The Outlook for LNG in the US Market

6th Annual Energy Trading & Marketing Conference
March 11, 2008
The Outlook for LNG in the US Gas Market

- Why do we need LNG imports?
- Where will it come from?
- Who are we competing against?
- Where will it go?
- What is unique about trading around LNG imports?
- Shameless promotion…
North American Production is Not Sustainable

Lower 48 & Canada Productive Capacity

Rising costs and shift to unconventional reservoirs sets a floor for natural gas prices

Note: Prices for a 10% rate of return

Source: Productivity Graph - CERA/IHS; NYMEX Gas Prices Chart - Kuuskraa et al, OGJ, Oct. 2007
Supply Gap in North America
How Big and How Will it Be Filled?

N. America Supply-Demand

Production & Demand

Supply Gap

- Demand
- Supply Gap (CERA/IHS)
- Supply Gap (EIA)
- Production (EIA)
- Production (CERA/IHS @ $8.00)
New Liquefaction Competes for Market Share

Source: CERA, Cheniere Research

- Existing Liquefaction
- Under Construction
- Proposed Liquefaction

<table>
<thead>
<tr>
<th>Year</th>
<th>Liquefaction Capacity</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>23 Bcf/d</td>
</tr>
<tr>
<td>2006</td>
<td>24 Bcf/d</td>
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<tr>
<td>2007</td>
<td>26 Bcf/d</td>
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<tr>
<td>2008</td>
<td>30 Bcf/d</td>
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<tr>
<td>2009</td>
<td>35 Bcf/d</td>
</tr>
<tr>
<td>2010</td>
<td>36 Bcf/d</td>
</tr>
</tbody>
</table>

Source: CERA, Cheniere Research
Contractual Trends Away from Utilities . . .

~44% of 2010 LNG supply will seek premium markets

Source: Cheniere Research
...Results in Increasingly Flexible LNG Supply

LNG Imports by Region

Source: Cheniere Research
Worldwide Liquefaction Utilization

Source: Poten, Cheniere Research
First in the Demand Stack: Asia-Pacific

Asia Pacific Historical - Forecast LNG Imports

Source: WoodMackenzie
Second: Europe – A Pipeline-Supplied Market

Large and Growing Piped Gas Supply

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Supplier</th>
<th>Bcf/d</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Pipeline</td>
<td>Norway</td>
<td>1.9</td>
<td>2007</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td>1.5</td>
<td>2006</td>
</tr>
<tr>
<td></td>
<td>Russia</td>
<td>2.6 – 5.3</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAG Loop II</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAG Expansion</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>Algeria</td>
<td>0.8</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transmed (Expansion)</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Galsi</td>
<td>0.8 – 1.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maghreb-Europe (Exp.)</td>
<td>0.3</td>
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<tr>
<td>Expansion</td>
<td>Iran/Caspian</td>
<td>2.9</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Italy-Greece Interconnect.</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Turkey-Greece Intercon.</td>
<td>0.3</td>
</tr>
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</table>

Consumption
2006: 50 Bcf/d

Production
2006: 26 Bcf/d

Piped Gas Import Trades
2006: 27 Bcf/d

Total Incremental Capacity
13.5 – 16.7 Bcf/d

Source: BP Statistical Review; GIIGNL; Cheniere Research
...with LNG Terminals Becoming a Negotiating Tool

2007 LNG Imports
5.4 Bcf/d

UK & Ireland
5.36
4.47

NW Europe
6.61
1.3

Mediterranean
10.25
1.28

LNG Terminals
- Existing: 9.8 Bcf/d
- Firm: 7.1 Bcf/d
- Proposed: 22.2 Bcf/d

39.1 Bcf/d

Bcf/d
Europe – Total LNG Imports

Source: Poten, Cheniere Research
Spain Hydro Generation Impact on LNG Imports

Spain Hydro Generation

GWH

Month

- 6 Cargos in Winter
- 1 -2 Cargos in Summer

2003
2004
2005
2006
2007
2008 -forecast

CHENIERE
What proportion of Europe’s production declines will be replaced by pipeline supply from FSU and Algeria?
Some European Import Forecasts are Impressive

Europe - Historical vs. Forecast LNG Imports

Source: WoodMackenzie
2010 Annual Balance - Bcf/d

Global Liquefaction Capacity  36

Estimated LNG Delivery @ 90%  32

Asian Consumption  <~16>

European Consumption  <~ 6>

Remaining for North America  ~10

Source: Cheniere Research
Constraint is not Regas Capacity but Consumption

- Regasification is built for peak utilization because of seasonal variations

<table>
<thead>
<tr>
<th>Bcf/d</th>
<th>2000</th>
<th>2007E</th>
<th>2010E</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>LNG Imports</td>
<td>Regas Capacity</td>
<td>% Utilized</td>
</tr>
<tr>
<td>Asia</td>
<td>10</td>
<td>28</td>
<td>36</td>
</tr>
<tr>
<td>Europe</td>
<td>3</td>
<td>5</td>
<td>68</td>
</tr>
<tr>
<td>North America</td>
<td>1</td>
<td>2</td>
<td>47</td>
</tr>
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</table>

Source: GIIGNL; Waterborne LNG; Cheniere Research
Demand Seasonality Impacts Flows

2006 Demand

Source: IEA

Bcf/d

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Belgium Spain France UK US GC

Source: IEA
North American Demand and Seasonality

LNG Import Capacity

- Existing Facilities: 5.0 Bcf/d
- Expansion of existing: 0.8 Bcf/d
- New Terminals: 11.0 Bcf/d
- NA Total by 2010: 16.8 Bcf/d

Bcf/d Demand by Country and Region (2005)

- Canada: 9 Bcf/d
- Mexico: 5 Bcf/d

Terminal Capacity Holder | Baseload Sendout (MMcf/d)
--- | ---
Canaport | Irving, Repsol | 1,000
Everett - Suez | 700
Cove Point | BP, Statoil, Shell | 1,800
Elba Island | BG, Marathon, Shell | 800
Lake Charles - BG | 1,800
Freeport | ConocoPhillips, Dow | 1,500
Sabine Pass | Total, Chevron, Cheniere | 4,000
Cameron | Sempra, ENI | 1,500
Golden Pass | EOM, ConocoPhillips, QP | 2,000
Altamira | Shell, Total | 700
Costa Azul | Shell, Sempra | 1,000
Total | 16,800

Demand by Region, Market and Season

LNG Receiving Terminal Utilization Depends on Seasonality, Pipelines & Logistics

Total U.S. consumption of 61 Bcf/d in 2005 with 76% consumed in these markets

Northeast
- Total: 9.0 Bcf/d
- Summer: 6.9 Bcf/d
- Winter: 10.6 Bcf/d

Southeast
- Total: 6.0 Bcf/d
- Summer: 5.6 Bcf/d
- Winter: 6.7 Bcf/d

Midwest
- Total: 14 Bcf/d
- Summer: 9.0 Bcf/d
- Winter: 9.0 Bcf/d

Gulf Coast
- Total: 19 Bcf/d
- Summer: 18.4 Bcf/d
- Winter: 18.2 Bcf/d

Gulf Coast regas terminals ideally located for full year utilization

21 Source: EIA 2005 Data
Trading Considerations

- Maritime issues in transportation
  - Scheduling, diversions, force majeure
- LNG terminals as a gas asset
  - Storage, sendout, pipeline interconnections
- Regulatory considerations
  - Hackberry rule, EPAct 2005, anti-manipulation legislation
- Role of conventional assets
  - Underground storage, pipeline transport, power generation
- Valuing destination options
- Services for the supply community
  - “Put” rights, ratability services, bundled risk management
Cheniere’s Assets and Projects
Cheniere Energy Partners, L.P. (AMEX: CQP)
Sabine Pass LNG, L.P.
Cheniere Energy, Inc. 90.6%

- **Land**
  - 853 acres in Cameron Parish, LA

- **Accessibility – Deep Water Ship Channel**
  - Sabine River Channel dredged to 40 feet

- **Proximity**
  - 3.7 nautical miles from coast
  - 22.8 nautical miles from outer buoy

- **Berthing/Unloading**
  - 2 docks
  - LNGCs up to 265,000 cm
  - 4 dedicated tugs

- **Storage**
  - Phase I: 3 x 160,000 cm (10.1 Bcfe)
  - Phase II: 2 x 160,000 cm (6.7 Bcfe)

- **Vaporization**
  - Phase I: 2.6 Bcf/d
  - Phase II: 1.4 Bcf/d

- **Potential Pipeline Access (Interstate)**
  - Access to NE, MW, SE, & Mid-Atlantic markets
  - ~14 Bcf/d within 150 miles

- **Regional Market - Strong Gas Demand**
  - Port Arthur, Beaumont, Orange, Lake Charles

- **Project Status**
  - Phase I: operational Q2 2008
  - Phase II: operational Q2 2009

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<tbody>
<tr>
<td>Total, S.A.</td>
<td>1.0 Bcf/d</td>
<td>~ $126</td>
</tr>
<tr>
<td>Chevron</td>
<td>1.0 Bcf/d</td>
<td>~ $130</td>
</tr>
<tr>
<td>Cheniere Marketing</td>
<td>2.0 Bcf/d</td>
<td>~ $256</td>
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</table>
Sabine Pass LNG

No Shading = Phase 1
Yellow = Phase 2
Blue = Other FERC-Permitted Assets
Creole Trail Pipeline

Potential Pipeline Interconnects:
- Gulf Coast Markets
- Northeast Markets
- Southeast Markets
- Midwest / Great Lakes Markets
- Connects with Henry Hub

- Creole Trail – MP 58*
- Creole Trail – Phase II

Creole Trail LNG Terminal
- Phase I – 2Q 2008
- Phase II – 2Q 2009

حياء النباتات المتشابهة:
- Texas Eastern
- Tennessee
- ANR
- Texas Gas
- Florida Gas
- Transco

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حياء النباتات المتشابهة:
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Corpus Christi LNG
Facility Highlights

- **Land**
  - 212 acres in San Patricio County, TX
  - ~400 acres of permanent easement

- **Accessibility - Deepwater Ship Channel**
  - La Quinta Channel dredged to 45 feet

- **Proximity**
  - 14.3 nautical miles from coast
  - 16 nautical miles from outer buoy

- **Berthing/Unloading**
  - 2 docks
  - LNGCs up to 265,000 cm
  - 3 dedicated tugs

- **Storage**
  - 3 x 160,000cm (10.1 Bcfe)

- **Vaporization**
  - 2.6 Bcfd

- **Potential Pipeline Access**
  - Interstate access to NE, MW, SE & Mexico markets
  - ~5 Bcfd within 25 Miles

- **Regional Market - Strong Gas Demand**
  - Texas industrials & power generators

- **Project Status**
  - Site Preparation and engineering complete
Creole Trail LNG, L.P.
Facility Highlights

- **Land**
  - 1463 Acres in Cameron Parish, LA

- **Accessibility - Deepwater Ship Channel**
  - Calcasieu Channel dredged to 40+ feet

- **Proximity**
  - 3.2 nautical miles from Coast
  - 30.9 nautical miles from outer buoy

- **Berthing/Unloading**
  - 2 docks
  - LNGCs up to 265,000 cm
  - 3 dedicated tugs

- **Storage**
  - 4 x 160,000 cm tanks (13.5 Bcfe)

- **Vaporization Capacity**
  - 3.3 Bcf/d

- **Potential Pipeline Access**
  - Interstate access to NE, MW, SE, & Mid-Atlantic markets; ~14 Bcf/d w/in 120 Miles

- **Regional Market - Strong Gas Demand**
  - Louisiana industrials & power generators

- **Project Status**
  - FERC permitted
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 and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements, other than statements of historical facts, included herein are “forward-looking statements.” Included among “forward-looking statements” are, among other things:

- statements that we expect to commence or complete construction of each or any of our proposed liquefied natural gas, or LNG, receiving terminals by certain dates, or at all;
- statements that we expect to receive authorization from the Federal Energy Regulatory Commission, or FERC, to construct and operate proposed LNG receiving terminals by a certain date, or at all;
- statements regarding future levels of domestic natural gas production and consumption, or the future level of LNG imports into North America, or regarding projected future capacity of liquefaction or regasification, liquification utilization or total monthly LNG trade facilities worldwide, regardless of the source of such information;
- statements regarding any financing transactions or arrangements, 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 estimated costs, and the engagement of any EPC contractor;
- statements regarding any Terminal Use Agreement, or TUA, or other commercial arrangements presently contracted, optioned, marketed or potential arrangements to be performed substantially in the future, including any cash distributions and revenues anticipated to be received;
- statements regarding the commercial terms and potential revenues from activities described in this presentation;
- statements regarding the commercial terms or potential revenue from any arrangements which may arise from the marketing of uncommitted capacity from any of the terminals, including the Creole Trail and Corpus Christi terminals which do not currently have contractual commitments;
- statements regarding the commercial terms or potential revenue from any arrangement relating to the proposed contracting for excess or expansion capacity for the Sabine Pass LNG Terminal or the Indexed Purchase Agreement (“IPA”) or LNG spot purchase examples described in this presentation;
- statements that our proposed LNG receiving terminals, when completed, will have certain characteristics, including amounts of regasification and storage capacities, a number of storage tanks and docks and pipeline interconnections;
- statements regarding Cheniere and Cheniere Marketing forecasts, and any potential revenues and capital expenditures which may be derived from any of Cheniere business groups;
- statements regarding Cheniere Pipeline Company, and the capital expenditures and potential revenues related to this business group; statements regarding our proposed LNG receiving terminals’ access to existing pipelines, and their ability to obtain transportation capacity on existing pipelines; statements regarding the Cheniere Southern Trail Pipeline, and its potential business opportunities;
- statements regarding possible expansions of the currently projected size of any of our proposed LNG receiving terminals;
- statements regarding the payment by Cheniere Energy Partners, L.P. of cash distributions;
- statements regarding our business strategy, our business plan or any other plans, forecasts, examples, models, or objectives; any or all of which are subject to change;
- statements regarding estimated corporate overhead expenses; and
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