

CHENIERE ENERGY INC
Form 8-K
September 12, 2018

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): September 6, 2018

CHENIERE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

700 Milam Street, Suite 1900, Houston, Texas

001-16383
(Commission

File Number)

95-4352386
(IRS Employer

Identification No.)

77002

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (713) 375-5000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act.

Item 1.01 Entry into a Material Definitive Agreement.

Purchase Agreement

On September 6, 2018, Cheniere Energy Partners, L.P. (the Partnership) and each of Cheniere Energy Investments, LLC, Sabine Pass LNG-GP, LLC, Sabine Pass LNG-LP, LLC, Sabine Pass LNG, L.P. (SPLNG), Sabine Pass Tug Services, LLC, Cheniere Creole Trail Pipeline, L.P. and Cheniere Pipeline GP Interests, LLC (the Guarantors), entered into a Purchase Agreement (the Purchase Agreement) with J.P. Morgan Securities LLC, as representative of the initial purchasers named therein (the Initial Purchasers), to issue and sell to the Initial Purchasers \$1.1 billion aggregate principal amount of its 5.625% Senior Notes due 2026 (the Notes).

The Purchase Agreement contains customary representations, warranties and agreements by the Partnership and customary conditions to closing and indemnification obligations of the Partnership and the Initial Purchasers. The foregoing description of the Purchase Agreement is not complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, which is filed as Exhibit 1.1 hereto and is incorporated by reference herein.

On September 11, 2018 (the Issue Date), the Partnership closed the sale of the Notes pursuant to the Purchase Agreement. The sale of the Notes was not registered under the Securities Act of 1933, as amended (the Securities Act), and the Notes were sold on a private placement basis in reliance on Section 4(a)(2) of the Securities Act and Rule 144A and Regulation S thereunder.

Certain Initial Purchasers and their affiliates have provided from time to time, and may provide in the future, certain investment and commercial banking and financial advisory services to the Partnership in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions.

Indenture

The Notes were issued on the Issue Date pursuant to the indenture, dated as of September 18, 2017 (the Base Indenture), by and among the Partnership, the Guarantors and The Bank of New York Mellon, as Trustee under the Indenture (the Trustee), as supplemented by the Second Supplemental Indenture dated as of the Issue Date, between the Partnership, the Guarantors and the Trustee, relating to the Notes (the Second Supplemental Indenture). The Base Indenture as supplemented by the Second Supplemental Indenture is referred to herein as the Notes Indenture.

Under the terms of the Second Supplemental Indenture, the Notes will mature on October 1, 2026 and will accrue interest at a rate equal to 5.625% per annum on the principal amount from the Issue Date, with such interest payable semi-annually, in cash in arrears, on April 1 and October 1 of each year, beginning on April 1, 2019.

The Notes are the Partnership's senior obligations, ranking equally in right of payment with the Partnership's other existing and future unsubordinated debt and senior to any of its future subordinated debt. The Notes are unconditionally guaranteed by each of the Partnership's subsidiaries in existence on the Issue Date (including, for the avoidance of doubt, Sabine Pass LNG, L.P. and Cheniere Creole Trail Pipeline, L.P.), with the exception of Sabine Pass Liquefaction, LLC and, following the application of the proceeds of this offering, Sabine Pass LNG-LP, LLC.

As a result of the application of the proceeds from this Notes offering, immediately following closing, the Security Requirement Period (as defined below) was no longer in effect and, accordingly, the Note Obligations became unsecured. For as long as a Security Requirement Period is not in effect, the Notes will remain unsecured senior obligations of the Partnership. During any Security Requirement Period, the Notes will be senior obligations of the Partnership and will be secured on a first-priority basis by a lien on the Collateral (as defined below), subject to certain liens permitted under the Notes Indenture, which liens are intended to be *pari passu* with the liens securing the 2016 CQP Credit Facilities.

The obligations under the Partnership's 2016 CQP Credit Facilities are secured on a first-priority basis (subject to permitted encumbrances) with liens on (i) substantially all the existing and future tangible and intangible assets and rights of the Partnership and the Guarantors and equity interests in the Guarantors (except, in each case, for certain excluded properties set forth in the 2016 CQP Credit Facilities) and (ii) substantially all of the real property of SPLNG (except for excluded properties referenced in the 2016 CQP Credit Facilities) (the Collateral). The Notes will be secured to the same extent as such obligations under our 2016 CQP Credit Facilities are so secured in the event that (x) the aggregate principal amount of all indebtedness then outstanding under the term loans under the 2016 CQP Credit Facilities exceeds \$1.0 billion or (y) the aggregate amount of secured Indebtedness of the Partnership and the Guarantors (other than the Notes or any other series of notes issued under the Base Indenture) outstanding at any one time exceeds the greater of (i) \$1.5 billion and (ii) 10% of net tangible assets (such period, the Security Requirement Period). The liens securing the Notes, if applicable, will be shared equally and ratably (subject to permitted liens) with the holders of other senior secured obligations, which include the 2016 CQP Credit Facilities obligations and any future additional senior secured debt obligations.

The Partnership may, at its option, redeem some or all of the Notes at any time on or after October 1, 2021, at the redemption prices set forth in the Second Supplemental Indenture. Prior to such time, the Partnership may redeem some or all of the Notes at a redemption price equal to 100% of the aggregate principal amount of the Notes redeemed, plus the applicable premium set forth in the Second Supplemental Indenture and accrued and unpaid interest, if any, to, but not including, the redemption date. In addition, before October 1, 2021, the Partnership may redeem up to 35% of the aggregate principal amount of the Notes with an amount of cash not greater than the net cash proceeds from certain equity offerings at a redemption price equal to 105.625% of the aggregate principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

The Notes Indenture also contains customary terms and events of default and certain covenants that, among other things, limit the ability of the Partnership and the Guarantors to incur liens and sell assets, the ability of the Partnership and its subsidiaries to enter into transactions with affiliates, the ability of the Partnership and the Guarantors to enter into sale-leaseback transactions and the ability of the Partnership and the Guarantors to consolidate, merge or sell, lease or otherwise dispose of all or substantially all of the applicable entity's properties or assets. The Notes Indenture covenants are subject to a number of important limitations and exceptions.

The foregoing descriptions of the Base Indenture and Second Supplemental Indenture are qualified in their entirety by reference to the full text of the Base Indenture and Second Supplemental Indenture, which are filed as Exhibit 4.1 and 4.2 hereto, respectively, and are incorporated by reference herein. Any capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Notes Indenture.

Registration Rights Agreement

In connection with the closing of the sale of the Notes, the Partnership, the Guarantors and J.P. Morgan Securities LLC, as representative of the respective Initial Purchasers, entered into a Registration Rights Agreement dated the Issue Date (the Registration Rights Agreement). Under the terms of the Registration Rights Agreement, the Partnership and the Guarantors have agreed to use commercially reasonable efforts to file with the U.S. Securities and Exchange Commission and cause to become effective a registration statement with respect to an offer to exchange any and all of the Notes, for a like aggregate principal amount of debt securities of the Partnership issued under the Notes Indenture and identical in all material respects to the respective Notes sought to be exchanged (other than with respect to restrictions on transfer or to any increase in annual interest rate), and that are registered under the Securities Act. The Partnership and the Guarantors have agreed to use commercially reasonable efforts to cause such registration statement to become effective within 360

days after the Issue Date. Under specified circumstances, the Partnership and the Guarantors have also agreed to use commercially reasonable efforts to cause to become effective a shelf registration statement relating to resales of the Notes. The Partnership will be obligated to pay additional interest if it fails to comply with its obligations to register the Notes within the specified time periods.

This description of the Registration Rights Agreement is qualified in its entirety by reference to the full text of the Registration Rights Agreement, a copy of which is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information included in Item 1.01 of this report is incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

d) Exhibits

Exhibit

Number

Description

- | | |
|-------|---|
| 1.1* | <u>Purchase Agreement, dated as of September 6, 2018, among Cheniere Energy Partners, L.P., the guarantors party thereto and J.P. Morgan Securities LLC (Incorporated by reference to Exhibit 1.1 to the Partnership's Current Report on Form 8-K (SEC File No. 002-33366, filed on September 12, 2018).</u> |
| 4.1* | <u>Second Supplemental Indenture, dated as of September 11, 2018, among Cheniere Energy Partners, L.P., the guarantors party thereto and The Bank of New York Mellon, as Trustee under the Indenture (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K (SEC File No. 002-33366, filed on September 12, 2018).</u> |
| 10.1* | <u>Registration Rights Agreement, dated as of September 11, 2018, among Cheniere Energy Partners, L.P., the guarantors party thereto and J.P. Morgan Securities LLC (Incorporated by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K (SEC File No. 002-33366, filed on September 12, 2018).</u> |

* Incorporated by reference.

SIGNATURES

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

CHENIERE ENERGY, INC.

Dated: September 12, 2018

By: /s/ Michael J. Wortley

Name: Michael J. Wortley

Executive Vice President and Chief Financial

Title: Officer