

Teekay LNG Partners L.P.  
Form 6-K  
May 17, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 6-K**

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**

**Date of Report: May 9, 2013**

**Commission file number 1- 32479**

**TEEKAY LNG PARTNERS L.P.**

**(Exact name of Registrant as specified in its charter)**

**4th Floor**

**Belvedere Building**

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**69 Pitts Bay Road**

**Hamilton, HM08 Bermuda**

**(Address of principal executive office)**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes       No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes       No

**Item 1 Information contained in this Form 6-K Report.**

Attached as Exhibit I is a copy of an announcement of Teekay LNG Partners L.P. dated May 9, 2013.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEEKAY LNG PARTNERS L.P.

By: /s/ Peter Evensen  
Peter Evensen  
Chief Executive Officer and Chief Financial Officer (Principal  
Financial and Accounting Officer)

Date: May 9, 2013

**TEEKAY LNG PARTNERS L.P.**

**4<sup>th</sup> Floor, Belvedere Building, 69 Pitts Bay Road**

**Hamilton, HM 08, Bermuda**

**EARNINGS RELEASE**

**TEEKAY LNG PARTNERS**

**REPORTS FIRST QUARTER RESULTS**

**Highlights**

Generated distributable cash flow of \$53.7 million in the first quarter of 2013, an increase of 6 percent from the first quarter of 2012.

Declared first quarter 2013 cash distribution of \$0.675 per unit.

On February 12, 2013, completed the previously-announced 50/50 joint venture with Exmar NV which owns and charters-in 25 vessels in the LPG carrier segment.

Total liquidity of \$301.2 million as at March 31, 2013.

Hamilton, Bermuda, May 9, 2013 Teekay GP L.L.C., the general partner of Teekay LNG Partners L.P. (*Teekay LNG* or *the Partnership*) (NYSE: TGP), today reported the Partnership's results for the quarter ended March 31, 2013. During the first quarter of 2013, the Partnership generated distributable cash flow<sup>(1)</sup> of \$53.7 million, compared to \$50.8 million in the same quarter of the previous year. The increase primarily reflects the incremental distributable cash flow resulting from the following acquisitions: a 50 percent interest in Exmar LPG BVBA, a joint venture with Exmar NV that owns and charters-in 25 liquefied petroleum gas (*LPG*) carriers, including eight newbuilding carriers, in February 2013; and a 52 percent interest in six liquefied natural gas (*LNG*) carriers in February 2012.

On April 18, 2013, the Partnership declared a cash distribution of \$0.675 per unit for the quarter ended March 31, 2013. The cash distribution is payable on May 14, 2013 to all unitholders of record on April 30, 2013.

**Exmar LPG Joint Venture**

On February 12, 2013, Teekay LNG entered into a joint venture with Belgium-based Exmar NV to own and charter-in LPG carriers with a primary focus on the mid-size gas carrier segment. The joint venture entity, called Exmar LPG BVBA includes 20 owned LPG carriers (including eight newbuildings scheduled for delivery between 2014 and 2016) and five chartered-in LPG carriers. In exchange for its 50 percent ownership in Exmar LPG BVBA, including newbuilding payments made prior to the establishment of the joint venture, Teekay LNG invested approximately \$134 million of equity and assumed approximately \$108 million of pro rata debt and lease obligations secured by certain vessels in the Exmar LPG BVBA fleet.

With 100 percent of the Partnership's LNG fleet operating under fixed-rate contracts, Teekay LNG is insulated from the recent decline in short-term LNG shipping rates, commented Peter Evensen, Chief Executive Officer of Teekay GP L.L.C. While demand for new LNG carrier capacity is expected to be volatile in the short-term, following the scheduled start-up of several new liquefaction projects beginning in late-2015, demand for new LNG carriers is expected to increase. Mr. Evensen continued. As a result, the Partnership is currently bidding on several LNG and floating regasification projects with start-up dates in late-2015 through 2017, including potential employment opportunities that we believe are well-suited to the Partnership's two fuel-efficient LNG carrier newbuildings scheduled for delivery during the first-half of 2016.

(1) Distributable cash flow 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

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comparable financial measure under United States generally accepted accounting principles (*GAAP*).

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**Financial Summary**

The Partnership reported adjusted net income attributable to the partners<sup>(1)</sup> (as detailed in *Appendix A* to this release) of \$39.1 million for the quarter ended March 31, 2013, compared to \$35.6 million for the same period of the prior year. Adjusted net income attributable to the partners excludes a number of specific items that had the net effect of increasing net income by \$15.4 million and decreasing net income by \$10.9 million for the three months ended March 31, 2013 and 2012, respectively, as detailed in *Appendix A*. Including these items, the Partnership reported net income attributable to the partners, on a GAAP basis, of \$54.4 million and \$24.7 million for the three months ended March 31, 2013 and 2012, respectively.

For accounting purposes, the Partnership is required to recognize the changes in the fair value of its derivative instruments on its consolidated statements of income. This method of accounting does not affect the Partnership's cash flows or the calculation of distributable cash flow, but results in the recognition of unrealized gains or losses on the consolidated statements of income as detailed in footnotes 3, 4 and 5 to the Summary Consolidated Statements of Income included in this release.

- (1) Adjusted net income attributable to the partners is a non-GAAP financial measure. Please refer to *Appendix A* to this release for a reconciliation of this non-GAAP measure to the most directly comparable financial measure under GAAP and information about specific items affecting net income which are typically excluded by securities analysts in their published estimates of the Partnership's financial results.

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**Operating Results**

The following table highlights certain financial information for Teekay LNG's two segments: the Liquefied Gas segment and the Conventional Tanker segment (please refer to the Teekay LNG's Fleet section of this release above and *Appendices C to F* for further details).

| (in thousands of U.S. Dollars)                      | Three Months Ended<br>March 31, 2013<br>(unaudited) |                   |         | Three Months Ended<br>March 31, 2012<br>(unaudited) |                   |        |
|---|---|-------------------|---------|---|-------------------|--------|
|   | Conventional  |                   | Total   | Conventional  |                   | Total  |
|   | Liquefied Gas<br>Segment                            | Tanker<br>Segment |         | Liquefied Gas<br>Segment                            | Tanker<br>Segment |        |
| Net voyage revenues <sup>(i)</sup>                  | 68,030  | 28,686            | 96,716  | 70,697  | 28,300            | 98,997 |
| Vessel operating expenses                           | 13,993  | 11,323            | 25,316  | 11,779  | 10,608            | 22,387 |
| Depreciation and amortization                       | 17,290  | 6,853             | 24,143  | 17,238  | 7,519             | 24,757 |
| CFVO from consolidated vessels <sup>(ii)</sup>      | 51,937  | 13,633            | 65,570  | 56,832  | 15,835            | 72,667 |
| CFVO from equity accounted vessels <sup>(iii)</sup> | 41,999  |                   | 41,999  | 26,186  |                   | 26,186 |
| Total CFVO <sup>(ii)</sup>                          | 93,936  | 13,633            | 107,569 | 83,018  | 15,835            | 98,853 |

- (i) Net voyage revenues represents voyage revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, canal tolls and brokerage commissions. Net voyage revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see *Appendix C* for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.
- (ii) Cash flow from vessel operations (CFVO) from consolidated vessels represents income from vessel operations before (a) depreciation and amortization expense, (b) amortization of in-process revenue contracts and includes (c) adjustments for direct financing leases and two Suezmax tankers to a cash basis. CFVO is included because certain investors use this data to measure a company's financial performance. CFVO is not required by GAAP and should not be considered as an alternative to net income, equity income or any other indicator of the Partnership's performance required by GAAP. Please see *Appendix E* for a reconciliation of CFVO from consolidated vessels (a non-GAAP measure) as used in this release to the most directly comparable GAAP financial measure.
- (iii) The Partnership's equity accounted investments for the three months ended March 31, 2013 and 2012 include the Partnership's 40 percent interest in Teekay Nakilat (III) Corporation, which owns four LNG carriers; the Partnership's 50 percent interest in the Excalibur and Excelsior joint ventures, which owns one LNG carrier and one regasification unit, respectively; the Partnership's 33 percent interest in four LNG carriers servicing the Angola LNG Project; and the Partnership's 52 percent interest in MALT LNG Holdings ApS, the joint venture between the Partnership and Maurbeni Corporation, which owns six LNG carriers. The Partnership's equity accounted investments for the three months ended March 31, 2013 also includes the Partnership's acquisition of a 50 percent interest in Exmar LPG BVBA, the joint venture between the Partnership and Exmar NV, completed in February 2013, which owns and charters-in 25 vessels in the LPG carrier segment, including eight newbuildings. Please see *Appendix F* for a description and reconciliation of CFVO from equity accounted vessels (a non-GAAP measure) as used in this release to the most directly comparable GAAP financial measure.

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**Liquefied Gas Segment**

Cash flow from vessel operations from the Partnership's Liquefied Gas segment, excluding equity-accounted vessels, decreased to \$51.9 million in the first quarter of 2013 from \$56.8 million in the same quarter of the prior year. The decrease is primarily due to the scheduled drydocking of the *Arctic Spirit* during the first quarter of 2013, which resulted in 41 days of off-hire, and higher vessel operating expenditures due to preparations for the scheduled drydocking of the two Tangguh project LNG carriers during the second and fourth quarters in 2013.

Cash flow from vessel operations from the Partnership's equity-accounted vessels in the Liquefied Gas segment increased to \$42.0 million in the first quarter of 2013 from \$26.2 million in the same quarter of the prior year. This increase was primarily due to the Teekay LNG-Marubeni joint venture's acquisition of six LNG carriers from A.P. Moller Maersk A/P (the *MALT LNG Carriers*) in February 2012 and the acquisition of a 50 percent interest in the Exmar LPG BVBA joint venture in February 2013.

**Conventional Tanker Segment**

Cash flow from vessel operations from the Partnership's Conventional Tanker segment decreased to \$13.6 million in the first quarter of 2013 from \$15.8 million in the same quarter of the prior year, primarily as a result of amendments to two of the Partnership's Suezmax tanker charter contracts that temporarily reduces the daily hire rate for each vessel by \$12,000 from October 2012 until September 2014. During this period, however, if Suezmax spot tanker rates exceed the amended rates, the charterer will pay the Partnership the excess amount up to a maximum of the original daily charter rate.

**Teekay LNG's Fleet**

The following table summarizes the Partnership's fleet as of May 1, 2013:

|                                   | Number of Vessels       |                      |                   | Total     |
|-----------------------------------|-------------------------|----------------------|-------------------|-----------|
|                                   | Owned Vessels           | In-Chartered Vessels | Newbuilds         |           |
| <b>LNG Carrier Fleet</b>          | 27 <sup>(i)</sup>       |                      | 2                 | 29        |
| <b>LPG/Multigas Carrier Fleet</b> | 16 <sup>(ii)(iii)</sup> | 5 <sup>(iv)</sup>    | 8 <sup>(ii)</sup> | 29        |
| <b>Conventional Tanker Fleet</b>  | 11                      |                      |                   | 11        |
| <b>Total</b>                      | <b>54</b>               | <b>5</b>             | <b>10</b>         | <b>69</b> |

(i) The Partnership's ownership interests in these vessels ranges from 33 percent to 100 percent.

(ii) The Partnership's ownership interests in these vessels ranges from 50 percent to 99 percent.

(iii) Excludes one LPG carrier, the *Donau*, owned by the Exmar LPG BVBA that was sold in April 2013.

(iv) The Partnership's interest in these vessels is 50 percent.

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**Liquidity**

As of March 31, 2013, the Partnership had total liquidity of \$301.2 million (comprised of \$91.0 million in cash and cash equivalents and \$210.2 million in undrawn credit facilities), compared to total liquidity of \$495.0 million as of December 31, 2012. The decrease in liquidity during the first quarter of 2013 is primarily due to the acquisition of the Partnership's 50 percent interest in Exmar LPG BVBA, advances to Exmar LPG BVBA of \$13.8 million to fund newbuilding installments and drydocking expenditures incurred during the quarter.

**Availability of 2012 Annual Report**

The Partnership filed its 2012 Annual Report on Form 20-F with the U.S. Securities and Exchange Commission (*SEC*) on April 16, 2013. Copies of this report are available on Teekay LNG's website, under "SEC Filings", at [www.teekaylng.com](http://www.teekaylng.com). Unitholders may request a printed copy of this Annual Report, including the complete audited financial statements, free of charge by contacting Teekay LNG Partners Investor Relations.

**Conference Call**

The Partnership plans to host a conference call on Friday, May 10, 2013 at 11:00 a.m. (ET) to discuss the results for the first quarter of 2013. All unitholders and interested parties are invited to listen to the live conference call by choosing from the following options:

By dialing (866) 322-2356 or (416) 640-3405, if outside North America, and quoting conference ID code 2188375.

By accessing the webcast, which will be available on Teekay LNG's website at [www.teekaylng.com](http://www.teekaylng.com) (the archive will remain on the web site for a period of 30 days).

A supporting First Quarter 2013 Earnings Presentation will also be available at [www.teekaylng.com](http://www.teekaylng.com) in advance of the conference call start time.

The conference call will be recorded and made available until Friday, May 17, 2013. This recording can be accessed following the live call by dialing (888) 203-1112 or (647) 436-0148, if outside North America, and entering access code 2188375.

**About Teekay LNG Partners L.P.**

Teekay LNG Partners is the world's third largest independent owner and operator of LNG carriers, providing LNG, LPG and crude oil marine transportation services generally under long-term, fixed-rate charter contracts through its interests in 29 LNG carriers (including one LNG regasification unit and two newbuildings), 29 LPG/Multigas carriers (including five chartered-in LPG carriers and eight newbuildings) and 11 conventional tankers. The Partnership's interests in these vessels range from 33 to 100 percent. Teekay LNG Partners L.P. is a publicly-traded master limited partnership (*MLP*) formed by Teekay Corporation (NYSE: TK) as part of its strategy to expand its operations in the LNG and LPG shipping sectors.

Teekay LNG Partners' common units trade on the New York Stock Exchange under the symbol "TGP".

**For Investor Relations enquiries contact:**

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Website: [www.teekaylng.com](http://www.teekaylng.com)

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## TEEKAY LNG PARTNERS L.P.

## SUMMARY CONSOLIDATED STATEMENTS OF INCOME

(in thousands of U.S. Dollars, except units outstanding)

|  | March 31,<br>2013<br>(unaudited) | Three Months Ended<br>December 31,<br>2012<br>(unaudited) | March 31,<br>2012<br>(unaudited) |
|--|----------------------------------|---|----------------------------------|
| <b>VOYAGE REVENUES</b>   | 97,107                           | 98,236  | 99,340                           |
| <b>OPERATING EXPENSES</b>  |                                  |   |                                  |
| Voyage expenses  | 391                              | 327   | 343                              |
| Vessel operating expenses <sup>(1)</sup>                                     | 25,316                           | 25,735  | 22,387                           |
| Depreciation and amortization  | 24,143                           | 26,227  | 24,757                           |
| General and administrative <sup>(1)</sup>                                    | 5,469                            | 5,258   | 5,260                            |
| Write down of vessels <sup>(2)</sup>   |                                  | 29,367  |                                  |
|  | 55,319                           | 86,914  | 52,747                           |
| <b>Income from vessel operations</b>   | 41,788                           | 11,322  | 46,593                           |
| <b>OTHER ITEMS</b>   |                                  |   |                                  |
| Equity income <sup>(3)</sup>   | 26,424                           | 29,634  | 17,048                           |
| Interest expense   | (13,248)                         | (13,265)  | (12,798)                         |
| Interest income  | 515                              | 771   | 932                              |
| Realized and unrealized (loss) gain on derivative instruments <sup>(4)</sup> | (8,285)                          | 14,373  | (15,903)                         |
| Foreign exchange gain (loss) <sup>(5)</sup>                                  | 8,211                            | (6,255)   | (9,668)                          |
| Other (expense) income net   | (374)                            | 540   | 475                              |
| <b>Net income</b>  | 55,031                           | 37,120  | 26,679                           |
| <b>Net income attributable to:</b>   |                                  |   |                                  |
| Non-controlling interest   | 586                              | 8,895   | 1,948                            |
| Partners   | 54,445                           | 28,225  | 24,731                           |
| <b>Limited partners units outstanding:</b>                                   |                                  |   |                                  |
| Weighted-average number of common units outstanding                          |                                  |   |                                  |
| - basic  | 69,683,763                       | 69,683,763  | 64,857,900                       |
| - diluted  | 69,686,503                       | 69,683,763  | 64,857,900                       |
| Total number of units outstanding at end of period                           | 69,683,763                       | 69,683,763  | 64,857,900                       |

- (1) In order to more closely align the Partnership's presentation to many of its peers, the cost of ship management services of \$1.9 million for the three months ended March 31, 2013 have been presented as vessel operating expenses. Prior to 2013, the Partnership included these amounts in general and administrative expenses. All such costs incurred in comparative periods have been reclassified from general and administrative expenses to vessel operating expenses to conform to the presentation adopted in the current period. The amounts reclassified were \$2.0 million and \$1.9 million for the three months ended December 31, 2012 and March 31, 2012, respectively.
- (2) The carrying values of three of the Partnership's conventional Suezmax tankers (the *Tenerife Spirit*, *Algeciras Spirit* and *Huelva Spirit*) were written down during the three months ended December 31, 2012 due to the expected termination of their time-charter contracts between August 2013 and April 2014. The estimated fair value was based on a discounted cash flow approach and such estimates of cash flows were based on existing time-charter contracts, lease obligations and budgeted operating costs.

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(3) Equity income includes unrealized gains on derivative instruments as detailed in the table below:

|  | March 31, 2013 | Three Months Ended<br>December 31, 2012 | March 31, 2012 |
|--|----------------|---|----------------|
| Equity income  | 26,424         | 29,634                                  | 17,048         |
| Proportionate share of unrealized gains on derivative instruments  | 4,599          | 9,599                                   | 5,061          |
| Equity income excluding unrealized gains on derivative instruments | 21,825         | 20,035                                  | 11,987         |

Equity income also includes the Partnership's share of Exmar LPG BVBA which is based on preliminary purchase price adjustments.

(4) The realized (losses) gains relate to the amounts the Partnership actually paid to settle derivative instruments and the unrealized gains (losses) relate to the change in fair value of such derivative instruments as detailed in the table below:

|  | March 31, 2013 | Three Months Ended<br>December 31, 2012 | March 31, 2012 |
|--|----------------|---|----------------|
| <b>Realized (losses) gains relating to:</b>                            |                |   |                |
| Interest rate swaps  | (9,526)        | (9,614)                                 | (9,079)        |
| Toledo Spirit time-charter derivative contract                         |                | 945                                     | (32)           |
|  | (9,526)        | (8,669)                                 | (9,111)        |
| <b>Unrealized (losses) gains relating to:</b>                          |                |   |                |
| Interest rate swaps  | (1,259)        | 21,442                                  | (7,092)        |
| Toledo Spirit time-charter derivative contract                         | 2,500          | 1,600                                   | 300            |
|  | 1,241          | 23,042                                  | (6,792)        |
| Total realized and unrealized (losses) gains on derivative instruments | (8,285)        | 14,373                                  | (15,903)       |

(5) For accounting purposes, the Partnership is required to revalue all foreign currency-denominated monetary assets and liabilities based on the prevailing exchange rate at the end of each reporting period. This revaluation does not affect the Partnership's cash flows or the calculation of distributable cash flow, but results in the recognition of unrealized foreign currency translation gains or losses in the consolidated statements of income.

Foreign exchange (loss) gain includes realized gains relating to the amounts the Partnership received to settle the Partnership's non-designated cross currency swap that was entered into as an economic hedge in relation to the Partnership's Norwegian Kroner (NOK)-denominated unsecured bonds. The Partnership issued NOK 700 million of unsecured bonds in May 2012 that mature in 2017. Foreign exchange (loss) gain also includes unrealized gains (losses) relating to the change in fair value of such derivative instruments, partially offset by unrealized (losses) gains on the revaluation of the NOK bonds as detailed in the table below:

|   | March 31, 2013 | Three Months Ended<br>December 31, 2012 | March 31, 2012 |
|---|----------------|---|----------------|
| Realized gains on cross-currency swaps                | 58             | 102                                     |                |
| Unrealized (losses) gains on cross-currency swaps     | (6,191)        | 4,516                                   |                |
| Unrealized gains (losses) on revaluation of NOK bonds | 5,923          | (3,523)                                 |                |

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## TEEKAY LNG PARTNERS L.P.

## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. Dollars)

|   | As at March 31,<br>2013<br>(unaudited) | As at December 31,<br>2012<br>(unaudited) |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| Cash and cash equivalents   | 90,982                                 | 113,577                                   |
| Restricted cash - current   | 34,166                                 | 34,160                                    |
| Other current assets  | 21,469                                 | 19,244                                    |
| Advances to affiliates  | 3,273                                  | 13,864                                    |
| Restricted cash - long-term   | 494,353                                | 494,429                                   |
| Vessels and equipment   | 1,901,373                              | 1,911,016                                 |
| Advances on newbuilding contracts   | 38,829                                 | 38,624                                    |
| Net investments in direct financing leases                                    | 401,795                                | 403,386                                   |
| Derivative assets   | 144,252                                | 162,559                                   |
| Investments in and advances to equity accounted joint ventures <sup>(1)</sup> | 589,507                                | 409,735                                   |
| Other assets  | 39,844                                 | 39,237                                    |
| Intangible assets   | 106,524                                | 109,984                                   |
| Goodwill  | 35,631                                 | 35,631                                    |
| <b>Total Assets</b>   | <b>3,901,998</b>                       | <b>3,785,446</b>                          |
| <b>LIABILITIES AND EQUITY</b>   |  |   |
| Accounts payable, accrued liabilities and unearned revenue                    | 51,692                                 | 59,729                                    |
| Current portion of long-term debt and capital leases                          | 249,357                                | 156,761                                   |
| Advances from affiliates  | 16,551                                 | 12,083                                    |
| Long-term debt and capital leases   | 1,933,467                              | 1,894,166                                 |
| Derivative liabilities  | 282,938                                | 296,295                                   |
| Other long-term liabilities   | 111,271                                | 112,138                                   |
| Equity  |  |   |
| Non-controlling interest <sup>(2)</sup>                                       | 41,736                                 | 41,294                                    |
| Partners' equity  | 1,214,986                              | 1,212,980                                 |
| <b>Total Liabilities and Total Equity</b>                                     | <b>3,901,998</b>                       | <b>3,785,446</b>                          |

(1) Investments in and advances to equity accounted joint ventures includes the Partnership's investment in Exmar LPG BVBA which is based on preliminary purchase price adjustments.

(2) Non-controlling interest includes a 30 percent equity interest in the RasGas II project (which owns three LNG carriers), a 31 percent equity interest in the Tangguh Project (which owns two LNG carriers), a 1 percent equity interest in the two Kenai LNG carriers, a 1 percent equity interest in the Excalibur joint venture (which owns one LNG carrier), and a 1 percent equity interest in the five LPG/Multigas carriers that are chartered out to I.M. Skaugen ASA, which in each case represents the ownership interest not owned by the Partnership.

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**TEEKAY LNG PARTNERS L.P.****SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of U.S. Dollars)

|   | <b>Three Months Ended March 31,</b> |                    |
|---|-------------------------------------|--------------------|
|   | <b>2013</b>                         | <b>2012</b>        |
|   | <b>(unaudited)</b>                  | <b>(unaudited)</b> |
| Cash and cash equivalents provided by (used for)                                  |                                     |                    |
| <b>OPERATING ACTIVITIES</b>   |                                     |                    |
| <b>Net operating cash flow</b>  | <b>36,561</b>                       | <b>48,299</b>      |
| <b>FINANCING ACTIVITIES</b>   |                                     |                    |
| Proceeds from issuance of long-term debt  | 178,797                             | 209,128            |
| Scheduled repayments of long-term debt  | (18,785)                            | (18,439)           |
| Prepayments of long-term debt   | (10,000)                            |                    |
| Scheduled repayments of capital lease obligations and other long-term liabilities | (2,592)                             | (2,510)            |
| Advances to joint venture partners and equity accounted joint ventures            | (16,785)                            | (3,600)            |
| Increase in restricted cash   | (424)                               | (30,215)           |
| Cash distributions paid   | (52,972)                            | (44,331)           |
| Other   | (144)                               |                    |
| <b>Net financing cash flow</b>  | <b>77,095</b>                       | <b>110,033</b>     |
| <b>INVESTING ACTIVITIES</b>   |                                     |                    |
| Purchase of equity accounted investments  | (136,841)                           | (170,067)          |
| Receipts from direct financing leases   | 1,591                               | 1,481              |
| Expenditures for vessels and equipment  | (1,001)                             | (838)              |
| Other   |                                     | 1,369              |
| <b>Net investing cash flow</b>  | <b>(136,251)</b>                    | <b>(168,055)</b>   |
| <b>Decrease in cash and cash equivalents</b>                                      | <b>(22,595)</b>                     | <b>(9,723)</b>     |
| Cash and cash equivalents, beginning of the period                                | 113,577                             | 93,627             |
| <b>Cash and cash equivalents, end of the period</b>                               | <b>90,982</b>                       | <b>83,904</b>      |

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## TEEKAY LNG PARTNERS L.P.

## APPENDIX A SPECIFIC ITEMS AFFECTING NET INCOME

(in thousands of U.S. Dollars)

Set forth below is a reconciliation of the Partnership's unaudited adjusted net income attributable to the partners, a non-GAAP financial measure, to net income attributable to the partners as determined in accordance with GAAP. The Partnership believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Partnership's financial performance. The items below are also typically excluded by securities analysts in their published estimates of the Partnership's financial results. Adjusted net income attributable to the partners is intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP.

|   | Three Months Ended            |                               |
|---|-------------------------------|-------------------------------|
|   | March 31, 2013<br>(unaudited) | March 31, 2012<br>(unaudited) |
| Net income GAAP basis   | 55,031                        | 26,679                        |
| Less:   |                               |                               |
| Net income attributable to non-controlling interest   | (586)                         | (1,948)                       |
| Net income attributable to the partners   | 54,445                        | 24,731                        |
| (Subtract) add specific items affecting net income:   |                               |                               |
| Unrealized foreign exchange (gains) losses <sup>(1)</sup>   | (8,048)                       | 9,668                         |
| Unrealized (gains) losses from derivative instruments <sup>(2)</sup>  | (1,241)                       | 6,792                         |
| Unrealized gains from derivative instruments and other items from equity accounted investees <sup>(3)</sup> | (4,599)                       | (4,811)                       |
| Non-controlling interests' share of items above <sup>(4)</sup>  | (1,506)                       | (777)                         |
| Total adjustments   | (15,394)                      | 10,872                        |
| <b>Adjusted net income attributable to the partners</b>   | <b>39,051</b>                 | <b>35,603</b>                 |

- (1) Unrealized foreign exchange (gains) losses primarily relate to the Partnership's revaluation of all foreign currency-denominated monetary assets and liabilities based on the prevailing exchange rate at the end of each reporting period and unrealized loss on the cross-currency swap economically hedging the Partnership's NOK bond and exclude the realized gains relating to the cross currency swap for the NOK bonds.
- (2) Reflects the unrealized (gains) losses due to changes in the mark-to-market value of interest rate derivative instruments that are not designated as hedges for accounting purposes.
- (3) Reflects the unrealized gains due to changes in the mark-to-market value of derivative instruments that are not designated as hedges for accounting purposes within the Partnership's equity-accounted investments and \$0.3 million of start-up related costs during the three months ended March 31, 2012 relating to the acquisition of the six MALT LNG Carriers.
- (4) Items affecting net income include items from the Partnership's wholly-owned subsidiaries, its consolidated non-wholly-owned subsidiaries and its proportionate share of items from equity accounted for investments. The specific items affecting net income are analyzed to determine whether any of the amounts originated from a consolidated non-wholly-owned subsidiary. Each amount that originates from a consolidated non-wholly-owned subsidiary is multiplied by the non-controlling interests' percentage share in this subsidiary to arrive at the non-controlling interests' share of the amount. The amount identified as non-controlling interests' share of items listed above in the table above is the cumulative amount of the non-controlling interests' proportionate share of items listed in the table.

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## TEEKAY LNG PARTNERS L.P.

## APPENDIX B RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## DISTRIBUTABLE CASH FLOW (DCF)

(in thousands of U.S. Dollars)

## Description of Non-GAAP Financial Measure Distributable Cash Flow (DCF)

Distributable cash flow 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. The table below reconciles distributable cash flow to net income.

|   | Three Months<br>Ended<br>March 31, 2013<br>(unaudited) | Three Months<br>Ended<br>March 31, 2012<br>(unaudited) |
|---|--|--|
| Net income:   | 55,031   | 26,679   |
| Add:  |  |  |
| Depreciation and amortization   | 24,143   | 24,757   |
| Partnership's share of equity accounted joint ventures DCF<br>before estimated maintenance capital expenditures | 31,343   | 16,828   |
| Less:   |  |  |
| Estimated maintenance capital expenditures  | (16,399)   | (12,716)   |
| Equity income   | (26,424)   | (17,048)   |
| Unrealized foreign exchange (gain) loss   | (8,048)  | 9,668  |
| Unrealized (gain) loss on derivatives and other non-cash items  | (2,141)  | 7,050  |
| <b>Distributable Cash Flow before Non-controlling interest</b>  | <b>57,505</b>  | <b>55,218</b>  |
| Non-controlling interests' share of DCF before estimated<br>maintenance capital expenditures                    | (3,840)  | (4,450)  |
| <b>Distributable Cash Flow</b>  | <b>53,665</b>  | <b>50,768</b>  |

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## TEEKAY LNG PARTNERS L.P.

## APPENDIX C RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## NET VOYAGE REVENUES

(in thousands of U.S. Dollars)

## Description of Non-GAAP Financial Measure Net Voyage Revenues

Net voyage revenues represents voyage revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, canal tolls and brokerage commissions. Net voyage revenues is included because certain investors use this data to measure the financial performance of shipping companies. Net voyage revenues is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to voyage revenues or any other indicator of the Partnership's performance required by accounting principles generally accepted in the United States.

|                     | Three Months Ended March 31, 2013<br>(unaudited) |                                |        |
|---------------------|--|--------------------------------|--------|
|                     | Liquefied<br>Gas<br>Segment                      | Conventional<br>Tanker Segment | Total  |
| Voyage revenues     | 68,030   | 29,077                         | 97,107 |
| Voyage expenses     |  | 391                            | 391    |
| Net voyage revenues | 68,030   | 28,686                         | 96,716 |

|                     | Three Months Ended March 31, 2012<br>(unaudited) |                                   |        |
|---------------------|--|-----------------------------------|--------|
|                     | Liquefied<br>Gas<br>Segment                      | Conventional<br>Tanker<br>Segment | Total  |
| Voyage revenues     | 70,733   | 28,607                            | 99,340 |
| Voyage expenses     | 36   | 307                               | 343    |
| Net voyage revenues | 70,697   | 28,300                            | 98,997 |

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## TEEKAY LNG PARTNERS L.P.

## APPENDIX D SUPPLEMENTAL SEGMENT INFORMATION

(in thousands of U.S. Dollars)

|                                    | Three Months Ended March 31, 2013<br>(unaudited) |                   |        |
|------------------------------------|--|-------------------|--------|
|                                    | Liquefied  | Conventional      | Total  |
|                                    | Gas<br>Segment                                   | Tanker<br>Segment |        |
| Net voyage revenues <sup>(1)</sup> | 68,030   | 28,686            | 96,716 |
| Vessel operating expenses          | 13,993   | 11,323            | 25,316 |
| Depreciation and amortization      | 17,290   | 6,853             | 24,143 |
| General and administrative         | 3,684  | 1,785             | 5,469  |
| Income from vessel operations      | 33,063   | 8,725             | 41,788 |

|                                    | Three Months Ended March 31, 2012<br>(unaudited) |                   |        |
|------------------------------------|--|-------------------|--------|
|                                    | Liquefied  | Conventional      | Total  |
|                                    | Gas<br>Segment                                   | Tanker<br>Segment |        |
| Net voyage revenues <sup>(1)</sup> | 70,697   | 28,300            | 98,997 |
| Vessel operating expenses          | 11,779   | 10,608            | 22,387 |
| Depreciation and amortization      | 17,238   | 7,519             | 24,757 |
| General and administrative         | 3,559  | 1,701             | 5,260  |
| Income from vessel operations      | 38,121   | 8,472             | 46,593 |

- (1) Net voyage revenues represents voyage revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, canal tolls and brokerage commissions. Net voyage revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see *Appendix C* for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

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## TEEKAY LNG PARTNERS L.P.

## APPENDIX E RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## CASH FLOW FROM VESSEL OPERATIONS

## FROM CONSOLIDATED VESSELS

(in thousands of U.S. Dollars)

## Description of Non-GAAP Financial Measure Cash Flow from Vessel Operations from Consolidated Vessels

Cash flow from vessel operations from consolidated vessels represents income from vessel operations before (a) depreciation and amortization expense, (b) amortization of in-process revenue contracts included in voyage revenues, and includes (c) adjustments for direct financing leases and two Suezmax tankers to a cash basis. The Partnership's only direct financing leases for the periods indicated relate to the Partnership's 69% interest in two LNG carriers, the *Tangguh Sago* and *Tangguh Hiri*. The Partnership's cash flow from vessel operations from consolidated vessels does not include the Partnership's cash flow from vessel operations from its equity-accounted joint ventures. Cash flow from vessel operations is included because certain investors use cash flow from vessel operations to measure a company's financial performance, and to highlight this measure for the Partnership's consolidated vessels. Cash flow from vessel operations from consolidated vessels is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Partnership's performance required by accounting principles generally accepted in the United States.

|  | Three Months Ended March 31, 2013<br>(unaudited) |                             |          |
|--|--|-----------------------------|----------|
|  | Liquefied Gas Segment                            | Conventional Tanker Segment | Total    |
| Income from vessel operations (See Appendix D)                           | 33,063   | 8,725                       | 41,788   |
| Depreciation and amortization  | 17,290   | 6,853                       | 24,143   |
| Amortization of in-process revenue contracts included in voyage revenues |  | (278)                       | (278)    |
| Tangguh LNG revenue accounted for as direct financing leases             | (11,455)   |                             | (11,455) |
| Tangguh LNG cash flow from time-charter contracts                        | 13,039   |                             | 13,039   |
| Cash flow adjustment for two Suezmax tankers <sup>(1)</sup>              |  | (1,667)                     | (1,667)  |
| Cash flow from vessel operations from consolidated vessels               | 51,937   | 13,633                      | 65,570   |

|  | Three Months Ended March 31, 2012<br>(unaudited) |                             |          |
|--|--|-----------------------------|----------|
|  | Liquefied Gas Segment                            | Conventional Tanker Segment | Total    |
| Income from vessel operations (See Appendix D)                           | 38,121   | 8,472                       | 46,593   |
| Depreciation and amortization  | 17,238   | 7,519                       | 24,757   |
| Amortization of in-process revenue contracts included in voyage revenues |  | (124)                       | (124)    |
| Tangguh LNG revenue accounted for as direct financing leases             | (11,578)   |                             | (11,578) |
| Tangguh LNG cash flow from time-charter contracts                        | 13,051   |                             | 13,051   |
| Realized loss on Toledo Spirit derivative contract                       |  | (32)                        | (32)     |
| Cash flow from vessel operations from consolidated vessels               | 56,832   | 15,835                      | 72,667   |

(1) The Partnership's charter contracts for two of its Suezmax tankers, the *Bermuda Spirit* and *Hamilton Spirit*, were amended in 2012 which had the effect of reducing the daily charter rates by \$12,000 per day for a duration of 24 months commencing October 1, 2012. The cash

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impact of the change in hire rates is not fully reflected in the Partnership's statements of income as the change in the lease payments are being recognized straight-line over the term of the lease.

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## TEEKAY LNG PARTNERS L.P.

## APPENDIX F RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## CASH FLOW FROM VESSEL OPERATIONS FROM EQUITY ACCOUNTED VESSELS

(in thousands of U.S. Dollars)

## Description of Non-GAAP Financial Measure Cash Flow from Vessel Operations from Equity Accounted Vessels

Cash flow from vessel operations from equity accounted vessels represents income from vessel operations before (a) depreciation and amortization expense, (b) amortization of in-process revenue contracts and includes (c) adjustments for direct financing leases to a cash basis. Cash flow from vessel operations from equity accounted vessels is included because certain investors use cash flow from vessel operations to measure a company's financial performance, and to highlight this measure for the Partnership's equity-accounted joint ventures. Cash flow from vessel operations from equity accounted vessels is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to equity income or any other indicator of the Partnership's performance required by accounting principles generally accepted in the United States.

|  | Three Months Ended March 31, 2013<br>(unaudited) |   | Three Months Ended March 31, 2012<br>(unaudited) |   |
|--|--|---|--|---|
|  | At<br>100%                                       | Partnership's<br>Portion <sup>(1)</sup> | At<br>100%                                       | Partnership's<br>Portion <sup>(1)</sup> |
| Voyage revenues  | 127,152  | 57,962                                  | 78,692   | 32,900                                  |
| Vessel and other operating expenses                            | 32,684   | 15,237                                  | 18,114   | 7,785                                   |
| Depreciation and amortization                                  | 18,418   | 9,396                                   | 6,657  | 3,404                                   |
| Income from vessel operations of equity accounted vessels      | 76,050   | 33,329                                  | 53,921   | 21,711                                  |
| Interest expense   | (15,517)   | (6,885)                                 | (21,825)   | (8,382)                                 |
| Realized and unrealized (loss) gain on derivative instruments  | (1,094)  | (360)                                   | 9,522  | 3,028                                   |
| Other income net   | 402  | 340                                     | 919  | 691                                     |
| Other items  | (16,209)   | (6,905)                                 | (11,384)   | (4,663)                                 |
| Net income / equity income of equity accounted vessels         | 59,841   | 26,424                                  | 42,537   | 17,048                                  |
| Income from vessel operations                                  | 76,050   | 33,329                                  | 53,921   | 21,711                                  |
| Depreciation and amortization                                  | 18,418   | 9,396                                   | 6,657  | 3,404                                   |
| Revenue accounted for as direct financing leases               | (49,050)   | (17,946)                                | (50,240)   | (18,363)                                |
| Cash flow from time-charter contracts                          | 55,926   | 20,441                                  | 56,938   | 20,810                                  |
| Amortization of in-process revenue contracts and other         | (6,200)  | (3,221)                                 | (2,650)  | (1,376)                                 |
| Cash flow from vessel operations from equity accounted vessels | 95,144   | 41,999                                  | 64,626   | 26,186                                  |

- (1) The Partnership's equity accounted investments for the three months ended March 31, 2013 and 2012 include the Partnership's 40 percent interest in Teekay Nakilat (III) Corporation, which owns four LNG carriers; the Partnership's 50 percent interest in the Excalibur and Excelsior joint ventures, which owns one LNG carrier and one regasification unit, respectively; the Partnership's 33 percent interest in four LNG carriers servicing the Angola LNG Project; and the Partnership's 52 percent interest in MALT LNG Holdings ApS, the joint venture

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between the Partnership and Maurbeni Corporation, which owns six LNG carriers. The Partnership's equity accounted investments for the three months ended March 31, 2013 also includes the Partnership's acquisition of a 50 percent interest in Exmar LPG BVBA, the joint venture between the Partnership and Exmar NV, completed in February 2013, which owns and charters-in 25 vessels in the LPG carrier segment, including eight newbuildings.

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**FORWARD LOOKING STATEMENTS**

This release 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; the Partnership's ability to secure long-term contract employment for the two LNG carrier newbuilding vessels; expected delivery dates for the Partnership's newbuildings; 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: availability of LNG shipping LPG shipping, floating storage, 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 to purchase additional vessels or to pursue other projects; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; 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.

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