Teekay LNG Partners L.P.
Form 6-K/A
December 02, 2008

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

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

For the quarterly period ended March 31, 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, HM 08 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-__________

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EXPLANATORY NOTE

Teekay LNG Partners L.P. (generally referred to herein as *the Partnership*, *we*, *our* or *us*) is filing this Quarterly Report on Form 6-K/A for the period ended March 31, 2008 (this *Amendment* or this *First Quarter 2008 Form 6-K/A Report*) to amend our Quarterly Report on Form 6-K for the period ended March 31, 2008 (the *Original Filing*) that was filed with the Securities and Exchange Commission (or *SEC*) on May 28, 2008.

a. Derivative Instruments and Hedging Activities

In August 2008, we commenced a review of our application of Statement of Financial Accounting Standards (or *SFAS*) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. Although we believe that our derivative transactions were consistent with our risk management policies and that our overall risk management policies continue to be sound, based on our review we concluded that our derivative instruments did not qualify for hedge accounting treatment under SFAS No. 133 for the three months ended March 31, 2008 and 2007.

Certain of our hedge documentation, in respect of our assessment of effectiveness and measurement of ineffectiveness of our derivative instruments for accounting purposes, was not in accordance with the technical requirements of SFAS No. 133. One of our derivative agreements is between Teekay Corporation and us, which relates to hire payments under the time-charter contract for the Suezmax tanker, the *Toledo Spirit*. Prior to April 2007, this agreement with Teekay Corporation was not accounted for as a derivative agreement subject to the provisions of SFAS No. 133, and after April 2007, did not qualify for hedge accounting treatment under SFAS No. 133.

Accordingly, although we believe each of these items were and continue to be effective economic hedges, for accounting purposes we should have reflected the change in fair value of these derivative instruments as increases or decreases to our net income (loss) on our consolidated statements of (loss) income, instead of being reflected as increases or decreases to accumulated other comprehensive income, a component of partners equity on our consolidated balance sheets and statement of changes in partners equity.

The change in accounting for these transactions does not affect the economics of the derivative transactions or our cash flows, liquidity, total partners equity or cash distributions to partners.

b. Vessels Acquired from Teekay Corporation

In connection with assessing the potential impact of SFAS No. 141(R), which replaces SFAS No. 141 Business Combinations, and is effective for fiscal years beginning after December 15, 2008, we re-assessed our accounting treatment for interests in vessels we have purchased from Teekay Corporation subsequent to our initial public offering in May 2005. We have historically treated the acquisition of the interests in these vessels as asset acquisitions, not business acquisitions. If the acquisitions were deemed to be business acquisitions the acquisitions would have been accounted for in a manner similar to the pooling of interest method whereby our consolidated financial statements prior to the date the interests in these vessels were acquired by us would be retroactively adjusted to include the results of these acquired vessels (referred to herein as the *Dropdown Predecessor)* from the date that we and the acquired vessels were under the common control of Teekay Corporation and had begun operations. Although substantially all of the value relating to these transactions is attributable to the vessels and associated contracts, we have now determined that the acquisitions should have been accounted for as business acquisitions under United States generally accepted accounting principles (or *GAAP*).

The impact of retroactive Dropdown Predecessor adjustments does not affect our limited partners interest in net income, earnings per unit, or cash distributions to partners. However, the impact of the retroactive Dropdown Predecessor adjustments has resulted in changes in previously reported statement of cash flows for the three months ended March 31, 2007.

c. Gross-up Presentation of RasGas 3 Joint Venture and Other

Subsequent to the release of our preliminary second quarter financial results, we reviewed and revised our financial statement presentation of debt and interest rate swap agreements related to its joint venture interest in the RasGas 3 LNG carriers. As a result, certain of our assets and liabilities have been grossed up for accounting presentation purposes. These adjustments, which do not affect our net income, cash flow, liquidity, cash distributions or partners equity in any period, are described below.

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Through a wholly-owned subsidiary, which is a variable interest entity (or *VIE*) for us, Teekay Corporation 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, we recorded 40 percent of the RasGas 3 term loan and interest rate swap obligations in our financial statements. We have made adjustments to our balance sheet to reflect 100 percent of the RasGas 3 term loan (March 31, 2008 $360.6 million; December 31, 2007 $360.6 million) and interest rate swap obligations (March 31, 2008 $21.4 million; December 31, 2007 $9.6 million), as well as offsetting increases in assets, for the fourth quarter of 2006 through the first quarter of 2008. We have also made adjustments to our statements of (loss) income to reflect 100 percent of the interest expense (three months ended March 31: 2008 $4.6 million; 2007 $2.8 million) on the RasGas 3 term loan with an offsetting amount to interest income from our advances to the joint venture. These RasGas 3 adjustments do not result in any increase to our net exposure in this joint venture. We have also restated certain other items primarily related to accounting for the non-controlling interest in our joint venture and VIEs.

As a result of the conclusions described above, we are restating in this First Quarter 2008 Form 6-K/A Report our historical balance sheets as of March 31, 2008 and December 31, 2007; our statements of (loss) income and cash flows for the three months ended March 31, 2008 and 2007; and statement of changes in partners equity for the three months ended March 31, 2008.

Note 16 of the notes to the consolidated financial statements included in this First Quarter 2008 Form 6-K/A Report reflects the changes to our consolidated financial statements as a result of our restatement and provides additional information about the restatement.

To restate results for certain prior fiscal years based on the conclusions of the assessments described above, we have also filed a 2007 Annual Report on Form 20-F/A to amend our Annual Report on Form 20-F for the year ended December 31, 2007 that was filed with the SEC on April 11, 2008. The 2007 Annual Report on Form 20-F/A restates certain financial information, including: historical balance sheets as of December 31, 2007 and 2006; statements of income, cash flows and changes in partners equity for the years ending 2007, 2006, and 2005; and selected financial data as of and for the years ended December 31, 2007, 2006, 2005, 2004 and 2003.

For the convenience of the reader, this First Quarter 2008 Form 6-K/A Report sets forth the Original Filing in its entirety, although we are only restating portions of Part I. Financial Information affected by the amended financial information. The changes we have made are a result of and reflect the restatement described herein; no other information in the Original Filing has been updated.

Except for the amended or restated information described above, this First Quarter 2008 Form 6-K/A Report continues to speak as of the date of the Original Filing. Other events occurring after the filing of the Original Filing or other disclosures necessary to reflect subsequent events have been or will be addressed in other reports filed with the SEC subsequent to the date of the Original Filing.

We do not intend to amend previously-filed Reports on Form 6-K for quarterly periods ending prior to December 31, 2007. As a result, the reader should rely not on our prior filings, but should rely upon the restated financial statements, reports of our independent registered public accounting firm and related financial information for affected periods contained in this First Quarter 2008 Form 6-K/A Report.

TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES
REPORT ON FORM 6-K/A FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008
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TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES (Note 1)
UNAUDITED CONSOLIDATED STATEMENTS OF (LOSS) INCOME
(in thousands of U.S. dollars, except unit and per unit data)

	Restated Note 16	
	Three Months Ended March 31,	
	2008	**2007**
	$	**$**
VOYAGE REVENUES *(notes 10 and 11)*	63,328	59,702
OPERATING EXPENSES *(note 10)*		
Voyage expenses	295	266
Vessel operating expenses	15,400	13,821
Depreciation and amortization	16,072	15,819
General and administrative	3,960	3,518
Total operating expenses	35,727	33,424
Income from vessel operations	27,601	26,278
OTHER ITEMS		
Interest expense *(notes 4, 7 and 11)*	(102,480)	(24,840)
Interest income *(note 11)*	42,791	9,883
Foreign currency exchange loss *(note 7)*	(33,891)	(4,800)
Other loss net *(note 8)*	(145)	(716)
Total other items	(93,725)	(20,473)
(Loss) Income before non-controlling interest	(66,124)	5,805
Non-controlling interest	23,006	659
Net (loss) income	(43,118)	6,464
General partner s interest in net (loss) income	(862)	129
Limited partners interest: *(note 14)*		
Net (loss) income	(42,256)	6,335
Net (loss) income per:		
Common unit (basic and diluted)	(1.13)	0.31
Subordinated unit (basic and diluted)	(1.13)	
Total unit (basic and diluted)	(1.13)	0.18
Weighted-average number of units outstanding:		
Common units (basic and diluted)	22,540,547	20,240,547
Subordinated units (basic and diluted)	14,734,572	14,734,572
Total units (basic and diluted)	37,275,119	34,975,119

Cash distributions declared per unit	0.53	0.4625

The accompanying notes are an integral part of the unaudited consolidated financial statements.

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TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES (Note 1)
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

	As at March 31, 2008 $ (Restated Note 16)	As at December 31, 2007 $
ASSETS		
Current		
Cash and cash equivalents	94,593	91,891
Restricted cash current *(note 4)*	31,235	26,662
Accounts receivable	6,405	10,668
Prepaid expenses	4,814	5,119
Other current assets *(notes 2 and 11)*	12,097	1,294
Advances to joint venture partner *(note 6)*	4,600	
Advances to joint venture *(note 10g)*	11,268	7,512
Total current assets	165,012	143,146
Restricted cash long-term *(note 4)*	663,321	652,567
Vessels and equipment *(note 7)*		
At cost, less accumulated depreciation of $94,340 (2007 $88,351)	655,693	661,673
Vessels under capital lease, at cost, less accumulated depreciation of $82,241 (2007 $74,441) *(note 4)*	926,338	934,058
Advances on newbuilding contracts *(note 12a)*	318,551	240,773
Total vessels and equipment	1,900,582	1,836,504
Investment in and advances to joint venture *(note 10g)*	684,996	685,730
Advances to joint venture partner *(note 6)*	16,848	9,631
Other assets *(notes 2 and 11)*	76,145	71,356
Intangible assets net *(note 5)*	148,652	150,935
Goodwill *(note 5)*	39,279	39,279
Total assets	3,694,835	3,589,148
LIABILITIES AND PARTNERS EQUITY		
Current		
Accounts payable	8,071	8,604
Accrued liabilities *(notes 2 and 11)*	47,216	28,521

Unearned revenue	5,510	5,462
Current portion of long-term debt *(note 7)*	101,051	71,509
Current obligations under capital lease *(note 4)*	154,257	150,791
Advances from joint venture partners (*note 6*)	1,193	615
Advances from affiliates *(note 10k)*	46,352	40,335
Total current liabilities	363,650	305,837
Long-term debt *(note 7)*	1,729,094	1,654,202
Long-term obligations under capital lease *(note 4)*	717,631	706,489
Other long-term liabilities *(notes 2 and 11)*	121,494	73,068
Total liabilities	2,931,869	2,739,596
Commitments and contingencies *(notes 4, 11 and 12)*		
Non-controlling interest	118,374	141,378
Partners equity		
Partners equity	644,592	708,174
Accumulated other comprehensive loss *(note 9)*		
Total partners equity	644,592	708,174
Total liabilities and partners equity	3,694,835	3,589,148

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES (Note 1)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Restated Three Months Ended March 31, 2008 $	Note 16 Three Months Ended March 31, 2007 $
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net (loss) income	(43,118)	6,464
Non-cash items:		
Unrealized loss (gain) on derivative instruments *(note 11)*	43,792	(4,645)
Depreciation and amortization	16,072	15,819
Deferred income tax expense	80	649
Foreign currency exchange loss	33,781	4,597
Equity based compensation	88	92
Non-controlling interest	(23,006)	(659)
Accrued interest and other net	1,864	(498)
Change in non-cash working capital items related to operating activities	1,479	(7,849)
Expenditures for drydocking		(164)
Net operating cash flow	31,032	13,806
FINANCING ACTIVITIES		
Proceeds from long-term debt	78,642	326,312
Debt issuance costs	(1,083)	(232)
Excess of purchase price over the contributed basis of Teekay Nakilat Holdings Corporation *(note 10h)*		(2,574)
Distribution to Teekay Corporation for the purchase of Dania Spirit LLC *(note 10i)*		(18,548)
Repayments of long-term debt	(9,154)	(4,422)
Repayments of capital lease obligations	(2,241)	(2,185)
Advances from affiliates	5,708	(415)
Advances from joint venture partners	578	
Repayment of joint venture partner advances		(3,676)
Decrease (increase) in restricted cash	942	(81,966)
Cash distributions paid	(20,552)	(16,506)
Net financing cash flow	52,840	195,788
INVESTING ACTIVITIES		
Advances to joint venture	(3,085)	(151,474)
Purchase of Teekay Nakilat Holdings Corporation *(note 10h)*		(51,152)
Expenditures for vessels and equipment	(78,085)	(849)

Net investing cash flow	(81,170)	(203,475)
Increase in cash and cash equivalents	2,702	6,119
Cash and cash equivalents, beginning of the period	91,891	29,288
Cash and cash equivalents, end of the period	94,593	35,407

Supplemental Cash Flow Information *(note 13)*

The accompanying notes are an integral part of the unaudited consolidated financial statements.

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TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES (Note 1)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS EQUITY
(in thousands of U.S. dollars and units)

	Restated Note 16 PARTNERS EQUITY					
	Limited Partners				General	
	Common		Subordinated		Partner	Total
	Units	$	Units	$	$	$
Balance as at December 31, 2007	22,540	454,459	14,735	227,133	26,582	708,174
Net loss		(25,553)		(16,703)	(862)	(43,118)
Cash distributions		(11,947)		(7,809)	(796)	(20,552)
Equity based compensation		52		34	2	88
Balance as at March 31, 2008	22,540	417,011	14,735	202,655	24,926	644,592

The accompanying notes are an integral part of the unaudited consolidated financial statements.

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TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(all tabular amounts stated in thousands of U.S. dollars, except unit and per unit data)

1. Basis of Presentation

The unaudited interim consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (or *GAAP*). These financial statements include the accounts of Teekay LNG Partners L.P. (or *Teekay LNG*), which is a limited partnership organized under the laws of the Republic of The Marshall Islands, and its wholly owned or controlled subsidiaries and the Dropdown Predecessor, as described below (collectively, the *Partnership*). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain information and footnote disclosures required by GAAP for complete annual financial statements have been omitted and, therefore, these interim financial statements should be read in conjunction with the Partnership s restated audited consolidated financial statements for the year ended December 31, 2007, which are included on Form 20-F/A filed on December 2, 2008. In the opinion of management of Teekay GP L.L.C., the General Partner of Teekay LNG (or the *General Partner*), these interim consolidated financial statements reflect all adjustments, of a normal recurring nature, necessary to present fairly, in all material respects, the Partnership s consolidated financial position, results of operations, and changes in partners equity and cash flows for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of those for a full fiscal year. Significant intercompany balances and transactions have been eliminated upon consolidation.

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period.

As required by Statement of Financial Accounting Standards (or *SFAS*) No. 141, the Partnership accounts for the acquisition of interests in vessels from Teekay Corporation as a transfer of a business between entities under common control. The method of accounting prescribed by SFAS No. 141 for such transfers is similar to pooling of interests method of accounting. Under this method, the carrying amount of net assets recognized in the balance sheets of each combining entity are carried forward to the balance sheet of the combined entity, and no other assets or liabilities are recognized as a result of the combination. The excess of the proceeds paid, if any, by the Partnership over Teekay Corporation s historical cost is accounted for as an equity distribution to Teekay Corporation. In addition, transfers of net assets between entities under common control are accounted for as if the transfer occurred from the date that the Partnership and the acquired vessels were both under the common control of Teekay Corporation and had begun operations. As a result, the Partnership s financial statements prior to the date the interests in these vessels were actually acquired are retroactively adjusted to include the results of these vessels during the periods under common control of Teekay Corporation.

In January 2007, the Partnership acquired interests in a 2000-built LPG carrier, the *Dania Spirit*, from Teekay Corporation and the related long-term, fixed-rate time charter. This transaction was deemed to be business acquisition between entities under common control. As a result, the Partnership s statement of cash flows for the three months ended March 31, 2007 reflects this vessel, referred to herein as the *Dropdown Predecessor,* as if the Partnership had acquired it when the vessel began operations under the ownership of Teekay Corporation on April 1, 2003.

The accompanying financial statements have been restated. The nature of the restatement and the effect on the consolidated financial statement line items is discussed in Note 16 of the notes to the consolidated financial statements. In addition, certain disclosures in the following notes have been restated to be consistent with the consolidated financial statements.

2. Fair Value Measurements

Effective January 1, 2008, the Partnership adopted Statement of Financial Accounting Standards (or *SFAS*) No. 157, *Fair Value Measurements* (or *SFAS No. 157*). In accordance with Financial Accounting Standards Board Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157*, the Partnership will defer the adoption of SFAS No. 157 for its nonfinancial assets and nonfinancial liabilities, except those items recognized or disclosed at fair value on an annual or more frequently recurring basis, until January 1, 2009. The adoption of SFAS No. 157 did not have a material impact on the Partnership s fair value measurements.

TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, except unit and per unit data)

SFAS No. 157 clarifies the definition of fair value, prescribes methods for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and expands disclosures about the use of fair value measurements. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following tables present the Partnership s assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	Fair Value at March 31, 2008 Asset / (Liability) $	Level 1 $	Level 2 $	Level 3 $
Interest rate swap agreements assets (1)	48,579		48,579	
Interest rate swap agreements liabilities (1)	(132,122)		(132,122)	
Other derivatives (2)	(18,646)			(18,646)

(1) The fair value of the Partnership s interest rate swap agreements is the estimated amount that the Partnership would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates, and the current credit worthiness of both the Partnership and the swap counterparties. The estimated amount is the

present value of future cash flows.

(2) The Partnership s other derivative agreement is between Teekay Corporation and the Partnership and relates to hire payments under the time-charter contract for the *Toledo Spirit* (see Note 10e). The fair value of this derivative agreement is the estimated amount that the Partnership would receive or pay to terminate the agreement at the reporting date, based on the present value of the Partnership s projection of future spot market rates, which has been derived from current spot market rates and long-term historical average rates.

Changes in fair value during the three months ended March 31, 2008 for assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

	Asset/(Liability) $
Fair value at December 31, 2007	(15,952)
Total unrealized losses reflected as a reduction of voyage revenues	(2,694)

Fair value at March 31, 2008	(18,646)

3. Segment Reporting

The Partnership has two reportable segments: its liquefied gas segment and its Suezmax tanker segment. The Partnership s liquefied gas segment consists of liquefied natural gas (or *LNG*) carriers and a liquefied petroleum gas (or *LPG*) carrier subject to long-term, fixed-rate time charters to international energy companies. As at March 31, 2008, the Partnership s liquefied gas segment consisted of seven LNG carriers and one LPG carrier. The Partnership s Suezmax tanker segment consists of Suezmax-class crude oil tankers operating on long-term, fixed-rate time-charter contracts to international energy companies. As at March 31, 2008, the Partnership s crude oil tanker fleet consisted of eight Suezmax tankers. Segment results are evaluated based on income from vessel operations. The accounting policies applied to the reportable segments are the same as those used in the preparation of the Partnership s restated audited consolidated financial statements for the year ended December 31, 2007. On April 1, 2008, we acquired two additional LNG carriers. See Note 12c.

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TEEKAY LNG PARTNERS L.P. AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, except unit and per unit data)

The following table presents results for these segments for the three months ended March 31, 2008 and 2007:

	Three Months Ended March 31,					
	2008			**2007**		
	Liquefied Gas Segment $	**Suezmax Tanker Segment $ (restated)**	**Total $ (restated)**	**Liquefied Gas Segment $**	**Suezmax Tanker Segment $ (restated)**	**Total $ (restated)**
Voyage revenues	45,849	17,479	63,328	37,476	22,226	59,702
Voyage expenses	37	258	295	5	261	266
Vessel operating expenses	8,762	6,638	15,400	8,167	5,654	13,821
Depreciation and amortization	11,478	4,594	16,072	10,814	5,005	15,819
General and administrative (1)	1,967	1,993	3,960	1,788	1,730	3,518
Income from vessel operations	23,605	3,996	27,601	16,702	9,576	26,278

(1) Includes direct general and administrative expenses a