

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

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IN RE CHENIERE ENERGY, INC.)	CONSOLIDATED
STOCKHOLDERS LITIGATION)	C.A. No. 9710-VCL
_____)	
IN RE CHENIERE ENERGY, INC.)	C.A. No. 9766-VCL
_____)	

PLAINTIFFS’ COUNSEL’S FEE AND EXPENSE APPLICATION

Plaintiffs’ Co-Lead Counsel – Andrews & Springer LLC; Barrack, Rodos & Bacine; Bernstein Litowitz Berger & Grossmann LLP; and Grant & Eisenhofer, P.A. – on behalf of themselves and additional counsel for plaintiffs, Berger & Montague, P.C., hereby submit this fee and expense application.

Paragraph 47 of the Notice approved by the Court informed putative class members and holders of Cheniere stock that

Plaintiffs’ Lead Counsel will apply to the Court for a collective award of attorneys’ fees and expenses to Plaintiffs’ Lead Counsel and all other legal counsel who, at the direction and under the supervision of Plaintiffs’ Lead Counsel, performed services on behalf of the Class and/or performed services derivatively on behalf of nominal defendant Cheniere in the Actions (collectively, “Plaintiffs’ Counsel”). Plaintiffs’ Lead Counsel’s fee and expense application will not exceed 15% of the aggregate value of the Settlement as determined by Plaintiffs’ experts in reports that Plaintiffs will be submitting to the Court in support of the Settlement and in support of Plaintiffs’ Lead Counsel’s fee and expense application. The filings will be made to the Court and will also be posted on the websites of Plaintiffs’ Lead Counsel, as identified in paragraph 51 below, on or before February

10, 2015. Defendants agree to the entitlement of Plaintiffs' Lead Counsel to a fee, but Defendants reserve the right to contest the value of the Settlement and to oppose the amount of the award sought by Plaintiffs' Lead Counsel's application to the Court. Any attorneys' fees and expenses awarded by the Court to any Plaintiffs' Counsel shall be paid by the Company, its successors in interest, and/or its insurers.

As set forth in Exhibits 3 and 4 of the Declaration of Jeffrey W. Golan in Support of the Motion to Approve Settlement and Application for Fees and Expenses ("Golan Decl."), Plaintiffs' experts valued the benefits achieved on behalf of the class of stockholders of Cheniere Energy, Inc. ("Cheniere" or the "Company"), and derivatively on behalf of the Company, by evaluating different provisions of the Settlement achieved in the Stipulation and Agreement of Compromise, Settlement and Release (the "Stipulation") dated December 12, 2014. Plaintiffs retained two experts for the purpose of valuing the benefits that were achieved.

One of the Plaintiffs' experts analyzed the provision of the Settlement allowing the Company to undertake a re-vote, based on a majority of the shares present and entitled to vote standard, of the approximately 7.845 million Available Shares in order for the Company to utilize those shares for any compensation purpose. As the expert found, the approximately 7.845 million Available Shares have effectively been placed under the control of Cheniere stockholders to determine whether to allow the Company's board to distribute those shares as

compensation to Company insiders. As demonstrated in the report attached as Exhibit 3 to the Golan Decl., the value of the Settlement provision relating to the shares – which the Company had set aside for use as compensation under the 2011 Plan, but that are now required to be re-voted by the Company’s stockholders – is \$565 million. As the expert states: “That is an immediate and valuable benefit all by itself, and regardless of the outcome of the vote, that has placed in the stockholders’ hands a \$565 million benefit.” Golan Decl., Exhibit 4, at 9.

Plaintiffs’ other expert analyzed the provision in the Settlement that prohibits the Company from seeking stockholder approval for any stock-based compensation awards, other than the 7.845 million shares, until January 1, 2017. This expert utilized two methodologies to value this provision of the Settlement, a burn rate analysis and a Monte Carlo simulation, and evaluated this provision for the years 2014 through 2016. As demonstrated in the report attached as Exhibit 4 to the Golan Decl., the savings during this period on account of this provision in the Settlement were \$1.159 billion based on a Monte Carlo simulation, and either \$1.263 billion (if Cheniere stockholders approve the use of the 7.845 million shares for compensation purposes) or \$1.752 billion (if Cheniere stockholders do not approve the use of the 7.845 million shares for compensation purposes) based on the burn rate analysis. As the expert states: “This can be viewed as a range of valuations of \$1.159 billion to \$1.264 billion (assuming stockholder approval of

Available Shares) or \$1.159 billion to \$1,753 billion (assuming no stockholder approval of Available Shares).” Golan Decl., Exhibit 4, at ¶ 10.

The quantifiable value of these two parts of this Settlement is thus a minimum of \$1.724 billion (\$1.159 billion + \$565 million). As such, based on the provisions of the Notice, Plaintiffs’ Counsel would have been entitled to seek a fee of 15% of \$1.724 billion, which is \$258.6 million (and potentially more considering the maximum values of the Settlement).

However, in view of the sums involved and the time within which Plaintiffs’ Counsel were able to achieve these benefits through a Settlement of the Action, Plaintiffs’ Counsel are seeking a fee of \$43.1 million, which constitutes just 2.5% of the minimum aggregate value of these two features of the Settlement. Moreover, even if the Court were to credit only one of these two Settlement provisions, they are both so extraordinarily valuable as to justify Plaintiffs’ Counsel’s fee request on their own, which is far below 15% of either provision’s value.

The grounds for the fee request are more fully set forth in the Plaintiffs’ Memorandum of Law in Support of Final Approval of Settlement, Certification of the Case as a Class and Derivative Action, and Plaintiffs’ Counsel’s Fee and Expense Application, and in the Golan Decl.

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