

TEEKAY SHIPPING CORPORATION

Teekay's First Quarter 2007 Earnings Presentation

May 10, 2007



TEEKAY – THE MARINE MIDSTREAM COMPANY®

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: Teekay's planned acquisition of OMI Corporation; the proposed offering, the effects thereof and the timing of filing a registration statement relating to the offering; the Company's future growth prospects; tanker market fundamentals, including the balance of supply and demand in the tanker market, and spot tanker charter rates; expected demand in the offshore oil production sector and the demand for vessels; the Company's future capital expenditure commitments and the financing requirements for such commitments; the timing of newbuilding deliveries; the commencement of charter contracts; and the level of OPEC oil production. 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: the potential inability of Teekay in acquiring OMI; conditions in the United States capital markets; changes affecting the conventional tanker market; and the need for the SEC to declare effective a registration statement relating to the offering; 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 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; conditions in the United States capital markets, particularly those affecting valuations of master limited partnerships; shipyard production delays; the Company's future capital expenditure requirements; the Company's, Teekay LNG's and Teekay Offshore's potential inability to raise financing to purchase additional vessels; 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, 2006. 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.

First Quarter Highlights

- ▶ 1q07 net income of \$76.4m, or \$1.02 per share
(including specific items which decreased net income by \$7.4m, or \$0.10 per share)
 - ▶ Generated cash flow from vessel operations of \$180.5m, of which \$116.8m, or 65% from fixed-rate businesses
- ▶ Announced planned acquisition of 50% of OMI Corporation for \$1.1 billion
- ▶ Announced plan to create a new publicly-listed entity for conventional tanker business, “Teekay Tankers”

Developments in Teekay's Offshore Segment

- ▶ 1q07 CFVO of \$67.0 million, up from 4q06 due to consolidation of five 50% owned shuttle tankers
- ▶ At the end of 1q07, two tankers undergoing conversion to shuttle tankers and one FSO being upgraded
 - ▶ Delivery in 2nd quarter 2007
 - ▶ To be offered to Teekay Offshore Partners within one year of delivery
- ▶ Petrojarl is performing well
 - ▶ Existing FPSOs operating satisfactorily
 - ▶ Conversion of Siri FPSO on schedule
 - ▶ Hired FPSO veteran as new CEO



Developments in Teekay's Liquefied Gas Segment

- ▶ 1q07 CFVO of \$25.8 million compared to \$19.9 million in 4q06 due to delivery of the RasGas II vessels
- ▶ Second and third RasGas II LNG carriers commenced 20-year fixed-rate time charter on January 2 and February 27, 2007, respectively
- ▶ All RasGas II vessels delivered ahead of schedule and on budget
- ▶ Late in 1q07 a Teekay LNG carrier was taken out of service for engine repairs – estimated 2q07 impact is approximately \$5m



Developments in Teekay's Conventional Tanker Segments

▶ Fixed-rate Tanker Segment:

- ▶ 1q07 CFVO of \$24.0 million compared to \$25.1 million in 4q06

▶ Spot crude oil and clean product tanker segment:

- ▶ 1q07 CFVO of \$63.7 million compared to \$54.2 million in 4q06 as a result of higher TCE rates for Suezmax and Aframax tankers
- ▶ 2q07: 50% of spot Aframax days booked @ \$35,000 per day
- ▶ Fleet changes during 1q07:
 - ▶ 1 in-chartered Suezmax joined the fleet
 - ▶ 1 in-chartered small product tanker left the fleet
 - ▶ 2 newbuild LR 2 product tankers joined the fleet in 1q07. Remaining vessel delivered on May 7, 2007.
 - ▶ Sale/leaseback of 2 1993/1994 built, double hull Aframax in 2q07

OMI Acquisition

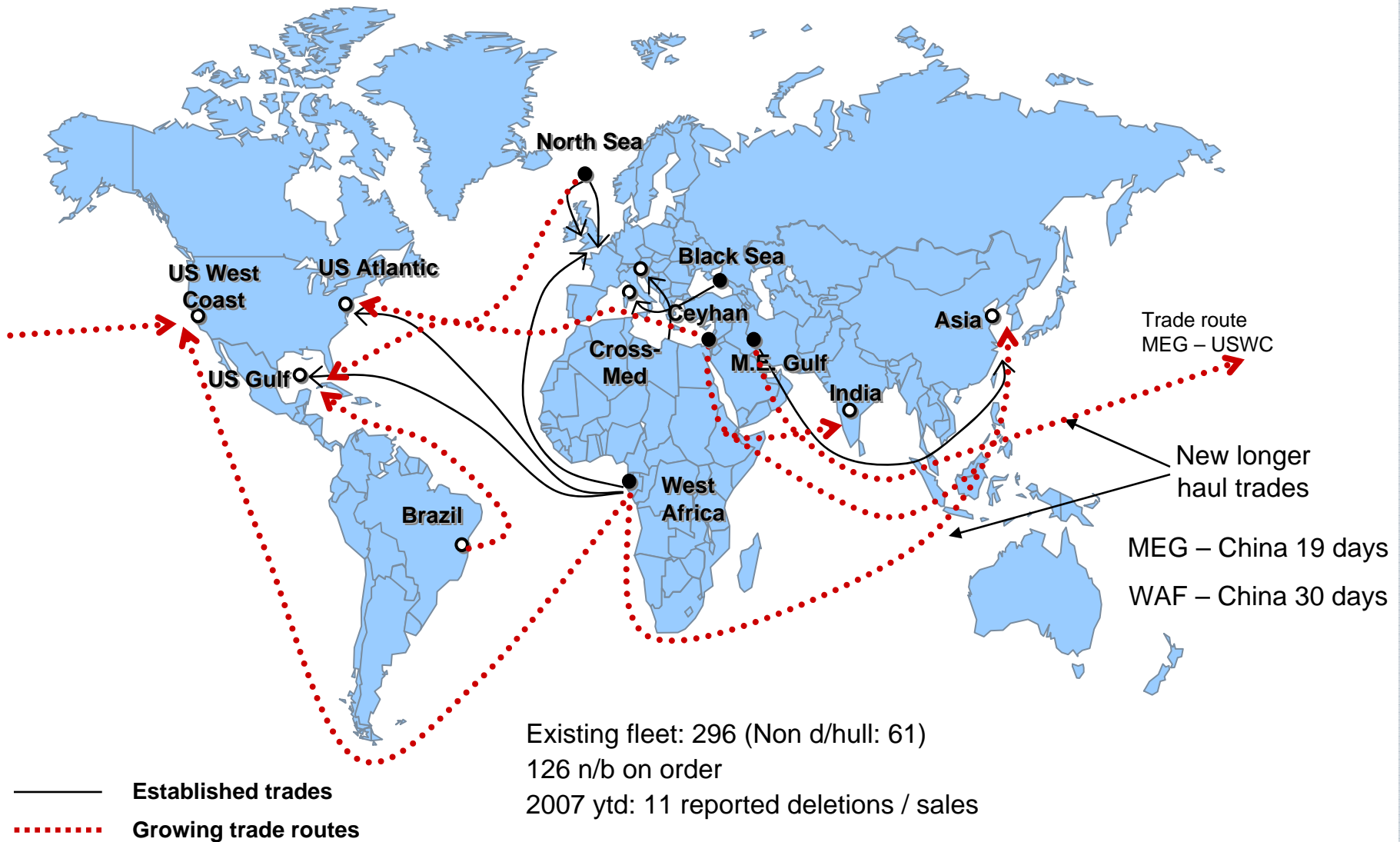
- ▶ On April 17, Teekay and TORM announced definitive agreement to acquire OMI for \$29.25 per share - total cost of \$2.2 billion
- ▶ Tender offer launched on April 27; expected to close May 25
- ▶ Investment Highlights:
 - ▶ The addition of OMI's 20* Suezmaxes, consolidates Teekay's position as the clear market leader in medium size crude tankers
 - ▶ Adds 8 vessels to Teekay's growing product tanker franchise
 - ▶ Expect significant synergies with existing crude tanker business and expect acquisition to be accretive to earnings by 10% in 2008**
 - ▶ Majority of fleet is fixed for avg. 2 years, however upside potential from profit sharing, spot presence (3 ships) and purchase options
 - ▶ Supports plan to carve-out conventional tankers into separate publicly-listed entity ("Teekay Tankers")



*includes 7 owned, 6 in-chartered and 7 commercially managed Suezmaxes

** Estimate based on EPS "rule of thumb" assuming average Aframax TCE rate of \$35,000/day and spot Suezmax TCE rate of \$45,000/day

Strong Suezmax Tanker Fundamentals



Financial Discussion



TEEKAY – THE MARINE MIDSTREAM COMPANY®

Segment Operating Results

(in thousands of U.S. dollars)	<u>Three Months Ended March 31, 2007</u>				
	(unaudited)				
	Offshore Segment	Fixed-Rate Tanker Segment	Liquefied Gas Segment	Spot Segment	Total
Net voyage revenues	220,149	44,029	37,472	157,806	459,456
Vessel operating expenses	62,714	11,690	6,458	16,579	97,441
Time-charter hire expense	41,317	3,837	-	53,347	98,501
Depreciation & amortization	45,722	8,468	10,794	14,279	79,263
Cash flow from vessel operations*	67,023	24,026	25,815	63,660	180,524

Avg. Aframax TCE: \$36,904

(in thousands of U.S. dollars)	<u>Three Months Ended December 31, 2006</u>				
	(unaudited)				
	Offshore Segment	Fixed-Rate Tanker Segment	Liquefied Gas Segment	Spot Segment	Total
Net voyage revenues	218,280	46,187	29,111	149,753	443,331
Vessel operating expenses	67,019	11,783	4,587	16,095	99,484
Time-charter hire expense	43,170	4,309	-	55,068	102,547
Depreciation & amortization	43,524	8,136	8,938	12,877	73,475
Cash flow from vessel operations	60,768	26,047	19,867	54,322	161,004

Avg. Aframax TCE: \$34,789

* Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense and vessel write-downs/(gain) loss on sale of vessels. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. See the Company's web site at www.teekay.com for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

Summary Income Statement

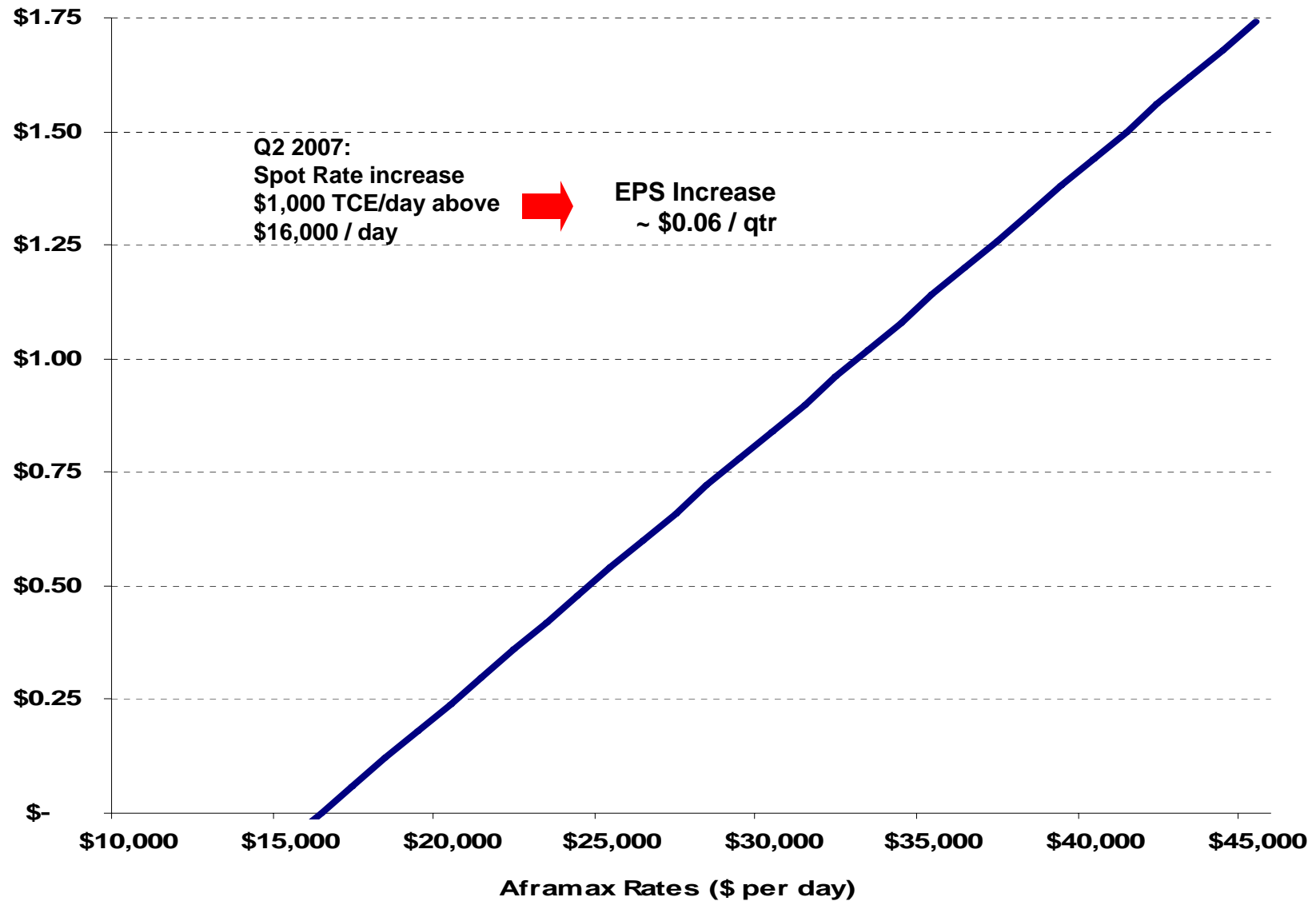
Three months ended '000s of USD (except per share data)	<u>Mar. 31, 2007</u> <u>(unaudited)</u>	<u>Dec 31, 2006</u> <u>(unaudited)</u>
VOYAGE REVENUES	583,016	586,990
OPERATING EXPENSES		
General and administrative expenses	(58,797)	(56,377)
Gain on sales of vessels	-	(4,754)
Restructuring charge	-	(1,515)
Other operating expenses	(398,765)	(419,165)
Income from vessel operations	125,454	105,179
OTHER ITEMS		
Net interest expense	(44,215)	(41,308)
Income tax (expense) recovery	4,082	(2,030)
Equity income (loss) from joint ventures	(1,595)	3,681
Foreign exchange loss	(5,888)	(12,391)
Minority interest (expense) recovery	(5,640)	4,241
Other items - net	4,177	2,928
Subtotal of other items	(49,079)	(44,879)
Net income	76,375	60,300
Earnings per common share - diluted	\$1.02	\$0.81
Weighted-avg. # shares outstanding - diluted	74,545,165	74,564,536

Summary Balance Sheet

In 000s of USD	<u>As at Mar 31,</u> <u>2007</u> <u>(unaudited)</u>	<u>As at Dec 31,</u> <u>2006</u> <u>(unaudited)</u>
ASSETS		
Cash and cash equivalents	370,714	343,914
Other current assets	329,131	318,229
Total restricted cash	766,196	679,992
Other assets	761,512	535,996
Vessels and equipment	5,306,578	4,925,409
Advances on newbuilding contracts	366,092	382,659
Intangibles and Goodwill	540,753	547,277
Total Assets	8,440,976	7,733,476
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	268,228	311,088
Current portion of long-term debt *	381,007	369,043
Long-term debt *	4,021,077	3,350,640
Other long-term liabilities / In process Revenue Contracts	693,677	720,080
Minority interest	456,118	454,403
Stockholders' equity	2,620,869	2,528,222
Total Liabilities and Stockholders' Equity	8,440,976	7,733,476

*Includes capital lease obligations

EPS Rule of Thumb



Tanker Market Perspectives – Expect the Unexpected

Pre-2007 Concerns	Actual/Likely Outcome
<u>Oil Demand</u>	
<p>Moderating global economic growth</p> <p>Weak oil demand growth due to high energy prices</p>	<p>Higher China/India/Europe growth more than offsets weaker US growth</p> <p>Weakening US dollar offsets increase in energy prices for rest of world</p>
IEA's global oil demand growth forecast of 1.8% is double actual 2006 growth of 0.9%	
<u>Tanker Demand</u>	
<p>2007 non-OPEC supply growth to reduce demand for OPEC oil => limited ton mile demand growth</p>	<p>Non-OPEC start-up delays and large stock-draws in 1q07 set stage for high 'call on OPEC' later</p>
Increased 'Call on OPEC' in Q4 => 5% incremental tanker demand vs. Q2	
<u>Tanker Supply</u>	
<p>Substantial net fleet growth in 2007 (6-7%)</p>	<p>Jan-Apr 07 actual deliveries: 10.7 mdwt</p> <p>Jan-Apr 07 actual deletions+reported sales: 7.0 mdwt</p>
YTD fleet growth of only 1%	
<u>Near Term Freight Rates</u>	
<p>Rates to soften due to deteriorating fundamentals</p>	<p>Tight fundamentals; single-hull discrimination and no spare capacity to absorb events (eg. hurricanes)</p>
YTD Aframax rates up 22% from prior year	
<u>Medium-term rates/asset prices</u>	
<p>Increased shipyard capacity undermines asset prices</p> <p>Weaker market fundamentals reduce rates</p>	<p>Drybulk, container, offshore orders limit berths for tankers</p> <p>Asian demand, longer trades and IMO phase-out</p>
High rates and high asset values likely to continue	

Appendix



TEEKAY – THE MARINE MIDSTREAM COMPANY®

Newbuilding/Conversion Deliveries

		2Q07	3Q07	4Q07	2007
Offshore Segment		2			2
Fixed-Rate Tanker Segment					
Liquefied Gas Segment					
Spot Segment		1			1
Total		3			3

	1Q08	2Q08	3Q08	4Q08	2008
Offshore Segment	1				1
Fixed-Rate Tanker Segment	1	1			2
Liquefied Gas Segment	1	4		2	7
Spot Segment			2	2	4
Total	3	5	2	4	14

	1Q09	2Q09	3Q09	4Q09	2009
Offshore Segment					
Fixed-Rate Tanker Segment					
Liquefied Gas Segment	1	1			2
Spot Segment	2	1	3		6
Total	3	2	3		8

	1Q10	2Q10	3Q10	4Q10	2010
Offshore Segment			2		2
Fixed-Rate Tanker Segment					
Liquefied Gas Segment					
Spot Segment					
Total			2		2

Capex

Capex by Segment

(in millions)	2007	2008	2009	2010	Total
Offshore Segment	\$138	-	\$23	\$184	\$345
Fixed-Rate Tanker Segment	13	59	-	-	72
Liquefied Gas Segment	228	191	54	-	473
Spot Segment	61	271	226	-	558
Total	\$440	\$521	\$303	\$184	\$1,448