



TEEKAY

TEEKAY LNG PARTNERS Q2-2015 EARNINGS PRESENTATION

August 6, 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 Partnership's expected future revenues and remaining average contract duration; fundamentals in the liquefied gas industry; the delivery timing and total cost of newbuilding vessels, the commencement of related time charter contracts and the effect of these contracts on the Partnership's distributable cash flows; the timing and certainty of BP contracting one additional LNG carrier on similar terms as the first vessel; expected fuel-efficiency and emission levels associated with the MEGI engines; the timing and certainty of exercising the Partnership's existing option to order one additional MEGI LNG carrier newbuilding; the outcome of the Partnership's dispute over the *Magellan Spirit* offhire incident and claimed charter contract termination; the Partnership's access to competitive bank financing; and the timing of the commencement of operations of the Freeport LNG project and the expected total LNG production capacity of the project. 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; 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; 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; factors affecting the outcome of the Partnership's dispute over the *Magellan Spirit*; the Partnership's ability to raise financing for its existing newbuildings or to purchase additional vessels or to pursue other projects; timely completion of the Freeport LNG project as currently designed; 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, 2014. 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 Q2-15 distributable cash flow* of \$65.8 million
 - Coverage ratio of 1.03x
- Declared a Q2-15 cash distribution of \$0.70 per unit
- Signed 13-year time-charter contracts with BP Shipping Ltd. for up to two LNG carriers and placed order for 2 newbuildings (plus 1 option)
- Secured short-term employment for 52-percent owned *Magellan Spirit* and *Methane Spirit* LNG carriers through mid-2016
- 21-vessel LNG newbuilding fleet on-track with first delivery scheduled in February 2016

* 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.

Securing Yard Capacity for 2019

Customer Requirements

- Based on anticipated customer demand, in June, TGP ordered 2 x 174,000 m³ MEGI LNG carrier newbuildings from Hyundai Samho Heavy Industries Ltd.
 - Plus option to order 1 additional MEGI LNG carrier
- Concurrently, TGP signed a new 13-year time-charter contract with BP Shipping Ltd. (BP) for 1 LNG carrier commencing in Q1-2019
 - Plus 1 option, exercisable by BP prior to end of Q3-2015, for another LNG carrier under similar terms
 - Vessels will primarily service BP volumes from Freeport LNG project at Quintana Island, Texas - TGP's second major U.S. LNG export project

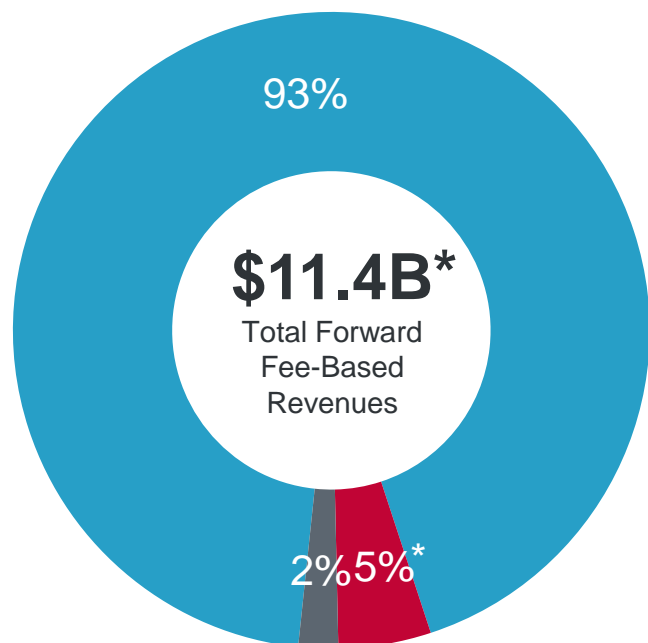


Customers demonstrating preference for fuel-efficient MEGI LNG carriers

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

TANGGUH LNG



YAMAL LNG



* 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

Q2-15 vs. Q1-15

	Three Months Ended June 30, 2015 (unaudited)	Three Months Ended March 31, 2015 (unaudited)	Explanation
(Thousands of U.S. Dollars except coverage ratio information)			
Net voyage revenues ⁽¹⁾	98,235	96,438	One additional calendar day in the second quarter and charter rate adjustments which increased revenues of the <i>Arctic Spirit</i> and <i>Polar Spirit</i>
Vessel operating expenses	(24,102)	(21,634)	Crew wage increases and timing of maintenance work
Estimated maintenance capital expenditures	(11,778)	(11,662)	
General and administrative expenses	(7,068)	(6,708)	Increased project-related costs, partially offset by timing of recognition of long-term incentive compensation expenses in Q1
Partnership's share of equity accounted joint ventures' DCF net of estimated maintenance capital expenditures	26,394	25,209	Higher equity income from the Exmar LPG and Angola joint ventures, partially offset by lower equity income from the MALT joint venture
Interest expense ⁽¹⁾	(19,296)	(18,741)	Issuance of one billion NOK bond in May
Interest income	611	734	
Income tax (expense) recovery	(258)	225	
Distributions relating to equity financing of newbuildings	4,097	3,916	
Other adjustments - net	4,152	3,776	
Distributable Cash Flow before Non-Controlling Interests	70,987	71,553	
Non-controlling interests' share of DCF	(5,219)	(5,352)	
Distributable Cash Flow⁽²⁾	65,768	66,201	A
Total Distributions	63,856	63,629	B
Coverage ratio	1.03x	1.04x	A/B

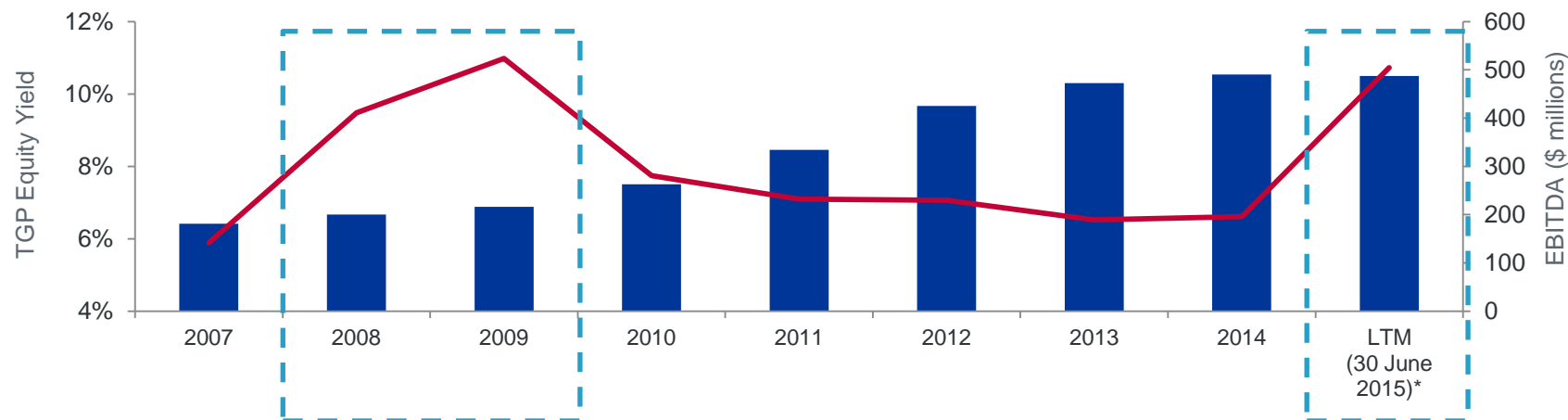
1) See Adjusted Operating Results in the Appendix to this presentation for a reconciliation to the amount reported in the Consolidated Statements of Income and Comprehensive Income in the Q2-15 and Q1-15 Earnings Releases.

2) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q2-15 and Q1-15 Earnings Releases.

TGP Cash Flows are Stable and Growing

- Large and diversified portfolio of fixed-rate charter contracts
- No direct commodity price exposure
- Top-tier modern fleet
- Low cost debt financing
- Strong long-term LNG market fundamentals
- Strong pipeline of contracted growth projects

TGP Equity Yield* vs. Annual CFVO



Similar to 2008/09, recent macro headwinds have led to a disconnect between equity yield and underlying cash flow stability/growth



* Average equity yield, except LTM (30 June 2015) which is based on the closing unit price on 4 Aug 2015.

TGP CAPEX Financing On Track

- Majority of remaining CAPEX expected to be funded with attractively priced debt financing
- Committed CAPEX typically tail-weighted and spread out over multiple years
- Large portion of equity component has already been paid upfront

Segment	Project	# Vessels	% Ownership	TGP Remaining Committed CAPEX							Committed/ Anticipated Debt Financing	Minimum Equity Requirement
				2015*	2016	2017	2018	2019	2020	Total		
				(\$ millions)								
LNG	MEGI LNG Carriers	9	100%	38	309	554	510	-	-	1,411	1,440	(29)
	BG LNG Carriers	4	25%	13	32	55	70	28	-	198	183	15
	BP MEGI LNG Carriers	2	100%	-	-	79	40	238	-	357	330	27
	Yamal LNG Carriers	6	50%	-	64	64	333	206	191	858	750	108
LPG	Exmar LPG Carriers	8	50%	22	57	57	17	-	-	153	136	17
Total		29		73	462	809	970	472	191	2,977	2,839	138

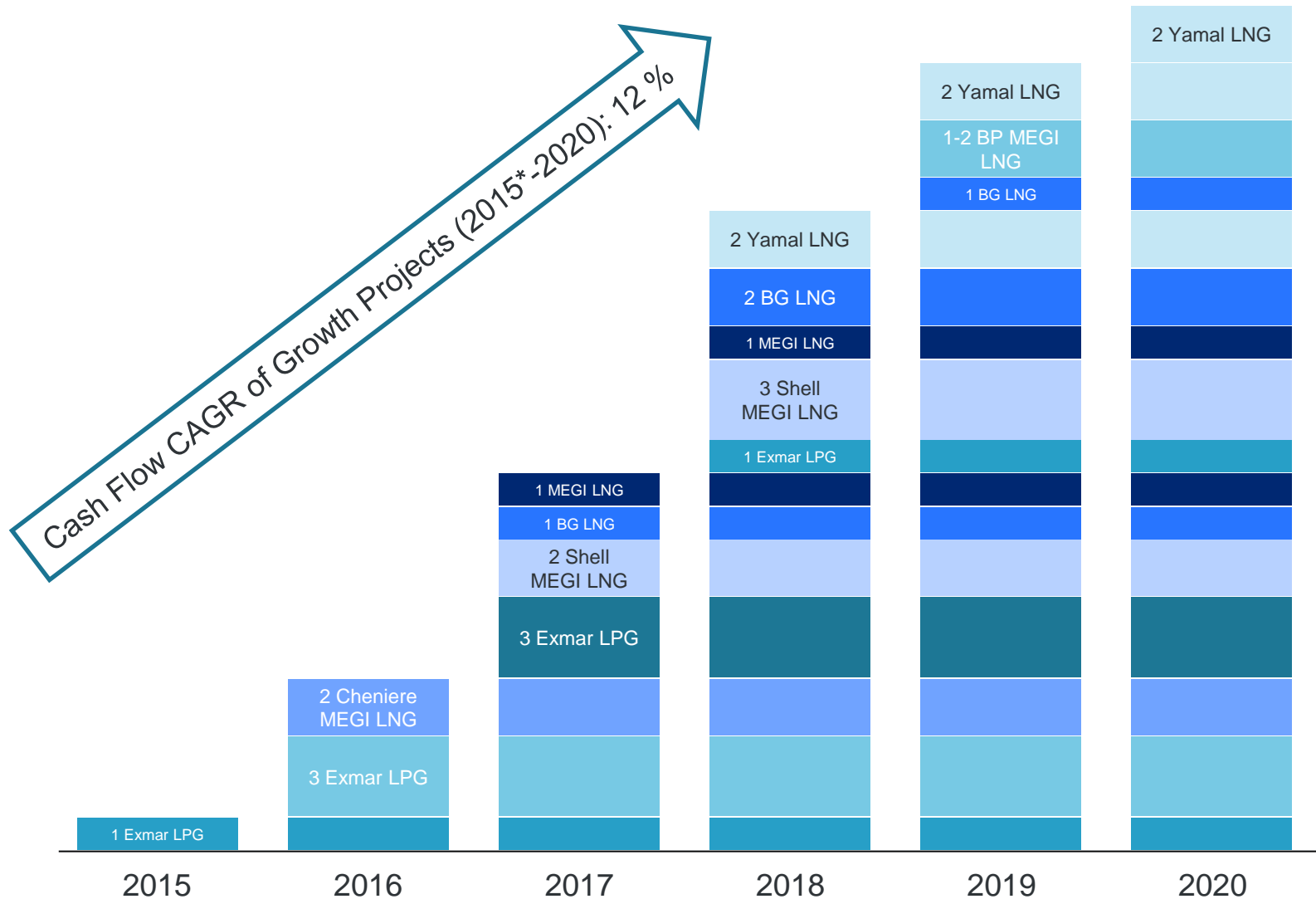


* Remaining as at 30 June 2015.

Continued Access to Capital

- Strong interest from banks / Export Credit Agencies to finance projects due to TGP cash flow stability
 - Strong portfolio of fee-based fixed rate contracts (over \$11 billion of forward revenue)
 - Long average tenor of charter contracts (~13 years)
 - Diverse customer base
- Bank margins have decreased over the past couple years
- Access to multiple capital markets
 - Project Bonds
 - Unsecured U.S. / NOK Bonds
 - Private / Public Equity Offerings
 - Continuous Offering Program

Multi-year Built-in Cash Flow Growth



* Remaining from July 1, 2015.

Appendix

Adjusted Operating Results

Q2-15

(in thousands of U.S. Dollars)

(in thousands of U.S. Dollars)

	Three Months Ended			
	June 30, 2015			
	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TGP Adjusted Income Statement
Voyage revenues	98,608	-	-	98,608
Voyage expenses	(373)	-	-	(373)
Net voyage revenues	98,235	-	-	98,235
Vessel operating expense	(24,102)	-	-	(24,102)
Depreciation and amortization	(23,209)	-	-	(23,209)
General and administrative	(7,068)	-	-	(7,068)
Income from vessel operations	43,856	-	-	43,856
Equity income	29,002	(11,102)	-	17,900
Interest expense	(11,153)	-	(8,143)	(19,296)
Interest income	611	-	-	611
Realized and unrealized gain on derivative instruments	10,888	(18,207)	7,319	-
Foreign exchange loss	(9,546)	8,722	824	-
Other income – net	335	-	-	335
Income tax expense	(258)	-	-	(258)
Net income	63,735	(20,587)	-	43,148
Less: Net income attributable to Non-controlling interests	(5,642)	1,958	-	(3,684)
NET INCOME ATTRIBUTABLE TO THE PARTNERS	58,093	(18,629)	-	39,464



1)
2)

See Appendix A to the Partnership's Q2-15 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 footnotes (2) and (3) to the Consolidated Statements of Income and Comprehensive Income in the Q2-15 Earnings Release.

Adjusted Operating Results

Q1-15

(in thousands of U.S. Dollars)

(in thousands of U.S. Dollars)

	Three Months Ended			
	March 31, 2015			
	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TGP Adjusted Income Statement
Voyage revenues	97,326	-	(570)	96,756
Voyage expenses	(318)	-	-	(318)
Net voyage revenues	97,008	-	(570)	96,438
Vessel operating expense	(21,634)	-	-	(21,634)
Depreciation and amortization	(23,569)	-	-	(23,569)
General and administrative	(6,708)	-	-	(6,708)
Income from vessel operations	45,097	-	(570)	44,527
Equity income	18,058	1,520	-	19,578
Interest expense	(10,104)	-	(8,637)	(18,741)
Interest income	734	-	-	734
Realized and unrealized loss on derivative instruments	(14,032)	6,157	7,875	-
Foreign exchange gain	25,930	(27,262)	1,332	-
Other income – net	443	-	-	443
Income tax recovery	225	-	-	225
Net income	66,351	(19,585)	-	46,766
Less: Net income attributable to Non-controlling interests	(3,283)	436	-	(2,847)
NET INCOME ATTRIBUTABLE TO THE PARTNERS	63,068	(19,149)	-	43,919



1)
2)

See Appendix A to the Partnership's Q1-15 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 footnotes (3) and (4) to the Consolidated Statements of Income and Comprehensive Income in the Q1-15 Earnings Release.

2015 Drydock Schedule

Entity	Segment	March 31, 2015 (A)		June 30, 2015 (A)		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
Teekay LNG	Fixed-Rate Tanker	-	-	-	-	1	25	-	-	1	25
	Liquefied Gas	-	-	-	-	1	4	2	41	3	45
	LPG Carrier - equity accounted	1	37	1	27	2	42	2	51	6	157
	LNG Carrier - equity accounted	-	-	-	-	2	22	-	-	2	22
		1	37	1	27	6	93	4	92	12	249



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.



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