Teekay LNG Partners L.P.
Form 6-K
May 20, 2016

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 19, 2016

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, 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 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 1 is a copy of an announcement of Teekay LNG Partners L.P. dated May 19, 2016.

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: May 19, 2016

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

TEEKAY LNG PARTNERS REPORTS

FIRST QUARTER 2016 RESULTS

Highlights

- Generated distributable cash flow of $54.4 million, or $0.68 per common unit, in the first quarter of 2016.
- Generated total cash flow from vessel operations of $114.4 million in the first quarter of 2016 compared to $119.0 million from the same period of the prior year.
- Declared first quarter 2016 cash distribution of $0.14 per common unit.
- In February 2016, the world s first MEGI LNG carrier newbuilding, *Creole Spirit,* commenced its five-year, fixed-rate charter with Cheniere Energy.
- In April 2016, Yamal LNG announced they have secured plant financing for the Yamal LNG Project.
- Total liquidity of approximately $264 million as at March 31, 2016.

Hamilton, Bermuda, May 19, 2016 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, 2016. During the first quarter of 2016, the Partnership generated distributable cash flow[(1)] of $54.4 million, or $0.68 per common unit, compared to $66.2 million, or $0.73 per common unit, in the same period of the prior year. The decrease in distributable cash flow was primarily due to lower revenues from the Partnership s 52 percent-owned Malt LNG joint venture, lower revenues from two of the Partnership s Suezmax tankers upon the charterer exercising its one-year extension options between September 2015 and January 2016, and lower capitalized distributions relating to equity financing of newbuildings as a result of the temporary reduction in cash distributions on the Partnership s common units announced in December 2015. These decreases were partially offset by the *Creole Spirit* liquefied natural gas (*LNG*) carrier commencing its charter contract in late-February 2016.

On April 1, 2016, the Partnership declared a cash distribution of $0.14 per common unit for the quarter ended March 31, 2016. The cash distribution was paid on May 13, 2016 to all common unitholders of record on April 29, 2016.

CEO Commentary

The Partnership continued to generate strong cash flows in the first quarter of 2016, delivering results that were in line with our expectations, commented Peter Evensen, Chief Executive Officer of Teekay GP LLC. While there continues to be volatility in the energy markets and a weak spot LNG shipping market, our business remains stable with approximately 97 percent of the Partnership s LNG fleet fixed in 2016. In addition, the pace of LNG newbuilding orders remains low and long-term fundamentals in the LNG industry remain positive.

Mr. Evensen continued, In the second quarter of 2016, the Partnership will begin to benefit from a full quarter of cash flow from our first MEGI LNG carrier newbuilding, the *Creole Spirit*, which delivered in late-February and subsequently transported its first U.S. shale gas cargo to Europe from Cheniere s Sabine Pass LNG export facility. The Partnership s second MEGI LNG carrier newbuilding is now undergoing sea trials and is on-track to commence its five-year charter with Cheniere in the third quarter 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 comparable financial measure under United States generally accepted accounting principles (*GAAP*).

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Mr. Evensen added, The sponsors of the Yamal LNG project recently announced a significant milestone for the project in securing long-term plant financing. Further, our jointly-owned ARC7 Ice-Class LNG carrier newbuildings with China LNG Shipping reached a milestone of our own during April when steel was cut on our first vessel which is scheduled to deliver in the first quarter of 2018. Executing on Teekay LNG s robust pipeline of profitable growth projects that are scheduled to deliver in 2016 through 2020 remains a top priority, and we continue to make significant progress on securing financing for these remaining newbuildings.

Summary of Recent Events

Delivery Update on the First Two MEGI LNG Carrier Newbuildings for Cheniere Energy

In late-February 2016, Teekay LNG s first MEGI LNG carrier newbuilding, *Creole Spirit*, commenced its five-year fee-based charter contract with Cheniere Energy. The Partnership s second MEGI LNG carrier newbuilding, *Oak Spirit*, has commenced sea trials and is on schedule to begin its five-year fee-based contract with Cheniere Energy in the third quarter of 2016. Each vessel is expected to earn annual cash flow from vessel operations(1) and distributable cash flow of approximately $50 million and $30 million, respectively. In early-February 2016, Teekay LNG secured a 10-year, $360 million long-term lease facility, which will be used to finance both vessels.

Sale of the Bermuda Spirit and Hamilton Spirit Suezmax Tankers

During February and March 2016, Centrofin, the charterer of the Bermuda Spirit and Hamilton Spirit Suezmax tankers, exercised its options under the charter contract to purchase both vessels for a total purchase price of approximately $94 million. The Bermuda Spirit was sold on April 15, 2016 and the Hamilton Spirit was sold on May 17, 2016 and we used substantially all of the proceeds from these sales to repay existing term loans associated with these vessels.

As described in note 1 of the Consolidated Statements of (Loss) Income included in this release, an accounting loss of approximately $27 million was recognized in the three months ended March 31, 2016 as a result of Centrofin exercising its purchase options to acquire the two vessels. The accounting loss was mainly as a result of a timing difference between the different amortization periods applied to the vessels (25 years) and the $50 million of upfront payments received from Centrofin at the inception of the charter contracts (12 years).

Yamal LNG Financing and Project Update

In July 2014, Teekay LNG, through a 50/50 joint venture with China LNG Shipping (Holdings) Limited (*China LNG*), finalized agreements to provide six internationally-flagged Ice-Class LNG carriers for the Yamal LNG Project in Northern Russia. Our joint venture s vessels, which are scheduled to deliver between the first quarter of 2018 and the first quarter of 2020, will operate under time-charter contracts until December 31, 2045, plus extension options. In April 2016, Yamal LNG announced it had secured approximately $16.2 billion equivalent in long-term external plant financing for the Yamal LNG Project from Chinese and Russian sources. Yamal LNG has announced that these loan facilities, combined with previous financing provided by the National Welfare Fund is the full external funding required for the Yamal LNG Project. As of March 31, 2016, the Yamal LNG Project is reported to be 51 percent complete, with the first LNG train being over 65 percent complete.

The Teekay LNG/China LNG joint venture is currently in discussions with lenders on the financing of its Ice-Class LNG carrier newbuildings.

(1) CFVO is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. 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.

Financial Summary

The Partnership reported adjusted net income attributable to the partners[1] of $34.2 million for the quarter ended March 31, 2016, compared to $43.9 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 loss attributable to partners by $71.3 million and increasing net income attributable to the partners by $19.1 million for the three months ended March 31, 2016 and 2015, respectively, primarily relating to unrealized losses on derivative instruments, foreign currency exchange gains and losses and loss on sale of vessels as detailed in *Appendix A* to this release. Including these items, the Partnership reported net loss attributable to the partners, on a GAAP basis, of $37.1 million for three months ended March 31, 2016 and net income attributable to the partners of $63.1 million for the three months ended March 31, 2015.

Adjusted net income attributable to the partners for the three months ended March 31, 2016 decreased from the same period in the prior year primarily due to a temporary deferral of a portion of the charter payments for the Partnership s 52 percent-owned *Marib Spirit* and *Arwa Spirit* LNG carriers effective January 2016, lower charter rate on the redeployment of the Partnership s 52 percent-owned *Methane Spirit* after its original time charter contract expired in March 2015 and lower charter rates upon the charterer exercising its one-year extension options between September 2015 to January 2016 for the *European Spirit*, *African Spirit* and *Asian Spirit* Suezmax tankers. These decreases were partially offset by the *Creole Spirit* LNG carrier commencing its charter contract in late-February 2016 and increased revenue days for the *Magellan Spirit* LNG carrier due to the disputed termination of its charter contract and unscheduled off-hire in the first quarter of 2015.

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 and any ineffectiveness for derivative instruments designated as hedges for accounting purposes in net (loss) 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 derivative instruments on the consolidated statements of (loss) income as detailed in notes 3, 4, 5 and 6 to the Consolidated Statements of (Loss) 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 (loss) 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 below and *Appendices C* through *F* for further details).

	Three Months Ended					
	March 31, 2016 (unaudited)			March 31, 2015 (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)]	78,468	16,846	95,314	75,934	21,074	97,008
Vessel operating expenses	(15,232)	(6,621)	(21,853)	(14,306)	(7,328)	(21,634)
Depreciation and amortization	(18,685)	(4,926)	(23,611)	(18,306)	(5,263)	(23,569)
CFVO from consolidated vessels[(ii)]	63,132	10,548	73,680	60,704	12,001	72,705
CFVO from equity accounted vessels[(iii)]	40,749		40,749	46,304		46,304
Total CFVO[(ii)(iii)]	103,881	10,548	114,429	107,008	12,001	119,009

(i) Net voyage revenues represents voyage revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and 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 (loss) from vessel operations before (a) depreciation and amortization expense, (b) loss on sale of vessels, (c) amortization of in-process contracts included in voyage revenues, and includes (d) adjustments for direct financing leases to a cash basis, realized gains or losses on the Toledo Spirit derivative contract and the revenue for two Suezmax tankers recognized on a cash basis. CFVO is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. CFVO is not required by GAAP and should not be considered as an alternative to net (loss) 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, 2016 and 2015 include the Partnership s proportionate share of its equity accounted vessels CFVO. 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, was $63.1 million in the first quarter of 2016, compared to $60.7 million in the same quarter of the prior year. The increase was primarily due to the *Creole Spirit* commencing its five-year charter contract with Cheniere Energy in late-February 2016, partially offset by scheduled off-hire relating to an in-water survey for the *Catalunya Spirit* in the first quarter of 2016.

Cash flow from vessel operations from the Partnership s equity accounted vessels in the Liquefied Gas segment was $40.7 million in the first quarter of 2016 compared to $46.3 million in the same quarter of the prior year. The decrease was primarily due to a temporary deferral of a portion of the charter payments for the *Marib Spirit* and *Arwa Spirit* effective January 2016 and lower charter rates on the redeployment of the *Methane Spirit* after its original time-charter contract expired in March 2015. These vessels are all owned through the Partnership s 52 percent interest in the Malt LNG joint venture with Marubeni Corporation. These decreases were partially offset by increased cash flows from the Partnership s 50 percent interest in Exmar LPG BVBA as a result of two LPG carrier newbuildings that delivered in November 2015 and February 2016, net of the redelivery of one in-chartered vessel during the fourth quarter of 2015, and increased revenue days for the Partnership s 52 percent-owned *Magellan Spirit* due to its disputed charter contract termination and unscheduled off-hire in the first quarter of 2015.

Conventional Tanker Segment

Cash flow from vessel operations from the Partnership s Conventional Tanker segment decreased to $10.5 million in the first quarter of 2016, compared to $12.0 million in the same quarter of the prior year. The decrease was primarily related to an adjustment upon finalization of the Partnership s 2015 profit share relating to the *Teide Spirit* recorded in the first quarter of 2016 and lower charter rates upon the charterer exercising its one-year extension options between September 2015 to January 2016 for the *European Spirit*, *African Spirit* and *Asian Spirit.*

Teekay LNG s Fleet

The following table summarizes the Partnership s fleet as of May 18, 2016:

	Number of Vessels			
	Owned Vessels	**In-Chartered Vessels**	**Newbuildings**	**Total**
LNG Carrier Fleet	30[(i)]		20[(i)]	50
LPG/Multigas Carrier Fleet	21[(ii)]	2[(iii)]	6[(iii)]	29
Conventional Tanker Fleet	6			6
Total	**57**	**2**	**26**	**85**

(i) The Partnership s ownership interests in these vessels range from 20 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

As of March 31, 2016, the Partnership had total liquidity of $264.1 million (comprised of $114.1 million in cash and cash equivalents and $150.0 million in an undrawn credit facility).

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Availability of 2015 Annual Report

Teekay LNG Partners L.P. filed its 2015 Annual Report on Form 20-F with the U.S. Securities and Exchange Commission (*SEC*) on April 27, 2016. Copies are available on Teekay LNG s website, under Investors Teekay LNG Partners L.P. Financials & Presentations , at www.teekay.com. Unitholders may request a printed copy of this annual report, including the complete audited financial statements free of charge by contacting Teekay LNG s Investor Relations.

Conference Call

The Partnership plans to host a conference call on Friday, May 20, 2016 at 10:00 a.m. (ET) to discuss the results for the first quarter of 2016. All unitholders and interested parties are invited to listen to the live conference call by choosing from the following options:

- By dialing (800) 505-9568 or (416) 204-9271, if outside North America, and quoting conference ID code 9220450.

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

An accompanying First Quarter Earnings Presentation will also be available at www.teekay.com in advance of the conference call start time.

The conference call will be recorded and made available until Friday, June 3, 2016. 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 9220450.

About Teekay LNG Partners L.P.

Teekay LNG Partners is one of the world s largest independent owners and operators of LNG carriers, providing LNG, LPG and crude oil marine transportation services primarily under long-term, fixed-rate charter contracts through its interests in 50 LNG carriers (including one LNG regasification unit and 20 newbuildings), 29 LPG/Multigas carriers (including two in-chartered LPG carriers and six newbuildings) and six conventional tankers. The Partnership s interests in these vessels range from 20 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

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Teekay LNG Partners L.P.

Consolidated Statements of (Loss) Income

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

	Three Months Ended		
	March 31, 2016 (unaudited)	**December 31, 2015 (unaudited)**	**March 31, 2015 (unaudited)**
Voyage revenues	95,771	103,642	97,326
Voyage expenses	(457)	(215)	(318)
Vessel operating expenses	(21,853)	(24,046)	(21,634)
Depreciation and amortization	(23,611)	(23,002)	(23,569)
General and administrative expenses	(5,428)	(5,666)	(6,708)
Loss on sale of vessels(1)	(27,439)		
Restructuring charges(2)		(491)	
Income from vessel operations	16,983	50,222	45,097
Equity income(3)	9,498	23,588	18,058
Interest expense(4)	(13,997)	(10,827)	(10,104)
Interest income	602	539	734
Realized and unrealized (loss) gain on non-designated derivative instruments(5)	(38,089)	9,957	(14,032)
Foreign currency exchange (loss) gain(6)	(10,118)	5,712	25,930
Other income	419	355	443
Net (loss) income before tax expense	(34,702)	79,546	66,126
Income tax (expense) recovery	(261)	(2,431)	225
Net (loss) income	**(34,963)**	**77,115**	**66,351**
Non-controlling interest in net (loss) income	2,175	4,891	3,283
General Partner s interest in net (loss) income	(743)	1,444	8,642
Limited partners interest in net (loss) income	(36,395)	70,780	54,426
Weighted-average number of common units outstanding:			
Basic	79,557,872	79,528,595	78,514,335
Diluted	79,557,872	79,596,288	78,553,194
Total number of common units outstanding at end of period	79,571,820	79,551,012	78,537,584

(1) Loss on sale of vessels relates to Centrofin exercising its purchase options to acquire the *Bermuda Spirit* and *Hamilton Spirit* Suezmax tankers during the three months ended March 31, 2016. The *Bermuda Spirit* was sold to

Centrofin on April 15, 2016 and the *Hamilton Spirit* was sold to Centrofin on May 17, 2016 for gross proceeds of $94 million. The Partnership received a total of $50 million from Centrofin prior to the commencement of the two charters and thus, the purchase option prices were lower than they would have otherwise been. Such amounts received from Centrofin were accounted for as deferred revenue (prepayment of future charter payments) instead of as a reduction in the purchase price of the vessels, and was amortized to revenues over the 12-year charter periods on a straight-line basis. Approximately $28 million of $50 million has been recognized to revenues since the inception of the charters, which approximates the $27 million loss on sale recognized in the first quarter of 2016.

(2) Restructuring charges for the three months ended December 31, 2015 are primarily related to seafarer severance payments upon the charterer s request to change the crew nationality from an Australian crew to an international crew on the *Alexander Spirit*. This restructuring charge was reimbursed by the charterer, which was included in voyage revenues.

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(3) Equity income includes unrealized gains/losses on non-designated derivative instruments, any ineffectiveness for derivative instruments designated as hedges for accounting purposes and gains or losses on sales of vessels as detailed in the table below:

	Three Months Ended		
	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Equity income	9,498	23,588	18,058
Proportionate share of unrealized loss (gain) on non-designated derivative instruments	3,978	(6,798)	1,126
Proportionate share of ineffective portion of hedge accounted interest rate swaps	160	(357)	394
Proportionate share of loss on sale of vessel		1,228	
Equity income excluding unrealized gains/losses on designated and non-designated derivative instruments and loss on sale of vessel	13,636	17,661	19,578

(4) Included in interest expense is ineffectiveness for derivative instruments designated as hedges for accounting purposes, as detailed in the table below:

	Three Months Ended		
	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Ineffective portion on qualifying cash flow hedging instruments	(1,398)		

(5) The realized (losses) gains on non-designated derivative instruments relate to the amounts the Partnership actually paid or received to settle non-designated derivative instruments and the unrealized (losses) gains on non-designated derivative instruments relate to the change in fair value of such non-designated derivative instruments, as detailed in the table below:

	Three Months Ended		
	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Realized (losses) gains relating to:			
Interest rate swap agreements	(6,643)	(7,112)	(7,305)
Toledo Spirit time-charter derivative contract	630	(3,185)	(570)
	(6,013)	(10,297)	(7,875)

Unrealized (losses) gains relating to:			
Interest rate swap agreements	(20,657)	13,933	(4,357)
Interest rate swaption agreements	(11,669)	4,551	
Toledo Spirit time-charter derivative contract	250	1,770	(1,800)
	(32,076)	20,254	(6,157)
Total realized and unrealized (losses) gains on non-designated derivative instruments	(38,089)	9,957	(14,032)

(6) 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 (Loss) Income.

Foreign currency exchange (loss) gain includes realized losses relating to the amounts the Partnership paid to settle the Partnership s non-designated cross-currency swaps that were entered into as economic hedges in relation to the Partnership s Norwegian Kroner (*NOK*) denominated unsecured bonds. The Partnership issued NOK 700 million, NOK 900 million, and NOK 1,000 million of unsecured bonds between May 2012 and May 2015. Foreign currency 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:

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Realized losses on cross-currency swaps	(2,291)	(2,472)	(1,401)
Unrealized gains (losses) on cross-currency swaps	21,312	(7,934)	(17,045)
Unrealized (losses) gains on revaluation of NOK bonds	(20,430)	11,310	16,216

Teekay LNG Partners L.P.

Consolidated Balance Sheets

(in thousands of U.S. Dollars)

	As at March 31, 2016 (unaudited)	As at December 31, 2015 (unaudited)