Teekay Shipping

Teekay Shipping Citigroup High Yield Conference

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NYSE: TK

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Forward Looking Statements

This document 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 anticipated EBITDA, tanker charter rates, and the balance of supply and demand in the crude tanker market. 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 and petroleum products, 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 impacting overall tanker tonnage requirements; the rate of growth of the long-term fixed-rate contract segment of our business; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil, and the possibility that past performance is not reflective of future performance.

Teekay Shipping Highlights

- **We transport over 10% of the world's seaborne crude oil**
- **The largest crude oil tanker company measured by market capitalization, enterprise value, and fleet size**
- **Growing fixed-rate business = Growing cash generating power – approximately $8.85 mid-cycle CEPS* upon delivery of new vessels on order in 2004**
- **We ship more oil per year than BP and ChevronTexaco combined produce in a year**

* Based on Aframax TCE rate of $18,000 per day and 42m shares. CEPS = EPS + depreciation expense per share

This is Teekay

- **World's largest medium-size spot tanker franchise**
- **World's largest shuttle tanker operator – North Sea / Brazil**
- **Proven track record of accretive acquisitions**
- **High return organic growth**
  - 15 vessels on order
  - 11 vessels delivered in last 13 months
- **Attractive cash flow given positive market dynamics and large fixed-rate contract portfolio**

Successful Acquisition Strategy

- **Bona Shipholding Acquisition (1999) - $450 million**
  - Significant entry into Atlantic Aframax trades
  - World leadership in Aframax market
- **Ugland Nordic Shipping (UNS) Acquisition (2001) - $780 million**
  - Strategic beachhead into shuttle tanker market
- **ConocoPhillips Contract (2001) - $250 million**
  - Five long-term profitable contracts
  - Builds strategic link to key customer
- **Navion Acquisition (2002) - $800 million**
  - Consolidation and world leadership of shuttle tanker market
  - Cargo contract base allows broadening of presence in crude and refined markets
  - Further evolution as an integrated logistics provider
- **Skaugen PetroTrans (SPT) Joint Venture (2003) - $25 million**
  - Formed a 50% joint venture with the leading ship-to-ship transfer franchise in the Gulf of Mexico
  - SPT currently handles about 1.4 million barrels a day or approx. 14% of US oil imports

Teekay 5 Years Ago

Teekay circa 1998

- 43 ships owned, 3 chartered-in
- Predominantly regional spot market operator
- $3m long-term fixed-rate cash flows
- 8 offices worldwide
- 47% leverage
- $0.54 billion market capitalization
- $186 million total liquidity
- mid-cycle EPS of $1.26 per share
- BV per share of $23.94
- P&L B/E over $15,000 per day
- 2 newbuildings on order

- **Teekay was a price taker in a highly fragmented and cyclical commodity business**

Traditional price taking ship owner

Teekay's Transformation Strategy of 1999

- **Increase size of spot fleet**
  - Teekay needed to further increase scale, capacity, flexibility and utilization but still had to time the market to achieve goals
- **Build a direct customer sales force**
  - Biggest portfolio of strategic contracts with blue chip customers featuring backhaul cargoes
  - Reduce reliance on broker network
- **Build a fixed rate business to help smooth out the tanker market cycles**
- **Improve project management capabilities**

Result would be the Transformation of Teekay into a Seaborne Midstream Oil Services Provider

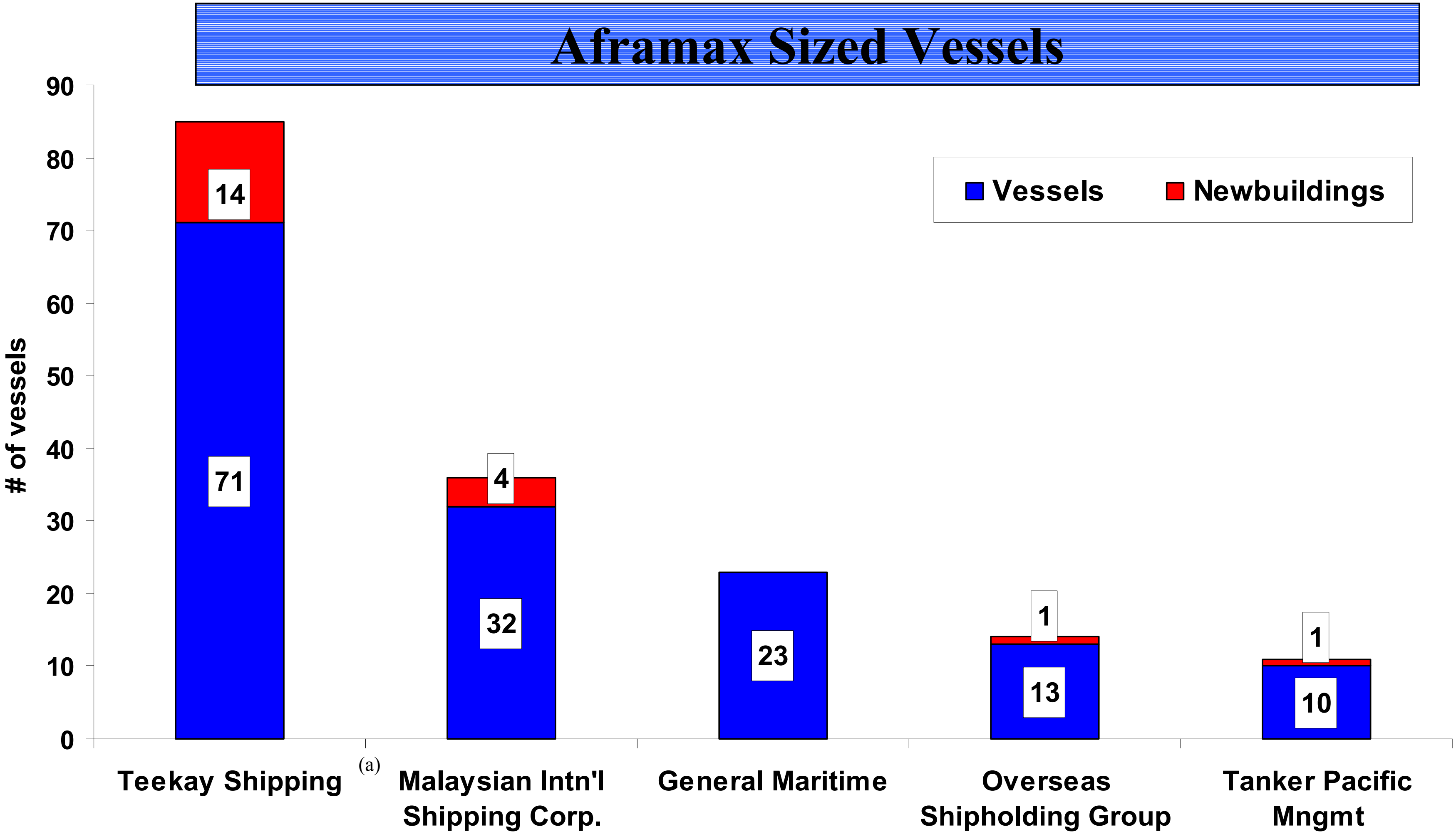
Unique Blend of Financial Stability and Operating Leverage

Teekay has two complementary businesses:

1. Leading Spot Tanker Franchise

2. Growing Profitable Long-term Contract Business

World's Largest Operator of Medium-Sized Tankers

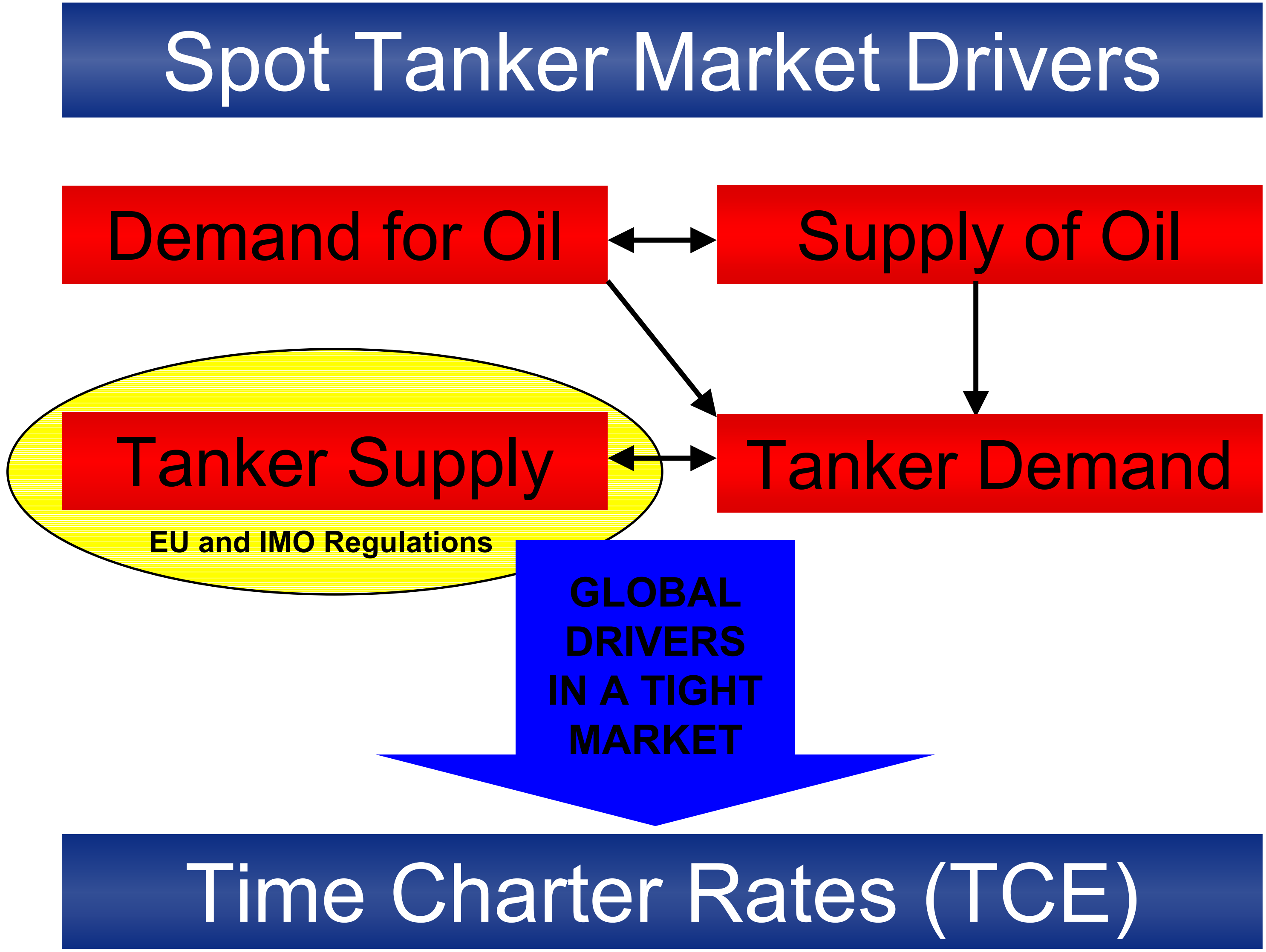


(a) Includes owned and in-chartered vessels, newbuildings on order, OBO's and 3 FSO vessels

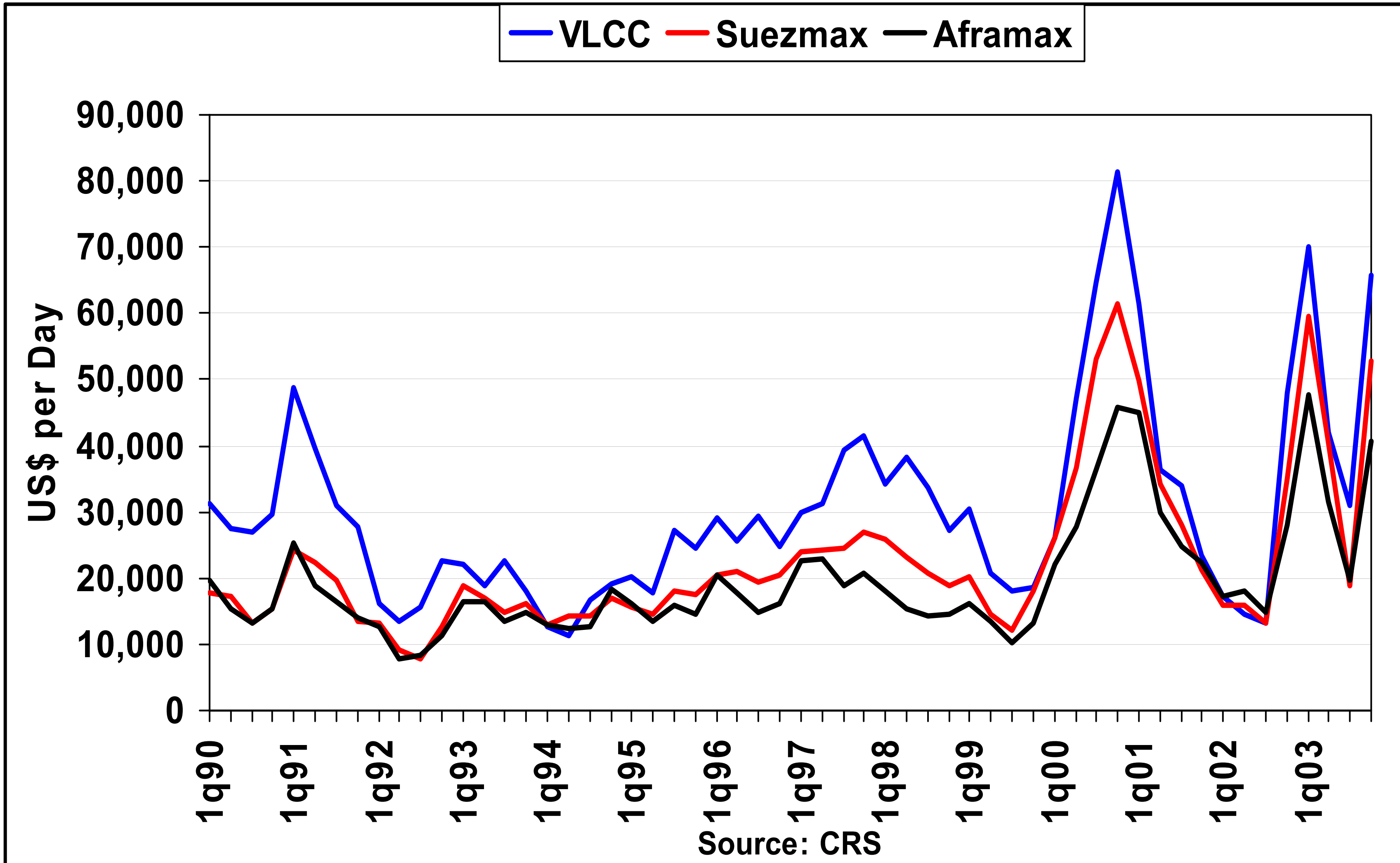
Leading Spot Tanker Franchise

- Transformed from a regional operator to the only real global mid-size tanker operator
- Built a strategic contract portfolio in the conventional market with strong customer relationships
- Leading consolidator in a fragmented industry
- Increasingly chartering-in ships to cover growing contract requirements
- Used the cycle to our benefit – through a series of accretive acquisitions we have broadened our service offerings and increased our profitability by increasing our operating leverage

The Tanker Market



Quarterly Average TCEs



Tanker Demand 2004

- **Oil Demand**
  - Strong global economic growth over 4% - led by China & US
  - High oil prices (Brent - $25-27 / barrel)
  - Global Oil Demand : +1.6% in 2004 (potential for over 2.0%)
    - Strong growth in China – under estimated by IEA
    - Japanese nuclear plants returning but not 100% as yet (6 of 17)
    - India and rest of Asia
- **Potential for upside**
  - Low oil stocks (especially US)
  - More Atlantic crude moves East
  - Seasonal factors – e.g. Bosphorus congestion
  - High refinery margins
  - High natural gas prices – switching to oil
  - Growth in refining capacity (China + India)

Tanker Demand 2004

- **Oil Supply**
  - Non-OPEC growth estimated at +1.5 mb/d in 2004 (0.9 mb/d in 2003 v IEA forecast of 1.4 mb/d). Increase from FSU, W.Africa, Lat Am & North Am.
  - OPEC keeps high price policy = loss of market share
  - Call on OPEC + stock change = 25.5 mb/d (-0.4 mb/d) on 2003
  - OPEC NGLs/other oils up 0.4 mb/d to 4.1 mb/d
- **Other Factors**
  - Referendum in Venezuela – another disruption?
    Venezuelan production at 2.9 mb/d versus 3.4 mb/d pre-strike
  - CHINA – slowdown in economy
  - Iraq – Exports being routed from AG – over 100 sabotage incidents on pipeline to Ceyhan
    Production can rise to 2.8 mb/d by end-2004 – but export capacity and under investment will limit rise from current levels of 2.0 mb/d

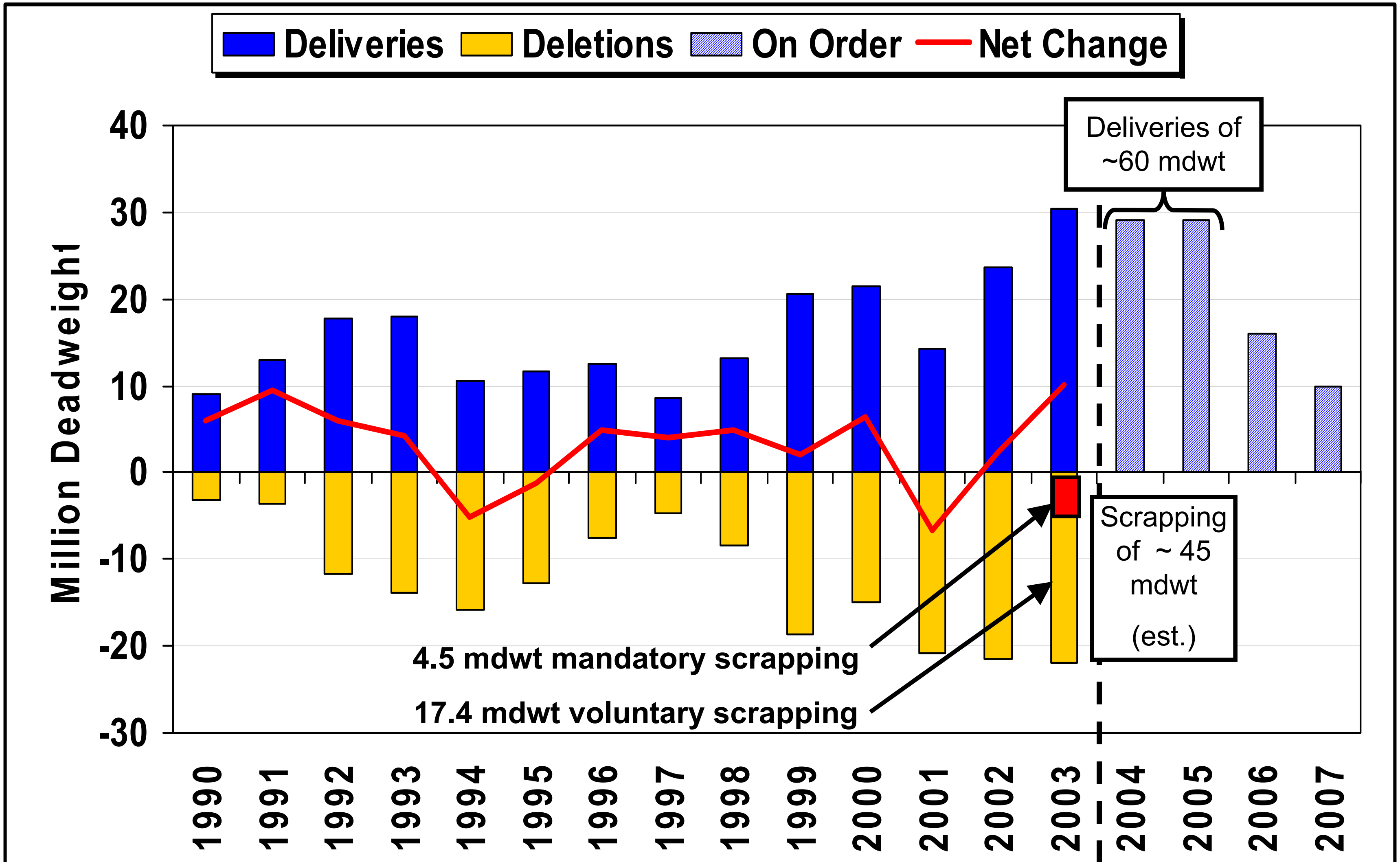
Tanker Supply 2004

- Fleet growth restrained in 2003 due Oil/Bulk/Ore carriers trading dry – net decline of 1%
- OBOs still switching to dry – expect another 1% move in 2004
- IMO regulations come into force April 5, 2005
- 38 million dwt in mandatory scrapping by end-2005
- Scrapping ahead of mandatory schedule
- Our base case assumes that 45 million tonnes will be scrapped by end-2005.

Yard Capacity Constrained

- Yards full for 2004, 2005 and 2006
- If a ship is ordered today, it won’t be received until 2007
- 2007 capacity restricted as yards focus on other ship types
- Strong demand from LNG sector that will occupy tanker berths (Aframax or VLCC)

Tanker Supply - Outlook



Source: Clarkson

Conclusion

- **Strong tanker market fundamentals for 2004 with seasonality**
- **Demand**
  - Several strong positives on demand side of equation
  - Other short term factors could provide further upside
- **Supply**
  - Fleet growth restricted by regulations & charterer discrimination
  - Scrapping ahead of mandatory phaseout due to commercial obsolescence
- **Other Factors**
  - Geo-political events – Iraq / Venezuela / Terrorist / SARS
  - Slower than expected economic growth – especially China
  - Another “Prestige” incident

Unique Blend of Financial Stability and Operating Leverage

Teekay has two complementary businesses:

1. **Leading Spot Tanker Franchise**

2. **Growing Profitable Long-term Contract Business**

The World Leader in Offshore Loading

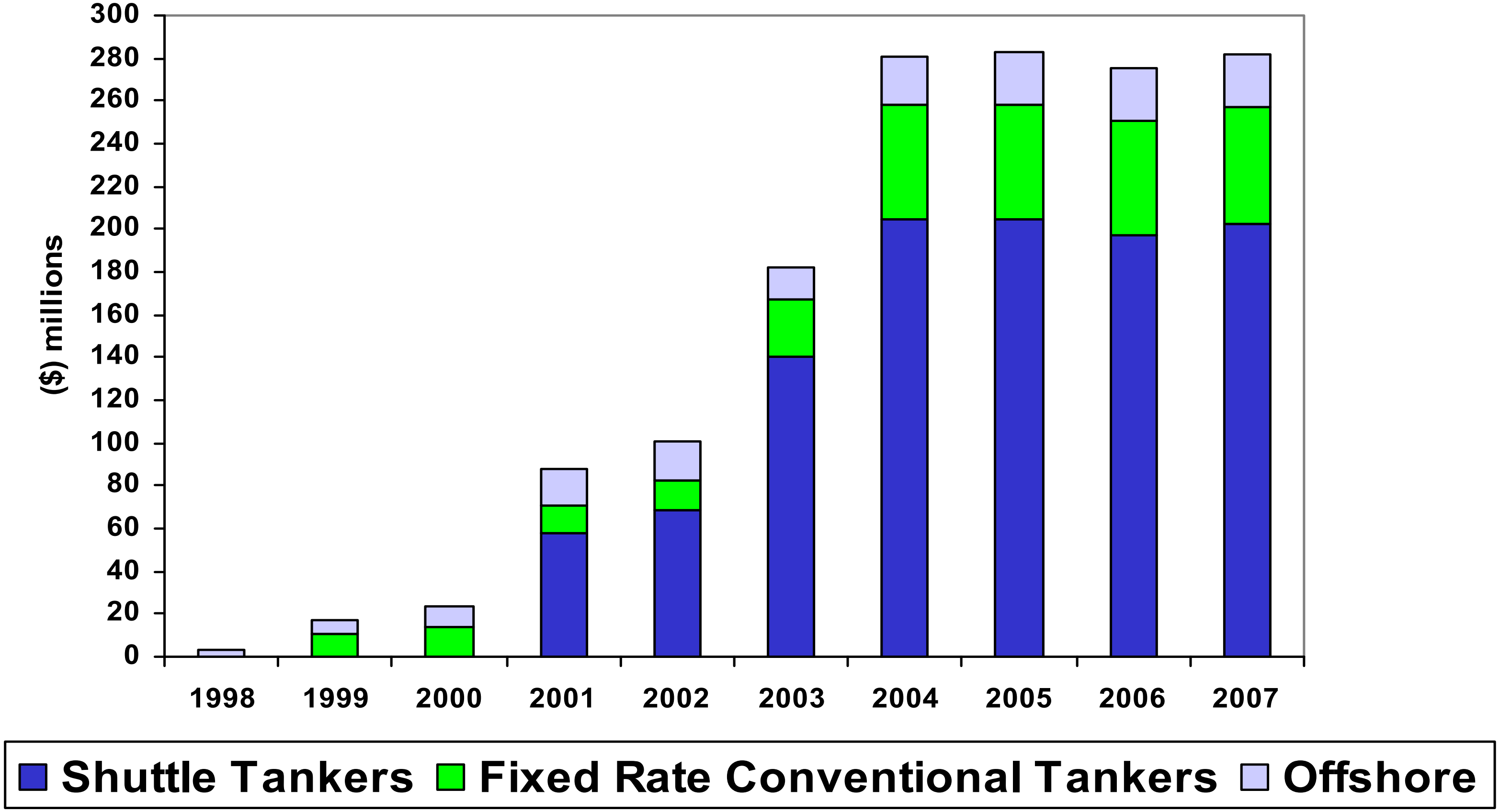
- **Approximately half of Teekay's capital is now invested in "floating pipelines"**
  - Navion - the leading offshore loading logistics provider
  - UNS - the leading shuttle tanker time-charter entity
  - Significant long-term stable cash flow
  - High profitability

Significant Growth Potential in Offshore Oil

- **Rapid growth in deepwater exploration**
  - BP has indicated its intention to spend over $15 billion over the next 10 years finding and producing new energy supplies
- **Upside in core North Sea market**
  - Improving extraction technology
  - Tax incentives
  - New discoveries
- **Upside in core Brazil market**
  - Teekay will have 6 shuttle tankers on long term contract with Transpetro by mid-2004
  - Production profile favors Shuttle Tanker technology
  - Transpetro's Shuttle Tanker fleet is aging
- **Potential areas for further growth**
  - East coast of Canada
  - Gulf of Mexico

Predictable & Stable Earnings

EBITDA from Fixed-rate Long-term Contracts



- Average ROE > 20%
- Average contract length approximately 7 years

Teekay Today

Teekay circa 1998

- 43 ships owned, 3 chartered-in
- Predominantly spot market operator
- $3 million long-term fixed-rate cash flows
- 8 offices worldwide
- 47% leverage
- $0.54 billion market capitalization
- 28.8 million shares outstanding
- $186 million total liquidity
- mid-cycle EPS of $1.26 per share
- BV per share of $23.94
- P&L B/E over $15,000 per day
- 2 newbuildings on order

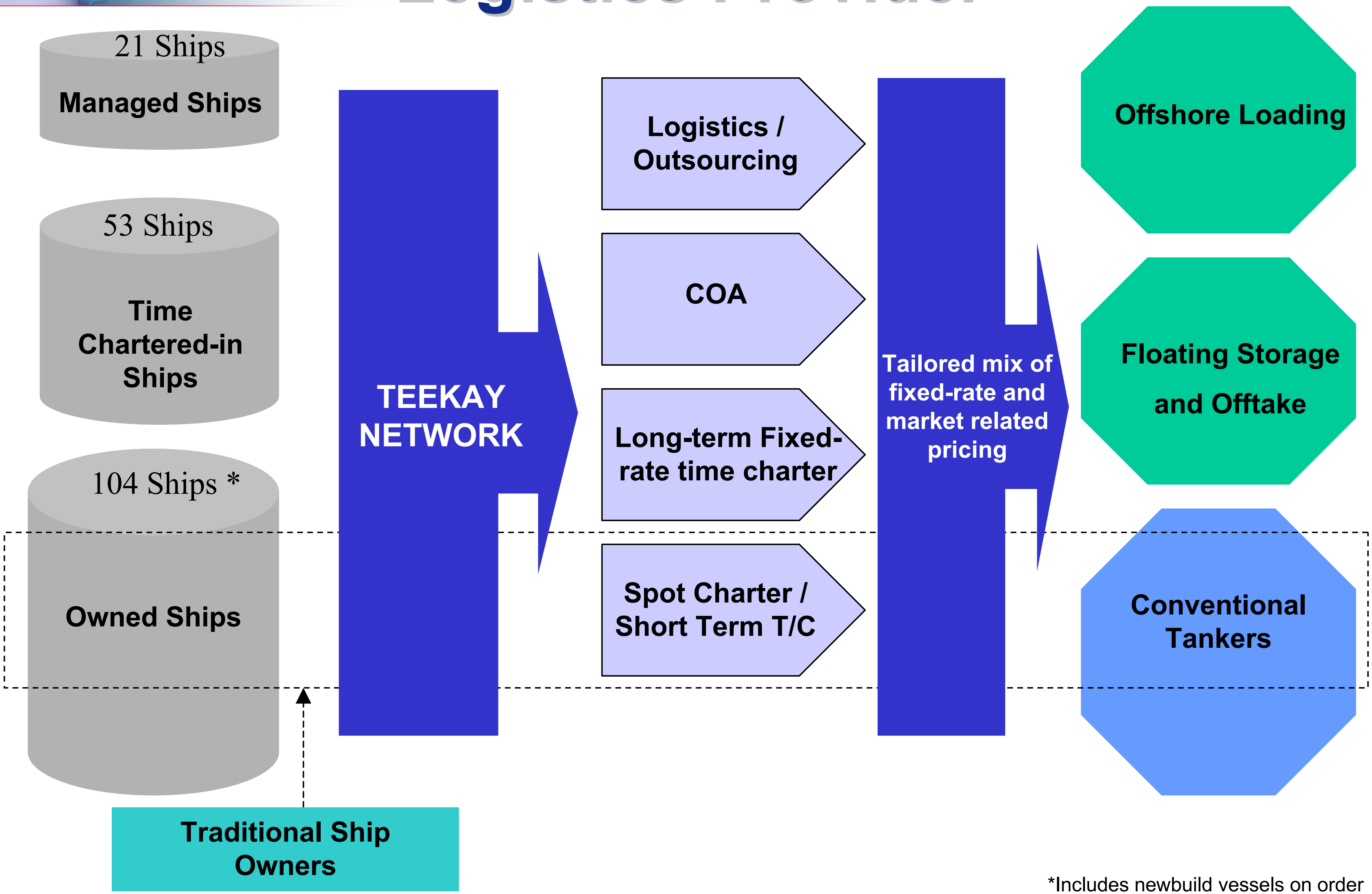
Traditional price taking ship owner

Teekay today

- 89 ships owned, 53 chartered-in, 18 managed
- Balanced mix of spot / fixed-rate business
- $285 million in long-term fixed-rate cash flows by late 2004
- 16 offices worldwide
- 42% leverage
- $2.6 billion market capitalization
- 40.4 million shares outstanding
- $697 million total liquidity
- mid-cycle EPS of $4.10 per share
- BV per share of approx. $39.00
- P&L B/E approx. $13,000 per day
- 15 newbuildings on order

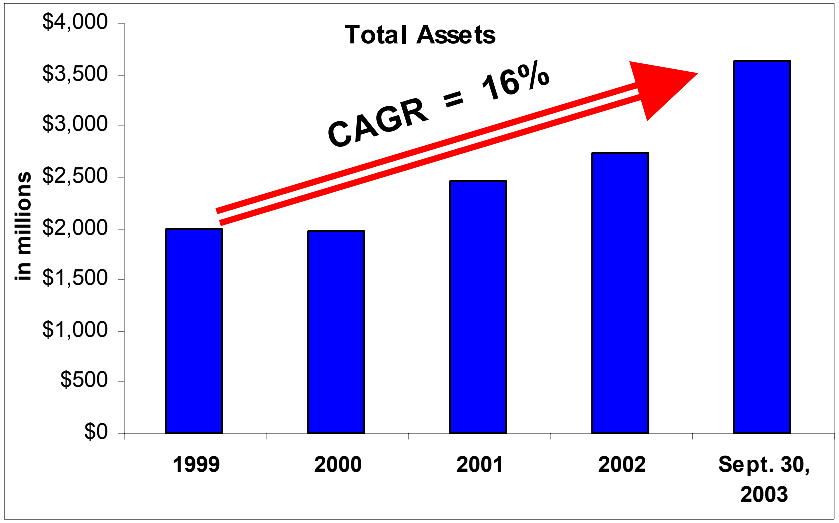
Integrated Logistics Provider

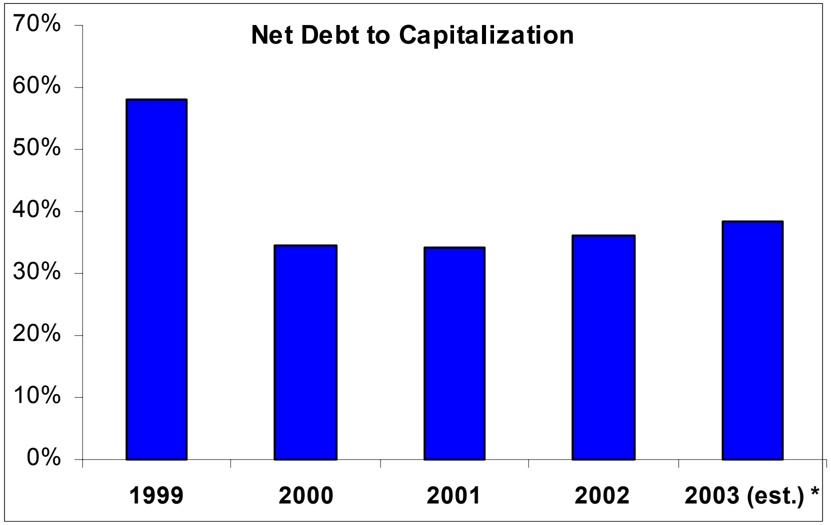
Teekay is an Integrated Logistics Provider

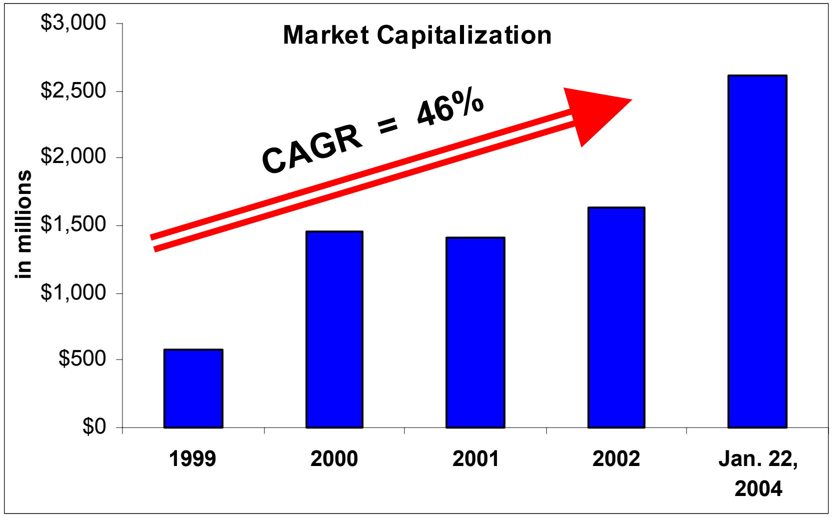


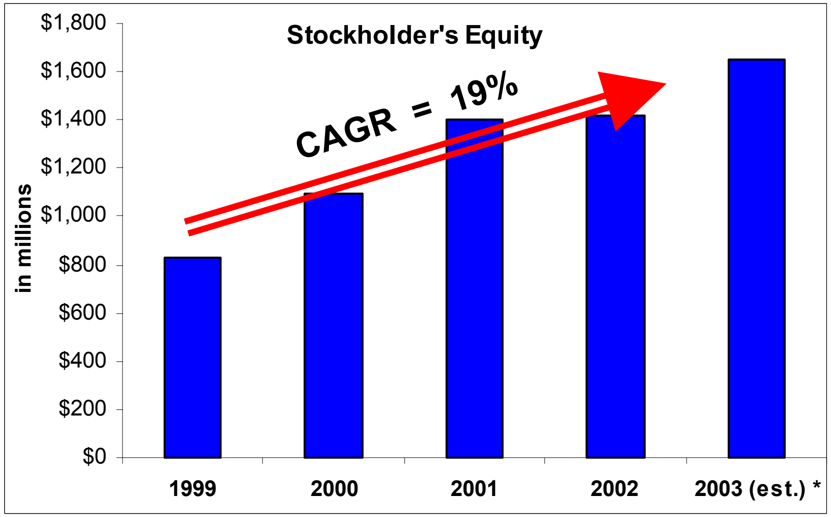
*Includes newbuild vessels on order

Consistent Balance Sheet and Market Cap. Growth while Maintaining Leverage



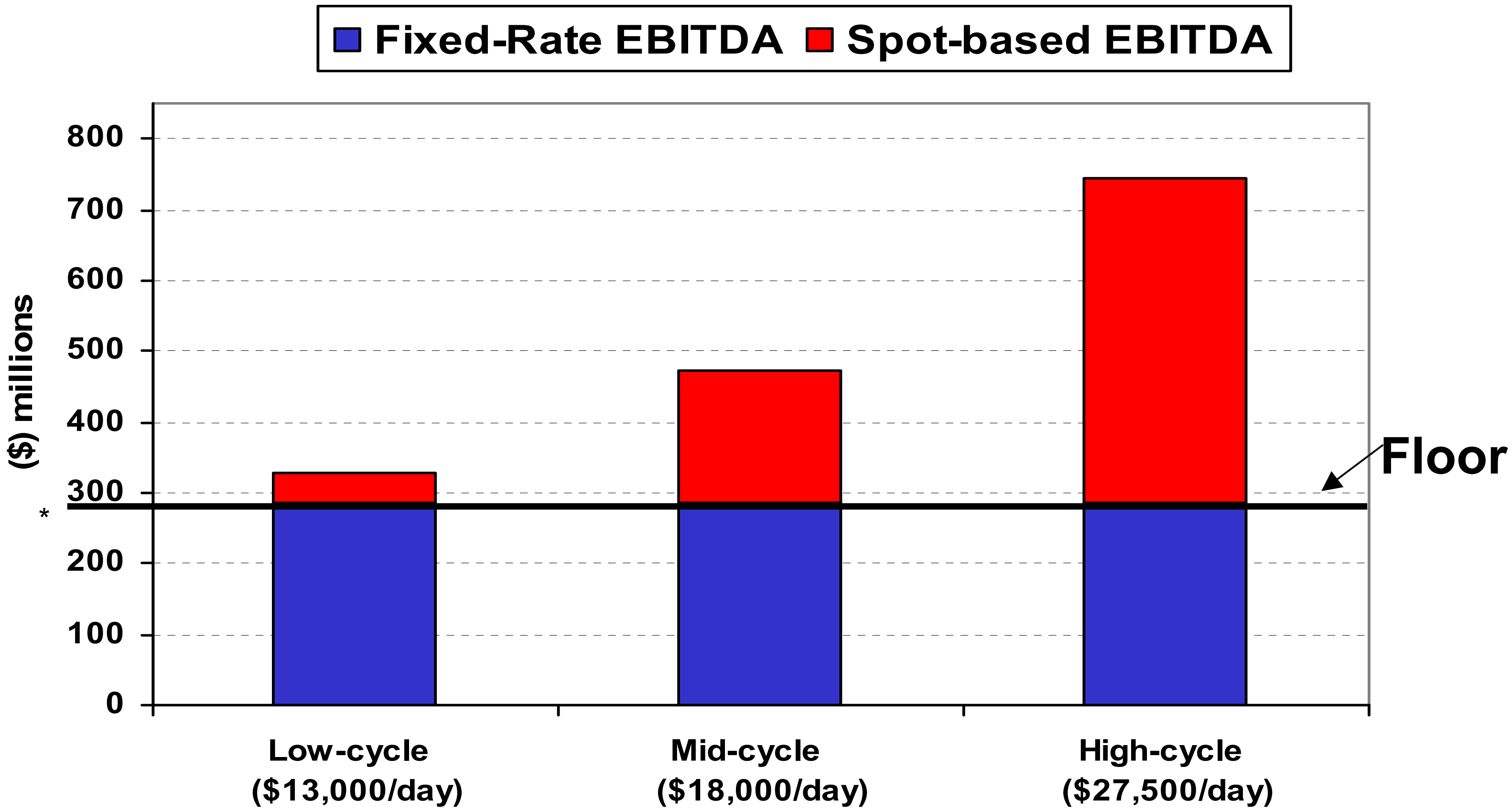






* 2003 est. based on Q1 to Q3 actual and consensus estimate for Q4

Complementary Businesses Create Cash Floor with No Ceiling



Proforma 2004 CEPS	$5.45	$8.85	$15.30

Spot Rate Increase $1,000 TCE/day → **EBITDA Increase $30 million annually**

* Proforma 2004 EBITDA annualized

Key Credit Statistics

in thousands	as at September 30, 2003
Cash and cash equivalents	$ 335,951
Total Debt	$ 1,749,405
Net Debt	$ 1,413,454
Adjusted Total Debt (PEPs treated as equity)	$ 1,605,655
Adjusted Net Debt (PEPs treated as equity)	$ 1,269,704

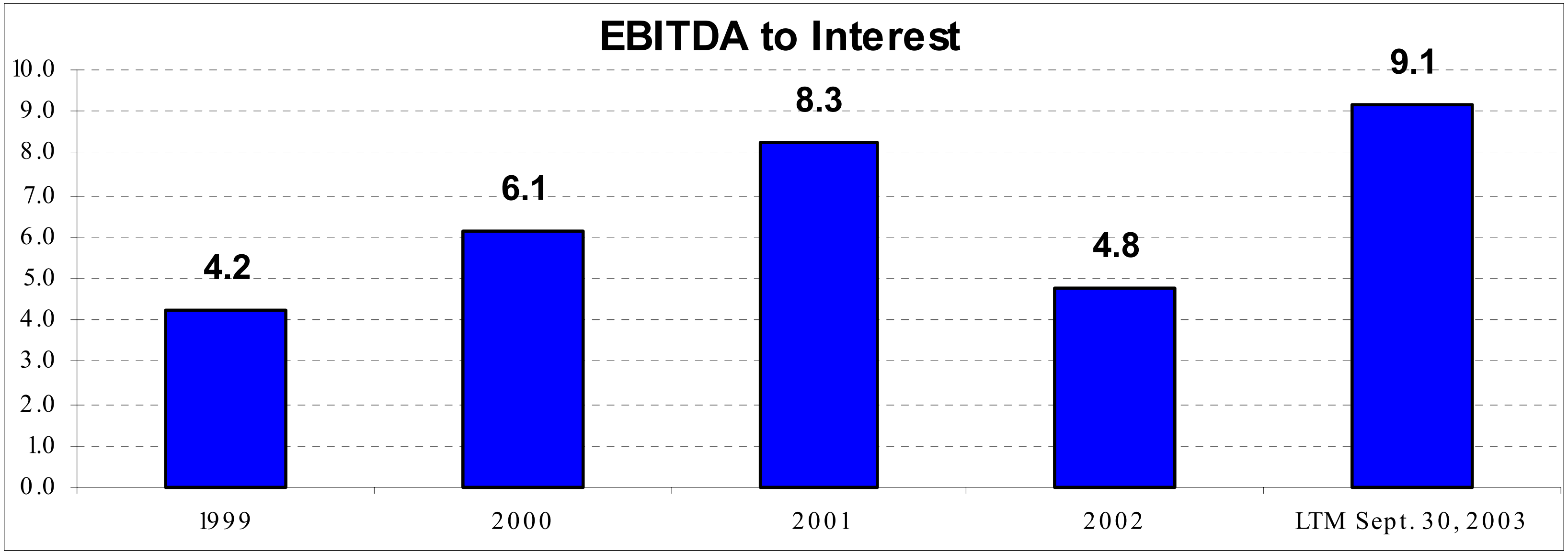
	Last twelve months ended September 30, 2003 *
Net Voyage Revenues	$ 995,984
EBITDA	$ 512,073
Net Interest Expense	$ (68,298)

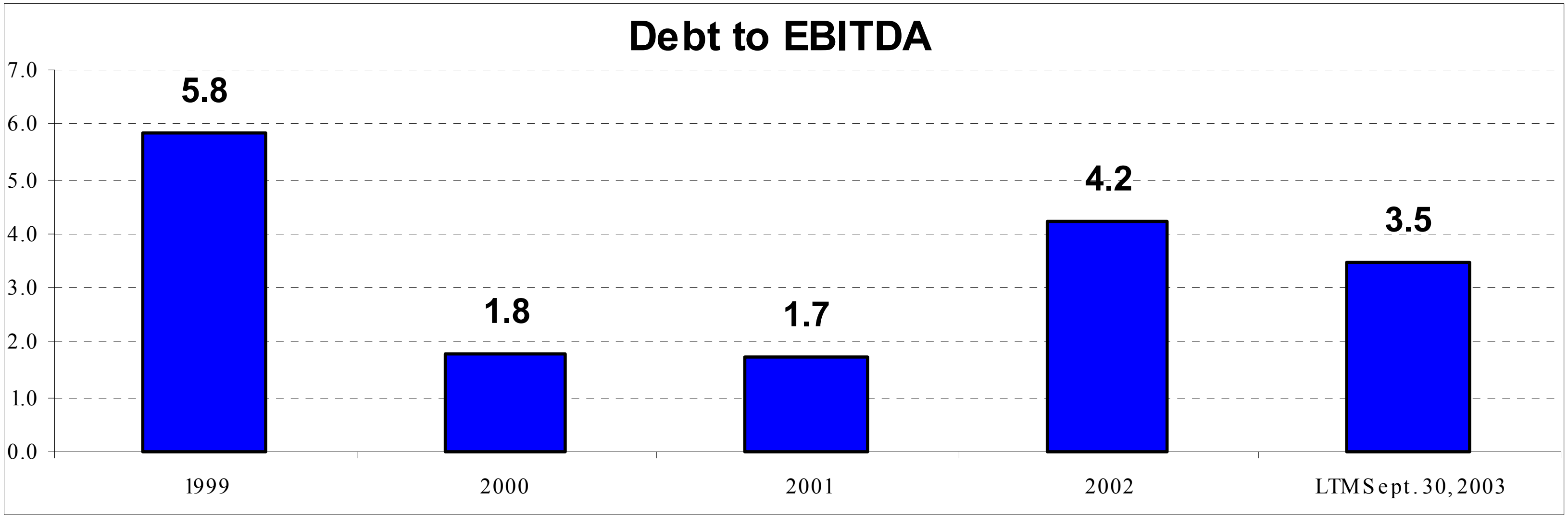
Credit Statistics

EBITDA / Interest Expense	7.5x
Total Debt / EBITDA	3.4x
Net Debt / EBTIDA	2.8x
Adjusted Total Debt / EBITDA	3.1x
Adjusted Net Debt / EBITDA	2.5x

* includes results from Navion from April 1, 2003

Historical Ratios

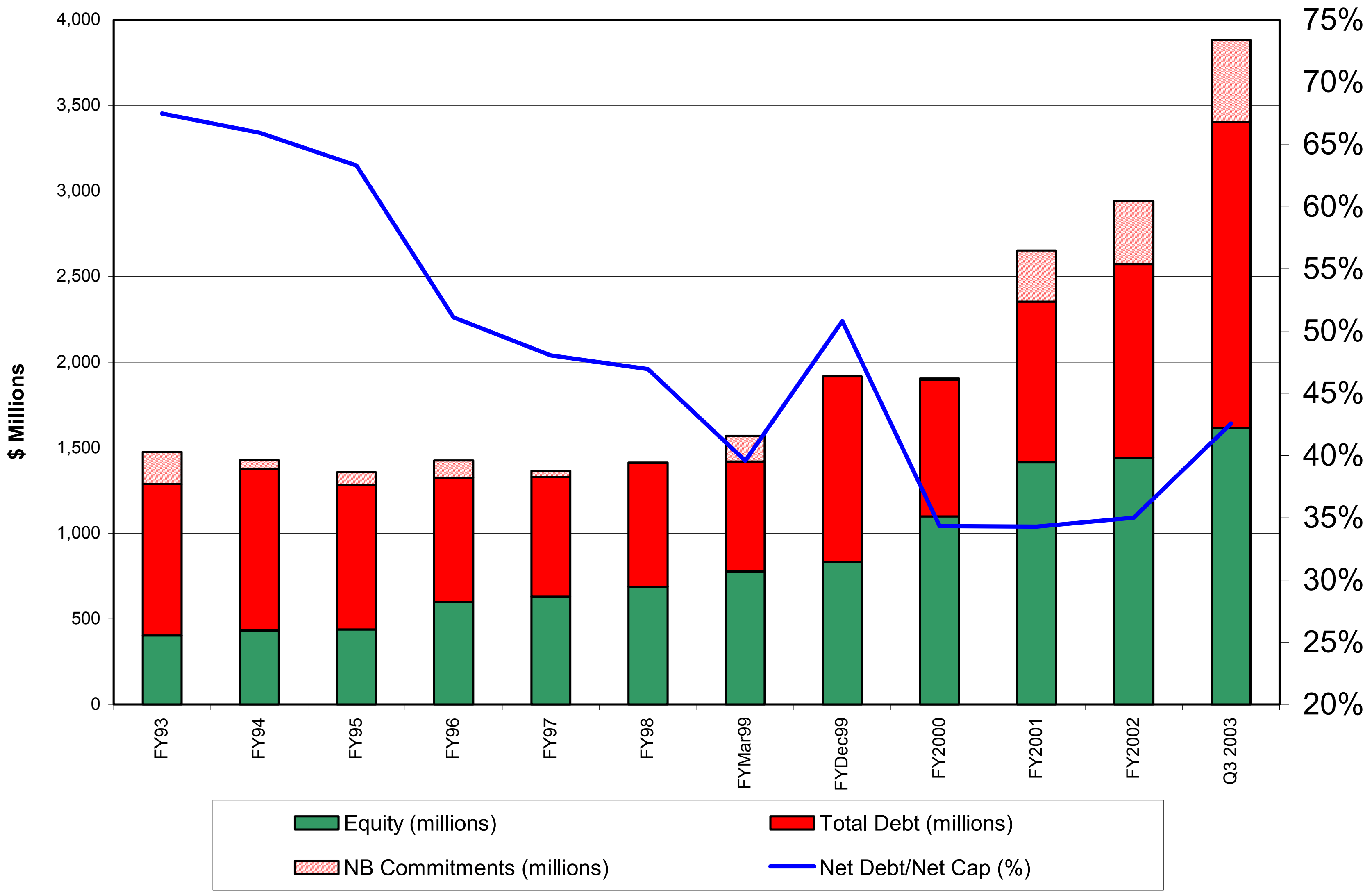




Capitalization

in thousands	As of Sept. 30, 2003
Cash and Cash Equivalents	335,951
Debt Facilities	
Capital Lease	36,932
Revolving Credit Facilities	570,000
Premium Equity Participating Security Units (7.25%)	143,750
First Preferred Ship Mortgage Notes (8.32%)	167,229
Term Loans	516,602
Senior Notes (8.875%)	351,824
Total Debt	1,786,337
Stockholder's Equity	1,599,074
Total Capitalization	3,385,411
Total Debt to Capitalization	53%
Total Adjusted Debt to Capitalization	47%
Net Debt to Capitalization	48%
Net Adjusted Debt to Capitalization	43%

Capitalization History



Projected CAPEX

CAPEX and ASSOCIATED FINANCING SCHEDULE

in millions	Remainder 2004	2005	2006	2007+	Total
Growth CAPEX					
Total newbuilding expenditures	229	96	107	123	**555**
Newbuild financing in place	127	96	32	-	**255**
Assumed financing (min 70% of asset value)	-	-	55	114	**169**
Total known and assumed newbuild financing	127	96	87	114	**424**
Total Cash Required for Growth CAPEX	102	0	20	9	131
Maintenance CAPEX					
Total Cash Required for Maintenance * CAPEX	35	35	35	35	**140**
Total Cash required for Growth and Maintenance CAPEX	137	35	55	44	**271**

* drydock commitments - company estimates

Fixed Charge Coverage

In millions

Free Cash Flow Calculation		
Projected 2004 EBITDA *		$ 624.7
less: Net Interest payments **	$ (87.4)	
less: Principal payments **	$ (102.1)	
less: Drydock costs **	$ (35.0)	
Fixed Charges		$ (224.5)
Free Cash Flow		$ 400.2

EBITDA / Fixed Charges = 2.8x

* Analyst projection
** Company estimates

Strong Asset Coverage

in millions	As at September 30, 2003
Total Book Value of Assets	2,809
less: Secured Outstanding Debt	(1,290)
Asset Book Value in Excess of Secured Debt	1,519
add: Cash and Marketable Securities	336
add: Other Assets and net Working Capital	104
Available Asset Value	**1,959**
Unsecured Debt	**(496)**
Net Worth	**1,463**
Available Asset Value / Unsecured Debt	**4.0x**

Teekay Shipping

Appendix

NYSE: TK

Teekay Fleet Composition

Teekay Shipping Corporation

Fleet List as at Jan. 16, 2004

	Number of Vessels			
	Owned Vessels	Chartered-in Vessels	Newbuildings on Order	Total
Spot Tanker Fleet:				
VLCC's	1	2	-	3
Suezmaxes	1	5	-	6
Aframaxes	43	15	12	70
OBOs	-	5	-	5
Large Product Tankers	-	2	-	2
Small Product Tankers	-	10	-	10
Total Spot Tanker Fleet	45	39	12	96
Long-term Fixed-Rate Contract Fleet:				
Shuttle Tankers	29	13	1	43
Conventional Tankers	8	-	2	10
Floating Storage & Offtake ("FSO") Vessels	3	-	-	3
LPG Carrier	1	4	-	5
Total Long-Term Fixed-Rate Contract Fleet	41	17	3	61
Total	86	56	15	157

Appendix – EBITDA Reconciliation

- **EBITDA represents net income (loss) before interest expense, income tax expense, depreciation and amortization expense, minority interest, foreign exchange gains (losses) and gains (losses) on disposition of assets. EBITDA is included because such data is used by certain investors to measure a company's financial performance. EBITDA is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.**

- **The following table reconciles the Company's Income from vessel operations with EBITDA for the periods presented on slide 22:**

Reconciliation of EBITDA from fixed-rate long-term contracts ($000s)	Year Ended December 31, 2000	Year Ended Decmber 31, 2001	Year Ended December 31, 2002
Actual			
Income from vessel operations	16,622	49,615	56,863
Depreciation and Amortization	7,020	37,024	43,889
EBITDA	23,642	86,639	100,752

	Year Ended Dec. 31,2003	Year Ended Dec. 31, 2004	Year Ended Dec. 31, 2005	Year Ended Dec. 31, 2006	Year Ended Dec. 31, 2007
Projection					
Income from vessel operations	110,000	191,000	190,000	185,000	191,000
Depreciation and Amortization	70,000	90,000	94,000	90,000	90,000
EBITDA	180,000	281,000	284,000	275,000	281,000

The following table reconciles the Company's Income from vessel operations with EBITDA for the twelve month period ended Sept. 30, 2003 presented on slide 27:

	Q4 - 2002	Q1 - 2003	Q2 - 2003	Q3 - 2003	LTM
Inc. from vessel ops	48,633	103,484	132,387	49,619	334,123
Depreciation and Amortization	39,160	39,130	49,775	49,885	177,950
EBITDA	87,793	142,614	182,162	99,504	512,073