CHENIERE ENERGY INC
Form 424B5
March 15, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-166328

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 5, 2010

21,000,000 Shares

Cheniere Energy, Inc.

Common Stock

We are offering to sell 21,000,000 shares of our common stock, par value $0.003 per share. Our common stock is listed on the NYSE Amex Equities, or AMEX, under the symbol LNG. The last reported sale price on AMEX on March 13, 2012 was $16.01.

We have granted the underwriter the right to purchase up to 3,150,000 additional shares of common stock to cover any over-allotments. The underwriter can exercise this right at any time within 30 days after the offering. In addition, we may, in our discretion, increase the number of shares that we are offering based on market demand.

Investing in our common stock involves risks, including those described under Risk Factors beginning on page S-10 of this prospectus supplement.

We are selling to the underwriter the shares of common stock at a price of $14.58 per share, resulting in net proceeds to us, before deducting expenses related to the offering, of $306.2 million, or $352.1 million assuming full exercise of the underwriter s option to purchase additional shares.

The underwriter expects to deliver the shares of common stock to investors on or about March 19, 2012.

The underwriter will offer the shares of common stock for sale from time to time in one or more transactions (which may include block transactions), in negotiated transactions or otherwise, or a combination of those methods of sale, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See Underwriting.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

The date of this prospectus supplement is March 14, 2012.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement, which describes the terms of this offering of shares of our common stock, supplements the accompanying prospectus, which provides more general information. Generally, when we refer to the prospectus, we are referring to this prospectus supplement and the accompanying prospectus combined. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. This prospectus supplement contains information about the shares of our common stock offered in this offering and may add to, update or change the information in the accompanying prospectus. Before you invest in shares of our common stock, you should carefully read this prospectus supplement, along with the accompanying prospectus, in addition to the information contained in the documents incorporated by reference into this prospectus supplement and referred to under the heading Where You Can Find More Information.

We have not, and the underwriter has not, authorized anyone to provide you with any information that is not contained in or incorporated by reference into this prospectus supplement or in any related free writing prospectus filed with the Securities and Exchange Commission, or SEC. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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DEFINITIONS

In this prospectus supplement, unless the context otherwise requires:

Bcf means billion cubic feet;

Bcf/d means billion cubic feet per day;

LNG means liquefied natural gas;

LNG train means an independent modular unit for gas liquefaction;

MMBtu means million British thermal units;

mtpa means million metric tons per annum; and

TUA means terminal use agreement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference contain 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, or 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 or incorporated herein by reference are forward-looking statements. Included among forward-looking statements are, among other things:

statements relating to the construction or operation of each of our proposed LNG terminals or our proposed pipelines, liquefaction facilities or other projects, 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, pipelines or other projects 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;

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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, devel estimate, expect, forecast, plan, potential, project, propose, strategy and similar terms and phrases, or by the use of future tense. Alt believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. You should not place undue reliance on these forward-looking statements, which are made as of the date of this prospectus supplement and speak only as of the date of this prospectus supplement. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

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 the Risk Factors section of this prospectus supplement and our annual report on Form 10-K for the fiscal year ended December 31, 2011. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors.

INDUSTRY AND MARKET DATA

We obtained the market and competitive position data used throughout this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, we have not, and the underwriter has not, independently verified such data, and we and the underwriter make no representation as to the accuracy of such information. Similarly, we believe that our internal research is reliable, but it has not been verified by any independent sources.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC under the Securities Act that registers the issuance and sale of the common stock offered by this prospectus supplement. The registration statement, including the exhibits attached thereto, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus supplement and the accompanying prospectus.

We file annual, quarterly, and other reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E. Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public through the SEC s website at http://www.sec.gov.

General information about us, including our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website at http://www.cheniere.com as soon as reasonably practicable after we file them with, or furnish them to, the SEC. Information on our website is not incorporated into this prospectus supplement or the accompanying prospectus and is not a part of this prospectus supplement or the accompanying prospectus.

The SEC allows us to incorporate by reference the information that we file with the SEC, which means that we can disclose information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and take the place of this information. We are incorporating by reference in this prospectus supplement the following documents filed with the SEC under the Exchange Act (other than any portions of the respective filings that were furnished pursuant to Item 2.02 or 7.01 of Current Reports on Form 8-K or other applicable SEC rules):

- Annual Report on Form 10-K for the year ended December 31, 2011;
- Current Reports on Form 8-K, as filed with the SEC on January 6, 2012, January 26, 2012, January 30, 2012 (two), February 27, 2012 and March 7, 2012; and
- the description of our common stock contained in our registration statement on Form 8-A, filed with the SEC on March 2, 2001, including any amendments or reports filed for the purpose of updating the description.

All documents that we file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and until our offering hereunder is completed will be deemed to be incorporated by reference into this prospectus supplement and will be a part of this prospectus supplement from the date of the filing of the document. Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or any other subsequently filed documents that also is or is deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement that is modified or superseded will not constitute a part of this prospectus supplement, except as modified or superseded.

We will provide each person, including any beneficial owner to whom a prospectus is delivered, a copy of these filings, other than an exhibit to these filings, unless we have specifically incorporated that exhibit by reference into the filing, upon written or oral request and at no cost. Requests should be made by writing or telephoning us at the following address:

Cheniere Energy, Inc.

700 Milam Street, Suite 800

Houston, Texas 77002

(713) 375-5100

Attn: Investor Relations

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SUMMARY

This summary, which highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference, is not complete and may not contain all of the information that you should consider before investing in shares of our common stock. Unless indicated otherwise, the information presented in this prospectus supplement assumes that the underwriter does not exercise its option to purchase additional shares of common stock. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference. You should also consider, among other things, the information contained in Risk Factors in this prospectus supplement as well as the information contained in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operation and our consolidated financial statements and related notes thereto, each of which is included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and incorporated by reference into this prospectus supplement. In this prospectus supplement, except as otherwise stated or required by the context, references to Cheniere, the Company, we, us, our and similar terms refer to Cheniere Energy, Inc. and its consolidated subsidiaries, collectively. References to Cheniere Partners refer to Cheniere Energy Partners, L.P. (NYSE Amex Equities: CQP), in which Cheniere has an 88.8% ownership interest.

Our Company

We are a Houston-based energy company primarily engaged in LNG-related businesses. We own and operate the Sabine Pass LNG terminal in Louisiana through our 88.8% ownership interest in and management agreements with Cheniere Partners, which is a publicly traded partnership that we created in 2007. We also own and operate the Creole Trail Pipeline, which interconnects the Sabine Pass LNG terminal with natural gas markets in North America. Approximately one-half of the receiving capacity of the Sabine Pass LNG terminal is contracted to two international oil companies. One of our subsidiaries, Cheniere Marketing, LLC, or Cheniere Marketing, is marketing LNG and natural gas on its own behalf and on behalf of Cheniere Partners, monetizing the other half of the LNG receiving capacity at the Sabine Pass LNG terminal. Cheniere Partners is developing a liquefaction project to add liquefaction capabilities at the Sabine Pass LNG terminal through a wholly owned subsidiary, Sabine Pass Liquefaction, LLC, or Sabine Liquefaction. We are in various stages of developing other projects, including LNG and other marine hydrocarbon terminals and pipeline related projects, each of which, among other things, will require acceptable commercial and financing arrangements before we make a final investment decision.

Our Business Strategy

Our primary business strategy is to identify markets in which the development of marine hydrocarbon terminals presents an opportunity to develop assets based on long-term, take-or-pay type contracts. Our initial development of the Sabine Pass LNG terminal, based on contracts with Chevron U.S.A. Inc., or Chevron, and Total Gas and Power North America, Inc., or Total, has provided us with the opportunity to expand the terminal to add liquefaction capabilities. We plan to implement our strategy by:

- safely maintaining and operating the Sabine Pass LNG terminal and the Creole Trail Pipeline;
- obtaining the requisite regulatory permits and financing to reach a final investment decision on Cheniere Partners liquefaction project;
- expanding the Sabine Pass LNG terminal to add liquefaction capabilities, and modifying the Creole Trail Pipeline to transport natural gas to the Sabine Pass LNG terminal for fuel and for Sabine Liquefaction to satisfy its LNG delivery obligations under its LNG sale and purchase agreements, or SPAs;

- contracting for feed and fuel gas for Cheniere Partners liquefaction project;

- utilizing the 2.0 Bcf/d of regasification capacity at the Sabine Pass LNG terminal held by one of Cheniere Partners wholly owned subsidiaries, Cheniere Energy Investments, LLC, or Cheniere Investments, for short-term and spot LNG purchases and sales until such capacity is used in connection with Cheniere Partners liquefaction project;

- developing business relationships for the marketing of additional long-term and short-term agreements for excess LNG volumes at the Sabine Pass LNG terminal that have not been sold to our long-term customers, and for long-term and short-term contracts for potential future projects at other sites; and

- optimizing our capital structure to finance the construction and operation of the facilities needed to serve our customers.

Our Business

Our business activities are conducted by the following three operating segments:

- LNG terminal business;

- Natural gas pipeline business; and

- LNG and natural gas marketing business.

LNG Terminal Business

We began developing our LNG terminal business in 1999 and were among the first companies to secure sites and commence development of new LNG terminals in North America. We focused our development efforts on three LNG terminal projects: Sabine Pass LNG in western Cameron Parish, Louisiana on the Sabine Pass Channel; Corpus Christi LNG near Corpus Christi, Texas; and Creole Trail LNG at the mouth of the Calcasieu Channel in central Cameron Parish, Louisiana. We constructed the Sabine Pass LNG terminal and are developing a project to add liquefaction capabilities at the Sabine Pass LNG terminal, which is owned through Cheniere Partners, in which we hold an approximate 88.8% interest. We currently own 100% interests in both the Corpus Christi and Creole Trail LNG terminal projects.

Regasification Facilities

The Sabine Pass LNG terminal has operational regasification capacity of approximately 4.0 Bcf/d (with peak capacity of approximately 4.3 Bcf/d) and aggregate LNG storage capacity of approximately 16.9 Bcf. Approximately 2.0 Bcf/d of the regasification capacity at the Sabine Pass LNG terminal has been reserved under two long-term third-party TUAs, under which Sabine Pass LNG s customers are required to pay fixed monthly fees, whether or not they use the LNG terminal. Capacity reservation fee TUA payments are made by Sabine Pass LNG s third-party TUA customers as follows:

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

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

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

Liquefaction Facilities

In June 2010, Cheniere Partners formed Sabine Liquefaction to own, develop and operate liquefaction facilities at the Sabine Pass LNG terminal. In constructing the proposed liquefaction facilities, Cheniere Partners proposes to take advantage of the existing marine and storage facilities that were constructed for the LNG receiving terminal, thereby saving a substantial amount of capital cost compared to the cost of constructing a greenfield facility. We anticipate LNG exports could commence as early as 2015 with each LNG train commencing operations approximately six to nine months after the previous LNG train.

The Department of Energy, or DOE, has granted Sabine Liquefaction an order authorizing the export of up to the equivalent of 16 mtpa (approximately 800 Bcf) per year of domestically produced LNG by vessel from the Sabine Pass LNG terminal to Free Trade Agreement, or FTA, countries for a 30-year term, beginning on the earlier of the date of first export or September 7, 2020, and another order authorizing the export of up to the equivalent of 803 Bcf per year (approximately 16 mtpa) of domestically produced LNG by vessel from the Sabine Pass LNG terminal to non-FTA countries for a 20-year term, beginning on the earlier of the date of first export or May 20, 2016.

Sabine Pass has submitted an application to the FERC requesting authorization to site, construct and operate liquefaction and export facilities at the Sabine Pass LNG terminal, which we anticipate receiving in the second quarter of 2012.

Sabine Liquefactions has entered into four SPAs, under which customers have committed to purchase, in aggregate, 834.0 million MMBtu of LNG per year (approximately 16 mtpa) as follows:

- BG Gulf Coast LNG, LLC, or BG, has agreed to purchase 286.5 million MMBtu of LNG per year (approximately 5.5 mtpa);

- Gas Natural Aprovisionamientos SDG S.A., or Gas Natural Fenosa, an affiliate of Gas Natural SDG S.A., has agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa);

- Korea Gas Corporation, or KOGAS, has agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa); and

- GAIL (India) Limited, or GAIL, has agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa).

In aggregate, these customers have agreed to pay Sabine Liquefaction approximately $2.3 billion annually, plus an amount per MMBtu of LNG equal to 115% of the final settlement price for the New York Mercantile Exchange natural gas futures contract for the month in which the relevant cargo is scheduled.

We expect to commence construction of LNG trains 1 and 2 during the first half of 2012 and begin operations in late 2015, with the second LNG train commencing operations approximately six to nine months after the first LNG train. We expect to complete our construction plan and cost estimates for LNG trains 3 and 4 by the end of 2012, begin construction by the end of the first quarter of 2013, and begin operations in 2017.

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The cost to construct LNG trains 1 and 2 is currently estimated to be approximately $4.5 billion to $5.0 billion, before financing costs. Our cost estimates are subject to change due to such items as change orders, delays in construction, increased component and material costs, escalation of labor costs and increased spending to maintain our construction schedule.

In November 2011, Sabine Liquefaction entered into a lump sum turnkey agreement with Bechtel Oil, Gas and Chemicals, Inc. for procurement, engineering, design, installation, training, commissioning and placing into service of the first two LNG trains and related facilities at the Sabine Pass LNG terminal.

Natural Gas Pipeline Business

We formed Cheniere Pipeline Company, a wholly owned subsidiary, to develop natural gas pipelines to provide access to North American natural gas markets for customers of our LNG terminals. We are also developing other pipeline projects not primarily related to our LNG terminals. Our pipeline systems developed in conjunction with our LNG terminals will interconnect with multiple interstate pipelines, providing a means of transporting natural gas between trading points in the Gulf Coast and our LNG terminals. Our other projects are market-focused, seeking to connect natural gas supplies to growing markets. Our ultimate decisions regarding further development of new pipeline projects will depend upon future events, including, in particular, customer preferences and general market demand for pipeline transportation of natural gas from or to a particular LNG terminal.

The Creole Trail Pipeline is a permitted 153-mile natural gas pipeline. We have constructed, placed in-service and are operating the first 94 miles, which connect the Sabine Pass LNG terminal to numerous interconnection points with existing interstate and intrastate natural gas pipelines in southwest Louisiana.

In connection with Cheniere Partners liquefaction project, we are developing a project for the Creole Trail Pipeline to be able to transport natural gas to the Sabine Pass LNG terminal for fuel and for Sabine Liquefaction to satisfy its LNG delivery obligations under its SPAs. We will contemplate making a final investment decision to commence construction of the expansion project upon, among other things, entering into acceptable commercial and financing arrangements.

LNG and Natural Gas Marketing Business

Our wholly owned subsidiary, Cheniere Marketing, is engaged in the LNG and natural gas marketing business and is seeking to develop a portfolio of long-term, short-term and spot LNG purchase and sale agreements, assist Cheniere Investments in negotiating with potential customers to monetize the 2.0 Bcf/d of regasification capacity at the Sabine Pass LNG terminal, and enter into business relationships for the domestic marketing of natural gas imported by Cheniere Marketing as LNG to the Sabine Pass LNG terminal.

Cheniere Marketing has been purchasing, transporting and unloading commercial LNG cargoes into the Sabine Pass LNG terminal and has used trading strategies intended to maximize margins on these cargoes. In addition, Cheniere Marketing has continued to enter into various business relationships to facilitate purchasing and selling commercial LNG cargoes.

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Recent Developments

Proposed Blackstone Transaction

In February 2012, Cheniere Partners entered into an exclusive arrangement with Blackstone Energy Partners, L.P., Blackstone Capital Partners VI L.P., and certain affiliates of those entities, or collectively Blackstone, to finalize and execute definitive agreements under which Blackstone would purchase newly issued senior subordinated paid-in-kind units of Cheniere Partners, or Class B Units, for $2 billion, which would be used by Cheniere Partners to fund the equity portion of the costs of developing, constructing and placing into service Cheniere Partners liquefaction project, the purchase of the Creole Trail Pipeline from Cheniere and other partnership business purposes. Subject to the final terms of the unit purchase agreement, Blackstone would potentially purchase approximately 111.11 million Class B Units for $18 per unit, and the Class B Units would have a quarterly accrual rate of 4.2% and mandatorily convert into common units of Cheniere Partners after the first two LNG trains begin commercial operations, which we expect to occur in 2016; the parties also contemplate that the board of directors of the general partner of Cheniere Partners would consist of 11 members, including four directors appointed by Blackstone, four directors appointed by Cheniere and three independent directors.

Cheniere intends that Cheniere Partners proposed financing transaction with Blackstone and Cheniere s proposed sale of the Creole Trail Pipeline to Cheniere Partners would not result in Cheniere being deemed to not control the general partner of Cheniere Partners, to be an investment company under the Investment Company Act of 1940, as amended, or being required to deconsolidate Cheniere Partners. The definitive documentation would contain adjusted governance and related provisions that address these matters; otherwise, the Blackstone financing would not be consummated and Cheniere Partners will need to find alternative sources of financing for its portion of the costs to develop, construct and place into service Cheniere Partners proposed liquefaction project. The closing of the proposed Blackstone financing will be subject to, among other things, receipt of regulatory approvals required to permit commencement of construction of Cheniere Partners proposed liquefaction project, closing of the purchase and sale of the Creole Trail Pipeline, closing of the debt financing for the first two LNG trains, execution of definitive documents and other conditions to be agreed upon. There can be no assurances that the proposed transaction between Cheniere Partners and Blackstone will be consummated on terms acceptable to both parties, or at all.

Company Information

We are incorporated under the laws of the state of Delaware. Our principal executive offices are located at 700 Milam Street, Suite 800, Houston, Texas 77002, and our telephone number at that address is (713) 375-5000. Our website address is www.cheniere.com. However, information contained on our website is not incorporated by reference into this prospectus supplement, and you should not consider the information contained on our website to be part of this prospectus supplement.

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Corporate Structure

The following diagram depicts our simplified capital structure, including our ownership of Cheniere Partners and Sabine Pass LNG, L.P., as of March 12, 2012, without giving pro forma effect to any of the proposed transactions described in this prospectus supplement.

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THE OFFERING

Issuer	Cheniere Energy, Inc.
AMEX Symbol	LNG
Common stock offered by us	21,000,000 shares (or 24,150,000 shares if the underwriter s over-allotment option is exercised in full). We may, in our discretion, increase the number of shares we are offering based on market demand.
Common stock to be outstanding after the offering	150,609,827 shares (or 153,759,827 shares if the underwriter s over-allotment option is exercised in full)
Use of proceeds	We will use the net proceeds of approximately $306.2 million from the offering ($352.1 million if the underwriter s over-allotment option is exercised in full), after deducting underwriting discounts and fees but before paying estimated offering expenses of approximately $200,000, for general corporate purposes, including repayment of indebtedness.
Risk Factors	An investment in our common stock involves various risks, and prospective investors should carefully consider the matters discussed under Risk Factors beginning on page S-10 of this prospectus supplement.

The number of shares of common stock outstanding before and after this offering is based on the number of shares outstanding as of March 12, 2012 and excludes:

759,757 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted average exercise price per share of $26.27; and

7,459,009 shares of common stock reserved for issuance upon the conversion of our outstanding convertible notes.

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SUMMARY HISTORICAL AND PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The following summary historical consolidated financial information as of December 31, 2010 and 2011 and for each of the years ended December 31, 2009, 2010 and 2011 has been derived from Cheniere s audited consolidated financial statements incorporated by reference into this prospectus supplement. The summary historical consolidated financial information as of December 31, 2009 has been derived from our audited financial statements not incorporated by reference into this prospectus supplement. This information is only a summary and you should read it in conjunction with Capitalization in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operation, which discusses factors affecting the comparability of the information presented, and our consolidated financial statements and related notes, each of which is incorporated herein by reference from our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Our historical results included below are not necessarily indicative of our future performance.

The summary pro forma condensed consolidated statement of operations data for the year ended December 31, 2011 gives effect on a pro forma basis to the proposed Blackstone transaction, including the purchase and sale of equity interests of entities that own the Creole Trail Pipeline by Cheniere Partners from subsidiaries of Cheniere, as if they had been consummated on January 1, 2011. The summary pro forma condensed consolidated balance sheet information gives effect on a pro forma basis to the consummation of the proposed Blackstone transaction, including the Creole Trail Pipeline purchase and sale, as if they had been consummated on December 31, 2011. There can be no assurance that the proposed transactions will occur on the terms presented, or at all.

The information presented below should be read in conjunction with Unaudited Pro Forma Condensed Consolidated Financial Information included elsewhere in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operation and our consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is incorporated by reference into this prospectus supplement.

	Historical For the Years Ended December 31,			Pro Forma
	2009	2010	2011	2011
	(In thousands, except per share data) (audited)			(unaudited)
Consolidated Statements of Operations Data:				
Revenues	$ 181,126	$ 291,513	$ 290,444	$ 290,444
LNG terminal and pipeline development expenses	223	11,971	40,803	40,803
LNG terminal and pipeline operating expenses	36,857	42,415	39,101	39,101
Depreciation, depletion and amortization	54,229	63,251	63,405	63,405
Oil and gas production and exploration costs and other	491	627	562	562
General and administrative expense (1)	65,830	68,626	88,427	88,427
Income from operations	23,496	104,623	58,146	58,146
Gain from equity method investments (2)		128,330		
Gain (loss) from early extinguishment of debt (3)	45,363	(50,320)		
Derivative gain	5,277	461	(2,251)	(2,251)
Interest expense, net	(243,295)	(262,046)	(259,393)	(259,393)
Interest income	1,405	534	348	348
Other income (expense)	99	24	(28)	(28)
Non-controlling interest	6,165	2,191	4,582	6,682
Income tax provision			(160)	(160)
Net loss	$ (161,490)	$ (76,203)	$ (198,756)	$ (196,656)
Net loss per share (basic)	$ (3.13)	$ (1.37)	$ (2.60)	$ (2.57)
Net loss per share (diluted)	$ (3.13)	$ (1.37)	$ (2.60)	$ (2.57)
Weighted average shares outstanding (basic)	51,598	55,765	76,483	76,483
Weighted average shares outstanding (diluted)	51,598	55,765	76,483	76,483

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	Historical			Pro Forma
	As of December 31,			
	2009	2010	2011	2011
	(In thousands)			
	(audited)			(unaudited)
Balance Sheet Data:				
Cash and cash equivalents	$ 88,372	$ 74,161	$ 459,160	$ 759,160
Current restricted cash and cash equivalents	138,309	73,062	102,165	1,684,165
Working capital	220,063	99,276	6,492	1,888,492
Non-current restricted cash and cash equivalents	82,892	82,892	82,892	82,892
Total liabilities	3,164,749	3,026,117	3,088,317	3,088,317
Total stockholders deficit	(649,732)	(661,631)	(381,567)	(379,467)
Non-controlling interest	217,605	189,021	208,575	2,088,475
Total equity (deficit)	(432,127)	(472,610)	(172,992)	1,709,008

(1) General and administrative expenses include $24.4 million, $16.1 million and $19.2 million of share-based compensation expense recognized in the years ended December 31, 2011, 2010 and 2009, respectively.

(2) In 2010, our investment in Freeport LNG Development, L.P. was sold, generating net cash proceeds of $104.3 million and a gain to Cheniere of $128.3 million.

(3) Amount in 2010 relates to the cost to amend certain provisions of the term loan agreement that we entered into in August 2008 pursuant to which we obtained $250 million. Amount in 2009 relates to gains on the termination of $120.4 million of our Convertible Senior Unsecured Notes.

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RISK FACTORS

The shares of common stock offered by this prospectus supplement may involve a high degree of risk. You should carefully read and consider each of the following risk factors and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2011, together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also impair or adversely affect our business, results of operation, financial condition, liquidity and prospects.

Risks Related to Our Common Stock and This Offering

Market prices of our common stock have changed significantly and could change further.

The market price of our common stock may decline from its current levels in response to various factors and events beyond our control, including the following:

- a shortfall in operating revenue or net income from that expected by securities analysts and investors;
- changes in securities analysts estimates of our financial performance or the financial performance of our competitors or companies in our industry generally;
- general conditions in our industry;
- announcements of significant contracts by our competitors;
- the passage of legislation or other regulatory developments that affect us adversely;
- general conditions in the securities markets;
- our issuance of a significant number of shares of our common stock; and
- the other risk factors described herein.

We currently do not intend to pay dividends on our common stock and, consequently, you will achieve a positive return on your investment in our common stock only if the market price of our common stock appreciates above the price that you pay for it.

We currently do not plan to declare dividends on shares of our common stock for the foreseeable future. Furthermore, the payment of dividends by us is restricted by certain provisions of our debt agreements. See Description of Capital Stock in the accompanying prospectus for more information. Consequently, your only opportunity to achieve a return on your investment in our company will be if the market price of our common stock appreciates and you are able to sell your shares at a profit.

Future sales of our common stock in the public market could lower our stock price.

Our directors and executive officers beneficially owned approximately 7.1 million shares of our common stock as of March 12, 2012. These stockholders will be free to sell those shares, subject to the limitations of Rule 144 under the Securities Act and, subject to certain exceptions, the 60-day lock-up agreements that these stockholders have entered into with the underwriter. However, the market price of our common stock could decline significantly if these stockholders sell a large number of shares into the public market after this offering or if the market believes that these sales may occur.

We may also issue our common stock from time to time as consideration for future acquisitions and investments and to finance our operations and proposed projects. In the event that any such acquisition, investment or financing is significant, the number of shares of our common stock that we may issue could in turn be significant. We may also issue 1.7 million shares to Scorpion Capital Partners, LP in exchange for the outstanding principal balance of its 2008 Loans. In addition, we may also grant registration rights covering those shares in connection with any such acquisition, investment or financing.

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Delaware law and our charter documents may impede or discourage a takeover or change of control.

Certain provisions of our restated certificate of incorporation, as amended, our amended and restated by-laws, as amended, and the provisions of Delaware law, individually or collectively, may impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which could affect the market price of our common stock.

The forward-looking statements contained in this prospectus supplement are based on our predictions of future performance. As a result, you should not place undue reliance on these forward-looking statements.

This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including, in particular, the statements about our plans, strategies, and prospects under the heading Summary. Our plans, intentions or expectations included in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference may not be achieved. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference are set forth above and in the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is incorporated by reference into this prospectus supplement. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

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USE OF PROCEEDS

Our proceeds from the sale of shares of 21,000,000 our common stock in this offering (24,150,000 shares of our common stock if the underwriter s over-allotment option is exercised in full), will be $306.2 million ($352.1 million if the underwriter s over-allotment option is exercised in full), after deducting estimated underwriting discounts but before estimated offering expenses of approximately $200,000.

We intend to use the net proceeds from this offering for general corporate purposes, including repayment of indebtedness.

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MARKET PRICE OF COMMON STOCK

Our common stock has traded on the NYSE Amex Equities under the symbol LNG since March 24, 2003. The table below presents the high and low daily closing sales prices of the common stock, as reported by the NYSE Amex Equities, for each quarter during 2009, 2010 and 2011 and for the period from January 1, 2012 through March 13, 2012.

	High	Low
2009		
Three months ended March 31, 2009	$ 4.98	$ 3.01
Three months ended June 30, 2009	5.19	2.71
Three months ended September 30, 2009	3.47	2.50
Three months ended December 31, 2009	2.95	1.80
2010		
Three months ended March 31, 2010	$ 3.55	$ 2.49
Three months ended June 30, 2010	5.20	2.55
Three months ended September 30, 2010	3.04	2.36
Three months ended December 31, 2010	6.20	2.63
2011		
Three months ended March 31, 2011	$ 10.38	$ 6.25
Three months ended June 30, 2011	11.76	7.49
Three months ended September 30, 2011	10.64	5.07
Three months ended December 31, 2011	11.93	4.00
2012		
January 1, 2012 through March 13, 2012	$ 16.67	$ 8.70

As of March 13, 2012, we had approximately 129.6 million shares of common stock outstanding held by approximately 249 record owners. The last reported sale price on the NYSE Amex Equities on March 13, 2012 was $16,01.

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CAPITALIZATION

The following table sets forth our capitalization and cash position as of December 31, 2011:

- on an actual basis;
- on a pro forma basis to give effect to (i) the proposed Blackstone transaction described above under Summary Recent Developments and (ii) the purchase and sale of equity interests of entities that own the Creole Trail Pipeline by Cheniere Partners from subsidiaries of Cheniere; and
- on a pro forma as adjusted basis to give effect to the issuance and sale of 21,000,000 shares of our common stock in this offering and the use of proceeds therefrom as described under Use of Proceeds (assuming the underwriter has not exercised its over-allotment option).

You should read this table in conjunction with the information contained in the Unaudited Pro Forma Condensed Consolidated Financial Statements section in this prospectus supplement and in Management s Discussion and Analysis of Financial Condition and Results of Operation and our consolidated financial statements and the notes to our consolidated financial statements, each of which is included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and incorporated by reference into this prospectus supplement.

	As of December 31, 2011		
	Actual	Pro Forma (Unaudited) (In thousands)	Pro Forma As Adjusted
Cash and cash equivalents	$ 459,160	$ 759,160	$ 1,065,140
Debt (before debt discount):			
Senior Notes (including related parties):	$ 2,215,500	$ 2,215,500	$ 2,215,500
2007 Term Loan	298,000	298,000(1)	298,000(1)
2008 Loans (including related parties)	282,293	282,293	282,293
Convertible Senior Unsecured Notes	204,630	204,630	204,630
Total debt	3,000,423	3,000,423	3,000,423
Preferred stock, $0.0001 par value, 5.0 million shares authorized, none issued			
Common stock, $0.003 par value			
Authorized: 240.0 million shares at December 31, 2011			
Issued and outstanding: 129.5 million shares at December 31, 2011 and pro forma and 150.5 million shares pro forma as adjusted	389	389	452
Treasury stock: 3.4 million at December 31, 2011, at cost	(20,195)	(20,195)	(20,195)
Additional paid-in-capital	898,702	898,702	1,204,619
Accumulated deficit	(1,260,205)	(1,258,105)	(1,258,105)
Accumulated other comprehensive income (loss)	(258)	(258)	(258)
Total stockholders deficit	(381,567)	(379,467)	(73,487)
Non-controlling interest	208,575	2,088,475	2,088,475
Total equity (deficit)	(172,992)	1,709,008	2,014,988
Total capitalization	$ 2,827,431	$ 4,709,431	$ 5,015,411

(1) In January 2012, the 2007 Term Loan was repaid in full.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial information gives pro forma effect to the proposed Blackstone transaction described above under Summary Recent Developments, including the purchase and sale of equity interests of entities that own the Creole Trail Pipeline by Cheniere Partners from subsidiaries of Cheniere. The proposed transaction reflected in the unaudited pro forma condensed consolidated financial statements have not yet occurred and are subject to conditions precedent and final agreement and documentation as described in the Summary Recent Developments and Cautionary Statement Regarding Forward-Looking Statements sections of this prospectus supplement. There can be no assurance that the proposed transactions will occur on the terms presented, or at all.

The pro forma consolidated statement of operations reflects consummation of the proposed Blackstone and Creole Trail Pipeline transactions as if they had occurred on January 1, 2011. The historical results of operations included in the unaudited pro forma condensed consolidated statement of operations for the fiscal year ended December 31, 2011 were derived from the audited financial statements of Cheniere incorporated by reference into this prospectus supplement.

The pro forma condensed consolidated balance sheet reflects the proposed Blackstone and Creole Trail Pipeline transactions as if they had occurred on December 31, 2011. The historical balance sheet of Cheniere included in the unaudited pro forma condensed consolidated balance sheet was derived from the audited financial statements of Cheniere incorporated by reference into this prospectus supplement. The pro forma condensed consolidated balance sheet does not reflect the significant additional debt financing that will be required in connection with the development and construction of Cheniere Partners proposed liquefaction project. As a result, the adjustments presented principally reflect the expected receipt of proceeds and decrease in Cheniere s percentage ownership in Cheniere Partners.

This unaudited pro forma condensed consolidated financial information has been prepared by management for illustrative purposes only. The unaudited pro forma condensed consolidated financial information is not intended to represent or be indicative of the financial position or results of operations in future periods or the results that actually would have been realized had the proposed Blackstone and Creole Trail Pipeline transactions occurred. The proceeds of this offering have not been reflected in the pro forma results. The unaudited pro forma condensed consolidated financial information, including the notes thereto, is qualified in its entirety by reference to, and should be read in conjunction with, the historical financial statements and notes thereto of Cheniere incorporated by reference into this prospectus supplement.

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CHENIERE ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands, except share data)

	December 31, 2011 (audited)	Adjustment 1 (unaudited)	Adjustment 2 (unaudited)	Adjustment 3 (unaudited)	Pro Forma (unaudited)
ASSETS					
Current Assets					
Cash and cash equivalents	$ 459,160	$	$ 300,000	$	$ 759,160
Restricted cash and cash equivalents	102,165	1,882,000	(300,000)		1,684,165
Other current assets	30,127				30,127
Total current assets	591,452	1,882,000			2,473,452
Property, plant and equipment, net	2,107,129				2,107,129
Other non-current assets	216,744				216,744
Total assets	$ 2,915,325	$ 1,882,000	$	$	$ 4,797,325
LIABILITIES AND STOCKHOLDERS DEFICIT					
Current liabilities					
Current debt	$ 492,724	$	$	$	$ 492,724
Other current liabilities	92,236				92,236
Total current liabilities	584,960				584,960
Long-term debt, net of discount(*)	2,465,113				2,465,113
Long-term debt-related parties, net of discount	9,598				9,598
Other non-current liabilities	28,646				28,646
Commitments and contingencies					
Stockholders deficit					
Preferred Stock, $.0001 par value, 5.0 million shares authorized, none issued					
Common Stock, $.003 par value					