Teekay Shipping

Teekay: The Marine Midstream Company

June 2004

NYSE: TK

www.teekay.com

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.

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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)

FIXED-RATE SEGMENT

Fixed-rate segment CFVO *	315
Multiple **	x 10
Total fixed-rate segment enterprise value	3,150
less: pro rata share of net debt	(1,410)
Equity value of fixed-rate segment	1,740
Fully diluted number of shares	86.6
Fixed-rate segment equity value / share	**$20.09**

LNG SEGMENT

LNG fixed-rate CFVO	80
Multiple ****	x 12
Total LNG segment enterprise value	960
less: pro rata share of net debt	(519)
Equity value of LNG segment	441
Fully diluted number of shares	86.6
LNG segment equity value / share	**$ 5.10**

SPOT SEGMENT

Book value of spot fleet + JVs	1,294
Multiple ***	x 1.6
Total spot-rate adjusted book value	2,070
less: pro rata share of net debt	(834)
Equity value of spot segment	1,237
Fully diluted number of shares	86.6
Spot segment equity value / share	**$14.29**

OTHER COMPANY ASSETS

Market Value - TORM shares	140
V.O.C. Equipment	81
Equity value of other items	221
Fully diluted number of shares	86.6
Other asset equity value / share	**$ 2.55**

$ 42.03
Combined Teekay Equity Value per Share

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

Share Value Matrix

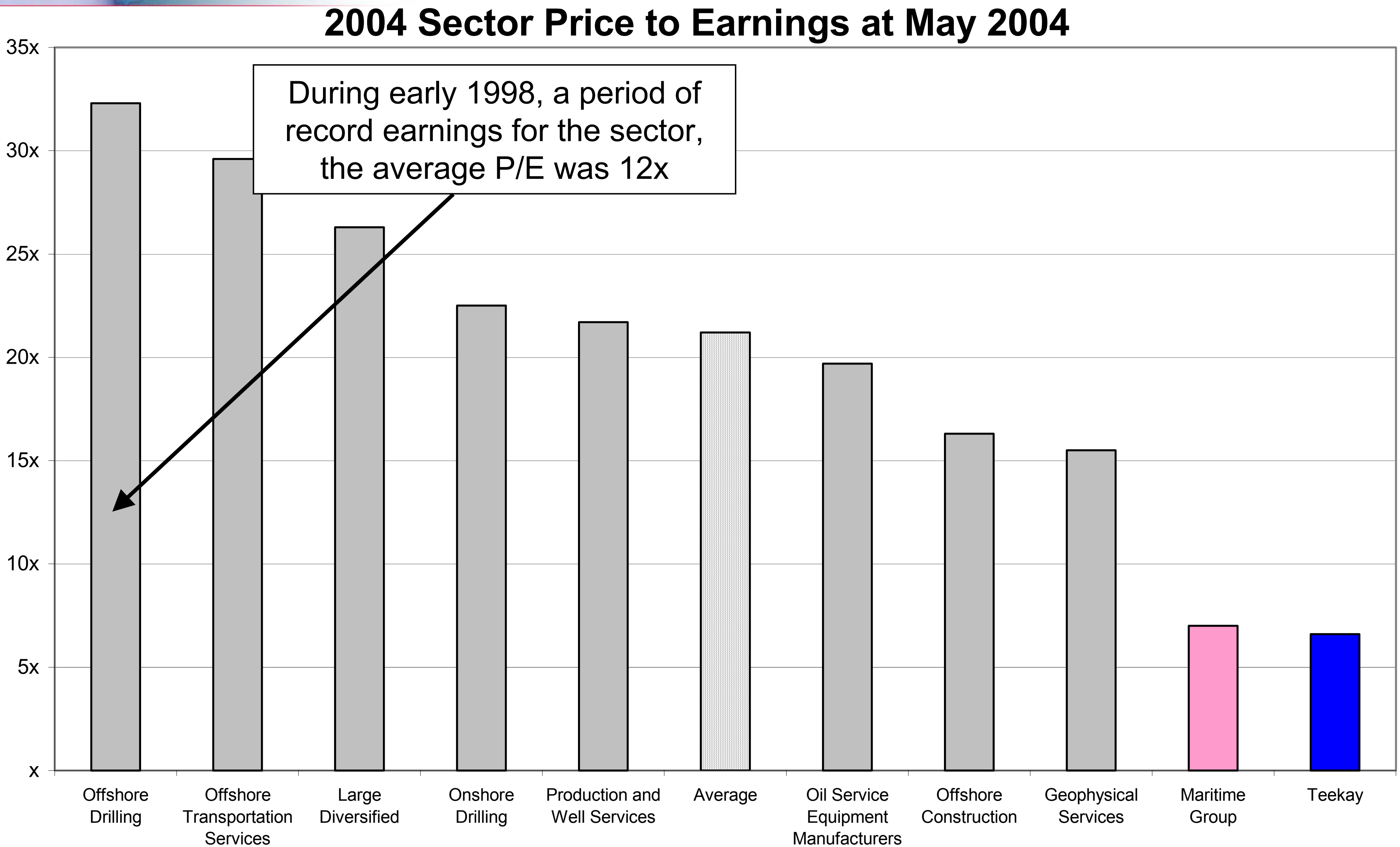
Stock Price Matrix *		Multiple of Spot Book Value 1.1x	1.2x	1.3x	1.4x	1.5x	1.6x	1.7x	1.8x	1.9x
Fixed Rate Segment CFVO Multiple	9	30.91	32.40	33.90	35.39	36.89	38.38	39.87	41.37	42.86
	10	34.55	36.04	37.53	39.03	40.52	42.03	43.51	45.01	46.50
	11	38.18	39.68	41.17	42.67	44.16	45.65	47.15	48.64	50.14

35.50

Value Gap of ~18% or $6.53 per share

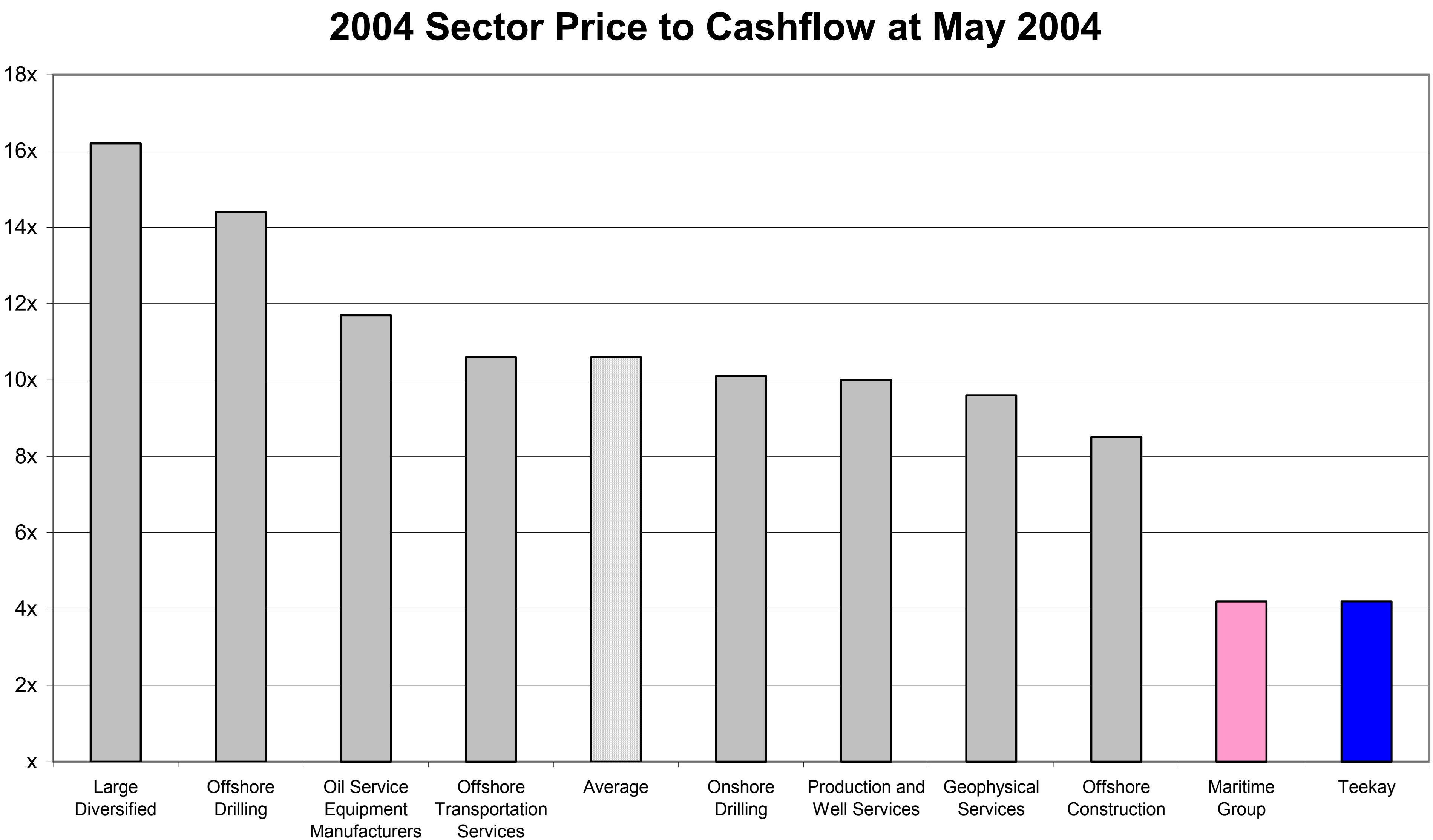
* Assumes LNG multiple held constant at 12x CFVO

P/E Multiple Comparisons



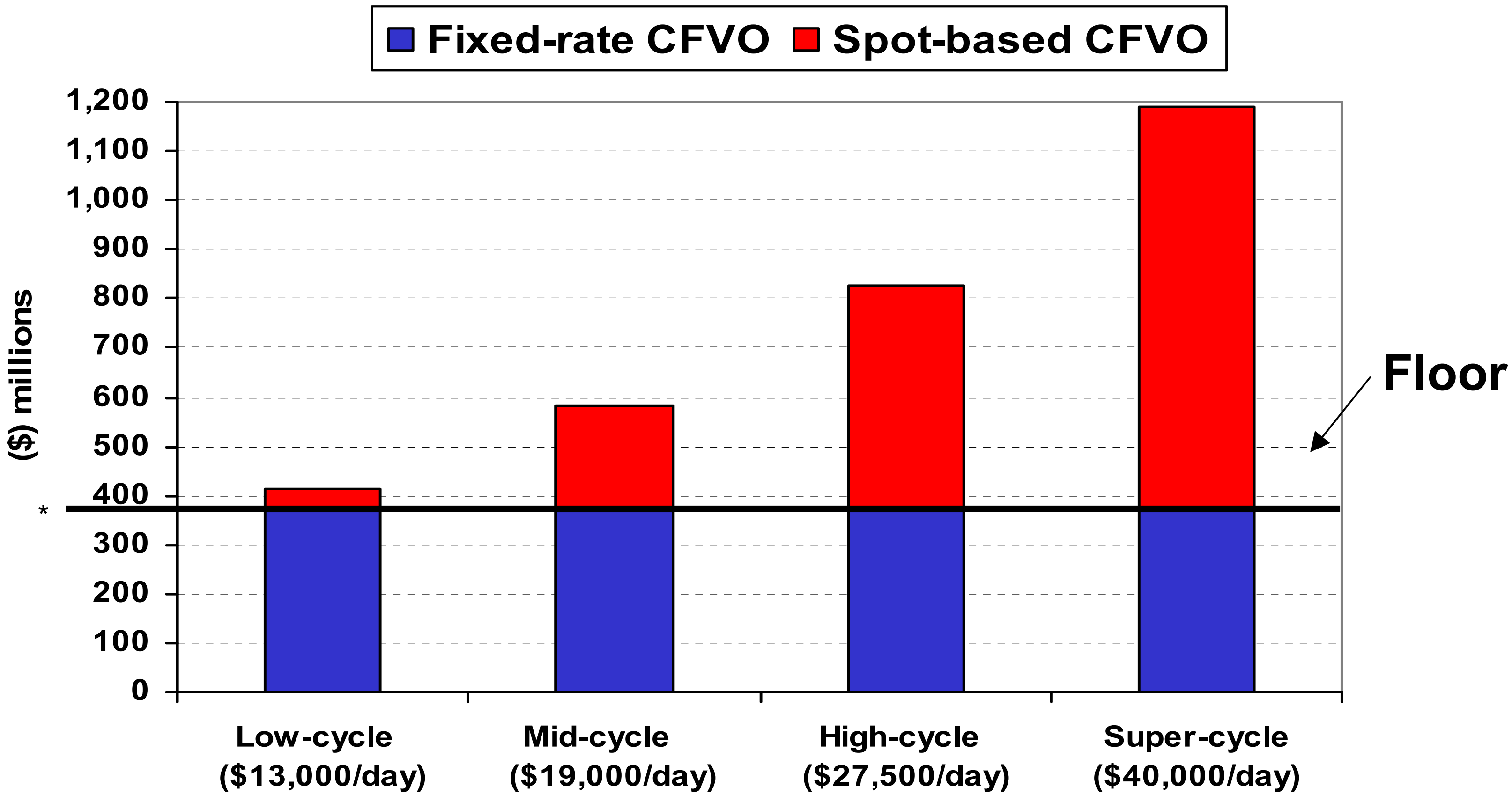
Source: Jefferies Consolidated Oil Service Monthly – May 2004

P/Cflow Multiple Comparisons



Source: Jefferies Consolidated Oil Service Monthly – May 2004

Complementary Businesses Create Cash Floor with No Ceiling



Proforma 2004 EPS	$0.27	$2.26	$5.09	$9.24

* Proforma 2004 CFVO annualized.

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

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

Pro Forma for Tapias acquisition	3/31/2004 ($ millions)
Cash	304
Debt	2,350
Net Debt	2,046
Shareholders Equity	1,921
Total Capitalization	3,967

	2001	2002	2003	Q1 2004 *
Net Debt / CFVO	1.4	3.1	2.3	2.3 **
Net Debt to Cap.	34%	37%	40%	48%

Liquidity

at Mar. 31, 2004	($ millions)
Total Revolving Credit Facilities	872
Undrawn Revolving Credit Facilities	482
Cash	304
Total cash and undrawn lines	786

Credit Ratings

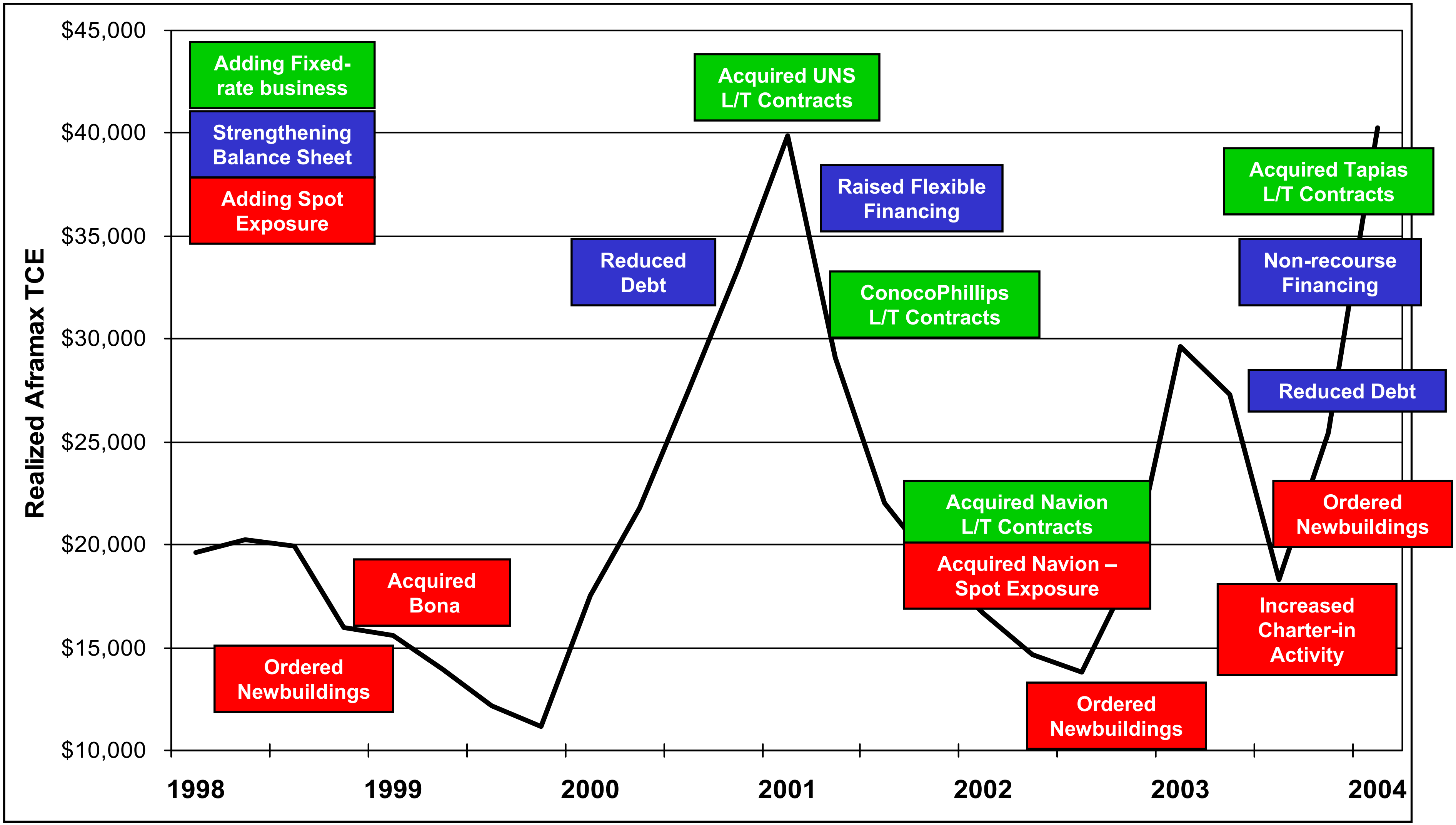
	Secured	Unsecured
Moody's	Ba1	Ba2
S&P	BB+	BB-

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

Disciplined Growth Strategy

	Spot	Fixed-Rate	
		Medium-Term	Long-Term
Typical Shipping Assets	Conventional Tankers	Conventional Tankers Shuttle Tankers Offshore Installations	Liquefied Natural Gas Carriers
Target Leverage Range	0-40%	up to 75%	up to 90%
Critical Investment Criteria	mid-cycle IRR > WACC and accretive to earnings	IRR > WACC accretive to earnings ROE 15% to 25%	
	counter-cyclical		

Actively Managing the Cycle

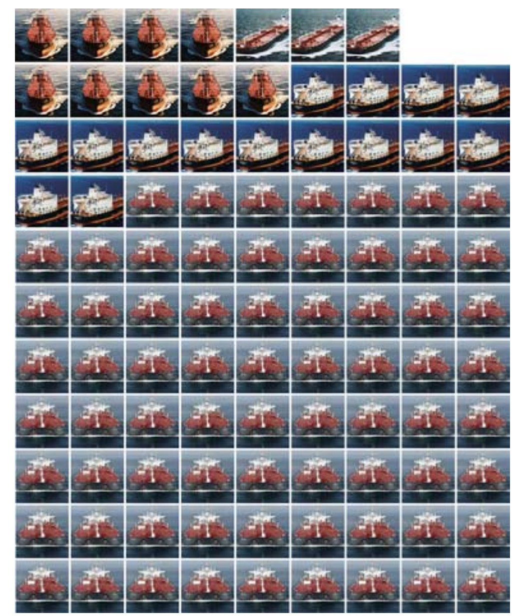


Teekay's Spot Tanker Fleet Doubled in 5 Years

16% CAGR

46 Spot-rate Vessels

1998



98 Spot-rate Vessels

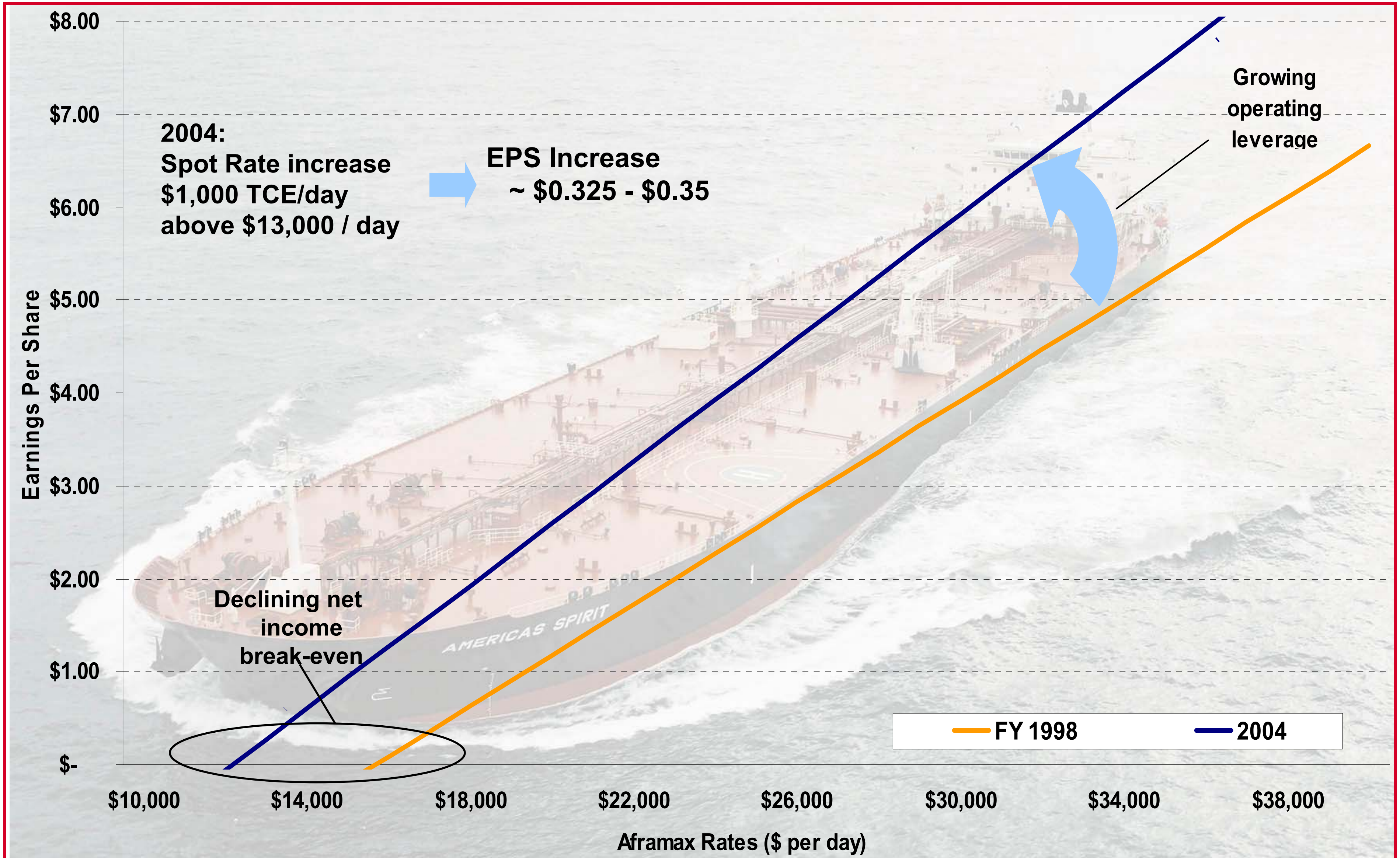
TODAY

Including N/Bs and in-chartered vessels

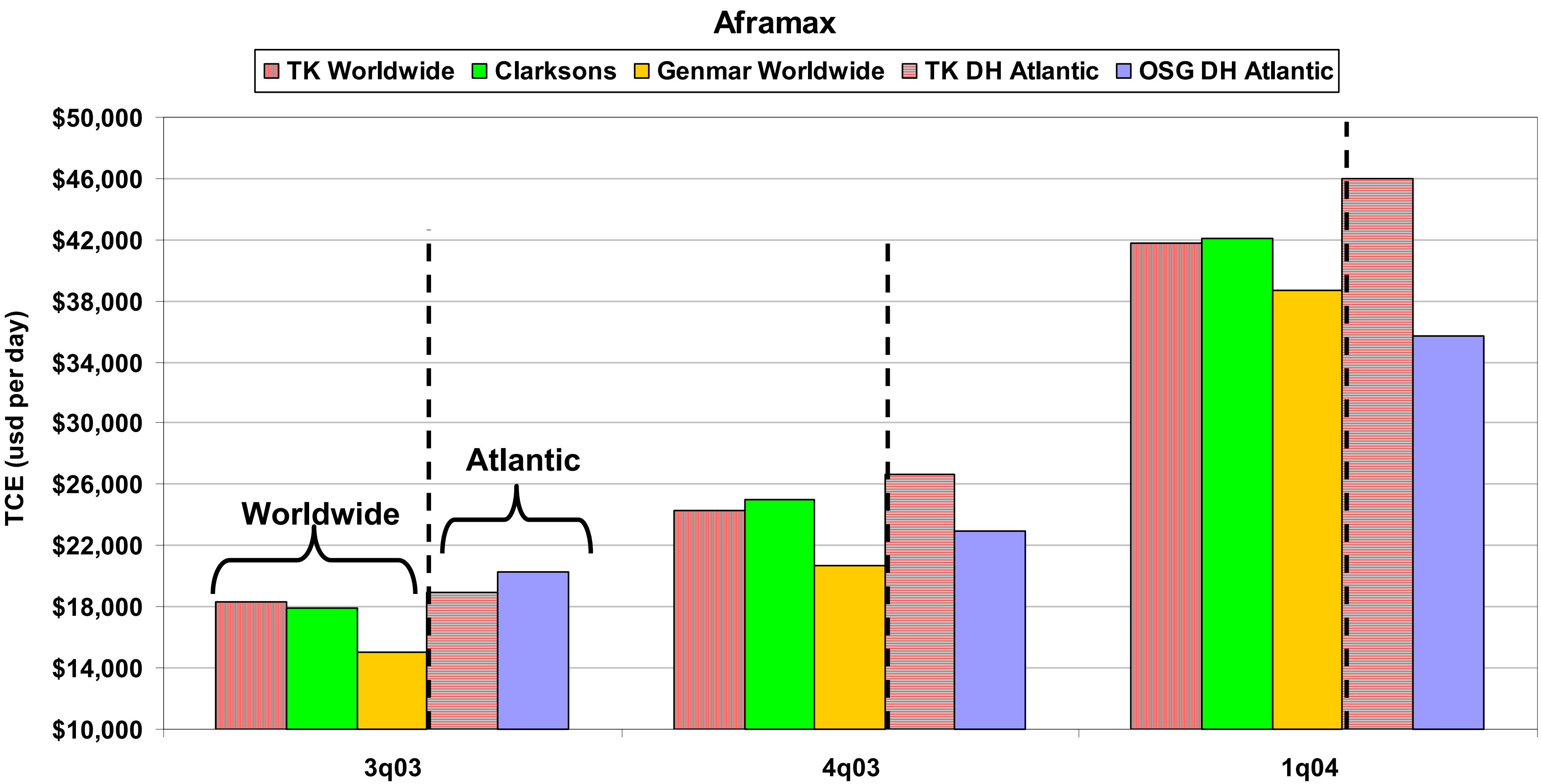
Spot Segment: Results to Date

- 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



Teekay's Aframax Fleet Outperforms Its Peers

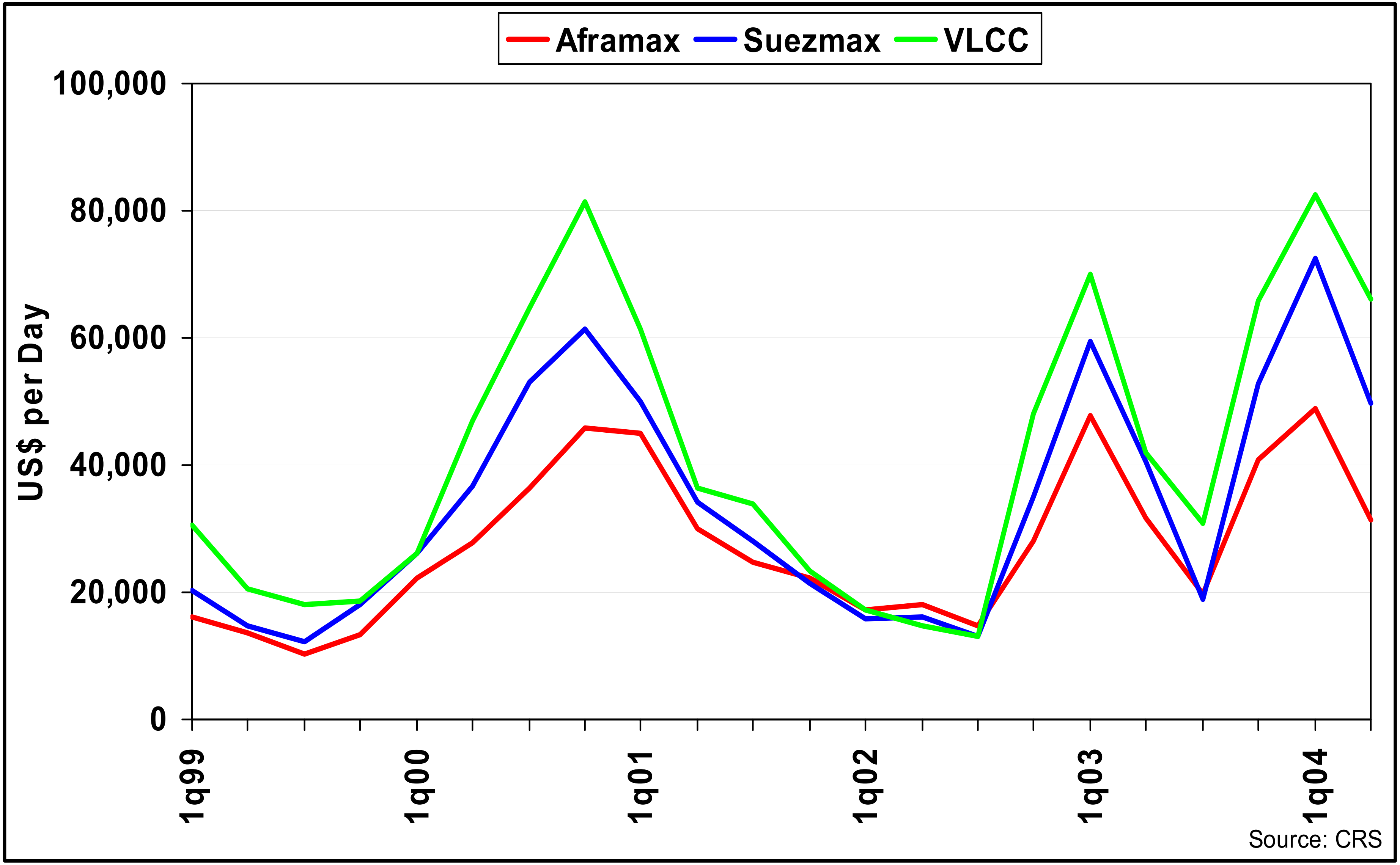


With ROIC >50% for Q1 2004, Teekay's spot fleet outperformed all peers

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

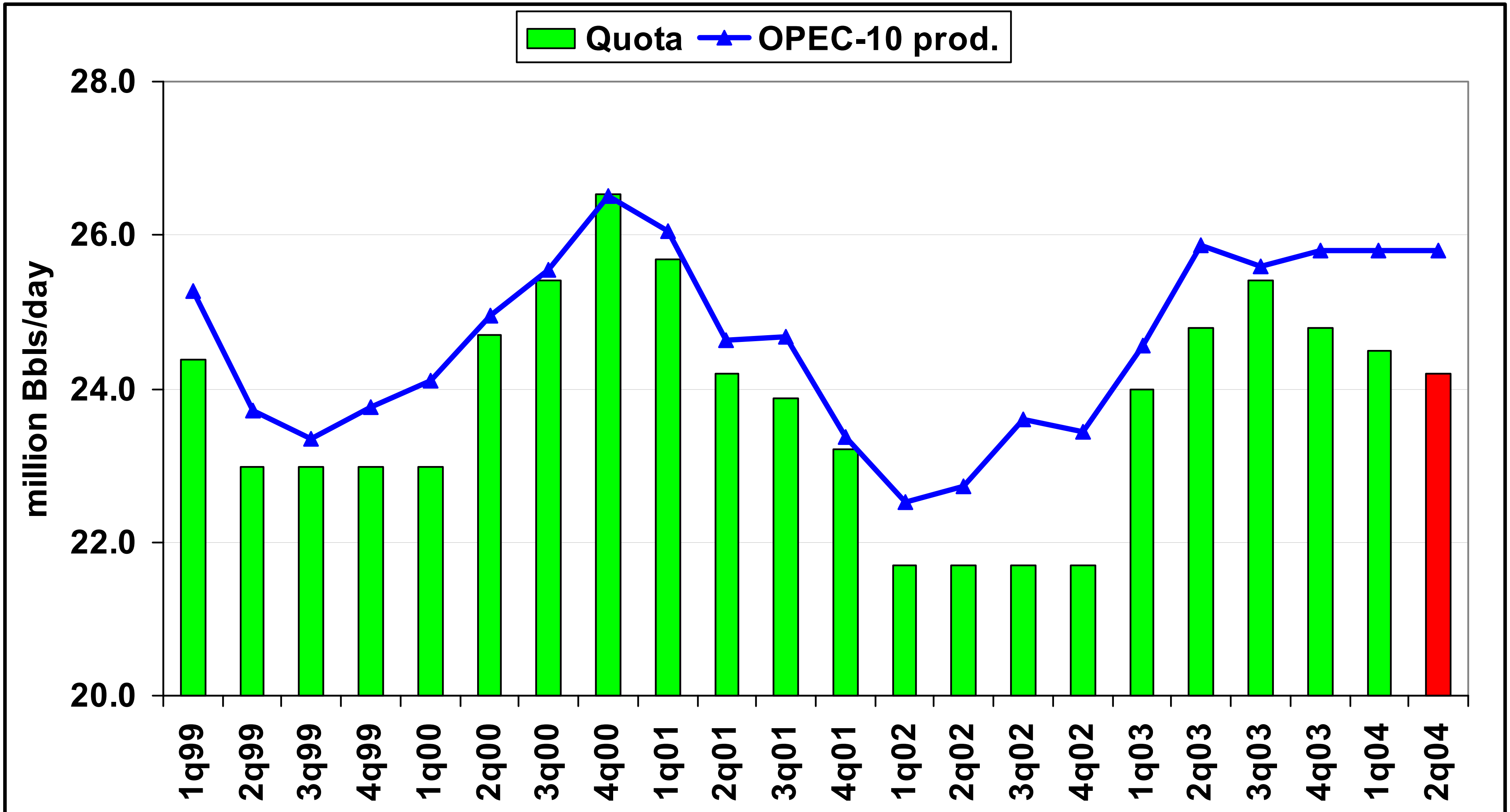
Tanker Spot Rates



OPEC Declares War On Seasonality

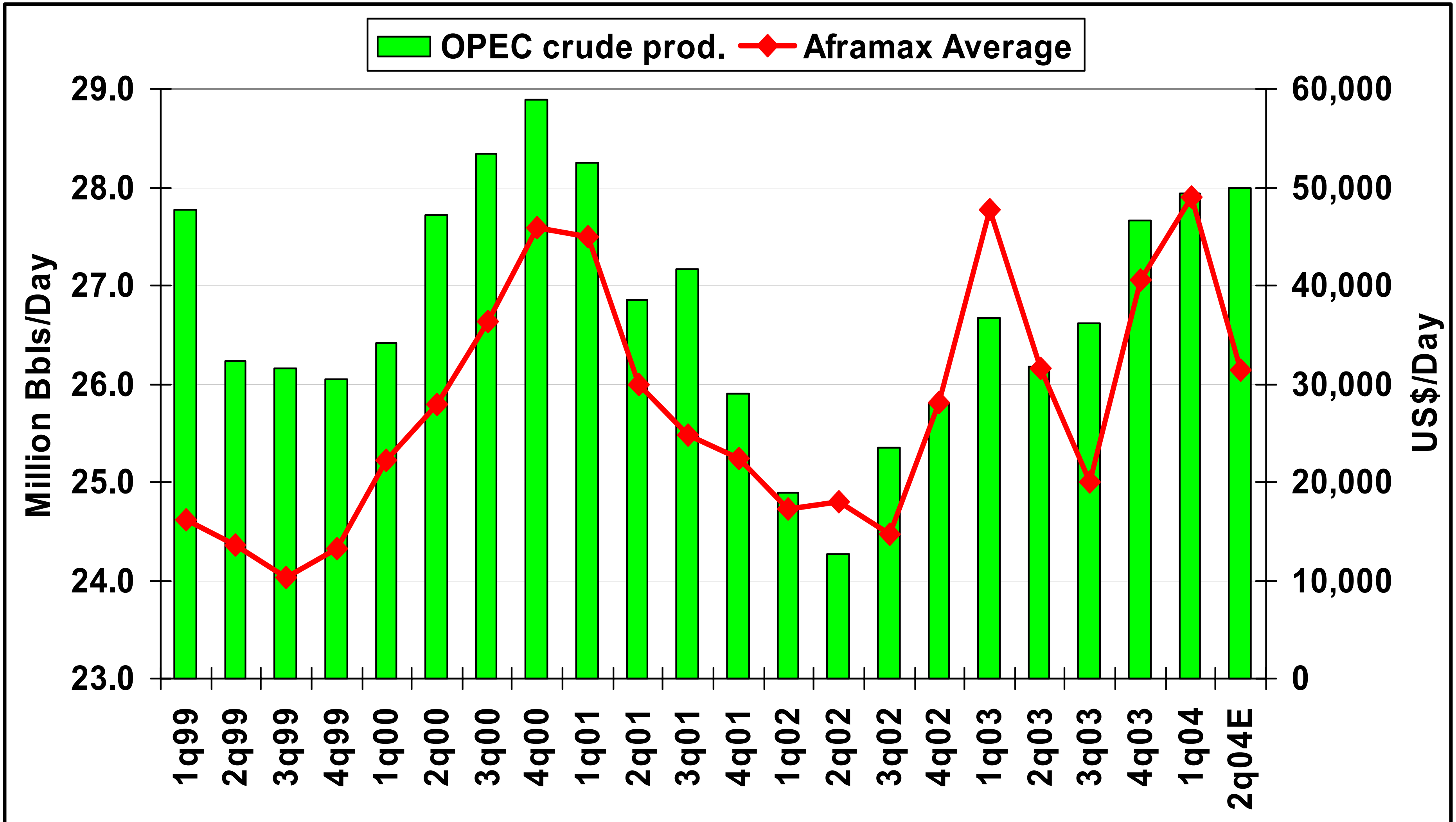
- Demand decline in 2q04 not as steep as in 2q03
- High oil prices - May WTI > $40/barrel. Oil price easing in early June as key Middle East producers increase production
  - Volatility in the Persian Gulf
  - Iraq
  - Strong demand
  - Speculators
- OPEC raises quotas by 2.0 mb/d effective June 01, 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 Quotas vs. Production



Source : IEA

OPEC Crude Output vs. Aframax TCE



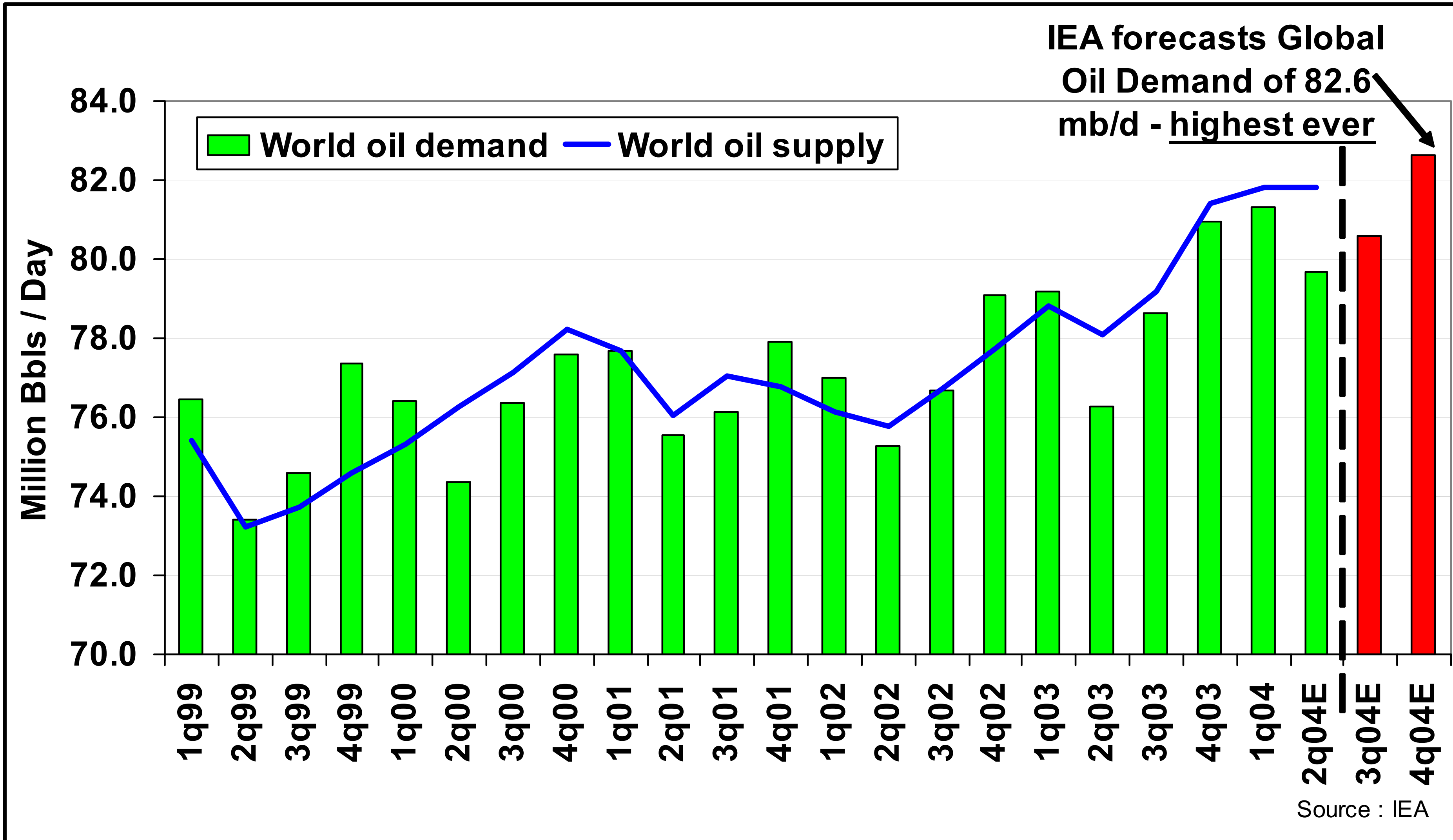
Source : IEA/CRS

Tanker Demand for 2004

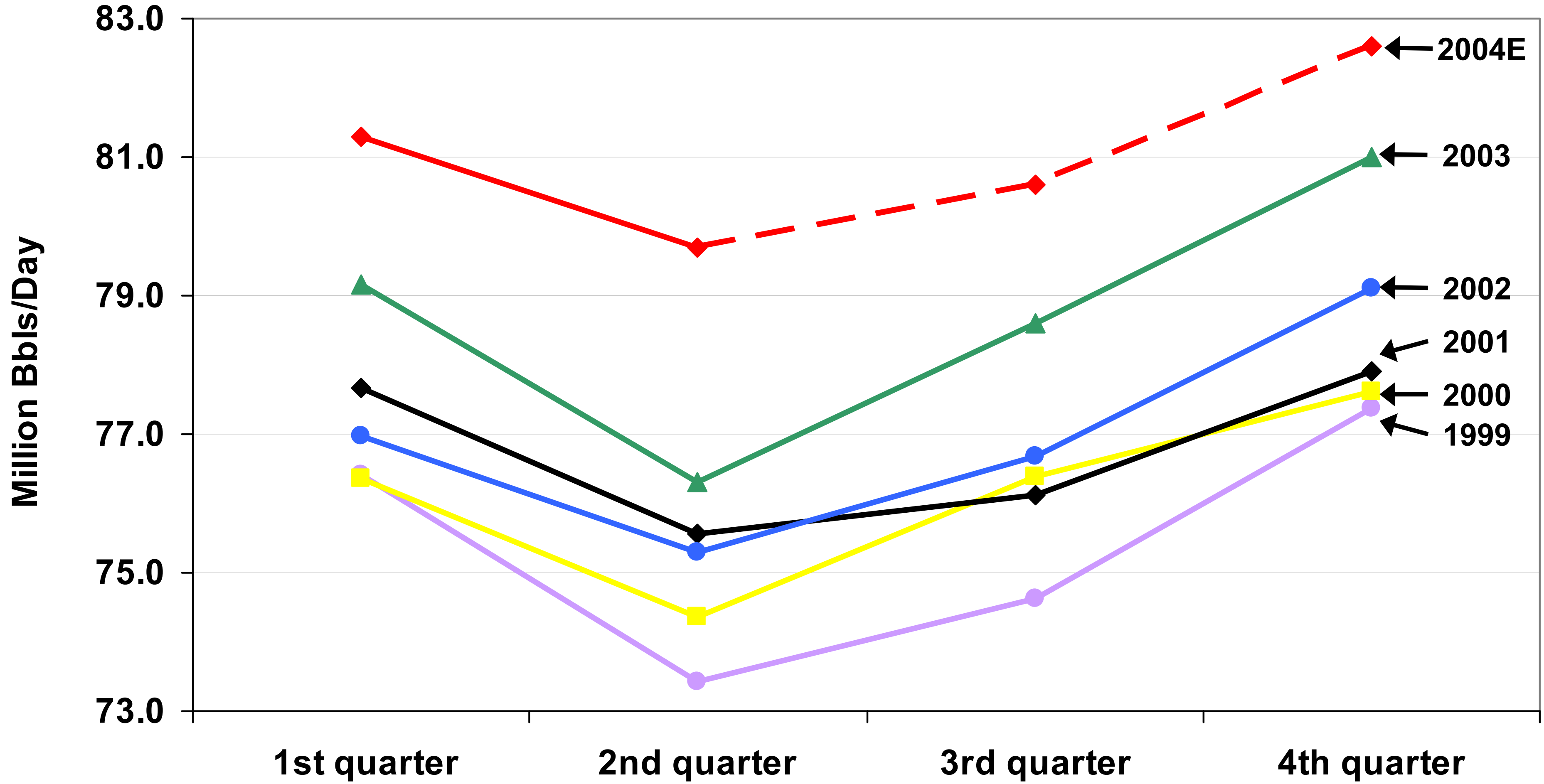
- OIL DEMAND
  - Global oil demand growth forecast to grow by 2.9% in 2004; the highest in 23 years. This translates into over 5% growth in Tanker Demand
  - Oil demand growth led by strong economic growth in Asia (China) and US
  - Increased ME Gulf production and Asian demand for sweet West African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

World Oil Demand vs. Supply

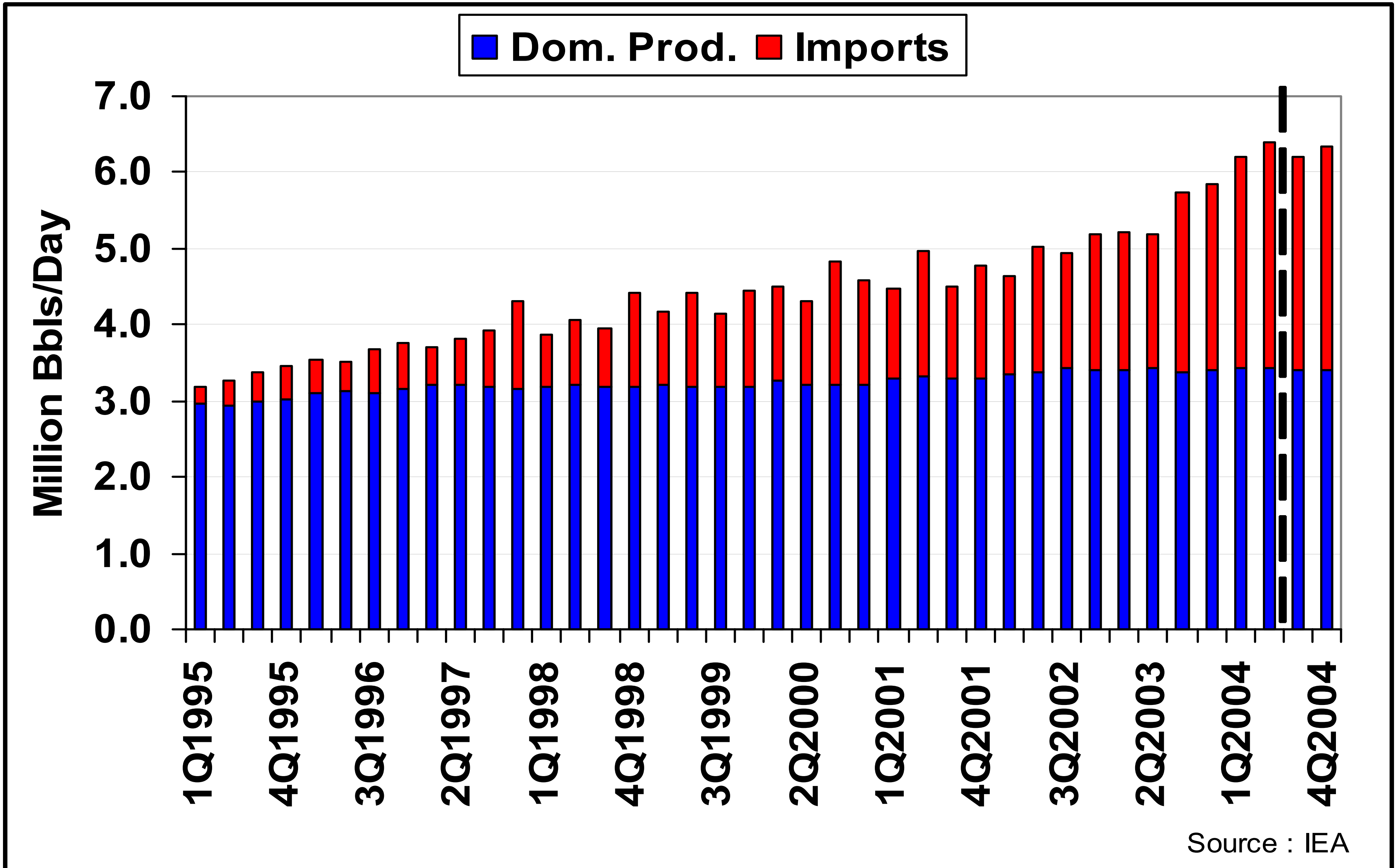


Global Oil Demand – Growing Stronger Every Year

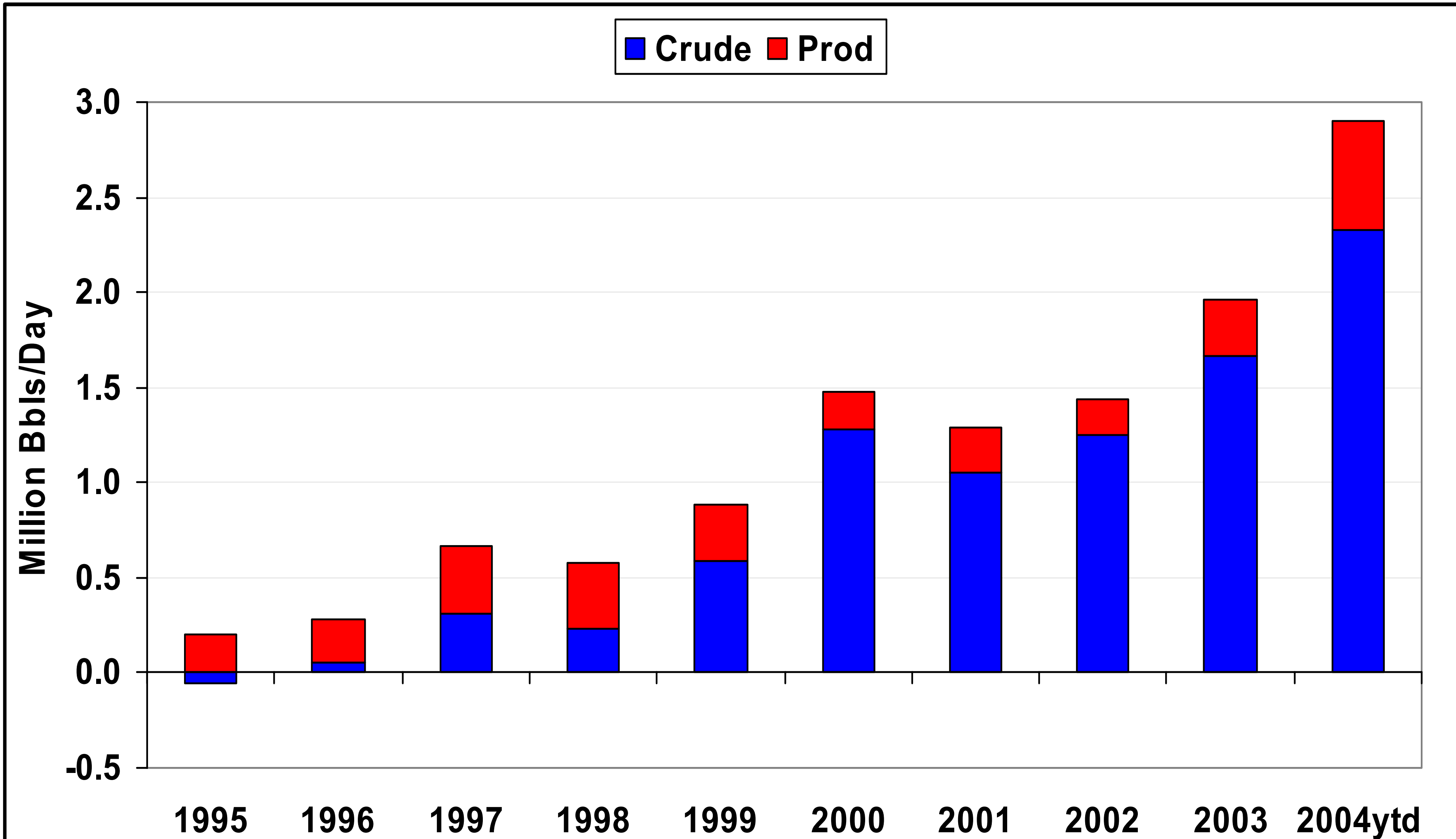


Source : IEA

China Oil Demand

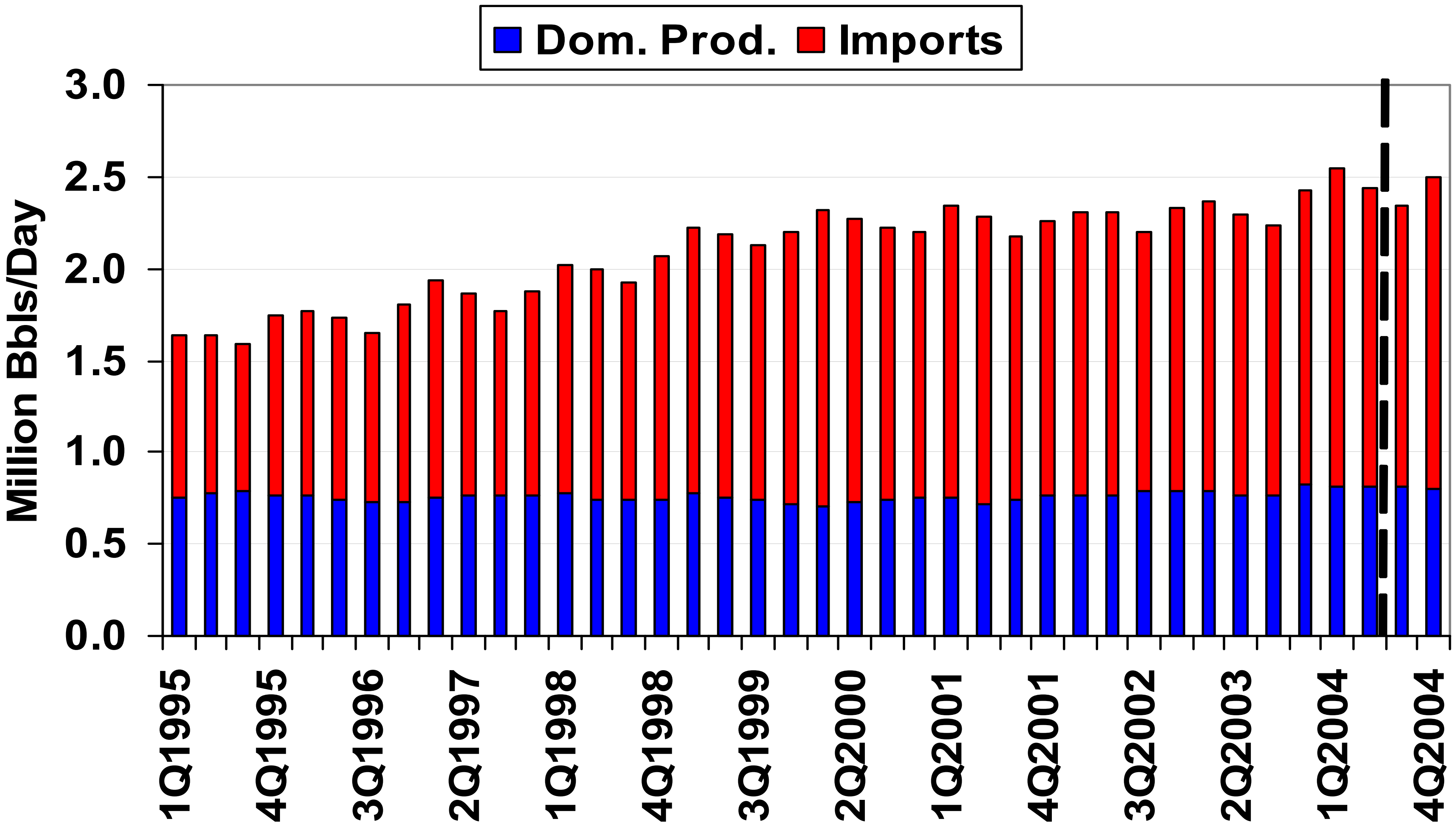


Chinese Net Oil Imports



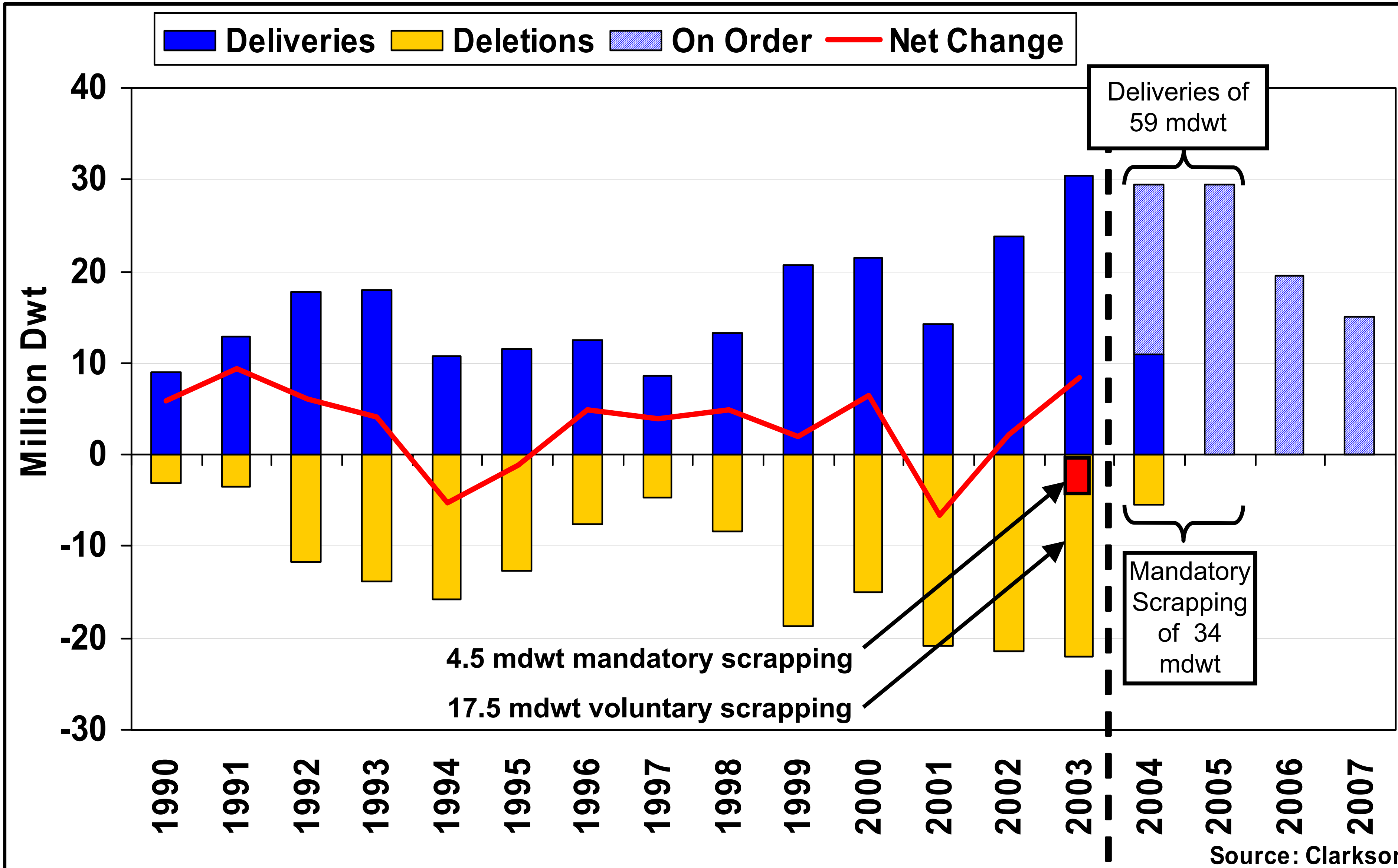
Source : Chinese Customs

India Oil Demand



Source : IEA

Tanker Supply



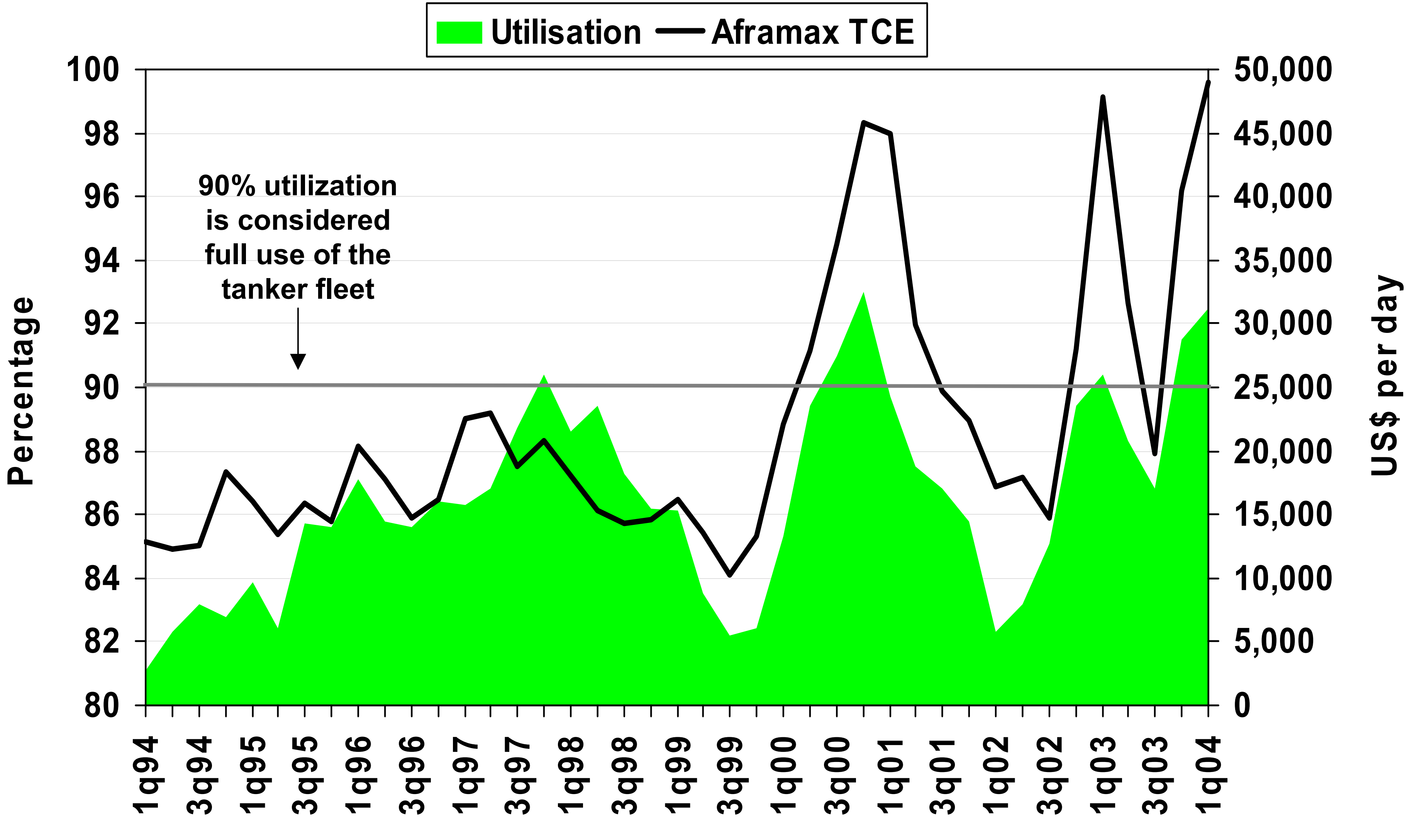
World Tanker Supply / Demand Balance to Remain Tight Through 2006

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

* excludes any voluntary scrapping

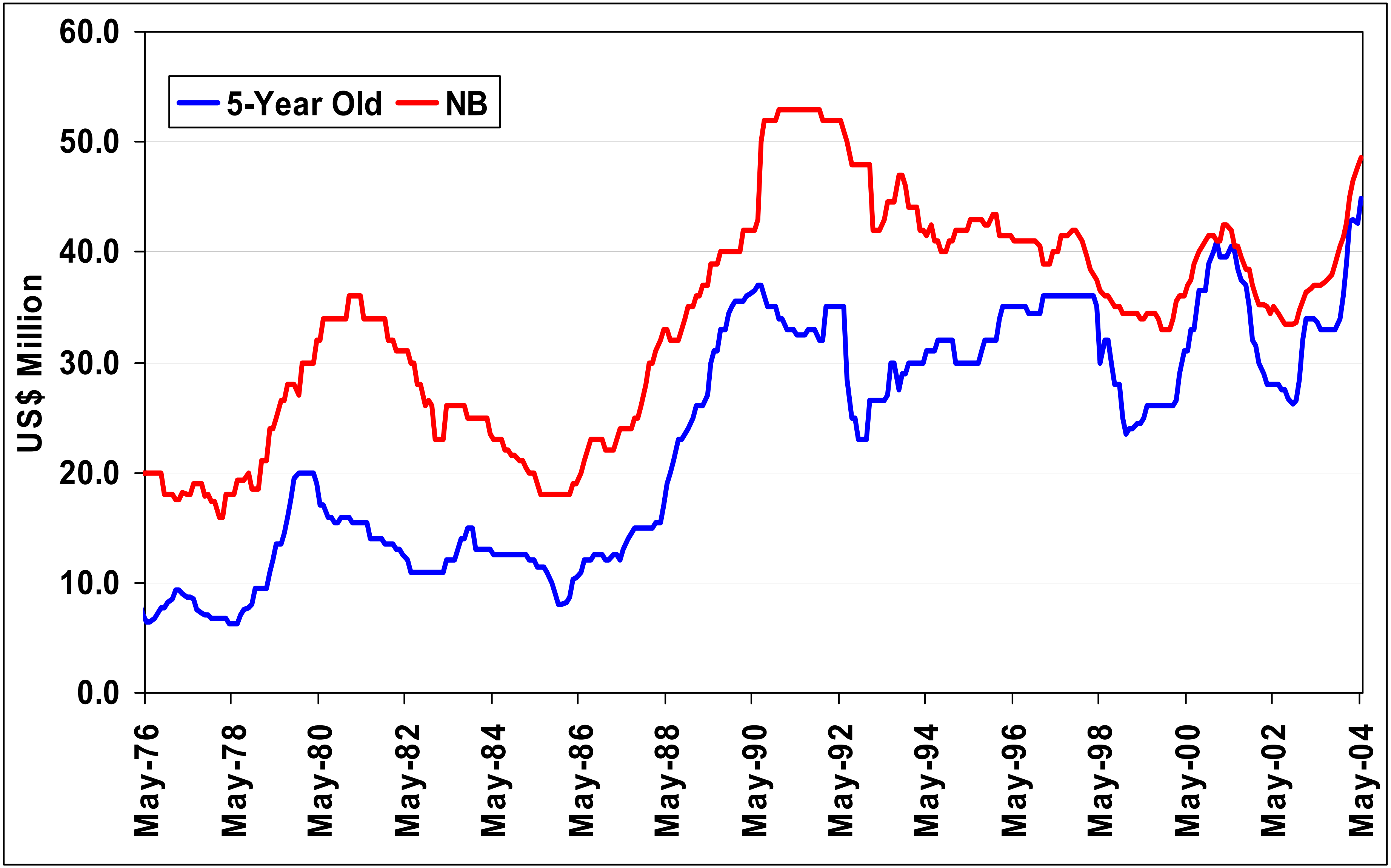
** Based on:	2004/2005	2006
Oil Demand Growth (p.a.)	2.6%	2%
Tanker Demand Growth (p.a.)	4.6%	3.5%

Tanker Utilisation vs. Aframax TCE



Source: Platou / CRS

Aframax Values



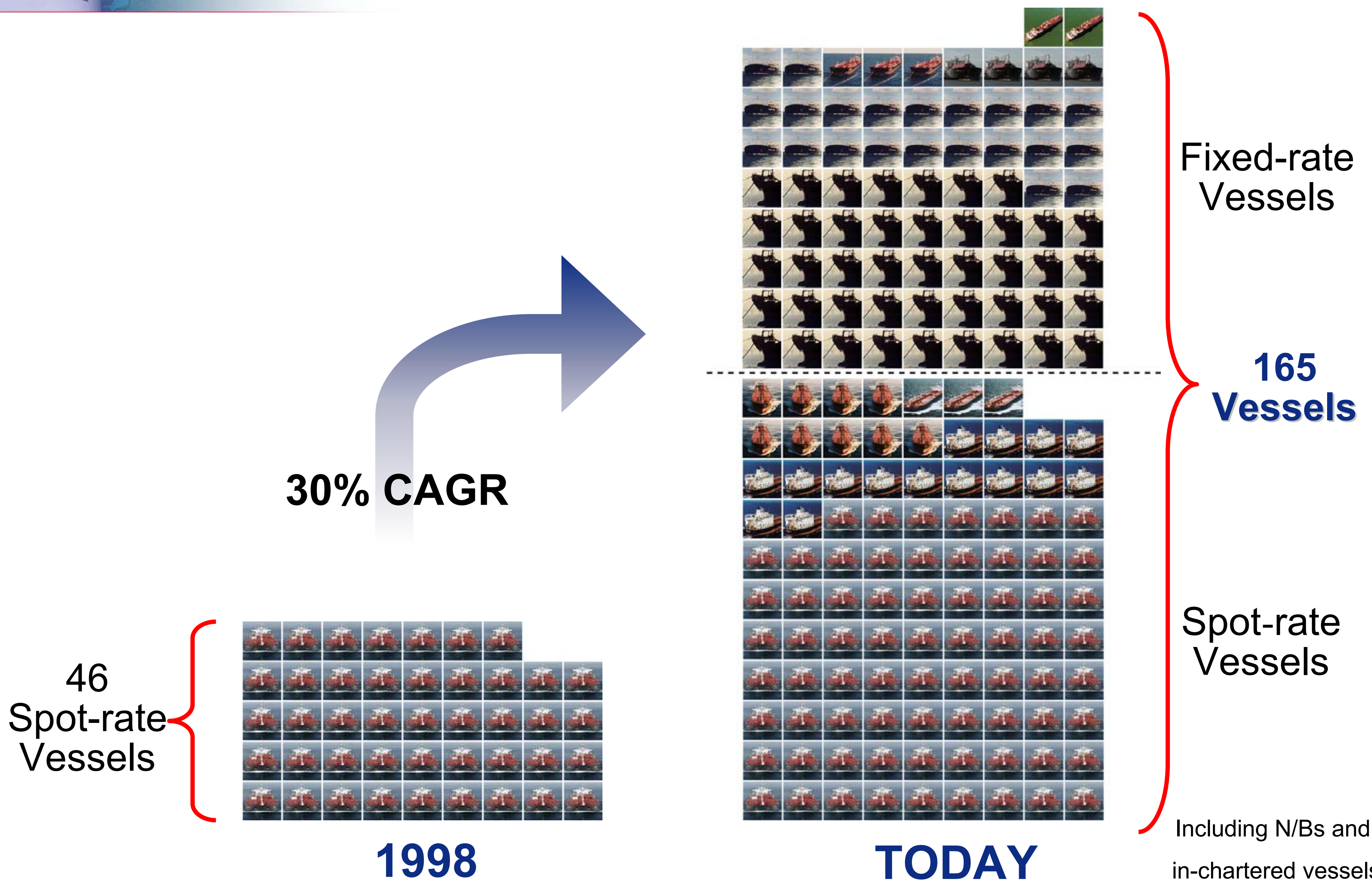
Tanker Market Conclusion

- 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



LNG Economics

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

TCE		$65,000 - $70,000 / day
less: OPEX		$11,500 - $12,500 / day
Bareboat Rate		$53,500 - $57,500 / day

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

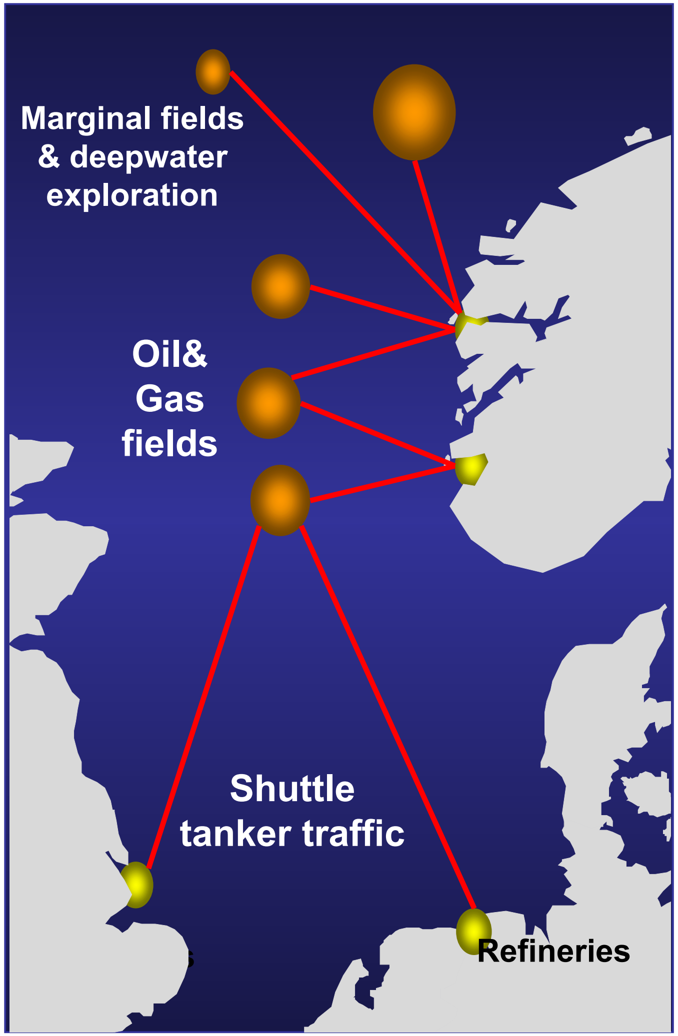
Significant Growth Potential in Offshore Oil:

- 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

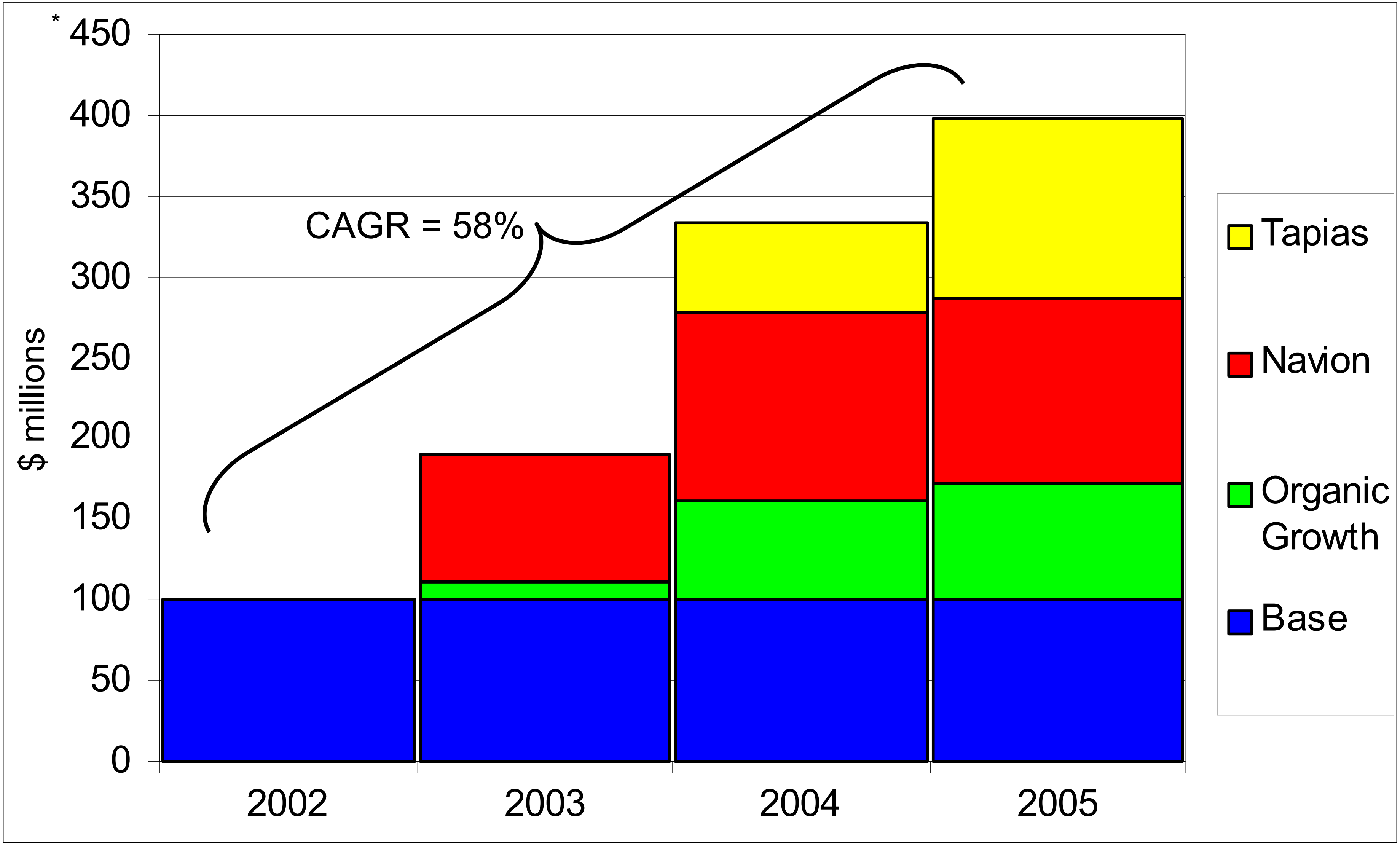
Shuttle Market has Attractive Characteristics

- **Sophisticated technology with barriers to entry**
- **Economies of scale required for efficient scheduling**
- **Significant long-term stable cash flow**
- **High profitability**

The North Sea



Quantum Leap in Fixed-rate Segment Cash Flow

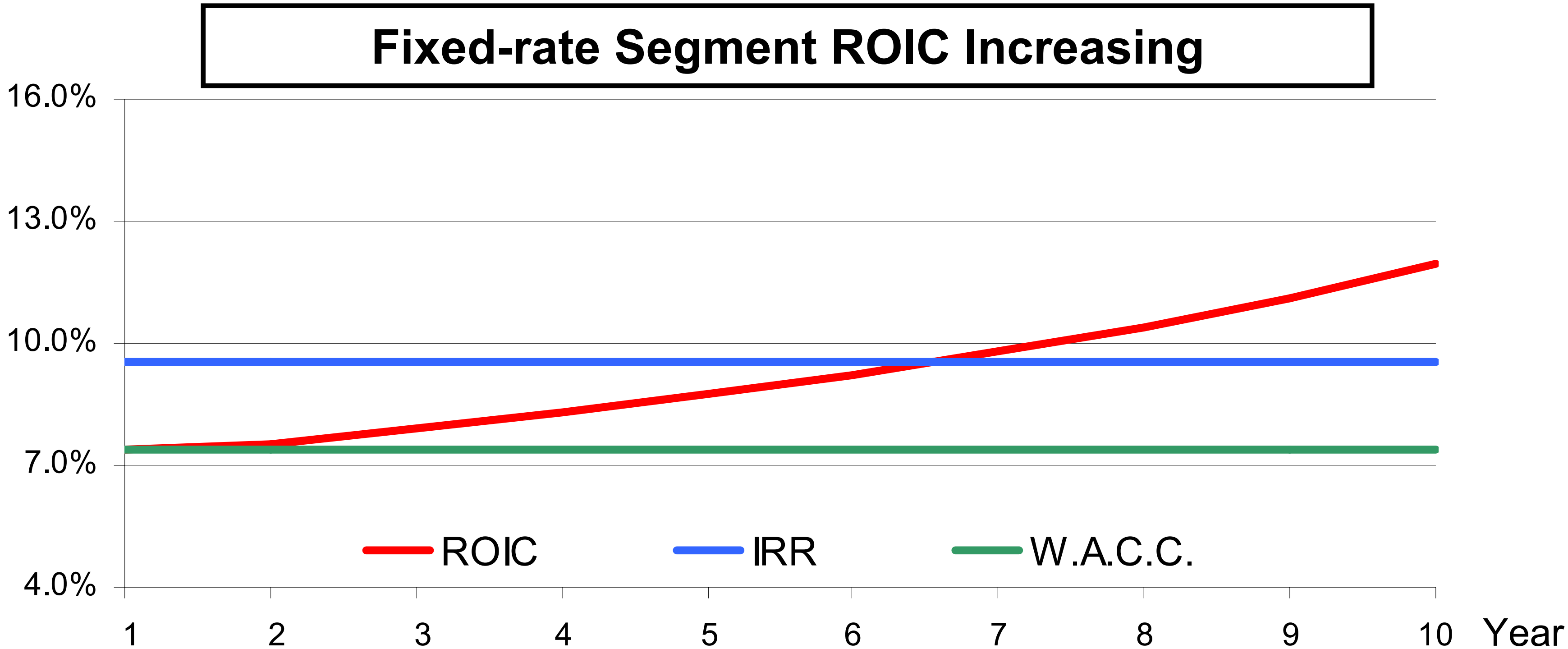


* Long-term fixed-rate cash flow from vessel operations

Teekay Fixed-rate Segment Returns Analysis

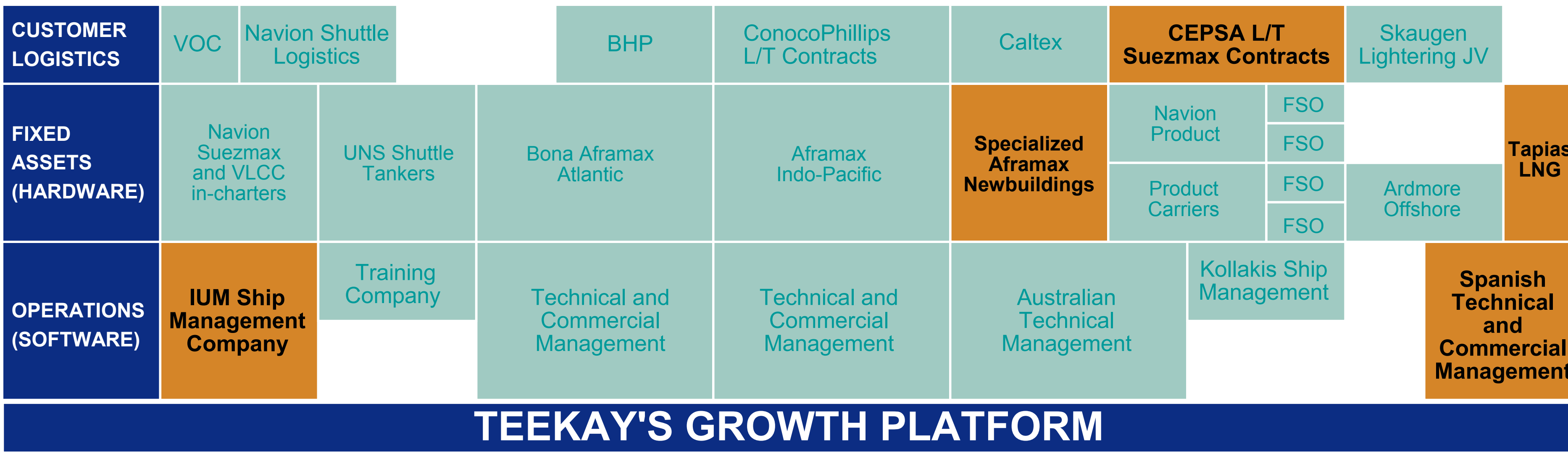
Teekay's fixed-rate contract fleet is projected to have a cash-on-cash return of over 13%

Q1 2004		
	Capital Invested	ROIC
Fixed-rate Segment	$1.84 billion	8%



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

Building the Platform



Building the Platform

….plus organic growth in each segment throughout this period

CUSTOMER LOGISTICS	VOC	Navion Shuttle Logistics		BHP	ConocoPhillips L/T Contracts	Caltex	CEPSA L/T Suezmax Contracts	Skaugen Lightering JV	
FIXED ASSETS (HARDWARE)	Navion Suezmax and VLCC in-charters	UNS Shuttle Tankers	Bona Aframax Atlantic	Aframax Indo-Pacific	Specialized Aframax Newbuildings	Navion Product; Product Carriers	FSO; FSO; FSO; FSO	Ardmore Offshore	Tapias LNG
OPERATIONS (SOFTWARE)	IUM Ship Management Company	Training Company	Technical and Commercial Management	Technical and Commercial Management	Australian Technical Management	Kollakis Ship Management		Spanish Technical and Commercial Management	

TEEKAY'S GROWTH PLATFORM

Building the Platform

CUSTOMER LOGISTICS	The Teekay Marine Midstream Platform
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

	Number of Vessels			
	Owned Vessels	**Chartered-in Vessels**	**Newbuildings on Order**	**Total**
Spot Tanker Fleet:				
VLCC's	1	2	-	3
Suezmaxes	4	5	1	10
Aframaxes	43	15	12	70
Large Product Tankers	-	5	-	5
Small Product Tankers	-	10	-	10
Total Spot Tanker Fleet	48	37	13	98
Long-term Fixed-Rate Contract Fleet:				
Shuttle Tankers	29	13	1	43
Conventional Tankers	11	-	4	15
Floating Storage & Offtake ("FSO") Vessels	3	-	-	3
LNG Carriers	2	-	2	4
LPG / Methanol Carriers	1	1	-	2
Total Long-Term Fixed-Rate Contract Fleet	46	14	7	67
Total	94	51	20	165

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.

Reconciliation of Cash flow from vessel operations from fixed-rate long-term contracts ($000s)	Year Ended Dec. 31, 2002	Year Ended Dec. 31, 2003
Actual		
Income from vessel operations	56,863	105,007
Depreciation and Amortization	43,889	84,863
Cash flow from vessel operations	100,752	189,870

	Year Ended Dec. 31, 2004	Year Ended Dec. 31, 2005
Projection		
Income from vessel operations	201,000	245,000
Depreciation and Amortization	135,000	155,000
Cash flow from vessel operations	336,000	400,000

	Low Cycle $13,000/day	Mid-Cycle $19,000/day	High-Cycle $27,500/day	Super-Cycle $40,000/day
Projection				
Income from vessel operations	174,000	344,000	588,500	951,000
Depreciation and Amortization	240,000	240,000	240,000	240,000
Cash flow from vessel operations	414,000	584,000	828,500	1,191,000