

TEEKAY LNG PARTNERS

First Quarter 2006 Earnings Presentation

May 5th, 2006



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; the Partnership's estimated financial results for 2006 and 2007 and corresponding potential increases in cash distributions to unitholders; the offers to the Partnership of Teekay's interests in LNG projects; the timing of the commencement of the RasGas II, RasGas 3 and Tangguh LNG projects; the timing of LNG newbuilding deliveries; the expected cost of LNG newbuildings for the RasGas II project and related financing arrangements, including the benefit resulting from the lease arrangement; 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: changes in production or demand for LNG, oil and petroleum products, either generally or in particular regions; less than anticipated revenues or higher than anticipated costs or capital requirements; failure of Teekay GP L.L.C. to authorize increased cash distributions to unitholders; 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; shipyard production delays; the Partnership's ability to raise financing to purchase additional vessels, or to pursue LNG projects; changes in applicable tax laws relating to the lease arrangements for the three RasGas II vessels; required approvals by the conflicts committee of the board of directors of the Partnership's general partner of any LNG projects offered to the Partnership by Teekay; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; and other factors discussed in the Partnership's filings from time to time with the SEC, including its amended Registration Statement on Form F-1 dated November 15, 2005. 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.



Highlights

- ▶ Generated distributable cash flow of \$17.6 million⁽¹⁾, up from \$15.7 million in previous quarter
- ▶ Declared a 12% increase to cash distribution for the quarter (\$1.85 annualized)
 - ▶ Record date: May 10th
 - ▶ Payment date: May 15th
- ▶ In January 2006, Teekay entered into U.K. leases for the three RasGas II LNG carriers
- ▶ Re-affirm previously provided guidance for annualized cash distributions:
 - ▶ \$1.85 per unit through mid-2007
 - ▶ \$2.10 per unit commencing in third quarter of 2007

(1) Please refer to the 1st Quarter of 2006 Earnings Release for a description of Distributable Cash Flow and a reconciliation to its most directly comparable GAAP financial measure



Distributable Cash Flow and Cash Distribution

In thousands of U.S. dollars	Three months ended March 31, 2006 (unaudited)	
Net income	\$	768
Add:		
Depreciation and amortization		12,659
Foreign exchange loss		7,825
Non-cash interest expense		1,983
Less:		
Maintenance capex. reserve		5,288
Income tax recovery		300
Distributable Cash Flow (1)	\$	17,647 A

Minimum Quarterly Distribution (34,972,644 units x \$0.4625 / share)	\$	16,175	
General Partner 2% Distribution		330	
Total Distribution	\$	16,505	B
 Coverage Ratio		 1.07x	 =A/B

(1) Please refer to the 1st Quarter of 2006 Earnings Release for a description of Distributable Cash Flow and a reconciliation to its most directly comparable GAAP financial measure.



Q1'06 vs. Q4'05 Results

Teekay LNG Partners L.P.

Summary Consolidated Income Statement (Unaudited)

In thousands of U.S. dollars

	Three Months Ended		Variance
	March 31, 2006	December 31, 2005	
Net Voyage Revenues	43,864	40,007	3,857
Operating Expenses			
Vessel operating expenses	8,961	7,531	1,430
Depreciation and amortization	12,659	11,961	698
General and administrative expenses	3,095	3,021	74
	24,715	22,513	2,202
Income from Vessel Operations	19,149	17,494	1,655
Other Items			
Interest expense	(18,601)	(15,048)	(3,553)
Interest income	7,437	5,443	1,994
Income tax recovery (expense)	300	(349)	649
Foreign exchange gain (loss)	(7,825)	5,184	(13,009)
Other - net	308	-	308
	(18,381)	(4,770)	(13,611)
Net income	768	12,724	(11,956)

A

B

=A+B



Net Income Comparable to Analysts' Estimates

In thousands of U.S. dollars	Three Months Ended <u>March 31, 2006</u> <u>(unaudited)</u>	
Net income	\$	768
Add:		
Unrealized foreign exchange loss		7,825
Non-Cash expenses related to Teekay Nakilat - net		720
	\$	<u>9,313</u>



Balance Sheet

In thousands of U.S. dollars	<u>As at March 31,</u> <u>2006</u> (unaudited)			<u>As at Dec 31,</u> <u>2005</u>
	TK LNG (excl TK Nakilat)	TK Nakilat	Consolidated	
ASSETS				
Cash and cash equivalents	27,401	-	27,401	34,469
Restricted cash related to newbuilding vessels to be leased	-	395,320	395,320	-
Other current assets	9,189	1,107	10,296	6,949
Vessels and equipment	1,176,657	-	1,176,657	1,185,511
Advances on newbuilding contracts	-	-	-	316,875
Other assets	217,370	47,190	264,560	228,688
Total Assets	1,430,617	443,617	1,874,234	1,772,492
LIABILITIES AND PARTNERS' EQUITY				
Accounts payable and accrued liabilities	17,191	3,338	20,529	19,837
Advance from affiliate	4,097	-	4,097	2,222
Long-term debt*, net of restricted cash	626,144	-	626,144	628,018
Long-term debt related to newbuilding vessels to be leased *	-	405,483	405,483	319,573
Other long-term liabilities	7,867	50,255	58,122	33,703
Partners' equity	775,318	(15,459)	759,859	769,139
Total Liabilities and Partners' Equity	1,430,617	443,617	1,874,234	1,772,492

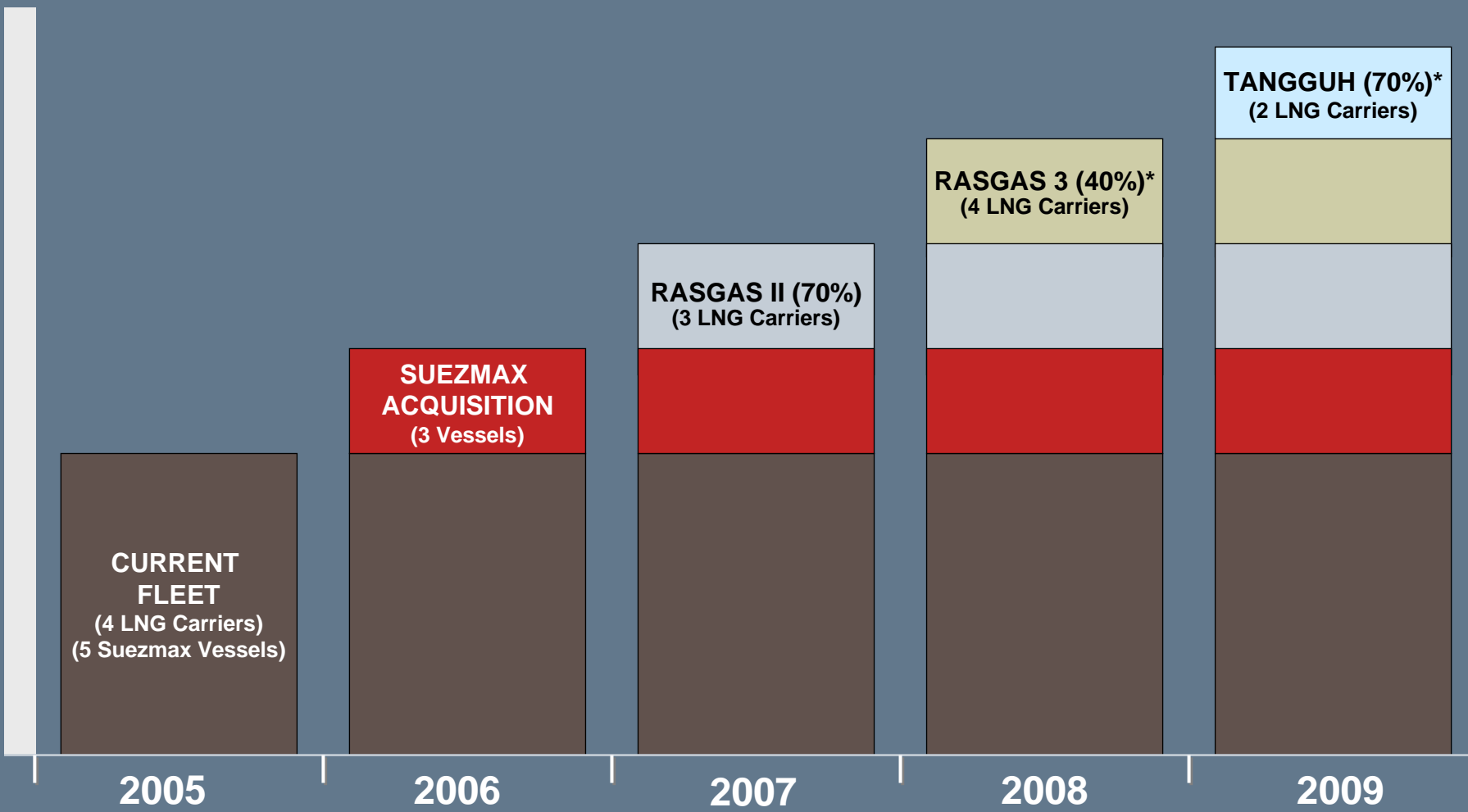
Net Debt to Capitalization = 43.6%**

*including current portion of long-term debt

**excluding restricted cash, debt and equity of Teekay Nakilat



Multi-year, Built-in Growth



This portfolio of projects puts us in a position to grow in 2006, 2007, 2008 and 2009

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



TEEKAY LNG PARTNERS



Appendix

Reconciliation of Net Debt to Capitalization *

In thousands of U.S. dollars	<u>As at Mar 31, 2006</u> (unaudited)	
Cash and cash equivalents	27,401	
Restricted cash - current	137,220	
Restricted cash - long-term	172,197	
Total cash and restricted cash	336,818	A
Current portion of long-term debt	153,301	
Long-term debt	782,260	
Total long-term debt	935,561	B
Net debt	598,743	C=B-A
Partners' equity	775,318	
Net debt	598,743	C
Total capital	1,374,061	D
Net debt	598,743	C
Total capital	1,374,061	D
Net debt to capital	43.6% =C/D	

* Excluding restricted cash and debt related to newbuilding vessels to be leased.

