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 Teekay’s growth prospects and strategy; tanker market fundamentals, including the balance of supply and demand in the tanker market, and spot tanker charter rates; applicable industry regulations and their effect on the size of the world tanker fleet; anticipated annualized cash flow from vessel operations from the Company’s fixed-rate segment; newbuilding delivery dates, and the commencement of service under long-term contracts; the valuation of the Company; the impact of the Tapias acquisition on Teekay’s future cash flow from vessel operations and strategic position. 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, and LNG 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; potential inability of Teekay to integrate Tapias successfully; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; shipyard production delays; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil; and other factors discussed in Teekay’s filings from time to time with the SEC, including its Report on Form 20-F for the year ended December 31, 2003.
Index

1. Introduction
2. Valuation and Financial Strategy
3. Spot Segment
4. Fixed-rate Segment
5. Marine Midstream Company
6. Appendix
This is Teekay

- The world’s largest tanker company, measured by market capitalization and fleet size
- Transporter of more than 10% of the world’s seaborne crude oil
- Leading industry consolidator with a track record of accretive acquisitions
- Large, growing fixed-rate contract portfolio
- Recently entered high growth LNG shipping sector
Key Points About Teekay

- We have created a unique platform
  - Built a position as the only true Marine Midstream Company serving our customers in the oil and gas industry

- Our growth has been highly profitable
  - Disciplined and well timed growth

- We are positioned to capitalize on our platform
  - Industry dynamics play into the strength of our franchise and we are ready for the future

Teekay is in an excellent position to continue its profitable growth
Valuation of Teekay’s Segments

Fixed-rate segment valued using cash flow multiple similar to other yield-oriented vehicles (i.e. MLPs)

Similarities:
- Long-term stable cash flows
- Higher leverage acceptable as cash flow more secure
- Engaged in energy transportation

Multiple:
- MLPs presently trading at avg. EV / EBITDA multiple of 12x
  examples: Kinder Morgan=13x
  Sunoco=9.5x
  Buckeye = 12.3x

LNG segment valued using cash flow multiple of comparable companies

- Growth premium implied in multiple given rate of growth expected in industry
- Higher multiple justified:
  - Less risky nature of cash flow i.e. ‘bond like’
  - Long-term nature of contracts
  - Investment grade charterers
  - Higher growth potential

Spot segment valued using multiple of book value

Conservatively using avg. of peer group, however:
- Gives no premium to value of in-chartered fleet
- Gives no premium for position as world’s largest owner and operator of medium-sized tankers
- Gives no premium for customer relationships
- Gives no premium for spot earnings in excess of peers
- Gives no premium for ‘in the money’ portion of newbuildings => $170 m
## Teekay Minimum Valuation Metric

In millions (except per share data)
Balance Sheet and outstanding share data as at March 31, 2004 (adj. for Tapias and PEPS conversion)

<table>
<thead>
<tr>
<th>FIXED-RATE SEGMENT</th>
<th>LNG SEGMENT</th>
<th>SPOT SEGMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-rate segment CFVO *</td>
<td>LNG fixed-rate CFVO</td>
<td>Book value of spot fleet + JVs</td>
</tr>
<tr>
<td>315</td>
<td>80</td>
<td>1,294</td>
</tr>
<tr>
<td>Multiple **</td>
<td>Multiple ****</td>
<td>Multiple ***</td>
</tr>
<tr>
<td>x 10</td>
<td>x 12</td>
<td>x 1.6</td>
</tr>
<tr>
<td>Total fixed-rate segment enterprise value</td>
<td>Total LNG segment enterprise value</td>
<td>Total spot-rate adjusted book value</td>
</tr>
<tr>
<td>3,150</td>
<td>960</td>
<td>2,070</td>
</tr>
<tr>
<td>less: pro rata share of net debt</td>
<td>less: pro rata share of net debt</td>
<td>less: pro rata share of net debt</td>
</tr>
<tr>
<td>(1,410)</td>
<td>(519)</td>
<td>(834)</td>
</tr>
<tr>
<td>Equity value of fixed-rate segment</td>
<td>Equity value of LNG segment</td>
<td>Equity value of spot segment</td>
</tr>
<tr>
<td>1,740</td>
<td>441</td>
<td>1,237</td>
</tr>
<tr>
<td>Fully diluted number of shares</td>
<td>Fully diluted number of shares</td>
<td>Fully diluted number of shares</td>
</tr>
<tr>
<td>86.6</td>
<td>86.6</td>
<td>86.6</td>
</tr>
<tr>
<td><strong>Fixed-rate segment equity value / share</strong></td>
<td><strong>LNG segment equity value / share</strong></td>
<td><strong>Spot segment equity value / share</strong></td>
</tr>
<tr>
<td><strong>$20.09</strong></td>
<td><strong>$5.10</strong></td>
<td><strong>$14.29</strong></td>
</tr>
</tbody>
</table>

* Commencing Q4-2004 annualized
** Based on inherent MLP multiples
*** Based on avg. of peers
**** Based on avg. multiple of LNG co.'s

### OTHER COMPANY ASSETS

<table>
<thead>
<tr>
<th>Market Value - TORM shares</th>
<th>V.O.C. Equipment</th>
<th>Equity value of other items</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td>81</td>
<td>221</td>
</tr>
<tr>
<td>Fully diluted number of shares</td>
<td>86.6</td>
<td></td>
</tr>
</tbody>
</table>

**Other asset equity value / share** **$2.55**

**$ 42.03**

**Combined Teekay Equity Value per Share**
Share Value Matrix

<table>
<thead>
<tr>
<th>Stock Price Matrix *</th>
<th>1.1x</th>
<th>1.2x</th>
<th>1.3x</th>
<th>1.4x</th>
<th>1.5x</th>
<th>1.6x</th>
<th>1.7x</th>
<th>1.8x</th>
<th>1.9x</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Rate Segment CFVO Multiple</td>
<td>9</td>
<td>30.91</td>
<td>32.40</td>
<td>33.90</td>
<td>35.39</td>
<td>36.89</td>
<td>38.38</td>
<td>39.87</td>
<td>41.37</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>34.55</td>
<td>36.04</td>
<td>37.53</td>
<td>39.03</td>
<td>40.52</td>
<td>42.03</td>
<td>43.51</td>
<td>45.01</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>38.18</td>
<td>39.68</td>
<td>41.17</td>
<td>42.67</td>
<td>44.16</td>
<td>45.65</td>
<td>47.15</td>
<td>48.64</td>
</tr>
</tbody>
</table>

* Assumes LNG multiple held constant at 12x CFVO

Value Gap of ~18% or $6.53 per share
During early 1998, a period of record earnings for the sector, the average P/E was 12x

Source: Jefferies Consolidated Oil Service Monthly – May 2004
P/Cflow Multiple Comparisons

2004 Sector Price to Cashflow at May 2004

Source: Jefferies Consolidated Oil Service Monthly – May 2004
Complementary Businesses Create Cash Floor with No Ceiling

Fixed-rate CFVO  Spot-based CFVO

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Fixed-rate CFVO ($) millions</th>
<th>Spot-based CFVO ($) millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-cycle</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Mid-cycle</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>High-cycle</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Super-cycle</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

* Proforma 2004 CFVO annualized.

CFVO = Cash Flow from Vessel Operations (income from vessel operations + depreciation expense)

Proforma 2004 EPS

- $0.27
- $2.26
- $5.09
- $9.24

* Proforma 2004 CFVO annualized.
Financial Strategy for Cash Generated

1. Delever the Balance Sheet
   - Net debt to capitalization expected to rise to approx. 48% with inclusion of Tapias debt
   - Over $500 million in newbuild commitments for 2004 and 2005, $190 million still unfinanced

2. Fund profitable growth
   - Maintain sufficient liquidity to take advantage of growth opportunities
   - Acquisitions and organic growth
   - Historically, good stewards of capital

3. Return Cash to Shareholders
   - Stock buy-backs
   - Dividend increases
     - Recently increased dividend 16% to $0.50 per share (stock-split adjusted)
# Financial Strength and Flexibility

## Strong Balance Sheet

<table>
<thead>
<tr>
<th>3/31/2004</th>
<th>Pro Forma for Tapias acquisition ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>304</td>
</tr>
<tr>
<td>Debt</td>
<td>2,350</td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,046</td>
</tr>
<tr>
<td>Shareholders Equity</td>
<td>1,921</td>
</tr>
<tr>
<td>Total Capitalization</td>
<td>3,967</td>
</tr>
</tbody>
</table>

## Liquidity

<table>
<thead>
<tr>
<th>at Mar. 31, 2004 ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revolving Credit Facilities</td>
</tr>
<tr>
<td>Undrawn Revolving Credit Facilities</td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Total cash and undrawn lines</td>
</tr>
</tbody>
</table>

## Credit Ratings

<table>
<thead>
<tr>
<th></th>
<th>Secured</th>
<th>Unsecured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's</td>
<td>Ba1</td>
<td>Ba2</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>BB+</td>
<td>BB-</td>
</tr>
</tbody>
</table>

## Notes

- **Adjusted for Tapias acquisition**
- **Last Twelve Months**

---

Teekay Shipping Corporation: The Marine Midstream Company
### Disciplined Growth Strategy

<table>
<thead>
<tr>
<th>Typical Shipping Assets</th>
<th>Spot</th>
<th>Fixed-Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Medium-Term</td>
</tr>
<tr>
<td>Conventional Tankers</td>
<td></td>
<td>Conventional Tankers</td>
</tr>
<tr>
<td>Shuttle Tankers</td>
<td></td>
<td>Shuttle Tankers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target Leverage Range</td>
<td>0-40%</td>
<td>up to 75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical Investment Criteria</td>
<td>mid-cycle IRR &gt; WACC and accretive to earnings</td>
<td>IRR &gt; WACC</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Actively Managing the Cycle

- Adding Spot Exposure
- Strengthening Balance Sheet
- Adding Fixed-rate business
- Acquired UNS L/T Contracts
- Acquired Navion
- L/T Contracts
- Reduced Debt
- Raised Flexible Financing
- ConocoPhillips
- L/T Contracts
- Acquired Tapias
- L/T Contracts
- Non-recourse Financing
- Reduced Debt
- Ordered Newbuildings
- Increased Charter-in Activity
- Ordered Newbuildings
- Acquired Bona

Realized Aframax TCE

1998 1999 2000 2001 2002 2003 2004
Teekay’s Spot Tanker Fleet Doubled in 5 Years

1998

16% CAGR

46 Spot-rate Vessels

98 Spot-rate Vessels

TODAY

Including N/Bs and in-chartered vessels
Spot Segment: Results to Date

- 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
Significant Operating Leverage

2004:
Spot Rate increase $1,000 TCE/day above $13,000 / day

EPS Increase ~ $0.325 - $0.35

Declining net income break-even

Growing operating leverage
Teekay’s Aframax Fleet Outperforms Its Peers

With ROIC >50% for Q1 2004, Teekay’s spot fleet outperformed all peers
Strong Tanker Market - Q1 2004

- Surge in Chinese oil demand – up 1.0 mb/d vs. 1q03
- Increased oil supplies from long haul sources - global oil production up 0.4 mb/d (0.3 mb/d from OPEC) over 4q03
- FSU output up 0.1 mb/d over 4q03 but 0.9 mb/d over 1q03 = above average increase in Aframax demand
- Iraqi exports routed out of Arabian Gulf = increased tanker tonne mile demand

Short Term Factors:
- Delays in the Bosphorus
- Middle East volatility
- Low oil stocks
- Increase in tanker demand outweighed fleet additions
Tanker Spot Rates

Source: CRS
OPEC Declares War On Seasonality

- Demand decline in 2q04 not as steep as in 2q03
- High oil prices - May WTI > $40/barrel. Oil price easing in early June as key Middle East producers increase production
  - Volatility in the Persian Gulf
  - Iraq
  - Strong demand
  - Speculators

- OPEC raises quotas by 2.0 mb/d effective June 01, 2004 with a further 0.5 mb/d increase scheduled for August 1, 2004
- Saudi Arabia and UAE announce approximately 1.1 mb/d of extra oil supplies in June regardless of quota restrictions in order to quell rising oil prices
- OPEC scheduled to meet again on July 21, 2004
- Expected increase in production in 3Q to meet strong oil demand
OPEC Crude Output vs. Aframax TCE

Source: IEA/CRS
Tanker Demand for 2004

- **OIL DEMAND**
  - Global oil demand growth forecast to grow by 2.9% in 2004; the highest in 23 years. This translates into over 5% growth in Tanker Demand
  - Oil demand growth led by strong economic growth in Asia (China) and US
  - Increased ME Gulf production and Asian demand for sweet West African Crude imports provides further support to tanker tonne mile demand

- **UPSIDE POTENTIAL**
  - Higher than estimated oil demand in China / India
  - Disruption in short-haul producer (Venezuela)
  - Seasonal factors – e.g. Bosphorus congestion
IEA forecasts Global Oil Demand of 82.6 mb/d - highest ever.
Global Oil Demand – Growing Stronger Every Year

Source: IEA
China Oil Demand

Source: IEA
Chinese Net Oil Imports

Source: Chinese Customs
India Oil Demand

Source: IEA

[Graph showing India Oil Demand with data from 1Q1995 to 4Q2004, with Dom. Prod. and Imports represented by blue and red bars, respectively.]
Teekay Shipping Corporation: The Marine Midstream Company

Tanker Supply

Source: Clarkson

Deliveries of 59 mdwt

4.5 mdwt mandatory scrapping

17.5 mdwt voluntary scrapping

Mandatory Scrapping of 34 mdwt
World Tanker Supply / Demand Balance to Remain Tight Through 2006

<table>
<thead>
<tr>
<th></th>
<th>2004/2005 (mdwt)</th>
<th>2006 (mdwt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newbuilding deliveries</td>
<td>59</td>
<td>19</td>
</tr>
<tr>
<td>less: mandatory scrapping *</td>
<td>34</td>
<td>1</td>
</tr>
<tr>
<td>Net fleet growth</td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td>Tanker demand growth **</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td>Change in supply / demand balance</td>
<td>-4</td>
<td>6</td>
</tr>
</tbody>
</table>

* excludes any voluntary scrapping

** Based on:

<table>
<thead>
<tr>
<th></th>
<th>2004/2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Demand Growth (p.a.)</td>
<td>2.6%</td>
<td>2%</td>
</tr>
<tr>
<td>Tanker Demand Growth (p.a.)</td>
<td>4.6%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>
90% utilization is considered full use of the tanker fleet.
Tanker Market Conclusion

- Continued strong tanker market fundamentals

- Oil Demand / Supply
  - At 2.9% in 2004, global oil demand growth forecast highest in 23 years
  - Oil demand growth led by strong economic growth in Asia (China) and US
  - Increased oil production from Middle East OPEC members provides a boost to tanker tonne-mile demand

- Tanker Supply
  - Tanker fleet growth restricted as IMO mandatory phase-out deadline draws closer

- Other Factors
  - ISPS (IMO Ship/Port Security) readiness could lead to discrimination
  - Changes to economic growth forecasts (China, US, India)
  - Geo-political events – Iraq / Venezuela / terrorism
  - Another ‘Prestige’ event
Exponential Fleet Growth Over 5 Years

1998 vs TODAY

- **46 Spot-rate Vessels**
- **165 Vessels**
- **30% CAGR**

Including N/Bs and in-chartered vessels.
LNG Economics

Based on the present newbuilding price of $170 - $175 million

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TCE</td>
<td>$65,000 - $70,000 / day</td>
</tr>
<tr>
<td>less: OPEX</td>
<td>$11,500 - $12,500 / day</td>
</tr>
<tr>
<td>Bareboat Rate</td>
<td>$53,500 - $57,500 / day</td>
</tr>
</tbody>
</table>

Assumed contract length = 20 years

Fixed-rate Debt financing > 80%

Cash-on-cash return >10%

ROE >20%

NPV of above scenario using IRR minus NPV of above scenario using W.A.C.C. ~ $30 million EVA
Tapias: Low-Risk
Long Term Contracts

- Contracts include cost escalations, “locking in” our cash flows
- Loss of hire insurance in place on contracts
- Interest Rates:
  - hedged to match duration of charter terms or;
  - “flow through” to the charter party
- Long repayment profile of principal matches revenue stream
- Non-recourse debt
- Limited/Punitive termination rights
- High credit quality customers
The World Leader in Offshore Loading

Approximately half of Teekay’s capital is now invested in “floating pipelines”

- Acquired UNS for $780 million in cash - strategic beachhead
- Acquired Navion for $800 million in cash – vertical integration with the leading offshore loading logistics provider
- Invested a further $260 million in growth markets outside North Sea

Significant Growth Potential in Offshore Oil:

- Rapid growth in deepwater exploration
- Upside in core North Sea market
- Upside in core Brazil market
- Potential for further growth in:
  - Gulf of Mexico
  - East coast of Canada
Shuttle Market has Attractive Characteristics

- Sophisticated technology with barriers to entry
- Economies of scale required for efficient scheduling
- Significant long-term stable cash flow
- High profitability
Quantum Leap in Fixed-rate Segment Cash Flow

CAGR = 58%

* Long-term fixed-rate cash flow from vessel operations
Teekay’s fixed-rate contract fleet is projected to have a cash-on-cash return of over 13%.

Example of one of Teekay’s long-term fixed-rate contracts

<table>
<thead>
<tr>
<th>Q1 2004</th>
<th>Capital Invested</th>
<th>ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-rate Segment</td>
<td>$1.84 billion</td>
<td>8%</td>
</tr>
</tbody>
</table>

Fixed-rate Segment ROIC Increasing

- ROIC
- IRR
- W.A.C.C.

Year

Example of one of Teekay’s long-term fixed-rate contracts
### Building the Platform

#### TEEKAY’S GROWTH PLATFORM

<table>
<thead>
<tr>
<th>CUSTOMER LOGISTICS</th>
<th>VOC</th>
<th>Navion Shuttle Logistics</th>
<th>BHP</th>
<th>ConocoPhillips L/T Contracts</th>
<th>Caltex</th>
<th>CEPSA L/T Suezmax Contracts</th>
<th>Skaugen Lightering JV</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED ASSETS (HARDWARE)</td>
<td>Navion Suezmax and VLCC in-charters</td>
<td>UNS Shuttle Tankers</td>
<td>Bona Aframax Atlantic</td>
<td>Aframax Indo-Pacific</td>
<td>Specialized Aframax Newbuildings</td>
<td>Navion Product</td>
<td>FSO</td>
</tr>
</tbody>
</table>

- Bona Aframax Atlantic: Technical and Commercial Management
- Aframax Indo-Pacific: Technical and Commercial Management
- Specialized Aframax Newbuildings: FSO
- Navion Product: Navion
- CEPSA L/T Suezmax Contracts: FSO
- Skaugen Lightering JV: FSO
- UNS Shuttle Tankers: FSO
- Navion and VLCC in-charters: Ardmor Offshore
- IUM Ship Management Company: Spanish Technical and Commercial Management
Building the Platform

....plus organic growth in each segment throughout this period

<table>
<thead>
<tr>
<th>CUSTOMER LOGISTICS</th>
<th>VOC</th>
<th>Navion Shuttle Logistics</th>
<th>BHP</th>
<th>ConocoPhillips L/T Contracts</th>
<th>Caltex</th>
<th>CEPSA L/T Suezmax Contracts</th>
<th>Skagenen Lightering JV</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED ASSETS (HARDWARE)</td>
<td>Navion Suezmax and VLCC in-charters</td>
<td>UNS Shuttle Tankers</td>
<td>Bona Aframax Atlantic</td>
<td>Aframax Indo-Pacific</td>
<td>Specialized Aframax Newbuildings</td>
<td>FSO Product</td>
<td>FSO FSO FSO</td>
</tr>
</tbody>
</table>

TEEKAY’S GROWTH PLATFORM

Teekay Shipping Corporation: The Marine Midstream Company
Building the Platform

The Teekay Marine Midstream Platform

CUSTOMER LOGISTICS
FIXED ASSETS (HARDWARE)
OPERATIONS (SOFTWARE)

TEEKAY’S GROWTH PLATFORM
Investment Highlights

- An integrated supplier of Midstream oil services, not just a ship owner
- Recent acquisition provides attractive entry into high growth LNG shipping sector
- Financial strength to pursue continued profitable growth
- Positioned to benefit from strong tanker market
- Profitable throughout the cycle; large base of long-term fixed-rate business coupled with significant spot market upside
## Appendix - Fleet List

### Fleet list as of May 31, 2004

<table>
<thead>
<tr>
<th>Fleet Type</th>
<th>Number of Vessels</th>
<th>Owner Vessels</th>
<th>Charter-in Vessels</th>
<th>Newbuildings on Order</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spot Tanker Fleet:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VLCC's</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Suezmaxes</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Aframaxes</td>
<td>43</td>
<td>15</td>
<td>12</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>Large Product Tankers</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Small Product Tankers</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Total Spot Tanker Fleet</td>
<td>48</td>
<td>37</td>
<td>13</td>
<td></td>
<td>98</td>
</tr>
<tr>
<td><strong>Long-term Fixed-Rate Contract Fleet:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shuttle Tankers</td>
<td>29</td>
<td>13</td>
<td>1</td>
<td></td>
<td>43</td>
</tr>
<tr>
<td>Conventional Tankers</td>
<td>11</td>
<td>-</td>
<td>4</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Floating Storage &amp; Offtake (&quot;FSO&quot;) Vessels</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>LNG Carriers</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>LPG / Methanol Carriers</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Total Long-Term Fixed-Rate Contract Fleet</td>
<td>46</td>
<td>14</td>
<td>7</td>
<td></td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>94</td>
<td>51</td>
<td>20</td>
<td></td>
<td>165</td>
</tr>
</tbody>
</table>
Appendix – Reconciliation of Cash Flow from Vessel Operations

- Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense. Cash flow from operations is included because such data is used by certain investors to measure a company's financial performance. Cash flow from operations 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 Cash flow from operations for the periods presented on slide 41 and slide 11.

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of Cash flow from vessel operations from fixed-rate long-term contracts ($000s)</td>
<td></td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
</tr>
<tr>
<td>Income from vessel operations</td>
<td>56,863</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>43,889</td>
</tr>
<tr>
<td>Cash flow from vessel operations</td>
<td>100,752</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 31, 2004</td>
<td>Dec. 31, 2005</td>
</tr>
<tr>
<td>Projection</td>
<td></td>
</tr>
<tr>
<td>Income from vessel operations</td>
<td>201,000</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>135,000</td>
</tr>
<tr>
<td>Cash flow from vessel operations</td>
<td>336,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projection</th>
<th>Low Cycle</th>
<th>Mid-Cycle</th>
<th>High-Cycle</th>
<th>Super-Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from vessel operations</td>
<td>174,000</td>
<td>344,000</td>
<td>588,500</td>
<td>951,000</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>240,000</td>
<td>240,000</td>
<td>240,000</td>
<td>240,000</td>
</tr>
<tr>
<td>Cash flow from vessel operations</td>
<td>414,000</td>
<td>584,000</td>
<td>828,500</td>
<td>1,191,000</td>
</tr>
</tbody>
</table>