

TEEKAY LNG PARTNERS

Second Quarter 2006 Earnings Presentation

August 4th, 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 cash distributions in 2006 and 2007; 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; 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 of LNG, 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; shipyard production delays; the Partnership's ability to raise financing to purchase additional vessels or to pursue LNG projects; 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; 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 second quarter of 2006 (\$1.85 annualized)
 - ▶ Record date: August 4th
 - ▶ Payment date: August 14th
- ▶ Generated distributable cash flow of \$14.2 million⁽¹⁾, compared to \$17.6 million in previous quarter. Decrease is primarily due to the following:
 - ▶ \$2.2 million decrease in revenues as a result of the *Catalunya Spirit* being off-hire for 33 days to complete a scheduled drydocking and unexpected repairs
 - ▶ \$1.0 million cost for insurance claim deductibles related to the repairs
- ▶ RasGas II LNG carriers expected to deliver ahead of schedule
 - ▶ First of three vessels delivering in October 2006
 - ▶ Remaining two vessels delivering first quarter of 2007
- ▶ 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 2nd 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 June 30, 2006 <u>(unaudited)</u>	
Net loss	\$	(15,526)
Add:		
Depreciation and amortization		12,743
Foreign exchange loss		20,328
Non-cash interest expense		2,023
Less:		
Maintenance capex. reserve		5,288
Income tax recovery		78
<u>Distributable Cash Flow (1)</u>	<u>\$</u>	<u>14,202</u> A

Quarterly Distribution	\$	16,175
(34,972,644 units x \$0.4625 / share)		
General Partner 2% Distribution		330
Total Distribution	<u>\$</u>	<u>16,505</u> B
Coverage Ratio		0.86x =A/B

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Q2'06 vs. Q1'06 Results

Teekay LNG Partners L.P.

Summary Consolidated Income Statement (Unaudited)

In thousands of U.S. dollars

	Three Months Ended		Variance
	June 30, 2006	March 31, 2006	
Net Voyage Revenues	41,884	43,864	(1,980)
Operating Expenses			
Vessel operating expenses	9,767	8,961	806
Depreciation and amortization	12,743	12,659	84
General and administrative expenses	2,998	3,095	(97)
	25,508	24,715	793
Income from Vessel Operations	16,376	19,149	(2,773)
Other Items			
Interest expense	(21,404)	(18,601)	(2,803)
Interest income	9,443	7,437	2,006
Income tax recovery	78	300	(222)
Foreign exchange loss	(20,328)	(7,825)	(12,503)
Other - net	309	308	1
	(31,902)	(18,381)	(13,521)
Net (loss) income	(15,526)	768	(16,294)



Balance Sheet (Unaudited)

In thousands of U.S. dollars	<u>As at June 30,</u>			<u>As at Mar 31,</u>
	<u>2006</u>		<u>2006</u>	<u>Consolidated</u>
	TK LNG (excl TK Nakilat)	TK Nakilat	Consolidated	Consolidated
ASSETS				
Cash and cash equivalents	18,881	-	18,881	27,401
Restricted cash related to newbuilding vessels to be leased	-	433,475	433,475	395,320
Other current assets	17,153	2,757	19,910	10,296
Vessels and equipment	1,168,107	-	1,168,107	1,176,657
Other assets	234,557	66,681	301,238	264,560
Total Assets	1,438,698	502,913	1,941,611	1,874,234
LIABILITIES AND PARTNERS' EQUITY				
Accounts payable and accrued liabilities	17,600	4,856	22,456	14,409
Unearned revenue	7,034	-	7,034	6,120
Advances from affiliate	4,541	-	4,541	4,097
Long-term debt*, net of restricted cash	637,525	-	637,525	626,144
Long-term debt related to newbuilding vessels to be leased *	-	444,679	444,679	405,483
Other long-term liabilities	-	67,439	67,439	58,122
Partners' equity	771,998	(14,061)	757,937	759,859
Total Liabilities and Partners' Equity	1,438,698	502,913	1,941,611	1,874,234

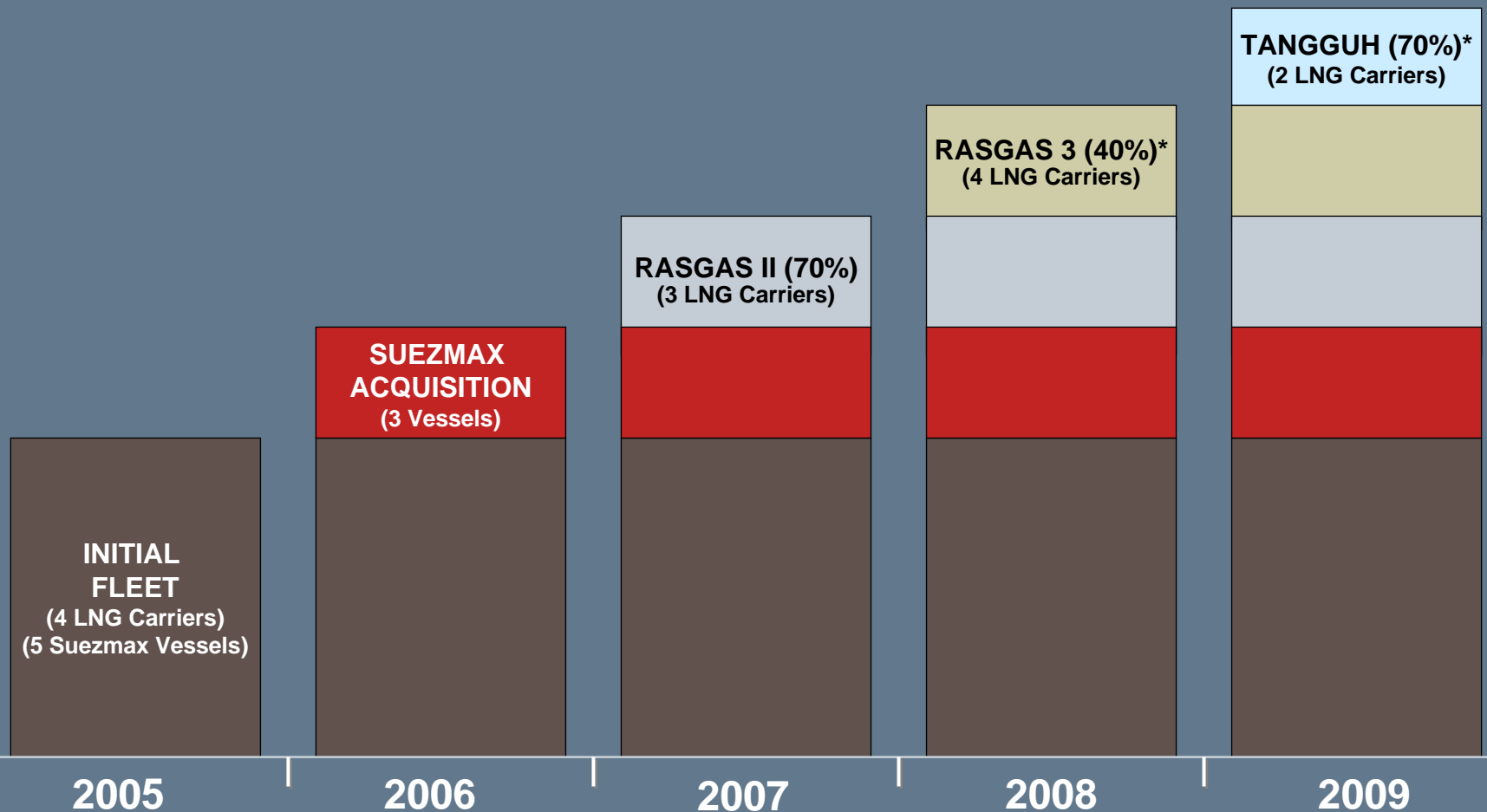
Net Debt to Capitalization = 44.5%**

*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 *

As at Jun 30, 2006

In thousands of U.S. dollars

(unaudited)

Cash and cash equivalents	18,881	
Restricted cash - current	149,046	
Restricted cash - long-term	182,139	
Total cash and restricted cash	350,066	A
Current portion of long-term debt	166,073	
Long-term debt	802,637	
Total long-term debt	968,710	B
Net debt	618,644	C=B-A
Partners' equity	771,998	
Net debt	618,644	C
Total capital	1,390,642	D
Net debt	618,644	C
Total capital	1,390,642	D

Net debt to capital 44.5% =C/D

* Excluding restricted cash, debt and equity of Teekay Nakilat.

