

# TEEKAY CORPORATION

## Fourth Quarter and Fiscal 2009 Earnings Presentation

March 4, 2010



# 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: tanker market fundamentals, including the balance of supply and demand in the tanker market, and spot tanker charter rates; the Company's financial strength, including the stability of its cash flows, its liquidity position, and debt maturity profile; the Company's annual fixed-rate cash flow from vessel operations; the Company's future capital expenditure commitments and the financing requirements for such commitments; the impact on the Company's profitability through cost reductions and contract improvements; and the impact on the Company's financial leverage and flexibility resulting from its strategy of selling assets to its subsidiary companies, Teekay LNG, Teekay Offshore and Teekay Tankers. 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 or demand for oil, petroleum products, LNG and LPG, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; 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; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil or demand for shuttle tankers, FSOs and FPSOs; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; changes affecting the offshore tanker market; shipyard production delays; changes in the Company's expenses; the Company's future capital expenditure requirements; the inability of the Company to complete vessel sale transactions to its daughters or third parties; conditions in the United States capital markets; and other factors discussed in Teekay's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2008. The Company 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 Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

# Fourth Quarter and Fiscal 2009 Results

## Q4 2009:

- ▶ Adjusted net loss attributable to Teekay of \$33.3m, or \$0.45 per share<sup>(1)</sup>, improved from \$0.60 per share loss in Q3'09
- ▶ Generated \$129m of cash flow from vessel operations<sup>(2)</sup>
- ▶ Declared regular quarterly dividend of \$0.31625 per share

## FY2009:

- ▶ Annual adjusted net loss attributable to Teekay of \$87.5m, or \$1.20 per share<sup>(3)</sup>
- ▶ Generated \$526m of cash flow from vessel operations<sup>(2)</sup>

(1) Adjusted net loss attributable to stockholders of Teekay excludes specific items which increased net income by \$49.1m, or \$0.67 per share, as detailed in Appendix A of the Q4 '09 earnings release.

(2) Cash flow from vessel operations (CFVO) is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's web site at [www.teekay.com](http://www.teekay.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

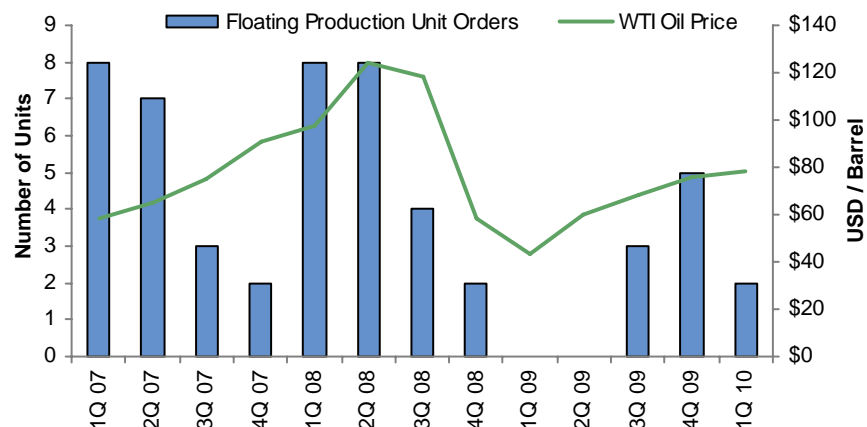
(3) Adjusted net loss attributable to stockholders of Teekay excludes specific items which increased net income by \$202.0m, or \$2.77 per share, as detailed in Appendix A of the Q4 '09 earnings release.

## Recent Highlights

- ▶ Positive commercial developments
  - ▶ Took delivery of vessels in each of our business segments
  - ▶ Q4-09 annualized fixed-rate CFVO of over \$550 million
  - ▶ Increased customer inquiry for fixed-rate business
  - ▶ Spot tanker rates off Q3 bottom due to improving demand
- ▶ Achieved significant progress towards our financial priorities
  - ▶ Completed \$450m 10-year bond offering in January 2010
  - ▶ Agreed to sell three long-term fixed-rate tankers to Teekay LNG Partners for \$160m in March 2010

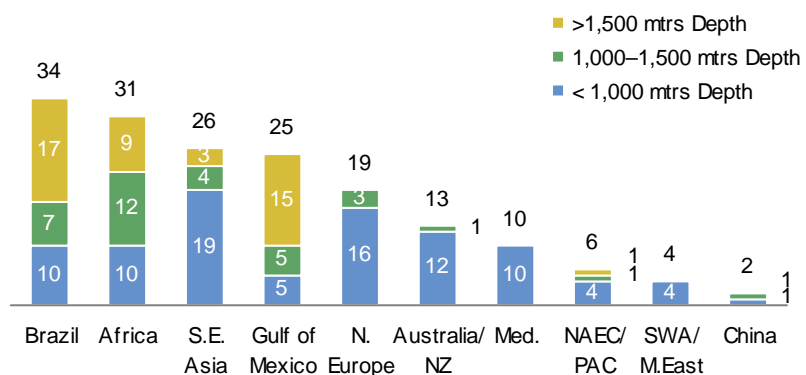
# Recent Uptick in Offshore Market Activity

## Floating Production Unit Orders vs. Oil Price



Source: International Maritime Associates / EIA

## Offshore Projects Planned or Under Study



170 projects involving floating production or storage systems

## Offshore Market Update

- ▶ Global E&P spending expected to increase by 11% in 2010, which is expected to drive FPSO / FSO / shuttle tanker requirement.
- ▶ No floating production unit contracts were awarded during 1H-2009 due to a combination of strained financial markets and a collapse in oil prices.
- ▶ A pick up in oil prices over the last six months as well as a rebound in economic conditions has led to the resumption of offshore project awards.
- ▶ 10 FPSO contracts have been awarded in the last six months (8 long term plus 2 short term).
- ▶ Brazil expected to be at the forefront of new offshore exploration and production activity in the near term but also see new projects emerging in the North Sea.

# Update on Teekay's Offshore Business

## Recent Highlights:

- ▶ Completed conversion of Falcon Spirit FSO and commenced 7.5 year contract in Qatar (incremental CFVO of ~\$8m per annum)
- ▶ Recent shuttle tanker contract renewals achieved approximately 10% rate increase
- ▶ Achieving cost reductions through re-flagging of shuttle tankers

## 2010 Focus:

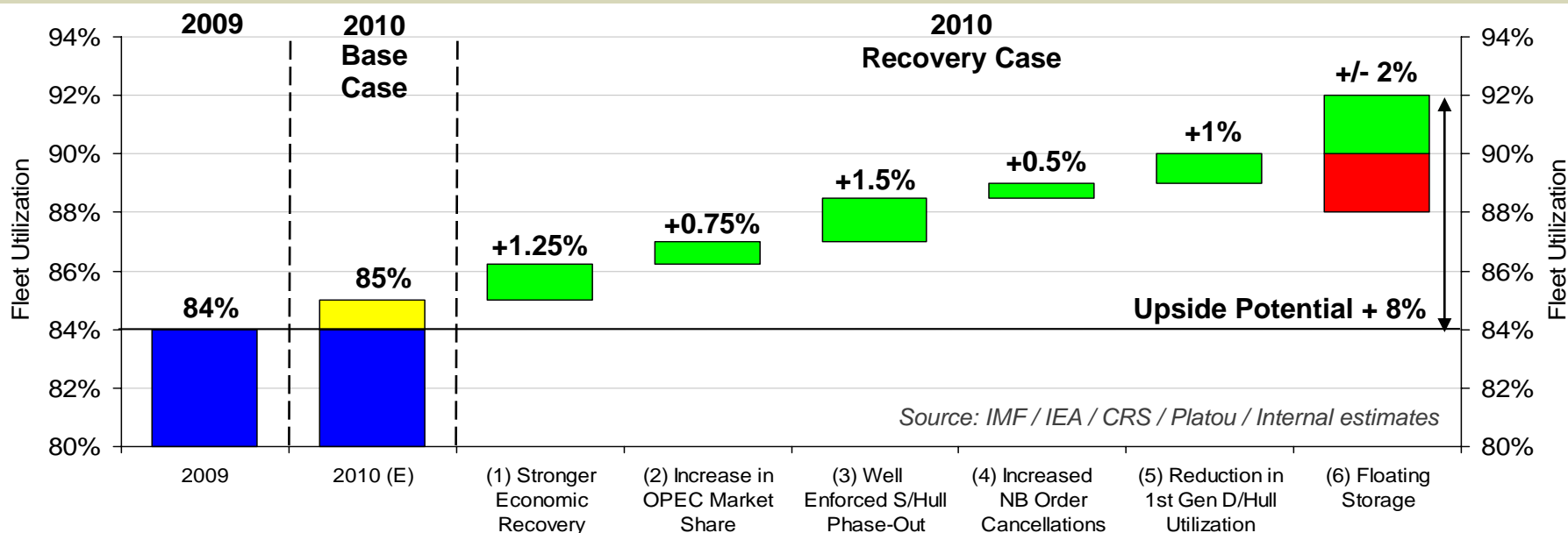
- ▶ Conclude contract renewal negotiations for two FPSO units (in progress)
- ▶ Determine optimal employment for Amundsen Class shuttle tanker newbuildings
- ▶ Pursue new FPSO/FSO projects on selective basis

# Update on Teekay's Gas Business

## Recent Highlights:

- ▶ Currently experiencing slow market for new projects
- ▶ Teekay LNG Partners took delivery of second (of five) LPG carriers on long-term charter to Skaugen
- ▶ Commenced construction of Angola newbuildings scheduled for delivery in 2011/12 under 20-year fixed-rate contracts
- ▶ Kitimat FLNG project discontinued due to insufficient profitability
- ▶ Focus on niche opportunities as opposed to point-to-point projects

# Revised 2010 Tanker Fleet Utilization Outlook



2010 FACTORS	OLD BASE CASE	NEW BASE CASE	RECOVERY CASE
(1) Global GDP Growth	3.1%	3.9%	4 – 5%
(1) Global Oil Demand Growth	1.7%	1.8%	2 – 2.5%
(2) OPEC Market Share	Unchanged	+0.5 mb/d	+1 mb/d
<b>Tanker Demand Growth</b>	<b>5%</b>	<b>6%</b>	<b>8%</b>
(3) S/Hull Tanker Removals	- 23 mdwt (45% of s/hull fleet)	- 23 mdwt (45% of s/hull fleet)	- 33 mdwt (65% of s/hull fleet)
(4) NB Order Cancellations	- 5 mdwt (10% of deliveries)	- 2.5 mdwt (5% of deliveries)	- 5 mdwt (10% of deliveries)
(5) Utilization of 1 <sup>st</sup> Gen. D/Hulls	-	-	- 4 mdwt (10% Inefficiency)
(6) Floating Storage	~4% of the fleet	~4% of the fleet	~6% of the fleet
<b>Effective Net Supply Growth</b>	<b>5%</b>	<b>5%</b>	<b>0%</b>
<b>FLEET UTILIZATION</b>	<b>84%</b>	<b>85%</b>	<b>92%</b>

# Update on Teekay's Conventional Tanker Business

## Recent Highlights:

- ▶ Redelivered an additional four in-chartered vessels
- ▶ Fixed four additional spot Suezmax equivalents for 2010 through combination of FFAs and out-charter (with profit share)
- ▶ Completed conventional tanker newbuilding program with delivery of last Suezmax tanker in December 2009

## Q1 2010 Bookings to Date:

- ▶ ~40% of Teekay Parent conventional tanker revenue days are under fixed-rate charters earning an average of \$27,000 per day
- ▶ ~70% of spot Aframax days booked at an average rate of \$19,000 per day
- ▶ ~70% of spot Suezmax days booked at an average rate of \$26,500\* per day

## 2010 Focus:

- ▶ Continue to actively manage spot market exposure based on market developments
- ▶ Expect to remain on the sidelines with respect to further conventional tanker investments
- ▶ Instead, expand market share through Teekay tonnage pools and commercial management

\* Including three short-term FFA contracts fixed at ~\$24,000 per day.

# Q4 2009 Normalized Income Statement

	Three Months Ended December 31, 2009			Three Months Ended September 30, 2009	
	As Reported	Appendix A Items (1)	Reclass for Realized Gains/ Losses on Derivatives (2)	As Adjusted	As Adjusted
(in thousands of US dollars, except per share amounts)					
<b>NET VOYAGE REVENUES</b>					
Voyage revenues	517,757		(53)	517,704	503,023
Voyage expenses	68,838	(200)		68,638	71,146
Net voyage revenues	448,919	200	(53)	449,066	431,877
<b>OPERATING EXPENSES</b>					
Vessel operating expense	164,218	(519)	136	163,835	151,347
Time charter hire expense	81,078			81,078	94,964
Depreciation and amortization	114,975	(3,713)		111,262	107,111
General and administrative	56,410	(544)	(78)	55,788	54,908
Loss on disposal of vessels and writedowns	21,839	(21,839)		-	-
Restructuring charges	2,427	(2,427)		-	-
Total operating expenses	440,947	(29,042)	58	411,963	408,330
Income from vessel operations	7,972	29,242	(111)	37,103	23,547
<b>OTHER ITEMS</b>					
Interest expense	(29,943)		(36,199)	(66,142)	(64,537)
Interest income	4,105			4,105	4,193
Realized and unrealized gain (loss) on derivative instruments	56,980	(93,290)	36,310	-	-
Equity income	11,843	(9,325)		2,518	1,252
Income taxes recovery (expense)	(6,715)	15,425		8,710	4,716
Foreign exchange gain	8,978	(8,978)		-	-
Other - net	3,542	566		4,108	3,154
Total other items	48,790	(95,602)	111	(46,701)	(51,222)
Net Income (loss)	56,762	(66,360)	-	(9,598)	(27,675)
Less: Net (income) loss attributable to non-controlling interest	(40,898)	17,239		(23,659)	(15,685)
<b>NET INCOME (LOSS) ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b>15,864</b>	<b>(49,121)</b>	<b>-</b>	<b>(33,257)</b>	<b>(43,360)</b>
Fully diluted earnings (loss) per share	0.22			(0.45)	(0.60)

(1) See Appendix to this presentation for description of Appendix A items.

(2) Please refer to footnote (1) to the Summary Consolidated Statements of Income (Loss) in the Q4 '09 earnings release.

# Delivering on Financial Objectives

## 2009 Highlights:

- ▶ Reduced Teekay Parent net debt and future CAPEX commitments by \$620m
- ▶ Achieved significant G&A and OPEX cost reductions
- ▶ Reduced quarterly time-charter hire expense by \$85m compared to Q4'08
- ▶ Issued \$450m 10-year unsecured bond in January 2010
  - ▶ No balloon debt repayments at Teekay Parent until 2014
  - ▶ Increased consolidated liquidity to \$2.1b (\$2.8b including pre-arranged financing for newbuildings)

## 2010 Focus:

- ▶ Increasing profitability of existing assets
- ▶ Continued deleveraging of Teekay Parent
- ▶ Selective CAPEX, seeking higher return hurdles

## Teekay Remains Well Positioned to Create Long-term Shareholder Value

- ▶ Significant progress made in 2009 building financial strength and flexibility
- ▶ Enhancing profitability through re-contracting of assets is a key focus area
- ▶ Actively managing spot exposure in expected volatile 2010 tanker market
- ▶ Unrivalled forward fixed-rate cover with \$11.5b in forward revenues generating over \$550m in annualized fixed-rate CFVO
- ▶ Offshore, gas and conventional tanker businesses will generate attractive investment opportunities
- ▶ Being selective in future investments by targeting higher hurdle rates on future projects

# Appendices



# Q4 2009 Appendix A Item Descriptions

(in thousands of US dollars)	Q4 -2009 Appendix A Items	Explanation of Items
<b>NET VOYAGE REVENUES</b>		
Voyage revenues	-	
Voyage expenses	(200)	
Net voyage revenues	<u>200</u>	
<b>OPERATING EXPENSES</b>		
Vessel operating expense	(519)	Unrealized losses on derivative instruments
Time charter hire expense	-	
Depreciation and amortization	(3,713)	Adjustment to carrying value of two shuttle tankers
General and administrative	(544)	Unrealized losses on derivative instruments
Loss on disposal of vessels and writedowns	(21,839)	Write-down of vessels and intangible assets
Restructuring charges	(2,427)	
Total operating expenses	<u>(29,042)</u>	
Income from vessel operations	29,242	
<b>OTHER ITEMS</b>		
Interest expense	-	
Interest income	-	
Realized and unrealized gain/loss on derivatives	(93,290)	Primarily unrealized gains on derivative instruments
Equity income (loss)	(9,325)	Primarily unrealized gains on derivative instruments in joint ventures
Income taxes recovery (expense)	15,425	Non-recurring adjustments to tax accruals and deferred income tax expense on unrealized foreign exchange (losses) gains
Foreign exchange gain (loss)	(8,978)	Unrealized foreign exchange gains
Other - net	566	Loss on repurchase of 8.875% bonds
Total other items	<u>(95,602)</u>	
Net Income	(66,360)	
Less: Net income attributable to non-controlling interest	17,239	Non-controlling interest on applicable items noted above
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	<u><u>(49,121)</u></u>	

## Q3 2009 Adjusted Net Income Reconciled to GAAP Net Income

(in thousands of US dollars, except per share amounts)

	Three Months Ended			As Adjusted
	September 30, 2009			
	As Reported	Appendix A Items (1)	Reclass for Realized Gains/ Losses on Derivatives (2)	
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	500,368		2,655	503,023
Voyage expenses	71,659	(513)		71,146
Net voyage revenues	<u>428,709</u>	<u>513</u>	<u>2,655</u>	<u>431,877</u>
<b>OPERATING EXPENSES</b>				
Vessel operating expense	147,442	2,979	926	151,347
Time charter hire expense	94,964			94,964
Depreciation and amortization	107,111			107,111
General and administrative	52,238	2,615	55	54,908
Loss on disposal of vessels	915	(915)		-
Restructuring charges	1,456	(1,456)		-
Total operating expenses	<u>404,126</u>	<u>3,223</u>	<u>981</u>	<u>408,330</u>
Income from vessel operations	24,583	(2,710)	1,674	23,547
<b>OTHER ITEMS</b>				
Interest expense	(30,035)		(34,502)	(64,537)
Interest income	4,193			4,193
Realized and unrealized gain/loss on derivatives	(121,664)	88,836	32,828	-
Equity income (loss)	(8,945)	10,197		1,252
Income taxes recovery	(10,904)	15,620		4,716
Foreign exchange gain (loss)	(26,047)	26,047		-
Other - net	2,938	216		3,154
Total other items	<u>(190,464)</u>	<u>140,916</u>	<u>(1,674)</u>	<u>(51,222)</u>
Net Income (loss)	(165,881)	138,206	-	(27,675)
Less: Net (income) loss attributable to non-controlling interest	23,633	(39,318)		(15,685)
NET INCOME (LOSS) ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	<u>(142,248)</u>	<u>98,888</u>	<u>-</u>	<u>(43,360)</u>
Fully diluted earnings per share	(1.96)			(0.60)

(1) Please refer to Appendix A in the Q3 '09 earnings release.

(2) Please refer to footnote (1) to the Summary Consolidated Statements of Income (Loss) in the Q3 '09 earnings release.

# Substantial Asset Value at Teekay Parent

## Teekay Parent Assets (\$ millions)

Conventional Tankers – Spot <sup>(1)</sup>	\$931
Conventional Tankers – Fixed <sup>(1)</sup>	394
FPSOs <sup>(2)</sup>	901
FSO <sup>(1)</sup>	33
Newbuilding Installments <sup>(3)</sup>	213
<b>FMV of Teekay Parent Fleet</b>	<b>\$2,471</b>

## Teekay Parent Equity Investment in Daughters<sup>(4)</sup>

TGP	\$724
TOO	273
Value of TOO and TGP GPs <sup>(5)</sup>	149
OPCO (49% interest)	515
TNK	142
<b>Total Equity Investment in Daughters</b>	<b>\$1,802</b>
<b>Teekay Parent Total Asset Value</b>	<b>\$4,273</b>
Teekay Parent Net Debt (Dec 31, 2009) <sup>(6)</sup>	\$818
<b>Teekay Parent Net Asset Value</b>	<b>\$3,455</b>

**\$47.53 per share**  
vs.  
**\$25.09 current**  
**share price<sup>(7)</sup>**

(1) Estimate provided by Fearnleys as at December 31, 2009.

(2) Estimate provided by KennedyMarr as at June 30, 2009 (Petrojarl 1, Petrojarl Foinaven, and Petrojarl Banff) and as at April 21, 2009 (Petrojarl Cidade De Rio Das Ostras)

(3) Progress payments on existing newbuildings as of December 31, 2009.

(4) Based on Teekay Parent's percentage ownership and closing share prices as of March 3, 2010; value of Teekay Parent's 49% OPCO interest based on implied equity value based on Teekay Offshore market capitalization and OPCO LTM EBITDA as a percentage of total consolidated Teekay Offshore LTM EBITDA (pro forma for Varg FPSO acquisition).

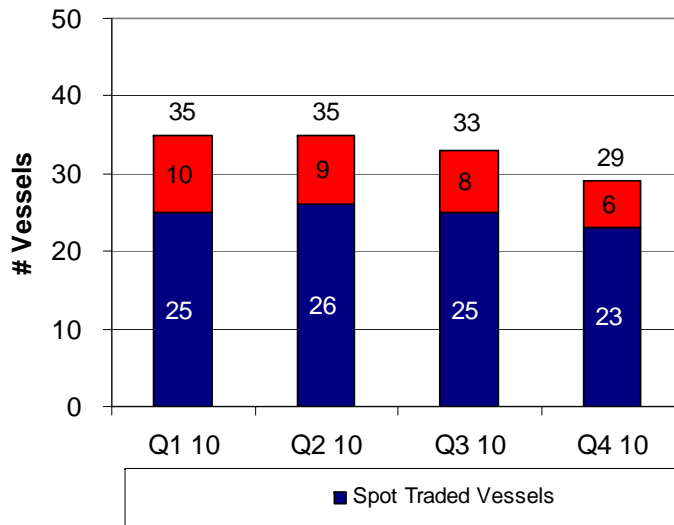
(5) Implied value of TOO and TGP GPs using current value of publicly traded GPs.

(6) Net of \$60 million receivable related to vendor financing to Teekay Offshore Partners.

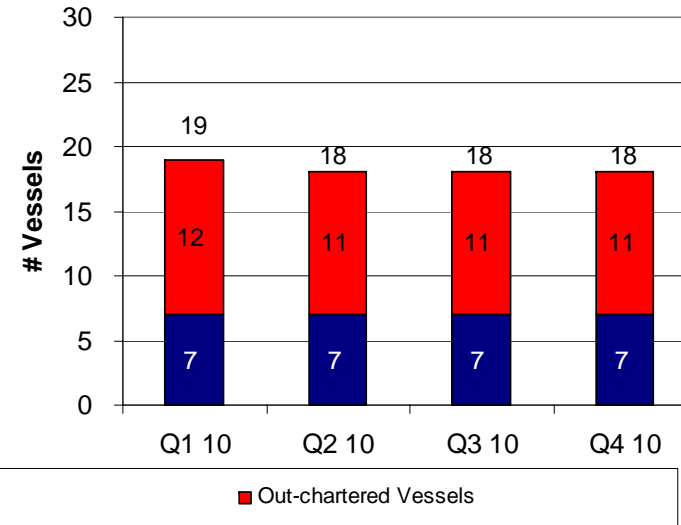
(7) Based on March 3, 2010 closing price.

# 2010 Teekay Parent Fleet Employment Profile

## Aframax Fleet Profile<sup>(1)</sup>



## Suezmax Fleet Profile<sup>(2)</sup>



Period  
Avg. Out-charter Rate  
Avg. In-charter Rate

Period	Q1 10	Q2 10	Q3 10	Q4 10
Avg. Out-charter Rate	\$26,000	\$25,600	\$25,300	\$25,100
Avg. In-charter Rate	\$22,500	\$22,200	\$21,500	\$22,000

Period	Q1 10	Q2 10	Q3 10	Q4 10
Avg. Out-charter Rate	\$26,000	\$25,600	\$25,300	\$25,100
Avg. In-charter Rate	\$22,200	\$22,200	\$21,500	\$22,000

(1) Includes LR2 product tankers and vessels owned by subsidiaries; excludes MRs; includes 12 chartered-in vessels under bareboat contracts.

(2) Adjusted for Freight Forward Agreements equivalent to three Suezmax tankers at an average TCE rate of \$24,000 per day.