TEEKAY LNG PARTNERS LP

Moderator: Emily Yee
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Operator: Welcome to the Teekay LNG Partners Fourth Quarter and FY '15 Earnings Results Conference Call. During the call all participants will be in a listen-only mode. Afterward you will be listening to music until the call finish.

You will be invited to participate in a question and answer session. At that time if you have a question please press star 1 on your touch-tone phone. For assistance during the call please press star zero on your touch-tone phone. As a reminder, today's conference 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 Gayton: I would like to direct all participants to our website at www.teekaylngpartners.com for a copy of the fourth quarter 2015 earnings and business outlook 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 results to materially differ from those in the forward-looking statement is contained in the fourth quarter and annual 2015 earnings release and the fourth quarter 2015 earnings and business outlook presentation available on our website. I'll 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 the fourth quarter investor conference call for Teekay LNG Partners. I am joined today by Teekay Corporation's CFO, Vince Lok; the President of Teekay Gas Services, Mark Kremin; and Teekay LNG Partners Controller, Brian Fortier.

During our call today I will be taking you through the earnings presentation which can be found on our Website.

Turning to slide 3 of the presentation, I will review some of Teekay LNG's recent highlights. For the fourth quarter of 2015 the Partnership generated distributable cash flow of $61.5 million which was in line with the DCF generated last quarter and cash flow from vessel operations or CFVO, of $121.1 million which was an increase of 6% over last quarter.

We generated distributable cash flow per limited partner common unit of 77 cents per unit which was also an increase from the previous quarter, resulting in a pro forma coverage ratio based on the previous quarter's distribution payout of 1.03 times, up from 0.95 times last quarter.

While our operating cash flow remained strong, in December last year we made the difficult decision to temporarily reduce our quarterly distributions from 70 cents per unit down to 14 cents per unit effective February 2016. This was not an easy decision for our Board to take.

However we strongly believe that it was in the best interests of all long term unit holders because our internally-generated cash flows represent the lowest cost of equity capital during the current state of capital markets dislocation.

In addition, by retaining a majority of the distributions that were previously being paid out and reallocating this cash flow to committed growth projects, it will provide us with a greater certainty of funding compared to relying on the volatile equity markets which have seen a sharp decline in equity issuance.

Furthermore, our DCF per unit will be higher in the future because we will not be issuing dilutive equity which will create greater capacity to increase distributions in the future. We consider the distribution reduction to be temporary and anticipate we will restore our distributions once the energy capital markets return to more normalized levels, however, with larger distribution coverage ratios than before.

As previously announced, Teekay LNG, through a 30% joint venture interest, secured a 20-year contract to develop a regasification terminal in Bahrain. In addition to our 30% interest in the re-gas plant, TGP is providing one of our previously-ordered NewBuilding LNG carriers as a floating storage unit or FSU, to the project on a 20-year charter. As I will detail in a subsequent slide, this project helped increase our forward fixed-rate revenue backlog to over $12 billion.

And just today in Korea, we took delivery of the world's first MEGI-powered LNG carrier which will commence its charter with Cheniere later this month. And just yesterday our LPG joint venture with Exmar took delivery of the sixth of its 12 midsize LPG carrier NewBuildings which formed part of the joint venture's fleet renewal and growth strategy.

Turning to slide 4, we continue to build on our book of forward fee-based revenues that supports the Partnership's stable and growing cash flows. On this slide we provided a breakdown of our existing contract portfolio of forward fee-based revenues of $12.1 billion, based on revenues attributable to our existing assets which are currently in operation and which support our current cash distributions.

In addition, we provided a breakdown of revenues attributable to our committed growth projects which are expected to provide incremental distributable cash flow growth in the future. Our portfolio of $5.2 billion of forward revenues relating to our existing assets are contracted with oil majors and utility companies where we're a critical component of their logistics chain. Importantly, this excludes any extension options they hold.

We continue to focus on extracting maximum cash flows from our existing assets through cost and fleet efficiencies, including operating our assets with high fleet availability. In addition, our chartering team is working to secure medium- to long term employment for two of our 52%-owned LNG carriers, the Magellan Spirit and Methane Spirit that are currently on short term charters which will keep the vessels utilized through mid-2016.

Our portfolio of new growth projects and associated forward fixed-rate revenues of $6.9 billion are scheduled to deliver and commence their respective medium- to long term contracts between now and the first quarter of 2020. As I mentioned previously, with the addition of the Bahrain LNG regasification terminal and FSU, this portion of our forward revenue book has increased by $1.1 billion over last quarter.

We expect this portfolio will continue to grow as we secure new charter contracts for our two unchartered MEGI-LNG newbuilds. Overall, our focus is to execute on our existing committed growth projects and ensure these projects deliver on time and budget while continuing to seek charters for our few unchartered vessels. And as can be seen on the right of this slide, our total LNG backlog which makes up approximately 95% of our total forward fixed-rate revenues, has a weighted-average contract length of 13 years which we believe supports the stability of Teekay LNG's business.

On slide 5 we've provided an update to the current status of our LNG and LPG fleets. As stated on the previous slide, the majority of our LNG carriers are operating on long term contracts and the contracts are performing as expected. The next contract roll-over period that we're focused on isn't until 2018 when we have two small LNG carrier contracts that will roll into the charter's option period of their fixed-rate contracts. And as I will illustrate on a subsequent slide, this is the time when we expect the LNG market to tighten and charter rates to be higher.

While the substantial majority of our on-the-water LNG fleet is contracted through 2016 and 2017, there is an exception. We recently received notice from the total-led Yemen LNG project that due to political unrest in the country, our 52% owned multi-joint venture was asked for a one-year deferral of most of the CAPEX portion of our time charter payments. We will continue to receive charter hire to cover all of our operating expenses.

This agreement is still being finalized, however, if accepted, we expect the deferral to negatively impact our 52% share of CFVO by approximately $18 million in 2016. It should be noted this is a deferral of charter hire and we will recover the lost CFVO once the plant is up and running once again.

Over 90% of our newbuilding order book is being built against long term contracts. And we're in active dialogue to charter the remaining two as yet unchartered NewBuildings.

As I'll walk through on the following two pages, we're confident that we will be able to charter these vessels prior to their delivery, given the number of projects coming online over the next few years that still do not have dedicated ships and therefore require ships to move their LNG cargo. The LPG and tanker fleet and their associated contracts have been operating as expected and over 90% of this fleet is fixed on contracts for 2016.

Looking at slide 6, we take a look at the significant amount of new LNG export capacity which is coming online over the next four years. Approximately 140 million tons per annum of new LNG export capacity is estimated to come online between now and the end of 2019, with 40 million tons of this new capacity arriving this year.

The majority of this new supply will come from Australia and the United States. We're already involved in providing transportation services for a number of these projects. While the majority of the

shipping for these projects is already accounted for by the current fleet and order book, some of the volumes are uncontracted and they will provide opportunities for TGP's uncontracted fleet going forward.

With the big difference between spot LNG charter rates and long term charter rates, we've noticed a change in trend. Several of our customers who were previously in the market for dedicated newbuilding tonnage that they would lock up on long term charters are instead now looking to charter uncommitted LNG carriers, either on the water or currently being constructed.

While this means less organic fleet growth, no LNG carriers have been ordered for over six months. It will also provide opportunities for us to deploy Teekay LNG's currently uncommitted NewBuildings and help alleviate the oversupply of LNG ships in the coming years.

However, turning to slide 7, we still need the LNG fleet to grow. As can be seen on the chart to the left, we expect LNG liquefaction capacity to continue to grow through 2023 in order to meet the rising demand for LNG across the globe. While the growth in new supply initially comes from Australia, we expect in later years new supply will be needed from places such as the United States, Canada, Russia and East Africa. But of course, with oil-linked LNG spot prices now being below new project breakevens, we don't see any projects taking FID until oil prices recover.

As shown by the chart on the right, we expect that approximately 30 additional LNG carriers will be needed and need to be ordered by 2020 in order to meet the demand growth from projects which have already taken a final investment decision. In addition, assuming oil and gas prices recover, we forecast that a further 40 vessels will be needed for new projects which take FID in the next few years. This means that a total of 70 new LNG carriers will need to be ordered between now and 2020 in order to meet the demand generated by new liquefaction projects.

I won't walk through all of the details on the following two slides, as these projects have been detailed by us in the past. On slide 8, this is a proud day as the first MEGI-powered LNG carrier, the Creole Spirit, was delivered today in Korea. The ship will soon depart for the US Gulf where it will load its first cargo with Cheniere. The second vessel, the Oak Spirit, will soon begin sea trials.

Combined, these vessels will provide Teekay LNG with CFVO and DCF of approximately $50 million and $30 million, respectively. And they have been fully financed by way of a $360 million lease facility with China-based ICBC leasing.

On slide 9 we provided further details on the Bahrain LNG project, where we're a 30% shareholder in a consortium joint venture that will be building and operating the 800 million standard cubic foot per day re-gas terminal. We will also be supplying the joint venture with a newbuilding FSU.

Our FSU will be chartered to the joint venture for 20 years and the joint venture in turn has a 20-year contract with the Kingdom of Bahrain. We expect annual CFVO from our proportional investment in the JV and the FSU charter to be approximately $45 million.

We have made significant progress with securing 20-year project financing for the re-gas terminal and expect it will be completed in the spring of this year, at which time we will begin to source loan financing for the FSU. This is an exciting project for Teekay LNG, as it represents our first entrance into the terminaling portion of the LNG logistics team.

I would like to finish our presentation today by looking at our expected CFVO, including the proportionate share of our equity-accounted investments on slide 10. We currently anticipate a CFVO run rate of approximately $470 million.

And we expect this to be relatively stable, increasing moderately as we take delivery of the Cheniere LNG carriers and begin to take delivery of our other MEGI-LNG carriers in 2017, partially offset this year by the Yemen charter deferral I spoke of earlier and the planned sale of one of our conventional tankers over the next year.

Given the back-end-loaded nature of our newbuilding deliveries, Teekay LNG's run rate CFVO will begin to ramp up post 2017 when we expect to add an incremental $250 million of annual run rate CFVO by 2020. We have provided details on each of these projects in the appendix to this presentation.

We're very focused on the efficient execution of these projects and I look forward to reporting back to you as we make progress on these projects. Thank you for joining us on the call today. And, Operator, we're now available to take questions.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question please press star 1 on your touch-tone phone. We will now take the first question from Michael Webber from Wells Fargo. Please go ahead.

Michael Webber: How are you?

Peter Evensen: Hey, Mike. We’re doing okay.

Michael Webber: Good. Peter, I just wanted to dive into a couple questions around primarily around liquidity but then also around the ability to convert some of these LNG carriers. But first, you know, you guys in your previous decks you guys have shown the minimum equity required and that was probably pre-Bahrain.

I don't think I’ve seen the Bahrain figure, but if you could give us an update on one, I guess, one, the total minimum equity needed to fund the current order book and then if you maybe you could differentiate that between total minimum liquidity kind of needed to get to delivery which I guess would include the necessity to kind of bridge any of that construction financing until it releases upon completion.

Vince Lok: Hi, Mike. This is Vince here.

(Crosstalk)

Vince Lok: In terms of TGP's liquidity, it's actually in very good shape. Since we have put in a large portion of the initial installments using equity or existing cash in previous periods, some of these financings that we're doing for example in 2016 will actually be a positive liquidity event for example the first two, Cheniere and MEGI NewBuildings with the $360 million sale lease back transaction that actually creates additional liquidity of almost $80 million in 2016.

And if we - and once we secure financings for example the shell MEGI NewBuildings that will also be a positive liquidity event in 2016 so over the next two to three years, there is the amount of equity CAPEX required doesn't really ramp up until 2018 so over the next couple years it is actually pretty neutral.

Michael Webber: Right but if I look at this in kind of total, look even if it is backdated I guess what I am getting it, you know, the figure I would imagine is a little bit of north of $200 million now when you include Bahrain in terms of kind of minimum ending kind of equity requirement.

Just trying to get my arms around kind of a minimum total there and then in terms of the needed liquidity to get to that point which is going to be north of that figure right? Because a lot of that equity, as you mentioned, will be released upon delivery of those assets. Is there a way to quantify that kind of to-date through three 2018 for both the minimum required equity and kind of minimum total liquidity needed to get there?

Vince Lok: Yes. If you look at the next three years, the total equity CAPEX that's required taking into account some of these anticipated debt financings in the neighborhood of I would say about $150 million - $200 million or so. And of course a large portion of our distribution savings which is over $200 million a year will go to work funding the equity requirement.

(Crosstalk)

Vince Lok: So there is more than enough in liquidity to fund that.

Michael Webber: Right. I just did a lot of moving pieces so I just want to put some cumulative numbers around it. Peter, you mentioned in your remarks and it was in I guess both the TKA and the TGP releases the issues around the total and the two carriers you have in service in the Yemen project I guess it's 52% of both. Do you have an idea around a timeline for how you guys will approach coming into some sort of resolution around taking in that accrued -- that back payment?

Peter Evensen: While I don't think we have a timeline because it very much reflects the political events that are taking place in Yemen which is as you know part of fighting that is going on there. But what we take comfort in is that the plant has not been affected by the fighting and it is still being maintained and it has been shut down in a way that it can be started up quickly. So we would like the fact that what we see is that they still want to employ the dedicated tonnage that they have for the plant and so I can't really give you a timeline on when it will start up.

Michael Webber: Right. And I would imagine this is a scenario in which you guys have a collaborative effort in total, is there an expectation that if we don't see material change in the geopolitical scenario on the ground that this could roll into '17 as well?

Peter Evensen: That could happen. That could happen.

Michael Webber: Fair enough.

Peter Evensen: But they have only asked us for a one-year deferral.

Michael Webber: Okay, fair enough.

Peter Evensen: And they have promised that they will repay us over a period of time when the plant starts up again.

Michael Webber: Okay. And then just finally, you mentioned, I guess converting one of the MEGI assets or allocating that towards that Bahrain project. Got a couple that are unchartered now in your shelf. I am just curious around what the opportunity set looks like for those assets for employment beyond just traditional carrier employment that converts them or put those towards some sort of re-gas purpose?

And then within that opportunity set what would that timeline would look like? Would this be something you would do post-delivery or is something you can do kind of prior to and kind of augment any sort of capital burdens associated with delivering those without a contract?

Peter Evensen: Yeah, well as I said in my remarks, we have noticed this change in trend before everybody wanted to have their NewBuildings with a little bit of their different spec and now they are willing to take off the shelves that have already been ordered. And I guess the best example of that was -- as you know we had some MEGIs on order and then Shell came in and took five of our ships. And so what we're seeing is that there is an abundance of opportunities to employ these as I said, there is still a need for new ships.

So these are for volumes that are coming on ships or on projects that have taken FID but they haven't arranged the shipping. We thought that they were going to go in order their own LNG ships or have us order the LNG ships on long term charter, now it looks like they are content to take the ships that are out there given the fact that they can pick them up at a cheaper rate than it would be if they order dedicated tonnage.

So we're actually not -- our Plan A is not to convert them to FSRUs. Our Plan A is to use them as conventional ships, that’s where you get the best savings from the MEGI and since we can incrementally at it, we're pretty confident when we look at the customers and talk with them that we will have an abundance of opportunities to employ these two ships.

Michael Webber: Okay, thanks for the time, guys. I’ll hop back in the queue. Thanks.

Peter Evensen: Thank you.

Operator: We will now take the next question from Spiro Dounis from USB Securities. Please go ahead.

Spiro Dounis: Hey, Peter and Vince, thanks for taking the question. Peter, just wanted to follow up on something you said just around the distribution and, you know, timing around reinstating it. You mentioned two things, one, you know, correct me if it's wrong, it's dependent on capital market sort of come back to normalcy; and two it would be met with a higher coverage ratio. So first part of the question is, you know, how does the debt coming due, you know, post 2017 in conjunction with all the CAPEX that's coming on you said weighted in 2018 factor into the timing outside of capital markets?

And second part is, you know, when you talk about coverage being higher I just want to make sure we're clear you mean that cash flows will be higher, not the distribution will be reinstated at a lower level? Is that right?

Peter Evensen: Okay, I will take the first part that I will give it to Vince. So what we see is that we could not issue for our big forward order book which obviously gets delivered more in 2018 to 2020 time frame we were not confident that we could rely on the capital markets to give us competitively priced capital or that there was enough and therefore as we said we created the reserves which has the effect of redirecting the amount we would have paid in distributions towards those projects.

So what Vince was explaining was, there aren't any near term needs but if we have to we can ultimately use that internally generated cash flow. And so as the markets normalized cut we can go back to using the markets, but when we come back and in order to use the equity markets again, obviously we have to restore the distributions. But we believe in talking with investors, when we come back, instead of our coverage ratio that we had closer to 1.05, that will have to be a little bit higher because investors will want to see greater buffers given the uncertainty and volatility that they see in energy markets.

Would you like to add anything to that Vince?

Vince Lok: No just reiterate that now that we temporarily cut the distribution we don't have liquidity gap and we can reallocate those cash flows to fund our CAPEX needs. So that's obviously the reason why we cut the distributions.

And in the meantime, as Peter alluded to our distributable cash flow per unit will increase over this time as projects deliver, so does increase the capacity for us to restore the distribution and at the same time have bigger cash distribution coverage ratios. And in terms of the timing of that, of course we can't really say exactly when -- obviously when we do restore our distributions, the expectation is that the markets will be more normalized and we would again be able to access the capital markets to fund our future CAPEX requirements.

Peter Evensen: Meanwhile the reduction in the distribution helps our ability to finance in the bank markets the forward growth projects that we have.

Spiro Dounis: Right. And that's kind of what I was getting at. So it looks like in 2018, at least based on the 3Q 10-Q, I think it was about $780 million or so amortizing or coming due in 2018. I realize that the way out but I guess our expectation would be that, you know, you would refinance that in the capital markets on the debt side of things would be better as well. Is it right?

Vince Lok: Yes, 2018, most of that $700 million actually is related to - there's about $100 million relating to a Norwegian bond towards the end of 2018 and then a good $500 million -- $600 million of about $500 million of that is relating to balloon payments on bank debt which in normal course of things of course we would just roll most of those loans.

So the regular scheduled repayments are fairly normal even in 2018. I think in terms of the bottom market, certainly by, you know, towards the end of 2018, I certainly hope that -- I think the bond market should be open prior to that time.

Spiro Dounis: Yes. Let's hope so. Okay and then just one more maybe point of clarification on the Yemen deal, maybe the inverse, you know, maybe if conditions improve earlier than expected, would you be able to reinstate those full charters and whose decision is that?

Peter Evensen: That's really the charter that will -- if they start to use them and ship cargo out, we would expect that we would get back to the normal payment schedule that we would have. And that's why the most important thing is that the plant is undisturbed by the political disturbances.

Spiro Dounis: Just one last one there and not to dwell on the absolute downside here but I know a lot of these agreements have I guess war clauses that would allow the contract to be broken. Is that even in play at all here right now? Or, I mean, is this really just not even at that level?

Peter Evensen: No. These two contracts do not have war clauses.

Spiro Dounis: Okay got it. Thanks for clarifying. Thanks, guys.

Peter Evensen: Thank you.

Operator: Ladies and gentlemen, as a reminder if you'd like to ask a question please press star 1 on your touch-tone phone. We will now take the next question from Fotis Giannakoulis from Morgan Stanley. Please go ahead.

Fotis Giannakoulis: Yes, hello guys and thank you. Vince, I want to ask you about the financing of the NewBuildings. I know that there is plenty of time. You have managed to successfully finance the first two MEGI vessels with this $360 million lease financing, how shall we think that remaining newbuilding vessels? What kind of debt do you think you can get based on your discussions with the banks?

Vince Lok: Hi, Fotis. We did provide if you look at the appendix of our presentation we did provide some details with respect to the each of our existing projects and the expected debt financing that we're working on. So the most near term one that is after these first Cheniere vessels on Page 16 of the presentation, are the Shell vessels, the five Shell vessels. The total cost of those vessels is about $1 billion.

And we're currently in discussions with several banks and ECA or FX export credit agencies in Korea given that they are built in Korea. So those are progressing very well and then, you know, as projects deliver we will be working them in succession one by one.

Fotis Giannakoulis: Okay, thank you Vince. Can you also clarify -- I'm not sure I fully understood the way that the Bahrain project is structured. You will still have in your balance sheet the FSRU by converting one of your LNG carriers and then charting it out to the joint venture? Is that how this structure works?

Peter Evensen: Yes that’s correct. The FSU is 100% owned by TGP, so that will stay on our balance sheet. The vessel will then be chartered to the joint venture on a 20 year charter basis. Our 30% interest in the re-gas plant will be off balance sheet because of our 30% interest so that is how it is structured and how it will sit on our balance sheet.

Fotis Giannakoulis: And can you break it down from the $487 million CAPEX what is the FSU investment, shall we assume something like $300 million in that region?

Vince Lok: The FSU, you should be assuming what our traditional MEGI carrier is roughly $200 million. The conversions or modifications are under $10 million they’re roughly $7 million. So the balance of the project is -- well that’s the balance.

Peter Evensen: Yes so the $487 million that you see on slide nine is at a combination of our 30% interest in the plant and then 100% of the FSU.

Fotis Giannakoulis: Okay thank you very much for that. And one last question. Peter if you can discuss about the LPG sector and how do you view the market. We have seen some decline in the rates of the larger vessels and the mid-sized vessels they seem to be holding strongly. How do you see the impact on your operating cash flow for 2016 from a potential decline? What kind of a forecast do you make on that?

Peter Evensen: Mark, why don't you take that?

Mark Kremin: Sure. As you say, there has been a decline with the VLCC rates recently and this year with the order book but the MGCs has been holding out pretty well despite the fact that they also have a relatively large order book. I think we say in the presentation somewhere that we have over 82% fixed on our LPG side for 2016. And much of that goes longer so we have a long term charter or contracts with the likes of Potash Corp and (Trapagura) and (Scoto) . So all in all we expect this year to hold relatively firm for us and so that should continue because of other coverage.

Fotis Giannakoulis: So shall we think that the fourth quarter was indicative of what's going to happen in the first quarter of 2016?

Mark Kremin: In the MGC side?

Fotis Giannakoulis: Yeah.

Mark Kremin: Yes.

Fotis Giannakoulis: Okay that's very helpful. Thank you very much, gentlemen.

Peter Evensen: Thank you.

Operator: Thank you. Next question will come from Sunil Sibal from Seaport Global Securities. Please go ahead.

Sunil Sibal: Hi, good morning, guys.

Peter Evensen: Hi, Sunil.

Sunil Sibal: Most of my questions have been answered, I just have a follow-up from your previous comment with regard to your intention to keep your uncontracted MEGI carriers in the LNG market rather than moving to the FSRU market. I was just kind of curious in terms of your discussions on those vessels. What kind of, you know, term lengths are under discussion for those vessels? Is it more closer to like 3 to 5 year kind of term contracts or longer?

Mark Kremin: Hi, it's Mark again. Just two things and touching on the MEGIs first, we're actually seeing longer than that whereas we saw a lot of five and seven year contracts last year we're starting to see a little more of the 10 and 15 and longer. So most of the opportunities we're seeing this year are mid to long term for the two MEGIs that we have on order delivering '17 and 2019. I just wanted touch on one other point which is the FSRU.

We do have the multi-carriers, our Marubeni joint venture. They were very actively looking at the FSRU space. As you know they are relatively large carriers at 165,000 cubic meters. So although they are not as efficient as the new order book, they are almost as in terms of consumption, they are almost as large. And so we're seeing more than a half-dozen opportunities for those types of sister ships for conversions on FSRU where it seems that time-to-market and capacity is an advantage and so that's an important part of this year.

Sunil Sibal: Okay that's really helpful. And then just one follow-up, in terms of the interest on those, you know, 7 to 10 year or even longer deals is that primarily coming from people building liquefaction projects of the end users or mainly marketers?

Mark Kremin: It is primarily from people who have already taken FIDs and in fact it's fully from people who have already taken FIDs and it's a mixture of FOB and DES. It's a mixture of the supply at the end-user side that we're seeing and it's also a mixture of Europe and Asia so it's little diverse on who is looking at it. But as Peter said in his narrative and in the presentation, the key is that we're seeing more and more of these folks look at existing ships and ships on the order book than last year when they were primarily wanting to order their own new specifications.

Sunil Sibal: Okay. That's very helpful. That's all I had, guys. Thanks.

Peter Evensen: Thank you.

Operator: Ladies and gentlemen, as a reminder, if you'd like to ask a question please press star 1 on your touch-tone phone. Next question will be from Wayne Cooperman from Cobalt Capital. Please go ahead, sir.

Wayne Cooperman: Hi, guys. Thanks for all the extra information, that was really helpful. Can you -- I see that the CAPEX numbers are like in a lot of different places. I was wondering if I could just pin you down on maybe specific CAPEX per each entity and how much of that will be newbuild versus maintenance or if you want to get on that on a different call?

Vince Lok: Yeah, I'm not sure what sort of detail you're looking for. In terms of the net CAPEX for -- as I mentioned earlier, the net CAPEX for the next three years is roughly about $150 million or so taking into account the secured financing as well as the anticipated financings. So it's a fairly minimal requirement given that we're now building cash reserves to fund our future capital requirements.

Wayne Cooperman: That's at TGP?

Vince Lok: That is TGP, correct. Yeah.

Wayne Cooperman: I guess my question was for the all entities, but I don't know if you got to ask only TGP questions on TGP and so on and so forth...

Peter Evensen: That's what we would prefer, yes, Wayne.

Wayne Cooperman: Then I will talk to you later today.

Peter Evensen: Okay.

Wayne Cooperman: Thanks.

Peter Evensen: But the reason I want to do that is because the financials of each company are different.

Wayne Cooperman: Right, understand.

Peter Evensen: Operator, is there another question?

Operator: Yes, we will take the last question from Gregory Lewis from Credit Suisse. Please go ahead.

Gregory Lewis: Yes thank you and good morning, Peter.

Peter Evensen: Hey, Greg.

Gregory Lewis: I just had a question, you know, as you go through the presentation you mention, you know, leasing as a possible option. You know, if you could just provide a brief I guess two questions one is if you could provide a little bit of an update on what potential lessors or conversations have been like in terms of has spread gone higher, you know, over the last couple of month. And the other thing is, it looks

like it's primarily been done via newbuilds. Is there any opportunities to potentially do sale lease backed transactions with vessels that are actually already on the water that have good long term contracts?

Peter Evensen: Hi, Greg. Yes. I would say it's both on NewBuildings as well as on the water assets. There is a lot of appetite right now especially with Asian financial institutions and investors. So there is definitely appetite out there for both types of assets.

(Crosstalk)

Peter Evensen: I think the ICBC Leasings and other Asian lenders they prefer NewBuildings with longer term contracts which is exactly what we have at Teekay LNG.

Gregory Lewis: Okay guys. Hey, thanks for the time.

Peter Evensen: Thank you.

Operator: All right. There are no questions. Please continue.

Peter Evensen: All right. Thank you all very much, we look forward to reporting back to you next quarter and we will continue to work on financing our newbuilding projects. Thank you very much.

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

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