Teekay LNG Partners L.P.
Form 6-K
February 25, 2014

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: February 21, 2014

Commission file number 1- 32479

TEEKAY LNG PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

4th Floor

Belvedere Building

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 x 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 x

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 x

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 February 21, 2014.

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.

Date: February 21, 2014

By: /s/ Peter Evensen
Peter Evensen
Chief Executive Officer and Chief Financial Officer

(Principal Financial and Accounting Officer)

TEEKAY LNG PARTNERS L.P.

4th 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 $63.4 million in the fourth quarter of 2013, an increase of 18 percent from the fourth quarter of 2012.

Declared fourth quarter 2013 cash distribution of $0.6918 per unit, an increase of 2.5 percent from the previous quarter.

In November 2013, acquired and bareboat chartered-back a second LNG carrier newbuilding with Awilco LNG.

In November 2013, exercised an option for one additional MEGI LNG carrier newbuilding to be delivered in 2017.

Total liquidity of approximately $332 million as at December 31, 2013.

Hamilton, Bermuda, February 20, 2014 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 December 31, 2013. During the fourth quarter of 2013, the Partnership generated distributable cash flow(1) of $63.4 million, compared to $53.6 million in the same quarter of the previous year. The increase in distributable cash flow was primarily due to the Partnership s acquisition of a 50 percent interest in Exmar LPG BVBA, a liquefied petroleum gas (*LPG*) carrier joint venture with Exmar N.V. (*Exmar*), in February 2013 and its acquisition and charter-back of two liquefied natural gas (*LNG*) carriers from Awilco LNG ASA (*Awilco*) in September and November 2013. The increase was partially offset by reduced cash flow following the sale of the *Tenerife Spirit* conventional tanker in December 2013.

On January 15, 2014, the Partnership declared a cash distribution of $0.6918 per unit for the quarter ended December 31, 2013, an increase of $0.0168 per unit, or 2.5 percent, from the previous quarter. The cash distribution was paid on February 14, 2014 to all unitholders of record on January 31, 2014.

Teekay LNG continued on its course of steady growth in 2013 with the accretive acquisition-charterback transactions with Awilco LNG, which enabled us to increase the Partnership s fourth quarter distribution by 2.5 percent to $0.6918 per unit, commented Peter Evensen, Chief Executive Officer of Teekay GP LLC. Looking ahead, in addition to the two MEGI LNG carrier newbuildings chartered to Cheniere starting in 2016, we expect the Partnership s three currently unchartered MEGI LNG carrier newbuildings delivering in 2017 will be well-positioned to take advantage of the anticipated strong LNG shipping fundamentals relating to the expected start-up of several new LNG liquefaction projects beginning in 2016, Mr. Evensen continued. In addition to securing employment for these three unchartered newbuildings, the Partnership is also engaged in LNG shipping and floating regasification project tender opportunities with expected start-up dates in the same timeframe.

Mr. Evensen added, With 100 percent of Teekay LNG s on-the-water LNG carrier fleet operating under fixed-rate contracts with an average remaining duration of 12 years, the Partnership is largely insulated from the recent declines in spot LNG shipping rates. Over the next three years, only two of Teekay LNG s LNG carriers, both of which are 52-percent owned, are scheduled to roll-off their existing contracts, limiting the Partnership s exposure to any short-term rate volatility through 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 comparable financial measure under United States generally accepted accounting principles (*GAAP*).

- more -

<u>Recent Transactions</u>

Exercised Option for an Additional LNG Carrier Newbuilding

In November 2013, Teekay LNG exercised an option with Daewoo Shipbuilding & Marine Engineering Co., Ltd. (*DSME*) of South Korea for one additional 173,400 cubic meter (*cbm*) LNG carrier newbuilding. This vessel will be equipped with the M-type, Electronically Controlled, Gas Injection (*MEGI*) twin engines, which are expected to be significantly more fuel-efficient and have lower emission levels than other engines currently being utilized in LNG shipping. The Partnership intends to secure long-term charter contract employment for the vessel prior to its delivery in 2017. In connection with exercising the option in November 2013, the Partnership was also able to delay the delivery dates for the two 173,400 cbm LNG carrier newbuildings ordered in July 2013 from 2016 to 2017 to better coincide with the expected timing of new LNG shipping projects. Currently, the Partnership has options with DSME for up to three additional LNG carrier newbuildings.

Acquisition and Bareboat Charter-Back of Second LNG Carrier Newbuilding

In September 2013, Teekay LNG agreed to acquire a second 155,900 cbm LNG carrier newbuilding from Awilco on similar terms as the first vessel. The second vessel was delivered to the Partnership in late-November 2013 and bareboat-chartered to Awilco on a four-year fixed-rate charter contract (plus a one-year extension option) with a fixed-price purchase obligation at the end of the initial term (and option period). Similar to the first Awilco vessel, the second vessel s purchase price was $205 million less a $50 million upfront prepayment of charter hire by Awilco, which is in addition to the daily bareboat charter rate.

Exmar LPG Joint Venture Secured Long-term Contracts

In late January 2014, Exmar LPG BVBA, the Partnership s LPG joint venture with Exmar NV, was awarded two five-year fixed-rate time-charter contracts, up to a maximum of 10 years, with Statoil ASA. The contracts are expected to be serviced by two LPG carrier newbuildings currently under construction at Hanjin Heavy Industries and Construction Co., Ltd., which are scheduled for delivery in 2016.

Also in late January 2014, Exmar LPG BVBA was awarded two 10-year fixed-rate time-charter contracts with Potash Corporation. The contracts will be serviced by two of Exmar LPG BVBA s existing on-the-water LPG carriers.

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Financial Summary

The Partnership reported adjusted net income attributable to the partners(1) (as detailed in *Appendix A* to this release) of $46.2 million for the quarter ended December 31, 2013, compared to $38.5 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 $1.3 million and decreasing net income by $10.3 million for the three months ended December 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 $47.5 million and $28.2 million for the three months ended December 31, 2013 and 2012, respectively. Adjusted net income attributable to the partners for the three months ended December 31, 2013 increased from the same period in the prior year, mainly due to the acquisitions of the two LNG carriers from Awilco and the acquisition of the Partnership s 50 percent interest in Exmar LPG BVBA in February 2013.

For the year ended December 31, 2013, the Partnership reported adjusted net income attributable to the partners(1) (as detailed in *Appendix A* to this release) of $175.0 million, compared to $156.3 million for 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 $26.2 million and decreasing net income by $32.6 million for the year ended December 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 $201.2 million and $123.7 million for the year ended December 31, 2013 and 2012, respectively. Adjusted net income attributable to the partners for the year ended December 31, 2013 increased from the same period in the prior year, mainly due to the acquisitions of the two LNG carriers from Awilco, the acquisition of the Partnership s 50 percent interest in Exmar LPG BVBA in February 2013 and the acquisition of the Partnership s 52 percent interest in six LNG carriers from A.P. Moller-Maersk A/S in February 2012.

For accounting purposes, the Partnership is required to recognize the changes in the fair value of its outstanding derivative instruments that are not designated as hedges for accounting purposes in net 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 notes 5, 6 and 7 to the Summary Consolidated Statements of Income and Comprehensive Income included in this release.

(1) Adjust net income attributable to the patterns 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.

- more -

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 below and *Appendices C* through *F* for further details).

	Three Months Ended December 31, 2013 (unaudited)			Three Months Ended December 31, 2012 (unaudited)		
(in thousands of U.S. Dollars)	**Liquefied Gas Segment**	**Conventional Tanker Segment**	**Total**	**Liquefied Gas Segment**	**Conventional Tanker Segment**	**Total**
Net voyage revenues[(i)]	77,166	26,823	103,989	70,545	27,364	97,909
Vessel operating expenses	14,106	11,058	25,164	13,846	11,924	25,770
Depreciation and amortization	17,916	6,229	24,145	17,359	8,868	26,227
CFVO from consolidated vessels[(ii)]	63,246	10,964	74,210	54,285	13,069	67,354
CFVO from equity accounted vessels[(iii)]	52,626		52,626	38,498		38,498
Total CFVO[(ii)]	115,872	10,964	126,836	92,783	13,069	105,852

(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, (c) loan loss recovery, (d) write down of vessels, and includes (e) adjustments for direct financing leases and on 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 December 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 with Exmar, which own 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 Netherlands Holdings B.V., the joint venture between the Partnership and Marubeni Corporation, which owns six LNG carriers (*Malt LNG Carriers*). The Partnership s equity accounted investments for the three months ended December 31, 2013 also includes the Partnership s 50 percent interest in Exmar LPG BVBA, the joint venture between the Partnership and Exmar, acquired in February 2013, which currently owns and charters-in 28 vessels in the LPG carrier segment, including 12 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.

Liquefied Gas Segment

Cash flow from vessel operations from the Partnership s Liquefied Gas segment, excluding equity accounted vessels, increased to $63.2 million in the fourth quarter of 2013 from $54.3 million in the same quarter of the prior year. The increase is primarily the result of the acquisition of the two LNG carriers from Awilco in September and November 2013.

Cash flow from vessel operations from the Partnership s equity accounted vessels in the Liquefied Gas segment increased to $52.6 million in the fourth quarter of 2013 from $38.5 million in the same quarter of the prior year. This increase was primarily due to the acquisition of a 50 percent interest in the Exmar LPG BVBA joint venture in February 2013 and an increase in the revenue relating to one of the Malt LNG Carriers, which commenced a new three-year charter contract at a higher rate during the third quarter of 2013.

Conventional Tanker Segment

Cash flow from vessel operations from the Partnership s Conventional Tanker segment decreased to $11.0 million in the fourth quarter of 2013 from $13.1 million in the same quarter of the prior year, primarily due to the sale of the *Tenerife Spirit* in mid-December 2013 and the scheduled dry docking of two Suezmax tankers which resulted in 48 days of off-hire in the fourth quarter of 2013. This decrease was partially offset by an increase in the tanker rates for two of the Partnership s Suezmax tankers in the fourth quarter of 2013.

- more -

Teekay LNG s Fleet

The following table summarizes the Partnership s fleet as of February 1, 2014:

	Number of Vessels			
	Owned Vessels	In-Chartered Vessels	Newbuildings	Total
LNG Carrier Fleet	29(i)		5	34
LPG/Multigas Carrier Fleet	16(ii)	5(iii)	12(iii)	33
Conventional Tanker Fleet	10			10
Total	**55**	**5**	**17**	**77**

(i) The Partnership s ownership interests in these vessels range from 33 percent to 100 percent.
(ii) The Partnership s ownership interests in these vessels range from 50 percent to 99 percent.
(iii) The Partnership s interest in these vessels is 50 percent.

Liquidity and Continuous Offering Program Update

In May 2013, the Partnership implemented a continuous offering program (*COP*) under which the Partnership may issue new common units, representing limited partner interests, at market prices up to a maximum aggregate amount of $100 million. Through to December 31, 2013, the Partnership had sold an aggregate of 124,071 common units under the COP, generating net proceeds of approximately $4.9 million (including the Teekay LNG general partner s 2 percent proportionate capital contribution and net of offering costs). The Partnership did not sell any units under the COP during the fourth quarter of 2013.

As of December 31, 2013, the Partnership had total liquidity of $332.2 million (comprised of $139.5 million in cash and cash equivalents and $192.7 million in undrawn credit facilities).

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Conference Call

The Partnership plans to host a conference call on Friday, February 21, 2014 at 11:00 a.m. (ET) to discuss the results for the fourth quarter and fiscal year 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 2916125.

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

A supporting Fourth Quarter and Fiscal Year 2013 Earnings Presentation will also be available at www.teekaylng.com in advance of the conference call start time.

The conference call will be recorded and made available until Friday, February 28, 2014. 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 2916125.

About Teekay LNG Partners L.P.

Teekay LNG Partners is the world s second largest independent owner and operator of LNG carriers, providing LNG, LPG and crude oil marine transportation services primarily under long-term, fixed-rate charter contracts through its interests in 34 LNG carriers (including one LNG regasification unit and five newbuildings), 33 LPG/Multigas carriers (including five chartered-in LPG carriers and 12 newbuildings) and 10 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 .

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- more -

6

TEEKAY LNG PARTNERS L.P.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

	Three Months Ended			Year Ended	
	December 31, 2013 (unaudited)	September 30, 2013 (unaudited)	December 31, 2012 (unaudited)	December 31, 2013 (unaudited)	December 31, 2012 (unaudited)
VOYAGE REVENUES	104,858	100,692	98,236	399,276	392,900
OPERATING EXPENSES					
Voyage expenses	869	373	327	2,857	1,772
Vessel operating expenses(1)	25,164	24,655	25,770	99,949	94,536
Depreciation and amortization	24,145	24,440	26,227	97,884	100,474
General and administrative(1)	5,438	4,793	5,223	20,444	18,960
Loan loss (recovery) provision(2)	(3,804)	3,804			
Restructuring charge(3)	1,786			1,786	
Write down of vessels(4)			29,367		29,367
Total operating expenses	53,598	58,065	86,914	222,920	245,109
Income from vessel operations	51,260	42,627	11,322	176,356	147,791
OTHER ITEMS					
Equity income(5)	28,602	28,831	29,634	123,282	78,866
Interest expense	(15,775)	(13,548)	(13,265)	(55,703)	(54,211)
Interest income	1,019	656	771	2,972	3,502
Realized and unrealized (loss) gain on derivative instruments(6)	(5,238)	(11,143)	14,373	(14,000)	(29,620)
Foreign exchange loss(7)	(5,188)	(16,068)	(6,255)	(15,832)	(8,244)
Other income net	214	306	615	1,396	1,683
	3,634	(10,966)	25,873	42,115	(8,024)
Net income before tax expense	54,894	31,661	37,195	218,471	139,767
Income tax expense	(2,722)	(791)	(75)	(5,156)	(625)
Net income	52,172	30,870	37,120	213,315	139,142
Other comprehensive income (loss):					
Unrealized net gain (loss) on qualifying cash flow hedging instruments in equity accounted joint ventures	1,680	(1,549)		131	
Other comprehensive income (loss):	1,680	(1,549)		131	
Comprehensive income	53,852	29,321	37,120	213,446	139,142

Non-controlling interest in net income	4,644	1,262	8,895	12,073	15,437
General Partner s interest in net income	7,338	5,784	5,440	25,365	21,303
Limited partners interest in net income	40,190	23,824	22,785	175,877	102,402
Weighted-average number of common units outstanding:					
Basic	73,971,294	70,451,950	69,683,763	70,965,496	66,328,496
Diluted	73,995,463	70,474,732	69,683,763	70,996,869	66,328,496
Total number of units outstanding at end of period	74,196,294	70,746,294	69,683,763	74,196,294	69,683,763

(1) To more closely align the Partnership s Statement of Income and Comprehensive Income presentation to many of its peers, the cost of ship management services of $2.0 million and $7.8 million for the three months and year ended December 31, 2013, respectively, and $2.0 million for the three months ended September 30, 2013, have been included 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 $2.1 million and $8.2 million for the three months and year ended December 31, 2012, respectively.

- more -

(2) In early-2012, Teekay BLT Corporation (*Teekay Tangguh Joint Venture*), in which the Partnership has a 69 percent ownership interest, advanced amounts to P.T. Berlian Laju Tanker, the parent company of the non-controlling shareholder of the Teekay Tangguh Joint Venture, as an advance of dividends. In July 2012, P.T. Berlian Laju Tanker entered into a court-supervised restructuring in Indonesia in order to restructure its debts. In September 2013, the Teekay Tangguh Joint Venture recorded a $3.8 million loan loss provision relating to the advances to P.T. Berlian Laju Tanker, as it was probable, at that time, that the carrying value of the loan was impaired. However, during the fourth quarter of 2013, as P.T. Berlian Laju Tanker had sufficiently restructured its business, the Teekay Tangguh Joint Venture reassessed the probability of collectability of this advance and reversed the loan loss provision previously recorded in September 2013. On February 1, 2014, the Teekay Tangguh Joint Venture declared dividends of $69.5 million of which $14.4 million was used to offset the total advances to its non-controlling shareholder and P.T. Berlian Laju Tanker.

(3) Restructuring charge primarily relates to seafarer severance payments upon sale of two conventional tankers under capital lease.

(4) The carrying value of three of the Partnership s conventional Suezmax tankers (the *Tenerife Spirit, Algeciras Spirit and Huelva Spirit*) was written down during the three months and year ended December 31, 2012 due to the expected termination of their time-charter contracts in 2013 and 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.

(5) Equity income includes unrealized gains on derivative instruments and any ineffectiveness for any derivative instruments designated as hedges for accounting purposes as detailed in the table below:

	Three Months Ended			Year Ended	
	December 31, 2013	**September 30, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
Equity income	28,602	28,831	29,634	123,282	78,866
Proportionate share of unrealized gains on derivative instruments	(5,798)	(1,900)	(9,599)	(26,432)	(5,548)
Proportionate share of ineffective portion of hedge accounted interest rate swap	514			514	
Equity income excluding unrealized gains on derivative instruments and ineffective portion of hedge accounted interest rate swap	23,318	26,931	20,035	97,364	73,318

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

	Three Months Ended			Year Ended	
	December 31, 2013	**September 30, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
Realized (losses) gains relating to:					
Interest rate swaps	(9,535)	(9,532)	(9,614)	(38,089)	(37,427)
Toledo Spirit time-charter derivative contract	641	903	945	1,521	907