# Second Quarter 2013 Earnings Presentation

August 9, 2013

TEEKAY LNG PARTNERS L.P.

# Forward Looking Statements

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: future growth opportunities, including the Partnership's ability to successfully bid for new LNG shipping and regasification projects and/or acquire additional on-the-water assets with contracts; potential growth in distributable cash flow as a result of such opportunities and recent vessel transactions; the Partnership's ability to secure charter contract employment and long-term financing for the two currently unchartered LNG carrier newbuilding vessels ordered in July 2013; expected delivery dates for the Partnership's newbuildings; the expected impact on the Partnership's cash flows arising from the transaction with Awilco LNG; the Partnership's potential opportunity to acquire and bareboat charter a second LNG newbuilding vessel from Awilco; and LNG and LPG shipping market fundamentals, including the short-term demand for LNG carrier capacity, future growth in global LNG supply, and the balance of supply and demand of shipping capacity and shipping charter rates in these sectors. 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: shipyard construction delays; availability of 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; the Partnership's ability to secure new contracts through bidding on project tenders; 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 financial ability of our charterers to pay their charter payments; the inability of the Partnership to renew or replace long-term contracts on existing vessels or attain fixed-rate long-term contracts for newbuilding vessels; the Partnership's ability to raise financing for its existing newbuildings or to purchase additional vessels or to pursue other projects; competitive dynamics in bidding for potential LNG or LPG 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, 2012. 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 distributable cash flow of $55.4 million in Q2-13
- Declared a quarterly cash distribution of $0.675 per unit
- Entered into an accretive purchase-leaseback transaction with Awilco LNG for up to two 155,900 cubic meter LNG carrier newbuildings
- Announced several new LNG and LPG projects that will contribute to TGP's near and long-term growth
- In June, TGP signed 5-year fixed-rate time charters with Cheniere Marketing LLC for the two 174,300 cubic meter MEGI LNG carrier newbuildings ordered from DSME in December 2012
    - Charters commence upon delivery of the vessels in 1H-2016
- Continuing to diversify sources of capital
    - Raised ~$1 billion of new financings since the start of Q2-2013

# LNG Carrier Purchase – Leaseback

- Recently, TGP agreed to acquire an LNG carrier newbuilding, with a fixed-rate bareboat charter back to Awilco LNG (*Awilco*);
  - Awilco has an option to sell and bareboat charter back an identical second LNG carrier newbuilding, under similar terms, exercisable later this year.

| | | | | |
|---|---|---|---|---|
| **Vessel Size** | 155,900 cbm | | **Gross Purchase Price** | $205m |
| **Shipyard** | Daewoo Shipbuilding and Marine Engineering (*DSME*) | | **Prepaid Charterhire** | $50m |
| **Delivery Dates** | Q3 2013 (1st Vessel)<br>Q4 2013 (2nd Vessel) | | **Net Purchase Price** | $155m |
| **Bareboat Term** | 5-years<br>(plus 1-year option) | | **Expected Annual DCF[1]** (per vessel) | ~$7.5m |
| **Purchase Obligation** | Fixed-price at end of year-5 (or year-6) | | | |

- TGP will initially finance the purchase with existing liquidity but expects to secure long-term debt financing prior to acquisition

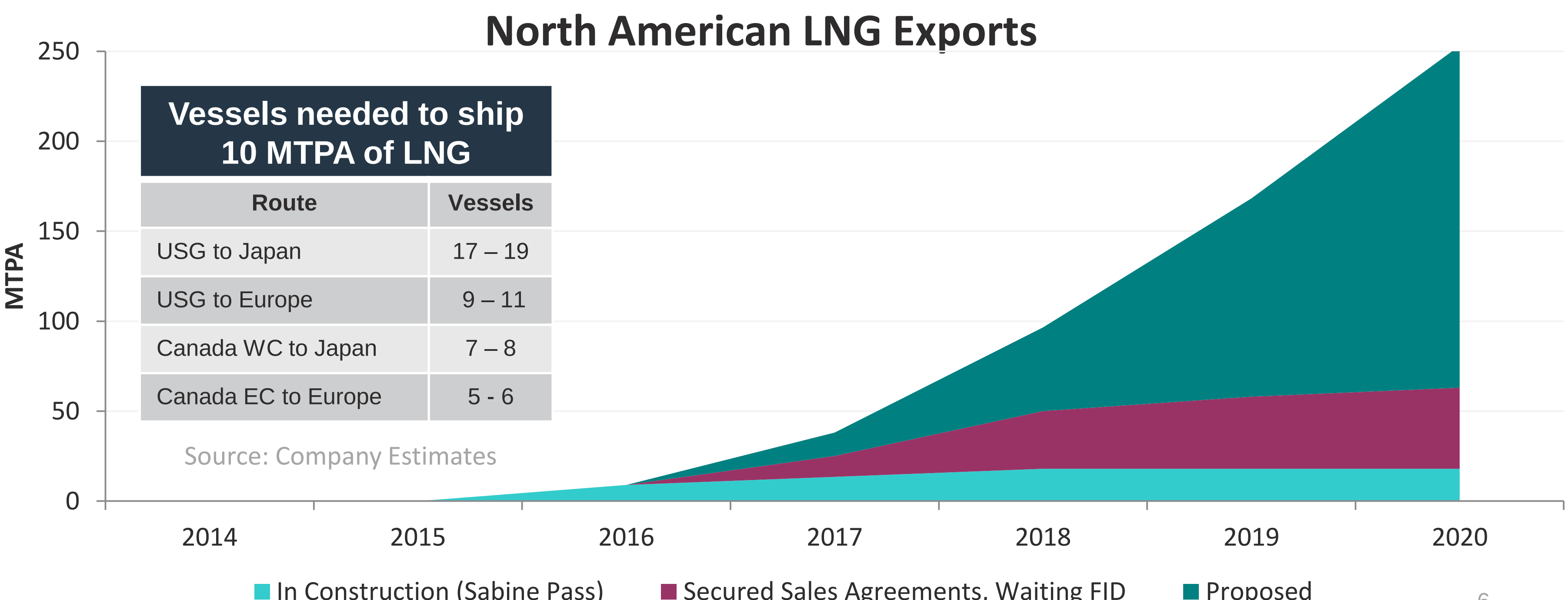
1) Distributable cash flow (*DCF*) is a non-GAAP financial measure used by certain investors to measure the financial performance of the Partnership and other master limited partnerships. Please see *Appendix B* for a reconciliation of this non-GAAP measure to the most directly comparable financial measure under United States generally accepted accounting principles (*GAAP*).

# More LNG/LPG Newbuilding Orders Placed

- In July 2013, TGP exercised two of its existing three options from DSME and ordered two additional 173,400 cbm MEGI LNG carrier newbuildings
  - Tail-heavy payment profile
  - Expect to secure long-term employment and financing prior to delivery
- Secured options from DSME for up to 5 additional vessels
- In July 2013, Exmar LPG JV exercised options for two additional medium-size carrier (*MGC*) newbuildings scheduled for delivery in 2017
  - Exmar LPG JV now has 10 LPG carrier newbuildings under construction

# Large Growth of North American Exports after 2016

- ~ 63 MTPA of North American LNG exports have secured sales agreements
  - Cheniere's 18 MTPA Sabine Pass is under construction with start-up as early as late 2015
  - Another 45 MTPA from six US and four Canadian projects have secured sales agreements while awaiting FID and government approvals.
- Almost 200 MTPA of export projects are in the proposal stage




**Vessels needed to ship 10 MTPA of LNG**

| Route | Vessels |
|---|---|
| USG to Japan | 17 – 19 |
| USG to Europe | 9 – 11 |
| Canada WC to Japan | 7 – 8 |
| Canada EC to Europe | 5 - 6 |

# Continuing to Diversify Sources of Capital

## Project Bond (May 2013):

- Completed a $195m, 4.11%, 17-year project bond financing for the Meridian Spirit LNG carrier which is chartered to Total AS for the life of the bond
- Bonds are Rated “Ba1” by Moody’s

## Continuous Offering Program (COP) (May 2013)

- In May 2013, TGP initiated a $100m COP program
- To date, 124,071 new TGP units have been issued under the program raising total net proceeds of approximately $5.2m

## PIPE Offering (July 2013)

- In July 2013, TGP completed a $40m common unit private placement with a large institutional investor

# Adjusted Operating Results for Q2-13 vs. Q1-13

**Teekay LNG Partners L.P.**
**Adjusted Net Income (unaudited)**

| (in thousands of U.S. Dollars) | Three Months Ended June 30, 2013 | | | | Three Months Ended March 31, 2013 |
|---|---|---|---|---|---|
| | As Reported | Appendix A Items (1) | Reclass for Realized Gains/Losses on Derivatives (2) | TGP Adjusted Income Statement | TGP Adjusted Income Statement (3) |
| **NET VOYAGE REVENUES** | | | | | |
| Voyage revenues | 96,619 | - | (23) | 96,596 | 97,107 |
| Voyage expenses | 1,224 | - | - | 1,224 | 391 |
| Net voyage revenues | 95,395 | - | (23) | 95,372 | 96,716 |
| **OPERATING EXPENSES** | | | | | |
| Vessel operating expense | 24,814 | - | - | 24,814 | 25,316 |
| Depreciation and amortization | 25,156 | - | - | 25,156 | 24,143 |
| General and administrative | 4,744 | - | - | 4,744 | 5,469 |
| Write down of vessels | - | - | - | - | - |
| Total operating expenses | 54,714 | - | - | 54,714 | 54,928 |
| Income from vessel operations | 40,681 | - | (23) | 40,659 | 41,788 |
| **OTHER ITEMS** | | | | | |
| Equity income | 39,425 | (14,135) | - | 25,290 | 21,825 |
| Interest expense | (13,132) | - | (14,723) | (27,855) | (27,920) |
| Interest income | 782 | - | 5,401 | 6,182 | 5,824 |
| Realized and unrealized gain (loss) on derivative instruments | 10,666 | (20,185) | 9,518 | - | - |
| Foreign exchange (loss) gain | (2,787) | 2,960 | (173) | - | - |
| Other income – net | 407 | - | - | 407 | 469 |
| Income tax expense | (800) | - | - | (800) | (843) |
| Total other items | 34,561 | (31,360) | 23 | 3,224 | (645) |
| Net income | 75,242 | (31,360) | - | 43,882 | 41,143 |
| Less: Net (income) attributable to Non-controlling interest | (5,581) | 3,219 | - | (2,362) | (2,092) |
| NET INCOME ATTRIBUTABLE TO THE PARTNERS | 69,661 | (28,141) | - | 41,520 | 39,051 |

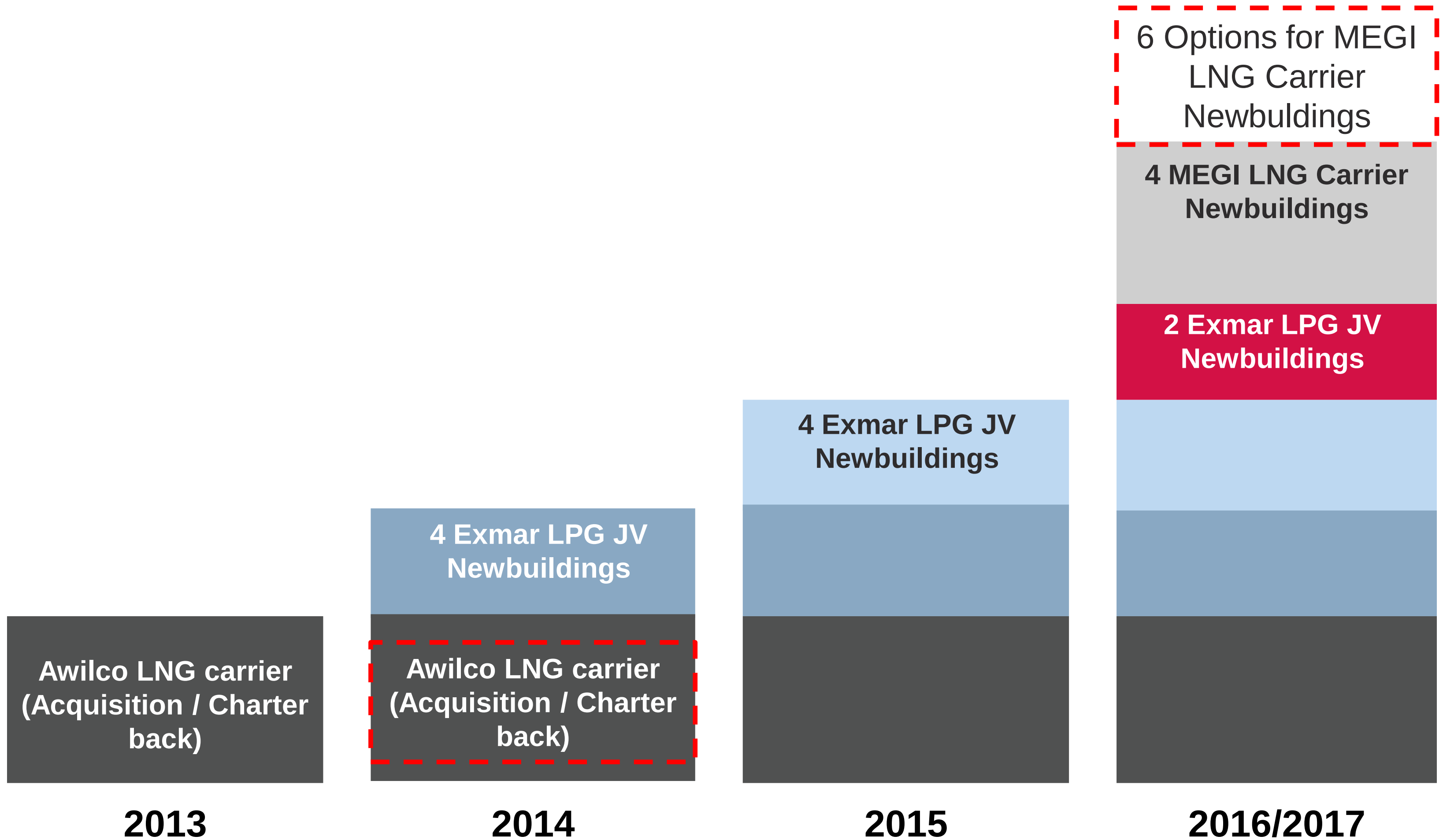
1) See Appendix A to the Partnership's Q2-13 earnings release for description of Appendix A items.
2) Reallocating the realized gains/losses to their respective line as if hedge accounting had applied . Please refer to footnote (3) to the Summary Consolidated Statements of Income in the Q2-13 earnings release.
3) Certain items have been reclassified to conform to the presentation in the current quarter.

# Distributable Cash Flow and Cash Distribution

| (in thousands of USD, except ratios) | Three Months Ended June 30, 2013 (unaudited) | Three Months Ended March 31, 2013 (unaudited) | |
|---|---|---|---|
| Net income: | 75,242 | 55,031 | |
| Add: | | | |
| Depreciation and amortization | 25,156 | 24,143 | |
| Partnership’s share of equity accounted joint ventures' DCF before estimated maintenance and capital expenditures | 34,816 | 31,343 | |
| Unrealized foreign exchange loss (gain) | 2,960 | (8,048) | |
| Less: | | | |
| Estimated maintenance capital expenditures | (17,985) | (16,399) | |
| Equity income | (39,425) | (26,424) | |
| Unrealized gain on derivatives and other non-cash items | (21,281) | (2,141) | |
| **Distributable Cash Flow before Non-controlling interest** | 59,483 | 57,505 | |
| Non-controlling interests’ share of DCF before estimated maintenance capital expenditures | (4,083) | (3,840) | |
| **Distributable Cash Flow** | 55,400 | 53,665 | A |
| Total Distributions | 53,071 | 52,972 | B |
| Coverage Ratio | 1.04x | 1.01x | A/B |

Note: Distributable cash flow (DCF) represents net income adjusted for depreciation and amortization expense, non-cash items, estimated maintenance capital expenditures, unrealized gains and losses from derivatives, deferred income taxes and foreign exchange related items. Maintenance capital expenditures represent those capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by, the Partnership's capital assets. Distributable cash flow is a quantitative standard used in the publicly-traded partnership investment community to assist in evaluating a partnership’s ability to make quarterly cash distributions. Distributable cash flow is not required by GAAP and should not be considered as an alternative to net income or any other indicator of the Partnership’s performance required by GAAP.

# Teekay LNG's Growth Pipeline - More to Come




Note: Diagram not to scale.

# Appendix

# 2013 TGP Drydock Schedule

| Entity | Segment | March 31, 2013 (A) | | June 30, 2013 (A) | | September 30, 2013 (E) | | December 31, 2013 (E) | | Total 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Vessels Off-hire | Total Off-hire Days | Vessels Off-hire | Total Off-hire Days | Vessels Off-hire | Total Off-hire Days | Vessels Off-hire | Total Off-hire Days | Vessels Off-hire | Total Off-hire Days |
| **Teekay LNG** | Fixed-Rate Tanker | - | - | 1 | 25 | 1 | 28 | 1 | 30 | 3 | 83 |
| | Liquefied Gas | 1 | 41 | 1 | 21 | - | - | - | - | 2 | 62 |
| | LNG Carriers in equity accounted for investments | 1 | 28 | - | - | - | - | - | - | 1 | 28 |
| | | 2 | 69 | 2 | 46 | 1 | 28 | 1 | 30 | 6 | 173 |

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.

TEEKAY LNG