# TEEKAY LNG PARTNERS LP

## Moderator: Peter Evensen
## February 20, 2015
## 10:00 am CT

Operator: Welcome to Teekay LNG Partners Fourth Quarter and Fiscal 2014 Earnings Results Conference Call. During the call, all participants will be in a listen only mode. Afterwards you will be invited to participate in a Question and Answer session. At that time if you have a question participants will be asked to press Star 1 to register for a question.

For assistance during the call please press Star 0 on your touch-tone phone. As a reminder this call is being recorded. Now for opening remarks and introductions I would like to turn the call over to Mr. Peter Evensen -- Teekay LNG Partners Chief Executive Officer. Please go ahead sir.

(Scott): Before Mr. Evensen begins, I would like to direct all participants to our website at www.teekaylng.com where you will find a copy of the Fourth Quarter and Fiscal Year 2014 Earnings Presentation. Mr. Evensen will review this presentation during today's conference call. Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from results projected by those forward-looking statements.

Additional information concerning factors that could cause actual result to materially differ from those in the forward-looking statements is contained in the Fourth Quarter and Fiscal Year 2014 Earnings Release and Earnings Presentation available on our website. I will now turn the call over to Mr. Evensen to begin.

Peter Evensen: Thank you (Scott). Good morning everyone and thank you for joining us on our Fourth Quarter 2014 Earnings Call. I'm joined today by Teekay Corporations CFO Vince Lok and MOP Controller David Wong. During our call today, I will be taking you through the earnings presentation which can be found on our website.

Turning to slide Number 3 of the presentation, I will review some of Teekay LNG's recent highlights. For the third quarter of 2014, the partnership generated distributable cash flow of $69 million dollars -- an increase of 9% from the same period of the prior year. For the third quarter of 2014 the partnership declared a cash -- or for the fourth quarter -- the partnership declared a cash distribution of $.70 per unit -- an increase of 1.2% from the previous quarter reflecting the increased cash flow contribution from our existing fleet and our recent LPG acquisition.

The partnership reported a strong Q4 coverage ratio of 1.09 times which includes the fourth quarter distribution increase. In early December, the partnership secured time charter contracts with the shipping subsidiary of Royal Dutch Shell for five new building LNG carriers. I'll talk about this important transaction more in a moment which we believe validates our strategy of preordering optimally sized MEGI LNG carriers to meet the expected demand for modern fuel efficient vessels in the global LNG market.

In order to meet our Shell time charter commitment in December 2014 the partnership exercised options to order three MEGI LNG carrier new buildings at DSME with two of the partnerships previously ordered uncommitted new buildings also allocated to the Shell time charters. Subsequently, in early February we ordered an additional MEGI LNG new building and received options to order up to four additional LNG new buildings.

All told, Teekay LNG currently has two uncommitted new buildings with options to order an additional four new buildings. In November, Teekay LNG acquired the 2003 built LPG carrier

Norgas Napa for $27 million dollars from I.M. Skaugen and concurrently entered into a five-year charter back to Skaugen at a fixed rate plus potential upside through a profit sharing component.

This immediately a creed of on the water acquisition represents another example of how the partnership can deliver near term distributable cash flow growth to supplement the partnerships portfolio of visible organic growth projects delivering from 2015 to 2020. And lastly, in January of this year, Teekay LNG's LPG joint venture with EXMAR took delivery of the fourth of its twelve midsize LPG carrier new buildings which formed part of that joint ventures fleet renewal and growth strategy.

Turning to slide 4, I will discuss Teekay LNG's five new time charter contracts with Shell. The five MEGI LNG carrier new buildings are scheduled to deliver between the second half of 2017 and into 2018 and will operate under fixed rate time charters with initial firm periods ranging between six and eight years each with extension options.

We view this transaction as strategic for Teekay LNG because it both builds upon and strengthens our existing relationship with Shell and provides another validation from major oil company for our innovate MEGI propelled new buildings which are designed to be significantly more fuel efficient and have lower emission levels than engines currently used in LNG shipping. Including our two-time charters with Cheniere which are expected to commence in early 2016, seven out of the partnerships currently ordered nine MEGI LNG new buildings are now contracted upon their delivery and we are actively working with customers to time charter the two remaining MEGI new buildings prior to their delivery.

Turning to slide 5. I'd like to spend a few moments looking at the expected impact of the current low oil price environment on large LNG project timelines. Over the past few months, both spot and oil linked LNG prices have fallen. And this is affecting the short-term time charter market as well as long-term plans for new LNG export projects.

As shown by the chart on the top right of the slide, LNG spot prices in Asia have declined over the past twelve months from $19.00 per BTU at the beginning of 2014 to less than $7.00 per BTU today. This decline is due to a combination of high inventories in Asia following a mild winter and the impact of new LNG supply from export projects coming on in the Pacific.

The rapid decline in LNG spot prices has weakened arbitrage trading from the Atlantic to the Pacific in recent months and is contributed to significantly lower short-term LNG charter rates as utilization of the fleet has dropped. This drop in oil prices has also reduced the price of LNG sold under long-term oil price link contracts particularly in Asia.

If oil prices remain low in the future, it will negatively impact the economics of new oil price linked supply projects and will also reduce the price advantage of Henry Hub link to LNG exports in the United States. This may delay or cancel development plans for some projects that require a high LNG price to break even as most Greenfield sites do. As a result, we have slightly lowered our own outlook for LNG supply growth to 2020 as shown by the chart at the bottom right of the slide.

However, the change is relatively small as we had initially taken a fairly conservative view of which LNG projects were likely to proceed. While we have slightly delayed our forecast of capacity additions, roughly 80% of the volumes in our forecast have already taken FID. And most of these projects are already under construction. Therefore, we continue to have good visibility of LNG trade growth through the end of this decade and it gave us further confidence to order more LNG carriers for later delivery.

We also see demand upside from lower LNG prices. Over the past few years, the high price of LNG has kept some buyers out of the market and this has led to renewed competition from other energy sources. Lower LNG prices will therefore attract new buyers which in turn better supports long-term demand growth.

Turning to slide 6. Given the current weakness in the global energy markets, it's important to highlight that with the exception of two of our 52% owned vessels, Teekay LNG's entire LNG fleet is employed on long-term fixed rate contracts. And as a result, we have minimal near-term exposure to the weak LNG shipping spot market I spoke about a moment ago. In fact, with the recent award of time charters from Shell, the partnership has added to an already strong base and now has over $11 billion dollars of forward fee based revenues with large and diversified group of high quality customers.

Within each of our main asset classes, we've assembled an attractive long-term average contract profile led by our LNG sector which collectively has an average remaining contract ration of over 13 years and comprises over 90% of our total forward revenue. On slide 7, I will review our financial results for the fourth quarter of 2014 as compared to the third quarter of 2014. For a reconciliation of distributable cash flow to net income, please refer Appendix B of our earnings release.

Starting at the top of the statement, net void revenues decreased due to the sale of the Huelva Spirit Suezmax tanker on August 2014 and scheduled and unscheduled off hire days related to two vessels. Partially offset by the acquisition of the Norgas Napa in November 2014 and the Madrid Spirit being off hire during Q3 for its scheduled dry dock.

Vessel operating expenses remain consistent with the prior quarter. Higher crude training and repair costs for certain vessels were partially offset by a decrease due to the sale of the Huelva Spirit Suezmax tanker. The maintenance capital expenditure reserve was consistent with the prior quarter with a slight increase due to the Norgas Napa acquisition.

General and administrative expenses decreased by $1.3 million dollars as we have had higher business development costs in Q3. The partnership's share of distributable cash flow related to our equity account and joint ventures net of estimated maintenance capital expenditure reserves decreased by $600,000 primarily due to unscheduled off hire for the repairs on the Woodside Donaldson which is in our 52% own multi-joint venture.

We expect the partnership share of distributable cash flow related to the multi-joint venture to decrease by approximately $3 million dollars in the first quarter of 2015 compared to the fourth quarter of 2014 due to off hire related to the Magellan Spirits grounding incident. Further off hire days for the repair of the Woodside Donaldson and a lower expected higher rate on the redeployment of the Methane Spirit as its existing above market charter expires in mid-March.

Interest expense net of interest income remain consistent with the prior quarter. However, both interest expense and interest income decreased by similar amounts primarily due to the termination of interest rate swaps in the RasGas II joint venture in conjunction with lease terminations.

Capitalized distributions relating to equity financing of new buildings increased by $800,000 dollars due to additional installments paid on the new building MEGI LNG carriers in the fourth quarter using proceeds from the units issued under our continuous offering program during Q4. Other adjustments increased by $2.5 million dollars primarily due to the charter rates on the Bermuda Spirit and Hamilton Spirit reverting back to their original charter rates on October 1st. As a result, our coverage ratio improved to 1.09 times during the fourth quarter compared to 1.05 times in the third quarter.

Wrapping up on slide 8, we've updated a slide we've presented to you last quarter for our recent transactions including the four new building vessels ordered from DSME and the acquisition charter back with I.M. Skaugen, Teekay LNG's total committed growth CAPEX now stands at approximately $3.4 billion dollars.

Despite the recent headwinds in the global energy markets and short-term weakness in LNG shipping rates, the long-term fundamentals of the LNG NLPG shipping markets remain strong. We believe -- excuse me -- we believe our strategy of preordering optimally sized MEGI LNG carriers will continue to serve the partnership well as these vessels are attractive to a wide range of potential LNG and floating storage projects.

The robust pipeline of growth projects depicted on this slide will provide Teekay LNG with steady and consistent distributable cash flow growth over the next several years and I look forward to updating you on new projects that will employ our two current uncommitted new building vessels and hopefully our options as well.

Thank you for joining us on the call today and Operator, I'm now available to take questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing Star 1 on your telephone keypad. If you are using a speakerphone, please make sure that your mute function is turned off to allow your signal to reach our equipment.

Again ladies and gentlemen, if you have a question, please press Star 1 on your telephone keypad. We'll pause for just a moment to allow everyone in a ((inaudible)) to signal for questions. The first question is from Darren Horowitz of Raymond James. Please go ahead.

Darren Horowitz: Good morning Peter. Two quick questions for you. The first one if we can just revisit slide 5 that chart that you have on LNG supply growth forecast in the lower right-hand side of the chart. How much of the downward revision is due to a delay versus cancellation of liquefaction capacity addition?

So I'm just trying to get a feel if some of that revision to LNG supply growth that you've outlined in 2019 and 2020 might just be pushed out? And I guess more importantly how you think that might align with LNG vessel deliveries?

Peter Evensen: Sure. Well, we actually looked at more on the U.S. side of things and we saw, for example, that probably Lake Charles will be delayed by at least a year. PG made an announcement as it related to that. So we still think the Brownfield projects that were originally RasGas will get turned around. We still think, for example, Dominions Cove Point will go forward. And we think that the projects that were put on for British Columbia will be deferred -- so they've fallen away.

Darren Horowitz: Okay. Based on the current commodity price environment and that revised LNG supply growth forecast that you outlined, how has that changed the bidding activity for either FSU or FSRU projects either in terms of the amounts of bids that are outstanding or from a competitive perspective, you know, how your peers might be looking at those bids? And are you seeing any variation with maybe them sacrificing margin just to try and attain that contract stability?

Peter Evensen: Well, that's actually where we've been really pleased because our 174,000 MEGI LNG carriers that are delivering into the proper window will be competing with some of the speculatively ordered 160,000 TFDE ships. And what we've seen is that on a lot of these tenders, people are specifying that they want MEGI.

And while some of the tenders allow you to order - to put in TFDE, you have to realize that if you have a ship now you're putting it in for a tender three years from now and you have to put it in at a discount. So we actually see a three-tier market. We are - and we take a lot of comfort in that. People are - want long-term MEGI LNG carriers as you saw with the Shell tender and the 160,000 TSDE are going to have to discount themselves to make up for the fuel savings as well as for the cargo carrying capacity being less.

So, we're happy with that. And of course, steam -- we're not quite sure what will happen with steam. Steam may be heavily discounted or it may get scrapped early in which case that would help the demand for the MEGI as well as for the DFD, TFD ships.

Darren Horowitz: Thanks Peter, that's all I had.

Peter Evensen: Great, thank you.

Operator: Thank you. The next question is from Michael Webber from Wells Fargo. Please go ahead.

Michael Webber: Hey, good morning guys - how are you.

Peter Evensen: We're good, thank you.

Michael Webber: I - Peter, I wanted to jump back and touch a bit on some of the competition around new tenders and where returns are right now. It seems like across the space that returns on some of the recent tenders sector wide have been coming in as they've been more competitive kind of regardless of asset class.

Can you talk to where without getting specific, I mean, where, you know, the Shell tenders fill on a IR basis maybe relative too, you know, you're historical hurdle rates and then maybe talk to how much pressure if any you guys are really seeing on some of these newer tenders?

Peter Evensen: Well, I have to say that the competition is - continues to be pretty fierce. And so that's the general environment. And that's what you would expect. But as I said to Darren, what is comforting to us is that the existing 160,000 ships even if you discount them are not preferred over the MEGI's.

So with - we have an advantage because we have ships as we had with Shell that are in the right delivery window. If you order one today, you're going to be taking delivery in 2018 or 2019. And so VSME is basically sold out. So we like the fact that we have been able to get the tonnage with the right delivery window.

And for example, BP ordered six MEGI's at Daewoo which took up a lot of their slots for their Freeport volumes. So we're - we like our market position, but it is tough and it is competitive.

Michael Webber: Right.

Peter Evensen: But we - we're very happy that Shell that took us for five rather than split the order.

Michael Webber: Sure, sure. I mean, I'm just curious as to where that relative IRR fell, you know, compared to you said Chenierre or some of the more recent business that you guys have done.

Peter Evensen: We're very happy with it. It's creative, but it was a hard thought area. I'm not going to get specific on levered IRR's for competitive reasons.

Michael Webber: No, that's helpful though. I appreciate the color. Actually sticking with tenders it looks like the Gail tender just went unfilled at least from where we're reading. I know you guys and a bunch of your competitors were looking at that, but there's a build in India component to it that I think were scaring people away.

Is that something that you guys are still looking at? Can you maybe kind of talk through how you thought about that tender and whether that's - is that a realistic opportunity going forward if you can reconfigure it? Or is it just off the board at this point?

Peter Evensen: No, Gail needs ships in order to fill their requirements to lift gaps from Sabine Pass. And so it was just a question of whether - so we have prequalified along with a limited number of our competitors -- not everyone is qualified. And the question was, "Are you interested in building one out of three ships in India?"

The fact is that India, like the United States, has no shipyard that can build LNG carriers. So we were not interested in being part of a tendered nor were any of our competitors because you're asking yourself to do something that's impossible which is to build an LNG carrier in India where it doesn't exist.

And so there's a lot of involved with building an LNG carrier. And so we expect that that tender will ultimately come out with just ships built outside of India.

Michael Webber: ((Inaudible)).

Peter Evensen: But they need nine ships.

Michael Webber: Fair enough. I guess in terms of how you guys think about it from a capital budgeting perspective, would that be kicked into, like 2016 by the time, you know, the tender actually comes around and gets awarded? Or how long will that bet -- reboot process -- take if everyone just kind of stayed away from it or just go around? Or do you have a sense yet?

Peter Evensen: I think they're already passed the point, but they may do like Exxon did with Papua New Guinea of chartering short-term ships until their long-term more efficient MEGI type or DFD ships come in.

Michael Webber: Got you.

Peter Evensen So that's what Exxon did because they ordered some ships in China for Papua New Guinea and those didn't - came later than the volume so they just - I mean, there are enough existing ships out there that you can charter in short-term. I think that's probably given the delay in Gail what will happen. But they will still charter long-term in order to lift those volumes.

Michael Webber: Sure, okay. That makes sense. One more for me and I'll turn it over. But you mentioned something in your - the end of your prepared remarks, I think, around, you know, not quite sure what's going to happen with steam assets. That's on a go forward basis. I'm just curious -- have you guys a diversified fleet and you've been replenishing it, but you have steam assets.

Just curious as to whether any of your counterparties at this point are looking - or talking to you guys about potentially replacing existing tonnage on long-term contracts as being newer tonnage or whether or not those conversations of BH are still a couple of years down the line?

Peter Evensen: We actually haven't seen that.

Michael Webber: Okay.

Peter Evensen: That has - we haven't seen that. And all of our steam contracts go out well into the 2020's. So with, I think, the first one being 2022 maybe and so that isn't a concern for us right now.

Michael Webber: Okay. That's all I've got. Thanks for the time guys.

Peter Evensen: Thank you.

Operator: Thank you. And the next question is from Fotis Giannakoulis from Morgan Stanley. Please go ahead.

Fotis Giannakoulis Yes, hi (Peter).

Peter Evensen: Hi Fotis.

Fotis Giannakoulis: I would like to ask you or if you can give us your outlook on similar what you did for LNG vessels for the LPG sector and how the lower oil prices have impacted the trade and the future outlook that you have on this particular sector?

Peter Evensen: Sure. I would just give a couple of caveats. First of all, when people think about the LPG market as far as investors are concerned they usually think about the VLGC market. And that, of course, looks like it has a lot of new buildings that are coming on order now. So ultimately, we think that has short-term strength and it has longer term weakness because there are, as you know, 50% of the fleet is on order in the VLGC's.

However, Teekay is not in the VLGC market. We've been selling our existing ships out of the joint venture for very handsome gains. Instead, we're in the medium sized market and I've been very pleased with what's happening there because of the environmental rules in the eco zones -- we've been able to charter up our ships. And so you see it in the slide that we've got (statoil) and (pot ash) which is a continuation of our - of some existing charters. So we've been able to charter up those ships on time charter.

So we aren't as much exposed to the spot market as other LPG players. But to ask - to answer your question in a bigger realm, I don't think we've really seen that market. And if - or we haven't seen the effects of the market because we don't really know what the production changes will be.

And that will of course, affect whether there is as much cargo available for export from the U.S. as people had previously seen. If oil production goes down and you miss the associated gas, but that isn't really our market. So I would say nobody really has a "crystal ball" on that right now.

Fotis Giannakoulis: And it come - you also explain to us all this long-term contract off the agreements or that we see primarily in the LNG space? But if you can also comment on the LPG space or do they have any flex on in terms of volume and although that the FI this have already been taken if oil prices and gas prices stay low can that have any impact on the volume that will be transported and consequently on the number of vessels that will be needed?

Peter Evensen: Well, I'm actually going to punt on that question because that's VLGC's and we don't have any so I am not going to answer that question.

Fotis Giannakoulis: Let me ask you also about the LNG market and the off agreements in the LNG market.

Peter Evensen: Okay. Well, I think that - what - as I said in my remarks, the market used to be pretty easy because you could deliver gas out for $9 or $10 dollars into Asia and sell it for $13 to $18 dollars and that margin has gone away. So what we're seeing now is people are reverting back to where we were a few years ago where people are looking for long-term agreements and I think that's what's going to hold up FID on some future projects is people are going to wait until they get more confirmed agreements because the sense that you can always sell your gas is - has disappeared from the market because they're not sure you can sell it at a profit.

And I think that's true in Australia where you've seen some write downs because that gas comes in at, you know, $16, $17, $18 dollars break even and right now you're selling it for $9 or $10 bucks.

Fotis Giannakoulis: And given this - in your situation we use to think of it may on ton of liquefaction capacity correspond to 1.5 vessel. How much of this month supply can range in your opinion?

Peter Evensen: Oh, I - my personal opinion is that Henry Hub type projects will continue to get sanctioned. I think there are certain flexibility built into the LN - to the U.S. export projects that make it very attractive to export LNG out of Henry Hub. So I also believe as I said yesterday at the Teekay Corp call that oil prices ultimately will end up higher. So people are just taking a "wait and see" attitude towards things.

So I - if I look at, you know, the BP energy outlook I still believe LNG will be the fastest growing energy source. And it's still environmentally friendly. Now, it's cost competitive and so we actually see in places like India and China many more projects probably - we are more excited about regasification opportunities in India and other places because of the low price because it shows that the consumers can actually afford it.

Fotis Giannakoulis: And my last question is, "In regarding the number of vessels that they are right now without long-term charters -- if you can give us an estimate? And I'm talking about the ones that they are currently in the water plus. They - they are the ones that they are coming of the next couple of years. And what is the split between dry fuel vessels and conventional into buying vessels? And if you can give us your - you in a normalized market a couple of years from now of the potential discount that the steam to buying vessel might have to accept in order to be chartered versus the dry fuel vessels?"

Peter Evensen: Well, I don't have all those figures to hand but if you want it sort of - I would refer you to our research people and they can give you that data offline. But we sit and look at since we're sold out short-term and we're not really exposed to the spot market, we sit and look at what the LNG carrier order book is. And we see a lot of ships have been ordered but we see out of 140 ships on order, 28 not without - 28 without contract. And so that's what we're focused in on.

And then when we look at the 28 we see how many of those are TSDE and how many of those are MEGI -- or the Varkala solution. And that's how we're looking at it because we're very comfortable not being exposed to the spot market readily now and so we're sitting there looking at what ships can compete with us?

I think it's difficult if you have a ship on the water now and you want to compete for a tender that's starts in 2018 or 2019 because that severely limits your ability to trade the vessel in the meantime. And so - and you therefore have to accept some sort of discount to it.

So that's why we're not seeing the competition from existing ships because people would rather take their chances in the spot market. Obviously as I said, the spot market is low but that can turn around if the arbitrage comes back. Right now to be quite honest with you, it - LNG is moving regionally. It's not the Atlantic to the Pacific arbitrage isn't open, so people are selling their gas regionally inside the Atlantic or flipping it around to Chile.

And so that's what cutting the ton miles. But that can flip. That can flip. So we should all be careful about looking at the market right now and assuming that's going to stay forever.

Fotis Giannakoulis: Thank you very much (Peter).

Peter Evensen: Thank you.

Operator: Thank you. And the next question is from Sunil Sibal from Global Hunter Securities. Please go ahead.

Sunil Sibal: Hi, good morning guys and thanks for taking my questions. My first question related to kind of your broader view on the LNG markets. Seems like they're saying, you know, "We're on the pricing action side expels long-term demand how on the supply side some of the high costs supply side privately comes under pressure?"

I was kind of curious in this kind of situation playing out do you anticipate all the main sources of LNG kind of coming in and trying to fill this disconnect? I know you'd probably, you know, some in trust in floating LNG projects through your Sevan join venture and any thoughts you have there?

Peter Evensen: Sure. So I think, again, these are the questions that are - that we ask our customers. So we're just the supplier on the shipping side. I - as I said, what our customers are telling us is that they're trying to line up longer terms supply and therefore we're seeing that the - that the growth that we thought we would have is going to be - take a little bit longer time.

But we think, as I said, that the U.S. projects -- especially the Brownfield projects -- will go ahead. They're just trying to get a little bit more certainty as to where they'll sell the gas. And - so if there's one takeaway it's that the trading of gas is reverting back to where it was a few years ago where it was more long-term supply.

And as a shipper, that sets up well for us because that means they want long-term contracts so that they know they have the ships in order to move the volumes on dedicated trades.

Sunil Sibal: Okay, that's helpful. And then on your distribution growth for 2015 I think at day the number that you had shown in your suggested evaluations at the trouble is basically practically no distribution growth for TGP in 2015 and I was wondering and if you had any thoughts there considering, you know, on the MGC side seems like market has firmed up a little bit and yes, any thoughts or any updates there on distribution growth?

Peter Evensen: No, I don't have an update on that. As we said, we're - we've lost some - one of our short-term charters is expiring in March. We're still picking up. We have a high coverage ratio of

1.09. So that gives us some room. But right now the real growth in our partnership will come in at 2016 to 2020 timeframe. So we're not giving any guidance as to 2015 distribution growth.

Sunil Sibal: Okay, thanks. That's all I had.

Peter Evensen: Thank you.

Operator: Thank you. Ladies and gentlemen, as a reminder if you have a question please press Star 1 on your telephone keypad at this time. And the next question is from Spiro Dounis from UBS. Please go ahead.

Spiro Dounis: Hey, good morning. Thanks for taking the question. So Peter you talked about, I guess, near-term growth and maybe getting some more on the water growth. I'm just wondering, and sorry if you've touched this on the past, but is there any ability or does it make sense for you to maybe fully acquire some of your JV owned vessels and could that actually also help simplify the structure?

And if not, maybe, I guess, could you be more specific in terms of near-term growth? How big are we talking here? Something on the lines of Skaugen again? Or something bigger?

Peter Evensen: We continue to look at on the water acquisitions, but we haven't found anything in significant size that would significantly lead to big distribution growth. We've done it in the past, but we're pretty picky because of this technology change. And so when we look at the idea of buying an existing LNG carrier with a contract as opposed to ordering a MEGI LNG carrier, we like the economics of the MEGI better than buying an existing contract because we think that the MEGI will become the de facto standard.

So that is meant we've been more picky on our acquisition side of it. I don’t rule out that we could make on the water acquisitions which will lead to meaningful distribution growth in 2015 and 2016, but that isn't anything I'm guiding on.

Spiro Dounis: Fair enough. And then just the second question with respect to the $2.5 billion, $2.6 billion of LNG capital commitments -- could you just remind us again when the full financing of Yamal comes through? How much that will impact those commitments and how much it will bring those down?

Peter Evensen: Sure. Our - or David, do you want to take that?

Vince Lok: This is Vince here. The most of that, you're right, is related to the Yamal ships there. In addition to that we're in the process of financing the ((inaudible)) buildings. So those are the two big chunks of ships that we're going to be financing over the next little while.

Spiro Dounis: Yes, I guess the question was just more around, I guess, when you finance them through the JV, you'll actually see the capital commitments required by PGP go down from that 2.5. Is that correct?

Vince Lok: Well the 2.5 is shown on a 50% basis there. If that's what you're - I'm not sure that's you're getting at? So this is on an enterprise basis as opposed to an equity basis. So what we've shown there is really 50% of the CAPEX payments for the Yamal ships on that table.

Spiro Dounis: Got it, okay. Great, thanks guys.

Operator: Thank you. And there are no further questions at this time. Please continue.

Peter Evensen: All right, thank you all very much. We look forward to reporting back to you next quarter.

Operator: Ladies and gentleman, this concludes the conference call for today. We thank you for your participation. You may disconnect your lines and have a great day.

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