

TEEKAY LNG PARTNERS LP

Teekay LNG Partners (and LNG Market Update)

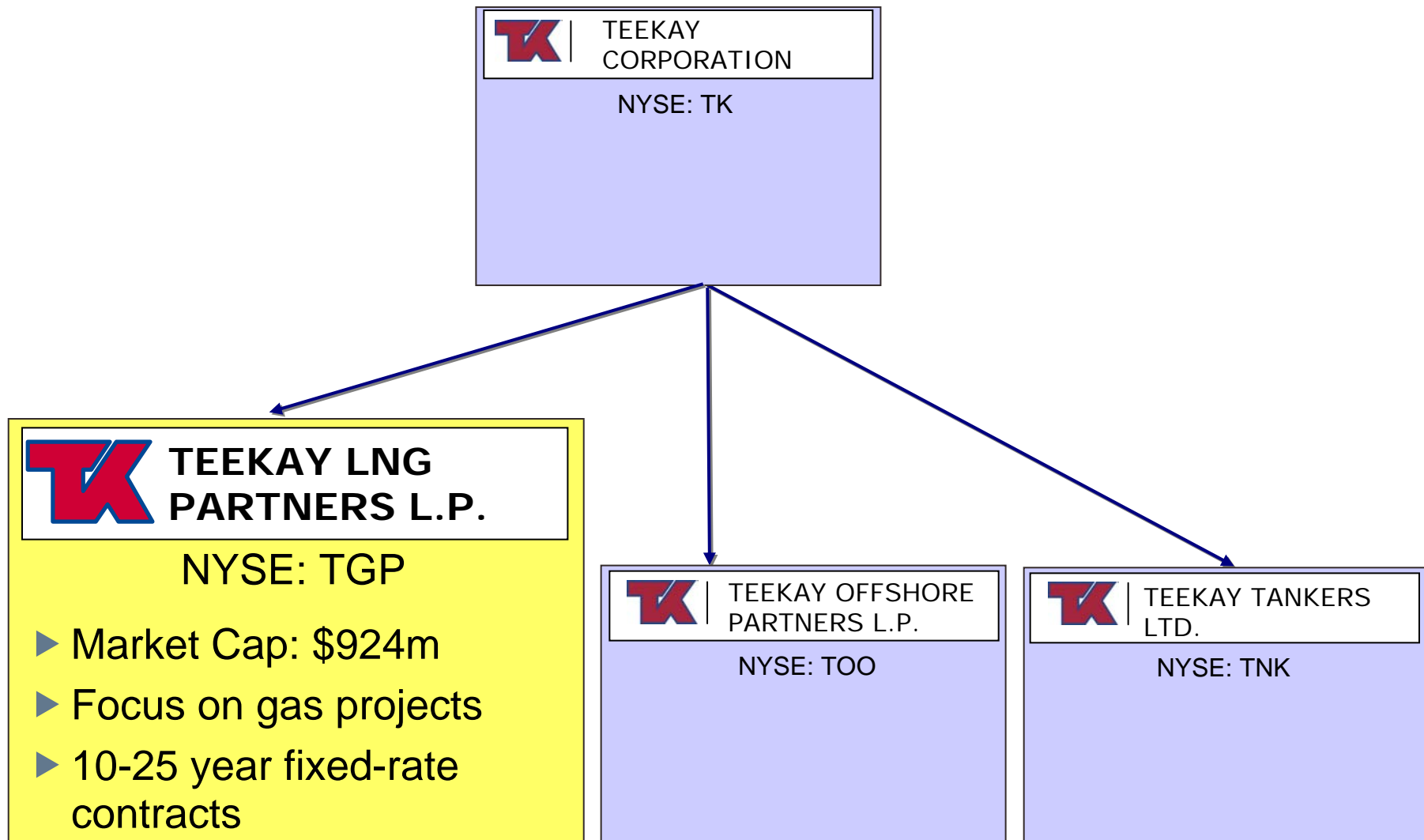
June 23, 2009



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 Corporation offering its interest in the Angola LNG Project vessels to the Partnership; the certainty and timing of the Partnership's purchase of the Tangguh LNG carriers from Teekay Corporation and the amount of cash flow the acquisition will generate for the Partnership; the timing of LNG and LPG newbuilding deliveries; the amount and timing of the refinancing of the Partnership's existing debt facilities; and the likelihood of securing a commitment from lenders to finance five LPG newbuildings. 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; the outcome of a ruling that the Partnership requested of the IRS with respect to an LPG carrier holding structure that the Partnership also intends to use to acquire and hold the carriers servicing the Tangguh LNG project; 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 Corporation; 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; the securing of lenders' internal approvals for the provision of financing on the Partnership's five LPG newbuildings; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; and other factors discussed in Teekay LNG Partners' filings from time to time with the SEC, including its Report on Form 20-F/A for the fiscal year ended December 31, 2007. The Partnership expressly disclaims any obligation 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.

Financial Market Profile



Teekay LNG Partners - Investment Highlights

▶ **Stable operating model**

- ▶ Contracts are long-term (typically 10-25 years) fixed-rate and generate stable cash flows from strong counterparties

▶ **Existing growth CAPEX projects fully financed**

- ▶ Fully financed newbuilding program

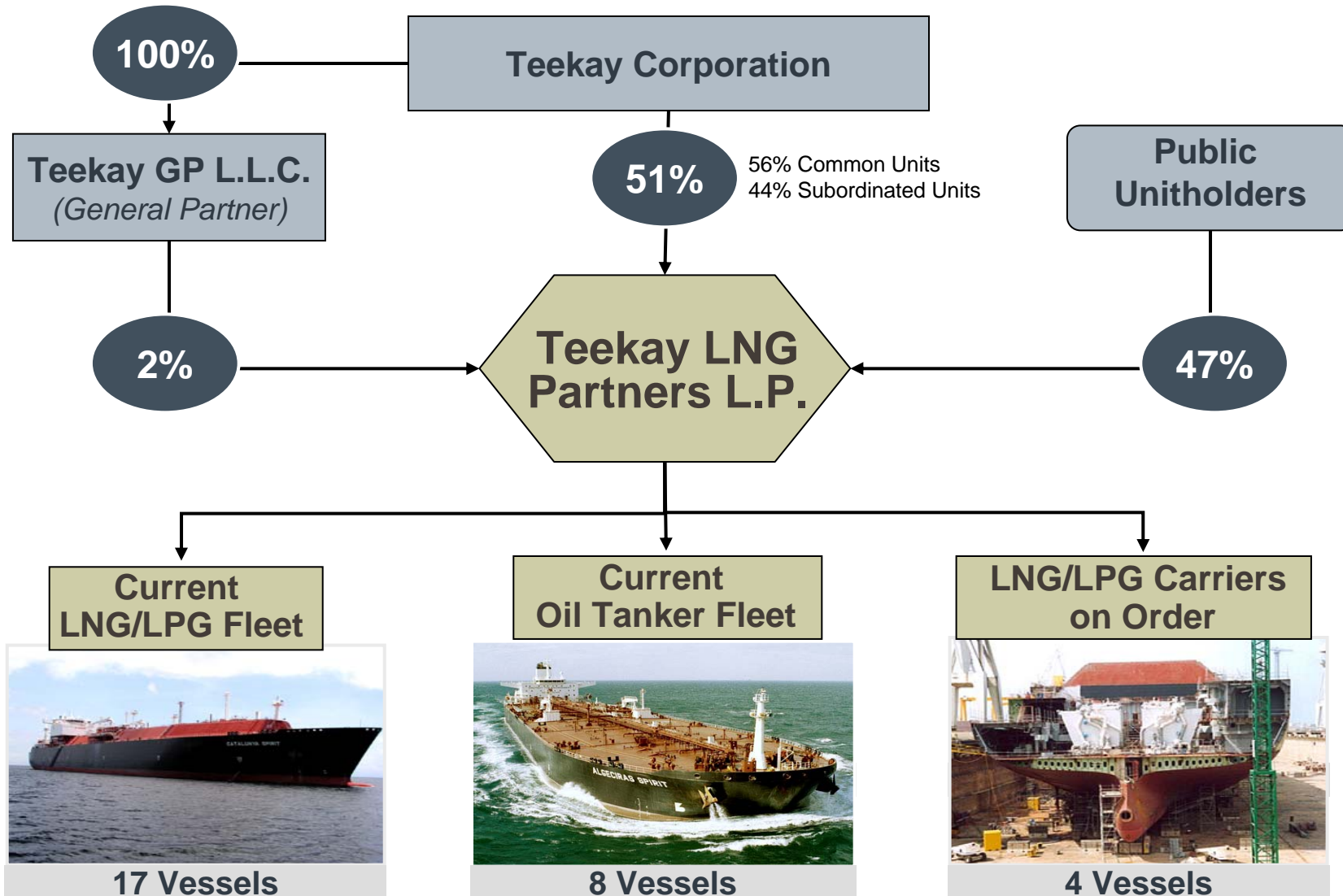
▶ **LNG industry dynamics**

- ▶ Global demand for LNG is expected to increase by more than 50 percent by 2030

▶ **New growth focused on organic value-added projects and existing vessel acquisitions**

- ▶ Common feature - fixed-rate employment

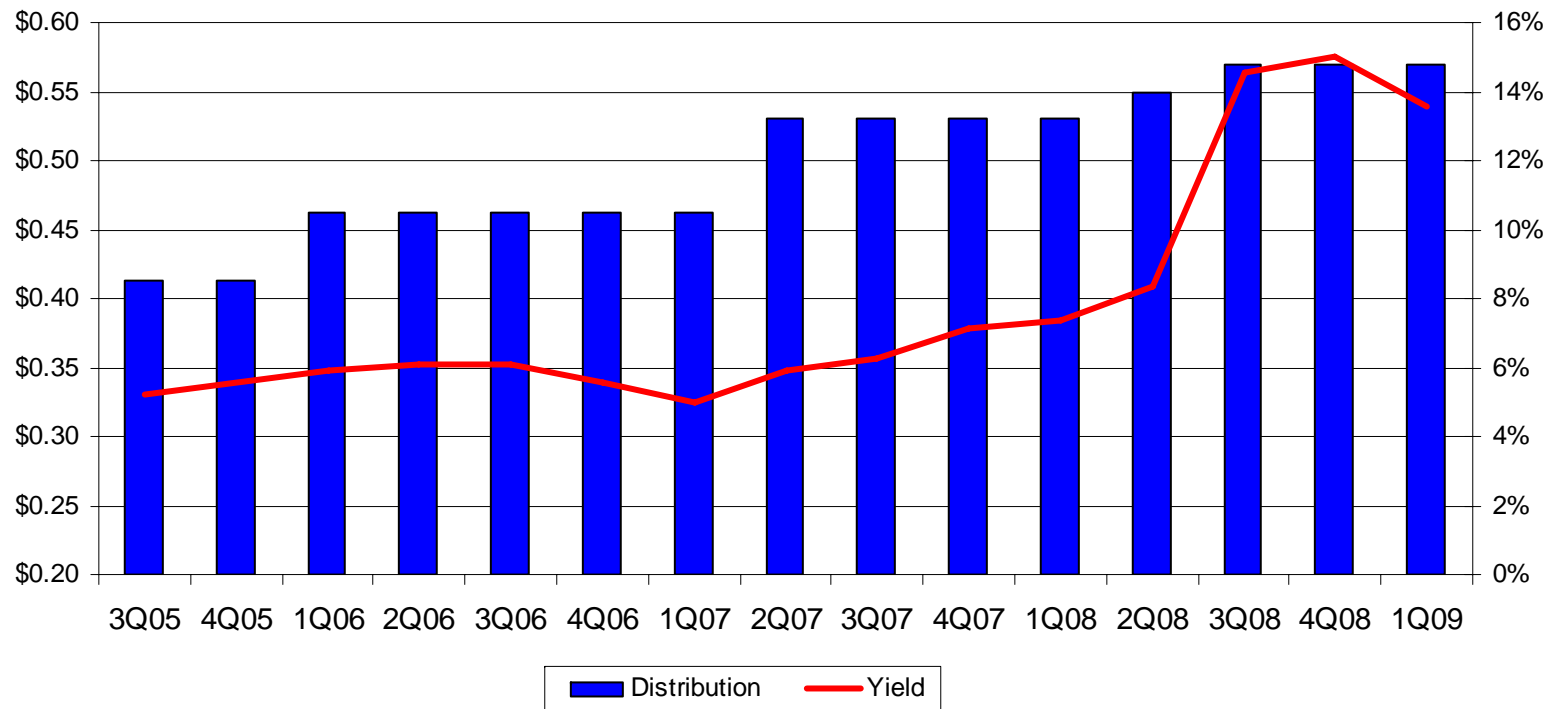
Teekay LNG Partners LP – Ownership Structure



Consistent Track Record of Growing Distributions

- ▶ TGP has increased distributions each year as it completes projects and acquisitions
- ▶ Valuation of our partnership affected by market and macroeconomic factors

**Teekay LNG Partners
Distributions and Yield Since IPO**



Newbuildings Delivered in Q2 '09

- ▶ Tangguh: 70% interest in 2 LNGs on 20 year fixed-rate contracts

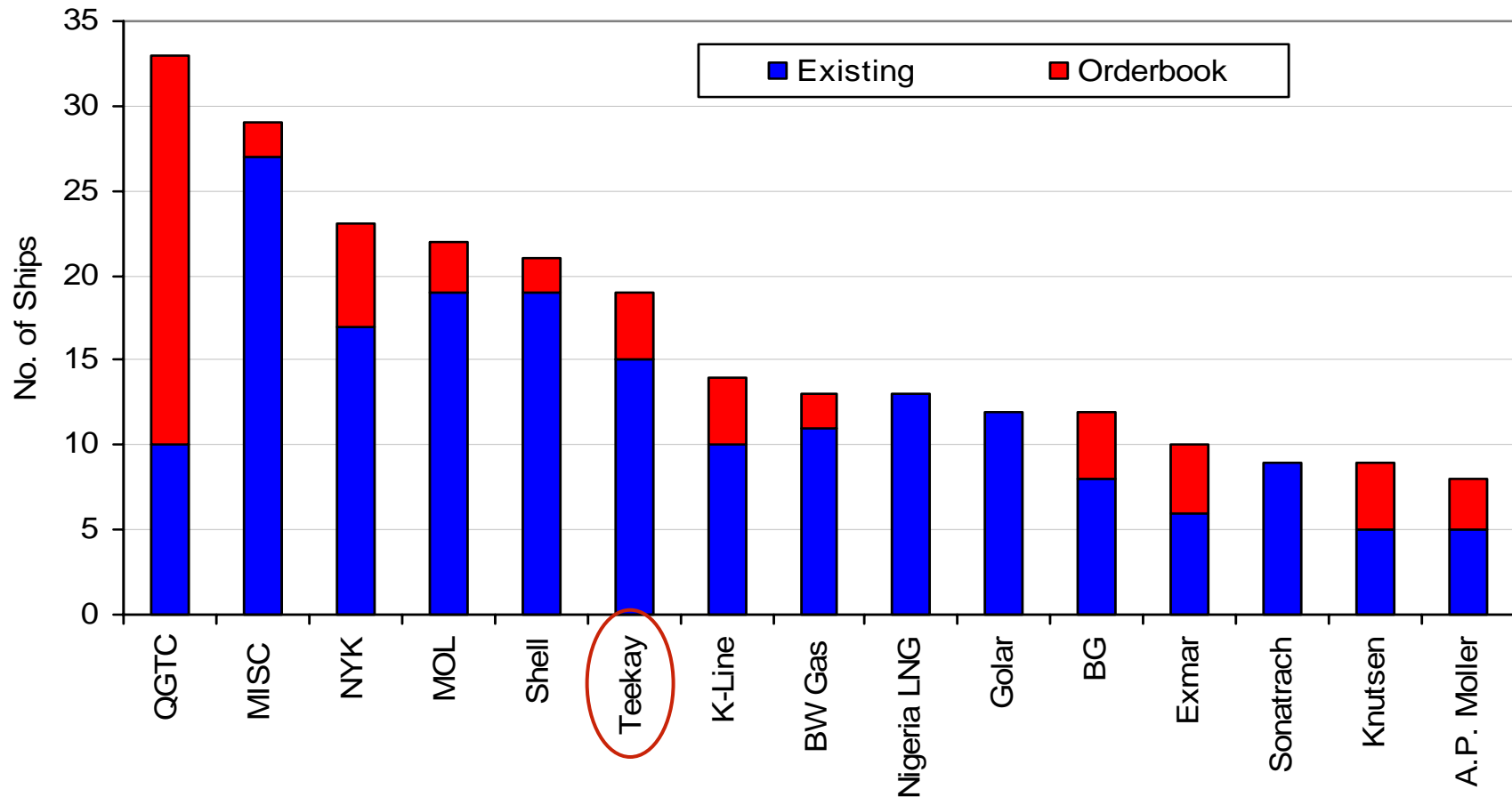


Tangguh Naming Ceremony – South Korea

- ▶ Skaugen: First of 5 LPGs delivered on 15 year fixed-rate contract

Major Independent LNG Operator

- ▶ Teekay LNG has grown to become the third largest independent operator of LNG carriers



Source : CRS / Industry Sources

Teekay LNG's Fleet Under Long-Term Contracts

LNG Carrier Fleet



 Hispania Spirit
 Catalunya Spirit
 Galicia Spirit
 Madrid Spirit



Al Marrouna
 Al Areesh
 Al Daayen



Al Huwaila
 Al Kharsaah
 Al Shamal
 Al Khuwair



Tangguh Hiri
 Tangguh Sago



Arctic Spirit
 Polar Spirit

LPG Carrier Fleet



Dania Spirit
 Norgas Pan

LPG Carrier Newbuildings



WZL 0502
 WZL 0503
 Dingheng Jiangsu NB (1)
 Dingheng Jiangsu NB (2)

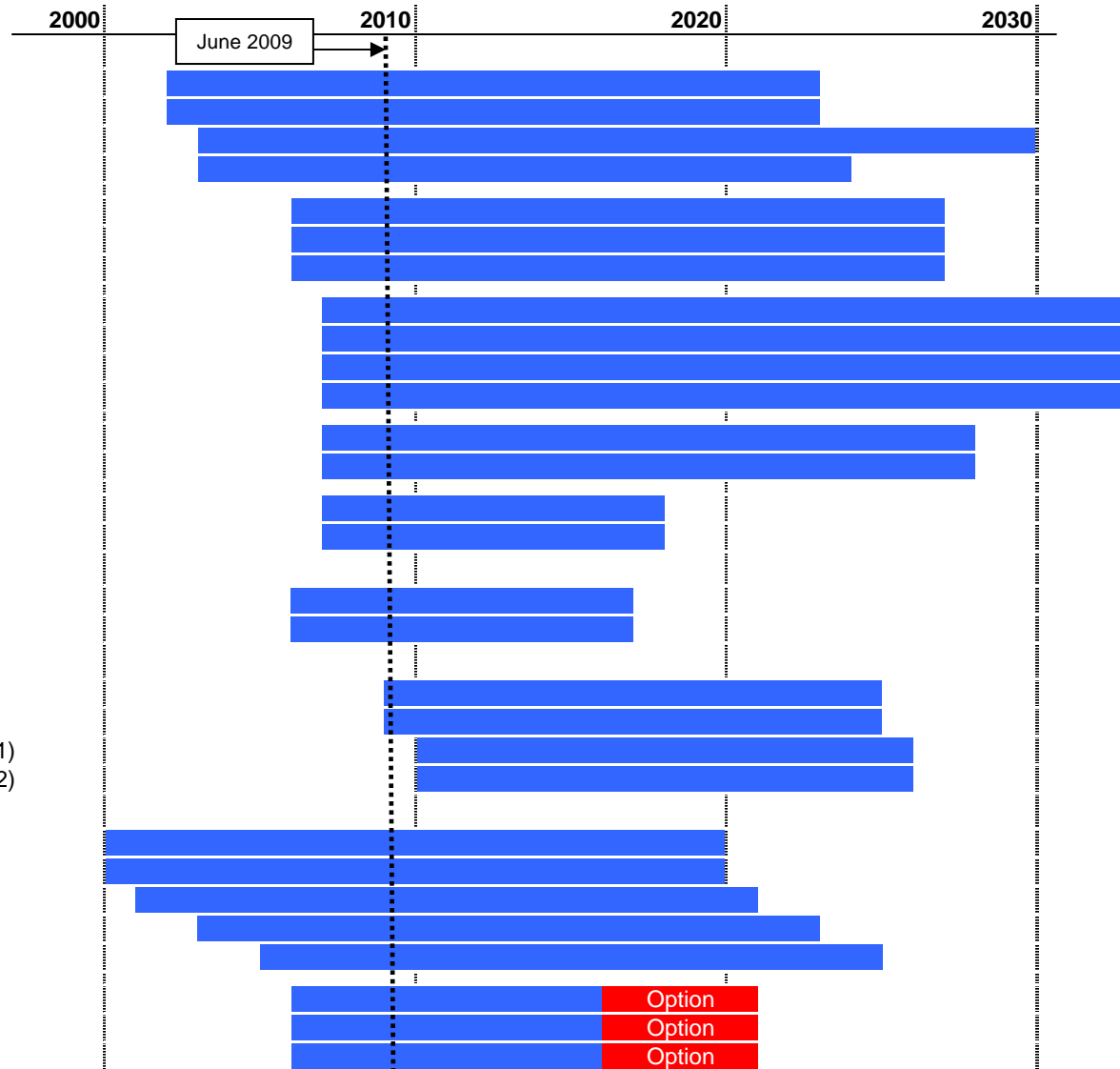
Suezmax Tanker Fleet



Algeciras Spirit
 Tenerife Spirit
 Huelva Spirit
 Teide Spirit
 Toledo Spirit



African Spirit
 European Spirit
 Asian Spirit



Strong Liquidity Position with 100% Funding for CAPEX

TOTAL LIQUIDITY

As of December 31, 2008

Cash	\$ 118m
Undrawn Lines	\$ 374m
Current Liquidity	\$ 492m
Pre-arranged, committed newbuild financing	\$ 162m
Total Available	\$ 654m

CAPEX & FUNDING

As of December 31, 2008

Total CAPEX	\$ 246m
Pre-arranged, committed newbuild financing*	<\$ 162m>
Net proceeds from March follow-on offering	<\$ 66m>
To be funded from operating cash flow and/or existing liquidity	\$ 18m

Available liquidity exceeds required funding by **\$474m**

- ▶ Teekay LNG arranged financing at the time newbuild orders were placed
- ▶ All newbuild CAPEX funding provided by major banks and Export Credit Agencies
- ▶ No requirement for Teekay LNG to raise capital to fund existing CAPEX commitments

*Includes \$122 million of bank financing for Skaugen vessels currently in progress.

Teekay LNG Has a Favorable Debt Profile

- ▶ No near-term refinancing requirements
 - ▶ First balloon repayment not due until December 2011
 - ▶ Current liquidity more than sufficient to repay all facilities coming due
- ▶ Liabilities are matched to contracts:
 - ▶ Repayment profile of principal matches revenue stream
 - ▶ Interest rates hedged

- ▶ Leverage metrics based on total balance sheet debt are not representative

Net Debt / CFVO* (LTM): 6.8x **VS.** Adjusted Net Debt / CFVO (LTM): 5.3x

Debt on Q4 TGP balance sheet includes \$314 million of debt related to the Tangguh LNG carriers which had not begun contributing to the Partnership's CFVO as of Dec. 31, 2008

*Cash flow from vessel operations (CFVO) represents income from vessel operations before depreciation and amortization expense, vessel write-downs/(gain) loss on sale of vessels and unrealized gains or losses relating to derivatives.

Accounting Treatment Does Not Reflect Net Principal Payments

Debt and Capital Lease Obligations in Financial Statements Overstate True Cash Repayments

	2009	2010	2011
Long-term debt	76.8	68.3	279.0
Commitments under capital leases and purchase obligations	341.1	219.2	223.7
Debt, capital lease and purchase obligations per financial statements at December 31, 2008	417.9	287.5	502.7
Adjustments to arrive at TGP's share of <u>true cash</u> debt and capital lease obligations			
less: 'gross-up' of joint venturer's portion of debt payments	(31.3)	(12.0)	(12.1)
less: non-cash purchase obligations	(40.0)	(82.0)	0.0
less: non-cash purchase obligations under capital leases	(111.5)		(76.5)
less: payments already funded by restricted cash deposits	(59.8)	(61.6)	(114.6)
	(242.6)	(155.6)	(203.2)
True TGP cash debt and capital lease obligations	175.3	131.9	299.5
less: TGP portion of bullet payments included above			(214.9)
True TGP cash principal and capital lease obligations (excl. bullet payments)	175.3	131.9	84.6

Teekay LNG – Areas of Focus

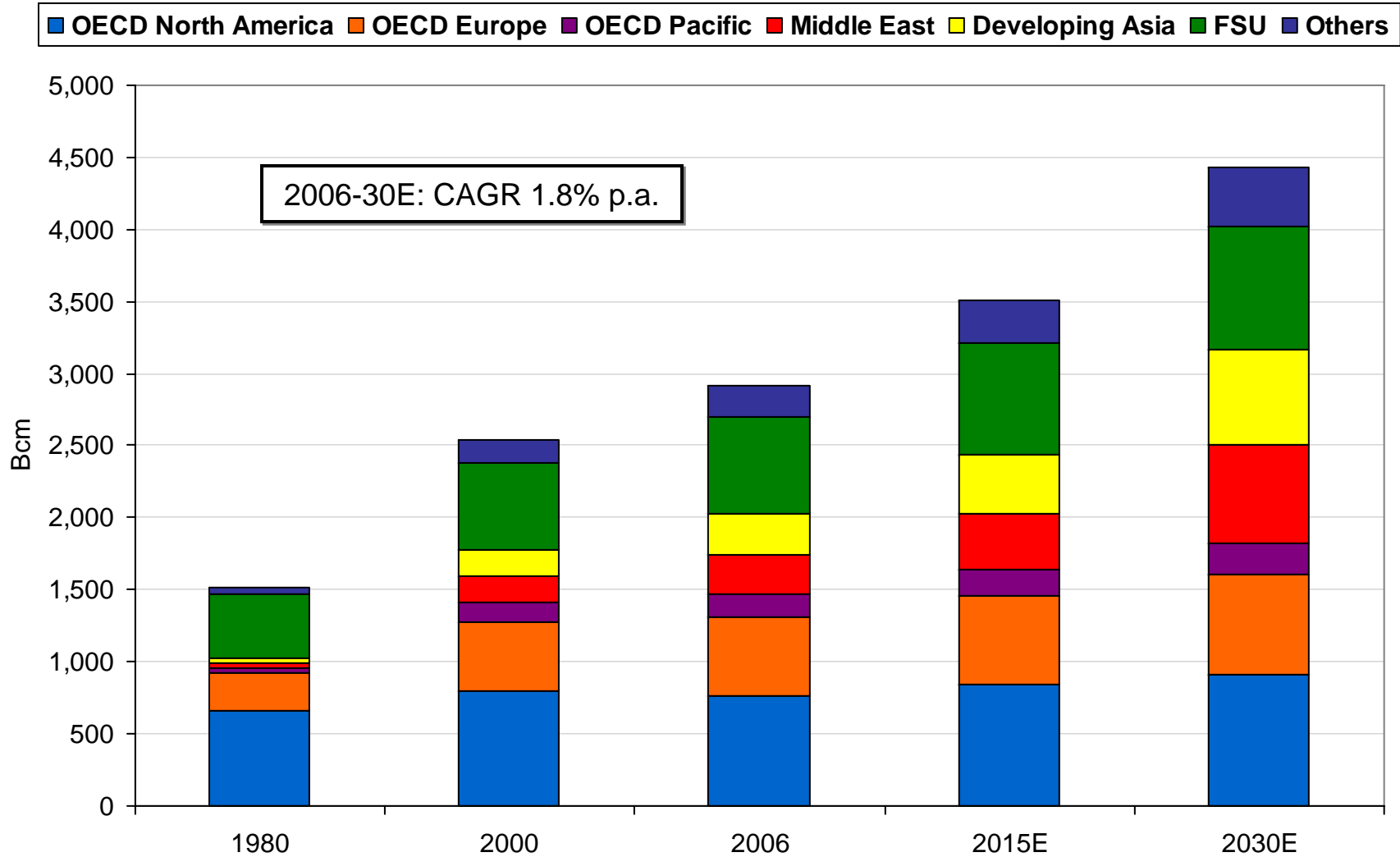
- ▶ Improving profitability of existing assets and operations
 - ▶ Reducing operating expenses
 - ▶ Reducing G&A through office rationalization
- ▶ Complete existing projects on-time and on-budget
- ▶ New growth: focus on value-added projects and existing vessel acquisitions:
 - ▶ Reduced activity in point-to-point LNG tenders
 - ▶ Floating LNG projects
 - ▶ Acquisition of vessels with long-term contracts

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LNG Market Update

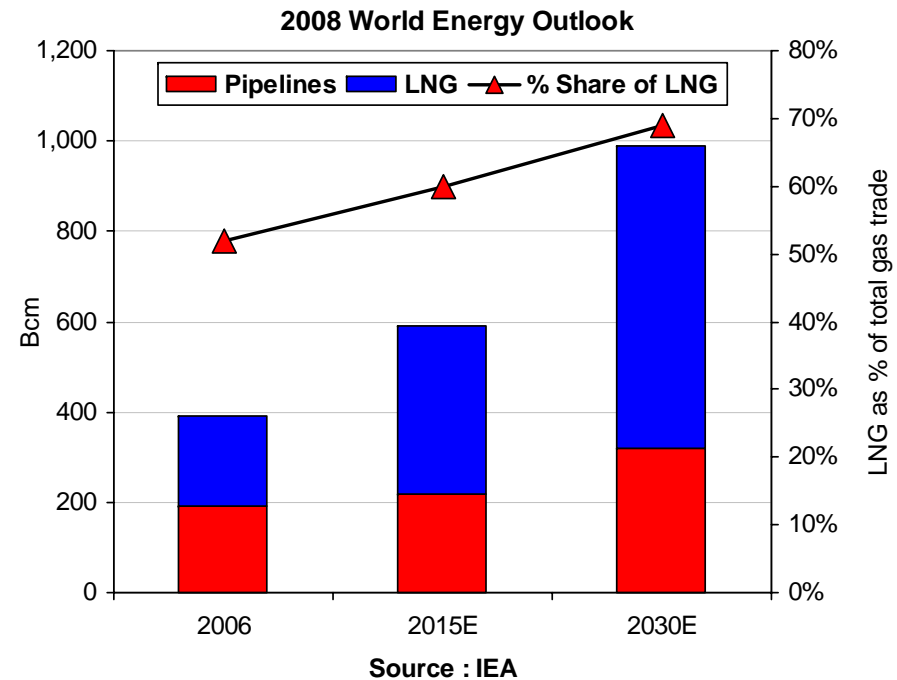
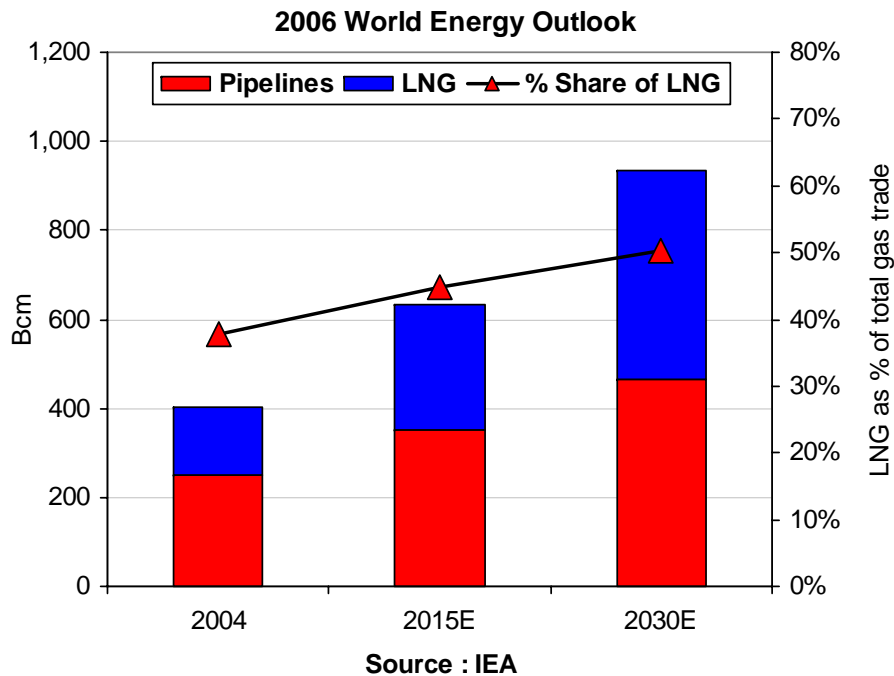


Global Natural Gas Demand Projections



Source : IEA

LNG Trade Outlook



- ▶ Global natural gas demand growth projected at 1.8% p.a. (vs. 2.1% p.a. earlier estimate)
- ▶ LNG's share in the global inter regional trade revised up significantly over past 2 years
- ▶ Global credit crunch / tighter lending requirements - threat for independent owners / point to point business model
- ▶ Market is currently faced with large shipping capacity overhang due to liquefaction delays
- ▶ Floating LNG – increased competition as oil majors looking to pursue projects themselves

Expected Gas Tenders Over the Next Few Years

Project	Number of Vessels
ExxonMobil Papua New Guinea	4
Brass Nigeria	12
NLNG Train 7 Nigeria	12
Gorgon Australia	6
BG Queensland, Australia	4
Wheatstone Australia	4
Pluto 2 Australia	4
Browse Australia	7
Damietta expansion, Egypt	2
Trinidad expansion	3
Equatorial Guinea expansion	5

Floating Liquefaction (FLNG) – Significant Growth Area

Benefits of Floating LNG:

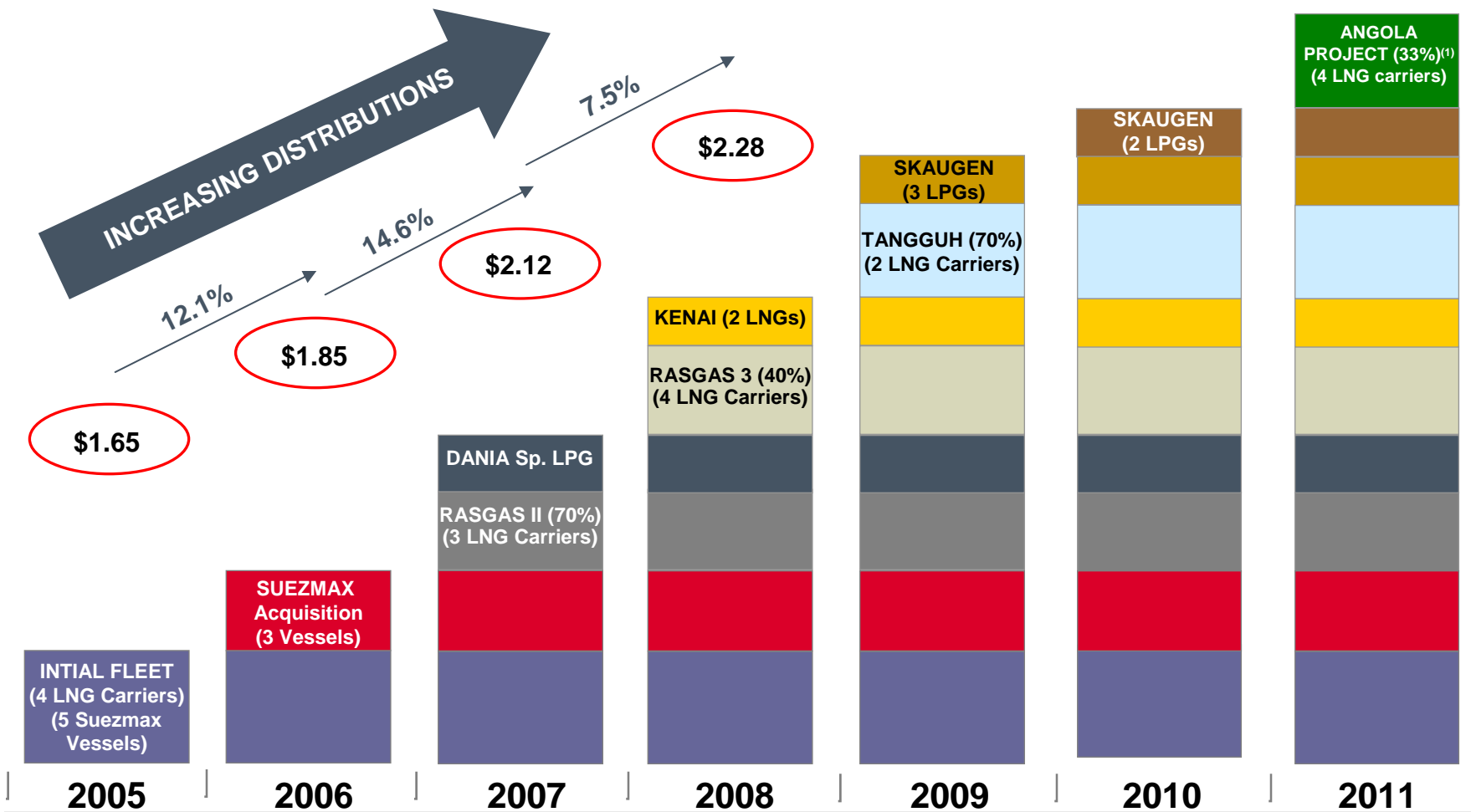
- ▶ More cost effective than on-shore liquefaction
- ▶ Shipyard construction vs. costly onshore / onsite construction
- ▶ Addresses “NIMBY” issues
- ▶ Less exposure to terrorism / conflict
- ▶ Greater flexibility through redeployment
- ▶ Shorter time to market than shore based plants



Kitimat FLNG

- ▶ Project to jointly develop a floating liquefied natural gas (FLNG) plant using an existing LNG carrier, the Arctic Spirit
 - ▶ Agreement between Teekay Corporation and Merrill Lynch / Bank of America
 - ▶ Teekay LNG Partners will also have the option to participate
 - ▶ Teekay LNG Partners will continue to receive time-charter payments for the remaining duration of its existing contract (~9 years)
- ▶ Located in Kitimat, British Columbia at the terminus of the Pacific Northern Gas pipeline
- ▶ Capacity to liquefy ~2-3 million m³ per day, or 0.5 million tonnes of LNG annually
- ▶ Project development subject to certain approvals
 - ▶ Expected to commence operations in 2012
 - ▶ Initial contract period of 10 years

Multi-Year, Built-in Growth



Additional growth opportunities exist through 3rd party acquisitions

Note: Distributions shown represent latest quarter dividends annualized. Diagram not to scale.

(1) Teekay Corporation is obligated to offer Teekay LNG Partners the opportunity to purchase its 33% interest in these vessels.