



TEEKAY LNG PARTNERS L.P.



# Q2 2011 Earnings Presentation

August 12, 2011



NYSE : TGP

[www.teekaylng.com](http://www.teekaylng.com)

# 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 opportunities; level of project activity in the LNG sector; the timing of LNG and LPG/Multigas newbuilding deliveries and incremental cash flows relating to these newbuildings; the Partnership's financial position, including available liquidity; and the ability of the Partnership to pursue additional projects and acquisitions. 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 or LPG, either generally or in particular regions; development of LNG and LPG projects; required approvals by the Conflicts Committee of the Board of Directors of the Partnership's general partner to acquire any 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/Multigas project delays or shipyard production delays which would change the expected timing and cost of newbuilding vessel deliveries; the Partnership's ability to raise financing to purchase additional vessels or to pursue other 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 Partners' filings from time to time with the SEC, including its Report on Form 20-F/A for the fiscal year ended December 31, 2010. 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.

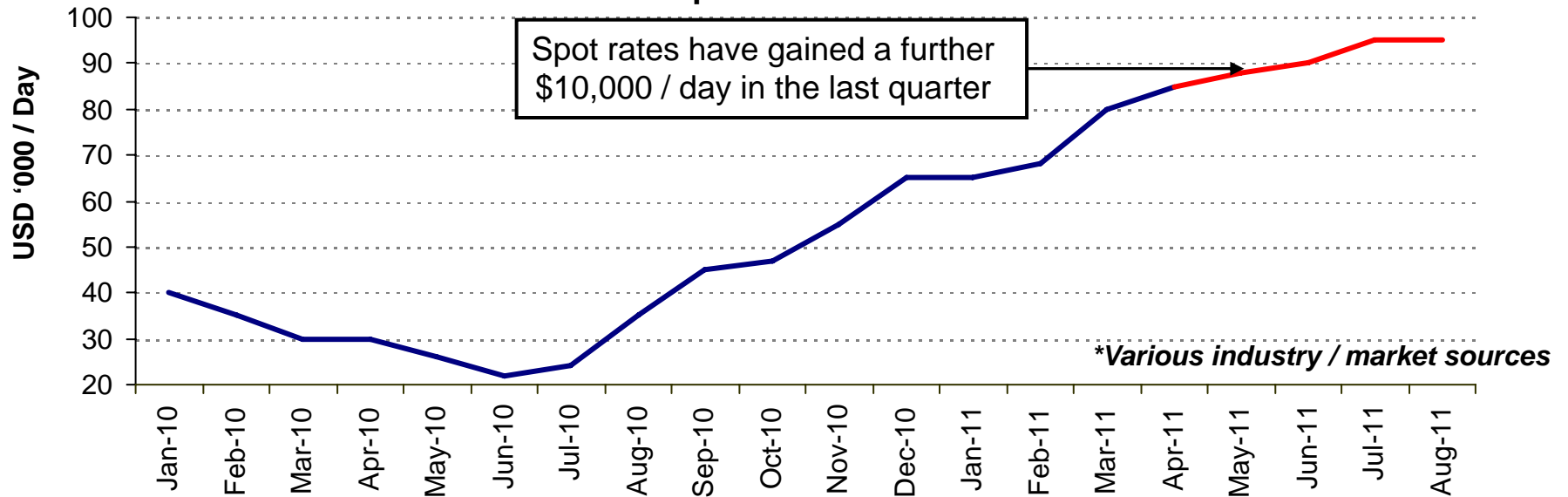
## Recent Highlights

- » Generated distributable cash flow of \$37.6 million in Q2-11, up 4% from Q2-10
- » Declared and today paid \$0.63 per unit distribution for Q2-11
- » Took delivery of first of two Multigas carriers onto 15-year fixed-rate charter
- » Strong financial position with over \$550 million of total liquidity
- » Tendering activity for LNG shipping and FSRUs increasing
- » Strong spot rates highlight lack of spare LNG shipping capacity



# Liquefied Gas Business Update

## LNG Spot Charter Rates\*



## Liquefied Gas Industry Outlook

- » Increasing tender activity for LNG regasification (FSRU) projects
- » LNG carrier spot charter rates continue to strengthen - now approaching \$100,000/d
- » Approximately 30 LNG vessel orders (without charters) in 2011 YTD, but robust demand growth expected to outweigh vessel supply

## Recent Gas Activity

- » Actively bidding on new LNG transportation and FSRU projects
- » Seeking additional fleet growth through third party acquisition opportunities
- » Expect delivery of first Angola LNG carrier in August

# Adjusted Operating Results for Q2 2011 vs. Q1 2011

## Teekay LNG Partners L.P. Adjusted Net Income (unaudited)

(in thousands of US dollars)

	Three Months Ended June 30, 2011			Three Months Ended March 31, 2011
	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TGP Adjusted Income Statement
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	92,247	-	(53)	92,194
Voyage expenses	685	-	-	685
Net voyage revenues	91,562	-	(53)	91,509
<b>OPERATING EXPENSES</b>				
Vessel operating expense	23,388	-	-	23,388
Depreciation and amortization	22,171	-	-	22,171
General and administrative	6,535	-	-	6,535
Total operating expenses	52,094	-	-	52,094
Income from vessel operations	39,468	-	(53)	39,415
<b>OTHER ITEMS</b>				
Interest expense	(12,136)	-	(15,466) <sup>▲</sup>	(27,602)
Interest income	1,698	-	5,420 <sup>▲</sup>	7,118
Realized and unrealized (loss) gain on derivative instruments	(27,329) <sup>▲</sup>	17,230 <sup>▲</sup>	10,099	-
Foreign exchange loss	(8,859)	8,859	-	-
Equity income	3,447	3,154	-	6,601
Other income (expense) - net	22	-	-	22
Total other items	(43,157)	29,243	53	(13,861)
Net (loss) income	(3,689)	29,243	-	25,554
Less: Net income (loss) attributable to Non-controlling interest	561	(2,554)	-	(1,993)
<b>NET (LOSS) INCOME ATTRIBUTABLE TO THE PARTNERS</b>	<b>(3,128)</b>	<b>26,689</b>	<b>-</b>	<b>23,561</b>

(1) See Appendix A to the Partnership's Q2-11 earnings release for description of Appendix A items.

(2) Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnote (2) to the Summary Consolidated Statements of Income in the Q2-11 earnings release.



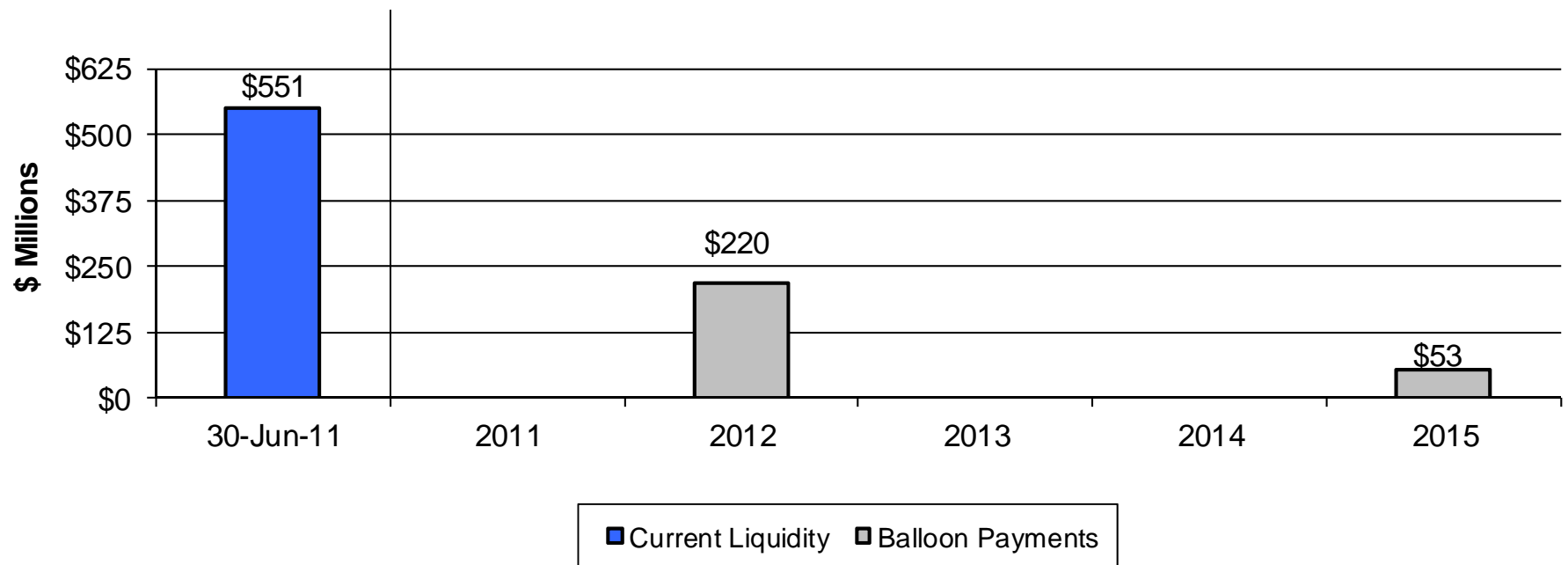
# Distributable Cash Flow and Cash Distribution

	<u>Three Months</u> <u>30-Jun-11</u> <u>(unaudited)</u>	
Net loss	(3,689)	
Add:		
Depreciation and amortization	22,171	
Partnership's share of joint ventures DCF before estimated maintenance capital expenditures	9,453	
Non cash tax expense	119	
Unrealized foreign exchange loss	8,859	
Unrealized loss from derivatives and other non-cash items	18,825	
Less:		
Estimated maintenance capital expenditures	(11,193)	
Equity income from joint ventures	(3,447)	
<b>Distributable Cash Flow before Non-controlling interest</b>	<b>41,098</b>	
Non-controlling interests' share of DCF before estimated maintenance capital expenditures	(3,541)	
<b>Distributable Cash Flow</b>	<b>37,556</b>	<b>A</b>
<b>Total Distributions</b>	<b>40,572</b>	<b>B</b>
<b>Coverage Ratio</b>	<b>0.93x</b>	<b>A/B</b>

- » **Coverage ratio temporarily below 1.0x due to timing of equity offering in April and investment of proceeds (e.g. delivery of Angola LNG carriers & Skaugen LPG carriers) and scheduled drydockings in Q2-11**

# Teekay LNG – Strong Credit Profile

- » June 30, 2011 total liquidity: ~\$551 million
- » No requirement to tap equity markets
- » No loan covenant concerns
- » Refinancing of 2012 debt financing in the process of being finalized



Note: Future balloon payments are based on amounts drawn as at June 30, 2011.