Teekay LNG Partners L.P.
Form 6-K
November 26, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Date of Report: November 25, 2008
Commission file number 1- 32479
TEEKAY LNG PARTNERS L.P.
(Exact name of Registrant as specified in its charter)
4th Floor
Belvedere Building
69 Pitts Bay Road
Hamilton, HM08 Bermuda
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes o No þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes o No þ

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-__________

Item 1 Information Contained in this Form 6-K Report

Attached as Exhibit I is a copy of an announcement of Teekay LNG Partners L.P. dated November 25, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEEKAY LNG PARTNERS L.P.

Date: November 25, 2008

By: /s/ Peter Evensen
Peter Evensen
Chief Executive Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)

TEEKAY LNG PARTNERS L.P.
4th Floor, Belvedere Building, 69 Pitts Bay Road
Hamilton, HM 08, Bermuda

NEWS RELEASE

TEEKAY LNG PARTNERS REPORTS RESTATED HISTORICAL RESULTS

Highlights

Teekay LNG has completed its previously announced financial restatement.

As anticipated, there is no impact on the Partnership s previously reported distributable cash flow, liquidity or cash distributions in any period.

All restatement adjustments are non-cash in nature and do not affect the economics of the Partnership.

The Partnership will host a conference call on Tuesday, November 25, 2008 to discuss its restated results and key elements of its financial position and outlook.

Hamilton, Bermuda, November 25, 2008 Teekay LNG Partners L.P. *(Teekay LNG* or *the Partnership)* (NYSE: TGP) today reported that it has restated its previously reported financial results, including results for fiscal years 2003 through 2007 and the first and second quarters of 2008, to adjust for:

its accounting treatment for its derivative transactions under the Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging* (*SFAS 133*), as more fully discussed below under Restatement for Accounting under SFAS 133 ;

its accounting treatment for certain vessels it acquired from Teekay Corporation (*Teekay*) subsequent to the Partnership s May 2005 initial public offering, whereby the Partnership s financial statements have been retroactively adjusted to include the historical results of the vessels from the date they were originally acquired by Teekay and began operating, as more fully discussed below under Restatement for Changes to Accounting for Dropdown Transactions ; and

its financial statement presentation for the Partnership s interests in the RasGas joint ventures, whereby certain assets and liabilities have been grossed-up for accounting presentation purposes, as more fully discussed below under Restatement for Gross-up Presentation of RasGas Joint Ventures and Other.

It is important to emphasize that all of the restatement adjustments have no impact on the Partnership s distributable cash flow(1), liquidity or cash distributions in any period, stated Peter Evensen, Chief Executive Officer of Teekay GP LLC, the Partnership s general partner. Any adjustments to the Partnership s financial statements are due to changes in accounting treatment only and have no impact on the economics of the Partnership or its actual cash flows.

Mr. Evensen continued, Any adjustments to net income resulting from the change in the Partnership s accounting treatment for hedge transactions are exclusively due to unrealized gains or losses as a result of the change in the mark-to-market value of our hedging instruments at the end of each reporting period, which have no cash impact. Additional adjustments, which came into scope as a result of the Partnership s detailed and thorough restatement audit, also have no cash impact. The change to our accounting treatment for vessel dropdowns simply means that vessels acquired from Teekay are now reflected in the Partnership s comparative historical financial statements for periods prior to the Partnership s actual acquisition of the vessels as if they had been acquired by the Partnership at the time of their original purchase by Teekay. This adjustment has no impact on the Partnership s financial results subsequent to the date the vessels were acquired by the Partnership. Finally, any gross-up of assets and liabilities related to the Partnership s RasGas joint venture interests does not impact partners equity or net income and does not result in any change to the Partnership s net exposure in these joint ventures.

(1) Distributable cash flow is a non-GAAP financial measure used by certain investors to measure the financial performance of the Partnership and other master limited partnerships. Please see Appendix A to this release for a reconciliation of this non-GAAP measure to the most directly comparable GAAP financial measure.

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A summary of financial information reflecting the restatement adjustments for the three and six months ended June 30, 2008 and 2007 and the three months ended March 31, 2008 is presented below. Appendix B to this release provides a summary of the impact of the restatements on reported net income for the fiscal years ended December 31, 2003 through 2007. Please see Information on SEC Filings below for information about the Partnership s upcoming filings with the U.S. Securities and Exchange Commission (*SEC*) relating to the restatements.

Summary of Restated Second Quarter 2008 Results

Since the restatement adjustments are all non-cash in nature, they have not impacted the Partnership s distributable cash flow[(1)] or cash distributions. During the three months ended June 30, 2008, the Partnership generated $24.4 million of distributable cash flow, an increase from $22.2 million for the same quarter last year. For the quarter ended June 30, 2008, the Partnership raised its quarterly cash distribution by approximately four percent to $0.55 per unit from $0.53 per unit in the previous quarter. This increase reflects the acquisition of the two Kenai LNG carriers on April 1, 2008. This cash distribution was paid on August 14, 2008 to all unitholders of record on August 7, 2008.

On November 3, 2008, the Partnership declared a cash distribution of $0.57 per unit for the quarter ended September 30, 2008, an increase of $0.02 per unit, or four percent, from the previous quarter. This distribution increase reflects the contribution from the Partnership s joint venture interest in four RasGas 3 LNG carriers delivered between May and July of 2008. This cash distribution was paid on November 14, 2008 to all unitholders of record on November 7, 2008.

The effect of the accounting adjustments noted above on previously reported net income for the three and six months ended June 30, 2008 and 2007 and for the three months ended March 31, 2008 is summarized in the table below. The results of vessels acquired from Teekay relating to the periods prior to their acquisition by the Partnership are referred to herein as the *Dropdown Predecessor*.

Net Income (Loss)

(in thousands of US dollars)	**Three Months Ended**			**Six Months Ended**	
	June 30, 2008 (unaudited)	**March 31, 2008 (unaudited)**	**June 30, 2007 (unaudited)**	**June 30, 2008 (unaudited)**	**June 30, 2007 (unaudited)**
As Previously Reported	$ 7,634	$ (25,000)	$ 2,461	$(17,366)	$ 3,863
Adjustments:					
Derivative Instruments (2)	22,784	(17,785)	39,241	4,999	45,216
Dropdown Predecessor (3)		895		895	
Gross-up Presentation and Other (4)	1,298	(333)	(277)	965	(1,189)
As Restated	$31,716	$ (42,223)	$41,425	$(10,507)	$47,890

For the three months ended June 30, 2008, the Partnership now reports net income of $31.7 million, compared to net income of $41.4 million for the same period last year. Net income for the three months ended June 30, 2008 and 2007 includes unrealized foreign currency translation losses of $29,000 and $5.7 million, respectively, which primarily relate to long-term debt denominated in Euros. Net income for the three months ended June 30, 2008 and 2007 also includes non-cash net gains of $19.8 million and $34.9 million, respectively, relating primarily to changes in fair value of derivative instruments not qualifying for hedge accounting and the accounting consolidation of interests in the two Tangguh LNG newbuilding carriers (which the Partnership has not yet acquired) and in the four RasGas 3 LNG carriers (which the Partnership acquired on May 6, 2008).

For the six months ended June 30, 2008, the Partnership now reports a net loss of $10.5 million, compared to net income of $47.9 million for the same period last year. Net income for the six months ended June 30, 2008 and 2007 includes unrealized foreign currency translation losses of $33.9 million and $10.5 million, respectively, which primarily relate to long-term debt denominated in Euros. Net income for the six months ended June 30, 2008 and 2007 also includes a non-cash net loss of $1.3 million and a non-cash net gain of $37.7 million, respectively, relating primarily to changes in fair value of derivative instruments not qualifying for hedge accounting and the accounting consolidation of interests in the Tangguh and RasGas 3 LNG carriers.

(1) Distributable cash flow is a non-GAAP financial measure used by certain investors to measure the financial performance of the Partnership and other master limited partnerships. Please see Appendix A to this release for a reconciliation of this non-GAAP measure to the most directly comparable GAAP financial measure.

(2) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(3) Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(4) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

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<u>Further Information Regarding Restatement Items</u>

Restatement for Accounting under SFAS 133

On August 7, 2008, the Partnership announced that it would restate its historical financial statements to adjust its accounting treatment for its derivative transactions under SFAS 133. This restatement adjusts for the Partnership s interest rate swap agreements and profit sharing swap agreement that did not qualify for hedge accounting treatment under SFAS 133 as aspects of the Partnership s hedge documentation did not meet the strict technical requirements of the standard.

Accordingly, the Partnership has now recognized the changes in the fair value of these derivatives through the statement of income (loss) rather than directly to partners equity on the balance sheet. This restatement, which is non-cash in nature, has resulted in adjustments to Teekay LNG s previously reported net income, but does not affect the economics of any hedging transactions or have any impact on the Partnership s previously reported distributable cash flow, liquidity or cash distributions. The Partnership believes that the applicable derivative transactions were consistent with its risk management policies and that its overall hedging strategy continues to be sound.

The Partnership has discontinued the use of hedge accounting for its interest rate swap agreements and the profit sharing swap agreement. As a result, the unrealized gains and losses due to the change in the fair values of these derivative instruments will be reflected as increases or decreases to the Partnership s voyage revenues, interest expense and interest income going forward. This change will not impact the economics of hedging transactions nor the Partnership s distributable cash flow, liquidity or cash distributions in any future period.

Restatement for Changes to Accounting for Dropdown Transactions

Subsequent to the release of its preliminary second quarter financial results, the Partnership reviewed and revised its accounting treatment for certain vessels acquired through dropdown transactions from Teekay. The Partnership has historically accounted for the acquisition of vessel interests from Teekay as asset acquisitions (rather than business acquisitions) and recorded the financial results of these vessels commencing from the date the vessels were acquired by Teekay LNG.

Although substantially all of the value relating to these transactions is attributable to the vessels and associated contracts, the Partnership has now determined that these related-party vessel acquisitions should have been accounted for as business acquisitions (rather than asset acquisitions) under the provision of the Statement of Financial Accounting Standards No. 141, *Business Combinations* (*SFAS 141*). Under SFAS 141, business acquisitions for entities under common control which have begun operations are required to be accounted for in a manner whereby the Partnership s financial statements are retroactively adjusted to include the historical results of the acquired vessels from the date the vessels were originally under the control of Teekay.

Accordingly, the Partnership has recast its historical financial results, including results for the quarters ended March 31 and June 30, 2008 and the fiscal years ended December 31, 2003 through 2007. The table below lists the seven vessels acquired by Teekay LNG subsequent to the Partnerships May 2005 initial public offering that formerly operated under Teekay.

Vessel	**Dropdown Predecessor Period**
African Spirit	November 10, 2003 to November 22, 2005
European Spirit	September 26, 2003 to November 22, 2005
Asian Spirit	January 5, 2004 to November 22, 2005
Granada Spirit	December 6, 2004 to May 9, 2005
Dania Spirit	April 1, 2003 to December 31, 2006
Polar Spirit	December 13, 2007 to March 31, 2008
Arctic Spirit	December 14, 2007 to March 31, 2008

The retroactive adjustments to reflect the results of the Dropdown Predecessor have resulted in changes to Teekay LNG s previously reported net income and total partners equity. As they are non-cash in nature, these adjustments have not resulted in changes to the Partnership s previously reported distributable cash flow, liquidity or cash distributions. The Dropdown Predecessor adjustments have no effect on the previously reported net income for the three months ended June 30, 2008, or partners equity as at June 30, 2008.

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Restatement for Gross-up Presentation of RasGas Joint Ventures and Other

Subsequent to the release of its preliminary second quarter financial results, the Partnership reviewed and revised its financial statement presentation for debt and interest rate swap agreements related to its joint venture interests in the three RasGas II and four RasGas 3 LNG carriers. As a result, certain of the Partnership s assets and liabilities have been grossed up for accounting presentation purposes. These adjustments, which do not affect the Partnership s net income, distributable cash flow, liquidity, cash distributions or partners equity in any period, are described below. All RasGas II and RasGas 3 carriers have now been delivered and are currently operating under long-term, fixed-rate contracts.

In January 2006, the Partnership entered into a sale and 30-year leaseback arrangement pertaining to shipbuilding contracts for its 70 percent interest in the three RasGas II LNG carriers. In accordance with Emerging Issues Task Force Issue 97-10, *The Effect of Lessee Involvement in Asset Construction*, the Partnership has now recorded on its December 31, 2006 balance sheet the accumulated construction cost of these vessels and related capital lease obligations for the period subsequent to the RasGas II sale-leaseback transaction as the Partnership retained certain construction period risks. This adjustment does not impact the accounting treatment for these vessels in any period following their delivery in the first quarter of 2007. The Partnership has restated its consolidated balance sheet as at December 31, 2006 to record the accumulated cost of approximately $295 million for these vessels under construction, and related capital lease obligations.

Through a wholly-owned subsidiary, the Partnership owns a 40 percent interest in the four RasGas 3 LNG carriers. The joint venture partner, a wholly-owned subsidiary of Qatar Gas Transport Company, owns the remaining 60 percent interest. Both wholly-owned subsidiaries are joint and several co-borrowers with respect to the RasGas 3 term loan and related interest rate swap agreements. Previously, the Partnership recorded 40 percent of the RasGas 3 term loan and interest rate swap obligations in its financial statements. The Partnership has now made adjustments to its balance sheet to reflect 100 percent of the RasGas 3 term loan and interest rate swap obligations, as well as offsetting increases in assets, for the fourth quarter of 2006 through the second quarter of 2008. As the Partnership is a joint and several borrower, it has also made adjustments to its statements of income (loss) to reflect 100 percent of the interest expense on the RasGas 3 term loan with an offsetting amount to interest income from its advances to the joint venture. These RasGas 3 adjustments do not result in any increase to the Partnership s net exposure in the joint ventures.

The Partnership has also restated certain other items primarily relating to amounts attributable to non-controlling interests.

Information on SEC Filings

More detailed financial information relating to the restatements will be included in the amended Form 20-F/A for the fiscal year ended December 31, 2007 (certain financial information will be included for annual fiscal periods from 2003 through 2007), in the amended Form 6-K/A for the quarter ended March 31, 2008 and in the Form 6-K for the quarter ended June 30, 2008, which the Partnership expects to file with or furnish to, as applicable, the SEC and make available on its website at www.teekaylng.com no later than December 5, 2008. For a summary of the impact of the restatement on reported net income for the fiscal years ended December 31, 2003 through 2007, please refer to Appendix B of this release.

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About Teekay LNG Partners L.P.

Teekay LNG Partners L.P. is a publicly-traded master limited partnership formed by Teekay Corporation (NYSE: TK) as part of its strategy to expand its operations in the LNG and LPG shipping sectors. Teekay LNG Partners L.P. provides LNG, LPG and crude oil marine transportation services under long-term, fixed-rate time-charter contracts with major energy and utility companies through its fleet of 15 LNG carriers, six LPG carriers and eight Suezmax class crude oil tankers. Two of the 15 LNG carriers are newbuildings scheduled for delivery between late-2008 and early-2009. Five of the six LPG carriers are newbuildings scheduled for delivery in 2009 and 2010.

Teekay LNG Partners common units trade on the New York Stock Exchange under the symbol TGP .

Conference Call

Teekay LNG plans to host a conference call at 2:00 p.m. ET on Tuesday, November 25, 2008, to discuss the Partnership s restated results. In addition, the Partnership will take the opportunity to discuss key elements of its financial position and outlook. All unitholders and interested parties are invited to listen to the live conference call at www.teekaylng.com or by dialing (866) 322-8032, or (416) 640-3406 if outside North America, and quoting confirmation code 3198467. The Partnership plans to make available a recording of the conference call until midnight December 2, 2008 by dialing (888) 203-1112 or (647) 436-0148, and entering access code 3198467, or via the Partnership s web site until December 24, 2008.

An investor presentation to accompany this conference call will be made available on the Partnership s web site at www.teekaylng.com prior to the start of the call.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED STATEMENT OF INCOME
(in thousands of U.S. dollars, except unit data)

	Three Months Ended June 30, 2008				
		Adjustments			
	As Previously Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
VOYAGE REVENUES (4)	$ 71,592	$ (9,276)			$ 62,316
OPERATING EXPENSES					
Voyage expenses	649				649
Vessel operating expenses	20,792				20,792
Depreciation and amortization	18,872				18,872
General and administrative	5,745				5,745
	46,058				46,058
Income from vessel operations	25,534	(9,276)			16,258
OTHER ITEMS					
Interest (expense) gain (5)	(29,602)	74,328		(4,330)	40,396
Interest income (loss) (6)	12,828	(23,183)		4,330	(6,025)
Foreign exchange loss	(29)				(29)
Other income (loss) net	17	(559)			(542)
Income before non-controlling interest	8,748	41,310			50,058
Non-controlling interest	(1,114)	(18,526)		1,298	(18,342)
Net income	$ 7,634	$ 22,784		$ 1,298	$ 31,716
Limited partners units outstanding:					
Weighted-average number of common units outstanding **- Basic and diluted**	29,899,726				29,494,930
Weighted-average number of subordinated units outstanding **- Basic and diluted**	12,629,633				13,034,429

Weighted-average number of total units outstanding **- Basic and diluted**	42,529,359	42,529,359

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

(4) Restated voyage revenues includes $9.3 million of unrealized losses for the three months ended June 30, 2008 relating to the change in fair value of a profit sharing swap agreement between the Partnership and Teekay for the *Toledo Spirit* time charter contract.

(5) Restated interest (expense) gain

includes $76.2 million of unrealized gains for the three months ended June 30, 2008 relating to the change in fair value of interest rate swap agreements that do not qualify for hedge accounting.

(6) Restated interest income (loss) includes $23.2 million of unrealized losses for the three months ended June 30, 2008 relating to the change in fair value of the Partnership s non-designated RasGas II defeasance deposit interest rate swap agreements that do not qualify for hedge accounting.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED STATEMENT OF LOSS
(in thousands of U.S. dollars, except unit data)

	Three Months Ended March 31, 2008				
		Adjustments			
	As Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
VOYAGE REVENUES [4]	$ 66,022	$ (2,694)	10,283		$ 73,611
OPERATING EXPENSES					
Voyage expenses	295		113		408
Vessel operating expenses	15,400		3,007		18,407
Depreciation and amortization	16,072		2,718		18,790
General and administrative	3,960		495		4,455
	35,727		6,333		42,060
Income from vessel operations	30,295	(2,694)	3,950		31,551
OTHER ITEMS					
Interest expense [5]	(33,058)	(64,791)	(3,055)	(4,631)	(105,535)
Interest income [6]	11,947	26,213		4,631	42,791
Foreign exchange loss	(33,891)				(33,891)
Other (loss) income net	(388)	243			(145)
Loss (income) before non-controlling interest	(25,095)	(41,029)	895		(65,229)
Non-controlling interest	95	23,244		(333)	23,006
Net loss (income)	$ (25,000)	$ (17,785)	$ 895	$ (333)	$ (42,223)
Limited partners units outstanding:					
Weighted-average number of common units outstanding **- Basic and diluted**	22,540,547				22,540,547
Weighted-average number of subordinated units outstanding **- Basic and diluted**	14,734,572				14,734,572

Weighted-average number of total units outstanding **- Basic and diluted**	37,275,119	37,275,119

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Relates to the results of the Dropdown Predecessor (as at June 30, 2008) for the *Polar Spirit* and *Arctic Spirit* from January 1 to March 31, 2008, when the vessels were under the common control of Teekay prior to their acquisition by Teekay LNG. Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

(4) Restated voyage revenues includes $2.7 million of

unrealized losses for the three months ended March 31, 2008 relating to the change in fair value of a profit sharing swap agreement between the Partnership and Teekay for the *Toledo Spirit* time charter contract.

(5) Restated interest expense includes $67.3 million of unrealized losses for the three months ended March 31, 2008 relating to the change in fair value of interest rate swap agreements that do not qualify for hedge accounting.

(6) Restated interest income includes $26.2 million of unrealized gains for the three months ended March 31, 2008 relating to the change in fair value of the Partnership s non-designated RasGas II defeasance deposit interest rate swap

agreements that
do not qualify
for hedge
accounting.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED STATEMENT OF INCOME
(in thousands of U.S. dollars, except unit data)

	As Reported (unaudited)	Three Months Ended June 30, 2007 Adjustments Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
VOYAGE REVENUES [4]	$ 65,282	$ 13,035			$ 78,317
OPERATING EXPENSES					
Voyage expenses	274				274
Vessel operating expenses	13,930				13,930
Depreciation and amortization	16,555				16,555
General and administrative	3,759				3,759
	34,518				34,518
Income from vessel operations	30,764	13,035			43,799
OTHER ITEMS					
Interest (expense) gain [5]	(35,819)	67,551		(4,079)	27,653
Interest income (loss) [6]	13,020	(27,047)		4,079	(9,948)
Foreign exchange loss	(5,682)				(5,682)
Other loss net	(271)	(558)			(829)
Income before non-controlling interest	2,012	52,981			54,993
Non-controlling interest	449	(13,740)		(277)	(13,568)
Net income	$ 2,461	$ 39,241		$ (277)	$ 41,425
Limited partners units outstanding:					
Weighted-average number of common units outstanding **- Basic and diluted**	21,327,360				21,327,360
Weighted-average number of subordinated units outstanding **- Basic and diluted**	14,734,572				14,734,572

Weighted-average number of total units outstanding **- Basic and diluted**	36,061,932	36,061,932

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

(4) Restated voyage revenues includes $13.0 million of unrealized gains for the three months ended June 30, 2007 relating to the change in fair value of a profit sharing swap agreement between the Partnership and Teekay for the *Toledo Spirit* time charter contract.

(5) Restated interest (expense) gain

includes $63.6 million of unrealized gains for the three months ended June 30, 2007 relating to the change in fair value of interest rate swap agreements that do not qualify for hedge accounting.

(6) Restated interest income (loss) includes $27.0 million of unrealized losses for the three months ended June 30, 2007 relating to the change in fair value of the Partnership s non-designated RasGas II defeasance deposit interest rate swap agreements that do not qualify for hedge accounting.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED STATEMENT OF LOSS
(in thousands of U.S. dollars, except unit data)

	Six Months Ended June 30, 2008				
		Adjustments			
	As Previously Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
VOYAGE REVENUES (4)	$ 137,614	$ (11,970)	$ 10,283		$ 135,927
OPERATING EXPENSES					
Voyage expenses	944		113		1,057
Vessel operating expenses	36,192		3,007		39,199
Depreciation and amortization	34,944		2,718		37,662
General and administrative	9,705		495		10,200
	81,785		6,333		88,118
Income from vessel operations	55,829	(11,970)	3,950		47,809
OTHER ITEMS					
Interest (expense) gain (5)	(62,660)	9,537	(3,055)	(8,961)	(65,139)
Interest income (6)	24,775	3,030		8,961	36,766
Foreign exchange loss	(33,920)				(33,920)
Other loss net	(371)	(316)			(687)
(Loss) income before non-controlling interest	(16,347)	281	895		(15,171)
Non-controlling interest	(1,019)	4,718		965	4,664
Net (loss) income	$ (17,366)	$ 4,999	$ 895	$ 965	$ (10,507)
Limited partners units outstanding:					
Weighted-average number of common units outstanding **- Basic and diluted**	26,220,136				26,017,738
Weighted-average number of subordinated units outstanding **- Basic and diluted**	13,682,103				13,884,501

Weighted-average number of total units outstanding		
- Basic and diluted	39,902,239	39,902,239

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Relates to the results of the Dropdown Predecessor for two vessels, the *Polar Spirit* and *Arctic Spirit*, from January 1, 2008 to March 31, 2008 when the vessels were under the common control of Teekay prior to their acquisition by Teekay LNG. Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

(4) Restated voyage revenues includes $12.0 million of

unrealized losses for the six months ended June 30, 2008 relating to the change in fair value of a profit sharing swap agreement between the Partnership and Teekay for the *Toledo Spirit* time charter contract.

(5) Restated interest (expense) gain includes $8.9 million of unrealized gains for the six months ended June 30, 2008 relating to the change in fair value of interest rate swap agreements that do not qualify for hedge accounting.

(6) Restated interest income includes $3.0 million of unrealized gains for the six months ended June 30, 2008 relating to the change in fair value of the Partnership s non-designated RasGas II defeasance deposit interest rate swap agreements that do not qualify

for hedge
accounting.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED STATEMENT OF INCOME
(in thousands of U.S. dollars, except unit data)

	Six Months Ended June 30, 2007				
		Adjustments			
	As Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
VOYAGE REVENUES (4)	$ 123,611	$ 14,408			$ 138,019
OPERATING EXPENSES					
Voyage expenses	540				540
Vessel operating expenses	27,751				27,751
Depreciation and amortization	32,374				32,374
General and administrative	7,277				7,277
	67,942				67,942
Income from vessel operations	55,669	14,408			70,077
OTHER ITEMS					
Interest (expense) gain (5)	(66,166)	75,905		(6,926)	2,813
Interest income (loss) (6)	24,117	(31,108)		6,926	(65)
Foreign exchange loss	(10,482)				(10,482)
Other loss net	(791)	(754)			(1,545)
Income before non-controlling interest	2,347	58,451			60,798
Non-controlling interest	1,516	(13,235)		(1,189)	(12,908)
Net income (loss)	$ 3,863	$ 45,216		$ (1,189)	$ 47,890
Limited partners units outstanding:					
Weighted-average number of common units outstanding **- Basic and diluted**	20,786,956				20,786,956
Weighted-average number of subordinated units outstanding **- Basic and diluted**	14,734,572				14,734,572

Weighted-average number of total units outstanding **- Basic and diluted**	35,521,528	35,521,528

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

(4) Restated voyage revenues includes $14.4 million of unrealized gains for the six months ended June 30, 2007 relating to the change in fair value of a profit sharing swap agreement between the Partnership and Teekay for the *Toledo Spirit* time charter contract.

(5) Restated interest (expense) gain

includes $70.9 million of unrealized gains for the six months ended June 30, 2007 relating to the change in fair value of interest rate swap agreements that do not qualify for hedge accounting.

(6) Restated interest income (loss) includes $31.1 million of unrealized losses for the six months ended June 30, 2007 relating to the change in fair value of the Partnership s non-designated RasGas II defeasance deposit interest rate swap agreements that do not qualify for hedge accounting.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED BALANCE SHEET
(in thousands of U.S. dollars)

	As at June 30, 2008				
		Adjustments			
	As Previously Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
ASSETS					
Cash and cash equivalents	78,811				78,811
Restricted cash current	33,520				33,520
Other current assets	17,385			22,674	40,059
Restricted cash long-term	661,608				661,608
Vessels and equipment	1,810,796				1,810,796
Advances on newbuilding contracts	322,897				322,897
Other assets	506,380			465,209	971,589
Intangible assets	146,370				146,370
Goodwill	39,279				39,279
Total Assets	3,617,046			487,883	4,104,929
LIABILITIES AND PARTNERS EQUITY					
Accounts payable and accrued liabilities	62,929			3,402	66,331
Current portion of long-term debt and capital leases	206,609			(99,203)	107,406
Current portion of long-term debt related to newbuilding vessels to be delivered	47,226			4,656	51,882
Advances from affiliates and joint venture partners	105,364				105,364
Long-term debt and capital leases	2,012,323			435,080	2,447,403
Long-term debt related to newbuilding vessels to be delivered	234,708			144,354	379,062
Other long-term liabilities	66,915	(1,800)		5,903	71,018
Non-controlling interest	58,287			(10,991)	47,296
Partners equity	822,685	1,800		4,682	829,167
Total Liabilities and Partners Equity	3,617,046			487,883	4,104,929

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED BALANCE SHEET
(in thousands of U.S. dollars)

	As at December 31, 2007				
		Adjustments			
	As Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
ASSETS					
Cash and cash equivalents	91,891				91,891
Restricted cash current	26,662				26,662
Other current assets	21,709		400	7,512	29,621
Restricted cash long-term	652,567				652,567
Vessels and equipment	1,595,731		229,068		1,824,799
Advances on newbuilding contracts	240,773				240,773
Other assets	407,264			354,825	762,089
Intangible assets	150,935				150,935
Goodwill	39,279				39,279
Total Assets	3,226,811		229,468	362,337	3,818,616
LIABILITIES AND PARTNERS EQUITY					
Accounts payable and accrued liabilities	42,587		208		42,795
Current portion of long-term debt and capital leases	187,635				187,635
Current portion of long-term debt related to newbuilding vessels to be delivered	27,153			7,512	34,665
Advances from affiliates and joint venture partners	40,950		228,142		269,092
Long-term debt and capital leases	1,586,073				1,586,073
Long-term debt related to newbuilding vessels to be delivered	421,536			353,082	774,618
Other long-term liabilities	63,437			9,631	73,068
Non-controlling interest	158,077			(16,699)	141,378
Partners equity	699,363		1,118	8,811	709,292
Total Liabilities and Partners Equity	3,226,811		229,468	362,337	3,818,616

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Relates to the results of the Dropdown Predecessor (based on Form 6-K for the quarter ended June 30, 2008, to be furnished with the SEC no later than December 5, 2008) for the *Polar Spirit* and *Arctic Spirit* as at December 31, 2007, when the vessels were under the common control of Teekay prior to their acquisition by Teekay LNG. Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

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TEEKAY LNG PARTNERS L.P.
SUMMARY RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of U.S. dollars)

	For the Six Months Ended June 30, 2008				
		Adjustments			
	As Previously Reported (unaudited)	Derivative Instruments (1) (unaudited)	Dropdown Predecessor (2) (unaudited)	Gross-up Presentation and Other (3) (unaudited)	As Restated (unaudited)
Cash and cash equivalents provided by (used for)					
OPERATING ACTIVITIES					
Net operating cash flow	66,195		4,497	(5,431)	65,261
FINANCING ACTIVITIES					
Excess of purchase price over the contributed basis of Teekay Nakilat (III) Holdings Corporation				(12,192)	(12,192)
Distribution to Teekay Corporation for the purchase of Kenai LNG carriers			(230,000)		(230,000)
Proceeds from long-term debt	491,503			124,293	615,796
Capitalized loan costs	(1,329)				(1,329)
Scheduled repayments of long-term debt and capital leases	(22,928)				(22,928)
Prepayments of long-term debt	(245,000)				(245,000)
Decrease in restricted cash	1,228				1,228
Net advances from affiliates	8,140		(7,778)		362
Net advances from joint venture partners	593				593
Cash distributions paid	(45,026)				(45,026)
Proceeds from issuance of units	202,519				202,519
Equity distribution from Teekay Corporation			3,281		3,281
Net financing cash flow	389,700		(234,497)	112,101	267,304
INVESTING ACTIVITIES					
Advances to joint venture	(87,198)			(124,293)	(211,491)
				5,431	5,431

Receipt of Spanish re-investment tax credit				
Return of capital of Teekay BLT Corporation to Teekay Corporation	(19,600)			(19,600)
Purchase of Teekay Nakilat (III) Holdings Corporation	(49,095)		12,192	(36,903)
Purchase of Kenai LNG carriers	(230,000)	230,000		
Expenditures for vessels and equipment	(83,082)			(83,082)
Net investing cash flow	(468,975)	230,000	(106,670)	(345,645)
Decrease in cash and cash equivalents	(13,080)			(13,080)
Cash and cash equivalents, beginning of the period	91,891			91,891
Cash and cash equivalents, end of the period	78,811			78,811

(1) Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Relates to classification adjustments for the Dropdown Predecessor for two vessels, the *Polar Spirit* and *Arctic Spirit*, from January 1 to March 31, 2008, when the vessels were under the common control of Teekay prior to their acquisition by Teekay LNG. Please refer to Restatement for Changes to Accounting for Dropdown

Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

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TEEKAY LNG PARTNERS L.P.
APPENDIX A RESTATED RECONCILIATION OF NON-GAAP FINANCIAL MEASURE
(in thousands of U.S. dollars)

Description of Non-GAAP Financial Measure Distributable Cash Flow (*DCF*)
Distributable cash flow represents net income adjusted for depreciation and amortization expense, non-controlling interest, non-cash items, estimated maintenance capital expenditures, gains and losses on vessel sales, income taxes and foreign exchange related items. Unrealized gains and losses on derivative instruments that do not qualify for hedge accounting are non-cash items to the Partnership and thus, have no impact on the Partnership s distributable cash flow. Maintenance capital expenditures represent those capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by, the Partnership s capital assets.
Distributable cash flow is a quantitative standard used in the publicly-traded partnership investment community to assist in evaluating a partnership s ability to make quarterly cash distributions. Distributable cash flow is not required by United States generally accepted accounting principles and should not be considered as an alternative to net income or any other indicator of the Partnership s performance required by United States generally accepted accounting principles. The table below reconciles distributable cash flow to net income.

	Three Months Ended June 30, 2008			
		Adjustments		
			Gross-up	
	As Previously Reported (unaudited)	Derivative Instruments (1) (unaudited)	Presentation and Other (2) (unaudited)	As Restated (unaudited)
Net Income	7,634	22,784	1,298	31,716
Add:				
Depreciation and amortization	18,872			18,872
Non-controlling interest	1,114	18,526	(1,298)	18,342
Foreign exchange loss	29			29
Non-cash interest expense and other	5,438	(41,869)		(36,431)
Equity loss of RasGas 3 joint venture	1,627			1,627
Income tax expense		559		559
Less:				
Estimated maintenance capital expenditures	7,151			7,151
Income tax recovery	551			551
Partnership s share of RasGas 3 DCF before estimated maintenance capital expenditures	934			934
Distributable Cash Flow before Non-Controlling Interest	26,078			26,078
Non-controlling interests share of DCF before estimated maintenance capital expenditures	(1,678)			(1,678)

Distributable Cash Flow	24,400	24,400

(1) Results are net of non-controlling interest. Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Please refer to Restatement for Gross-up Presentation of RasGas Joint Ventures and Other included in this release.

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TEEKAY LNG PARTNERS L.P.
APPENDIX B SUMMARY OF RESTATED AND RETROACTIVELY ADJUSTED FINANCIAL RESULTS
(in thousands of U.S. dollars)

The table below summarizes the impact on the Partnership s previously reported net income for fiscal years ended December 31, 2003 through 2007, as a result of the restatements described in this release under Restatement for Accounting under SFAS 133 , Restatement for Changes to Accounting for Dropdown Transactions and Restatement for Gross-up Presentation of RasGas Joint Ventures and Other . Retroactive adjustments to reflect the results of the Dropdown Predecessor based on the acquisitions completed by the Partnership as of December 31, 2007.

	Net Income (Loss) Year Ended December 31,				
(in thousands of US dollars)	**2007 (unaudited)**	**2006 (unaudited)**	**2005 (unaudited)**	**2004 (unaudited)**	**2003 (unaudited)**
As Previously Reported	$ (9,438)	$ (9,591)	$ 79,547	$ (68,231)	$(59,432)
Adjustments:					
Derivative Instruments [1]	35,210	22,654	(22,676)	(43,678)	
Dropdown Predecessor [2]		(123)	4,971	9,824	3,096
Gross-up Presentation and Other [3]	(630)	(1,811)			
As Restated	$25,142	$11,129	$ 61,842	$(102,085)	$(56,336)

(1) Relates to unrealized gains (losses) as a result of the change in fair value of certain derivative instruments. Results are net of non-controlling interest. Please refer to Restatement for Accounting under SFAS 133 included in this release.

(2) Relates to the results of the

Dropdown Predecessor for the following vessels and periods, when the vessels were under the common control of Teekay but prior to their acquisition by Teekay LNG: *African Spirit* from November 10, 2003 to November 22, 2005; *European Spirit* from September 26, 2003 to November 22, 2005; *Asian Spirit* from January 5, 2004 to November 22, 2005; *Granada Spirit* from December 6, 2004 to May 9, 2005; and *Dania Spirit* from April 1, 2003 to December 31, 2006. Please refer to Restatement for Changes to Accounting for Dropdown Transactions included in this release.

(3) Please refer to Restatement for Gross-up Presentation of RasGas Joint

Ventures and
Other included
in this release.

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