash or other property (excluding payments made solely for fractional shares); or

(d) The shareholders of the Company approve a merger, plan of reorganization, consolidation or share exchange with any other corporation, and immediately following such merger, plan of reorganization, consolidation or share exchange the holders of the voting securities of the Company outstanding immediately prior thereto hold securities representing fifty percent (50%) or less of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger, plan of reorganization, consolidation or share exchange; provided, however, that notwithstanding the foregoing, no change in control shall be deemed to have occurred if one-half (1/2) or more of the members of the Board of the Company or such surviving entity immediately after such merger, plan of reorganization, consolidation or share exchange is comprised of persons who served as directors of the Company immediately prior to such merger, plan of reorganization, consolidation or share exchange or who are otherwise designees of the Company; or

(e) Upon approval by the Company's stockholders of a complete liquidation and dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company other than to a parent or Subsidiary; or

(f) Any other event that a majority of the Board, in its sole discretion, shall determine constitutes a change in control for purposes of Section 9.1.

Notwithstanding the occurrence of any of the foregoing events of this Section 9.2 which would otherwise result in a change in control, the Board may determine in its sole discretion, if it deems it to be in the best interest of the Company, that an event or events otherwise constituting a change in control shall not be considered a change in control. Such determination shall be effective only if it is made by the Board as it is constituted prior to the occurrence of an event that otherwise would be or probably would lead to a change in control; or after such event if made by the Board a majority of which is composed of directors who were members of the Board immediately prior to the event that otherwise would be or probably would lead to a change in control.

9.3 Exchange of Options. The Committee may, in its discretion, permit any Optionee to surrender outstanding Options in order to exercise or realize his rights under other Options or in exchange for the grant of new Options, or require holders of Options to surrender outstanding Options as a condition precedent to the grant of new Options.

ARTICLE X
STOCK CERTIFICATES

10.1 Issuance of Certificates. Subject to Section 10.2 hereof, the Company shall issue a stock certificate in the name of the Optionee (or other person exercising the option in accordance with the provisions of the Plan) for the shares of Common Stock purchased by exercise of an option as soon as practicable after due exercise and payment of the aggregate Option Price for such shares. A separate stock certificate or separate stock certificates shall be issued for any shares of Common Stock purchased pursuant to the exercise of an Option that is an Incentive Stock Option, which certificate or certificates shall not include any shares of Common Stock that were purchased pursuant to the exercise of an Option that is a Nonqualified Stock Option.

10.2 Conditions. The Company shall not be required to issue or deliver any certificate for shares of Common Stock purchased upon the exercise of any Option granted hereunder or any portion thereof prior to fulfillment of all of the following conditions:

(a) The completion of any registration or other qualification of such shares, under any federal or state law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Committee shall in its sole discretion deem necessary or advisable;

(b) The obtaining of any approval or other clearance from any federal or state governmental agency which the Committee shall in its sole discretion determine to be necessary or advisable;

(c) The lapse of such reasonable period of time following the exercise of the Option as the Committee from time to time may establish for reasons of administrative convenience;

(d) Satisfaction by the Optionee of all applicable withholding taxes or other withholding liabilities; and

(e) If required by the Committee, in its sole discretion, the receipt by the Company from an Optionee of (i) a representation in writing that the shares of Common Stock received upon exercise of an Option are being acquired for investment and not with a view to distribution and (ii) such other representations and warranties as are deemed necessary by counsel to the Company.

10.3 Legends. The Company reserves the right to legend any certificate for shares of Common Stock, conditioning sales of such shares upon compliance with applicable federal and state securities laws and regulations.

ARTICLE XI
TERMINATION AND AMENDMENT

11.1 Termination and Amendment. The Plan shall terminate on April 22, 2007. Notwithstanding the foregoing, the Board shall have complete power and authority to terminate the Plan at an earlier date or to amend the Plan; provided, however, the Board shall not, without the approval of the stockholders of the Company within the time period required by applicable law, (a) increase the maximum number of shares which may be issued under the Plan pursuant to Section 5.1, (b) amend the requirements as to the class of employees eligible to receive Options for Common Stock under the Plan, (c) extend the term of the Plan, or (d) decrease the authority granted to the Committee under the Plan in contravention of (i) Rule 16b-3 under the Exchange Act or (ii) Section 162(m) of the Code to the extent that the Committee seeks compliance with Section 162(m). No termination or amendment of the Plan shall adversely affect the rights of an Optionee (or his permitted transferee) under a previously granted or transferred Option without his written consent.

In addition, to the extent that the Committee determines that (a) the listing for qualification requirements of any national securities exchange or quotation system on which the Common Stock is then listed or quoted, or (b) the Code (or regulations promulgated thereunder), require stockholder approval in order to maintain compliance with such listing requirements or to maintain any favorable tax advantages or qualifications, then the Plan shall not be amended in such respect without obtaining the approval of the Company's stockholders within the prescribed time period.

With respect to insiders, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act. Any ambiguities or inconsistencies in the construction of any Stock Option Agreement or the Plan shall be interpreted to give effect to such intention.

Unless otherwise determined by the Committee with respect to any particular Option grant, it is intended that the Plan comply fully with and meet all the requirements of Section 162(m) of the Code so that any Stock Options that are granted to Covered Employees shall qualify for the Performance-Based Exception. If any provision of the Plan or a Stock Option Agreement would not permit the Plan or Stock Option to comply with the Performance-Based Exception as so intended, such provision shall be construed or deemed amended to conform to the requirements of the Performance-Based Exception to the extent permitted by applicable law and deemed advisable by the Committee; provided, however, no such construction or amendment shall have an adverse effect on the prior grant of any Stock Option or on the economic value to an Optionee (or his permitted transferee) of any outstanding Stock Option.

ARTICLE XII
MISCELLANEOUS

12.1 Employment or other Service. Nothing in the Plan, in the grant of any Option or in any Stock Option Agreement shall confer upon any Eligible Person the right to continue in the

capacity in which he is employed by or otherwise provides services to the Company or any Subsidiary. Notwithstanding anything contained in the Plan to the contrary, unless otherwise provided in a Stock Option Agreement, no Option shall be affected by any change of duties or position of the Optionee (including a transfer to or from the Company or any Subsidiary), so long as such Optionee continues to be an Eligible Person.

12.2 Rights as Shareholder. An Optionee or the permitted transferee of an option shall have no rights as a shareholder with respect to any shares subject to such Option prior to the purchase of such shares by exercise of such Option as provided herein. Nothing contained herein or in the Stock Option Agreement relating to any Option shall create an obligation on the part of the Company to repurchase any shares of Common Stock purchased hereunder.

12.3 Compensation and Benefit Plans. The adoption of the Plan shall not affect any other stock option or incentive or other compensation plans in effect for the Company or any Subsidiary, nor shall the Plan preclude the Company from establishing any other forms of incentive or other compensation for employees of the Company or any Subsidiary. The amount of any compensation deemed to be received by an Optionee as a result of the exercise of an Option or the sale of shares received upon such exercise shall not constitute compensation with respect to which any other employee benefits of such Optionee are determined, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board or the Committee or provided by the terms of such plan.

12.4 Plan Binding on Successors. The Plan shall be binding upon the Company, its successors and assigns, and the Optionee, his executor, administrator and permitted transferees.

12.5 Construction and Interpretation. Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

12.6 Severability. If any provision of the Plan or any Stock Option Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

12.7 Governing Law. The validity and construction of this Plan and of the Stock Option Agreements shall be governed by the laws of the State of Texas, without regard to its conflicts of law provisions.

EXHIBIT 31.1

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

I, Charif Souki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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: November 4, 2005

/s/ Charif Souki

Charif Souki
Chief Executive Officer

EXHIBIT 31.2

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

I, Don A. Turkleson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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: November 4, 2005

/s/ Don A. Turkleson

Don A. Turkleson
Chief Financial Officer

Exhibit 32.1

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

In connection with the quarterly report of Cheniere Energy, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2005 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 result of operations of the Company.

/s/ Charif Souki

Charif Souki
Chief Executive Officer
November 4, 2005

Exhibit 32.2

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 ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Don A. Turkleson, 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 result of operations of the Company.

/s/ Don A. Turkleson

Don A. Turkleson
Chief Financial Officer
November 4, 2005