

TEEKAY LNG PARTNERS

# Q2 Earnings Release

July 28<sup>th</sup>, 2005



# 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 offers of LNG vessels and associated contracts from Teekay to Teekay LNG; the timing of the commencement of the RasGas II and Tangguh LNG projects; the timing of LNG newbuilding deliveries; the expected cost of LNG newbuildings and the related financing requirements; 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; 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; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; and other factors discussed in the Registration Statement of Teekay LNG Partners L.P. on Form F-1 dated May 4, 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.



## Second Quarter Highlights

- ▶ Successfully completed the IPO at a unit price of \$22 => 7.5% yield
- ▶ Declared a cash distribution of \$0.2357 (\$1.65 annualized) for the period May 10 to June 30, 2005
- ▶ Generated distributable cash flow of \$7.4 million during the same period
- ▶ Teekay awarded 2 LNGs on 20-year fixed-rate contracts to the Tangguh LNG Project, led by a subsidiary of BP



# Distributable Cash Flow and Cash Distribution

(in thousands)	<u>For the period</u> <u>May 10 to June 30, 2005</u> <u>(unaudited)</u>	
<b>Net Income</b>	\$	28,703
<b>Add:</b>		
<b>Depreciation and amortization</b>		5,852
<b>Less:</b>		
<b>Estimated maintenance capital expenditure</b>		2,340
<b>Foreign exchange gain</b>		22,993
<b>Gain on vessel sale</b>		186
<b>Income tax recovery</b>		1,672
<b>Distributable Cash Flow (1)</b>	\$	<b>7,364 A</b>

<b>Minimum Quarterly Distribution</b>	\$	7,159
<b>(30,372,644 shares x \$0.2357 / share)</b>		
<b>General Partner 2% Distribution</b>		146
<b>Total Distribution</b>	\$	<b>7,305 B</b>
<b>Coverage Ratio</b>		<b>1.01x =A/B</b>

(1) Please refer to the 2<sup>nd</sup> Quarter of 2005 Earnings Release for a description of Distributable Cash Flow



# Actual Results vs. Forecast

Teekay LNG Partners L.P.

Summary Consolidated Income Statement (Unaudited)

In thousands of U.S. dollars

	May 10 - June 30, 2005 Actual	May 10 - June 30, 2005 Forecast *	Actual vs Forecast Variance
<b>Net Voyage Revenues</b>	20,291	20,218	73
<b>Operating Expenses</b>			
Vessel operating expenses	3,932	4,454	(522)
Depreciation and amortization	5,852	6,258	(406)
General and administrative expenses	1,274	1,238	36
Gain on sale of vessels and equipment	(186)	-	(186)
	10,872	11,950	(1,078)
<b>Income from Vessel Operations</b>	9,419	8,267	1,152
<b>Other Items</b>			
Interest expense	(8,196)	(7,876)	(320)
Interest income	3,003	3,076	(73)
Income tax recovery (expense)	1,672	(231)	1,903
Foreign exchange gain	22,993	-	22,993
Other - net	(188)	-	(188)
	19,284	(5,031)	24,315
<b>Net Income</b>	<b>28,703</b>	<b>3,237</b>	<b>25,466</b>

\* Based on the forecast for the 12 months ending Mar. 31, 2006 included in the Partnership's Prospectus dated May 4, 2005, prorated for the 52 day period



# Natural Currency Hedge on Cash Flows

	<b>Galicia Spirit</b>	<b>Hispania Spirit</b>	<b>Catalunya Spirit</b>	<b>Madrid Spirit</b>	<b>Five Suezmax Tankers</b>
<b>Revenues</b>	<b>USD (Capital) EURO (OPEX)</b>	<b>USD</b>	<b>EURO</b>	<b>EURO</b>	<b>USD</b>
<b>Operating Expenses</b>	<b>Primarily EURO</b>	<b>Primarily EURO</b>	<b>Primarily EURO</b>	<b>Primarily EURO</b>	<b>Primarily EURO</b>
<b>Debt Service Costs</b>	<b>No Debt</b>	<b>No Debt</b>	<b>EURO</b>	<b>EURO</b>	<b>USD</b>



# Balance Sheet

**TEEKAY LNG PARTNERS L.P.**  
**SUMMARY CONSOLIDATED BALANCE SHEETS (Unaudited)**  
(in thousands of U.S. dollars)

	<u>As at June 30,</u> <u>2005</u>	<u>As at Dec. 31,</u> <u>2004</u>	<u>Change</u>
<b>ASSETS</b>			
Cash and cash equivalents	55,875	156,410	(100,535)
Other current assets	6,334	10,646	(4,312)
Vessels and equipment	980,299	995,903	(15,604)
Advances on newbuilding contracts	172,448	49,165	123,283
Other assets	224,132	238,130	(13,998)
<b>Total Assets</b>	<b>1,439,088</b>	<b>1,450,254</b>	<b>(11,166)</b>
<b>LIABILITIES AND PARTNERS'</b>			
<b>CAPITAL/STOCKHOLDER DEFICIT</b>			
Accounts payable and accrued liabilities	21,663	30,633	(8,970)
Advance from affiliate	520	454,713	(454,193)
Long-term debt*, net of restricted cash	578,514	953,062	(374,548)
Minority interest	140,554	0	140,554
Other long-term liabilities	14,985	134,848	(119,863)
Partners' capital/stockholder deficit	682,852	(123,002)	805,854
<b>Total Liabilities and Partners' Capital/Stockholder Deficit</b>	<b>1,439,088</b>	<b>1,450,254</b>	<b>(11,166)</b>

**Net Debt to Capitalization = 43.4%**

\* Including current portion of long-term debt

