



TEEKAY

TEEKAY LNG PARTNERS FOURTH QUARTER 2014 EARNINGS PRESENTATION

February 20, 2015

Forward Looking Statement

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: the fundamentals in the liquefied gas industry, including the number of additional orders required to meet demand by 2020; future growth opportunities and the effect on the Partnership's operational results and distributable cash flow; expected future revenues of the Partnership; the expected delivery dates for the Partnership's newbuilding vessels, commencement of related time charter contracts and the effect on the Partnership's distributable cash flows; the estimated cost of building vessels; expected fuel-efficiency and emission levels associated with the MEGI engines; the Partnership's ability to secure charter contract employment for the two currently unchartered LNG carrier newbuildings prior to their deliveries; the timing and certainty of exercising any of the Partnership's existing options to order four additional MEGI LNG carrier newbuildings; and the timing of the start-up of the Yamal LNG project and the expected total LNG production capacity of the project, if completed. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: potential shipyard construction delays, newbuilding specification changes or cost overruns; availability of suitable LNG shipping, LPG shipping, floating storage and regasification and other growth project opportunities; changes in production of LNG or LPG, either generally or in particular regions; changes in trading patterns or timing of start-up of new LNG liquefaction and regasification projects significantly affecting overall vessel tonnage requirements; competitive dynamics in bidding for potential LNG, LPG or floating regasification projects; potential failure of the Yamal LNG project to be completed on time or at all for any reason, including due to lack of funding as a result of existing or future sanctions against Russian entities and individuals, which may affect partners in the project; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the potential for early termination of long-term contracts of existing vessels in the Teekay LNG fleet; the inability of charterers to make future charter payments; the inability of the Partnership to renew or replace long-term contracts on existing vessels; actual performance of the MEGI engines; failure by the Partnership to secure charter contracts for the two unchartered LNG carrier newbuildings; the Partnership's ability to raise financing for its existing newbuildings or to purchase additional vessels or to pursue other projects; and other factors discussed in Teekay LNG Partners' filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2013. The Partnership expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Partnership's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.



Recent Highlights

- Generated Q4-14 distributable cash flow* of \$69.0 million, up 9% from Q4-13
- Declared a Q4-14 cash distribution of \$0.70 per unit, an increase of 1.2% from the previous quarter
 - Strong Q4-14 coverage ratio of 1.09x
- Secured charter contracts with Shell for 5 LNG carrier newbuildings
- Ordered one LNG carrier newbuilding
 - Received options for 4 additional vessels
- Completed the acquisition and bareboat charter-back of one LPG carrier with I.M. Skaugen for \$27 million
- Exmar LPG JV took delivery of the fourth of 12 mid-size LPG carrier newbuildings



* Distributable Cash Flow is a non-GAAP measure used by certain investors to measure the financial performance of Teekay LNG and other master limited partnerships.



Strategic LNG Contracts with Shell



- In December 2014, secured time-charter agreements with Shell for 5 MEGI LNG newbuildings
 - Scheduled for delivery in 2H-2017 into 2018
 - Durations: 6 - 8 years (plus extension options)
- Further strengthens Teekay's existing relationship with Shell
- Oil major support validates our innovative MEGI newbuilding design
- 7 of TGP's 9 MEGI LNG newbuildings now contracted

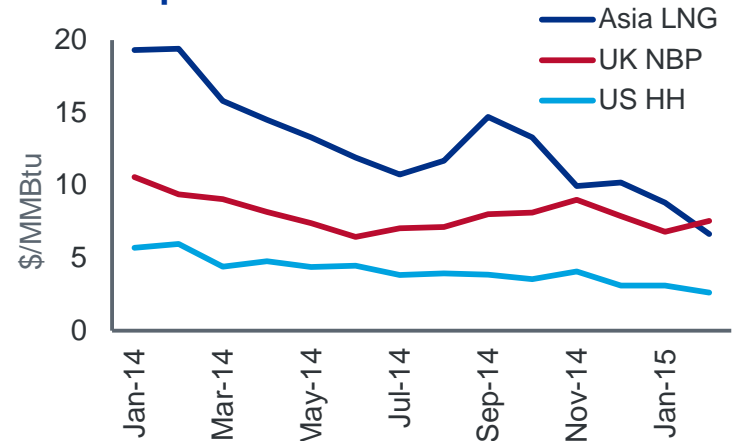


Minimal Near-term Impact on Many LNG Projects due to Lower Oil Prices

Only marginal and high-cost projects are facing uncertainty

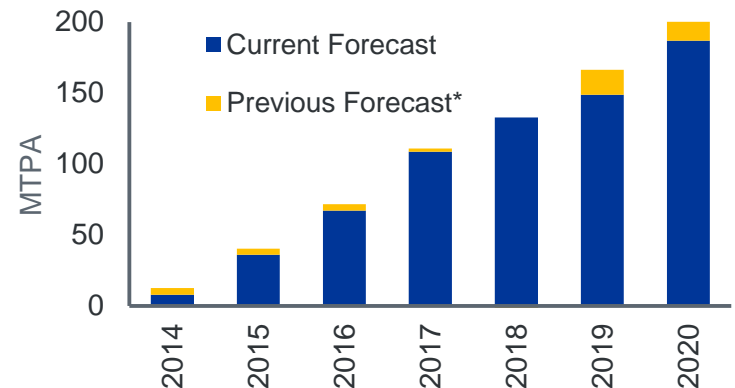
- LNG price is falling, weakening Atlantic to Pacific arbitrage trade and demand for LNG shipping
- Some high-cost export project developments may get deferred
- ~80% of our forecasted capacity additions to 2020 have already taken FID
 - Most marginal projects not included in our forecast to begin with
 - Timing for some high-cost greenfield projects shifted beyond 2020
- LNG gas prices now more attractive to buyers
 - Should support long-term demand

LNG Spot Prices



Source: Energy Intelligence Group

LNG Supply Growth Forecast

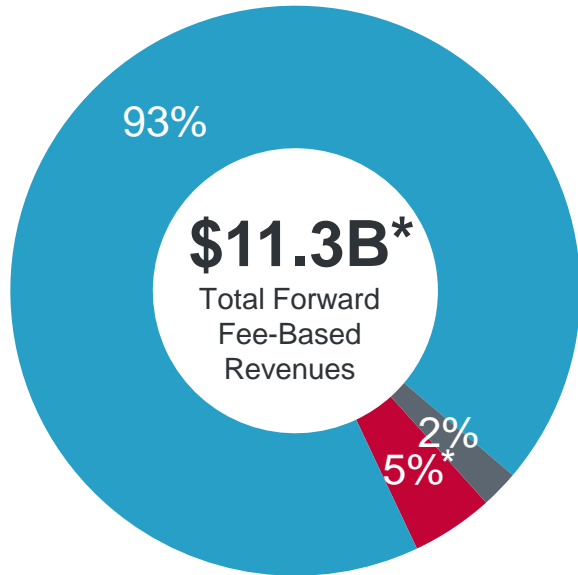


Source: Internal Estimates



Growing Forward Fee-Based Revenues With Diversified Customer Base

Forward Fee-Based Revenues by Segment



Average Remaining Contract Length by Segment

LNG Carriers

13 Years

LPG Carriers

7 Years*

Conventional Tankers

3 Years



ConocoPhillips



YAMAL LNG



Vitol



gasNatural

accelerate energy



CHENIERE



PotashCorp
Helping Nature Provide



* The average remaining contract life and forward fee-based revenues relate to 18 of our 30 LPG carriers currently on fixed-rate charters.

Distributable Cash Flow and Coverage

Q4-14 vs. Q3-14

	Three Months Ended December 31, 2014 (unaudited)	Three Months Ended September 30, 2014 (unaudited)	
(Thousands of U.S. Dollars except coverage ratio information)			
Net voyage revenues ⁽¹⁾	98,271	100,328	
Vessel operating expenses	(23,694)	(23,538)	
Estimated maintenance capital expenditures	(12,021)	(11,759)	
General and administrative expenses ⁽¹⁾	(4,325)	(5,579)	
Restructuring recovery (charge)	242	(2,231)	
Partnership's share of equity accounted joint ventures' DCF net of estimated maintenance capital expenditures	30,683	31,318	
Interest expense ⁽¹⁾	(25,003)	(30,905)	
Interest income ⁽¹⁾	1,257	7,050	
Income tax expense ⁽¹⁾	(71)	(370)	
Distributions relating to equity financing of newbuildings	3,869	3,090	
Other adjustments - net	3,847	1,356	
Distributable Cash Flow before Non-Controlling Interests	73,055	68,760	
Non-controlling interests' share of DCF	(4,015)	(4,574)	
Distributable Cash Flow⁽²⁾	69,040	64,186	A
Total Distributions	63,609	61,361	B
Coverage ratio	1.09x	1.05x	A/B

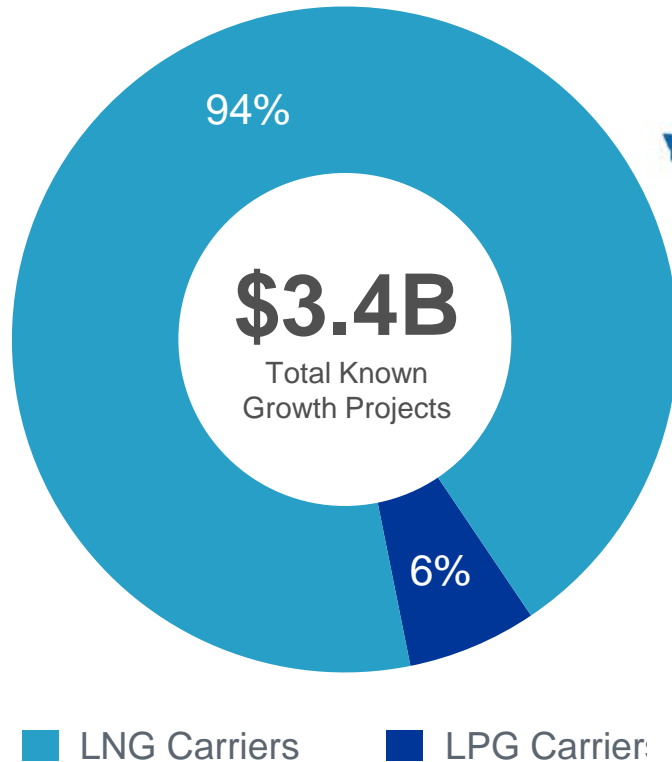
1) See Adjusted Operating Results in the Appendix to this presentation for a reconciliation to the amount reported in the Summary Consolidated Statements of Income and Comprehensive Income in the Q4-14 and Q3-14 earnings release.

2) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q4-14 and Q3-14 Earnings Releases.

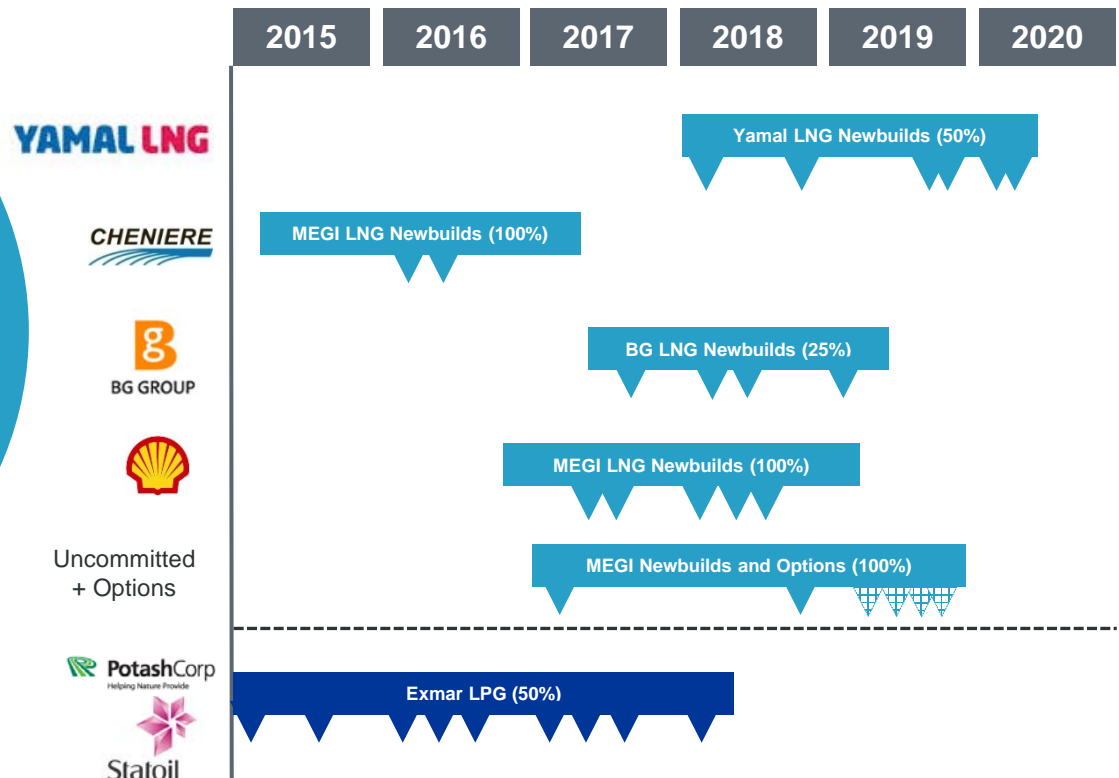
Expanding TGP's Growth Pipeline

Continue to bid on several LNG and FSRU projects for start-up in 2017 onwards

Growth Projects by Segment



Growth Project Deliveries



Options for 4 MEGI LNG carrier newbuilds

Appendix

Teekay LNG Capital Commitments

- Teekay LNG's remaining capital commitments relating to its portion of newbuildings as at December 31, 2014, including recent newbuilding announcements:

(in Millions)	2015	2016	2017	2018	2019	2020	Total
LNG ⁽¹⁾	\$151	\$389	\$689	\$913	\$219	\$191	\$2,552
LPG ⁽²⁾	\$40	\$57	\$57	\$17	-	-	\$171
Total	\$191	\$446	\$746	\$930	\$219	\$191	\$2,723



- 1) Includes capital expenditures related to nine MEGI LNG newbuildings, Teekay LNG's 30% interest in two LNG newbuildings and 20% interest in two LNG newbuildings for BG Group and Teekay LNG's 50% interest in the six LNG newbuildings for the Yamal LNG project.
- 2) Includes capital expenditures related to Teekay LNG's 50% interest in nine LPG newbuildings being constructed for the Exmar LPG BVBA joint venture.

Adjusted Operating Results

Q4-14

(in thousands of U.S. Dollars)

	Three Months Ended			
	December 31, 2014			
	<u>As Reported</u>	<u>Appendix A Items (1)</u>	<u>Reclass for Realized Gains/Losses on Derivatives (2)</u>	<u>TGP Adjusted Income Statement</u>
NET VOYAGE REVENUES				
Voyage revenues	99,339	-	(695)	98,644
Voyage expenses	(373)	-	-	(373)
Net voyage revenues	98,966	-	(695)	98,271
OPERATING EXPENSES				
Vessel operating expense	(23,694)	-	-	(23,694)
Depreciation and amortization	(23,178)	-	-	(23,178)
General and administrative	(5,619)	1,294	-	(4,325)
Restructuring charge	242	(242)	-	-
Total operating expenses	(52,249)	1,052	-	(51,197)
Income from vessel operations	46,717	1,052	(695)	47,074
OTHER ITEMS				
Equity income	23,471	1,257	-	24,728
Interest expense	(15,768)	3,009	(12,244)	(25,003)
Interest income	302	-	955	1,257
Realized and unrealized (loss) gain on derivative	(23,114)	12,427	10,687	-
Foreign exchange gain (loss)	5,769	(7,066)	1,297	-
Other income – net	200	-	-	200
Income tax expense	(6,427)	6,356	-	(71)
Total other items	(15,567)	15,983	695	1,111
Net income	31,150	17,035	-	48,185
Less: Net loss (income) attributable to Non-controlling interest	1,806	(4,397)	-	(2,591)
NET INCOME ATTRIBUTABLE TO THE PARTNERS	32,956	12,638	-	45,594



1)
2)

See Appendix A to the Partnership's Q4-14 earnings release for description of Appendix A items.

Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnote (3) and (4) to the Summary Consolidated Statements of Income and Comprehensive Income in the Q4-14 earnings release.

Adjusted Operating Results

Q3-14

Three Months Ended
September 30, 2014

(in thousands of U.S. Dollars)

	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TGP Adjusted Income Statement
NET VOYAGE REVENUES				
Voyage revenues	100,776	-	-	100,776
Voyage expenses	(448)	-	-	(448)
Net voyage revenues	100,328	-	-	100,328
OPERATING EXPENSES				
Vessel operating expense	(23,538)	-	-	(23,538)
Depreciation and amortization	(23,309)	-	-	(23,309)
General and administrative	(5,579)	-	-	(5,579)
Restructuring charge	(2,231)	2,231	-	-
Total operating expenses	(54,657)	2,231	-	(52,426)
Income from vessel operations	45,671	2,231	-	47,902
OTHER ITEMS				
Equity income	38,710	(12,969)	-	25,741
Interest expense	(14,747)	-	(16,158)	(30,905)
Interest income	1,530	-	5,520	7,050
Realized and unrealized gain (loss) on derivative instruments	2,288	(12,380)	10,092	-
Foreign exchange gain (loss)	23,477	(24,023)	546	-
Other income – net	210	-	-	210
Income tax expense	(370)	-	-	(370)
Total other items	51,098	(49,372)	-	1,726
Net income	96,769	(47,141)	-	49,627
Less: Net (income) attributable to Non-controlling interest	(6,182)	3,253	-	(2,929)
NET INCOME ATTRIBUTABLE TO THE PARTNERS	90,587	(43,888)	-	46,699



1)
2)

See Appendix A to the Partnership's Q3-14 earnings release for description of Appendix A items.

Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnote (3) and (4) to the Summary Consolidated Statements of Income and Comprehensive Income in the Q3-14 earnings release.

2014 Actual & 2015 Est. Drydock Schedules

Segment	March 31, 2015 (E)		June 30, 2015 (E)		September 30, 2015 (E)		December 31, 2015 (E)		Total 2015	
	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days
Fixed-Rate Tanker	-	-	1	25	-	-	-	-	1	25
Liquefied Gas	-	-	-	-	-	-	1	41	1	41
LPG Carrier - equity accounted	-	-	2	42	2	42	2	52	6	136
LNG Carrier - equity accounted	2	43	2	23	2	22	1	11	7	99

Segment	March 31, 2014 (A)		June 30, 2014 (A)		September 30, 2014 (A)		December 31, 2014 (A)		Total 2014	
	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days
	-	-	-	-	1	34	1	47	2	81
Fixed-Rate Tanker	1	27	1	24	-	-	1	31	3	82
Liquefied Gas	1	28	-	-	1	24	1	14	3	66
LPG Carrier - equity accounted	-	-	2	41	2	68	1	5	5	114
LNG Carrier - equity accounted	-	-	2	47	-	-	-	-	2	47



Note: In the case that a vessel drydock straddles between quarters, the drydock has been allocated to the quarter in which the majority of drydock days occur.

The background is a solid blue color. Overlaid on this are several thick, white, geometric lines that form a stylized, abstract shape resembling the letter 'E'. The lines are composed of multiple parallel paths, creating a sense of depth and movement. The overall composition is clean and modern.

BRINGING ENERGY TO THE WORLD