



# **Cheniere Energy, Inc. Corporate Presentation August 2011**

# Forward Looking Statements

This presentation contains certain statements that are, or may be deemed to be, “forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended”. All statements, other than statements of historical facts, included herein are “forward-looking statements.” Included among “forward-looking statements” are, among other things:

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

These forward-looking statements are often identified by the use of terms and phrases such as “achieve,” “anticipate,” “believe,” “contemplate,” “develop,” “estimate,” “example,” “expect,” “forecast,” “opportunities,” “plan,” “potential,” “project,” “propose,” “subject to,” 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 presentation. 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” in the Cheniere Energy, Inc. Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 5, 2011, which are incorporated by reference into this presentation. 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 presentation, and we undertake no obligation to publicly update or revise any forward-looking statements.




# Cheniere Operations

- Cheniere is engaged in the development, construction and operation of LNG terminals and pipelines and marketing of LNG and natural gas
  - Sabine Pass LNG became operational in 2008 and cost ~\$1.6B, send-out capacity is 4.0 Bcf/d, storage capacity is 16.9 Bcfe
  - Sabine Pass LNG is connected to the U.S. natural gas pipeline grid through the Creole Trail pipeline and other interconnecting pipelines
  - Creole Trail Pipeline also became operational in 2008 and cost ~\$560mm, transportation capacity is 2.0 Bcf/d, 42-inch diameter



# Contracted Capacity at SPLNG

Fully contracted capacity under long-term terminal use agreements\*

	 <b>TOTAL</b> Total Gas & Power N.A.	 <b>Chevron</b> Chevron USA	 <b>CHENIERE</b> Cheniere Energy Investments <sup>(4)</sup>
<b>Capacity</b>	1.0 Bcf/d	1.0 Bcf/d	2.0 Bcf/d
<b>Fees</b> <sup>(1)</sup>			
Reservation Fee <sup>(2)</sup>	\$0.28/MMBTU	\$0.28/MMBTU	\$0.28/MMBTU
Opex Fee <sup>(3)</sup>	\$0.04/MMBTU	\$0.04/MMBTU	\$0.04/MMBTU
<b>2011 Full-Year Payments</b>	\$124 million	\$129 million	\$252 million
<b>Term</b>	20 years	20 years	20 years
<b>Guarantor</b>	Total S.A.	Chevron Corp.	Cheniere Energy Partners, L.P.
<b>Guarantor Credit Rating</b>	Aa1/AA	Aa1/AA	NR
<b>Payment Start Date</b>	April 1, 2009	July 1, 2009	January 1, 2009

(1) Fees do not vary with the actual quantity of LNG processed; tax reimbursement not included in the fees.

(2) No inflation adjustments.

(3) Subject to annual inflation adjustment.

(4) Cheniere Marketing, a 100% subsidiary of Cheniere, assigned its TUA to Cheniere Energy Investments effective 7/1/2010.

Note: Termination Conditions – (a) force majeure of 18 months (b) unable to satisfy customer delivery requirements of ~192MMbtu in a 12-month period, 15 cargoes over 90 days or 50 cargoes in a 12-month period. In the case of force majeure, the customers are required to pay their capacity reservation fees for the initial 18 months.

\*Cheniere Energy Investments' TUA is assignable to affiliates





## Liquefaction Project

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

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

## LNG Contract Price

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

Cost to deliver gas from Sabine Pass to Europe & Asia = \$8 - \$13 / MMBtu

	Europe		Asia	
(\$/MMBtu)	Low	High	Low	High
Henry Hub	\$ 4.00	\$ 6.50	\$ 4.00	\$ 6.50
Capacity Charge	2.00	3.00	2.00	3.00
Shipping	1.00	1.00	2.80	2.80
Fuel/Basis	0.60	0.98	0.60	0.98
Delivered Cost	\$ 7.60	\$ 11.48	\$ 9.40	\$ 13.28

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



# Strategic Focus: Liquefaction Expansion Project

- Cheniere is developing a project to add liquefaction trains, transforming the Sabine Pass LNG facility into the first bi-directional LNG terminal that can import & export LNG
  - Proposing up to 4 liquefaction trains, 16 mtpa total nominal processing capacity
  - Seeking to contract 14 mtpa under 20-yr fixed price, take-or-pay contracts
  - Anticipate beginning construction 2012, beginning operations 2015
- LNG value chain:

## Expansion Project



Field Development



Liquefaction



Shipping

## Current Operations



Regasification



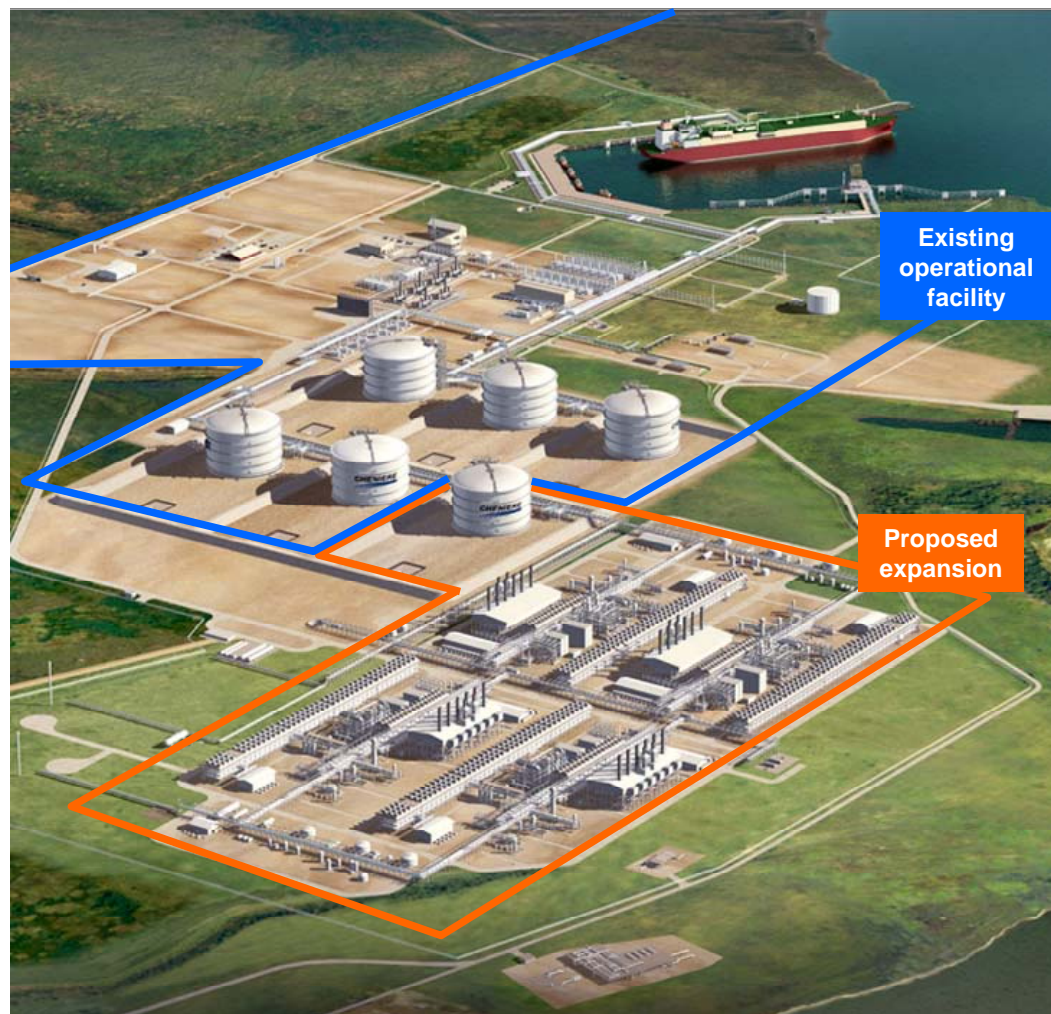
Pipeline



End Use

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

# Proposed Liquefaction Project will Transform Sabine into Bi-directional Import / Export Facility



## Current Facility

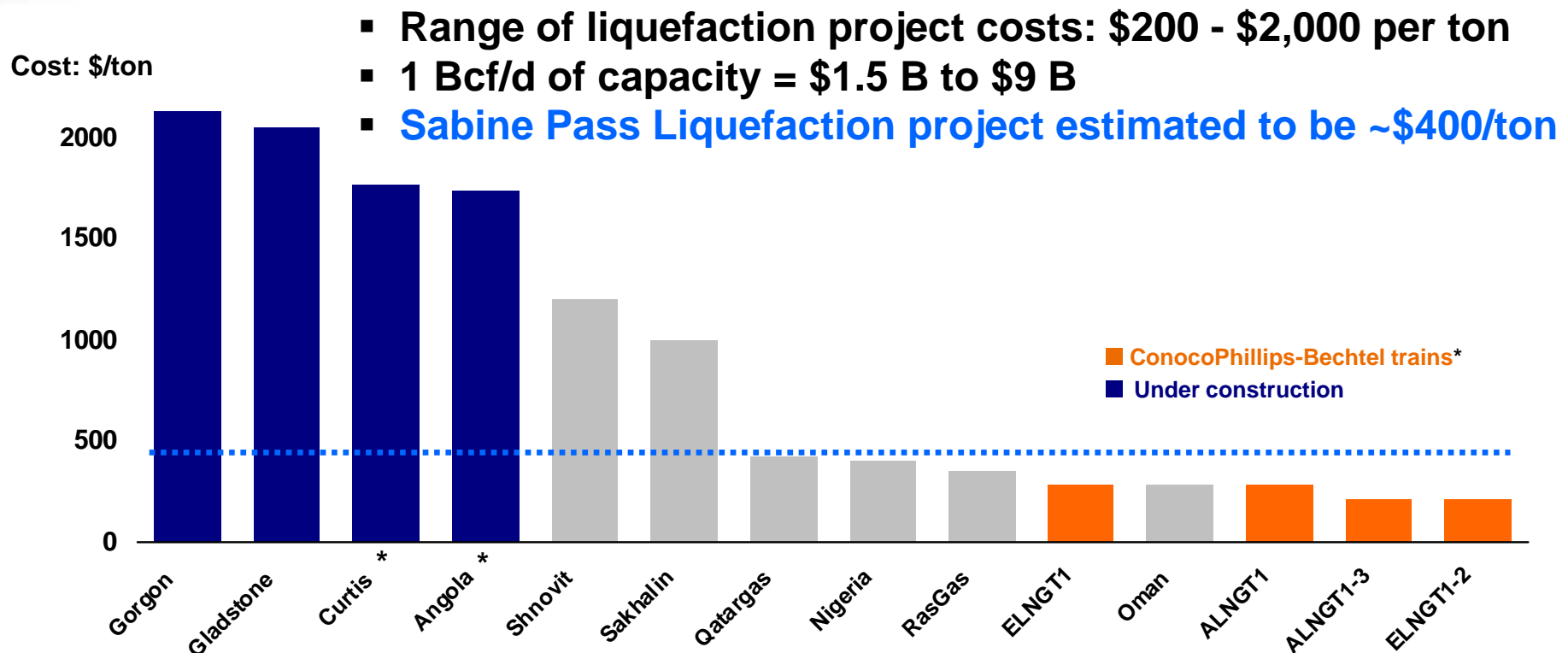
- 853 acres in Cameron Parish, LA
- 40 ft ship channel 3.7 miles from coast
- 2 berths; 4 dedicated tugs
- 5 LNG storage tanks (17 Bcf of storage)
- 4.3 Bcf/d peak regasification capacity
- 5.3 Bcf/d of pipeline interconnection to the U.S. pipeline network

## Liquefaction Expansion

- Up to four liquefaction trains designed with ConocoPhillips' Optimized Cascade® Process technology
- Six GE LM2500+ G4 gas turbine driven refrigerant compressors per train
- Gas treating and environmental compliance
- Modifications to the Creole Trail P/L
- Sixth tank for fourth liquefaction train



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



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

Source: ConocoPhillips-Bechtel, Cheniere research. Project costs per ton are total project costs divided by mtpa capacity of LNG trains. Figures do not attempt to isolate, where applicable, the cost of the liquefaction facilities within a major LNG complex. Chart includes a representative sample of liquefaction facilities and does not include all liquefaction facilities existing or under construction.

Note: Past results not a guarantee of future performance.

# Engineering, Procurement & Construction Contract

## Negotiating fixed price, lump-sum, turnkey EPC contract with Bechtel; Estimated completion of FEED and capital cost estimates by 2H11

- Cheniere has engaged Bechtel Corporation (“Bechtel”) to complete front end engineering and design (“FEED”) work and negotiate a fixed price, lump-sum, turnkey EPC contract for the liquefaction project and interconnection with Sabine Pass’s existing facilities
- Negotiated terms expected to include: Contract price, customary warranties, liquidated damages, etc.
- Estimated construction time is approximately 36-42 months per train
- Bechtel is one of the largest contractors in the world and has successfully constructed LNG terminals using the ConocoPhillips Cascade technology
- Bechtel was the EPC contractor on the first phase of the Sabine Pass terminal, which was constructed with a lump-sum, turnkey contract, on time and within budget

# LNG Regulatory Process Update and Project Support

- Very strong local support: Cameron Parish officials, Louisiana state and federal congressional delegations, parish & state agencies
- Strong support from most gas producing states
- Exporting natural gas will
  - stimulate the economies through job creation;
  - provide a boost to American global competitiveness;
  - promote domestic production of U.S. energy, helping reduce reliance on foreign sources;
  - further public initiatives, such as improving the U.S. balance of trade; and replacing environmentally damaging fuels with a cleaner source.

## Regulatory

### FERC: Authorization to Construct

- Base site permitted ✓
- NEPA pre-filing 7/2010 for expansion ✓
- Some agencies already in agreement ✓
- Formal application filed 1/31/2011 ✓
- FERC coordinates process and will receive concurrence for final EA
- **Estimated approval early 2012**

### DOE: Authorization to Export

- Filed two applications in 8/2010 & 9/2010
- Approval to export 2 Bcf/d for 30 years to Free Trade nations received 9/2010
- Public comment period to export to non-free trade nations closed 12/13/2010
- Approval to export to non FT nations received 5/2011

# Commercial Structure: Estimated Terms of LNG SPA Contracts

## Summary of Estimated Terms for LNG SPA Contracts:

- + Fixed Fee: \$2.00/MMBtu - \$3.00/MMBtu
  - Annual contract volumes are take-or-pay
  - Cheniere procures natural gas, liquefies it and loads LNG onto the customer's LNG vessel
- + 115% of NYMEX Henry Hub
  - 15% charge above Henry Hub predominantly to account for liquefaction process and basis differential

- Customers agree to purchase LNG on an FOB basis at the tailgate of the plant
- Customers must take (or pay) annual contract quantity under SPAs and pay fixed fee/MMBtu plus 115% of NYMEX Henry Hub
  - 1 Bcf/d = ~\$730mm - \$1.1B of contracted annual revenues (100% SPAs)
- More traditional LNG purchase arrangement, simplifies process for customers
  - Cheniere will secure feed gas sourced from pipeline interconnects
  - Customers responsible for making shipping arrangements from the terminal



# Expected Timeline

## Milestone

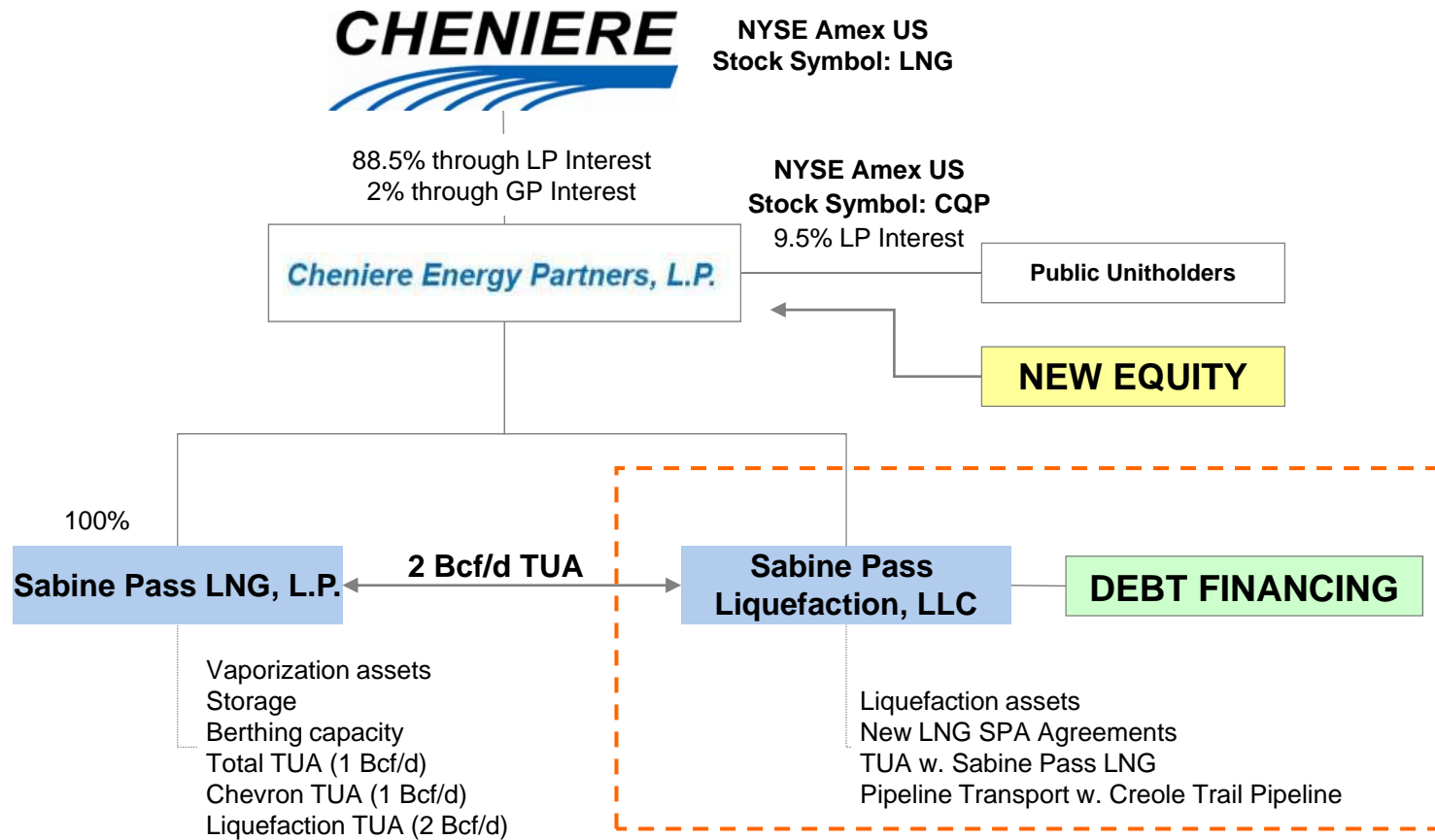
## Target Date

■ Sign MOUs with interested parties	Completed
■ DOE export authorization	Received
■ Definitive commercial agreements	2H2011
■ EPC contract	2H2011
■ Financing commitments	2H2011
■ FERC construction authorization	2012
■ Commence construction	2012
■ Commence operations	2015

**Project teams in place with the same key people who delivered the Sabine Pass LNG terminal and Creole Trail P/L on time and on budget**

Note: Past results not a guarantee of future performance.

# Summary Proposed Structure



# Key Investment Highlights

- 20-year fixed price contracts with investment grade counterparties – stable contracted cash flows expected to begin 2015
- Brownfield site minimizes construction costs – expansion economics
- Lump-Sum, Turnkey EPC contract with Bechtel
- ConocoPhillips Optimized Cascade Process – efficient operations and proven technology
- Favorable market dynamics provide incentive for global LNG buyers to seek access to U.S. natural gas markets
- Experienced management team - developed and operating Sabine Pass LNG terminal and Creole Trail Pipeline
- Strong local, state and federal support



## Financial Overview

(All numbers reflect pre-Liquefaction financials)



# Estimated LNG Net Cash Flows\*

## Annualized estimates pre-Liquefaction Project

Cash receipts expected to increase from CQP driven by Liquefaction Project - unit distributions, management fees and Creole Trail P/L tariffs

### Receipts

- Distributions from CQP (Common/GP) \$ 20
- Management fees from CQP 8-19 \*\*

### Disbursements

- G&A, net marketing 25 – 35
- Pipeline & tug services 10
- Other, incl adv tax payments 3 – 5
- Debt service 35

---

**Net cash outflow** **\$ 45 - 55**

**Marketing activity / subordinated unit dist.** **?**

\*Estimates represent a summary of internal forecasts for 2011, are based on current assumptions and are subject to change. Estimates do not include any impacts for the Offering. Actual performance may differ materially from, and there is no plan to update, the forecast. See "Forward Looking Statements" cautions. Estimates exclude earnings forecasts from operating activities.

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



# Estimated CQP Distributable Cash Flows

## Annualized estimates pre-Liquefaction Project

### Receipts

▪ TUAs – Chevron and Total	\$ 253
▪ Other Services	7
Total Cash Receipts	<u>260</u>

### Costs

▪ Operating, G&A, Maintenance CapEx	46
▪ Debt Service	165
Total Costs	<u>211</u>

<b>Available for Distributions to Common and G.P.</b>	<b>\$ 49</b>
---	--------------

### Potential Future Cash Flows

▪ Regas Capacity (from VCRA)	\$ 0 – 250
------------------------------	------------

<b>Available for Management Fees<sup>(1)</sup> &amp; Sub Units</b>	<b>\$ 0 – 250</b>
--	-------------------

### Distributions Paid Based on IQD and Available Cash<sup>(Above)</sup>

▪ General Partner	\$ 1
▪ Common Units <sup>(2)</sup>	47
▪ Subordinated Units	0

<b>Total Distributions Paid from Available</b>	<b>\$ 48</b>
--	--------------

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

(2) Assumes one million common units sold per ATM offering. As of March 31, 2011 approximately 0.1 million were sold.

# CQP Ownership

(in mm)	Cheniere, Inc.	Public	Total
<b>Common Units</b>	10.9	15.6	26.5
<b>Subordinated Units</b>	135.4	-	135.4
<b>General Partner @ 2%</b>	3.3	-	3.3
	<hr/> 149.6	<hr/> 15.6	<hr/> 165.2
<b>Percent of total</b>	90.5%	9.5%	100%

- Currently, CQP generates distributable cash flows (DCF) sufficient to pay the IQD and applicable 2% to the GP and common units only (net cash from Chevron and Total TUAs)
- Prior to the development of the liquefaction project, the subordinated units may receive distributions from new business at CQP or from fees received from the VCRA with Cheniere Marketing
- Upon commencement of DCF being generated from the liquefaction project, CQP will first pay distributions to the subordinated units up to the IQD in accordance with the cash waterfall in the partnership agreement

\*CQP Ownership as of March 31, 2011. Does not reflect additional common units sold after March 31, 2011 through the up to 1MM of Common Units proposed to be issued through an at-the-market program.



# Condensed Balance Sheets

As of March 31, 2011

	(\$ in MM)		
	Cheniere Energy Partners, L.P.	Other Cheniere Energy, Inc. <sup>(1)</sup>	Consolidated Cheniere Energy, Inc. <sup>(3)</sup>
Unrestricted cash and equivalents	\$ -	\$ 24	\$ 24
Restricted cash and securities <sup>(2)</sup>	184	4	188
Accounts and interest receivable	1	32	33
Property, plant and equipment, net	1,542	603	2,145
Goodwill and other assets	50	157	207
<b>Total assets</b>	<b>\$ 1,776</b>	<b>\$ 788</b>	<b>\$ 2,564</b>
Deferred revenue and other liabilities	\$ 135	\$ (1)	\$ 134
Current & Long-term debt	2,189	751	2,940
Non-Controlling interest	-	184	184
Deficit	(548)	(146)	(694)
<b>Total liabilities and deficit</b>	<b>\$ 1,776</b>	<b>\$ 788</b>	<b>\$ 2,564</b>

- Cash available for Cheniere's operations is ~\$53.9 mm including unrestricted cash and equivalents of ~\$24.5 mm and ~\$29.4 mm of the A/R balance (due to timing of cash receipts)

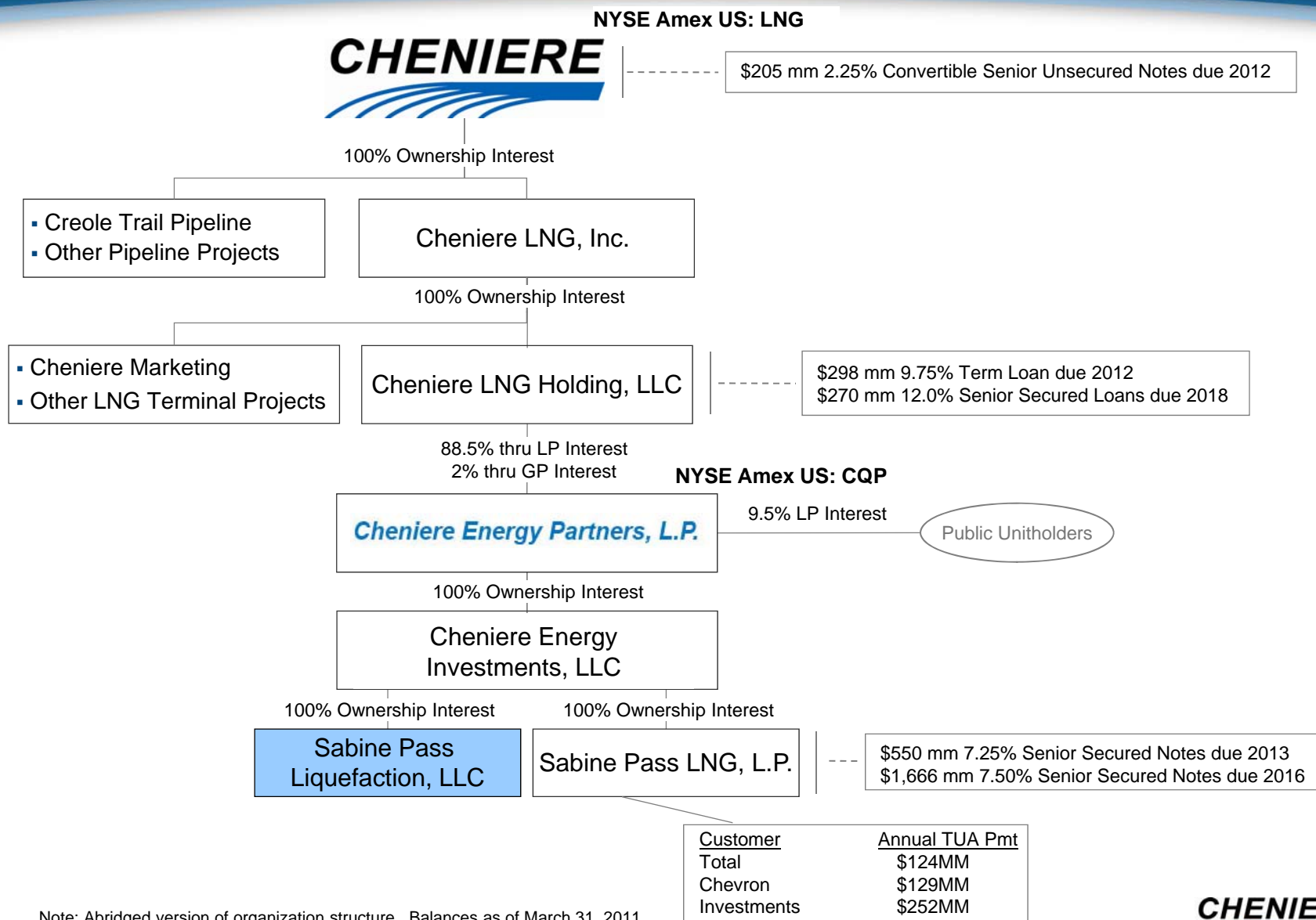
(1) Includes intercompany eliminations and reclassifications.

(2) Restricted cash includes debt service reserves as required per indenture. Cash is presented as restricted at the consolidated level.

(3) For a complete balance sheet see the Cheniere Energy, Inc. and Cheniere Energy Partners, L.P. Form 10-Qs for the period ended March 31, 2011 filed with the SEC.



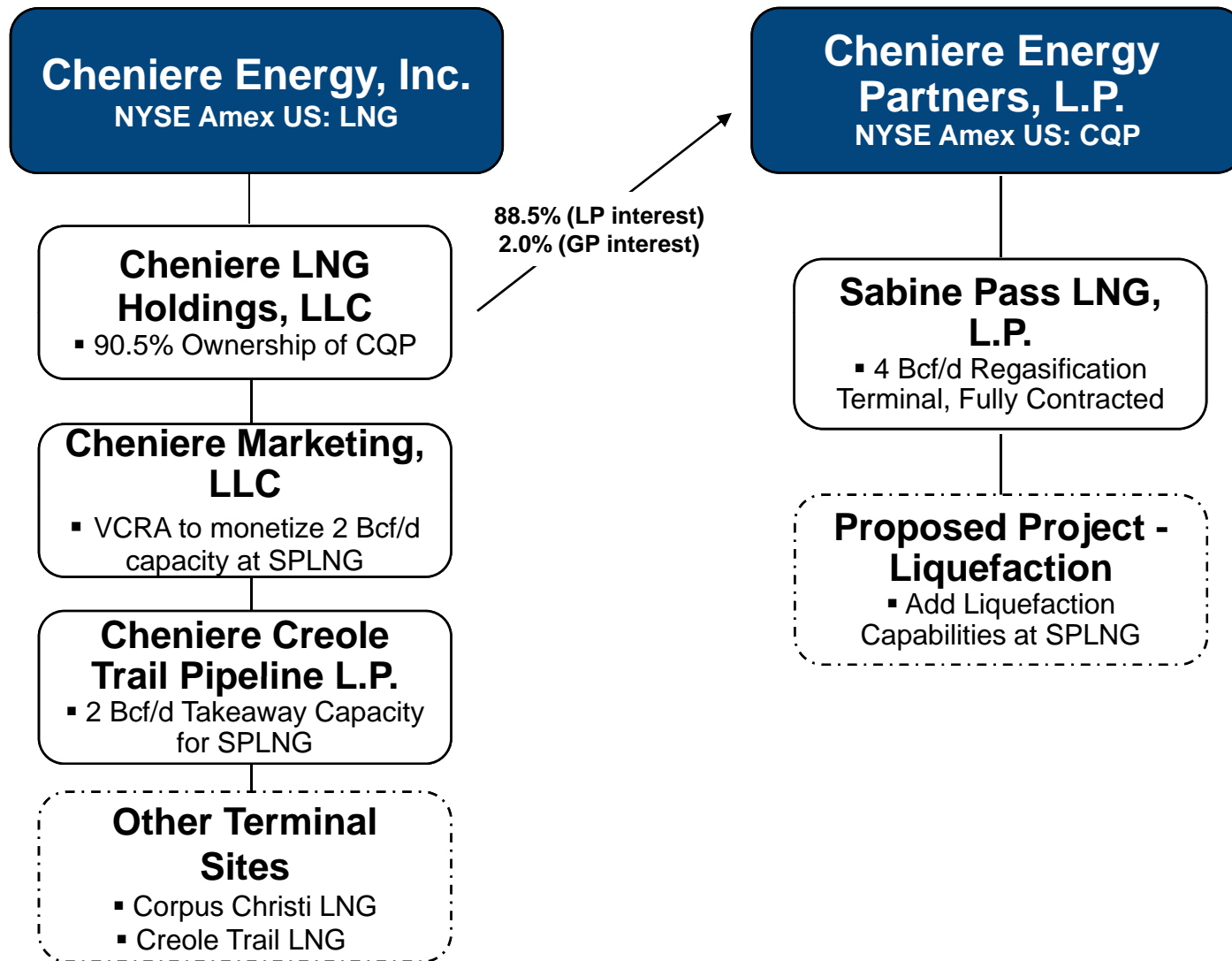
# Organizational Structure





## Appendix

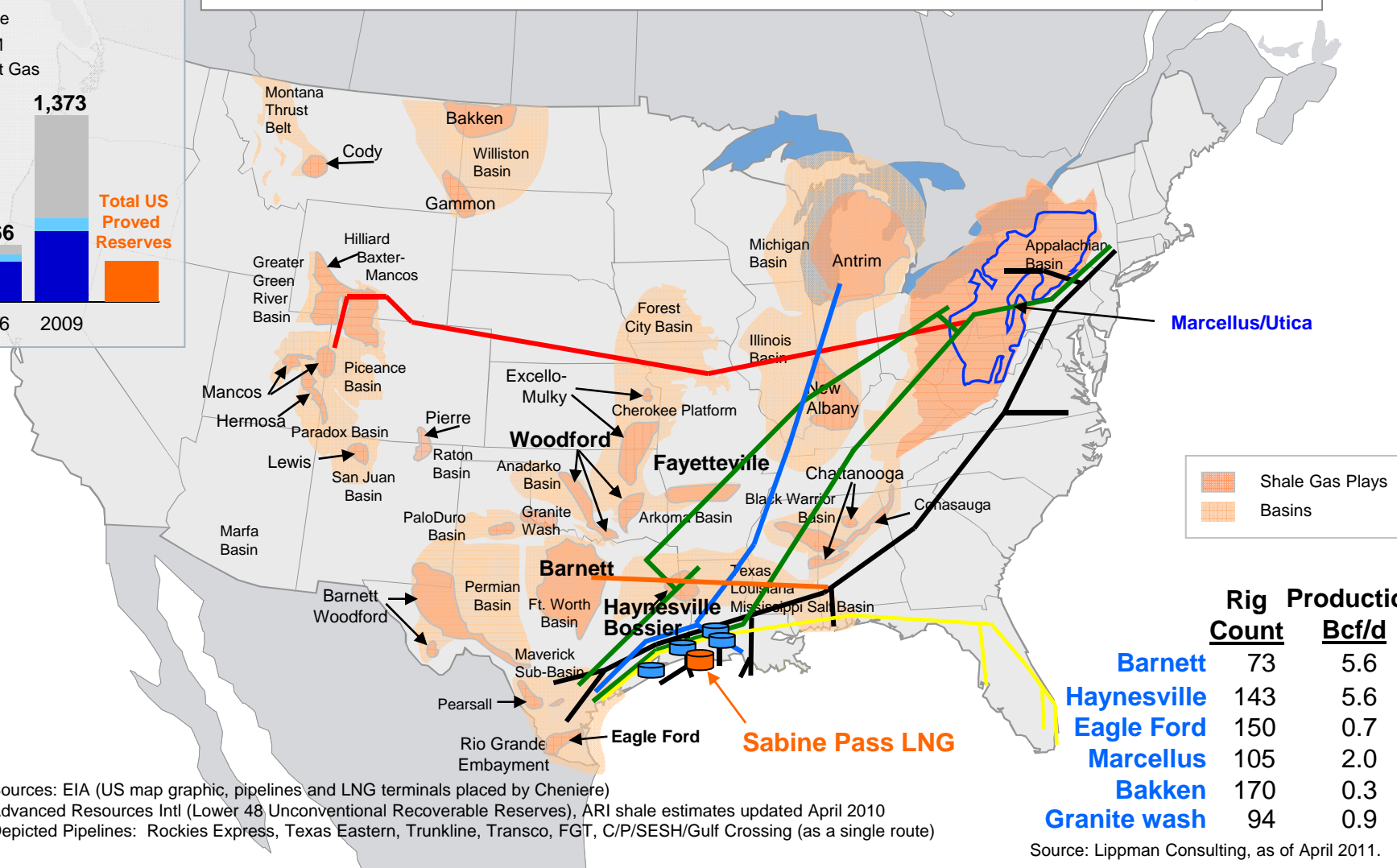
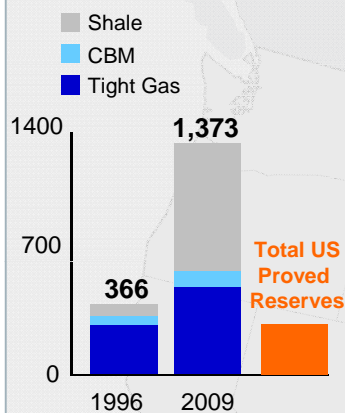
# Cheniere Overview



# Strategically Located – Extensive Market Access to Gas

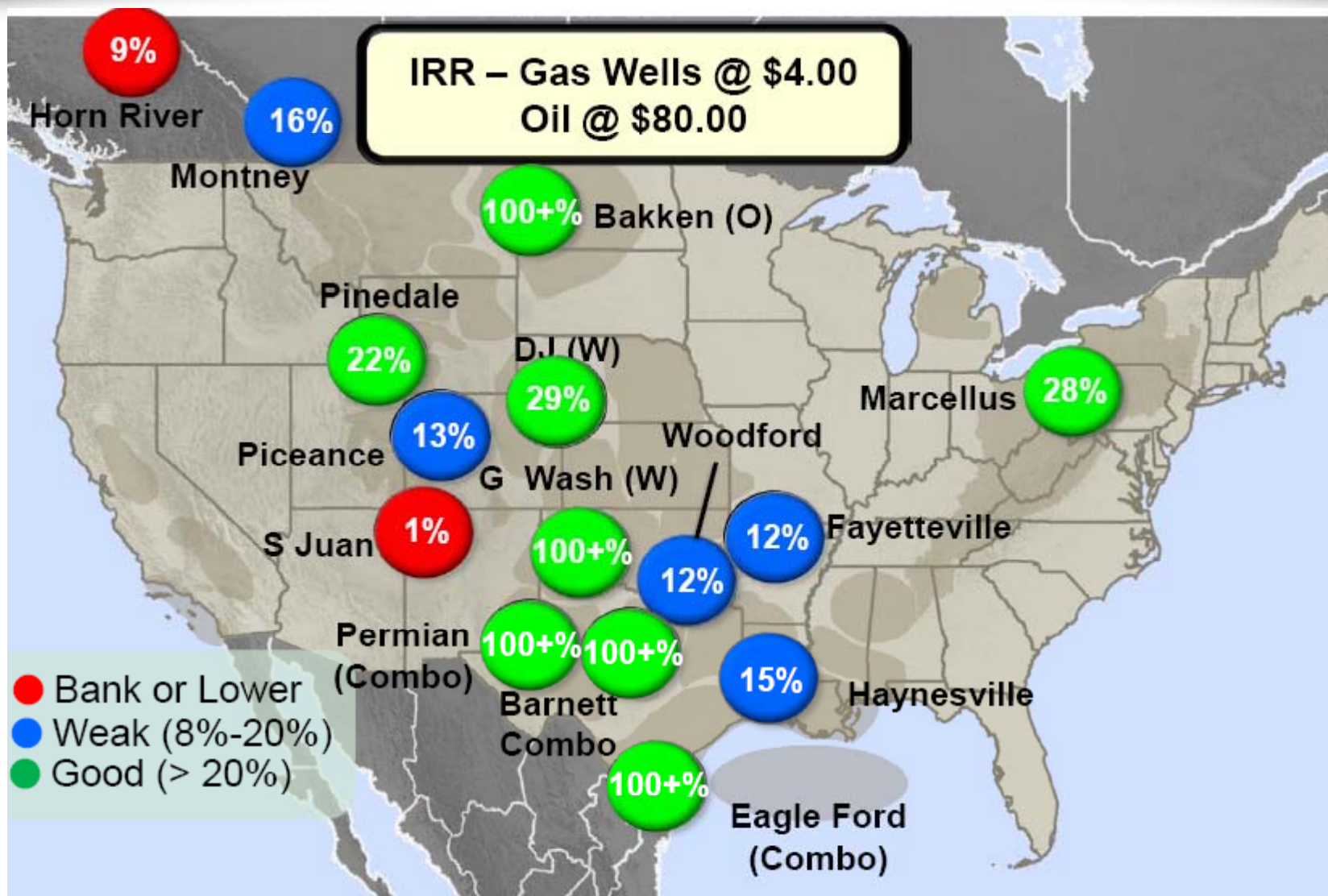
## Primary Gas Sources for Sabine Pass Liquefaction Conventional Gulf Coast Onshore; Barnett; Haynesville; Bossier; Eagle Ford

Lower 48  
Recoverable Unconventional  
Reserves (Tcf)





# Unconventional Plays – Comparative Rates of Return



# ConocoPhillips-Bechtel – Global LNG Collaboration

Collaboration projects onstream ahead of schedule and exceeded expectations

## Proven Designs



1969

1999

2006

2007

2012

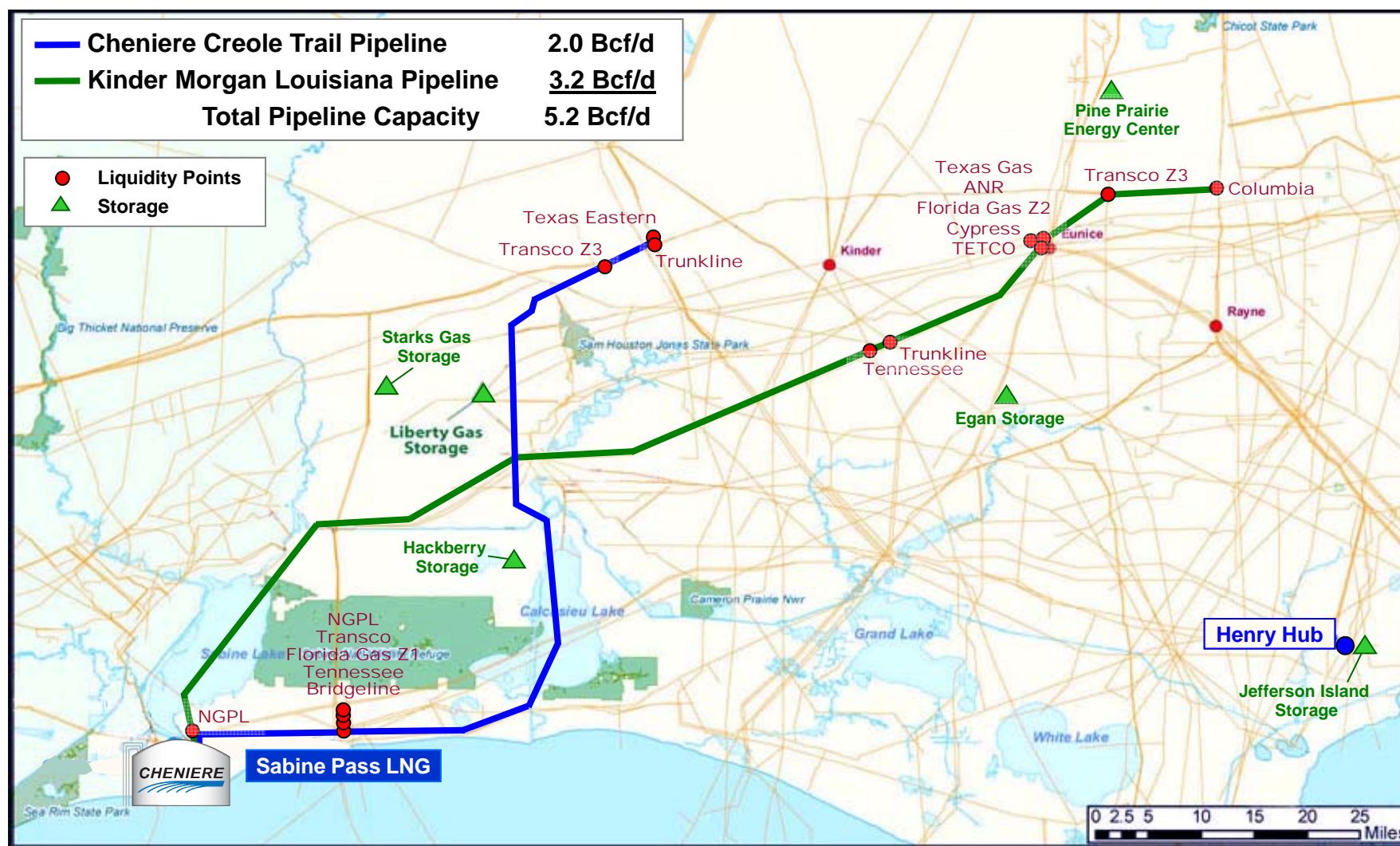


ConocoPhillips 

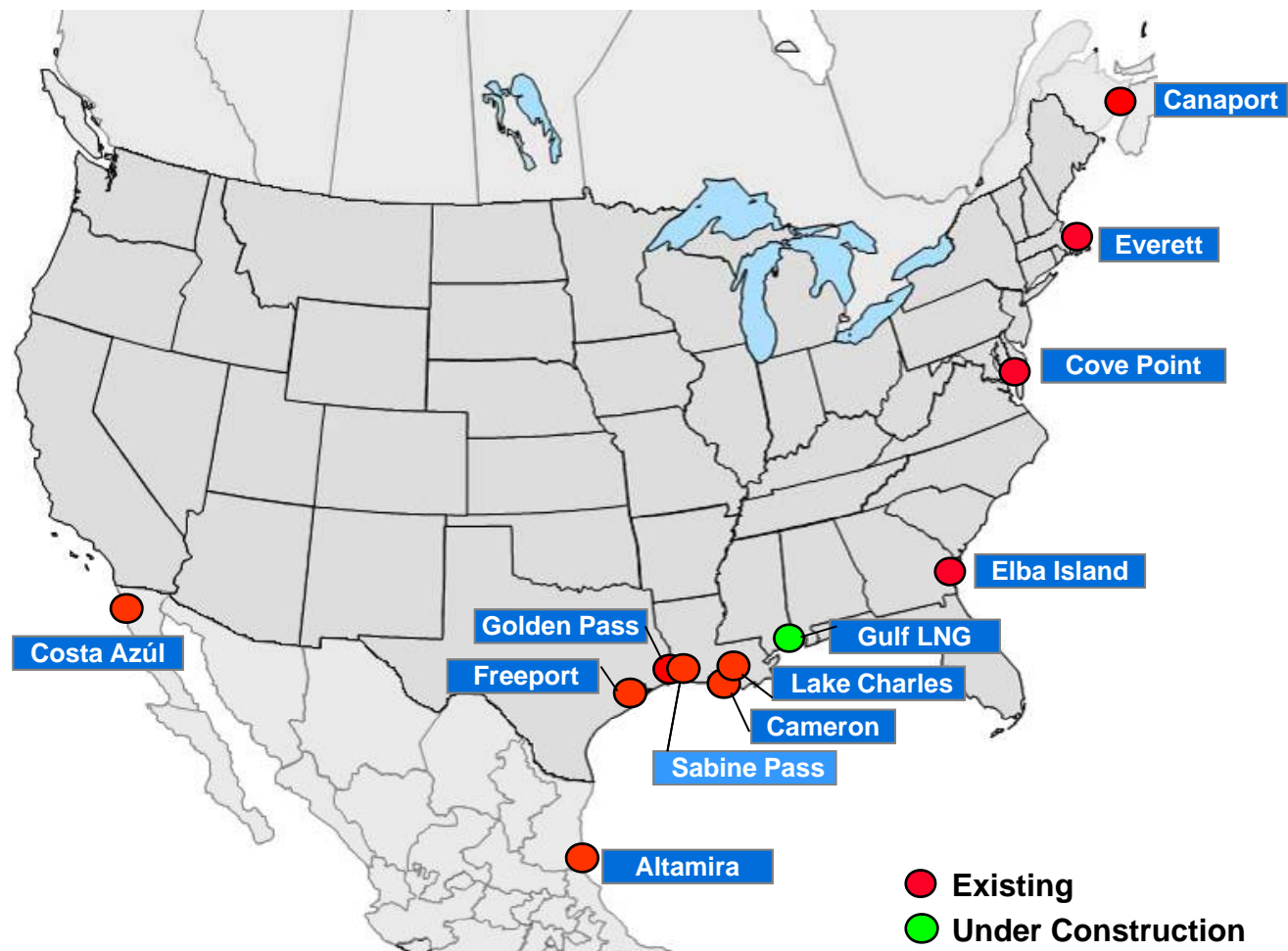
**CHENIERE**



# Strategically Located – Multiple Pipeline Interconnects



# North America Onshore Receiving Terminals



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



## Cheniere Energy

### Contacts

**Katie Pipkin, Vice President Finance & Investor Relations**

**(713) 375-5110 – [katie.pipkin@cheniere.com](mailto:katie.pipkin@cheniere.com)**

**Christina Burke, Manager Investor Relations**

**(713) 375-5104 – [christina.burke@cheniere.com](mailto:christina.burke@cheniere.com)**