

TEEKAY LNG PARTNERS

# Fourth Quarter 2007 Earnings Presentation

February 29, 2008



# Forward Looking Statements

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: the Partnership's future growth prospects; Teekay's offer of the Kenai LNG vessels to the Partnership; Teekay offering its interest in the Angola LNG Project vessels to the Partnership; the timing of the commencement of the RasGas 3 and Tangguh LNG projects; the timing of LNG and LPG newbuilding deliveries; and the Partnership's exposure to foreign currency fluctuations, particularly in Euros. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: the unit price of equity offerings to finance acquisitions, changes in production of LNG or LPG, either generally or in particular regions; required approvals by the conflicts committee of the board of directors of the Partnership's general partner to acquire any LNG projects offered to the Partnership by Teekay; less than anticipated revenues or higher than anticipated costs or capital requirements; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the potential for early termination of long-term contracts and inability of the Partnership to renew or replace long-term contracts; LNG and LPG project delays, shipyard production delays; the Partnership's ability to raise financing to purchase additional vessels or to pursue LNG or LPG projects; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; and other factors discussed in Teekay LNG's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2006. The Partnership expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Partnership's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

# Fourth Quarter Highlights

- ▶ Generated distributable cash flow of \$22.4<sup>(1)</sup> million, compared to \$20.4 million in 3Q07
- ▶ Declared cash distribution of \$0.53 per unit for the third quarter of 2007 (\$2.12 annualized)
  - ▶ Record date: February 9th ▶ Payment date: February 14<sup>th</sup>
- ▶ Received offer from Teekay to acquire two specialized LNG carriers
- ▶ 6 newbuildings scheduled to deliver in 2008
  - ▶ 4 Ras Gas 3 LNG vessels (2q08)
  - ▶ 1 Tangguh LNG vessels (4q08)
  - ▶ 1 Skaugen LPG vessel (4q08)



Quadruple LNG ship naming in Korea, Feb. 08.

(1) Please refer to the 4th Quarter of 2007 Earnings Release for a description of Distributable Cash Flow and its most directly comparable GAAP measure

# Distributable Cash Flow and Cash Distribution

Teekay LNG Partners L.P.  
 Distributable Cash Flow & Coverage Ratio (Unaudited)  
 In thousands of U.S. dollars

	Three months ended <u>Dec 31, 2007</u> (unaudited)
Net loss	\$ (522)
Add:	
Foreign exchange loss	9,204
Depreciation and amortization	16,626
Non-cash interest expense	5,740
Less:	
Estimated maintenance capital expenditures	6,647
Income tax recovery	133
Minority interest recovery	84
Minority owners' share of DCF before estimated maintenance capital expenditures	1,801
<u>Distributable Cash Flow <sup>(1)</sup></u>	<u>\$ 22,383</u> A

Quarterly L.P. Distribution (37,275,119 L.P. units x \$0.53 / share)	\$ 19,756
General Partner Distribution	<u>796</u>
Total Distribution	<u>\$ 20,552</u> B
Coverage Ratio	1.09x =A/B

<sup>(1)</sup> Please refer to the 3rd Quarter of 2007 Earnings Release for a description of Distributable Cash Flow and a reconciliation to its most directly comparable GAAP financial measure.

# Segment Operating Results

Teekay LNG Partners L.P.  
Operating Results (Unaudited)  
In thousands of U.S. dollars

(in thousands of U.S. dollars)	<u>Three Months Ended</u> <u>December 31, 2007</u> (unaudited)			<u>Three Months Ended</u> <u>September 30, 2007</u> (unaudited)		
	Liquefied Gas Segment	Suezmax Segment	Total	Liquefied Gas Segment	Suezmax Segment	Total
Net voyage revenues (1)	45,957	20,179	66,136	43,166	20,233	63,399
Vessel operating expenses	8,055	6,719	14,774	7,977	5,958	13,935
Depreciation & amortization	11,615	5,011	16,626	11,490	5,011	16,501
Cash flow from vessel operations (2)	35,875	11,205	47,080	33,526	12,407	45,933

(1) Net voyage revenues represents voyage revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, canal tolls and brokerage commissions. Net voyage revenues is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to voyage revenues or any other indicator of the Partnership's performance required by accounting principles generally accepted in the United States. Please refer to the Partnership's web site at [www.teekaylng.com](http://www.teekaylng.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure

(2) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Partnership's Web site at [www.teekaylng.com](http://www.teekaylng.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

# Q4 '07 vs. Q3 '07

**Teekay LNG Partners L.P.**  
**Summary Consolidated Income Statement (Unaudited)**  
**In thousands of U.S. dollars**

	Three Months Ended		Variance
	Dec 31, 2007	Sept 30, 2007	
<b>Net Voyage Revenues</b> (1)	66,136	63,399	2,737
<b>Operating Expenses</b>			
Vessel operating expenses	14,774	13,935	839
Depreciation and amortization	16,626	16,501	125
General and administrative expenses	4,282	3,531	751
	35,682	33,967	1,715
<b>Income from Vessel Operations</b>	30,454	29,432	1,022
<b>Other Items</b>			
Interest expense	(34,871)	(32,651)	(2,220)
Interest income	12,951	12,219	732
Income tax recovery (expense)	133	91	42
Foreign exchange loss	(9,204)	(21,555)	12,351
Other - net	15	(315)	330
	(30,976)	(42,211)	11,235
<b>Net (loss) income</b>	(522)	(12,779)	12,257

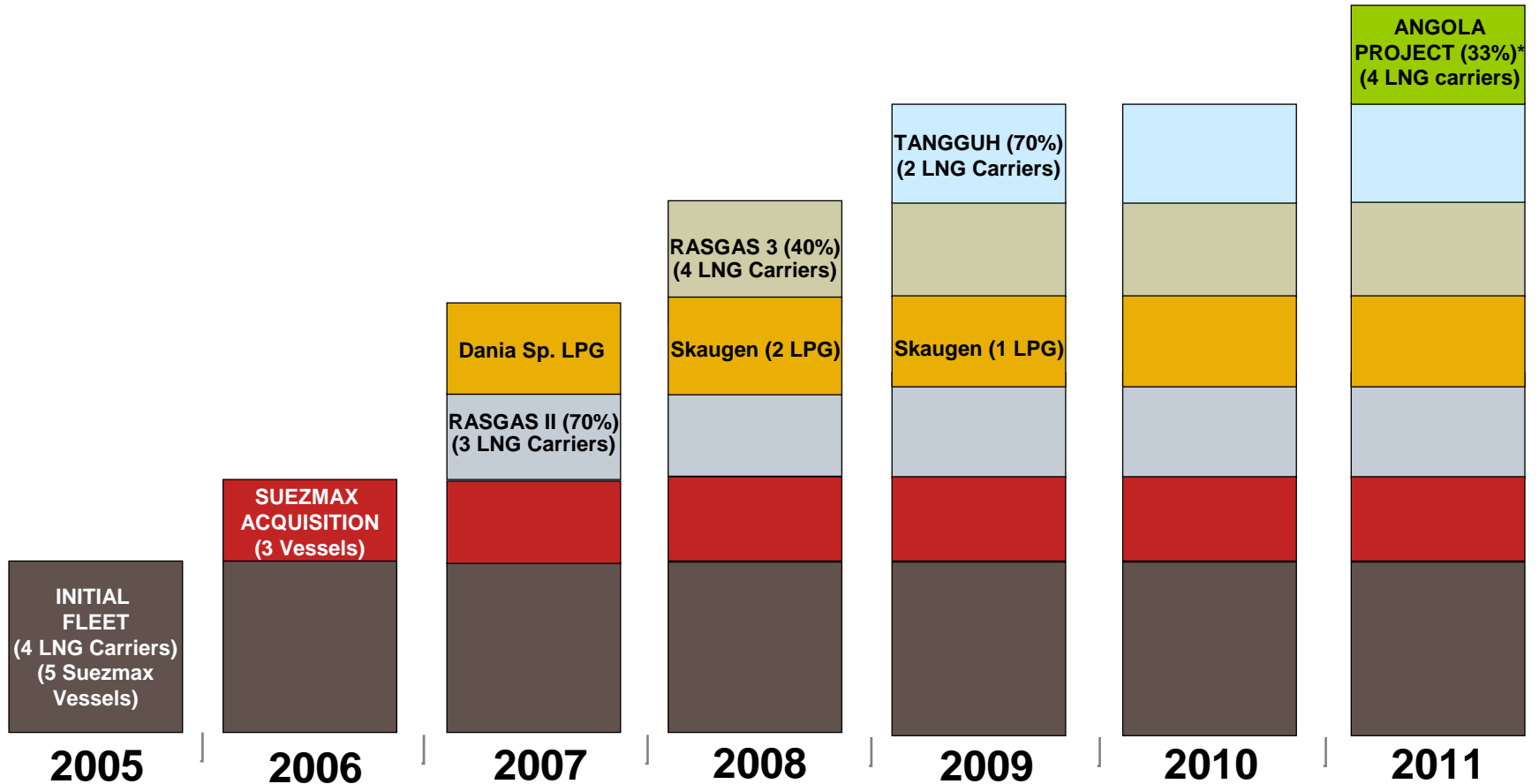
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# Balance Sheet

Teekay LNG Partners L.P. In thousands of U.S. dollars (unaudited)	As at Dec. 31, 2007				As at Sept. 30, 2007
	TK LNG (excl RG 3 and Tangguh)	RasGas 3	Tangguh	Consolidated	Consolidated
<b>ASSETS</b>					
Cash and cash equivalents	37,180	315	54,396	91,891	40,893
Other current assets	17,081	-	-	17,081	22,551
Vessels and equipment	1,595,731	-	-	1,595,731	1,608,851
Other assets	268,876	336,858	246,028	851,762	852,589
<b>Total Assets</b>	<b>1,918,868</b>	<b>337,173</b>	<b>300,424</b>	<b>2,556,465</b>	<b>2,524,884</b>
<b>LIABILITIES AND PARTNERS' EQUITY</b>					
Accounts payable and accrued liabilities	27,612	2,843	420	30,875	38,067
Unearned revenue	5,462	-	-	5,462	7,559
Advances from affiliate	16,989	13,265	10,081	40,335	41,156
Other current liabilities	-	-	615	615	-
Long-term debt*, net of restricted cash	1,094,480	-	-	1,094,480	1,084,432
Long-term debt related to newbuilding vessels to be delivered *	-	240,396	208,292	448,688	388,273
Other long-term liabilities	59,524	6,420	13,869	79,813	62,577
Minority interest	(19)	80,133	77,963	158,077	162,211
Partners' equity	714,820	(5,884)	(10,816)	698,120	740,609
<b>Total Liabilities and Partners' Equity</b>	<b>1,918,868</b>	<b>337,173</b>	<b>300,424</b>	<b>2,556,465</b>	<b>2,524,884</b>
<b>Total Liquidity</b>				<b>522,900</b>	<b>486,300</b>

\*including current portion of long-term debt

# Multi-Year, Built-in Growth



**This portfolio of projects puts us in a position to grow in 2007, 2008, 2009 and 2011**

\* Teekay Corporation is obligated to offer Teekay LNG Partners the opportunity to purchase these vessels.



# TEEKAY LNG PARTNERS

