

TEEKAY LNG PARTNERS

Fourth Quarter 2006 Earnings Presentation

February 23, 2007



Forward Looking Statements

This release 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 estimated financial results for 2007 and corresponding potential increases in cash distributions to unitholders; the Partnership's future growth prospects; the timing of the commencement of the RasGas II, 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: failure of Teekay GP L.L.C. to authorize increased cash distributions to unitholders; the unit price of equity offerings to finance acquisitions, changes in production of LNG or LPG, either generally or in particular regions; 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, 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

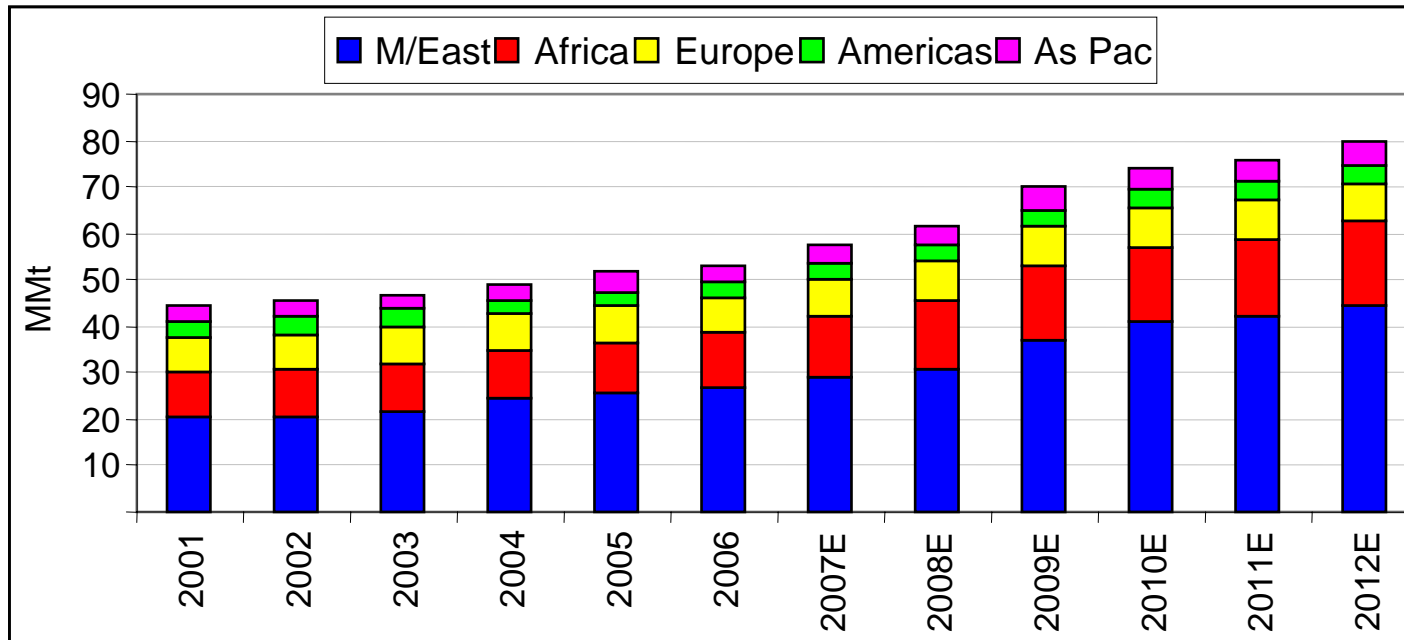
- ▶ **Declared a cash distribution of \$0.4625 for the fourth quarter of 2006 (\$1.85 annualized)**
 - ▶ Record date: February 9th
 - ▶ Payment date: February 14th
- ▶ **Generated distributable cash flow of \$17.6⁽¹⁾ million, compared to \$15.7 million in 4Q05. Increase is primarily due to:**
 - ▶ Acquisition of three Suezmax tankers in November 2005
- ▶ **First RasGas II LNG carrier delivered on October 31, 2006**
- ▶ **Second RasGas II LNG carrier delivered on January 2, 2007**
 - ▶ Remaining vessel delivering in first quarter of 2007
- ▶ **Acquired four Liquefied Petroleum Gas (LPG) carriers delivering between early-2007 and mid-2009:**
 - ▶ Provides another growth platform for the Partnership
- ▶ **Updated previously provided guidance for annualized cash distributions:**
 - ▶ \$2.12 per unit (\$0.53 per quarter) commencing with the distribution relating to the second quarter of 2007

} **No equity
issuance
required!**

(1) Please refer to the 4th Quarter of 2006 Earnings Release for a description of Distributable Cash Flow and its most directly comparable GAAP measure

LPG Shipments: 7% Expected Annual Growth

- ▶ Rapid growth in China and India will lead worldwide consumption of LPG
- ▶ As a by-product of natural gas production and liquefaction, LPG supply will increase with new LNG projects
 - ▶ Over half of the supply growth will originate from the Middle East
- ▶ Longer haul trades will develop as demand and supply increases, increasing the seaborne trade of LPG



Seaborne Trade Outlook – Global LPG Exports

Distributable Cash Flow and Cash Distribution

In thousands of U.S. dollars	Three months ended <u>Dec. 31, 2006</u> <u>(unaudited)</u>
Net loss	\$ (7,418)
Add:	
Foreign exchange loss	15,137
Depreciation and amortization	13,595
Non-cash interest expense	1,774
Minority owners' share of DCF before estimated maintenance capital expenditures	506
Less:	
Estimated maintenance capital expenditures	5,268
Minority interest recovery	723
Income tax recovery	9
<u>Distributable Cash Flow ⁽¹⁾</u>	<u>\$ 17,594</u> A

Quarterly Distribution (34,975,119 units x \$0.4625 / share)	\$ 16,176
General Partner 2% Distribution	330
Total Distribution	<u>\$ 16,506</u> B
 Coverage Ratio	 1.07x =A/B

⁽¹⁾ Please refer to the 4th Quarter of 2006 Earnings Release for a description of Distributable Cash Flow and a reconciliation to its most directly comparable GAAP financial measure.

Q4 '06 vs. Q3 '06

Teekay LNG Partners L.P.

Summary Consolidated Income Statement (Unaudited)

In thousands of dollars

	Three Months Ended		Variance
	December 31, 2006	September 30, 2006	
Net Voyage Revenues (1)	48,962	46,033	2,929
Operating Expenses			
Vessel operating expenses	10,540	9,532	1,008
Depreciation and amortization	13,595	12,972	623
General and administrative expenses	4,254	2,864	1,390
	28,389	25,368	3,021
Income from Vessel Operations	20,573	20,665	(92)
Other Items			
Interest expense	(24,196)	(22,282)	(1,914)
Interest income	10,664	9,881	783
Income tax recovery	9	180	(171)
Foreign exchange gain/(loss)	(15,137)	3,752	(18,889)
Other - net	669	389	280
	(27,991)	(8,080)	(19,911)
Net income (loss)	(7,418)	12,585	(20,003)

(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 Appendix A of this presentation for a reconciliation of this non-GAAP measure to the most directly comparable GAAP financial measure.

Balance Sheet

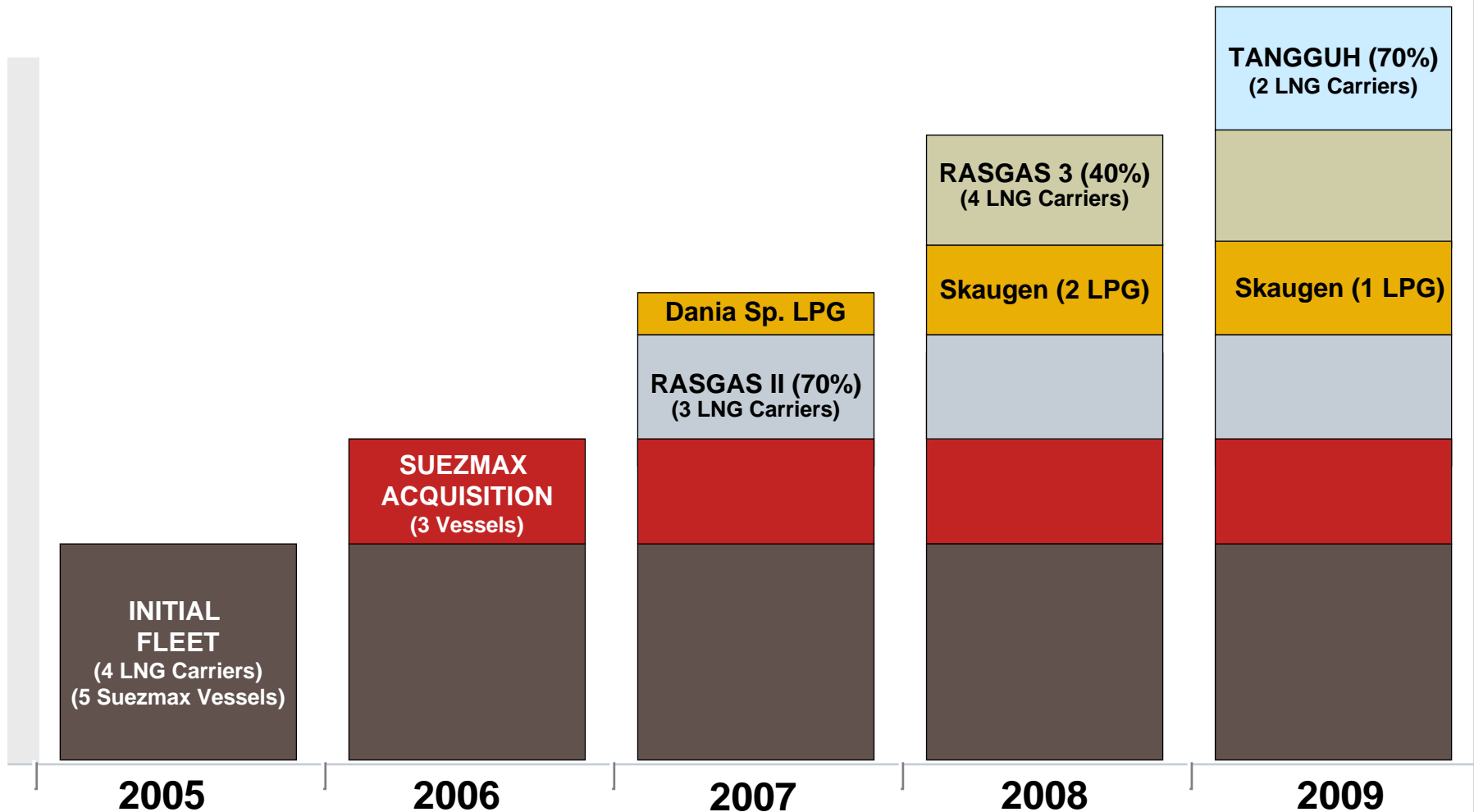
In thousands of U.S. dollars (unaudited)	<u>As at December 31,</u> 2006			<u>As at September 30,</u> 2006	
	TK LNG <small>(excl RG 3 and Tangguh)</small>	RasGas 3	Tangguh	Consolidated	Consolidated
ASSETS					
Cash and cash equivalents	28,871	-	-	28,871	20,592
Restricted cash related to newbuilding vessels to be delivered	293,409	-	-	293,409	437,571
Other current assets	15,937	-	-	15,937	22,277
Vessels and equipment	1,316,836	-	-	1,316,836	1,157,910
Other assets	267,364	145,395	86,252	499,011	258,926
Total Assets	1,922,417	145,395	86,252	2,154,064	1,897,276
LIABILITIES AND PARTNERS' EQUITY					
Accounts payable and accrued liabilities	18,106	528	34	18,668	21,474
Unearned revenue	6,708	-	-	6,708	7,307
Advances from affiliate	31,573	3,867	3,499	38,939	7,553
Long-term debt*, net of restricted cash	789,886	-	-	789,886	629,564
Long-term debt related to newbuilding vessels to be delivered *	205,882	60,458	-	266,340	451,432
Other long-term liabilities	147,197	-	2,100	149,297	44,287
Minority interest	3,445	80,133	82,151	165,729	-
Partners' equity	719,620	409	(1,532)	718,497	735,659
Total Liabilities and Partners' Equity	1,922,417	145,395	86,252	2,154,064	1,897,276
Total Liquidity				444,500	465,700

Net Debt to Capitalization = 52.1%**

*including current portion of long-term debt

**excluding debt and equity of Tangguh and RasGas 3. Please refer to Appendix B of this presentation for the calculation of Net Debt to Capitalization.

Multi-year, Built-in Growth



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

TEEKAY LNG PARTNERS



Appendix A

Teekay LNG Partners L.P. Reconciliation of Non-GAAP Financial Measure In thousands of dollars

	Three Months Ended	
	December 31, 2006	September 30, 2006
Voyage Revenues	49,402	46,696
Voyage Expenses	440	663
Net Voyage Revenues	48,962	46,033

Appendix B

Reconciliation of Net Debt to Capitalization*

In thousands of U.S. dollars	<u>As at Dec. 31, 2006</u> (unaudited)	
Cash	28,871	
Restricted cash - current	55,009	
Restricted cash - long-term	615,749	
Total cash and restricted cash	<u>699,629</u>	A
Current portion of long-term debt	181,197	
Long-term debt	1,293,433	
Total long-term debt	<u>1,474,630</u>	B
Net debt	775,001	C=B-A
Minority Interest (RG II)	(6,081)	
Partners' equity	719,620	
Net debt	775,001	C
Total capitalization	<u>1,488,540</u>	D
Net debt	775,001	C
Total capitalization	1,488,540	D
Net debt to capitalization	52.1%	=C/D

* Excluding debt and equity of Tangguh and RG 3.