GOLAR LNG LTD
Form 20-F
April 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F
(Mark One)
[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
OR
[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report
Commission file number 000-50113

Golar LNG Limited
(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

Bermuda
(Jurisdiction of incorporation or organization)

2nd Floor, S.E. Pearman Building, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda
(Address of principal executive offices)

Andrew Whalley, (1) 441 295 4705, (1) 441 295 3494
2nd Floor, S.E. Pearman Building, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares, par value, $1.00 per share	Nasdaq Global Select Market

Securities registered or to be registered pursuant to section 12(g) of the Act.
None
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None
(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

93,414,672 Common Shares, par $1.00, per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes X No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of 15(d) of the Securities Exchange Act 1934.
Yes No X

Note- Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one).
Large accelerated filer X Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	X	International Financial Reporting Standards as issued by the International Accounting Standards Board	Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Matters discussed in this report may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

We desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are including this cautionary statement in connection with this safe harbor legislation. This report and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. When used in this report, the words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect" and similar expressions identify forward-looking statements.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. As a result, you are cautioned not to rely on any forward-looking statements.

In addition to these important factors and matters discussed elsewhere herein and in the documents incorporated by reference herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include among other things:

- changes in liquefied natural gas, or LNG, carrier, floating storage and regasification unit, or FSRU, and floating liquefaction natural gas vessel, or FLNGV, market trends, including charter rates, ship values and technological advancements;
- changes in our ability to retrofit vessels as FSRUs and FLNGVs, our ability to obtain financing for such conversions on acceptable terms or at all, and the timing of the delivery and acceptance of such converted vessels;
- changes in the supply of or demand for LNG or LNG carried by sea;
- changes in the supply of and demand for LNG carriers, FSRUs and FLNGVs;
- a material decline or prolonged weakness in rates for LNG carriers or FSRUs;
- changes in trading patterns that affect the opportunities for the profitable operation of LNG carriers, FSRUs or FLNGVs;
- changes in the supply of or demand for natural gas generally or in particular regions;
- changes in our relationships with major chartering parties;
- changes in the availability of vessels to purchase, the time it takes to construct new vessels, or vessels' useful lives;
- failure of shipyards to comply with delivery schedules on a timely basis or at all;
- our ability to integrate and realize the benefits of acquisitions;
- changes in our ability to sell vessels to Golar LNG Partners LP, or Golar Partners;
- changes in our relationship with Golar Partners;
- changes to rules and regulations applicable to LNG carriers, FSRUs or FLNGVs;
- actions taken by regulatory authorities that may prohibit the access of LNG carriers, FSRUs or FLNGVs to various ports;
- our inability to achieve successful utilization of our expanded fleet and inability to expand beyond the carriage of LNG;

- increases in costs, including, among other things, crew wages, insurance, provisions, repairs and maintenance;
- changes in general domestic and international political conditions, particularly where we operate;
- changes in our ability to obtain additional financing on acceptable terms or at all;
- continuing turmoil in the global financial markets; and
- other factors listed from time to time in registration statements, reports or other materials that we have filed with or furnished to the Securities and Exchange Commission, or the Commission.

Please see our Risk Factors in Item 3 of this report for a more complete discussion of these and other risks and uncertainties.

We caution readers of this report not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward looking statements.

We undertake no obligation to publicly update or revise any forward looking statements, except as required by law. If one or more forward looking statements are updated, no inference should be drawn that additional updates will be made.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

Throughout this report, the "Company," " Golar," "Golar LNG," "we," "us" and "our" all refer to Golar LNG Limited or any one or more of its consolidated subsidiaries, including Golar LNG Energy Limited or Golar Energy, and to Golar Management Limited or Golar Management, or to all such entities. References in this Annual Report to "Golar Wilhelmsen" or "GWM" refer to Golar Wilhelmsen Management AS, a company that is jointly controlled by both Golar and Wilhelmsen Ship Management (Norway) AS. References in this Annual Report to "Golar Partners" or the "Partnership" refer, depending on the context, to our affiliate Golar LNG Partners LP (Nasdaq: GMLP) and to any one or more of its subsidiaries. Unless otherwise indicated, all references to "USD" and "$" in this report are to U.S. dollars.

A. Selected Financial Data

The following selected consolidated financial and other data, which includes our fleet and other operating data, summarizes our historical consolidated financial information. We derived the statement of operations data for each of the years in the three-year period ended December 31, 2014 and the balance sheet data as of December 31, 2014 and 2013 from our audited Consolidated Financial Statements included in Item 18 of this Annual Report on Form 20-F, which were prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP.

The selected statements of operations data with respect to the years ended December 31, 2011 and 2010 and the selected balance sheet data as of December 31, 2012, 2011 and 2010 has been derived from audited consolidated financial statements prepared in accordance with U.S. GAAP not included herein.

The following table should also be read in conjunction with the section of this Annual Report entitled "Item 5. Operating and Financial Review and Prospects" and our Consolidated Financial Statements and Notes thereto included herein.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(in thousands of U.S. $, except number of shares, per common share data, fleet and other financial data)				
Statement of Operations Data: [1]					
Total operating revenues	106,155	99,828	410,345	299,848	244,045
Vessel operating expenses [2]	49,570	43,750	86,672	62,872	52,910
Voyage and charter-hire expenses [3]	27,340	14,259	9,853	6,042	32,311
Administrative expenses	19,267	22,952	25,013	33,679	22,832
Depreciation and amortization	49,811	36,871	85,524	70,286	65,076

Impairment of long-term assets	500	500	500	500	4,500
Gain on disposals to Golar Partners	43,783	65,619	—	—	—
Other operating loss	(6,387)	—	—	—	—
Other operating gains (losses)	1,317	—	(27)	(5,438)	(6,230)
Operating (loss) income	(1,620)	47,115	202,756	121,031	60,186
Dividend income	27,203	30,960	—	—	—
Gain on loss of control	—	—	853,996	—	—

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Gain on business acquisition	—	—	4,084	—	—
Other non-operating income (expenses)	281	(3,355)	(151)	541	4,196
Net financial expenses (income)	87,852	(41,768)	42,868	53,102	66,961
(Loss) Income before equity in net earning (losses) of affiliates, income taxes and non-controlling interests	(61,988)	116,488	1,017,817	68,470	(2,579)
Income taxes	1,114	3,404	(2,765)	1,705	(1,427)
Non-controlling interests	(1,655)	—	(43,140)	(21,625)	5,825
Equity in net earnings (losses) of affiliates	19,408	15,821	(609)	(1,900)	(1,435)
Net (loss) income attributable to the shareholders	(43,121)	135,713	971,303	46,650	384
(Loss) earnings per common share					
- basic [4]	(0.50)	1.69	12.09	0.62	0.01
- diluted [4]	(0.50)	1.59	11.66	0.62	0.01
Cash dividends declared and paid per common share[5]	1.80	1.35	1.93	1.13	0.45
Weighted average number of shares – basic [4]	87,013	80,530	80,324	74,707	67,173
Weighted average number of shares – diluted [4]	87,013	80,911	84,243	75,033	67,393
Balance Sheet Data (as of end of year):					
Cash and cash equivalents	191,410	125,347	424,714	66,913	164,717
Restricted cash and short-term investments [6]	74,162	23,432	1,551	28,012	21,815
Amounts due from related parties (short-term)	9,967	6,311	5,915	354	222
Short term debt due from a related party	20,000	—	—	—	—
Vessel held-for-sale [7]	132,110	—	—	—	—
Assets held-for-sale [8]	284,955	—	—	—	—
Amounts due from related parties (long-term)	—	—	34,953	—	—
Long-term restricted cash [6]	425	3,111	—	185,270	186,041
Investment in available-for-sale securities	275,307	267,352	353,034	—	—
Investments in affiliates	335,372	350,918	367,656	22,529	20,276
Cost method investments	204,172	204,172	198,524	7,347	7,347
Newbuildings	344,543	767,525	435,859	190,100	—
Asset under development	345,205	—	—	—	—
Vessels and equipment, net	1,648,888	811,715	573,615	1,203,003	1,103,137
Vessels under capital lease, net [9]	—	—	—	501,904	515,666
Total assets	3,991,993	2,665,221	2,414,399	2,232,634	2,077,772
Current portion of long-term debt	116,431	30,784	14,400	64,306	105,629
Liabilities held-for-sale [8]	164,401	—	—	—	—
Current portion of obligations under capital leases	—	—	—	5,909	5,766
Long-term debt (including debt due to a related party)	1,264,356	686,244	490,506	707,243	691,549
Long-term obligations under capital leases [9]	—	—	—	399,934	406,109
Non-controlling interests [10]	1,655	—	—	78,055	188,734
Stockholders' equity	2,282,507	1,804,137	1,764,319	677,765	410,588
Common shares outstanding [4]	93,415	80,580	80,504	80,237	67,808

	2014	2013	2012	2011	2010
Cash Flow Data [1]:					
Net cash provided by operating activities	24,873	67,722	233,810	116,608	51,710
Net cash (used in) provided by investing activities	(1,429,270)	(533,067)	(290,700)	(298,644)	364,736
Net cash provided by (used in) financing activities	1,470,460	165,978	414,691	84,232	(373,960)
Fleet Data (unaudited)					
Number of vessels at end of year [11]	13	7	6	12	12
Average number of vessels during year [11]	8.8	5.5	12.6	12	12.7
Average age of vessels (years)	10.8	18.7	25.4	18.8	17.8
Total calendar days for fleet	2,133	2,012	4,615	4,380	4,644
Total operating days for fleet [12]	2,059	1,501	3,684	3,255	2,939
Other Financial Data (unaudited):					
Average daily time charter equivalent earnings, or TCE [13] (to the closest $100)	33,100	50,900	94,400	87,700	57,200
Average daily vessel operating costs [14]	$23,240	$38,300	$18,780	$14,354	$12,080

Footnotes

(1) From the initial public offering of our former subsidiary, Golar Partners, in April 2011, or the IPO, until the time of the first annual general meeting of unitholders of Golar Partners, or the AGM,on December 13, 2012, pursuant to the partnership agreement of Golar Partners, we retained the sole power to appoint, remove and replace all of the members of the Partnership's board of directors. Accordingly, Golar Partners was treated as our controlled subsidiary and Golar Partners' results were consolidated with the results of the Company. From the first AGM held by Golar Partners, the majority of the Partnership's board members became electable by the common unitholders, and from such date, we no longer retain the power to control the board of directors and hence the Partnership and accordingly, we deconsolidated Golar Partners and its subsidiaries from our consolidated financial statements. As a result, from December 13, 2012, Golar Partners has been considered our affiliate entity. The deconsolidation of Golar Partners resulted in a gain of $854 million recognized in 2012.

A summary of the key significant changes in our financial results, as a consequence of the deconsolidation, include:

- A decrease in operating income and individual line items therein, in relation to Golar Partner’s fleet;
- A decrease in net financial expense in respect of Golar Partner’s debt and capital lease obligations, net of restricted cash deposits.

Offset by recognition of:

- Gains on disposals to Golar Partners.
- Management fee income from the provision of services to Golar Partners under each of the management and administrative services and the fleet management agreements.
- Dividend income in respect of our interests in common units, general partner interests (during the subordination period) and incentive distribution rights, or IDRs, of Golar Partners.
- Equity in net earnings of affiliates, will change to reflect our share of the results of Golar Partners calculated with respect to our interests in its subordinated units only, but offset by a charge for the amortization of the basis difference in relation to the $854 million gain on loss of control.

In addition, our Balance Sheet as at December 31, 2012 was affected in the following ways by the deconsolidation:

Balance Sheet:

- "Investment in available-for-sale securities" of $353.0 million was initially recognized representing our common unit interests held in Golar Partners.
- "Investment in affiliates" of $362.1 million was initially recognized representing our subordinated unit interests held in Golar Partners that during the subordination period will be accounted for under the equity method.
- "Cost method investments"of $191.2 million was initially recognized representing our 2% general partner interest and 100% of the IDRs held in Golar Partners.
- The net book value of "Vessels and equipment" was reduced by $707.1 million.
- The net book value of "Vessels under capital leases" was reduced by $485.6 million.
- Restricted cash was reduced by $221.4 million.
- Capital lease obligations were eliminated.
- Long-term debt was reduced by $704.5 million.
- Non-controlling interests were eliminated to the extent relevant to Golar Partners.

(2) Vessel operating expenses are the direct costs associated with running a vessel including crew wages, vessel supplies, routine repairs, maintenance, insurance, lubricating oils and management fees.

(3) Under a time charter, the charterer pays substantially all of the voyage expenses, which are primarily fuel and port charges. However, we may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time and voyage charter, during periods of commercial waiting time or while off-hire during a period of drydocking.

Charter-hire expenses refers to the expenses related to vessels chartered-in under operating leases, but these all expired in September 2010.

(4) Basic earnings per share are calculated based on the income available to common shareholders and the weighted average number of our common shares outstanding. Treasury shares are not included in this calculation. The calculation of diluted earnings per share assumes the conversion of potentially dilutive instruments.

(5) During 2010, our board of directors declared and paid to our common shareholders three special dividends (with an aggregate value of $0.73 per share) that each consisted of the distribution of one share of Golar Energy for every seven shares of Golar LNG Limited.

(6) Restricted cash and short-term investments consist of bank deposits, which may only be used to settle certain pre-arranged loans or lease payments or deposits made in accordance with our contractual obligations under our equity swap line facilities, bid or performance bonds for projects we may enter.

(7) In December 2014, we entered into an agreement to sell our LNG carrier, Golar Viking, to PT Perusahaan Pelayaran Equinox, or Equinox. This vessel was classified as held for sale in our consolidated balance sheet as at December 31, 2014. We completed the sale in February 2015.

(8) In December 2014, we entered into an agreement to sell our interests the companies that own and operate the FSRU, Golar Eskimo, to Golar Partners. As at December 31, 2014, we classified the assets and liabilities of the Golar Eskimo as held for sale. Accordingly, the Golar Eskimo was acquired by Golar Partners in January 2015.

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(9) Prior to the deconsolidation of Golar Partners in December 2012, we were party to lease financing arrangements in respect of eight of our vessels. In respect of six of these leases, we borrowed under term loans and deposited the proceeds into restricted cash accounts. Concurrently, we entered into capital leases for the vessels, and the vessels were recorded as assets in our balance sheet. These restricted cash deposits, plus the interest earned, equaled the approximate remaining amounts we owed under the capital lease arrangements. When interest rates increased and there was a surplus in the restricted cash account, that surplus was released to us as working capital. Similarly, when interest rates decreased and there was a deficit, those deficits were funded out of our working capital. In these instances, we considered payments under our capital leases to be funded through our restricted cash deposits, and our continuing obligation was the repayment of the related term loans. During 2010, the outstanding lease liability on five vessels was settled, when we repaid the respective lease financing obligations out of the related restricted cash deposits. Under U.S. GAAP, we recorded both the obligations under the capital leases and the term loans as liabilities, and both the restricted cash deposits and our vessels under capital leases as assets on our balance sheet. This accounting treatment had the effect of increasing both our assets and liabilities by the amount of restricted cash deposits relating to the corresponding capital lease obligations. Pursuant to the deconsolidation of Golar Partners in December 2012, the capital lease obligations and the related restricted cash with respect to our lease financing arrangements have been deconsolidated from our balance sheet.

10) Our non-controlling interest in 2014 refers to the 100% ownership interest of Hai Jiao 1401 Limited ("1401 Limited") on the Golar Glacier and 10% interest held by KSI Production Pte Ltd, or KSI, in the Hilli. We consider Hai Jiao 1401 Limited a variable interest entity.

Our non-controlling interests in 2013 and 2012 have been reduced to $nil pursuant to the deconsolidation of Golar Partners on December 13, 2012. Our non-controlling interests as at the deconsolidation date of Golar Partners referred to a 45.9% ownership interest held by private investors in Golar Partners following its initial public offering in April 2011.

In addition, as of December 31, 2010, our non-controlling interests included 39% in respect of Golar Energy, a formerly listed entity on the Oslo Axess. In mid 2011, we reacquired the non-controlling interest in Golar Enegy, thus increasing our ownership interest to 100% and delisted Golar Energy from the Oslo Axess in July 2011.

(11) As of December 31, 2014, we hold approximately 90% interest in the Hilli and a 100% ownership interest in our other vessels, other than the Golar Glacier. She is owned by 1401 Limited, which we consider a variable interest entity, or VIE. The significant increase in the number of vessels from 2013 to 2014 was due to the delivery of five LNG carriers and two FSRUs, but partially offset by the sale of the company which owns and operates the Golar Igloo to Golar Partners in March 2014. The increase in the number of vessels from 2012 to 2013 is a result of the delivery of two LNG carriers, offset by the sale of the interest in the company that owns and operates the Golar Maria to Golar Partners. The significant decrease in the number of vessels between 2011 and 2012 is principally a result of the deconsolidation of Golar Partners on December 13, 2012.

(12) The total operating days for our fleet is the total number of days in a given period that our vessels were in our possession less the total number of days off-hire. We define days off-hire as days lost to, among other things, operational deficiencies, drydocking for repairs, maintenance or inspection, equipment breakdowns, special surveys and vessel upgrades, delays due to accidents, crewing strikes, certain vessel detentions or similar problems, or our failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew, or periods of commercial waiting time during which we do not earn charter hire.

(13) Non-U.S. GAAP Financial Measure: Time charter equivalent, or TCE, rate is a measure of the average daily performance of a vessel. For time charters, this is calculated by dividing total operating revenues, less any voyage expenses, by the number of calendar days minus days for scheduled off-hire. Under a time charter, the charterer pays

substantially all of the vessel voyage related expenses. However, we may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time charter, during periods of commercial waiting time or while off-hire during drydocking. TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods. We include average daily TCE rate, a non-U.S. GAAP measure, as we believe it provides additional meaningful information in conjunction with total operating revenues, the most directly comparable U.S. GAAP measure, because it assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance. Our calculation of TCE rate may not be comparable to that reported by other companies. The following table reconciles our total operating revenues to average daily TCE rate.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(in thousands of U.S. $, except number of shares, per common share data, fleet and other financial data)				
Time and voyage charter revenues	95,399	90,558	409,593	299,848	244,045
Voyage expenses	(27,340)	(14,259)	(9,853)	(6,042)	(20,959)
	68,059	76,299	399,740	293,806	223,086
Calendar days less scheduled off-hire days	2,059	1,994	4,245	3,352	3,901
Average daily TCE rate (to the closest $100)	33,100	38,300	94,200	87,700	57,200

(14) We calculate average daily vessel operating costs by dividing vessel operating costs by the number of calendar days.

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

The following risks relate principally to our business or to the industry in which we operate. Other risks relate principally to the securities market and ownership of our common shares. Any of these risks, or any additional risks not presently known to us or risks that we currently deem immaterial, could significantly and adversely affect our business, our financial condition, our operating results and the trading price of our common shares.

Risks Related to our Company

We cannot guarantee that our FLNG contract negotiations will progress favorably or our expansion into the FLNG market will be profitable.

We continue to negotiate an employment contract for the Hilli. While on-going negotiations are positive, we cannot guarantee that we will be able to secure her employment. We continue to market our other FLNG (floating liquefaction) units to several prospective customers. Our aim is to find strong strategic partners that have an interest in utilizing one or several vessels to produce LNG from a specific defined gas reserve. It is uncertain however that a final strategic partnership can be concluded within the same time frame. This mismatch significantly increases the risks of our FLNG conversion projects but also gives us more flexibility in optimizing our projects' returns. Our inability to reach agreement on terms that are favorable to us may have an adverse effect on our financial condition.

Completion of the conversion of the Hilli and Gimi will be dependent on our obtaining additional financing.

As of December 31, 2014, we have approximately $2.0 billion in aggregate additional payments for the completion of the Hilli and Gimi conversions over the next 2 years. While we believe we will be able to arrange financing as necessary for the remaining payments due for the Hilli and the Gimi conversions, to the extent we do not timely obtain necessary financing, the completion of the conversions could be delayed or we could suffer financial loss, including the loss of all or a portion of the payments we had made to Keppel Shipyard Limited, or Keppel, and any deficiency if

the shipyard is not able to recover its costs from the sale of the vessels.

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If there are substantial delays or cost overruns in completing any of our GoFLNG conversions or if the converted GoFLNG units do not meet certain performance requirements our earnings and financial condition could suffer.

The Hilli will be the world's first LNG carrier to have been retrofitted for FLNG service. Due to the new and highly technical process, each of our GoFLNG conversion projects is subject to risks that could negatively affect our earnings and financial condition, including risk of delays or cost overruns. For example, the highly technical work is only capable of being performed by a limited number of contractors. Accordingly, a change of contractors for any reason would likely result in higher costs and a significant

delay to our delivery schedules. In addition, given the novelty of our GoFLNG conversion projects, the completion of retrofitting our vessels as GoFLNG units is generally subject to risks of significant cost overruns. As well, if the shipyard is unable to deliver any converted GoFLNG unit on time, we might be unable to perform related charters. Any substantial delay in the conversion of any of our vessels into GoFLNG units could mean we will not be able to satisfy potential employment. To date, there are no delays on the progress of the Hilli conversion.

Furthermore, if any of our GoFLNG units, once converted, is not able to meet certain performance requirements or perform as intended, we may have to accept reduced charter rates. Alternatively, it may not be possible to charter the converted GoFLNG unit at all, which would have a significant negative impact on our cash flows and earnings.

Our loan agreements are secured by our vessels and contain operating and financial restrictions and other covenants that may restrict our business, financing activities and ability to make cash distributions to our shareholders.

Our obligations under our financing arrangements are secured by certain of our vessels and guaranteed by our subsidiaries holding the interests in our vessels. Our loan agreements impose, and future financial obligations may impose, operating and financial restrictions on us. These restrictions may require the consent of our lenders, or may prevent or otherwise limit our ability to, among other things:

- merge into, or consolidate with, any other entity or sell, or otherwise dispose of, all or substantially all of our assets;
- make or pay equity distributions;
- incur additional indebtedness;
- incur or make any capital expenditures;
- materially amend, or terminate, any of our current charter contracts or management agreements; or
- charter our vessels.

Our loan agreements also require us to maintain specific financial levels and ratios, including minimum amounts of available cash, minimum ratios of current assets to current liabilities (excluding current long-term debt), minimum levels of stockholders' equity and maximum loan to value clauses. If we were to fail to maintain these levels and ratios without obtaining a waiver of covenant compliance or modification to our covenants, we would be in default of our loans agreements, which, unless waived by our lenders, could provide our lenders with the right to, require us to increase the minimum value held by us under our equity and liquidity covenants, increase our interest payments, pay down our indebtedness to a level where we are in compliance with our loan covenants, sell vessels in our fleet, reclassify our indebtedness as current liabilities and could allow our lenders to accelerate our indebtedness and foreclose their liens on our vessels, which could result in the loss of our vessels. If our indebtedness is accelerated, we may not be able to refinance our debt or obtain additional financing, which would impair our ability to continue to conduct our business.

Because of the presence of cross-default provisions in most of our and Golar Partners' loan and lease agreements that cover both us and Golar Partners, the refusal of any one lender or lessor to grant or extend a waiver could result in the acceleration of our indebtedness under our other loan and lease agreements even if our or Golar Partners' other lenders or lessors have waived covenant defaults under the respective agreements. A cross-default provision means that if we or Golar Partners default on one loan or lease we would then default on our other loans.

Moreover, in connection with any waivers and/or amendments to our loan agreements, our lenders may impose additional operating and financial restrictions on us and/or modify the terms of our existing loan agreements. These restrictions may limit our ability to, among other things, pay dividends, make capital expenditures and/or incur additional indebtedness, including through the issuance of guarantees. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness.

Servicing our debt agreements substantially limits our funds available for other purposes.

A large portion of our cash flow from operations is used to repay the principal and interest on our debt agreements. As of December 31, 2014, our net indebtedness (including loan debt, net of restricted cash and short-term deposits and

net of cash and cash equivalents) was $1,115 million and our ratio of net indebtedness to total capital (comprising net indebtedness plus shareholders' equity) was 0.33.

Our consolidated debt could increase substantially. We will continue to have the ability to incur additional debt. Our level of debt could have important consequences to us, including:

- Our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- We will need a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to stockholders;
- We may be more vulnerable than our competitors with less debt to competitive pressures or a downturn in our industry or the economy generally; and
- Our flexibility in obtaining additional financing, pursuing other business opportunities and responding to changing business and economic conditions may be limited.

We have a substantial equity investment in our former subsidiary, Golar Partners, that from December 13, 2012, is no longer consolidated with our financial results, and our investment is subject to the risks related to Golar Partners' respective business.

As of December 31, 2014, we had an ownership interest of 41.4% (including our 2% general partner interest) in Golar Partners, in addition to 100% of the IDRs of Golar Partners. The aggregate carrying value of our investments in Golar Partners as of December 31, 2014 was $801.0 million, which represents our total interests in the common, subordinated and general partner units and the IDRs. We account for our interests in the subordinated units under the equity method, the common units as available-for-sale securities and the general partner units and IDRs as cost-method investments. Please see Note 6 "Deconsolidation of Golar Partners" to our Consolidated Financial Statements included here in for further detail. In January 2015, we completed our secondary offering of 7,170,000 common units, representing limited partner interests in Golar Partners, reducing our ownership interest in Golar Partners to 30%.
In addition to the value of our investment, we receive cash distributions from Golar Partners, which amounted to $61.3 million for the year ended December 31, 2014. Furthermore, we receive management fee income from the provision of services to Golar Partners under each of the management and administrative services agreement and the fleet management agreements, which amounted to $10.7 million for the year ended December 31, 2014.

Accordingly, the value of our investment and the income generated from our investment in Golar Partners is subject to a variety of risks, including the risks related to its business as disclosed in its respective public filings with the SEC. The occurrence of any such risks may negatively affect our financial condition. As of April 24, 2015, Golar Partners had a fleet of ten vessels, that we manage under the management agreements referred to above, that operate under medium to long-term charters with a concentrated number of charterers which include BG Group, Petrobras, Pertamina, Dubai Supply Authority ("DUSUP"), PT Nusantara Regas, or PTNR, Eni S.p.A, The Government of Hashemite Kingdom of Jordan and Kuwait National Petroleum Company, or KNPC. Accordingly, a significant risk to Golar Partners is the loss of any of these customers, charters or vessels, or under certain operational circumstances, a decline in payments under any of the charters, which could have a material adverse effect on its business and its ability to make cash distributions to its unitholders if the vessel was not re-chartered to another customer for an extended period of time.

The common units of Golar Partners are listed on the Nasdaq Global market and due to their preferential distribution and liquidation rights during the subordination period are accounted for as available-for-sale securities. As of December 31, 2014, the fair value of our investment in the common units of Golar Partners was $275.3 million, but the value of this investment was reduced following the secondary offering in January 2015 discussed above. If the price of the common units of Golar Partners declines due to other than temporary reasons, we would be required to recognize future impairment charges which may have a material adverse effect on our results of operations for the period that the impairment charges are recognized.

Our growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.

One of our principal objectives is to enter into additional medium or long-term, fixed-rate time charters for our LNG carriers and FSRUs. The process of obtaining new long-term time charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. LNG carrier or FSRU time charters are awarded based upon a variety of factors relating to the vessel operator, including but not limited to:

- LNG shipping and FSRU experience and quality of ship operations;
- shipping industry relationships and reputation for customer service and safety;
- technical ability and reputation for operation of highly specialized vessels, including FSRUs;
- quality and experience of seafaring crew;
- the ability to finance FSRUs and LNG carriers at competitive rates, and financial stability generally;

- construction management experience, including, (i) relationships with shipyards and the ability to get suitable berths; and (ii) the ability to obtain on-time delivery of new FSRUs and LNG carriers according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

We expect substantial competition for providing floating storage and regasification services and marine transportation services for potential LNG projects from a number of experienced companies, including state-sponsored entities and major energy companies. Many of these competitors have significantly greater financial resources and larger and more versatile fleets than we do. We anticipate that an increasing number of marine transportation companies, including many with strong reputations and extensive resources and experience, will enter the FSRU market and LNG transportation market. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers on a profitable basis, if at all, which could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions.

Our growth also depends on continued growth in demand for LNG, FSRUs and LNG carriers.

Our growth strategy focuses on expansion in the floating storage and regasification sector and the LNG shipping sector. While global LNG demand has continued to rise, the rate of its growth has fluctuated for several reasons, including the global economic crisis and continued economic uncertainty, fluctuations in price of natural gas and other sources of energy, the continued increase in natural gas production from unconventional sources, including hydraulic fracturing, in regions such as North America and the highly complex and capital intensive nature of new and expended LNG projects, including liquefaction projects. Accordingly, our growth depends on continued growth in world and regional demand for LNG, FSRUs and LNG carriers, which could be negatively affected by a number of factors, including but not limited to:

- price and availability of crude oil and petroleum products;
- increases in interest rates and other events that may affect the availability of sufficient financing for LNG projects on commercially reasonable terms;
- increases in the cost of natural gas derived from LNG relative to the cost of natural gas;
- decreases in the cost of, or increases in the demand for, conventional land-based regasification systems, which could occur if providers or users of regasification services seek greater economies of scale than FSRUs can provide, or if the economic, regulatory or political challenges associated with land-based activities improve;
- further development of, or decreases in the cost of, alternative technologies for vessel-based LNG regasification;
- increases in the production of natural gas in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-natural gas pipelines to natural gas pipelines in those markets;
- negative global or regional economic or political conditions, particularly in LNG-consuming regions, which could reduce energy consumption or its growth;
- decreases in the consumption of natural gas due to increases in its price relative to other energy sources or other factors making consumption of natural gas less attractive;
- any significant explosion, spill or other incident involving an LNG facility or carrier;
- infrastructure constraints such as delays in the construction of liquefaction facilities, the inability of project owners or operators to obtain governmental approvals to construct or operate LNG facilities, as well as community or political action group resistance to new LNG infrastructure due to concerns about the environment, safety and terrorism;
- labor or political unrest or military conflicts affecting existing or proposed areas of LNG production or regasification;
-

decreases in the price of LNG, which might decrease the expected returns relating to investments in LNG projects; and

- availability of new, alternative energy sources, including compressed natural gas.

Reduced demand for LNG or LNG shipping, or any reduction or limitation in LNG production capacity, could have a material adverse effect on our ability to secure future time charters upon expiration or early termination of our current charter arrangements. Reduced demand for LNG, FSRUs or LNG carriers would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition and ability to make cash distributions to our unitholders.

In addition, in late 2014 and early 2015, global crude oil prices fell significantly. A continued decline in oil prices could negatively affect growth in LNG production . The significant fall in oil prices over the past six months and the milder than expected Far Eastern winter have led to substantial declines in the price of LNG and a lack of pricing differential between the Eastern and Western hemispheres. Some production companies have announced delays or cancellations of certain previously announced (but

early stage) LNG projects, which, unless offset by new projects coming on stream, could adversely affect demand for LNG carriers beyond 2020. If this were to happen and assuming Golar had not successfully chartered its current fleet on long term contracts between now and 2020, a potential sustained decline in the delivery of new LNG volumes, chartering activity and consequently charter rates could also adversely affect the market value of our ships, on which certain of the ratios and financial covenants we are required to comply with are based.

Demand for LNG shipping could be significantly affected by volatile natural gas prices and the overall demand for natural gas.

Natural gas prices are volatile and are affected by numerous factors beyond our control, including but not limited to the following:

- price and availability of crude oil and petroleum products;
- worldwide demand for natural gas;
- the cost of exploration, development, production, transportation and distribution of natural gas;
- expectations regarding future energy prices for both natural gas and other sources of energy;
- the level of worldwide LNG production and exports;
- government laws and regulations, including but not limited to environmental protection laws and regulations;
- local and international political, economic and weather conditions;
- political and military conflicts; or
- the availability and cost of alternative energy sources, including alternate sources of natural gas in gas importing and consuming countries.

Fluctuations in overall LNG demand growth could adversely affect our ability to secure future time charters.

The LNG trade increased by 2% from 2013 to 2014. This growth was less than expected as a new project in Angola failed to sustain full operations. Continued economic uncertainty, the current low oil price environment and the continued acceleration of unconventional natural gas production have contributed to the delay or cancellation of certain other projects, which, unless offset by new projects coming on stream, could adversely affect demand for LNG charters over the next few years, while the amount of tonnage available for charter is expected to increase. These factors could have an adverse effect on our ability to secure future term charters at acceptable rates.

We operate our vessels in the spot/short-term charter market for LNG vessels. Failure to find profitable employment for these vessels, or our newbuildings upon their delivery, could adversely affect our operations.

We currently have nine vessels operating in the spot/short-term charter market, the market for chartering an LNG carrier for a single voyage, or for a short time period of up to two years. We entered into newbuilding contracts for the construction of ten LNG carriers and three FSRUs, twelve of which (ten LNG carriers and two FSRUs), have been delivered to date. The remaining FSRU is expected to be delivered in December 2015. We may also employ certain of our vessels through medium to long-term time charters.

Spot/short-term charters expose us to the volatility in spot charter rates, which can be significant. In contrast, medium to long-term time charters generally provide reliable revenues, but they also limit the portion of our fleet available to the spot/short-term market during an upswing in the LNG industry cycle, when spot/short-term market voyages might be more profitable. The charter rates payable under time charters or in the spot market may be uncertain and volatile and will depend upon, among other things, economic conditions in the LNG market. The supply and demand balance for LNG carriers and FSRUs is also uncertain.

We also cannot assure you that we will be able to successfully employ our existing vessels in the future or our newbuildings upon their delivery at rates sufficient to allow us to operate our business profitably or meet our obligations. If we are unable to find profitable employment or re-deploy an LNG carrier or FSRU, we will not receive any revenues from that vessel, but we may be required to pay expenses necessary to maintain that vessel in proper operating condition. A decline in charter or spot rates or a failure to successfully charter our vessels could have a material adverse effect on our results of operations and our ability to meet our financing obligations.

If there is a delay or default by the shipyard or if the shipyard does not meet certain performance requirements, our earnings and financial condition could suffer.

In 2011, we entered into contracts for the construction of thirteen newbuildings, including ten LNG carriers and three FSRUs for an aggregate purchase price of approximately $2.8 billion. As of April 24, 2015, twelve vessels (ten LNG carriers and two FSRUs) have been delivered (two of which have been sold to Golar Partners) and we have paid to the shipyards a total of approximately $2.6 billion of the aggregate purchase price since the commencement of the contracts. The remaining FSRU is due for delivery in December 2015.

Our remaining newbuild, is contracted with Samsung Heavy Industries Co. Ltd., or Samsung. In the event the shipyard does not perform under the contract discussed above and we are unable to enforce certain refund guarantees with third party banks for any reason, we may lose all or part of our investment, which would have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, the project is subject to the risk of delay or default by the shipyard caused by, among other things, unforeseen quality or engineering problems, work stoppages or other labor disturbances at the shipyard, bankruptcy of or other financial crisis involving the shipyard, weather interference, unanticipated cost increases, delays in receipt of necessary equipment, political, social or economic disturbances, inability to finance the construction of the vessel, and inability to obtain the requisite permits or approvals. In accordance with industry practice, in the event the shipyard is unable or unwilling to deliver the vessel, we may not have substantial remedies. Failure to construct or deliver the ship by the shipyard or any significant delays could increase our expenses and diminish our net income and cash flows.

A shortage of qualified officers and crew could have an adverse effect on our business and financial condition.

LNG carriers and FSRUs require a technically skilled officer staff with specialized training. Increases in our historical vessel operating expenses have been attributable primarily to the rising costs of recruiting and retaining officers for our fleet. The pool of technically competent crew members has not grown very much during the past few years as the demand for crew members was hampered by the lack of newbuild orders during the period between 2008 to 2010. However, more recently the number of orders for newbuild LNG carriers and FSRUs has grown and as deliveries of these new vessels start to materialize, the demand for technically skilled officers and crew has been increasing, which has led to a shortfall of such personnel. If we or our third-party ship managers are unable to employ technically skilled staff and crew, we will not be able to adequately staff our vessels particularly as we take delivery of our newbuildings. A material decrease in the supply of technically skilled officers or an inability of our third-party managers to attract and retain such qualified officers could impair our ability to operate, or increase the cost of crewing our vessels, which would materially adversely affect our business, financial condition and results of operations and significantly reduce our ability to make distributions to shareholders.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

We have entered into, and may enter in the future, contracts, charter contracts, newbuilding contracts, conversion contracts with shipyards, credit facilities with banks, interest rate swaps, foreign currency swaps and equity swaps. Such agreements subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The current and future state of the global financial markets and current economic conditions may adversely impact our ability to obtain new financing or to refinance our existing debt portfolio on terms acceptable to us or could cause us to recognize losses, which would negatively impact our business.

Global financial markets and economic conditions have been, and continue to be, volatile. Recently, operating businesses in the global economy have faced tightening credit, weakening demand for goods and services, deteriorating international liquidity conditions, and declining markets. There has been a general decline in the willingness by banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, we cannot be certain that financing will be available if needed and to the extent required, on acceptable terms. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

If the global economic environment declines, we may be negatively affected in the following ways:

- we may not be able to employ our vessels at charter rates as favorable to us as historical rates or at all or operate our vessels profitably; and
- the market value of our vessels could decrease, which may cause us to recognize losses if any of our vessels are sold or if their values are impaired.

The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Due to the lack of diversification in our lines of business, adverse developments in the LNG industry would negatively impact our results of operations, financial condition and ability to pay dividends.

Currently, we rely primarily on the revenues generated from our LNG carriers and FSRUs and cash distributions from Golar Partners. Due to the lack of diversification in our lines of business, an adverse development in our LNG carrier and FSRU business, in the LNG industry, or in the offshore energy infrastructure industry, generally, would have a significant impact on our business, financial condition, results of operations and ability to pay dividends to our shareholders.

An increase in costs could materially and adversely affect our financial performance.

Our vessel operating expenses and drydock capital expenditures depend on a variety of factors, including crew costs, provisions, deck and engine stores and spares, lubricating oil, insurance, maintenance and repairs and shipyard costs, many of which are beyond our control and affect the entire shipping industry. Also, while we do not bear the cost of fuel (bunkers) under our time and voyage charters, fuel is a significant, if not the largest, expense in our operations when our vessels are operating under voyage charters, are idle during periods of commercial waiting time or when positioning or repositioning before or after a time charter. If costs continue to rise, they could materially and adversely affect our results of operations.

We may be unable to attract and retain key management personnel in the LNG industry, which may negatively impact the effectiveness of our management and our results of operation.

Significant demands are placed on our management as a result of our growth. As we expand our operations, we must manage and monitor our operations, control costs and maintain quality and control. In addition, the provision of management services to our publicly traded affiliate, Golar Partners and the supervision of the construction of our newbuilding vessels has increased the complexity of our business and placed additional demands on our management. Our success depends, to a significant extent, upon the abilities and the efforts of our senior executives. While we believe that we have an experienced management team, the loss or unavailability of one or more of our senior executives for any extended period of time could have an adverse effect on our business and results of operations.

We expect to be exposed to volatility in the London Interbank Offered Rate, or LIBOR, and the derivative contracts we have entered into to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and charges against our income.

As of December 31, 2014, we had total outstanding long-term debt of $1.4 billion, of which $1.3 billion was exposed to a floating interest rate. based on LIBOR, which has been stable recently but was volatile in prior years and which could affect the amount of interest payable on our debt. In order to manage our exposure to interest rate fluctuations, we use interest rate swaps to effectively fix a part of our floating rate debt obligations. As of December 31, 2014, we have interest rate swaps with a notional amount of $1.5 billion representing approximately 107% of our total debt. While we are currently over-hedged, this will normalize as we drawdown on our facilities as we take delivery of our newbuildings. Our hedging strategies, however, may not be effective and we may incur substantial losses if interest rates move materially differently from our expectations.

Our financial condition could be materially adversely affected to the extent we do not hedge our exposure to interest rate fluctuations under our financing arrangements, under which loans have been advanced at a floating rate and for which we have not entered into an interest rate swap or other hedging arrangement. Any hedging activities we engage in may not effectively manage our interest rate exposure or have the desired impact on our financial conditions or results of operations. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk."

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Our current fleet has a weighted average age of approximately 17.3 years. Due to improvements in engine technology, older vessels are typically less fuel-efficient and more costly to maintain than more recently constructed vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, including environmental regulations, safety regulations, or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels to comply with safety or environmental laws or regulations that may be enacted in the future. These laws or regulations may also restrict the type of activities in which our vessels may engage or prohibit their operation in certain geographic regions. We cannot predict what alterations or modifications our vessels may be required to undergo as a result of requirements that may be promulgated in the future. As our vessels age, market conditions might not justify any required expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

We may not be able to obtain financing to fund our growth or our future capital expenditures, which could negatively impact our results of operations, financial condition and ability to pay dividends.

In order to fund future FLNGV and FSRU retrofitting projects, liquefaction projects, newbuilding programs, vessel acquisitions, increased working capital levels or other capital expenditures, we may be required to use cash from operations, incur additional borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations may reduce the amount of cash available for dividend distributions. Our ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by our financial condition at the time of such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain funds for future capital expenditures could impact our results of operations, financial condition and our ability to pay dividends. Furthermore, our ability to access capital, overall economic conditions and our ability to secure charters could limit our ability to fund our growth and capital expenditures. The issuance of additional equity securities would dilute your interest in us and reduce dividends payable to you. Even if we are successful in obtaining bank financing, paying debt service would limit cash available for working capital and increasing our indebtedness could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We are exposed to U.S. Dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations.

Our principal currency for our operations and financing is the U.S. dollar. We generate the majority of our revenues in the U.S. dollar. Apart from U.S. dollar, we incur a portion of capital, operating and administrative expenses in multiple currencies.

Due to a portion of our expenses are incurred in currencies other than the U.S. Dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. Dollar

and the Euro, the British pound, and the Norwegian Kroner, which could affect the amount of net income that we report in future periods. We use financial derivatives to hedge some of our currency exposure. Our use of financial derivatives involves certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties and other litigation that arises in the ordinary course of our business. Although

we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent, which may have a material adverse effect on our financial condition. Please read "Item 8 Financial Information-Legal Proceedings and Claims."

We may have to pay tax on United States source income, which would reduce our earnings.

Under the United States Internal Revenue Code of 1986, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations recently promulgated thereunder.

We expect that we and each of our subsidiaries will qualify for this statutory tax exemption and we will take this position for U.S. federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to U.S. federal income tax on our U.S. source income. Therefore, we can give no assurances on our tax-exempt status or that of any of our subsidiaries.

If we or our subsidiaries are not entitled to exemption under Section 883 of the Code for any taxable year, we or our subsidiaries could be subject for those years to an effective 4% U.S. federal income tax on the gross shipping income we or our subsidiaries derive during the year that are attributable to the transport of cargoes to or from the United States. The imposition of this tax would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

United States tax authorities could treat us as a "passive foreign investment company", which could have adverse United States federal income tax consequences to U.S. shareholders.

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income during the taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of the corporation's assets during such taxable year produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and expected future method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute "passive income," and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our method of operation. We believe there is substantial legal authority supporting our position consisting of case law and United States Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage

charters as services income for other tax purposes. However, we note that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders will face adverse U.S. tax consequences and certain information reporting requirements. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common shares. Please see the section of this annual report entitled "Taxation" under "Item 10. Additional Information-E. Taxation" for a more comprehensive discussion of the U.S. federal income tax consequences if we were to be treated as a PFIC.

Failure to comply with the U.S. Foreign Corrupt Practices Act and other anti-bribery legislation in other jurisdictions could result in fines, criminal penalties, contract terminations and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act of 1977 (or the FCPA). We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws, including the FCPA. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Risks Related to Our Industry

The operation of LNG carriers and FSRUs is inherently risky, and an incident resulting in significant loss or environmental consequences involving any of our vessels could harm our reputation and business.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as:

- marine disasters;
- piracy;
- environmental accidents;
- bad weather;
- mechanical failures;
- grounding, fire, explosions and collisions;
- human error; and
- war and terrorism.

An accident involving any of our vessels could result in any of the following:

- death or injury to persons, loss of property or environmental damage;
- delays in the delivery of cargo;
- loss of revenues from or termination of charter contracts;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these circumstances or events could increase our costs or lower our revenues. Additionally, the involvement of our vessels in an oil spill or other environmental disaster may harm our reputation as a safe and reliable LNG carrier operator.

If our vessels suffer damage, they may need to be repaired. The costs of vessel repairs are unpredictable and can be substantial. We may have to pay repair costs that our insurance policies do not cover. The loss of earnings while these vessels are being repaired, as well as the actual cost of these repairs, would decrease our results of operations. If one of our vessels were involved in an accident with the potential risk of environmental contamination, the resulting media coverage could have a material adverse effect on our business, our results of operations and cash flows, weaken our financial condition and negatively affect our ability to pay dividends. Further, the total loss of any of our vessels could harm our reputation as a safe and reliable LNG Carrier and FSRU owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs or loss which could negatively impact our business, financial condition, results of operations, cash flows and ability to pay dividends.

Growth of the LNG market may be limited by many factors, including infrastructure constraints and community and political group resistance to new LNG infrastructure over concerns about environmental, safety and terrorism.

A complete LNG project includes production, liquefaction, regasification, storage and distribution facilities and LNG carriers. Existing LNG projects and infrastructure are limited, and new or expanded LNG projects are highly complex and capital intensive, with new projects often costing several billion dollars. Many factors could negatively affect continued development of LNG infrastructure and related alternatives, including floating storage and regasification, or disrupt the supply of LNG, including:

- increases in interest rates or other events that may affect the availability of sufficient financing for LNG projects on commercially reasonable terms;
- decreases in the price of LNG, which might decrease the expected returns relating to investments in LNG projects;
- the inability of project owners or operators to obtain governmental approvals to construct or operate LNG facilities;
- local community resistance to proposed or existing LNG facilities based on safety, environmental or security concerns;
- any significant explosion, spill or similar incident involving an LNG facility, FSRU or LNG carrier; and
- labor or political unrest affecting existing or proposed areas of LNG production and regasification.

We expect that, as a result of the factors discussed above, some of the proposals to expand existing or develop new LNG liquefaction and regasification facilities may be abandoned or significantly delayed. If the LNG supply chain is disrupted or does not continue to grow, or if a significant LNG explosion, spill or similar incident occurs, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

Terrorist attacks, piracy, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.

LNG facilities, shipyards, vessels (including FSRUs and conventional LNG carriers), pipelines and gas fields could be targets of future terrorist attacks or piracy. Terrorist attacks, war or other events beyond our control that adversely affect the production, storage, transportation or regasification of LNG to be shipped or processed by us could entitle our customers to terminate our charters, which would harm our cash flow and our business. Concern that LNG facilities may be targeted for attack by terrorists has contributed to significant community and environmental resistance to the construction of a number of LNG facilities, primarily in North America. If a terrorist incident involving an LNG facility, FSRU or LNG carrier did occur, the incident may adversely affect construction of additional LNG facilities or FSRUs or the temporary or permanent closing of various LNG facilities or FSRUs currently in operation.

In addition, continuing conflicts and recent developments in Europe, with respect to the Ukraine and Russia, in the Middle East, including Israel, Iraq, Syria, and Egypt, and in North Africa, including Libya, and the presence of the United States and other armed forces in Afghanistan may lead to additional acts of terrorism and armed conflict around the world, which may contribute to economic instability and uncertainty in global financial markets. As a result of the above, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political instability has also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions throughout the world. Any of these occurrences, or the perception that our vessels are potential terrorist targets, could have a material adverse effect on our business, financial condition, results of operations, cash flows, and ability to pay dividends.

Acts of piracy on ocean-going vessels could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as South China Sea, Arabian Sea, Red Sea, the Gulf of Aden off the coast of Somalia, the Indian Ocean and the Gulf of Guinea. Sea piracy incidents continue to occur, particularly in the Gulf of Aden, the Indian Ocean, and increasingly in the Gulf of Guinea, with tanker vessels particularly vulnerable to such attacks. If piracy attacks result in regions in which our vessels are deployed being characterized as "war risk" zones by insurers or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew and security equipment costs, including costs which may be incurred to employ onboard security armed guards, to comply with Best Management Practices for Protection against Somalia Based Piracy, or BMP4, or any updated version, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention or hijacking as a result of an act of piracy against our vessels, increased costs associated with seeking to avoid such events (including increased bunker costs resulting from vessels being rerouted or travelling at increased speeds as recommended by BMP4), or

unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and cash flows, and ability to pay dividends, and may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

An over-supply of vessel capacity may lead to a reduction in charter hire rates and profitability.

The supply of vessels generally increases with deliveries of new vessels and decreases with the scrapping of older vessels, conversion of vessels to other uses, and loss of tonnage as a result of casualties. Currently, there is significant newbuilding activity with respect to virtually all sizes and classes of vessels. While we currently believe that there is demand for additional tonnage in the near-term, an over-supply of vessel capacity combined with a decline in the demand for such vessels, may result in a reduction of charter hire rates. If such a reduction continues in the future, upon the expiration or termination of our vessels' current charters, we may only be able to re-charter our vessels or our newbuilds upon delivery at reduced or unprofitable rates or we may not be able to charter our vessels at all, which would have a material adverse effect on our revenues and profitability.

Hire rates for FSRUs and LNG carriers may fluctuate substantially.

Hire rates for LNG and to a lesser extent FSRU carriers may fluctuate over time as a result of changes in the supply-demand balance relating to current and future FSRU and LNG carrier capacity. This supply-demand relationship largely depends on a number of factors outside our control. The LNG market is closely connected to world natural gas prices and energy markets, which we cannot predict. A substantial or extended decline in natural gas prices could adversely affect our ability to recharter our vessels at acceptable rates or acquire and profitably operate new FSRUs or LNG carriers. Our ability from time to time to charter or re-charter any vessel at attractive rates will depend on, among other things, the prevailing economic conditions in the LNG industry. Hire rates for FSRUs and LNG carriers correlate to the price of newbuilding FSRUs and LNG carriers. If rates are lower when we are seeking a new charter, our earnings and ability to make distributions to our shareholders will suffer.

Vessel values may fluctuate substantially and, if these values are lower at a time when we are attempting to dispose of vessels, we may incur a loss and, if these values are higher when we are attempting to acquire vessels, we may not be able to acquire vessels at attractive prices.

Vessel values for LNG carriers can fluctuate substantially over time due to a number of different factors, including:

- prevailing economic and market conditions in the natural gas and energy markets;
- a substantial or extended decline in demand for LNG;
- increases in the supply of vessel capacity;
- the type, size and age of a vessel; and
- the cost of newbuildings or retrofitting or modifying existing vessels, as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, customer requirements or otherwise.

As our vessels age, the expenses associated with maintaining and operating them are expected to increase, which could have an adverse effect on our business and operations if we do not maintain sufficient cash reserves for maintenance and replacement capital expenditures. Moreover, the cost of a replacement vessel would be significant.

During the period a vessel is subject to a charter, we will not be permitted to sell it to take advantage of increases in vessel values without the charterers' agreement. If a charter terminates, we may be unable to re-deploy the affected vessels at attractive rates and, rather than continue to incur costs to maintain and finance them, we may seek to dispose of them. When vessel values are low, we may not be able to dispose of vessels at a reasonable price when we

wish to sell vessels, and conversely, when vessel values are elevated, we may not be able to acquire additional vessels at attractive prices when we wish to acquire additional vessels, which could adversely affect our business, results of operations, cash flow, financial condition and ability to make distributions to shareholders. Please refer to “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Critical Accounting Policies and Estimates-Vessel Market Values" for further information.

The LNG transportation industry is competitive and we may not be able to compete successfully, which would adversely affect our earnings.

The LNG transportation industry in which we operate is competitive, especially with respect to the negotiation of long-term charters. Competition arises primarily from other LNG carrier owners, some of whom have substantially greater resources than we do. Furthermore, new competitors with greater resources could enter the market for LNG carriers and FSRUs and operate larger fleets through consolidations, acquisitions or the purchase of new vessels, and may be able to offer lower charter rates and more modern fleets. If we are not able to compete successfully, our earnings could be adversely affected. Competition may also prevent us from achieving our goal of profitably expanding into other areas of the LNG industry.

Our vessels may call on ports located in countries that are subject to restrictions imposed by the U.S. or other governments, which could adversely affect our business.

Although no vessels operated by us have called on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and countries identified by the U.S. government as state sponsors of terrorism, such as Cuba, Iran, Sudan and Syria, in the future our vessels may call on ports in these countries from time to time on our charterers' instructions. None of our vessels made any port calls to Iran in 2013. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to companies such as ours and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, in 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in U.S. dollars. Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran's petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years.

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the “Joint Plan of Action,” or JPOA. Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the U.S. and EU would voluntarily suspend certain sanctions for a period of six months.

On January 20, 2014, the U.S. and EU indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures include, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries from January 20, 2014 until July 20, 2014. Although it is our intention to comply with the provisions of the JPOA, there can be no assurance that we will be in compliance in the future as such regulations and U.S. Sanctions may be amended over time, and the U.S. retains the

authority to revoke the aforementioned relief if Iran fails to meet its commitments under the JPOA.

As a result of the crisis in Ukraine and the annexation of Crimea by Russia earlier in 2014, both the U.S. and EU have implemented sanctions against certain persons and entities. In addition, various restrictions on trade have been implemented which, amongst others, include a prohibition on the import into the EU of goods originating in Crimea or Sevastopol as well as restrictions on trade in certain dual-use and military items and restrictions in relation to various items of technology associated with the oil industry for use in deep water exploration and production, Arctic oil exploration and production, or shale oil projects in Russia.

The U.S. has imposed sanctions against certain designated Russian entities and individuals or U.S. Russian Sanctions Targets. These sanctions block the property and all interests in property of the U.S. Russian Sanctions Targets. This effectively prohibits U.S. persons from engaging in any economic or commercial transactions with the U.S. Russian Sanctions Targets unless the same are authorized by the U.S. Treasury Department. While the prohibitions of these sanctions are not directly applicable to

us, we have compliance measures in place to guard against transactions with U.S. Russian Sanctions Targets which may involve the United States or U.S. persons and thus implicate prohibitions.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common stock may adversely affect the price at which our common stock trades. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Our insurance coverage may be insufficient to cover losses that may occur to our property or result from our operations or our insurance costs may increase significantly.

The operation of LNG carriers and FSRUs is inherently risky. Although we carry protection and indemnity insurance, all risks may not be adequately insured against, and any particular claim may not be paid. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. Certain of our insurance coverage is maintained through mutual protection and indemnity associations and, as a member of such associations, we may be required to make additional payments over and above budgeted premiums if member claims exceed association reserves.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Any uninsured or underinsured loss could harm our business and financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our vessels failing to maintain certification with applicable maritime self-regulatory organizations.

Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, upon renewal or expiration of our current policies, the insurance that may be available to us may be significantly more expensive than our existing coverage.

We may be subject to increased premium payments, or calls, if the value of our claim records, the claim records of our fleet managers, and/or the claim records of other members of the protection and indemnity associations through which we receive insurance coverage for tort liability (including pollution-related liability) significantly exceed projected claims. In addition, our protection and indemnity associations may not have enough resources to cover claims made against them. Our payment of these calls could result in significant expense to us, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Our vessels operating in international waters, now or in the future, will be subject to various federal, state and local laws and regulations relating to protection of the environment.

Our vessels traveling in international waters are subject to various existing regulations published by the United Nation's International Maritime Organization, or the IMO, such as marine pollution and prevention requirements imposed by the IMO International Convention for the Prevention of Pollution from Ships, or MARPOL Convention. In addition, our LNG vessels may become subject to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, or HNS, adopted in 1996 and subsequently amended by the April 2010 Protocol. The HNS Convention introduces strict liability for the shipowner and covers pollution damage as well as the risks of fire and explosion, including loss of life or personal injury and damage to property. HNS includes, among other things, liquefied natural

gas. However, the HNS Convention lacked the ratifications required to come into force. In April 2010, a consensus at the Diplomatic Conference convened by the IMO adopted the 2010 Protocol. Under the 2010 Protocol, if damage is caused by bulk HNS, compensation would first be sought from the shipowner. The 2010 Protocol has not yet entered into effect. It will enter into force eighteen months after the date on which certain consent and administrative requirements are satisfied. While a majority of the necessary number of states has indicated their consent to be bound by the 2010 Protocol, the required minimum has not been met.

In addition, national laws generally provide for a LNG carrier or offshore LNG facility owner or operator to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. However, some jurisdictions are not a party to an international regime limiting maritime pollution liability, and, therefore, a vessel owner's or operator's rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Please see “Item 4. Information on the Company-B. Business Overview-Environmental and Other Regulations-International Maritime Regulations of LNG Vessels" and "-Other Regulations" below for a more detailed discussion on these topics.

Our vessels operating in U.S. waters now or, in the future, will be subject to various federal, state and local laws and regulations relating to protection of the environment.

Our vessels operating in U.S. waters now or, in the future, will be subject to various federal, state and local laws and regulations relating to protection of the environment, including the Oil Pollution Act of 1990, or OPA, the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, the Clean Water Act, and the Clean Air Act. In some cases, these laws and regulations require us to obtain governmental permits and authorizations before we may conduct certain activities. These environmental laws and regulations may impose substantial penalties for noncompliance and substantial liabilities for pollution. Failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties. As with the industry generally, our operations will entail risks in these areas, and compliance with these laws and regulations, which may be subject to frequent revisions and reinterpretation, may increase our overall cost of business.

Please read "Item 4 Information on the Company-B. Business Overview-Environmental and Other Regulations-International Maritime Regulations of LNG Vessels" and "-Other Regulations" below for a more detailed discussion on these topics.

Our operations are subject to substantial environmental and other regulations, which may significantly increase our expenses.

Our operations are affected by extensive and changing international, national and local environmental protection laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration, including those governing oil spills, discharges to air and water, and the handling and disposal of hazardous substances and wastes. These regulations include, but are not limited to, the IMO International Convention for the Prevention of Pollution from Ships of 1973, as from time to time amended and generally referred to as MARPOL, including designation of Emission Control Areas, or ECAs, thereunder, the IMO International Convention on Civil Liability for Oil Pollution Damage of 1969, as from time to time amended and generally referred to as CLC, the International Convention on Civil Liability for Bunker Oil Pollution Damage, or Bunker Convention, the IMO International Convention for the Safety of Life at Sea of 1974, as from time to time amended and generally referred to as SOLAS, the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, or ISM Code, the IMO International Convention on Load Lines of 1966, as from time to time amended, the International Convention for the Control and Management of Ships'

Ballast Water and Sediments in February 2004, or the BWM Convention, the U.S. Oil Pollution Act of 1990, or OPA, requirements of the U.S. Coast Guard, or USCG, and the U.S. Environmental Protection Agency, or EPA, the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, the U.S. Clean Water Act, the U.S. Clean Air Act, the U.S. Outer Continental Shelf Lands Act, the U.S. Maritime Transportation Security Act of 2002, or the MTSA, and European Union, or EU, regulations.

Many of these requirements are designed to reduce the risk of oil spills and other pollution. In addition, we believe that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will lead to additional regulatory requirements, including enhanced risk assessment and security requirements and greater inspection and safety requirements on vessels. We expect to incur substantial expenses in complying with these laws and regulation, including expenses for vessel modifications and changes in operating procedures.

These requirements can affect the resale value or useful lives of our vessels, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to

certain jurisdictional waters or ports, or detention in, certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations, in the event that there is a release of hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of or exposure to hazardous materials associated with our operations. In addition, failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations, including, in certain instances, seizure or detention of our vessels.

Please read "Item 4. Information on the Company-B. Business Overview-Environmental and Other Regulations-International Maritime Regulations of LNG Vessels" and "-Other Regulation" below for a more detailed discussion on these topics.

Further changes to existing environmental legislation that is applicable to international and national maritime trade may have an adverse effect on our business.

We believe that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will generally lead to additional regulatory requirements, including enhanced risk assessment and security requirements and greater inspection and safety requirements on all LNG carriers in the marine transportation markets and offshore LNG terminals. For example in September 2014, an IMO sub-committee agreed to a draft of the International Code of Safety for Ships using Gases or Low flashpoint Fuels, or the IGF Code, which is designed to minimize the risks involved with ships using low flashpoint fuels- including LNG, and that the IGF Code be made mandatory under SOLAS through proposed amendments. In November 2014 the IMO's Maritime Safety Committee approved the amendments and they are expected to be adopted at the upcoming session in June 2015. These requirements are likely to add incremental costs to our operations and the failure to comply with these requirements may affect the ability of our vessels to obtain and, possibly, collect on insurance or to obtain the required certificates for entry into the different ports where we operate.

Further legislation, or amendments to existing legislation, applicable to international and national maritime trade are expected over the coming years in areas such as ship recycling, sewage systems, emission control (including emissions of greenhouse gases), ballast treatment and handling, etc. The United States has recently enacted legislation and regulations that require more stringent controls of air and water emissions from ocean-going vessels. Such legislation or regulations may require additional capital expenditures or operating expenses (such as increased costs for low-sulfur fuel) in order for us to maintain our vessels' compliance with international and/or national regulations.

Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission from vessel emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. Additionally, a treaty may be adopted in the future that includes restrictions on shipping emissions. Compliance with changes in laws and regulations relating to climate change could increase our costs of operating and maintaining our vessels and could require us to make significant financial expenditures that we cannot predict with certainty at this time.

Adverse effects upon the oil and gas industry relating to climate change, including growing public concern about the environmental impact of climate change, may also have an effect on demand for our services. For example, increased regulation of greenhouse gases or other concerns relating to climate change may reduce the demand for oil and gas in the future or create greater incentives for use of alternative energy sources. Any long-term material adverse effect on the oil and gas industry could have a significant financial and operational adverse impact on our business that we

cannot predict with certainty at this time.

Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to our vessels, shippers of cargo or other parties may be entitled to a maritime lien against one or more of our vessels for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. In a few jurisdictions, such as South Africa, claimants could try to assert "sister ship" liability against one vessel in our fleet for claims relating to another of our vessels. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner under some of our present charters. If the vessel is arrested or detained for as few as 14 days as a result of a claim against us, we may be in default of our charter and the charterer may terminate the charter.

Governments could requisition our vessels during a period of war or emergency.

A government could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels may negatively impact our business, financial condition, results of operations, cash flows, and ability to pay dividends.

Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.

The hull and machinery of every large, oceangoing commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention. The Golar Arctic is certified by Lloyds Register, the Golar Frost and the Golar Bear are certified by the American Bureau of Shipping and all our other vessels are each certified by Det Norske Veritas. The Lloyds Register, American Bureau of Shipping and Det Norske Veritas are all members of the International Association of Classification Societies. All of our vessels have been awarded ISM certification and are currently "in class."

As part of the certification process, a vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Each of the vessels in our existing fleet is on a planned maintenance system approval, and as such the classification society attends onboard once every year to verify that the maintenance of the equipment onboard is done correctly. Each of the vessels in our existing fleet is required to be qualified within its respective classification society for drydocking once every five years subject to an intermediate underwater survey done using an approved diving company in the presence of a surveyor from the classification society.

If any vessel does not maintain its class or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable. We would lose revenue while the vessel was off-hire and incur costs of compliance. This would negatively impact our revenues and reduce our cash available for distributions to our shareholders.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call in ports where smugglers may attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessels and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims that could have an adverse effect on our business, financial condition, results of operations, cash flows, and ability to pay dividends.

Risks Related to our Common Shares

If we fail to meet the expectations of analysts or investors, our stock price could decline substantially.
In some quarters, our results may be below analysts' or investors' expectations. If this occurs, the price of our common stock could decline.

Important factors that could cause our revenue and operating results to fluctuate from quarter to quarter include, but are not limited to:

- prevailing economic and market conditions in the natural gas and energy markets;
- negative global or regional economic or political conditions, particularly in LNG-consuming regions, which could reduce energy consumption or its growth;
- declines in demand for LNG;
- increases in the supply of vessel capacity operating in the spot/short-term market;
- marine disasters; war, piracy or terrorism; environmental accidents; or inclement weather conditions;
- mechanical failures or accidents involving any of our vessels; and
- drydock scheduling and capital expenditures.

Most of these factors are not within our control, and the occurrence of one or more of them may cause our operating results to vary widely.

Our common share price may be highly volatile and future sales of our common shares could cause the market price of our common shares to decline.

Historically, the market prices of securities of shipping companies have experienced fluctuations that often have been unrelated or disproportionate to the operating results of those companies. Our common shares have traded on the Nasdaq Global Select Market, or Nasdaq, since December 12, 2002 under the symbol "GLNG." We cannot assure you that an active and liquid public market for our common shares will continue. The market price for our common shares has historically fluctuated over a wide range. In 2014, the closing market price of our common shares on the Nasdaq has ranged from a low of $31.44 on December 16, 2014 to a high of $72.50 per share on September 19, 2014. As of April 24, 2015, the closing market price of our common shares on Nasdaq was $35.24. The market price of our common shares may continue to fluctuate significantly in response to many factors such as actual or anticipated fluctuations in our quarterly or annual results and those of other public companies in our industry, the suspension of our dividend payments, mergers and strategic alliances in the shipping industry, market conditions in the LNG shipping industry, developments in our GoFLNG investments, shortfalls in our operating results from levels forecast by securities analysts, announcements concerning us or our competitors, the general state of the securities market, and other factors, many of which are beyond our control. The market for common shares in this industry may be equally volatile. Therefore, we cannot assure our shareholders that they will be able to sell any of our common shares that they may have purchased at a price greater than or equal to the original purchase price.

Additionally, sales of a substantial number of our common shares in the public market, or the perception that these sales could occur, may depress the market price for our common shares. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future.

We may issue additional common shares or other equity securities without our shareholders' approval, which would dilute their ownership interests and may depress the market price of our common shares.

We may issue additional common shares or other equity securities in the future in connection with, among other things, vessel conversions, future vessel acquisitions, repayment of outstanding indebtedness or our equity incentive plan, in each case without shareholder approval in a number of circumstances.

Our issuance of additional common shares or other equity securities would have the following effects:

- our existing shareholders' proportionate ownership interest in us will decrease;
- the amount of cash available for dividends payable on our common shares may decrease;
- the relative voting strength of each previously outstanding common share may be diminished; and
- the market price of our common shares may decline.

We are a holding company, and our ability to pay dividends will be limited by the value of investments we currently hold and by the distribution of funds from our subsidiaries and affiliates.

We are a holding company whose assets mainly comprise equity interests in our subsidiaries and other quoted and non-quoted companies and our interest in our affiliate, Golar Partners. As a result, should we decide to pay dividends, we would be dependent on the performance of our operating subsidiaries and other investments. If we were not able to receive sufficient funds from our subsidiaries and other investments, including from the sale of our investment interests, we would not be able to pay dividends unless we obtain funds from other sources. We may not be able to obtain the necessary funds from other sources on terms acceptable to us.

Because we are a Bermuda corporation, our shareholders may have less recourse against us or our directors than shareholders of a U.S. company have against the directors of that U.S. Company.

Because we are a Bermuda company, the rights of holders of our common shares will be governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders in other jurisdictions. Among these differences is a Bermuda law provision that permits a company to exempt a director from liability for any negligence, default, or breach of a fiduciary duty except for liability resulting directly from that director's fraud or dishonesty. Our bye-laws provide that no director or officer shall be liable to us or our shareholders unless the director's or officer's liability results from that person's fraud or dishonesty. Our bye-laws also require us to indemnify a director or officer against any losses incurred by that director or officer resulting from their negligence or breach of duty, except where such losses are the result of fraud or dishonesty. Accordingly, we carry directors' and officers' insurance to protect against such a risk. In addition, under Bermuda law, the directors of a Bermuda company owe their duties to that company and not to the shareholders. Bermuda law does not, generally, permit shareholders of a Bermuda company to bring an action for a wrongdoing against the company, but rather the company itself is generally the proper plaintiff in an action against the directors for a breach of their fiduciary duties. These provisions of Bermuda law and our bye-laws, as well as other provisions not discussed here, may differ from the law of jurisdictions with which investors may be more familiar and may substantially limit or prohibit shareholders ability to bring suit against our directors.

Because our offices and most of our assets are outside the United States, our shareholders may not be able to bring suit against us, or enforce a judgment obtained against us in the United States.

We, and most of our subsidiaries, are or will be incorporated in jurisdictions outside the U.S. and substantially all of our assets and those of our subsidiaries are and will be located outside the U.S. In addition, most of our directors and officers are or will be non-residents of the U.S., and all or a substantial portion of the assets of these non-residents are or will be located outside the U.S. As a result, it may be difficult or impossible for U.S. investors to serve process within the U.S. upon us, our subsidiaries, or our directors and officers, or to enforce a judgment against us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we or our subsidiaries are incorporated or where our or our subsidiaries' assets are located would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws, or would enforce, in original actions, liabilities against us or our subsidiaries based on those laws.

We may become subject to taxation in Bermuda which would negatively affect our results.

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by our shareholders in respect of our shares. We have obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to us or to any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda. We cannot assure you that a future Minister would honor that assurance, which is not legally binding, or that after such date we would not be subject to any such tax. If we were to become subject to taxation in Bermuda, our results of operations could be adversely affected.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Golar LNG Limited is a midstream LNG company engaged primarily in the transportation, regasification, liquefaction and trading of LNG. We are engaged in the acquisition, ownership, operation and chartering of LNG carriers and FSRUs through our subsidiaries and affiliates and the development of LNG projects.

We were incorporated as an exempted company under the Bermuda Companies Act of 1981 in the Islands of Bermuda on May 10, 2001 and maintain our principal executive headquarters at 2nd Floor, S.E. Pearman Building, 9 Par-la-Ville Road, Hamilton HM 11, Bermuda. Our telephone number at that address is 1 (441) 295-4705. Our principal administrative offices are located at One America Square, 17 Crosswall, London, United Kingdom and our telephone number at that address is +0 44 207 063 7900.

Our business was originally founded in 1946 as Gotaas-Larsen Shipping Corporation, or Gotaas-Larsen. Gotaas-Larsen entered the LNG shipping business in 1970 and in 1997 was acquired by Osprey Maritime Limited, or Osprey, then a Singapore listed publicly traded company. In May 2001, World Shipholding Ltd., or World Shipholding, a company indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, acquired Osprey, which was subsequently delisted from the Singapore Stock Exchange. On May 21, 2001, we acquired the LNG shipping interests of Osprey and we listed on the Oslo Stock Exchange in July 2001 and traded under the symbol "GOL." We subsequently delisted from the Oslo Stock Exchange on August 30, 2012. We have been listed on Nasdaq since December 2002 and trade under the symbol "GLNG."

Our strategy to become a LNG floating solution provider began in 2002 when we undertook a study to consider the conversion of an existing LNG carrier into a FSRU and continued in 2004 with a similar study for the conversion of a LNG carrier into a floating power generation plant, or FPGP. In December 2005, Keppel of Singapore signed a contract with us for the first ever conversion of an existing LNG carrier into a FSRU, with the Golar Spirit and the Golar Winter, being our first firm FSRU charters in April 2007.

In June 2014, we closed a registered equity offering of 12,650,000 shares of our common stock, which included 1,650,000 common shares purchased pursuant to the Underwriters' option to purchase additional common shares. The issue price was $54.0 per share with total net proceeds of $661 million. A portion of the proceeds of the offering was used to fully fund initial milestone payments for the conversion of our LNG carrier, the Hilli, to a FLNGV.

In September 2014, we closed a secondary offering of 32,000,000 shares of our common stock, which included 4,173,913 common shares purchased pursuant to the Underwriters' option to purchase additional common shares, held by our previous principal shareholder, World Shipholding, at a price to the public of $58.50 per share. Following the offering, World Shipholding’s stake in us was reduced from 36% to 2%. We did not receive any proceeds from the sale of common shares by World Shipholding. As of December 31, 2014, World Shipholding owned 2% of our issued and outstanding common shares.

In line with our ambition to become an integrated LNG midstream asset provider, we are looking to invest in small scale LNG projects and have completed a Front End Engineering and Design, or FEED, study for the conversion of three of our oldest carriers into small to mid-scale floating liquefaction units. The FEED study supported our view that a conversion of an old LNG carrier into a FLNGV is viable and cost effective. In relation to this, we have entered into definitive documentation with Keppel, for the conversion of the LNG carriers, the Hilli and the Gimi, to FLNGVs, which became effective in July 2014 and December 2014, respectively. These are expected to be delivered late 2017.

Golar Partners

In September 2007, we formed Golar Partners under the laws of the Republic of the Marshall Islands as a wholly-owned subsidiary. Golar Partners was formed to own vessels with long-term charters typically five years or longer through wholly- owned subsidiaries in order to distribute the different risk profiles of the different vessel types of total fleet controlled or affiliated with Golar. Golar Operating LLC, or the General Partner, our wholly-owned subsidiary was also formed in September 2007 to act as the general partner of Golar Partners under the limited partnership agreement of Golar Partners, and under that agreement the General Partner received a 2% general partner interest and 100% of the IDRs in Golar Partners

In April 2011, we completed the IPO of Golar Partners. Golar Partners is listed on Nasdaq under the symbol "GMLP."

We entered into the following agreements with Golar Partners in connection with its IPO: (a) a management and administrative services agreement pursuant to which Golar Management, one of our wholly-owned subsidiaries,

provides certain management administrative support services; (b) fleet management agreements pursuant to which certain commercial management and technical management services are provided by our affiliates including Golar Management and Golar Wilhelmsen; and (c) an omnibus agreement, or the Omnibus Agreement, governing, among other things when the Company and Golar Partners may compete against each other as well as rights of first offer on certain FSRUs and LNG carriers.

During the period from the IPO of Golar Partners in April 2011 until the time of its first AGM on December 13, 2012, we retained the sole power to appoint, remove and replace all members of Golar Partners' board of directors. Under the provisions of Golar Partners' partnership agreement, the General Partner, our wholly owned subsidiary, irrevocably delegated the authority to Golar Partners' board of directors to have the power to oversee and direct the operations of, manage and determine the strategies and policies of the Partnership. From the first AGM of Golar Partners, the majority of the board members became electable by common unitholders and accordingly, from this date we no longer retain the power to control the board directors of Golar Partners. As a result, from December 13, 2012, Golar Partners has been considered as an affiliate entity and not as our controlled subsidiary.

Since the IPO of Golar Partners, they have conducted four follow-on offerings, and we have sold a portion of our interests in Golar Partners in two secondary offerings. As of April 24, 2015, we own the following interests in Golar Partners: 1,668,096 common units, 15,949,831 subordinated units, the 2% general partner interest (through our ownership of the general partner) and all of the incentive distribution rights. The common, subordinated and general partner units amount to approximately 30% of Golar Partners total units in issue and this is expected to remain as a long-term holding.

Since the IPO of Golar Partners, we have sold equity interests in the following six vessels to Golar Partners, the Golar Freeze, the NR Satu, the Golar Grand, the Golar Maria, the Golar Igloo and more recently, the Golar Eskimo (in January 2015) for an aggregate value of $1.9 billion. As of April 24, 2015, Golar Partners had a fleet of ten vessels acquired from or contributed by us.

The majority of the proceeds received from the sales of these vessels to Golar Partners have been used to make installment payments under our newbuilding program. Furthermore, the sale of these assets has made Golar Partners a more profitable company which has resulted in increased distributions to unitholders of Golar Partners. As a major shareholder of Golar Partners and the beneficial owner of Golar Partners' IDRs, we have benefited from the increased distributions.

As of April 24, 2015, together with the fleet held by Golar Partners, we own and operate twenty-five vessels comprising of six FSRUs and nineteen LNG carriers, including our newly acquired vessel, Abuja and a 60% interest in the vessel-owning subsidiary that owns the Golar Mazo which is owned through a joint venture arrangement between Golar Partners and the Chinese Petroleum Corporation, the Taiwanese state-owned oil and gas company. One LNG carrier, the Hilli, is undergoing conversion into a FLNGV. The remaining vessels, except for the Gimi and the Gandria, are either on fixed or spot charters, available for employment or under construction (i.e. the Golar Tundra). The Gimi and the Gandria are currently laid up for potential conversion to FLNGVs.

Vessel Operations - segment

Vessel acquisitions, disposals, conversions and other significant transactions

During the three years ended December 31, 2014, we invested $2.3 billion in our vessels, equipment, newbuildings and asset under development.

In November 2012, we sold our interests in the wholly-owned subsidiaries that lease and operate the LNG carrier, Golar Grand to Golar Partners for $265 million.

In November 2012, we entered into a five-year time charter agreement with LNG Shipping S.p.A. for our LNG carrier, the Golar Maria. In February 2013, we sold our equity interest in the company that owns and operates the Golar Maria to Golar Partners for $215 million, of which $127.9 million was paid in cash and the remainder was paid through the assumption of $89.5 million of the debt associated with the vessel and interest rate swap liability of $3.1 million plus purchase price adjustments of $5.5 million.

In March 2014, we sold our interest in the company that owns and operates the FSRU, Golar Igloo, to Golar Partners for $310 million, of which $156 million was paid in cash and the remainder was paid through the assumption of $161.3 million of debt associated with the vessel, plus the interest rate swap asset and other purchase price adjustments of $3.6 million and $3.7 million, respectively.

In October 2014, one of our consolidated subsidiaries sold the Golar Glacier to 1401 Limited, an ICBC special purpose vehcile. The purchase consideration for this sale reflected the market value of the vessel as of the delivery

date which was valued at $204.0 million. Upon closing, we received $185.6 million, with the remaining balance to be deferred and netted off against the termination payment when we opt to buy back the vessel. This vessel was simultaneously chartered back over a period of 10 years. We have several options to repurchase the vessels during the charter periods with the earliest from the fifth year of the bareboat charter, and purchase options and obligations to purchase the assets at the end of the 10 years lease period.

On January 20, 2015, we completed our sale of our equity interests in the companies that own and operate the Golar Eskimo to Golar Partners for the price of $390.0 million for the vessel (including charter) less the assumed $162.8 million of bank debt plus other purchase price adjustments. Golar Partners financed the remaining purchase price by using $7.2 million cash on hand and the proceeds of a $220 million loan from us. The loan from us has a two year term with interest chargeable at LIBOR plus a blended margin of 2.84%.

In February 2015, we sold the LNG carrier, the Golar Viking, to PT Equinox for $135 million, of which $2 million was paid in cash and the remainder was paid through the assumption of $133 million of debt associated to the vessel.

In April 2015, we acquired the LNG carrier Abuja, for a consideration of $20 million.

As of April 24, 2015, we have taken delivery of twelve of the thirteen contracted newbuildings that we entered into contracts for in 2011. Accordingly, one FSRU remain to be delivered by the end of 2015.

Investments

During the three years ended December 31, 2014 and through April 24, 2015, we acquired and divested interests in a number of companies including:

In August 2012, we purchased 17,255 shares in GasLog for $0.2 million, a company established in Marshall Islands and listed in the New York Stock Exchange. The company is an owner, operator and manager of LNG carriers. In November 2013, we sold our interest in Gaslog.

In July 2008, we invested an initial sum of $22.0 million in a (50:50) Dutch Antilles incorporated joint venture named Bluewater Gandria N.V., or Bluewater Gandria, with Bluewater Energy Services B.V., or Bluewater, formed for the purposes of pursuing opportunities to develop offshore LNG FSRU projects. The initial equity investment was used to acquire the 1977 built LNG carrier, the Gandria for conversion and use as a FSRU. In January 2012, Bluewater Gandria became a wholly-owned subsidiary of the Company pursuant to our acquisition of the remaining 50% equity interest for $19.5 million.

In January 8, 2015, Golar announced its secondary offering of 7,170,000 common units, representing its limited partner interests in Golar Partners, at a price of $29.90 per unit. The net proceeds of the offering are to be used to fund a portion of the recently announced contract with Keppel to convert one of Golar's first generation LNG carriers, the Gimi, into a floating natural gas liquefaction facility. As of April 25, 2015, we own the following interests in Golar Partners: 1,668,096 common units, 15,949,831 subordinated units, the 2% general partner interest (through our ownership of the general partner) and all of the incentive distribution rights. The common, subordinated and general partner units amount to approximately 30% of Golar Partners total units in issue and this is expected to remain as a long-term holding.

FLNG – segment

Hilli FLNGV conversion

On May 22, 2014, we entered into a contract with Keppel, or the Conversion Agreement, for the conversion of the 125,000 m3 LNG carrier the Hilli to a FLNGV. Keppel simultaneously entered into a sub-contract with the global engineering, construction and procurement company Black & Veatch, or B&V. We also entered into a Tripartite Direct Agreement with Keppel and B&V, which among other things ensures our ability to enforce all obligations under both the Conversion Agreement and the sub-contract. We expect the conversion will be completed and the FLNGV delivered in 2017, followed by mobilization to a project site for full commissioning. Once operational as an FLNGV, we expect the Hilli will have production capacity of between 2.2 to 2.8 million tonnes per year of LNG and on board storage of approximately 125,000 m3 of LNG. The total estimated conversion and vessel and site commissioning cost for the Hilli, including contingency, is approximately $1.3 billion.

Gimi FLNGV conversion

In December 2014, we entered into an agreement with Keppel for the conversion of the Gimi to a FLNGV. The agreement include certain cancellation provisions, which if exercised prior to November 2015, will allow for the termination of the contracts and the recovery of previous milestone payments, less a cancellation fee.

Investments and Shareholder agreements
Keppel Shareholder Agreement

In September 2014, our subsidiary, Golar GHK Lessors Limited, entered into a share sale and purchase agreement with KSI Production Pte Ltd (a subsidiary of Keppel Corporation Limited) pursuant to which Keppel purchased from Golar GHK Lessors Limited 10% of the shares in Golar Hilli Corporation, the owner of the Hilli. Golar GHK Lessors Limited and KSI Production Pte Ltd, together with Golar Hilli Corporation, have also entered into a shareholders' agreement which governs the relationship between Golar GHK Lessors Limited and KSI Production Pte Ltd with respect to the conduct of the business to be undertaken by Golar Hilli Corporation, which includes seeking opportunities, and entering into agreements, with respect to the deployment and use of the Hilli for natural gas liquefaction projects. Under the shareholder's agreement, Golar appoints the majority of directors and certain strategic decisions are subject to shareholder consent. Golar Hilli Corporation Limited may call for cash from the shareholders for any future funding requirements and shareholders are required to contribute to such cash calls up to a defined cash call contribution cap (after which funding is discretionary but non-funding results in dilution of the shareholders' interest). As of December 31, 2014, total funding provided for the Hilli conversion project amounted to $324.7 million.

Black and Veatch Agreement

On November 13, 2014, we entered into a contract with Black & Veatch International, a wholly owned subsidiary of Black & Veatch Corporation to sell a 1% stake in the Golar Hilli Corporation.

Perenco Cameroon and Societe Nationale de Hydrocarbures

In December 2014, we entered into a Heads of Agreement (the "HOA") with Societe Nationale de Hydrocarbures ("SNH") and Perenco Cameroon ("Perenco") for the development of a floating liquefied natural gas export project (the "Project") located 20 km off the coast of Cameroon and utilizing our floating liquefaction technology (GoFLNG). The HOA is premised on the allocation of 500 billion cubic feet of natural gas reserves from offshore Kribi fields, which will be exported to global markets via the GoFLNG facility Hilli, currently under construction at the Keppel Shipyard in Singapore. We will provide the liquefaction facilities and services under a tolling agreement to SNH and Perenco as owners of the upstream joint venture who also intend to produce liquified petroleum gas or LPG's for the local market in association with the Project. It is anticipated that the allocated reserves will be produced at the rate of some 1.2 million tonnes of LNG per annum over an approximate eight year period.

LNG trading – segment

During 2010, Golar established a wholly owned subsidiary, Golar Commodities which positioned the company in the market for managing and trading LNG cargoes. Activities include structured services to outside customers, the buying and selling of physical cargoes as well as proprietary trading. During the third quarter of 2011 Golar determined that, due to unfavorable market conditions, Golar Commodities would wind down its trading activities until such time as opportunities in this sector improved. Golar Commodities did not enter into any trades during the years ended December 31, 2013 and 2012.

During the first quarter of 2014, we entered into a Purchase and Sales Agreement to buy and sell LNG cargo. The LNG cargo was acquired and subsequently sold on a delivered basis to Kuwait Petroleum Corporation to facilitate the commissioning of the Golar Igloo which entered in her long term charter with KNPC in March 2014. The transaction was the first for the Company since 2011 when we scaled back our LNG trading activities.

B. Business Overview

Together with our affiliate, Golar Partners, we are a leading independent owner and operator of LNG carriers and FSRUs. Collectively, our fleet is comprised of nineteen LNG carriers and six FSRUs. As of April 24, 2015, we have

one remaining newbuilding commitment for the construction of an FSRU, with a scheduled delivery at the end of 2015, and agreements for the conversion of two LNG carriers, the Hilli and Gimi, to FLNGVs, with estimated deliveries by 2017 through to early 2018. Our vessels provide and have provided LNG shipping, storage and regasification services to leading players in the LNG industry including BG Group, ENI, Petrobras, Dubai Supply Authority, Pertamina and many others. Our business is focused on providing highly reliable, safe and cost efficient LNG shipping and FSRU operations. We are seeking to further develop our business in other midstream areas of the LNG supply chain with particular emphasis on innovative floating liquefaction solutions.

We intend to leverage on our relationships with existing customers and continue to develop relationships with other industry players. Our goal is to earn higher margins through maintaining strong service-based relationships combined with flexible and innovative LNG shipping and FSRU solutions. We believe our customers place their confidence in our shipping, storage and regasification services based on the reliable and safe way we conduct our LNG carrier and FSRU operations.

In line with our ambition to become an integrated LNG midstream asset provider, we are looking to invest in small scale LNG projects and have completed a FEED study for the conversion of three of our oldest carriers into small to mid-scale floating liquefaction units. The FEED study supported our view that conversion of an old LNG carrier into a FLNGV is viable and cost effective. In relation to this, we have entered into definitive contracts with Singapore's Keppel for the conversion of the LNG carriers the Hilli and the Gimi to FLNGVs, which became effective in July and December 2014, respectively. These developments are complementary to our existing core business, namely shipping and provision of FSRUs, and so we remain firmly committed to growing our fleet by way of our newbuild assets referred to above.

As well as growing our core business and pursuing new opportunities along our value chain, we also offer commercial and technical management services for Golar Partners' fleet. As of April 24, 2015, Golar Partners' fleet included six FSRUs and four LNG carriers (which are included within the combined fleet of twenty-five described vessels above). Pursuant to a Golar Partners' partnership agreement, it reimburses us for all of the operating costs in connection with the management of their fleet. In addition, we also receive a management fee equal to 5% of our costs and expenses incurred in connection with the provision of these services. These management fees were eliminated until December 13, 2012 when Golar Partners was deconsolidated.

We intend to maintain our relationship with Golar Partners and pursue mutually beneficial opportunities that we believe will include the sale of assets to Golar Partners to provide support for our LNG projects as well as to further our growth.

Our Business Strategy

Our primary business objective is to grow our business and to provide significant returns to our shareholders. Golar's strategic intent is to become a fully integrated LNG mid-stream services provider covering floating LNG liquefaction (GoFLNG), LNG shipping and floating LNG regasification. We aim to meet this objective by executing the following strategies:

- Capitalize on Golar's established reputation: We are an experienced and professional provider of LNG mid-stream services that places value on operating to the highest industry standards of safety, reliability and environmental performance. We believe our strong technical capability and extensive commercial experience enables us to obtain attractive new business opportunities not readily available to other industry participants.

- Operation of a high quality and modern LNG Carrier fleet: We currently own and operate a fleet of high quality LNG Carriers with an average age of 2.6 years. Our ten recently delivered vessels all utilize state of the art technology and are configured to be very attractive to the chartering community with high performance specifications.

- Maintain our leadership position in the provision of FSRUs: We currently enjoy an industry leadership position in the development, delivery and operation of FSRUs based on an unblemished record of successful project delivery and highly reliable vessel operation. We will continue to work with our customers to identify and deliver new and profitable FSRU projects.

- Utilize our industry expertise to develop new FLNG opportunities: Our GoFLNG investment proposition is built around a sound technical and commercial offering, derived from structurally lower unit capital costs, shorter lead times and lower project execution risk profiles. GoFLNG allows smaller resource holders, developers and customers to enter the LNG business and occupy a legitimate space alongside the largest resource holders, major oil companies and world-scale LNG buyers. For the established LNG industry participants, the prospect of GoFLNG's lower unit costs and risks provide an important and compelling alternative to the traditional giant land based projects especially in the current energy price environment, which we believe may well accelerate the pace of change.

- Leverage on our affiliation with Golar Partners: We believe our affiliation with Golar Partners positions us to pursue a broader array of opportunities. This is demonstrated by:

Pursuit of strategic and mutually beneficial opportunities with Golar Partners to date and since Golar Partners' IPO in April 2011, we have successfully sold six vessels in exchange for cash of approximately $1.9 billion which in part enables us to finance our newbuilding program as well as pursue other growth opportunities.

Increased dividend income from our investment - Since Golar Partners' IPO, the quarterly dividend distributions of Golar Partners have increased from $0.385 pro-rated per unit to $0.5625 per unit for the quarter ended December 31, 2014. This represents a 46% increase since the IPO. Golar Partners' long-term charters, provide stable cash flows which allows Golar Partners to meet its quarterly distributions obligations to its unit holders, including us. As of April 24, 2015, we have a 30% interest (including our 2% general partner interest) in Golar Partners and hold 100% of Golar Partner's IDRs.

However, we can provide no assurance that we will be able to implement our business strategies described above. For further discussion of the risks that we face, please read "Item 3. Key Information- D. Risk Factors".

The Natural Gas Industry

Predominantly used to generate electricity and as a heating source, natural gas is one of the "big three" fossil fuels that make up the vast majority of world energy consumption. As a cleaner burning fuel than both oil and coal, natural gas has become an increasingly attractive fuel source in the last decade.

According to the most EIA International Energy Outlook (2013), worldwide energy consumption is projected to increase by 56% from 2010 to 2040, with total energy demand in non-OECD countries increasing by 90%, compared with an increase of 17% in OECD countries. Natural gas consumption worldwide is forecast to increase by 64%, from 113 trillion cubic feet (or Tcf) in 2010 to 185 Tcf in 2040. Reduced emphasis placed on nuclear power which previously played a more prominent role in Japan and South Korea's planned energy mix or its subsequent phasing out in other countries such as Germany together with a concerted effort by China to address domestic coal induced air quality issues over the coming years will see natural gas feature more prominently as the substitution fuel of choice. The lower carbon intensity of natural gas relative to coal and oil makes it an attractive fuel for industrial and electric power sectors for environmental reasons.

Countries that have natural gas in excess of the indigenous supply must either import natural gas through a pipeline or, alternatively, in the form of LNG aboard ships. LNG is natural gas that has been converted into its liquid state through a cooling process, which allows for efficient transportation by sea. Upon arrival at its destination, LNG is returned to its gaseous state by either an FSRU or land based regasification facilities for distribution to consumers through pipelines.

Natural gas is an abundant fuel source, with the EIA estimating that, as of January 1, 2013, worldwide proved natural gas reserves were 6,793 Tcf having grown by 39% over the past 20 years. Almost three-quarters of the world's natural

gas reserves are located in the Middle East and Eurasia. Russia, Iran and Qatar accounted for 55% of the world's natural gas reserves as of January 1, 2013, and the United States, the fifth largest holder of natural gas reserves, will see an increase in production growth from 21.2 tcf in 2010 to 33.1 tcf in 2040. Production in the Australia/New Zealand region is forecast to increase from 1.9tcf in 2010 to 6.7tcf in 2040 with most originating from Australia and much of this coming to market over the next 4-5 years. More recently, sizeable new discoveries have been made on the east coast of Africa in countries including Mozambique, Tanzania and Kenya.

The EIA predicts a substantial increase in the production of "unconventional" natural gas, including tight gas, shale gas and coalbed methane. Shale gas production is now underway outside the US (Canada) and is slated to commence elsewhere including China, Australia, Mexico, Argentina, Britain and other parts of OECD Europe. Although reserves of unconventional natural gas are unknown, a 2013 EIA report on relatively near term technically recoverable shale gas indicates 7,299tcf of estimated risked recoverable resource. This estimate is 10% higher than that included in their 2011 report. Interestingly, the resource estimate for China is 13% lower than the 2011 expectation as a result of a downward revision to reserves in one particular basin. Much of the resource in this basin is deeper than what is currently considered to be commercially recoverable. Future advances in drilling technology have the potential to reverse this.

Although the growth in production of unconventional domestic natural gas has resulted in a reduced rate of growth in LNG demand in the U.S., the long-term impact of shale gas and other unconventional natural gas production on the global LNG trade is unclear. Substantial increases in the extraction of US shale gas in 2008-9 initially suppressed demand for US bound LNG and therefore shipping. Between 2010 and 2014 a number of cargoes were redirected from the US to the Far East which increased LNG ton miles and demand for LNG shipping. Ton miles will fall as Australian volumes which have more proximate off-takers begin to deliver in 2015. The recent grant of non-FTA export permits in respect of six US projects representing around 70 million tons of LNG per year does however raise the prospect of significant additional volumes being exported out of the US. As most of these exports will be transported on an LNG carrier to more distant markets we can expect ton miles to increase toward the end of this decade.

Liquefied Natural Gas

Overview

The need to transport natural gas over long distances across oceans led to the development of the international LNG trade. The first shipments were made on a trial basis in 1959 between the United States and the United Kingdom, while 1964 saw the start of the first commercial-scale LNG project to ship LNG from Algeria to the United Kingdom. LNG shipping provides a cost-effective and safe means for transporting natural gas overseas. The LNG is transported overseas in specially built tanks on double-hulled ships to a receiving terminal, where it is offloaded and stored in heavily insulated tanks. In regasification facilities at the receiving terminal, the LNG is returned to its gaseous state (or regasified) and then carried by pipeline for distribution to natural gas customers.

The following diagram displays the flow of natural gas and LNG from production to regasification.

LNG Supply Chain

The LNG supply chain involves the following components:

Gas Field Production and Pipeline: Natural gas is produced and transported via pipeline to natural gas liquefaction facilities located along the coast of the producing country. The advent of floating liquefaction will in some cases see the gas transported to a marine based liquefaction facility.

Liquefaction Plant and Storage: Natural gas is cooled to a temperature of minus 260 degrees Fahrenheit, transforming the gas into a liquid, which reduces its volume to approximately 1/600th of its volume in a gaseous state. The reduced volume facilitates economical storage and transportation by ship over long distances, enabling countries with limited natural gas reserves or limited access to long-distance transmission pipelines to meet their demand for natural gas.

Shipping: LNG is loaded onto specially designed, double-hulled LNG carriers and transported overseas from the liquefaction facility to the receiving terminal.

Regasification: At the regasification facility (either onshore or aboard specialized LNG carriers), the LNG is returned to its gaseous state, or regasified.

Storage, Distribution and Marketing: Once regasified, the natural gas is stored in specially designed facilities or transported to natural gas consumers and end-use markets via pipelines.

The basic costs of producing, liquefying, transporting and regasifying LNG are much higher than in an equivalent oil supply chain. This high unit cost of supply has, in the recent past, led to the pursuit of ever-larger land based facilities in order to achieve improved economies of scale. In many recent cases, even these large projects have cost substantially more than anticipated. To address the escalating costs, a handful of oil majors and independents including Golar have developed new and more cost competitive floating liquefaction solutions across a spectrum of project sizes. Many previously uneconomic pockets of gas can now be monetized and this will add to reserves and further underpin the long term attractiveness of gas. Golar's solution (GoFLNG), which focusses on the liquefaction of clean, lean pipeline quality gas is expected to be one of the cheapest liquefaction alternatives in today's market. As such, it represents one of the few solutions that can withstand the substantial drop in an oil and LNG prices seen since October 2014. GoFLNG will allow smaller resource holders, developers and customers to enter the LNG business and occupy a legitimate space alongside the largest resource holders, major oil companies and world-scale LNG buyers. For the established LNG industry participants, the prospect of GoFLNG's lower unit costs and risks provide an important and compelling alternative to the traditional giant land based projects especially in this current energy price environment.

According to Poten and Partners ("Poten"), LNG Liquefaction delivered to market was 103 million tonnes per annum in 2000. This increased to 247 million tonnes by 2014. An unusually large number of unscheduled plant disruptions, force majeures and the early termination of export activities from Egypt due to insufficient feedgas together with feedgas limitations elsewhere prevented many export facilities from producing at, or in some cases, even near their nameplate capacity in 2012 and 2013. This resulted in global LNG trade dropping for the first time since 1980. Liquefaction delivered did however resume its growth trajectory in 2014 following the successful start-up of new export facilities in Papua New Guinea and the first of several new Australian projects commencing operations. Approximately 116 million tonnes of new capacity is slated to come into operation between 2015 and 2018. Poten and Partners expect that this additional capacity will require around 199 additional LNG carriers for transportation. The LNG carrier order book when added to the current surplus of carriers on the water is insufficient to timely meet this vessel requirement.

The LNG Fleet

As of the end of March 2015, the world LNG carrier fleet consisted of 430 LNG carriers (including 21 FSRUs and 17 vessels less than 18,000m3). By the end of March 2015, there were orders for 162 new LNG carriers (including 7 FSRUs, 4 vessels less than 18,000m3 and 5 floating production, storage and offloading ("FPSO")) units , the majority of which will be delivered between now and 2016.

The order book now defines the next generation of tradeable tonnage in regards to size and propulsion. The current ”standard” size for LNG carriers is approximately 166,000 cbm, up from 125,000 cbm during the 1970s, while propulsion preference has shifted from a steam turbine to the more efficient Dual/Trifuel Disesel Electric (D/TFDE) or M-type, Electronically-controlled Gas Injection (MEGI) systems.

While there are a number of different types of LNG vessel and "containment system," there are two dominant containment systems in use today:

- The Moss system was developed in the 1970s and uses free standing insulated spherical tanks supported at the equator by a continuous cylindrical skirt. In this system, the tank and the hull of the vessel are two separate structures.
- The Membrane system uses insulation built directly into the hull of the vessel, along with a membrane covering inside the tanks to maintain their integrity. In this system, the ship's hull directly supports the pressure of the LNG cargo.

Illustrations of these systems are included below:

Of the vessels currently trading and on order, approximately 74% employ the Membrane containment system, 24% employ the Moss system and the remaining 2% employ other systems. Most newbuilds (85%) on order employ the membrane containment system because it most efficiently utilizes the entire volume of a ship's hull. In general, the construction period for an LNG carrier is approximately 28-34 months.

Seasonality

Historically, LNG trade, and therefore charter rates, increased in the winter months and eased in the summer months as demand for LNG for heating in the Northern Hemisphere rose in colder weather and fell in warmer weather. In general, the tanker industry including the LNG vessel industry, has become less dependent on the seasonal transport of LNG than a decade ago. The advent of FSRUs has opened up new markets and uses for LNG, spreading consumption more evenly over the year. There is a higher seasonal demand during the summer months due to energy requirements for air conditioning in some markets or reduced availability of hydro power in others and a pronounced higher seasonal demand during the winter months for heating in other markets.

Floating LNG Regasification

Floating LNG Storage and Regasification Vessels

Floating LNG storage and regasification vessels are commonly known as FSRUs. The figure below depicts a typical FSRU.

The FSRU regasification process involves the vaporization of LNG and pressurising and injection of the natural gas directly into a pipeline. In order to regasify LNG, FSRUs are equipped with vaporizer systems that can operate in an open-loop mode, a closed-loop mode, or in both modes. In the open-loop mode, seawater is pumped through the system to provide the heat necessary to convert the LNG to the vapor phase. In the closed-loop system, a natural gas-fired boiler is used to heat water that is circulated in a closed-loop through the vaporizer and a steam heater to convert the LNG to the vapor phase. In general, FSRUs can be divided into four subcategories:

- FSRUs that are permanently located offshore;
- FSRUs that are permanently near shore and attached to a jetty (with LNG transfer being either directly ship to ship or over a jetty);
- shuttle carriers that regasify and discharge their cargos offshore; and
- shuttle carriers that regasify and discharge their cargos alongside.

Our business model to date has been focused on FSRUs that are permanently moored offshore or near shore and provide continuous regasification service.

Demand for Floating LNG Regasification Facilities

The long-term outlook for global natural gas supply and demand has stimulated growth in LNG production and trade, which is expected to drive a necessary expansion of regasification infrastructure. While worldwide regasification capacity still exceeds worldwide liquefaction capacity, a large portion of the existing global regasification capacity is concentrated in a few markets such as Japan, Korea, Taiwan, and the U.S. Gulf Coast. There remains a significant demand for regasification infrastructure in growing economies in Asia, Middle-East and Central/South America. We believe that the advantages of FSRUs compared to onshore facilities, as detailed in the paragraphs below, make them highly competitive in these markets. In the Middle East, Caribbean and South America almost all new regasification projects utilise an FSRU. FSRUs are also beginning to penetrate Asian markets led by Golar Partners' NR Satu in Jakarta, Indonesia and a variety of projects in India and South East Asia.

Floating LNG regasification projects first emerged as a solution to the difficulties and protracted process of obtaining permits to build shore-based LNG reception facilities (especially along the North American coasts). Due to their offshore location, FSRU facilities are significantly less likely than onshore facilities to be met with resistance in local communities, which is especially important in the case of a facility that is intended to serve a highly populated area where there is a high demand for natural gas. As a result, it is typically easier and faster for FSRUs to obtain necessary permits than for comparable onshore facilities. More recently, cost and time have become the main drivers behind the growing interest in the various types of floating LNG regasification

projects. FSRU projects can typically be completed in less time (2 to 3 years compared to 4 or more years for land based projects) and at a significantly lower cost (20-50% less) than land based alternatives.

In addition, FSRUs offer a more flexible solution than land based terminals. They can be used as an LNG carrier, a regasification shuttle vessel or permanently moored as an FSRU. FSRUs can be used on a seasonal basis, as a short-term (1-2 years) regasification solution or as a long-term solution for up to 40 years. FSRUs offer a fast track regasification solution for markets that need immediate access to LNG supply. FSRUs can also be utilized as bridging solutions until a land-based terminal is constructed. In this way. FSRUs are both a replacement for, and complement to, land-based regasification alternatives.

Floating LNG Regasification Vessel Fleet Size and Ownership

Compared to onshore terminals, the floating LNG regasification industry is fairly young. There are only a limited number of companies, including Golar as well as Exmar, Excelerate Energy, and Hoegh LNG that are operating FSRU terminals for LNG importers around the world. Golar was the first company to enter into an agreement for the long-term employment of an FSRU based on the conversion of an existing LNG carrier.

Competition - LNG Carriers and FSRUs

As the FSRU market continues to grow and mature there are new competitors entering the market. In addition to Hoegh LNG, Excelerate and Golar, BW Gas and MOL have ordered FSRUs. The rapid growth of the FSRU market is giving owners the confidence to place orders for speculative regasification tonnage. The expansion and growth of the FSRU market has led to more competition for mid- and long-term LNG charters. Competition for these long-term charters is based primarily on price, LNG storage capacity, efficiency of the regasification process, vessel availability, size, age and condition of the vessel, relationships with LNG carrier users and the quality, LNG experience and reputation of the operator. In addition, vessels may operate in the emerging LNG carrier spot market that covers short-term charters of one year or less.

We believe that, together with Golar Partners, we are one of the world's largest independent LNG carrier and FSRU owners and operators. Together with Golar Partners, our existing fleet, including the newbuilding vessel that is scheduled for delivery in late 2015, includes 26 vessels (nineteen LNG carriers and seven FSRUs). Our LNG carrier newbuildings have storage capacity of approximately 160,000 cubic metres to 162,000 cubic metres storage; a 0.1% boil-off rate; tri-fuel engines; and are capable of charter speeds of up to 19.5 knots. Our newbuild FSRUs range in capacity from 160,000 cubic metres to 170,000 cubic metres and can provide regasification throughput of up to 750 MCFD (or 5.8 MTA). The FSRUs can, subject to the customer's requirements, remain classified as an LNG Carrier, flexible for LNG carrier service or be classified as an offshore unit, remaining permanently moored at site for a long contract duration without the requirement for periodic dry docking.

We compete with other independent shipping companies who also own and operate LNG carriers.

In addition to independent LNG operators, some of the major oil and gas producers, including Royal Dutch Shell, BP, and BG own LNG carriers and have in the recent past contracted for the construction of new LNG carriers. National gas and shipping companies also have large fleets of LNG vessels that have expanded and will likely continue to expand. These include Malaysian International Shipping Company, or MISC, National Gas Shipping Company located in Abu Dhabi and Qatar Gas Transport Company, or Nakilat.

Floating Liquefaction Vessels

Our floating liquefaction strategy, GoFLNG, is very much analogous to what we have created on the FSRU side of our business and utilizes proven on-shore technology, quick and a low-cost execution model with a conversion time of less than three years. During 2014, we executed agreements with Keppel and Black & Veatch for the conversion of the LNG carriers the Hilli and the Gimi to GoFLNG vessels at the Keppel shipyard in Singapore. When converted, these GoFLNG vessels will each have a production capacity of up to 2.5 million tonnes per annum and on board storage of approximately 125,000 cubic metres of LNG.

We are targeting liquefaction projects to convert pipeline quality gas and unconventional natural gas reserves (such as coal bed methane and shale gas or lean gas sourced from offshore fields), to LNG. These feed gas streams require little to no gas processing prior to liquefaction.

Hilli Conversion Contract

The primary contract for the Hilli conversion was entered into with Keppel during mid-2014. Keppel simultaneously entered into a sub-contract with global engineering, procurement and construction company Black & Veatch Corporation, or B&V, who will provide their licensed PRICO® technology, perform detailed engineering and process design, specify and procure topside equipment and provide commissioning support for the GoFLNG topsides and liquefaction process.

Following execution of the above contract, we entered into negotiations with a wholly owned subsidiary of Keppel for their purchase of a ten percent interest of our subsidiary which owns the Hilli (Golar Hilli Corporation). Both a share purchase and sale agreement and a shareholders agreement were negotiated and the agreements were executed and the transactions closed in early September. During November 2014, we executed agreements with Black & Veatch International, a subsidiary of Black & Veatch Corporation for a further minority interest in Golar Hilli Corporation.

Gimi Conversion Contract

In December 2014, we made effective agreements for the conversion of the 125,000 cbm LNG carrier, the Gimi (a sister ship to the Hilli), to a GoFLNG facility. As with the Hilli contract, this second suite of conversion agreements is with Keppel, and Keppel has simultaneously entered into a sub-contract with B&V who will provide their proven PRICO® technology for the liquefaction process.

Coincident with the execution of these agreements for the conversion of the Gimi, long-lead orders for gas turbines and cold boxes were placed. To retain flexibility in the roll out of the GoFLNG strategy, we have also secured certain beneficial

cancellation provisions, which if exercised prior to November 2015, will allow termination of the Gimi contracts and the recovery of previous milestone payments, less a set cancellation fee.

Customers

During the year, we received the majority of our revenues from charter agreements with the following customers: a commodity trading and logistics house and a major Japanese trading company.

Since 2012, we have chartered vessels to a major Japanese trading company. Our revenues from this company were $56.0 million (59%), $47.7 million (53%) and $40.0 million (9%) for the years ended 2014, 2013 and 2012, respectively.

In 2014, we chartered two vessels to a commodity trading and logistics house. Our revenue from this commodity trading and logistics house was $15.8 million (17%), $nil and $nil for the years ended 2014, 2013 and 2012, respectively.

Fleet

Owned Fleet

As of April 24, 2015, we own and operate a fleet of fifteen LNG carriers, excluding the fleet of our affiliate Golar Partners. In addition, we had a newbuild commitment for one FSRU which is due for delivery in December 2015.

The following table lists the LNG carriers and FSRUs in our current fleet including our newbuildings as of April 24, 2015:

Vessel Name	Initial Year of Delivery	Capacity cubic metres.	Flag	Type	Charterer	Current Charter Expiration	Charter Extension Options
Owned Fleet							
Existing Fleet							
Hilli	1975	125,000	MI	Moss	n/a	n/a	n/a
Gimi	1976	125,000	MI	Moss	n/a	n/a	n/a
Golar Gandria	1977	126,000	MI	Moss	n/a	n/a	n/a
Golar Arctic	2003	140,000	MI	Membrane	n/a	n/a	n/a
Golar Seal	2013	160,000	MI	Membrane	n/a	n/a	n/a
Golar Celsius	2013	160,000	MI	Membrane	n/a	n/a	n/a
Golar Penguin	2014	160,000	MI	Membrane	n/a	n/a	n/a
Golar Crystal [2]	2014	160,000	MI	Membrane	Nigeria LNG	2016	n/a
Golar Bear	2014	160,000	MI	Membrane	n/a	n/a	n/a
Golar Glacier [3]	2014	162,000	MI	Membrane	n/a	n/a	n/a
Golar Frost [2]	2014	160,000	MI	Membrane	Nigeria LNG	2016	n/a
Golar Snow	2015	160,000	MI	Membrane	n/a	n/a	n/a
Golar Ice	2015	160,000	MI	Membrane	n/a	n/a	n/a
Golar Kelvin	2015	162,000	MI	Membrane	n/a	n/a	n/a
Abuja [4]	1980	126,000	B	Moss	n/a	n/a	n/a
Newbuilding [1]							
Hull 2056 (Golar Tundra)	2015	170,000	MI		n/a	n/a	n/a

Membrane
(FSRU)

Key to Flags:
MI – Marshall Islands
B - Bahamas
(1) As of April 24, 2015, we have one newbuild on order which is due for delivery in December 2015.

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(2) The Golar Crystal and the Golar Frost are in twelve month charters to Nigeria LNG Limited ("NLNG").
(3) In October 2014, the Golar Glacier was sold and leased back from 1401 Limited, a wholly-owned subsidiary of ICBC Finance Leasing Co. Ltd or ICBC
(4) We acquired the LNG carrier Abuja from NLNG in April 2015. The vessel was first delivered to NLNG in 1980.

In November 2014, the Hilli was delivered to the Keppel shipyard in Singapore for commencement of her FLNGV conversion. The Hilli is expected to complete her conversion in 2017. In December 2014, we executed and made effective agreements for conversion of the Gimi to a FLNGV. The Gimi is not yet in conversion and we have options to terminate the contract until November 2015 for a set termination fee. The Golar Gandria has also been earmarked for conversion into a FLNGV.

The Golar Crystal and the Golar Frost are currently on short-term charters with NLNG, which will both expire in 2016. The Golar Arctic recently completed its charter with a major Japanese trading company. She is currently available for employment.

The rest of our vessels are currently unchartered and available for spot charters.

In January 2015, we entered into an agreement with Golar Partners in which we will pay an aggregate amount of $22.0 million in six equal monthly installments starting in January 2015 and ending in June 2015 for the right to use the FSRU, Golar Eskimo. She is currently available for employment.

We entered into an Option Agreement with Golar Partners in connection with the disposal of the Golar Grand in November 2012. In the event that the charterer did not renew or extend their charter beyond February 2015, Golar Partners had the option to require us to charter the vessel through to October 2017. Golar Partners exercised this option in February 2015. She is currently available for employment.

Our charterers may suspend their payment obligations under the charter agreements for periods when the vessels are not able to transport cargo for various reasons. These periods, which are also called off-hire periods, may result from, among other causes, mechanical breakdown or other accidents, the inability of the crew to operate the vessel, the arrest or other detention of the vessel as a result of a claim against us, or the cancellation of the vessel's class certification. The charters automatically terminate in the event of the loss of a vessel.

Golar Partners' Charters

The LNG carrier, Golar Mazo, which is jointly owned by Golar Partners and Chinese Petroleum Corporation, Taiwan, transports LNG from Indonesia to Taiwan under an 18-year time charter with Pertamina, the state owned oil and gas company of Indonesia. The contract expires at the end of 2017. Pertamina has options to extend the Golar Mazo charter for two additional periods of five years each.

The LNG carrier, Methane Princess, is currently under a long-term charter with BG Group to transport LNG worldwide. The contract expires in 2024. BG Group has the option to extend the Methane Princess charter for two five-year periods.

The FSRUs, Golar Spirit and the Golar Winter, are currently under long-term charters with Petrobras to provide FSRU services. These contracts expire in 2018 and 2024, respectively. Petrobras has the option to terminate the charter after the fifth anniversary of delivery to Petrobras for a termination fee and also the option to extend the charter period for the Golar Spirit for up to five years.

The FSRU, Golar Freeze, is currently under a long-term charter with DUSUP to provide FSRU services. The contract expires in 2020. DUSUP has an option to terminate the charter in 2015 upon payment of a termination fee. DUSUP also has the option to extend this charter until October 2025.

The FSRU, NR Satu, is currently under a long term charter with PT Nusantara Regas that expires in 2022. PT Nusantara Regas has the option to extend the NR Satu charter until 2025.

The LNG carrier, Golar Maria, is under a medium-term charter with LNG Shipping S.p.A, a major Italian energy company. The contract expires in 2017.

The Golar Grand, is an LNG carrier built in 2006 that recently concluded her medium-term charter with BG Group in February 2015. Under the sale and purchase agreement for the Golar Grand between Golar and Golar Partners, dated November 2012, Golar Partners had the option to require us to charter in the vessel until October 2017 at approximately 75% of the hire rate paid by BG Group. This option was exercised by Golar Partners in February 2015.

The FSRU, Golar Igloo, is under a medium-term time charter with KNPC. The contract is for an initial term of five years and will expire in 2018.

The Golar Eskimo is an FSRU that is expected to commence service under a ten-year time charter with the Government of the Hashemite Kingdom of Jordan (or Jordan). The Golar Eskimo will be moored at a purpose-built structure off the Red Sea port of Aqaba and will connect to the Jordan Gas Transmission Pipeline that delivers natural gas to power plants in Jordan.

Golar Management and Golar Wilhelmsen

Golar Management

Golar Management, our wholly-owned subsidiary which has offices in London and Oslo, provides commercial, operational and technical support and supervision and accounting and treasury services to our and Golar Partners' vessels. In addition, under the management and administrative services agreement we entered into with Golar Partners, certain officers and directors of Golar Management provide executive officer functions to Golar Partners' benefit. In addition, the administrative services provided by Golar Management include: (i) assistance in commercial management; (ii) execution of business strategies of Golar Partners; (iii) bookkeeping, audit and accounting services; (iv) legal and insurance services; (v) administrative and clerical services; (vi) banking and financial services; (vii) advisory services; (viii) client and investor relations; and (viii) integration of any acquired business.

Golar Management is reimbursed for reasonable costs and expenses it incurs in connection with the provision of these services. In addition, Golar Management receives a management fee equal to 5% of its costs and expenses incurred in connection with providing these services. Golar Partners may terminate the management and administrative services agreement by providing 120 days written notice.

Golar Wilhelmsen ("GWM")

In September 2010, GWM was established as a joint venture between Golar and Wilhelmsen Ship Management (Norway) AS, or Wilhelmsen. GWM office staff consist of both Wilhelmsen and Golar employees. The office is located in Golar's office facilities at Fridtjof Nansens Plass, Oslo. Golar Management uses the services of GWM to provide the following technical, commercial and crew management services both to our and Golar Partners' vessels: (i) manage suitably qualified crew; (ii) provision of competent personnel to supervise the maintenance and efficiency of the vessels; (iii) arrange and supervise drydockings, repairs, alterations and maintenance of vessels; and (iv) arrange and supply stores, spares and lubricating oils.

Vessel Maintenance

We are focused on operating and maintaining our vessels to the highest safety and industry standards and at the same time maximizing revenue from each vessel. It is our policy to have our crews perform planned maintenance on our vessels while underway, to reduce time required for repairs during dry-docking. This reduces the overall off-hire period required for dockings and repairs. Since we generally do not earn hire from a vessel while it is dry-docking we believe that the additional revenue earned from reduced off-hire periods outweighs the expense of the additional crewmembers or subcontractors.

Risk of Loss, Insurance and Risk Management

The operation of any vessel, including LNG carriers and FSRUs, has inherent risks. These risks include mechanical failure, personal injury, collision, property loss, vessel or cargo loss or damage and business interruption due to political circumstances in foreign countries and/or war risk situations or hostilities. In addition, there is always an inherent possibility of marine disaster, including explosion, spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. We believe that our present insurance coverage is adequate to protect us against the accident related risks involved in the conduct of our business and that we maintain appropriate levels of environmental damage and pollution insurance coverage consistent with standard industry practice. However, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

We have obtained hull and machinery insurance on all our vessels against marine and war risks, which include the risks of damage to our vessels, salvage or towing costs, and also insure against actual or constructive total loss of any of our vessels. However, our insurance policies contain deductible amounts for which we will be responsible. We have also arranged additional total loss coverage for each vessel. This coverage, which is called hull interest and freight interest coverage, provides us additional coverage in the event of the total loss of a vessel.

We have also obtained loss of hire insurance to protect us against loss of income in the event one of our vessels cannot be employed due to damage that is covered under the terms of our hull and machinery insurance. Under our loss of hire policies, our insurer will pay us the daily rate agreed in respect of each vessel for each day, in excess of a certain number of deductible days, for the time that the vessel is out of service as a result of damage, for a maximum of 218 days. The number of deductible days varies from 14 days for the new ships to 30 days for the older ships, also depending on the type of damage; machinery or hull damage.

Protection and indemnity insurance, which covers our third-party legal liabilities in connection with our shipping activities, is provided by mutual protection and indemnity associations, or P&I clubs. This includes third-party liability and other expenses related to the injury or death of crew members, passengers and other third-party persons, loss or damage to cargo, claims arising from collisions with other vessels or from contact with jetties or wharves and other damage to other third-party property, including pollution arising from oil or other substances, and other related costs, including wreck removal. Subject to the capping discussed below, our coverage, except for pollution, is unlimited.

Our current protection and indemnity insurance coverage for pollution is $1 billion per vessel per incident. The thirteen P&I clubs that comprise the International Group of Protection and Indemnity Clubs insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. Each P&I club has capped its exposure in this pooling agreement so that the maximum claim covered by the pool and its reinsurance would be approximately $5.45 billion per accident or occurrence. We are a member of Gard and Skuld P&I Clubs. As a member of these P&I clubs, we are subject to a call for additional premiums based on the clubs' claims record, as well as the claims record of all other members of the P&I clubs comprising the International Group. However, our P&I clubs have reinsured the risk of additional premium calls to limit our additional exposure. This reinsurance is subject to a cap, and there is the risk that the full amount of the additional call would not be covered by this reinsurance.

The insurers providing the Hull and Machinery, Hull and Cargo interests, Protection and Indemnity and Loss of Hire insurances have confirmed that they will consider any FSRUs as vessels for the purpose of providing insurance. For the FSRUs we have also arranged an additional Comprehensive General Liability insurance. This type of insurance is common for offshore operations and is additional to the P&I insurance.

We will use in our operations our thorough risk management program that includes, among other things, computer-aided risk analysis tools, maintenance and assessment programs, a seafarers' competence training program, seafarers' workshops and membership in emergency response organizations. We expect to benefit from our commitment to safety and environmental protection as certain of our subsidiaries assist us in managing our vessel operations. GWM received its ISO 9001certification in April 2011, and is certified in accordance with the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention (ISM) on a fully integrated basis.

Environmental and Other Regulations

General

Governmental and international agencies extensively regulate the carriage, handling, storage and regasification of LNG. These regulations include international conventions and national, state and local laws and regulations in the countries where our vessels, now or in the future, will operate or where our vessels are registered. We cannot predict the ultimate cost of complying with these regulations, or the impact that these regulations will have on the resale value or useful lives of our vessels. In addition, any serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact, including the 2010 Deepwater Horizon oil spill in the Gulf

of Mexico, could result in additional legislation or regulation that could negatively affect our profitability. In April 2015, it was announced that new regulations are expected to be imposed in the United States regarding offshore oil and gas drilling. Various governmental and quasi-governmental agencies require us to obtain permits, licenses and certificates for the operation of our vessels.

Although we believe that we are substantially in compliance with applicable environmental laws and regulations and have all permits, licenses and certificates required for our vessels, future non-compliance or failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend operation of one or more of our vessels. A variety of governmental and private entities inspect our vessels on both a scheduled and unscheduled basis. These entities, each of which may have unique requirements and each of which conducts frequent inspections, include local port authorities, such as the USCG, harbor master or equivalent, classification societies, flag state, or the administration of the country of registry, charterers, terminal operators and LNG producers.

GWM is operating in compliance with the International Standards Organization, or ISO, Environmental Standard for the management of the significant environmental aspects associated with the ownership and operation of a fleet of LNG carriers. GWM received its ISO 9001 certification (quality management systems) in April 2011 and the ISO 14001 Environmental Standard during summer 2012. This certification requires that Golar and GWM commit managerial resources to act on our environmental policy through an effective management system.

International Maritime Regulations of LNG Vessels

IMO is the United Nations agency that provides international regulations governing shipping and international maritime trade. The requirements contained in the ISM Code promulgated by the IMO, govern our operations. Among other requirements, the ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a policy for safety and environmental protection setting forth instructions and procedures for operating its vessels safely and also describing procedures for responding to emergencies. Our Ship Manager holds a Document of Compliance (DoC) under the ISM Code for operation of Gas Carriers.

Vessels that transport gas, including LNG carriers and FSRUs, are also subject to regulation under the International Gas Carrier Code, or the IGC Code, published by the IMO. The IGC Code provides a standard for the safe carriage of LNG and certain other liquid gases by prescribing the design and construction standards of vessels involved in such carriage. Compliance with the IGC Code must be evidenced by a Certificate of Fitness for the Carriage of Liquefied Gases in Bulk. Each of our vessels is in compliance with the IGC Code and each of our new buildings/conversion contracts requires that the vessel receive certification that it is in compliance with applicable regulations before it is delivered. Non-compliance with the IGC Code or other applicable IMO regulations may subject a shipowner or a bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

The IMO also promulgates ongoing amendments to the International Convention for the Safety of Life at Sea 1974 and its protocol of 1988, otherwise known as SOLAS. SOLAS provides rules for the construction of and equipment required for commercial vessels and includes regulations for safe operation. It requires the provision of lifeboats and other life-saving appliances, requires the use of the Global Maritime Distress and Safety System which is an international radio equipment and watch keeping standard, afloat and at shore stations, and relates to the International Convention on the Standards of Training and Certification of Watchkeeping Officers, or STCW, also promulgated by the IMO. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance.

SOLAS and other IMO regulations concerning safety, including those relating to treaties on training of shipboard personnel, lifesaving appliances, radio equipment and the global maritime distress and safety system, are applicable to our operations. Non-compliance with these types of IMO regulations may subject us to increased liability or penalties may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to or detention in some ports. For example, the USCG and EU authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and European Union ports.

In the wake of increased worldwide security concerns, the IMO amended SOLAS and added the International Ship and Port Facility Security Code, or ISPS Code, as a new chapter to that convention. The objective of the ISPS, which came into effect on July 1, 2004, is to detect security threats and take preventive measures against security incidents affecting ships or port facilities. GWM has developed Security Plans, appointed and trained Ship and Office Security Officers and all of our vessels have been certified to meet the ISPS Code. See “Vessel Security Regulations” for a more detailed discussion about these requirements.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulation may have on our operations.

Air Emissions

The International Convention for the Prevention of Marine Pollution from Ships, or MARPOL, is the principal international convention negotiated by the IMO governing marine pollution prevention and response. MARPOL imposes environmental standards on the shipping industry relating to oil spills, management of garbage, the handling and disposal of noxious liquids, sewage and air emissions. MARPOL 73/78 Annex VI regulations for the "Prevention of Air Pollution from Ships," or Annex VI, entered into force on May 19, 2005, and applies to all ships, fixed and floating drilling rigs and other floating platforms. Annex VI sets limits on Sulphur oxide and nitrogen oxide emissions from ship exhausts, emissions of volatile compounds from cargo tanks, incineration of specific substances, and prohibits deliberate emissions of ozone depleting substances. Annex VI also includes a global cap on Sulphur content of fuel oil and allows for special areas to be established with more stringent controls on Sulphur emissions. The certification requirements for Annex VI depend on size of the vessel and time of periodical classification survey. Ships weighing more than 400 gross tons and engaged in international voyages involving countries that have ratified the conventions, or ships flying the flag of those countries, are required to have an International Air Pollution Certificate, or an IAPP Certificate. Annex VI came into force in the United States on January 8, 2009 and has been amended a number of times. As of the current date, all our ships delivered or drydocked since May 19, 2005 have been issued with IAPP Certificates.

In March 2006, the IMO amended Annex I to MARPOL, including a new regulation relating to oil fuel tank protection, which became effective August 1, 2007. The new regulation applies to various ships delivered on or after August 1, 2010. It includes requirements for the protected location of the fuel tanks, performance standards for accidental oil fuel outflow, a tank capacity limit and certain other maintenance, inspection and engineering standards. IMO regulations also require owners and operators of vessels to adopt Shipboard Oil Pollution Emergency Plans. Periodic training and drills for response personnel and for vessels and their crews are required.

On July 1, 2010, amendments proposed by the United States, Norway and other IMO member states to Annex VI to the MARPOL Convention took effect that require progressively stricter limitations on Sulphur emissions from ships. In ECAs limitations on Sulphur emissions require that fuels contain no more than 1% Sulphur. As of January 1, 2012, fuel used to power ships may contain no more than 3.5% Sulphur. This cap will then decrease progressively until it reaches 0.5% by January 1, 2020, subject to a feasibility review to be completed no later than 2018. The amendments all establish new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The European directive 2005/33/EU, effective as of January 1, 2010, bans the use of fuel oils containing more than 0.1% Sulphur by mass by any merchant vessel while at berth in any EU country. Our vessels have achieved compliance, where necessary, by being arranged to burn gas only in their boilers when alongside. Low sulphur marine diesel oil, or LSDO, has been purchased as the only fuel for the Diesel Generators. In addition we have modified the boilers on all our vessels to also allow operation on LSDO.

Additionally, more stringent emission standards could apply in coastal areas designated as ECAs, such as the United States and Canadian coastal areas designated by the IMO's Marine Environment Protection Committee, as discussed in "U.S. Clean Air Act" below. Effective August 1, 2012, certain coastal areas of North America were designated ECAs. Furthermore, as of January 1, 2014, the United States Caribbean Sea was designated an ECA. Annex VI Regulation 14, which came into effect on January 1, 2015, set a 0.1% sulphur limit in the Baltic Sea, North Sea, North America, and United States Caribbean Sea ECAs.

U.S. air emissions standards are now equivalent to these amended Annex VI requirements. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems. Because our vessels are largely powered by means other than fuel oil we do not anticipate that any emission

limits that may be promulgated will require us to incur any material costs for the operation of our vessels but that possibility cannot be eliminated

Ballast Water Management Convention

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will not become effective until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. To date, there has not been sufficient adoption of this standard for it to take force. Many of the implementation dates originally written into the BWM Convention have already passed so that once the BWM Convention enters into force, the period for installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems, or BWMS. For this reason on December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This in effect makes all vessels constructed before the entry into force date ‘existing’ vessels and allows for the installation of a BWMS on such vessels at the first renewal survey following entry into force. Although the BWM Convention has not yet entered into force and has not been ratified by the United States, the USCG has adopted regulations imposing requirements similar to those of the BWM Convention. Once mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers. Although we do not believe that the costs of such compliance would be material, it is difficult to predict the overall impact of such a requirement on our operations.

As referenced below, the USCG issued new ballast water management rules on March 23, 2012, and the EPA adopted a new Vessel General Permit in December 2013 that contains numeric technology-based ballast water effluent limitations that will apply to certain commercial vessels with ballast water tanks. Under the requirements of the BWM Convention installation of ballast water treatments, BWT systems, will be needed on all our LNG Carriers. As long as our FSRUs are operating as FSRUs and kept stationary they will not need installation of a BWT system. Ballast water treatment technologies are now becoming more mature, although the various technologies are still developing. The additional costs of complying with these rules, relating to certain of our older vessels are estimated to be in the range of between $2 million and $4 million.

Bunkers Convention / CLC State Certificate

The International Convention on Civil Liability for Bunker Oil Pollution 2001, or the Bunker Convention, entered into force in the states party to the Bunker Convention on November 21, 2008. The Convention provides a liability, compensation and compulsory insurance system for the victims of oil pollution damage caused by spills of bunker oil. The Convention makes the ship owner liable to pay compensation for pollution damage (including the cost of preventive measures) caused in the territory, including the territorial sea of a State Party, as well as its economic zone or equivalent area. Registered owners of any sea going vessel and seaborne craft over 1,000 gross tonnage, of any type whatsoever, and registered in a State Party, or entering or leaving a port in the territory of a State Party, will be required to maintain insurance which meets the requirements of the Convention and to obtain a certificate issued by a State Party attesting that such insurance is in force. The State issued certificate must be carried on board at all times.

P&I Clubs in the International Group issue the required Bunkers Convention "Blue Cards" to enable signatory states to issue certificates. All of our vessels have received “Blue Cards” from their P&I Club and are in possession of a CLC State-issued certificate attesting that the required insurance cover is in force.

The flag state, as defined by the United Nations Convention on Law of the Sea, has overall responsibility for the implementation and enforcement of international maritime regulations for all ships granted the right to fly its flag. The "Shipping Industry Guidelines on Flag State Performance" evaluates flag states based on factors such as sufficiency of infrastructure, ratification of international maritime treaties, implementation and enforcement of international maritime regulations, supervision of surveys, casualty investigations and participation at the IMO meetings.

United States Environmental Regulation of LNG Vessels

Our vessels operating in U.S. waters now or in the future will be subject to various federal, state and local laws and regulations relating to protection of the environment. In some cases, these laws and regulations require us to obtain governmental permits and authorizations before we may conduct certain activities. These environmental laws and regulations may impose substantial penalties for noncompliance and substantial liabilities for pollution. Failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties. As with the industry generally, our operations will entail risks in these areas, and compliance with these laws and regulations, which may be subject to frequent revisions and reinterpretation, increases our overall cost of business.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the Anti-fouling Convention. The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels after September 1, 2003. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-fouling System Certificate and undergo a survey before the vessel is put into service or when the anti-fouling systems are altered or replaced. We have obtained Anti-fouling System Certificates for all of our vessels, and we do not believe that maintaining such certificates will have an adverse financial impact on the operation of our vessels.

Oil Pollution Act and The Comprehensive Environmental Response Compensation and Liability Act

The U.S. Oil Pollution act of 1990 or OPA 90 established an extensive regulatory and liability regime for environmental protection and clean up of oil spills. OPA 90 affects all owners and operators whose vessels trade with the United States or its territories or possessions, or whose vessels operate in the waters of the United States, which include the U.S. territorial waters and the 200 nautical mile exclusive economic zone of the United States. The Comprehensive Environmental Response Compensation and Liability Act, or CERCLA, applies to the discharge of hazardous substances whether on land or at sea. While OPA 90 and CERCLA would not apply to the discharge of LNG, they may affect us because we carry oil as fuel and lubricants for our engines, and the discharge of these could cause an environmental hazard. Under OPA 90, vessel operators, including vessel owners, managers and bareboat or "demise" charterers, are "responsible parties" who are all liable regardless of fault, individually and as a group, for all containment and clean-up costs and other damages arising from oil spills from their vessels. These "responsible parties" would not be liable if the spill results solely from the act or omission of a third party, an act of God or an act of war. The other damages aside from clean-up and containment costs are defined broadly to include:

- natural resource damages and related assessment costs;
- real and personal property damages;
- net loss of taxes, royalties, rents, profits or earnings capacity;
- lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources;net cost of public services necessitated by a spill response, such as protection from fire, safety or health hazards; and
- loss of subsistence use of natural resources.

Effective July 31, 2009, the U.S. Coast Guard adjusted the limits of OPA liability to the greater of $2,000 per gross ton or $17.1 million for any double-hull tanker that is over 3,000 gross tons (subject to possible adjustment for inflation) (relevant to the Company's LNG carriers). These limits of liability do not apply, however, where the incident is caused by violation of applicable U.S. federal safety, construction or operating regulations, or by the responsible party's gross negligence or willful misconduct. These limits likewise do not apply if the responsible party

fails or refuses to report the incident or to cooperate and assist in connection with the substance removal activities. OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters. In some cases, states, which have enacted their own legislation, have not yet issued implementing regulations defining ship owners' responsibilities under these laws.

CERCLA, which also applies to owners and operators of vessels, contains a similar liability regime and provides for cleanup, removal and natural resource damages for releases of "hazardous substances." Liability under CERCLA is limited to the greater of $300 per gross ton or $0.5 million for each release from vessels not carrying hazardous substances as cargo or residue, and $300 per gross ton or $5 million for each release from vessels carrying hazardous substances as cargo or residue. As with OPA , these limits of liability do not apply where the incident is caused by violation of applicable U.S. federal safety, construction or operating regulations, or by the responsible party's gross negligence or willful misconduct or if the responsible party fails or

refuses to report the incident or to cooperate and assist in connection with the substance removal activities. OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law. We believe that we are in substantial compliance with OPA , CERCLA and all applicable state regulations in the ports where our vessels call.

OPA requires owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the limit of their potential strict liability under OPA /CERCLA. Under the regulations, evidence of financial responsibility may be demonstrated by insurance, surety bond, self-insurance or guaranty. Under OPA regulations, an owner or operator of more than one vessel is required to demonstrate evidence of financial responsibility for the entire fleet in an amount equal only to the financial responsibility requirement of the vessel having the greatest maximum liability under OPA /CERCLA. We currently maintain each of our ship owning subsidiaries that has vessels trading in U.S. waters has applied for, and obtained from the U.S. Coast Guard National Pollution Funds Center, three-year certificates of financial responsibility (or COFR), supported by guarantees which we purchased from an insurance based provider. We believe that we will be able to continue to obtain the requisite guarantees and that we will continue to be granted certificates of financial responsibility from the U.S. Coast Guard for each of our vessels that is required to have one.

In response to the BP Deepwater Horizon oil spill, the U.S. Congress is currently considering a number of bills that could potentially increase or even eliminate the limits of liability under OPA . Compliance with any new requirements of OPA may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation or regulation applicable to the operation of our vessels that may be implemented in the future as a result of the 2010 BP Deepwater Horizon oil spill in the Gulf of Mexico could adversely affect our business and ability to make distributions to our shareholders.

Clean Water Act

The U.S. Clean Water Act, the CWA, prohibits the discharge of oil or hazardous substances in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In addition, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.
The EPA and USCG, have enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

The EPA has enacted rules requiring a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters under the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels, the VGP. For a new vessel delivered to an owner or operator after September 19, 2009 to be covered by the VGP, the owner must submit a Notice of Intent, NOI, at least 30 days before the vessel operates in United States waters. On March 28, 2013, EPA re-issued the VGP for another five years; this 2013 VGP took effect December 19, 2013. The 2013 VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in US waters, more stringent requirements for exhaust gas scrubbers and the use of environmentally acceptable lubricants. We have submitted NOIs for our vessels where required and do not believe that the costs associated with obtaining and complying with the VGP will have a material impact on our operations.

The USCG, regulations adopted under the U.S. National Invasive Species Act, the NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters which require the installation of equipment to treat ballast water before it is discharged in U.S. waters or, in the alternative, the implementation of other port facility disposal arrangements or procedures. Vessels not complying with these regulations are restricted from entering U.S. waters. The USCG must approve any technology before it is placed on a vessel.

Notwithstanding the foregoing, as of January 1, 2014, vessels are technically subject to the phasing-in of these standards. As a result, the USCG has provided waivers to vessels which cannot install the as-yet unapproved technology. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers.

In addition to the requirements in the new VGP, vessel owners and operators must meet twenty-five sets of state-specific requirements under the CWA's § 401 certification process. Because the CWA § 401 process allows tribes and states to impose their own requirements for vessels operating within their waters, vessels operating in multiple jurisdictions could face potentially conflicting conditions specific to each jurisdiction that they travel through.

Clean Air Act

The U.S. Clean Air Act of 1970, as amended, or the CAA, requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas and emission standards for so-called "Category 3" marine diesel engines operating in U.S. waters. The marine diesel engine emission standards are currently limited to new engines beginning with the 2004 model year. On April 30, 2010, the EPA promulgated final emission standards for Category 3 marine diesel engines equivalent to those adopted in the amendments to Annex VI to MARPOL. The emission standards apply in two stages: near-term standards for newly-built engines will apply from 2011, and long-term standards requiring an 80% reduction in nitrogen dioxides, or NOx, will apply from 2016. Compliance with these standards may cause us to incur costs to install control equipment on our vessels in the future.

Regulation of Greenhouse Gas Emissions

In February 2005, the Kyoto Protocol entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the emissions of greenhouse gases from international transport are not subject to the Kyoto Protocol. In December 2009, more than 27 nations, including the United States and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. In addition, in December 2011, the Conference of the Parties to the United Nations Convention on Climate Change adopted the Durban Platform which calls for a process to develop binding emissions limitations on both developed and developing countries under the United Nations Framework Convention on Climate Change applicable to all Parties. The European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels and in January 2012, the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships.

As of January 1, 2013, all ships, including rigs and drillships, must comply with mandatory requirements adopted by the MEPC in July 2011 relating to greenhouse gas emissions. The amendments to MARPOL Annex VI Regulations for the prevention of air pollution from ships add a new Chapter 4 to Annex VI on Regulations on energy efficiency requiring the Energy Efficiency Design Index, or EEDI, for new ships, and the Ship Energy Efficiency Management Plan, or SEEMP, for all ships. These measures entered into force on January 1, 2013. Other amendments to Annex VI add new definitions and requirements for survey and certification, including the format for the International Energy Efficiency Certificate. The regulations apply to all ships of 400 gross tonnage and above. When these regulations enter into force, these new rules will likely affect the operations of vessels that are registered in countries that are signatories to MARPOL Annex VI or vessels that call upon ports located within such countries. The implementation of the EEDI and SEEMP standards could cause us to incur additional compliance costs. The IMO is also considering the implementation of a market-based mechanism for greenhouse gas emissions from ships, but it is impossible to predict the likelihood that such a standard might be adopted or its potential impact on our operations at this time.

In the United States, the EPA has issued a final finding that greenhouse gases threaten public health and safety, and has promulgated regulations that regulate the emission of greenhouse gases. The EPA enforces both the CAA and the international standards found in Annex VI of MARPOL concerning marine diesel emissions, and the sulphur content

found in marine fuel. Other federal and state regulations relating to the control of greenhouse gas emissions may follow, including climate change initiatives that have been considered in the U.S. Congress. Any passage of climate control legislation or other regulatory initiatives by the IMO, the European Union, the United States, or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures that we cannot predict with certainty at this time. In addition, even without such regulation, our business may be indirectly affected to the extent that climate change results in sea level changes or more intense weather events.

Vessel Safety Regulations

The Maritime Safety Committee adopted a new paragraph 5 of SOLAS regulation III/1 to require lifeboat on-load release mechanisms not complying with new International Life-Saving Appliances, or LSA Code requirements to be replaced no later than the first scheduled dry-docking of the ship after 1 July 2014 but, in any case, not later than 1 July 2019. The SOLAS amendment, which entered into force on 1 January 2013, is intended to establish new, stricter, safety standards for lifeboat release and retrieval

systems, aimed at preventing accidents during lifeboat launching, and will require the assessment and possible replacement of a large number of lifeboat release hooks.

All Golar vessels that were docked in 2014 had the lifeboat release and retrieval systems overhauled and modified where found necessary.

According to SOLAS Ch V/19.2.10, all vessels shall have an Electronic Chart Display and Information Systems, or ECDIS, installed in the period from 2012 to 2018. Our LNG vessels must have approved ECDIS fitted no later than the first survey on or after July 1, 2015. All our vessels now have an ECDIS installed and our Officers have been sent to specific training courses.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the ISPS Code. The ISPS Code is designed to protect ports and international shipping against terrorism. After July 1, 2004, to trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alerts the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including, the name of the ship and of the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

The USCG regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from obtaining USCG-approved MTSA vessel security plans provided such vessels have on board an ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

GWM has developed Security Plans, appointed and trained Ship and Office Security Officers and each of our vessels in our fleet complies with the requirements of the ISPS Code, SOLAS and the MTSA.

Other Regulations

Our LNG vessels may also become subject to the 2010 HNS Convention, if it is entered into force. The Convention creates a regime of liability and compensation for damage from hazardous and noxious substances (or HNS), including liquefied gases. The 2010 HNS Convention sets up a two-tier system of compensation composed of compulsory insurance taken out by ship owners and an HNS fund that comes into play when the insurance is insufficient to satisfy a claim or does not cover the incident. Under the 2010 HNS Convention, if damage is caused by bulk HNS, claims for compensation will first be sought from the ship owner up to a maximum of 100 million Special Drawing Rights (or SDR). If the damage is caused by packaged HNS or by both bulk and packaged HNS, the maximum liability is 115 million SDR. Once the limit is reached, compensation will be paid from the HNS Fund up to a maximum of 250 million SDR. The 2010 HNS Convention has not been ratified by a sufficient number of countries to enter into force, and we cannot estimate the costs that may be needed to comply with any such requirements that may be adopted with any certainty at this time.

Inspection by Classification Societies

Every large, commercial seagoing vessel must be "classed" by a classification society. A classification society certifies that a vessel is "in class," signifying that the vessel has been built and maintained in accordance with the rules of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

Generally FSRUs are "classed" as LNG carriers with the additional class notation REGAS-2 signifying that the regasification installations are designed and approved for continuous operation. The reference to "vessels" in the following paragraph, also applies to FSRUs.

For maintenance of the class certificate, regular and special surveys of hull, machinery, including the electrical plant and any special equipment classed, are required to be performed by the classification society, to ensure continuing compliance. Vessels are drydocked at least once during a five-year class cycle for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a "condition of class" which must be rectified by the ship owner within prescribed time limits. The classification society also undertakes on request of the flag state other surveys and checks that are required by the regulations and requirements of that flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society, which is a member of the International Association of Classification Societies. All of our vessels have been certified as being "in class." Golar Arctic is certified by Lloyds Register, Golar Frost and Golar Bear are certified by American Bureau of Shipping and all our other vessels are certified by Det Norske Veritas. All three are members of the International Association of Classification Societies. All of our vessels have been awarded ISM certification and are currently "in class."

In-House Inspections

GWM carries out inspections of the vessels on a regular basis; both at sea and when the vessels are in port, while we carry out inspection and vessel audits to verify conformity with the manager's reports. The results of these inspections result in a report containing recommendations for improvements to the overall condition of the vessel, maintenance, safety and crew welfare. Based in part on these evaluations, we create and implement a program of continual maintenance for our vessels and their systems.

C. Organizational Structure

Unless otherwise indicated, we own a 100% controlling interest in each of the following subsidiaries as of April 24, 2015.

Name	Jurisdiction of Incorporation	Purpose
Golar LNG 2216 Corporation	Marshall Islands	Owns Golar Arctic
Golar Management Limited	United Kingdom	Management company
Golar GP LLC – Limited Liability Company	Marshall Islands	Holding company
Golar LNG Energy Limited	Bermuda	Holding company
Golar Gimi Corporation (1)	Marshall Islands	Owns Gimi
Golar Hilli Corporation (89%) (2)	Marshall Islands	Owns and operates Hilli
Bluewater Gandria N.V.	Netherlands	Owns and operates Golar Gandria
Golar Hull M2021 Corporation	Marshall Islands	Owns and operates Hull 2021 (Golar Seal)
Golar Hull M2022 Corporation	Marshall Islands	Owns and operates Hull 2022 (Golar Crystal)
Golar Hull M2023 Corporation	Marshall Islands	Owns and operates Hull 2023 (Golar Penguin)
Golar Hull M2026 Corporation	Marshall Islands	Owns and operates Hull 2026 (Golar Celsius)
Golar Hull M2027 Corporation	Marshall Islands	Owns and operates Hull 2027 (Golar Bear)
Golar Hull M2047 Corporation	Marshall Islands	Owns and operates Hull 2047 (Golar Snow)
Golar Hull M2048 Corporation	Marshall Islands	Owns and operates Hull 2048 (Golar Ice)
Golar LNG NB10 Corporation (3)	Marshall Islands	Leases and operates Hull S658 (Golar Glacier)
Golar LNG NB11 Corporation	Marshall Islands	Owns and operates Hull S659 (Golar Kelvin)
Golar LNG NB12 Corporation	Marshall Islands	Owns and operates Hull 2055 (Golar Frost)
Golar LNG NB13 Corporation	Marshall Islands	Owns Hull 2056 (Golar Tundra)
Golar Commodities Limited	Bermuda	Trading company
Golar Abuja Corporation (4)	Marshall Islands	Owns Abuja

(1) The Gimi was sold to Golar Gimi Corporation from Golar Gimi Limited in February 2015.
(2) The Hilli was sold to Golar Hilli Corporation from Golar Hilli Limited prior to the commencement of her conversion to FLNGV. KSI Production Pte. Limited and Black & Veatch hold the remaining 10% and approximately 1% interest, respectively, in the issued share capital of Golar Hilli Corporation.
(3) In October 2014, the Golar Glacier was sold and leased back from Hai Jao 1401 Limited, a wholly-owned subsidiary of ICBC Finance Leasing Co. Ltd or ICBC. We considered Hai Jao 1401 Ltd as a variable interest entity, therefore we included the Golar Glacier in "Vessels and Equipment, net" in our consolidated balance sheet.
(4) In April 2015, we acquired the Abuja from NLNG.

D. Property, Plant and Equipment

For information on our fleet, please see the section of this item entitled "Fleet."

We do not own any interest in real property. We lease approximately 7,000 square feet of office space in London, 16,000 square feet of sublet office space in Oslo, for our ship management operations and approximately 1,300 square feet of office space in Bermuda.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations should be read in conjunction with the sections of this Annual Report entitled “Item 3. Key Information-Selected Financial Data," “Item 4. Information on the Company" and our audited financial statements and notes thereto. Our financial statements have been prepared in accordance with U.S. GAAP. This discussion includes forward-looking statements based on assumptions about our future business. Please read the section of this Annual Report entitled "Cautionary Statement Regarding Forward Looking Statements" for more information. You should also review the section of this Annual Report entitled “Item 3. Key Information-D. Risk Factors" for a discussion of important factors that could cause our actual results to differ materially from the results described in or implied by the forward-looking statements.

Overview and Background

Golar is a midstream LNG company engaged primarily in the transportation, regasification and trading of LNG. We are engaged in the acquisition, ownership, operation and chartering of LNG carriers and FSRUs through our subsidiaries and affiliates and the development of LNG projects such as FLNGVs.

Golar Partners

Golar Partners was formed initially as an indirect wholly-owned subsidiary of Golar in September 2007 under the laws of the Republic of the Marshall Islands for the purpose of holding interests in vessels with long-term charters (typically five years or more) in order to better manage the risk profiles of our total fleet through our dropdowns of our vessel interests into Golar Partners.

In April 2011, we completed the IPO of Golar Partners. Golar Partners is listed on Nasdaq under the symbol "GMLP".

As of April 24, 2015, Golar Partners has completed a further four follow-on offerings since its IPO and we have sold a portion of our interests in Golar Partners in two secondary offerings. As of April 25, 2015, we own the following interests in Golar Partners: 1,668,096 common units, 15,949,831 subordinated units, the 2% general partner interest (through our ownership of the general partner) and all of the incentive distribution rights. The common, subordinated and general partner units amount to approximately 30% of Golar Partners total units in issue and this is expected to remain as a long-term holding.

Since the IPO of Golar Partners, we have sold the following six vessels to Golar Partners, the Golar Freeze, the NR Satu, the Golar Grand, the Golar Maria, the Golar Igloo and more recently, the Golar Eskimo, for an aggregate value of $1.9 billion. As of April 24, 2015, Golar Partners' fleet consisted of four LNG carriers and six FSRUs, which were acquired from or contributed by us.

During the period from the IPO of Golar Partners in April 2011 until the time of its first AGM on December 13, 2012, we retained the sole power to appoint, remove and replace all members of Golar Partners' board of directors through our ownership of its General Partner. Under the provisions of Golar Partners' partnership agreement, the General Partner irrevocably delegated the authority to Golar Partners' board of directors to have the power to oversee and direct the operations of, manage and determine the strategies and policies of the Partnership. From the first Golar Partners' AGM, four of the seven board members became electable by common unitholders and accordingly, from this date we no longer retain the power to control the directors of Golar Partners. As a result, from December 13, 2012, Golar Partners has been considered as an affiliate entity and not as our controlled subsidiary.

Market Overview and Trends

Our principal focus and expertise is the transportation and regasification of LNG and liquefaction of natural gas. We are engaged in the acquisition, ownership, operation and chartering of LNG carriers and FSRUs through our subsidiaries and affiliates and the development of liquefaction projects. As of April 24, 2015, together with our affiliate, Golar Partners, our fleet consisted of twenty five vessels. Our full fleet list is provided in “Item 4. Information on the Company-B. Business Overview-Fleet."

Historically, spot and short-term charter hire rates for LNG carriers have been uncertain, which reflects the variability in the supply and demand for LNG carriers. The industry has not, however, experienced a structural surplus of LNG carriers since the 1980s with fluctuations in rates and utilization over the intervening decades reflecting short-term timing disconnects between the delivery of new vessels and delivery of the new LNG they were ordered to transport. During the last cycle an excess of LNG carriers first became evident in 2004, before reaching a peak in the second quarter of 2010, when spot and short term charter hire rates together with utilization reached historic lows. Due to a lack of newbuild orders placed between 2008 and 2010, this trend then reversed from the third quarter of 2010 such that the demand for LNG shipping was not being met by available supply in 2011 and the first half of 2012. Spot and short-medium term charter hire rates together with fleet utilization reached historic highs as a result. Since then, hire rates and utilization slowly declined from these all-time highs reaching an equilibrium around the third quarter of 2013 when the supply and demand of vessels was broadly in alignment. Subsequent to this, the pace of newbuild LNG carrier deliveries has outstripped the supply of new LNG liquefaction, with the supply of LNG carriers exceeding shipping requirements throughout 2014. We expect this to remain the case throughout most of 2015 with subdued rates and utilization levels as a result. From 2016, the anticipated arrival of substantial new LNG volumes should absorb the built-up surplus of LNG carriers and the market is expected to be short of carriers by 2017. Increasing hire rates and utilization of vessels exposed to the market over 2016 and 2017 can be expected provided there are no significant unplanned outages at existing liquefaction facilities as a result of geopolitical or other unexpected events.

As of April 24, 2015, we have a newbuild commitment for one FSRU with the delivery date scheduled in December 2015.

Please see the section of this Annual Report entitled “Item 4. Information on the Company- B. Business Overview - The Natural Gas Industry" for further discussion of the LNG market.

Factors Affecting the Comparability of Future Results

Our historical results of operations and cash flows are not necessarily indicative of results of operations and cash flows to be expected in the future, principally for the following reasons:

- Deconsolidation of Golar Partners from December 13, 2012. Although our economic interests in the cashflows of Golar Partners remain the same since before and after the deconsolidation, the accounting effect of the deconsolidation resulted in a one-time gain of $854 million and since then, has had a material impact on the presentation of our financial results as compared to prior periods. A summary of the key significant changes as a consequence of the deconsolidation, include:

  - A decrease in operating income and individual line items therein, in relation to Golar Partner's fleet; and

  - A decrease in net financial expense in respect of Golar Partner's debt and capital lease obligations, net of restricted cash deposits.

Offset by, recognition of:

- Gains on the sale of our vessel interests to Golar Partners, commencing with the Golar Maria in February 2013, the Golar Igloo in March 2014 and more recently, the Golar Eskimo in January 2015.

- Management fee income from the provision of services to Golar Partners under each of the management and administrative services and the fleet management agreements.

- Dividend income in respect of our interests in common units and general partner interests (during the subordination period) and IDRs.

- Equity in net earnings of affiliates, to reflect our share of the results of Golar Partners calculated with respect to our interests in its subordinated units, but offset by a charge for the amortization of the basis difference in relation to the $854 million gain on loss of control.

For periods when vessels are in lay-up, vessel operating and voyage costs will be lower. Three of our four vessels have recently been laid-up. The Gimi (August 2010 - June 2011), the Hilli (April 2008 - April 2012) and the Golar Gandria (January 2012 to April 2012) experienced periods of time in lay- up. The Gimi was reactivated in June 2011 and the Hilli and the Gandria were reactivated in April 2012. However, the Hilli and the Grandria were again placed into lay-up, in April 2013 and the Gimi from January 2014. The Hilli entered the shipyard in September 2014 and commenced her retrofitting for FLNGV. Both the Gimi and the Gandria are currently in lay-up but have been earmarked for use in our FLNG vessel conversion projects. While in lay-up we benefit from lower vessel operating costs principally from reduced crew on board, minimal maintenance requirement and voyage costs.

- We expect continued inflationary pressure on crew costs. Due to the specialized nature of operating FSRUs and LNG carriers, the increase in size of the worldwide LNG carrier fleet and the limited pool of qualified officers, we believe that crewing and labor related costs will experience significant increases.

We may enter into different financing arrangements. Our current financing arrangements may not be representative of the arrangements we will enter into in the future. For example, we may amend our existing credit facilities or enter into other financing arrangements, which may be more expensive. For descriptions of our current financing arrangements, please read "Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Borrowing Activities."

- Investment in projects. We are continuing to invest in and develop our various projects. The costs we have incurred historically may not be indicative of future costs.

Our results are affected by fluctuations in the fair value of our derivative instruments. The change in fair value of some of our derivative instruments is included in our net income as some of our derivative instruments are not designated as hedges for accounting purposes. These changes may fluctuate significantly as interest rates fluctuate. The unrealized gains or losses relating to the change in fair value of our derivatives do not impact our cash flows.

- Expansion of our fleet. As of April 24, 2015, our fleet includes ten newbuild LNG carriers, all of which have been delivered to date. We have one remaining newbuilding commitment, an FSRU which is expected to be delivered in the second half of 2015. In addition, in January 2012, we acquired the remaining 50% equity interest in our joint venture, Bluewater Gandria, which owns the vessel the Golar Gandria. In April 2015, we acquired the vessel Abuja from Nigeria LNG

In 2010, we commenced a LNG trading business but ceased further activities during the third quarter of 2011, which negatively impacted our results for 2012. In May 2010, we established a new subsidiary, Golar Commodities to position us in the market for managing and trading LNG cargoes. Activities included structured services to outside customers (such as risk management services), arbitrage activities as well as proprietary trading. During the third quarter of 2011, we determined that, due to unfavorable market conditions, Golar Commodities would wind down its trading activities until such time as opportunities in this sector improved. Golar Commodities had no trades during 2012 and 2013. However, in the first quarter of 2014, we entered into a trade in connection with the Golar Igloo charter.

Factors Affecting Our Results of Operations

We believe the principal factors that will affect our future results of operations include:

- the number of vessels in our fleet;

our ability to maintain good relationships with our key existing charterers and to increase the number of our charterer relationships;

- increased demand for LNG shipping services, including FSRU services, and in connection with this underlying demand and supply for natural gas and specifically LNG;
- our ability to employ our vessels operating in the spot market and rates and levels of utilization achieved by our vessels;
- the success or failure of the LNG infrastructure projects that we are working on or may work on in the future;

- our ability to successfully employ our vessels at economically attractive rates, as our charters expire or are otherwise terminated;
- our ability to execute strategic and mutually beneficial sales of our assets, similar to the past sale of six of our vessels conducted with Golar Partners, in exchange for cash of approximately $1.9 billion, and our ability to secure charters of an appropriate duration to the dropdown;
- our ability to obtain debt financing in respect of our capital commitments;
- the effective and efficient technical management of our and Golar Partners' vessels;
- our ability to obtain and maintain major international energy company approvals and to satisfy their technical, health, safety and compliance standards;
- economic, regulatory, political and governmental conditions that affect the shipping industry. This includes changes in the number of new LNG importing countries and regions and availability of surplus LNG from projects around the world, as well as structural LNG market changes allowing greater flexibility and enhanced competition with other energy sources; and
- the success or failure of our expansion into the FLNG market.

In addition to the factors discussed above, we believe certain specific factors have impacted, and will continue to impact, our results of operations. These factors include:

- employment of our vessels;
- the hire rate earned by our vessels and unscheduled off-hire days;
- non-utilization for vessels not subject to fixed rate charters;
- pension and share option expense;
- mark-to-market charges in interest rate and equity swaps and foreign currency derivatives;
- foreign currency exchange gains and losses;
- our access to capital required to acquire additional vessels and/or to implement our business strategy;
- the performance of our equity interests;
- equity in earnings of affiliates;
- increases in operating costs; and
- our level of debt and the related interest expense and amortization of principal.

Please see the section of this Annual Report entitled “Item 3. Key Information-D. Risk Factors" for a discussion of certain risks inherent in our business.

Important Financial and Operational Terms and Concepts

We use a variety of financial and operational terms and concepts when analyzing our performance. These include the following:

Total Operating Revenues. Total operating revenues primarily refers to time and voyage charter revenues. We recognize revenues from time and voyage charters over the term of the charter as the applicable vessel operates under the charter. We do not recognize revenue during days when the vessel is off-hire, unless the charter agreement makes a specific exception.

Off-hire (Including Commercial Waiting Time). Our vessels may be out of service, off-hire, for three main reasons: scheduled drydocking or special survey or maintenance, which we refer to as scheduled off-hire; days spent waiting for a charter, which we refer to as commercial waiting time; and unscheduled repairs or maintenance, which we refer to as unscheduled off-hire.

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Voyage Expenses. Voyage expenses, which are primarily fuel costs but which also include other costs such as port charges, are paid by our charterers under our time charters. However, we may incur voyage related expenses during off-hire periods when positioning or repositioning vessels before or after the period of a time charter or before or after drydocking. We also incur some voyage expenses, principally fuel costs, when our vessels are in periods of commercial waiting time.

Time Charter Equivalent Earnings. In order to compare vessels trading under different types of charters, it is standard industry practice to measure the revenue performance of a vessel in terms of average daily time charter equivalent earnings, or "TCE." For our time charters, this is calculated by dividing time charter revenues by the number of calendar days minus days for scheduled off-hire. Where we are paid a fee to position or reposition a vessel before or after a time charter, this additional revenue, less voyage expenses, is included in the calculation of TCE. TCE is a non-U.S. GAAP financial measure. Please see the section of this Annual Report entitled “Item 3. Key Information-A. Selected Financial Data" for a reconciliation of TCE to our total operating revenues.

Vessel Operating Expenses. Vessel operating expenses include direct vessel operating costs associated with operating a vessel, such as crew wages, which are the most significant component, vessel supplies, routine repairs, maintenance, lubricating oils, insurance and management fees for the provision of commercial and technical management services.

Depreciation and Amortization. Depreciation and amortization expense, or the periodic cost charged to our income for the reduction in usefulness and long-term value of our vessels, is related to the number of vessels we own or operate under long-term capital leases. We depreciate the cost of our owned vessels, less their estimated residual value, and amortize the amount of our capital lease assets over their estimated economic useful lives, on a straight-line basis. We amortize our deferred drydocking costs over two to five years based on each vessel's next anticipated drydocking. Income derived from sale and subsequently leased assets is deferred and amortized in proportion to the amortization of the leased assets.

Administrative Expenses. Administrative expenses are comprised of general overhead, including personnel costs, legal and professional fees, costs associated with project development, property costs and other general administration expenses. Included within administrative expenses are pension and share option expenses. Pension expense includes costs associated with a defined benefit pension plan we maintain for some of our office-based employees (the U.K. Scheme). Although this scheme is now closed to new entrants the cost of provision of this benefit will vary with the movement of actuarial variables and the value of the pension fund assets.

Interest Expense and Interest Income. Interest expense depends on our overall level of borrowings and may significantly increase when we acquire or lease vessels. During construction of a newbuilding, FSRU or FLNGV retrofitting period, interest expense incurred is capitalized in the cost of the newbuilding or converted vessel. Interest expense may also change with prevailing interest rates, although interest rate swaps or other derivative instruments may reduce the effect of these changes. Interest income will depend on prevailing interest rates and the level of our cash deposits and restricted cash deposits.

Impairment of Long-Term Assets. Our vessels are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing the recoverability of our vessels' carrying amounts, we make assumptions regarding estimated future cash flows and estimates in respect of residual or scrap value. During 2014 and 2013, we considered the softening in the LNG shipping market and the current operating losses of our vessels in lay-up as potential indicators of impairment of these vessels. We assessed potential impairment of these vessels by comparing the expected undiscounted cash flows based on assumptions of whether they would be converted and operated as an FLNGV or on their existing service potential as LNG carriers where appropriate. We concluded that there was no impairment required for these vessels in 2014 and 2013 as the fair values of these vessels were higher than their carrying values.

Other Financial Items. Other financial items include financing fee arrangement costs such as commitment fees on credit facilities, amortization of deferred financing costs, market valuation adjustments for interest rate swaps, interest rate cash settlements, foreign currency swap and equity swap derivatives and foreign exchange gains/losses. The market valuation adjustment for our derivatives may have a significant impact on our results of operations and financial position although it does not impact our liquidity.

Inflation and Cost Increases

Although inflation has had a moderate impact on operating expenses, interest costs, drydocking expenses and overhead, we do not expect inflation to have a significant impact on direct costs in the current and foreseeable economic environment other than potentially in relation to insurance costs and crew costs. It is anticipated that insurance costs, which have risen over the last three years, will continue to rise over the next few years, and rates may exceed the general level of inflation. LNG transportation is a business that requires specialist skills that take some time to acquire and the number of vessels is increasing. Therefore, there has been an increased demand for qualified crews, which has and will continue to the same extent to put inflationary pressure on crew costs. Only vessels on full cost pass-through charters would be fully protected from crew cost increases.

Results of Operations

Our results for the years ended December 31, 2014, 2013 and 2012 were affected by several key factors:

- The deconsolidation of Golar Partners effective December 13, 2012, has had a material impact on our results for the year ended December 31, 2014 and 2013, and thus comparability to the year ended December 31, 2012. The key significant changes were as follows:

  decrease in operating income in relation to Golar Partners' fleet and decrease in net financial expenses in respect of Golar Partner's debt and capital lease obligation, net of restricted cash;

  following the sale of the companies that own and operate the Golar Maria in February 2013 and the Golar Igloo in March 2014, to Golar Partners, we recognized gains on disposal of $65.2 million in 2013 and $43.3 million in 2014, respectively;

  included in our operating revenues is $10.8 million and $9.3 million of management fee income in 2014 and 2013, respectively, from the provision of services to Golar Partners under our management and administrative services and fleet management agreements;

  dividend income of $27.2 million and $31.0 million in 2014 and 2013, respectively, in respect of our interests held in common units and general partner units (during the subordination period) and IDRs;

  equity in net earnings of affiliates includes our share of the results of Golar Partners calculated with respect to our interests in its subordinated units but offset by a charge for the amortization of the basis difference in relation to the $854 million gain on loss of control recognized in 2012; and

  following the deconsolidation of Golar Partners on December 13, 2012, we recognized a gain on loss of control of $854.0 million in 2012.

- Additional operating costs of $9.9 million, $13.2 million and $3.4 million in 2014, 2013 and 2012, respectively, in connection with the increase in our crewing pool in anticipation of the delivery of our newbuilds;

- The reactivation of both the Hilli and the Golar Gandria in April 2012 following their time in lay-up. We incurred mobilization costs of approximately $9.9 million in 2012;

- Acquisition of the remaining 50% equity interest in Golar Gandria in January 2012 which resulted in a gain of $4.1 million net of acquisition-related costs of $0.2 million;

- Commencement of our LNG trading business in 2010 through our subsidiary Golar Commodities which contributed to our net income a gain of $1.5 million in 2014 and losses of $0.4 million and $1.6 million in 2013 and 2012, respectively;

- Bank loan and other financing arrangements we entered into or terminated. This included the entry into the $1.125 billion financing agreement in July 2013 relating to financing for eight of our newbuilding, which resulted in the recognition of $5.6 million and $4.4 million of commitment fees in 2014 and 2013, respectively;

- Interest costs of $21.5 million , $22.5 million and $12.1 million were capitalized in 2014, 2013 and 2012, respectively in relation to newbuilds under construction, the FLNG conversion of the Hilli and the FSRU retrofitting of the NR Satu;

- Our vessels not on long-term charters are affected by commercial waiting time, including our newbuildings and vessels in lay-up. During 2012, we had two vessels laid up: the Hilli (April 2008 - April 2012) and the Golar Gandria (January 2012 - April 2012). The Hilli and the Golar Gandria were reactivated in April 2012. However in April 2013, the Hilli and the Gandria were placed back into lay-up and the Gimi was laid-up from January 2014.

- In addition, seven of our newbuildings (including the Golar Igloo, prior to her disposal to Golar Partners in March 2014), were delivered in 2014, all of which were affected by commercial waiting time;

- The realized and unrealized gains and losses on mark-to-market adjustment for our derivative instruments of $63.0 million, $45.8 million and $11.0 million in 2014, 2013 and 2012, respectively and the impact of hedge accounting for certain of our interest rate and equity swap derivatives;

- share options expense on options granted in 2014; and

- project expenses such as the FLNG conversion.

The impact of these factors is discussed in more detail below.

A. Operating Results

Year ended December 31, 2014, compared with the year ended December 31, 2013

As of December 31, 2014, we managed our business and analyzed and reported our results of operations on the basis of three segments: vessel operations, LNG trading and FLNG. In order to provide investors with additional information we have provided analysis divided between the two segments: vessel operations and LNG trading. We have not provided additional information on the FLNG segment as it is still in the development stage. See Note 9 "Segmental Information" to our Consolidated Financial Statements included herein.

The following tables present details of our vessel operations segment's consolidated revenues and expense information for each of the years ended December 31, 2014 and 2013.

Vessel Operations

Operating revenues, voyage and charter-hire expenses and average daily time charter equivalent

(in thousands of $)	2014	2013	Change	Change	
Total operating revenues	106,155	99,828	6,327	6	%
Voyage expenses	(27,340)	(14,259)	(13,081)	92	%

The increase in total operating revenues of $6.3 million to $106.2 million in 2014 compared to $99.8 million in 2013 was primarily due to:

- $36.2 million revenue contributions in 2014 from our newbuildings despite a decline in charter rates and lower utilization levels. Five of our newbuildings were delivered in 2014 and two in 2013. There were no comparable income from our newbuildings in 2013;

- $4.2 million revenue contribution from the Golar Igloo, following her delivery and the commencement of her charter with Kuwait Petroleum Company, or KNPC, in March 2014 and for the period prior to her disposal to Golar Partners in March 2014;

- $2.4 million higher revenues from the Golar Arctic in 2014 compared to 2013, due to her scheduled drydocking in November 2013; and

- higher management fee income of $10.8 million in 2014 from the provision of services to Golar Partners under our management and administrative services and fleet management agreements compared to $9.3 million in 2013.

Partially offset by:

- An overall decline in charter rates and lower utilization levels of our vessels trading on the spot market or in lay-up more specifically for the Golar Viking and the Gimi. The Gimi entered in lay-up in January 2014. The total operating revenues generated by both vessels in 2014 were $4.8 million compared to $39.8 million in 2013; and

- Reduction in revenues of $3.0 million in relation to the Golar Maria following her disposal to Golar Partners in February 2013.

Voyage expenses largely relate to fuel costs associated with commercial waiting time and vessel positioning costs. While a vessel is on-hire, fuel costs are typically paid by the charterer, whereas during periods of commercial waiting time, fuel costs are paid by us. The increase of $13.1 million to $27.3 million in 2014 compared to $14.3 million in 2013, was primarily due to our newbuildings and the Golar Viking being impacted by the softening of the LNG shipping market hence, had experienced low utilization levels in 2014 which resulted in 1,018 aggregate off-hire days compared to 302 days in 2013. This was partially offset by savings arising from the Hilli and the Golar Gandria which entered into lay-up in April 2013 and the Gimi in January 2014.

	2014	2013	Change	Change	
Calendar days less scheduled off-hire days	3,167	1,994	1,173	59	%
Average daily TCE rate (to the closest $100)	$33,100	$38,300	$(5,200)	(14)	%

The decrease of $5,200 in average daily, TCE rate for 2014 to $33,100 compared to $38,300 in 2013, is primarily due to the overall decline in charter rates and low utilization levels of our newbuildings and the Golar Viking, all of which were trading on the spot market in 2014.

For a reconciliation of TCE rates, please see “Item 3. Key Information-A. Selected Financial Data."

Vessel Operating Expenses

(in thousands of $, except for average daily vessel operating costs)	2014	2013	Change	Change

Vessel operating expenses	49,570	43,750	5,820	13	%
Average daily vessel operating costs	15,295	21,745	(6,450)	(30)	)%

Vessel operating expenses increased by $5.8 million to $49.6 million for the year ended December 31, 2014 compared to $43.8 million in 2013 primarily due to:

- Full year vessel operating expenses in 2014, in relation to our newbuildings, the Golar Seal and the Golar Celsius, delivered in October 2013, compared to approximately three months in 2013; and

- Additional operating costs from our newbuildings, the Golar Igloo delivered in February 2014 (prior to her disposal to Golar Partners in March 2014), the Golar Crystal delivered in May 2014, the Golar Bear and the Golar Penguin delivered in September 2014, the Golar Frost and the Golar Glacier delivered in October 2014 and the Golar Eskimo delivered in December 2014. There were no comparable costs in 2013.

Partially offset by the decrease in vessel operating expenses arising from:

- Lower operating costs in connection with our crewing pool, following the delivery of nine of our thirteen newbuilds, from October 2013 through to December 2014. Total operating costs in respect of our newbuild crewing pool in 2014 was $9.9 million compared to $13.2 million in 2013; and

- Both the Hilli and the Golar Gandria entered into lay-up in April 2013 (the Hilli entered into the shipyard in September 2014 to commence her conversion to a FLNGV), followed by the Gimi in January 2014, resulting in lower operating costs.

Administrative Expenses

(in thousands of $)	2014	2013	Change	Change
Administrative expenses	19,203	22,816	(3,613)	(16)%

The decrease of $3.6 million in administrative expenses to $19.2 million in 2014 compared to $22.8 million in 2013 was mainly due to FLNG related items, such as the capitalization of FLNG related project costs from May 2014, following the signing of the Hilli conversion contract, which resulted in a decrease in project costs of $7.6 million. This was partially offset by the increases in (i) share option expense by $1.1 million, due to the share options issued in 2014; and (ii) increase in salaries and benefits as a result of increased headcount.

Depreciation and Amortization

(in thousands of $)	2014	2013	Change	Change
Depreciation and amortization	49,561	36,562	12,999	36 %

Depreciation and amortization expense increased by $13.0 million to $49.6 million in 2014 compared to $36.6 million in 2013. This was primarily due to:

- Full year depreciation and amortization charge on the Golar Seal and the Golar Celsius in 2014 compared to approximately three months in 2013 following their delivery in October 2013; and

- Additional depreciation and amortization charges on our newbuildings, the Golar Igloo delivered in February 2014 (prior to her disposal to Golar Partners in March 2014), the Golar Crystal delivered in May 2014, the Golar Bear and the Golar Penguin delivered in September 2014, the Golar Glacier and the Golar Frost delivered in October 2014 and the Golar Eskimo delivered in December 2014. There were no comparable charges in 2013.

Partially offset by:

- lower depreciation on the Hilli following the commencement of her conversion into a FLNGV resulting in suspension of depreciation from July 2014. We will recommence her depreciation after completion of her conversion, which is expected to be in 2017; and

- no depreciation and amortization expense on the Golar Maria following her disposal to Golar Partners in February 2013.

Impairment of long-term assets

(in thousands of $)	2014	2013	Change	Change	
Impairment of long-term assets	500	500	—	—	%

The impairment charge of long-term assets of $0.5 million in both 2014 and 2013 refers to the unutilized parts originally ordered for the Golar Spirit FSRU retrofitting following changes to the original project specifications and therefore reflects a lower recoverable amount for these parts. Some of these parts were used in the retrofitting of the NR Satu during 2011. As of December 31, 2014, the total carrying value of the remaining equipment was $2.0 million.

Gain on disposal to Golar Partners

(in thousands of $)	2014	2013	Change	Change	
Gain on disposal to Golar Partners	43,287	65,619	(22,332)	(34)	%

The $43.3 million gain on disposal to Golar Partners in 2014, resulted from the sale of our interests in the company that owns and operates the Golar Igloo in March 2014 to Golar Partners.

The $65.6 million gain on disposal to Golar Partners in 2013, resulted from the sale of our interests in the company that owns and operates the Golar Maria in February 2013 to Golar Partners. The total gain on disposal of the Golar Maria was $82.3 million however, we deferred $17.1 million which represents profit based on our holding in the subordinated units in Golar Partners measured as of the date of the dropdown. This is being released to income over the remaining useful life of the vessel or until she is sold.

Other operating loss

(in thousands of $)	2014	2013	Change	Change	
Other operating loss	(6,387)	—	(6,387)	100	%

The other operating loss in 2014 of $6.4 million relates to a provision with respect to a legal claim made against the Golar Viking. The claim was subsequently settled in January 2015. Please see Note 38 “Other Commitments and Contingencies” to our Consolidated Financial Statements included herein.

Dividend income

(in thousands of $)	2014	2013	Change	Change	
Dividend income	27,203	30,960	(3,757)	(12)	%

We recognized dividend income relating to cash distributions received from Golar Partners in respect of our interests in common units and general partner interests (during the subordination period) and IDRs. The decrease in dividend income of $3.8 million to $27.2 million in 2014 compared to $31.0 million in 2013 was due to our sale of 3.4 million of our common units in Golar Partners in December 2013. We sold a further 7.2 million of our common units in Golar Partners in January 2015.

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Other non-operating income (expenses)

(in thousands of $)	2014	2013	Change	Change
Other non-operating income (expenses)	281	(3,355)	3,636	(108)%

Other non-operating expenses increased by $3.6 million to income of $0.3 million in 2014 compared to a charge of $3.4 million in 2013 mainly due to our indemnification under the provision of the Omnibus Agreement related to certain expenses incurred by Golar Partners, which amounted to $3.3 million in 2013. There were no comparable costs in 2014.

Net Financial (expenses) income

(in thousands of $)	2014	2013	Change	Change
Interest income on high-yield bonds	—	1,972	(1,972)	(100)%
Interest income on short-term loan to third party	268	784	(516)	(66)%
Other interest income	448	793	(345)	(44)%
Interest Income	716	3,549	(2,833)	(80)%
Other debt related interest expense	(14,474)	—	(14,474)	100 %
Interest Expense	(14,474)	—	(14,474)	100 %
Mark-to-market adjustment for interest rate swaps	(28,996)	56,461	(85,457)	(151)%
Interest expense on undesignated interest rate swaps	(20,424)	(10,626)	(9,798)	92 %
Unrealized and realized (losses) gains on interest rate swaps	(49,420)	45,835	(95,255)	(208)%
Market-to-market adjustments for equity derivatives	(13,657)	—	(13,657)	100 %
Mark-to-market adjustments for foreign currency derivatives	94	719	(625)	(87)%
Financing arrangement fees and other costs	(7,157)	(5,632)	(1,525)	27 %
Other	(3,954)			