

TEEKAY LNG PARTNERS

Third Quarter 2006 Earnings Presentation

November 3, 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 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; 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 third quarter of 2006 (\$1.85 annualized)**
 - ▶ Record date: November 9th
 - ▶ Payment date: November 14th
- ▶ **Generated distributable cash flow of \$18.6⁽¹⁾ million, compared to \$14.2 million in the previous quarter. Increase is primarily due to the following:**
 - ▶ *Catalunya Spirit* returned to full operation in the third quarter
 - ▶ Profit share of \$1.3 million on Teide Spirit
- ▶ **First RasGas II LNG carrier delivered on October 31, 2006**
 - ▶ Remaining two vessels delivering in first quarter of 2007
- ▶ **Agreement reached to acquire the following from Teekay Shipping Corporation (upon delivery of the vessels from the shipyard):**
 - ▶ 40% interest in 4 LNG newbuilding carriers, delivering during the second quarter of 2008
 - ▶ 70% interest in 2 LNG newbuilding carriers, delivering during late 2008 and early 2009
- ▶ **Re-affirm previously provided guidance for annualized cash distributions:**
 - ▶ \$1.85 per unit through mid-2007
 - ▶ \$2.10 per unit commencing with third quarter of 2007 distribution

**No equity
issuance
required!**

(1) Please refer to the 3rd Quarter of 2006 Earnings Release for a description of Distributable Cash Flow and its most directly comparable GAAP measure

Distributable Cash Flow and Cash Distribution

In thousands of U.S. dollars	Three months ended Sept. 30, 2006 (unaudited)
Net income	\$ 12,585
Add:	
Depreciation and amortization	12,972
Non-cash interest expense	2,259
Less:	
Foreign exchange gain	3,752
Maintenance capex. reserve	5,288
Income tax recovery	180
Distributable Cash Flow ⁽¹⁾	\$ 18,596 A

Quarterly Distribution	\$ 16,175
(34,972,644 units x \$0.4625 / share)	
General Partner 2% Distribution	<u>330</u>
Total Distribution	\$ 16,505 B
Coverage Ratio	1.13x =A/B

⁽¹⁾ Please refer to the 3rd Quarter of 2006 Earnings Release for a description of Distributable Cash Flow and a reconciliation to its most directly comparable GAAP financial measure.

Q3 '06 vs. Q2 '06

Teekay LNG Partners L.P.

Summary Consolidated Income Statement (Unaudited)

In thousands of dollars

	Three Months Ended		Variance
	September 30, 2006	June 30, 2006	
Net Voyage Revenues	46,033	41,884	4,149
Operating Expenses			
Vessel operating expenses	9,532	9,767	(235)
Depreciation and amortization	12,972	12,743	229
General and administrative expenses	2,864	2,998	(134)
	25,368	25,508	(140)
Income from Vessel Operations	20,665	16,376	4,289
Other Items			
Interest expense	(22,282)	(21,404)	(878)
Interest income	9,881	9,443	438
Income tax recovery	180	78	102
Foreign exchange gain/(loss)	3,752	(20,328)	24,080
Other - net	389	309	80
	(8,080)	(31,902)	23,822
Net income (loss)	12,585	(15,526)	28,111

Balance Sheet (Unaudited)

In thousands of U.S. dollars	<u>As at September 30,</u> <u>2006</u>			<u>As at June 30,</u> <u>2006</u>
	TK LNG (excl TK Nakilat)	TK Nakilat	Consolidated	Consolidated
ASSETS				
Cash and cash equivalents	20,592		20,592	18,881
Restricted cash related to newbuilding vessels to be leased	-	437,571	437,571	433,475
Other current assets	17,172	5,105	22,277	19,910
Vessels and equipment	1,157,910	-	1,157,910	1,168,107
Other assets	219,617	39,309	258,926	301,238
Total Assets	1,415,291	481,985	1,897,276	1,941,611
LIABILITIES AND PARTNERS' EQUITY				
Accounts payable and accrued liabilities	15,107	6,367	21,474	22,456
Unearned revenue	7,307	-	7,307	7,034
Advances from affiliate	7,553	-	7,553	4,541
Long-term debt*, net of restricted cash	629,564	-	629,564	637,525
Long-term debt related to newbuilding vessels to be leased *	-	451,432	451,432	444,679
Other long-term liabilities	-	44,287	44,287	67,439
Partners' equity	755,760	(20,101)	735,659	757,937
Total Liabilities and Partners' Equity	1,415,291	481,985	1,897,276	1,941,611
Total Liquidity			465,700	234,000

Net Debt to Capitalization = 44.6%**

*including current portion of long-term debt

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

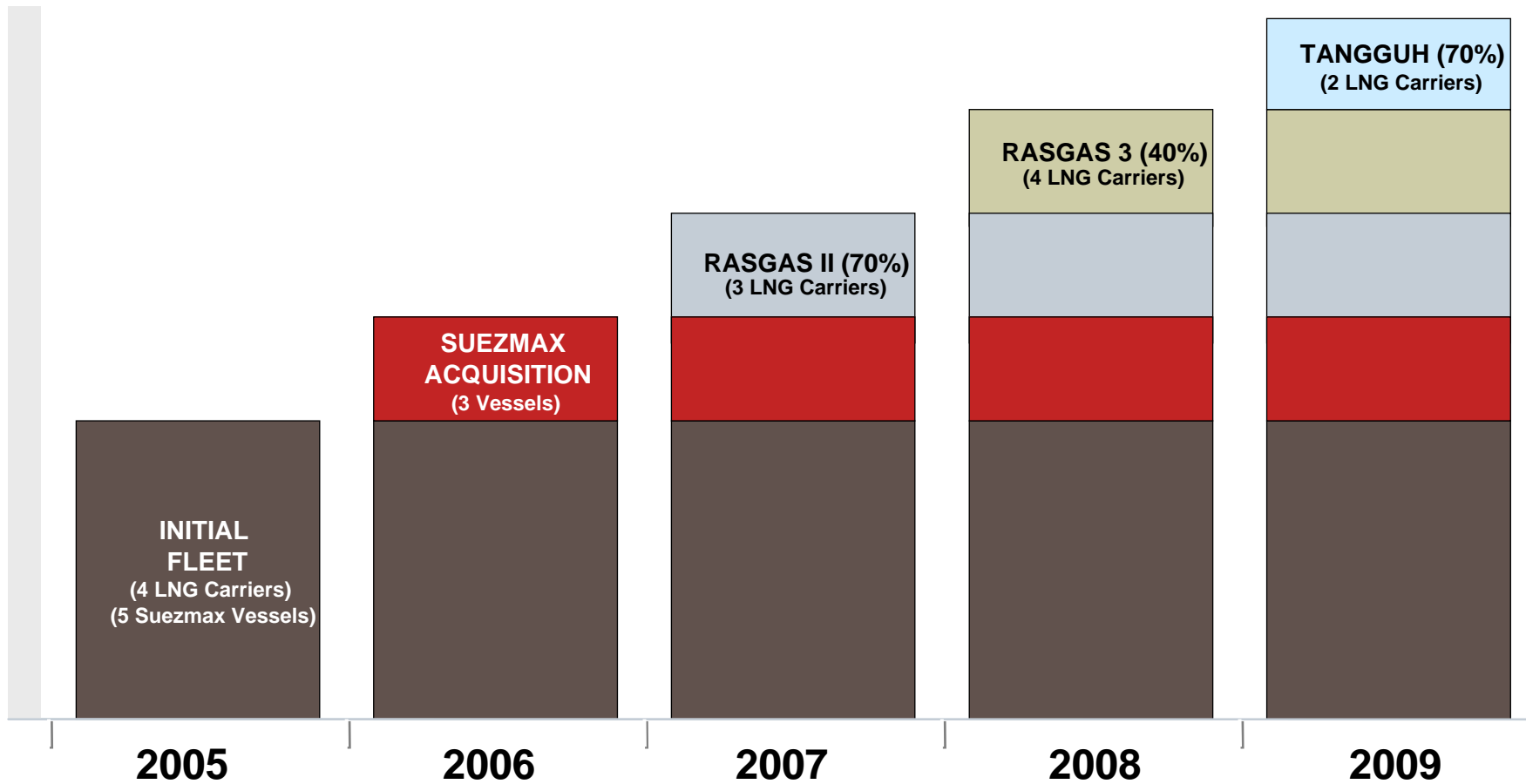
RasGas II Ship Naming Ceremony – Oct. 19, 2006

DSME's Okpo Shipyard in South Korea



Al Areesh (scheduled to deliver Jan. 2, 2007) and Al Marrouna (delivered Oct. 31, 2006)

Multi-year, Built-in Growth



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

TEEKAY LNG PARTNERS



Appendix

Reconciliation of Net Debt to Capitalization*

As at Sept. 30, 2006

In thousands of U.S. dollars

(unaudited)

Cash and cash equivalents	20,592	
Restricted cash - current	151,919	
Restricted cash - long-term	180,879	
Total cash and restricted cash	<u>353,390</u>	A
Current portion of long-term debt	169,474	
Long-term debt	792,887	
Total long-term debt	<u>962,361</u>	B
Net debt	608,971	C=B-A
Partners' equity	755,760	
Net debt	<u>608,971</u>	C
Total capital	<u>1,364,731</u>	D
Net debt	608,971	C
Total capital	1,364,731	D
Net debt to capital	44.6%	=C/D

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