

Teekay LNG Partners L.P.  
Form 6-K  
March 08, 2010

**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: March 5, 2010  
Commission file number 1- 32479  
TEEKAY LNG PARTNERS L.P.**

(Exact name of Registrant as specified in its charter)  
4<sup>th</sup> Floor, Belvedere Building  
69 Pitts Bay Road  
Hamilton, HM 08 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

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**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 FOURTH QUARTER AND ANNUAL RESULTS**

**Highlights**

Generated distributable cash flow of \$33.5 million in the fourth quarter of 2009, up from \$29.6 million in the fourth quarter of 2008

Declared and paid cash distribution of \$0.57 per unit for the fourth quarter of 2009

Entered into a new \$122.0 million credit facility in late-October 2009 secured by five newbuilding LPG/Multigas carriers

Took delivery of the second Skaugen LPG carrier in November 2009

Agreed to acquire from Teekay Corporation two Suezmax tankers and one Handymax Product tanker operating under long-term fixed-rate contracts

Hamilton, Bermuda, March 4, 2010 Teekay GP LLC, the general partner of Teekay LNG Partners L.P. (*Teekay LNG or the Partnership*) (NYSE: TGP) today reported its results for the quarter ended December 31, 2009. During the fourth quarter of 2009, the Partnership generated distributable cash flow<sup>(1)</sup> of \$33.5 million, compared to \$29.6 million in the same quarter of the previous year. The increase was primarily due to the acquisition of two LPG carriers in April and November 2009, the acquisition of two Tangguh LNG carriers in August 2009, and fewer drydock days.

On January 27, 2010, the Partnership declared a cash distribution of \$0.57 per unit for the quarter ended December 31, 2009. The cash distribution was paid on February 12, 2010 to all unitholders of record on February 5, 2010.

We are pleased with the Partnership's operational performance and business execution in 2009, commented Peter Evensen, Chief Executive Officer of Teekay GP LLC. Our stable operating model and predictable results are underpinned by our portfolio of long-term fixed rate contracts which have enabled the partnership to deliver solid results in a year marked by volatility in the energy and financial markets. In 2009, we added four gas carrier newbuildings to our fleet and completed two follow-on equity offerings, raising total proceeds of \$159 million, which have provided sufficient equity to complete our existing investment program through 2010.

Mr. Evensen continued, Earlier today we announced the acquisition of three conventional tankers from our sponsor Teekay Corporation, all of which are currently operating under long-term fixed-rate time-charter contracts. The \$160 million purchase price for these vessels will be financed through the assumption of \$126 million of debt with very favorable terms, and the remaining \$34 million will be funded by the Partnership's available liquidity. With remaining contract durations between 10 and 11 years, these vessels will compliment the Partnership's existing contract portfolio and are expected to generate approximately \$8 million of incremental distributable cash flow for the Partnership annually. As a result of this accretive acquisition, management plans to recommend a distribution increase of \$0.03 per unit, or approximately 5 percent, commencing in the first quarter of 2010. Looking further into 2010, the Partnership remains well-positioned to grow through both organic newbuilding projects and acquisitions.

(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  
comparable  
GAAP financial  
measure.

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**Teekay LNG's Fleet**

On November 3, 2009, the Partnership took delivery of the second of five Skaugen LPG carriers which concurrently commenced a 15-year fixed-rate charter. The first of these vessels was delivered to the Partnership in April 2009.

The following table summarizes the Partnership's fleet as of February 28, 2010:

|  | <b>Delivered<br/>Vessels</b> | <b>Number of Vessels<br/>Committed<br/>Vessels</b> | <b>Total</b> |
|--|------------------------------|--|--------------|
| <b>LNG Carrier Fleet<sup>(1)</sup></b> | 15                           |  | 15           |
| <b>LPG/Multigas Carrier Fleet</b>      | 3                            | 3 <sup>(2)</sup>                                   | 6            |
| <b>Conventional Tanker Fleet</b>       | 8                            | 3 <sup>(3)</sup>                                   | 11           |
| <b>Total</b>                           | <b>26</b>                    | <b>6</b>   | <b>32</b>    |

(1) Excludes Teekay's 33 percent interest in the four Angola LNG newbuildings, as described below.

(2) Represents the three Skaugen LPG/Multigas carriers currently under construction, as described below.

(3) Represents the three conventional tankers the Partnership agreed to acquire from Teekay on March 2, 2010.

**Future Projects**

Below is a summary of LNG and LPG/Multigas newbuildings that the Partnership has agreed to, or has the right to, acquire:

**Skaugen LPG/Multigas**

The Partnership has agreed to acquire three LPG carriers from subsidiaries of IM Skaugen ASA (*Skaugen*) and two Multigas carriers from Teekay. Three of these LPG/Multigas carriers are currently under construction and will be

purchased upon their scheduled deliveries from the shipyard in 2010 and 2011. Upon their delivery, the vessels will commence service under 15-year fixed-rate charters to Skaugen. Two of the five vessels have already delivered, one in April 2009 and one in November 2009.

**Angola LNG**

As previously announced, a consortium in which Teekay has a 33 percent interest, has agreed to charter four newbuilding LNG carriers for a period of 20 years to the Angola LNG Project, which is being developed by subsidiaries of Chevron, Sonangol, BP, Total and ENI. The vessels will be chartered at fixed rates, with inflation adjustments, following their deliveries which are scheduled to commence in 2011. In accordance with an agreement between Teekay and Teekay LNG, Teekay is obligated to offer the Partnership its interest in these vessels and related charter contracts no later than 180 days before delivery of these newbuilding LNG carriers.

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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 \$16.8 million for the quarter ended December 31, 2009, compared to \$14.8 million for the same period of the prior year. Adjusted net income attributable to the partners excludes a number of specific items which had the net effect of increasing net income by \$22.8 million and decreasing net income by \$30.7 million for the three months ended December 31, 2009 and 2008, respectively, as detailed in *Appendix A*. Including these items, the Partnership reported net income attributable to the partners, on a GAAP basis<sup>(2)</sup>, of \$39.6 million and a net loss attributable to the partners, on a GAAP basis<sup>(2)</sup>, of \$15.9 million for the three months ended December 31, 2009 and 2008, respectively.

The Partnership reported adjusted net income attributable to the partners<sup>(1)</sup> (as detailed in *Appendix A* to this release) of \$66.9 million for the year ended December 31, 2009, compared to \$48.6 million in the prior year. Adjusted net income attributable to the partners excludes a number of specific items which had the net effect of decreasing net income by \$31.0 million and \$30.0 million for the years ended December 31, 2009 and 2008, respectively, as detailed in *Appendix A*. Including these items, the Partnership reported net income attributable to the partners, on a GAAP basis<sup>(2)</sup>, of \$35.9 million and \$18.6 million for the twelve months ended December 31, 2009 and 2008, respectively.

For accounting purposes, the Partnership is required to recognize the changes in the fair value of its derivative instruments on the statements of income (loss). 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 statements of income (loss).

The Partnership's financial statements for the prior periods include historical results of vessels acquired by the Partnership from Teekay, referred to herein as the *Dropdown Predecessor*, for the period when these vessels were owned and operated by Teekay.

**Operating Results**

The following table highlights certain financial information for Teekay LNG's segments: the liquefied gas segment and the Suezmax tanker segment (please refer to the Teekay LNG's Fleet section of this release above and *Appendix C* for further details).

|   | Three Months Ended<br>December 31, 2009<br>(unaudited) |                              |        | Three Months Ended<br>December 31, 2008<br>(unaudited) |                              |        |
|---|--|------------------------------|--------|--|------------------------------|--------|
|   | Liquefied<br>Gas<br>Segment                            | Suezmax<br>Tanker<br>Segment | Total  | Liquefied<br>Gas<br>Segment                            | Suezmax<br>Tanker<br>Segment | Total  |
| (in thousands of U.S. dollars)                  |  |                              |        |  |                              |        |
| Net voyage revenues <sup>(1)(2)(3)</sup>        | 66,250   | 18,880                       | 85,130 | 54,415   | 32,997                       | 87,412 |
| Vessel operating expenses                       | 12,826   | 8,011                        | 20,837 | 13,648   | 6,766                        | 20,414 |
| Depreciation and amortization                   | 15,083   | 4,927                        | 20,010 | 15,140   | 4,973                        | 20,113 |
| Cash flow from vessel operations <sup>(4)</sup> | 52,852   | 7,540                        | 60,392 | 39,058   | 15,153                       | 54,211 |

(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 the Partnership's web site at [www.teekaylng.com](http://www.teekaylng.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

- (2) Commencing in 2009 and applied retroactively, the gains and losses related to derivative instruments that are not designated as hedges for accounting purposes have been reclassified to a separate line item in the statements of income (loss) and are no longer included in the amounts above.
- (3) Net voyage revenues for the three months ended December 31, 2008 excludes a realized loss of \$8.6 million related to the *Toledo Spirit* time charter derivative contract.

(4)

Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense, excluding the cash flow from vessel operations relating to the Partnership's Variable Interest Entities and Dropdown Predecessors and adjusting for direct financing leases on a cash flow basis and the realized loss on the *Toledo Spirit* derivative contract. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Partnership's web site at [www.teekaylng.com](http://www.teekaylng.com) 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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**Liquefied Gas Segment**

Cash flow from vessel operations from the Partnership's liquefied gas segment increased to \$52.9 million in the fourth quarter of 2009 from \$39.1 million in the same quarter of the prior year. This increase is primarily due to the delivery of the first two Skaugen LPG carriers in April and November 2009, the acquisition of the Tangguh LNG carriers in August 2009 and the effect on our Euro-denominated revenues from the strengthening of the Euro against the U.S. Dollar compared to the same period last year.

**Suezmax Tanker Segment**

Cash flow from vessel operations from the Partnership's Suezmax tanker segment was \$7.5 million for the fourth quarter of 2009 compared to \$15.2 million in the same quarter of the prior year. This decrease is primarily due to a reduction of revenues and an increase in operating expenses. The decrease in revenues is primarily due to a \$6.2 million decrease in the *Teide Spirit* profit share (the time charter for the *Teide Spirit* contains a profit share component tied to spot tanker rates which is determined in the fourth quarter of each year) and an increase in drydock days in the fourth quarter of 2009. In addition there was a reduction in revenue based on a decrease in LIBOR which affected the daily charter rates of certain of our Suezmax tankers. Under the terms of the capital leases relating to these charters, there is a corresponding decrease in the Partnership's lease payments, which is reflected as a decrease in interest expense. As a result, these interest rate adjustments do not impact the Partnership's cash flow from vessel operations, cash available for distribution or net income.

**Liquidity**

As of December 31, 2009, the Partnership had total liquidity of \$479.8 million, comprised of \$102.6 million in cash and cash equivalents and \$377.2 million in undrawn medium-term revolving credit facilities.

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

Teekay LNG Partners L.P. is a publicly-traded master limited partnership 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 L.P. provides LNG, LPG and crude oil marine transportation services under long-term, fixed-rate time-charter contracts with major energy and utility companies through its fleet of fifteen LNG carriers, six LPG/Multigas carriers and eight Suezmax class crude oil tankers. Three of the six LPG/Multigas carriers are newbuildings scheduled for delivery in 2010 and 2011. In addition, Teekay LNG Partners L.P. has agreed to acquire from Teekay Corporation two Suezmax class crude oil tankers and one Handymax product tanker. This transaction is expected to be completed by mid-March 2010.

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

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**TEEKAY LNG PARTNERS L.P.**  
**SUMMARY CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(in thousands of U.S. dollars, except unit data)

|  | Three Months Ended                     |   |  | Year Ended                             |  |
|--|--|---|--|--|--|
|  | December<br>31,<br>2009<br>(unaudited) | September<br>30,<br>2009<br>(unaudited) | December<br>31,<br>2008<br>(unaudited) | December<br>31,<br>2009<br>(unaudited) | December<br>31,<br>2008<br>(unaudited) |
| <b>VOYAGE REVENUES</b>   | 85,549                                 | 79,783                                  | 88,993                                 | 321,129                                | 314,404                                |
| <b>OPERATING EXPENSES</b>  |  |   |  |  |  |
| Voyage expenses  | 419                                    | 743                                     | 1,581                                  | 1,902                                  | 3,253                                  |
| Vessel operating expenses  | 20,837                                 | 19,126                                  | 20,414                                 | 76,882                                 | 77,113                                 |
| Depreciation and amortization  | 20,010                                 | 18,901                                  | 20,113                                 | 78,397                                 | 76,880                                 |
| General and administrative   | 5,599                                  | 4,952                                   | 5,834                                  | 18,162                                 | 20,201                                 |
| Restructuring charge <sup>(1)</sup>  | 197                                    | 393                                     |  | 3,250                                  |  |
| Goodwill impairment  |  |   |  |  | 3,648                                  |
|  | 47,062                                 | 44,115                                  | 47,942                                 | 178,593                                | 181,095                                |
| <b>Income from vessel operations</b>   | 38,487                                 | 35,668                                  | 41,051                                 | 142,536                                | 133,309                                |
| <b>OTHER ITEMS</b>   |  |   |  |  |  |
| Interest expense   | (12,651)                               | (13,396)                                | (37,090)                               | (59,281)                               | (138,317)                              |
| Interest income  | 3,015                                  | 3,375                                   | 18,647                                 | 13,873                                 | 64,325                                 |
| Realized and unrealized gain (loss) on derivative instruments <sup>(2)</sup> | 526                                    | (33,882)                                | (73,946)                               | (40,950)                               | (99,954)                               |
| Foreign exchange gain (loss) <sup>(3)</sup>                                  | 8,675                                  | (17,559)                                | 3,597                                  | (10,835)                               | 18,244                                 |
| Equity income (loss) <sup>(4)</sup>  | 5,591                                  | (2,499)                                 | 1,549                                  | 17,098                                 | 136                                    |
| Other (expense) income net   | (541)                                  | 61                                      | (166)                                  | (302)                                  | 1,045                                  |
| <b>Net income (loss)</b>   | 43,102                                 | (28,232)                                | (46,358)                               | 62,139                                 | (21,212)                               |
| <b>Net income (loss) attributable to:</b>                                    |  |   |  |  |  |
| Non-controlling interest <sup>(5)</sup>                                      | 3,512                                  | 1,818                                   | (30,463)                               | 26,212                                 | (40,698)                               |
| Dropdown Predecessor Partners  | 39,590                                 | (30,050)                                | (15,895)                               | 35,927                                 | 894<br>18,592                          |
| <b>Limited partners units outstanding:</b>                                   |  |   |  |  |  |
| Weighted-average number of common units outstanding                          |  |   |  |  |  |
| Basic and diluted  | 42,801,009                             | 41,021,963                              | 33,338,320                             | 40,912,100                             | 29,698,031                             |
| Weighted-average number of subordinated units outstanding                    |  |   |  |  |  |
| Basic and diluted  | 7,367,286                              | 7,367,286                               | 11,050,929                             | 8,760,006                              | 12,459,973                             |
| Weighted-average number of total units outstanding                           |  |   |  |  |  |
| Basic and diluted  | 50,168,295                             | 48,389,249                              | 44,389,249                             | 49,672,106                             | 42,158,004                             |

- (1) The total cost incurred in connection with the Partnership's restructuring plans to move certain ship management functions from the Partnership's office in Spain to a subsidiary of Teekay and to change seafarers is \$3.3 million for the year ended December 31, 2009, of which \$0.2 million and \$0.4 million was incurred for the three months ended December 31, 2009 and September 30, 2009, respectively.
- (2) Commencing in 2009 and applied retroactively, the realized and unrealized gains and losses related to derivative instruments that are not designated as hedges for accounting purposes have been reclassified to a separate line item in the statements of

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

|  | Three Months Ended |                    |                   | Year Ended        |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2009  | September 30, 2009 | December 31, 2008 | December 31, 2009 | December 31, 2008 |
| Realized losses relating to:   |                    |                    |                   |                   |                   |
| Interest rate swaps  | (11,094)           | (10,491)           | (2,011)           | (36,222)          | (6,788)           |
| <i>Toledo Spirit</i> time-charter derivative contract                  | (940)              |                    | (8,620)           | (940)             | (8,620)           |
|  | (12,034)           | (10,491)           | (10,631)          | (37,162)          | (15,408)          |
| Unrealized gains (losses) relating to:                                 |                    |                    |                   |                   |                   |
| Interest rate swaps  | 11,960             | (24,491)           | (72,590)          | (11,143)          | (82,543)          |
| <i>Toledo Spirit</i> time-charter derivative contract                  | 600                | 1,100              | 9,275             | 7,355             | (2,003)           |
|  | 12,560             | (23,391)           | (63,315)          | (3,788)           | (84,546)          |
| Total realized and unrealized gains (losses) on derivative instruments | 526                | (33,882)           | (73,946)          | (40,950)          | (99,954)          |

(3) The Partnership's Euro-denominated revenues currently approximate its Euro-denominated expenses and debt service costs. As a result, the Partnership currently is not

exposed materially to foreign currency fluctuations. However, 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 statements of income (loss).

- (4) Equity income (loss) includes unrealized gains (losses) on derivative instruments of \$3.9 million, \$(4.0) million and nil for the three months ended December 31, 2009, September 30, 2009 and December 31, 2008, respectively and \$10.9 million and nil for the year ended December 31, 2009 and December 31, 2008, respectively.
- (5) Commencing in 2009 and applied retroactively, net income (loss) is shown before non-controlling interest.

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**TEEKAY LNG PARTNERS L.P.**  
**SUMMARY CONSOLIDATED BALANCE SHEETS** <sup>(1)</sup>  
(in thousands of U.S. dollars)

|  | As at December<br>31,<br>2009<br>(unaudited) | As at September<br>30,<br>2009<br>(unaudited) | As at December<br>31,<br>2008<br>(unaudited) |
|--|--|---|--|
| <b>ASSETS</b>  |  |   |  |
| Cash and cash equivalents  | 102,570                                      | 90,485  | 117,641                                      |
| Restricted cash – current  | 32,427                                       | 35,574  | 28,384                                       |
| Other current assets   | 14,602                                       | 17,234  | 18,388                                       |
| Advances to affiliates   | 20,715                                       | 11,926  | 9,583  |
| Restricted cash – long-term  | 579,093                                      | 614,943                                       | 614,565                                      |
| Vessels and equipment  | 1,817,350                                    | 1,793,551                                     | 2,007,321                                    |
| Advances on newbuilding contracts  | 57,430                                       | 56,421  | 200,557                                      |
| Net investments in direct financing leases   | 416,541                                      | 419,249                                       |  |
| Derivative assets  | 32,131                                       | 71,976  | 167,326                                      |
| Investment in and advances to joint venture  | 82,778                                       | 77,024  | 64,382                                       |
| Other assets   | 23,915                                       | 23,395  | 27,266                                       |
| Intangible assets  | 132,675                                      | 134,958                                       | 141,805                                      |
| Goodwill   | 35,631                                       | 35,631  | 35,631                                       |
| <b>Total Assets</b>  | <b>3,347,858</b>                             | <b>3,382,367</b>                              | <b>3,432,849</b>                             |
| <b>LIABILITIES AND EQUITY</b>  |  |   |  |
| Accounts payable, accrued liabilities and unearned revenue   | 52,210                                       | 54,785  | 44,614                                       |
| Current portion of long-term debt and capital leases   | 107,697                                      | 111,297                                       | 184,971                                      |
| Current portion of long-term debt related to vessels to be delivered to the Partnership <sup>(2)</sup> |  |   | 39,446                                       |
| Advances from affiliates and joint venture partners  | 112,398                                      | 100,623                                       | 74,300                                       |
| Long-term debt and capital leases  | 2,025,645                                    | 2,120,088                                     | 1,699,231                                    |
| Long-term debt related to vessels to be delivered to the Partnership <sup>(2)</sup>                    |  |   | 276,304                                      |
| Derivative liabilities   | 134,006                                      | 183,246                                       | 260,602                                      |
| Other long-term liabilities  | 56,373                                       | 55,097  | 44,668                                       |
| Equity   |  |   |  |
| Non-controlling interest <sup>(3)</sup>  | 12,322                                       | 6,510   | 2,862  |
| Partners' equity   | 847,207                                      | 750,721                                       | 805,851                                      |
| <b>Total Liabilities and Total Equity</b>  | <b>3,347,858</b>                             | <b>3,382,367</b>                              | <b>3,432,849</b>                             |

(1) Although the acquisition of the Tangguh LNG carriers did not occur



until August 2009, due to the Partnership's agreement to acquire Teekay Corporation's 70 percent interest in the Tangguh LNG Project, it was required to consolidate the Tangguh vessels prior to the actual acquisition date under U.S. generally accepted accounting principles. Due to the Partnership's acquisition of a 40 percent interest in the four RasGas 3 LNG carriers on May 6, 2008, it is required to equity account for its investment in the RasGas 3 joint venture under U.S. generally accepted accounting principles.

- (2) As at December 31, 2008, the current portion of long-term debt related to vessels to be delivered to the Partnership

includes the debt associated with the Tangguh LNG Carriers, which the Partnership had not yet acquired from Teekay Corporation as of this date.

- (3) As at December 31, 2009, non-controlling interest includes the 30 percent portion of Teekay Nakilat (RasGasII Project) which the Partnership does not own and 31 percent of the equity interest in the Tangguh project. Prior to August 2009, the non-controlling interest related to the Tangguh project was 100 percent as the Partnership had not yet acquired the interest in the Tangguh project and was consolidating the Tangguh project as described in Note (1) above.

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**TEEKAY LNG PARTNERS L.P.**  
**SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands of U.S. dollars)

|  | <b>Year Ended December 31,</b> |                    |
|--|--------------------------------|--------------------|
|  | <b>2009</b>                    | <b>2008</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>   | 188,711                        | 149,570            |
| <b>FINANCING ACTIVITIES</b>  |                                |                    |
| Proceeds from issuance of long-term debt   | 220,050                        | 936,988            |
| Debt issuance costs  | (1,281)                        | (2,233)            |
| Scheduled repayments of long-term debt   | (77,706)                       | (73,613)           |
| Prepayments of long-term debt  | (185,900)                      | (321,000)          |
| Scheduled repayments of capital lease obligations and other long-term liabilities                | (37,437)                       | (33,176)           |
| Proceeds from follow-on offering net of offering costs   | 162,559                        | 202,519            |
| Advances to and from affiliates  | 23,425                         | 17,147             |
| Advances from joint venture partners   |                                | 621                |
| Decrease in restricted cash  | 1,595                          | 28,340             |
| Cash distributions paid  | (114,539)                      | (97,420)           |
| Excess of purchase price over the contributed basis of Teekay Nakilat (III) Holdings Corporation |                                | (28,192)           |
| Excess of purchase price over the contributed basis of Teekay Tangguh Borrower LLC               | (33,442)                       |                    |
| Distribution to Teekay Corporation for the purchase of Kenai LNG Carriers                        |                                | (230,000)          |
| Proceeds on sale of 1% interest in Kenai LNG Carriers  | 2,300                          |                    |
| Equity contribution from Teekay Corporation  |                                | 3,281              |
| <b>Net financing cash flow</b>   | (40,376)                       | 403,262            |
| <b>INVESTING ACTIVITIES</b>  |                                |                    |
| Advances to joint venture  | (2,856)                        | (278,723)          |
| Repayments from joint venture  |                                | 28,310             |
| Return on capital from Teekay BLT Corporation to joint venture partners                          |                                | (28,000)           |
| Receipt of Spanish re-investment tax credit  |                                | 5,431              |
| Purchase of Teekay Nakilat (III) Holdings Corporation  |                                | (82,007)           |
| Purchase of Teekay Tangguh Borrower LLC  | (35,646)                       |                    |
| Receipts from direct financing leases  | 9,326                          |                    |
| Expenditures for vessels and equipment   | (134,230)                      | (172,093)          |
| <b>Net investing cash flow</b>   | (163,406)                      | (527,082)          |
| <b>(Decrease) increase in cash and cash equivalents</b>  | (15,071)                       | 25,750             |
| Cash and cash equivalents, beginning of the year   | 117,641                        | 91,891             |

|   |         |         |
|---|---------|---------|
| <b>Cash and cash equivalents, end of the year</b> | 102,570 | 117,641 |
|---|---------|---------|

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**TEEKAY LNG PARTNERS L.P.**  
**APPENDIX A SPECIFIC ITEMS AFFECTING NET INCOME (LOSS)**

(in thousands of U.S. dollars, except per share data)

Set forth below is a reconciliation of the Partnership's unaudited adjusted net income (loss) attributable to the partners, a non-GAAP financial measure, to net income (loss) as determined in accordance with GAAP, adjusted for some of the significant items of income and expense that affected the Partnership's net income (loss) for the three months ended December 31, 2009 and 2008 and years ended December 31, 2009 and 2008, all of which items are typically excluded by securities analysts in their published estimates of the Partnership's financial results:

|   | <b>Three Months<br/>Ended<br/>December 31, 2009<br/>(unaudited)</b> | <b>Year Ended<br/>December 31,<br/>2009<br/>(unaudited)</b> |
|---|---|---|
| Net income (loss) GAAP basis  | 43,102  | 62,139  |
| Less:   |   |   |
| Net (income) loss attributable to non-controlling interest                                  | (3,512)   | (26,212)  |
| Net income (loss) attributable to the partners  | 39,590  | 35,927  |
| Add (subtract) specific items affecting net income (loss):                                  |   |   |
| Foreign currency exchange (gain) loss <sup>(1)</sup>  | (8,675)   | 10,835  |
| Unrealized (gains) losses from derivative instruments <sup>(2)</sup>                        | (12,560)  | 3,788   |
| Unrealized gains from derivative instruments from equity accounted investees <sup>(2)</sup> | (3,853)   | (10,936)  |
| Restructuring charge <sup>(3)</sup>   | 197   | 3,250   |
| Non-controlling interests share of items above  | 2,119   | 24,039  |
| Total adjustments   | (22,772)  | 30,976  |
| <b>Adjusted net income attributable to the partners</b>                                     | <b>16,818</b>   | <b>66,903</b>   |

|  | <b>Three Months<br/>Ended<br/>December 31, 2008<br/>(unaudited)</b> | <b>Year Ended<br/>December 31,<br/>2008<br/>(unaudited)</b> |
|--|---|---|
| Net income (loss) GAAP basis   | (46,358)  | (21,212)  |
| Less:  |   |   |
| Net (income) loss attributable to Dropdown Predecessor interest      |   | (894)   |
| Net (income) loss attributable to non-controlling interest           | 30,463  | 40,698  |
| Net income (loss) attributable to the partners                       | (15,895)  | 18,592  |
| Add (subtract) specific items affecting net income (loss):           |   |   |
| Foreign currency exchange gain <sup>(1)</sup>                        | (3,597)   | (18,244)  |
| Unrealized (gains) losses from derivative instruments <sup>(2)</sup> | 63,315  | 84,546  |
| Goodwill impairment  |   | 3,648   |
| Non-controlling interests share of items above                       | (29,008)  | (39,912)  |

|   |               |               |
|---|---------------|---------------|
| Total adjustments                                       | 30,710        | 30,038        |
| <b>Adjusted net income attributable to the partners</b> | <b>14,815</b> | <b>48,630</b> |

- (1) Foreign currency exchange gains primarily relate to the revaluation of the Partnership's debt and restricted cash denominated in Euros.
- (2) Reflects the unrealized gain or loss due to changes in the mark-to-market value of derivative instruments that are not designated as hedges for accounting purposes.
- (3) Restructuring charges were incurred in connection with the Partnership's restructuring plans to move certain ship management functions from the Partnership's office in Spain to a subsidiary of Teekay Corporation and to change nationality of some of the seafarers.

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**TEEKAY LNG PARTNERS L.P.**  
**APPENDIX B RECONCILIATION OF NON-GAAP FINANCIAL MEASURE**  
(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, gains and losses on vessel sales, unrealized gains and losses from derivatives, income from variable interest entity, 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 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. The table below reconciles distributable cash flow to net income.

|   | <b>Three Months Ended<br/>December 31, 2009<br/>(unaudited)</b> |
|---|---|
| Net income  | 43,102  |
| Add:  |   |
| Depreciation and amortization   | 20,010  |
| Partnership's share of RasGas 3 DCF before estimated maintenance capital expenditures     | 4,692   |
| Income tax expense  | 1,137   |
| Less:   |   |
| Estimated maintenance capital expenditures  | (9,594)   |
| Equity income of RasGas 3 joint venture   | (5,591)   |
| Unrealized foreign exchange gain  | (8,675)   |
| Unrealized gain from derivatives and other non-cash items                                 | (8,046)   |
| <b>Distributable Cash Flow before Non-controlling interest</b>                            | <b>37,035</b>   |
| Non-controlling interests' share of DCF before estimated maintenance capital expenditures | (3,540)   |
| <b>Distributable Cash Flow</b>  | <b>33,495</b>   |

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**TEEKAY LNG PARTNERS L.P.**  
**APPENDIX C SUPPLEMENTAL SEGMENT INFORMATION**  
(in thousands of U.S. dollars)

|                                       | <b>Three Months Ended December 31, 2009</b> |                                       |              |
|---------------------------------------|---|---------------------------------------|--------------|
|                                       | <b>(unaudited)</b>                          |                                       |              |
|                                       | <b>Liquefied<br/>Gas<br/>Segment</b>        | <b>Suezmax<br/>Tanker<br/>Segment</b> | <b>Total</b> |
| Net voyage revenues <sup>(1)(2)</sup> | 66,250                                      | 18,880                                | 85,130       |
| Vessel operating expenses             | 12,826                                      | 8,011                                 | 20,837       |
| Depreciation and amortization         | 15,083                                      | 4,927                                 | 20,010       |
| General and administrative            | 3,383                                       | 2,216                                 | 5,599        |
| Restructuring charge                  | 24  | 173                                   | 197          |
| Income from vessel operations         | 34,934                                      | 3,553                                 | 38,487       |

|                                       | <b>Three Months Ended December 31, 2008</b> |                                       |              |
|---------------------------------------|---|---------------------------------------|--------------|
|                                       | <b>(unaudited)</b>                          |                                       |              |
|                                       | <b>Liquefied<br/>Gas<br/>Segment</b>        | <b>Suezmax<br/>Tanker<br/>Segment</b> | <b>Total</b> |
| Net voyage revenues <sup>(1)(2)</sup> | 54,415                                      | 32,997                                | 87,412       |
| Vessel operating expenses             | 13,648                                      | 6,766                                 | 20,414       |
| Depreciation and amortization         | 15,140                                      | 4,973                                 | 20,113       |
| General and administrative            | 3,376                                       | 2,458                                 | 5,834        |
| Income from vessel operations         | 22,251                                      | 18,800                                | 41,051       |

(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 the Partnership's web site at [www.teekaylng.com](http://www.teekaylng.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

- (2) Commencing in 2009 and applied retroactively, the gains and losses related to derivative instruments that are not designated as hedges for accounting purposes have been reclassified to a separate line item in the statements of income (loss) and are no longer included in the amounts above.

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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: the Partnership's future growth prospects; Teekay Corporation offering its interest in the Angola LNG Project vessels to the Partnership; the timing of LNG and LPG/Multigas newbuilding deliveries and incremental cash flows relating to such newbuildings; the Partnership's acquisition of two Suezmax tankers and one Handymax product tanker from Teekay under long-term fixed-rate contracts, including the incremental distributable cash flow expected to be contributed by these vessels, the distribution increase amount management expects to recommend and the timing of the completion of the transaction; the stability of the Partnership's distributable cash flows in general; the sufficiency of equity capital raised to complete the Partnership's existing investment program through 2010; and the Partnership's financial position. 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: the unit price of equity offerings to finance acquisitions; changes in production of LNG or LPG, either generally or in particular regions; required approvals by the conflicts committee of the board of directors of the Partnership's general partner to acquire any LNG projects offered to the Partnership by Teekay Corporation; less than anticipated revenues or higher than anticipated costs or capital requirements; changes in trading patterns 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 and inability of the Partnership to renew or replace long-term contracts; LNG and LPG/Multigas project delays, shipyard production delays; the Partnership's ability to raise financing to purchase additional vessels or to pursue LNG or LPG/Multigas projects; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; the decision taken by the Board of Directors of Teekay GP LLC with respect to management distribution increase recommendations; 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, 2008. 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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**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: Teekay GP L.L.C., its General Partner

Date: March 5, 2010

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