

TEEKAY CORPORATION

Teekay's Fourth Quarter and Fiscal 2008 Earnings Presentation

June 4, 2009



Forward Looking Statements

This release 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 outlook on the long-term fundamentals of its FPSO business and the future upside expected from the renewal of the Company's existing FPSO contracts, including the *Petrojarl Varg*; the Company's future capital expenditure commitments and the financing requirements for such commitments; changes in the mark-to-market value of the Company's interest rate swaps and resulting unrealized gains and losses; and the commencement of charter contracts. 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; the Company's future capital expenditure requirements; conditions in the United States capital markets; changes in interest swap rates; and other factors discussed in Teekay's filings from time to time with the SEC, including its Report on Form 20-F/A for the fiscal year ended December 31, 2007. 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 2008 Results

- ▶ Earned Q4 adjusted net income of \$53.2m, or \$0.73 per share⁽¹⁾, up from \$0.31 per share in Q4'07
- ▶ Generated \$199m of cash flow from vessel operations⁽²⁾ in Q4 (~71% from fixed-rate segments)⁽³⁾
- ▶ 2008 annual adjusted net income was \$285m, or \$3.94 per share ⁽⁴⁾
- ▶ Generated \$888m of cash flow from vessel operations⁽²⁾ in 2008⁽³⁾
- ▶ Recorded large non-cash goodwill impairment charge and interest rate swap mark-to-market loss in Q4'08

(1) Excluding specific items which decreased net income by \$714.1m, or \$9.85 per share, as detailed in Appendix A of the Q4 '08 earnings release.

(2) Cash flow from vessel operations (CVFO) 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 for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

(3) Based on CFVO from Offshore Segment, LNG Segment, Fixed-Rate Tanker Segment but excluding fixed-rate cash flows included in the Spot Tanker Segment.

(4) Excluding specific items which decreased net income by \$764.7m, or \$10.55 per share, as detailed in Appendix A of the Q4 '08 earnings release.

Highlights – Fourth Quarter 2008 to Present

- ▶ Further strengthened financial profile in Q4'08 and 2009 YTD through:
 - ▶ Disposal of spot assets – gain of \$107m and proceeds of over \$380m since October 2008
 - ▶ \$70m equity raise at Teekay LNG Partners
 - ▶ Debt profile improvements through new and/or extension of existing facilities
- ▶ Reduced spot exposure of conventional tanker fleet
 - ▶ Sold 6 spot tankers and interest in Swift pool in Q4'08 and 2009 YTD
 - ▶ Out-chartered 10 vessels for an average duration of 2.1 years
 - ▶ In-chartered tonnage rapidly reducing in 2H'09
- ▶ Reduced G&A run-rate by 20%
- ▶ Today announced Q2 2009 dividend of \$0.31625 per share

Positive Developments

| | |
|---|--|
| ✓ Charter renewals at improved rates | <ul style="list-style-type: none">▶ Varg FPSO contract extended on improved terms from July 1, 2009▶ Shuttle contract renewals above last done |
| ✓ Securing new contracts | <ul style="list-style-type: none">▶ Secured 8-year FSO contract for oldest shuttle tanker▶ Out-chartered 10 conventional tankers locking-in revenues of over \$210m |
| Delivering on ✓ projects according to plan | <ul style="list-style-type: none">▶ 2 Tangguh LNG carriers delivered on 20-year fixed-rate out-charters in 1H 2009▶ First Skaugen LPG commenced 15-year fixed-rate out-charter in April 2009▶ First of 2 Suezmax newbuildings commenced 12-year fixed-rate out-charter in May 2009; second vessel will deliver in June 2009▶ Expansion of Gemini Suezmax Pool from 19 to 45 vessels |
| ✓ Daughter company structure providing value | <ul style="list-style-type: none">▶ Completed \$70m equity offering at TGP▶ Distributions of daughter companies meeting expectations |

Tanker Market Fundamentals

BALANCE OF 2009 – Weak Outlook

Demand

- ▶ Global oil demand shrinking as GDP growth turns negative
 - ▶ OPEC cutbacks have led to reduced tanker demand / lower tanker rates
- ▶ Floating storage currently reported at ~100 million barrels helps tighten near-term fleet availability

Supply

- ▶ Experiencing net fleet growth due to newbuild deliveries running ahead of scrapping
- ▶ Construction delays at greenfield yards mitigating near-term fleet growth
 - ▶ ~25% of 2009 orderbook could be delayed (mainly Suezmaxes)

2010 – Emerging Recovery?

Demand

- ▶ Potential for economic recovery beginning in 2010
 - ▶ Economic stimulus and lower energy prices expected to spur oil demand growth
- ▶ Any returning OPEC production increases tanker demand significantly due to tonne-mile leverage effect

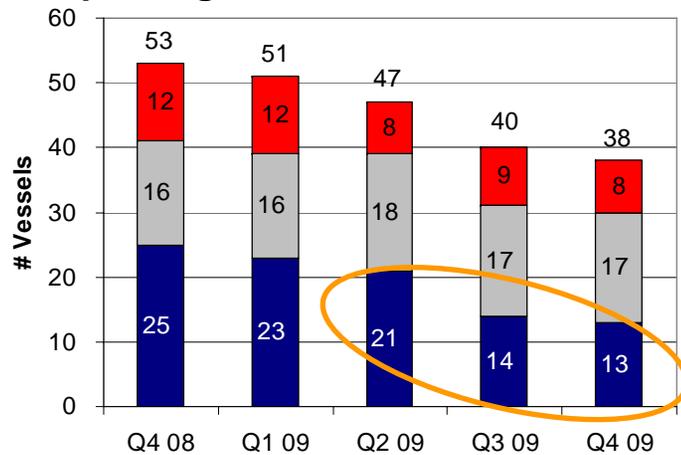
Supply

- ▶ IMO mandated single-hull phase out target in 2010 (~16% of tanker fleet)
- ▶ More tanker newbuild order cancellations likely
 - ▶ Many post-2009 deliveries not fully financed and ordered at market peak => heightens prospect of buyer non-performance
 - ▶ To date ~5% of newbuild tanker orders cancelled

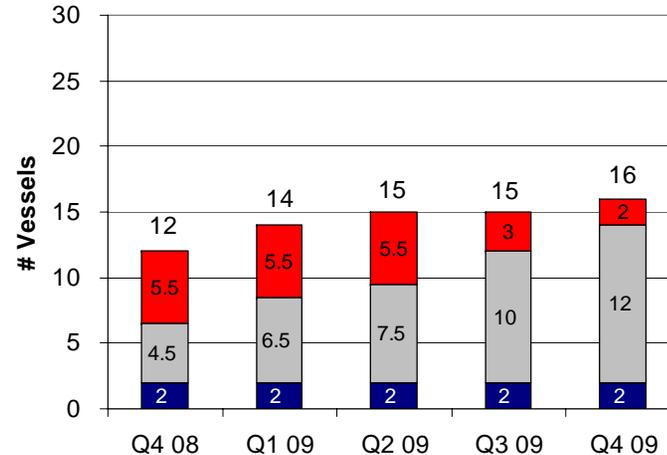
Reducing Spot Market Exposure for 2009

- ▶ Spot Segment (<3 years) already represents less than 1/3rd of Teekay's business⁽¹⁾
- ▶ On average, over 20% of Spot Segment has been locked-in for 2009⁽²⁾
- ▶ Spot market exposure and cash flow breakeven further reducing in 2009 as in-charterers roll-off

Spot Segment Aframax Fleet Profile⁽³⁾



Spot Segment Suezmax Fleet Profile⁽⁴⁾



■ In-chartered Vessels Trading Spot □ Owned Vessels Trading Spot ■ Out-chartered Vessels (Firm Period)

Period
Avg. Out-charter Rate
Avg. In-charter Rate
% Locked-in

| | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 |
|-----------------------|----------|----------|----------|----------|----------|
| Avg. Out-charter Rate | \$30,900 | \$31,300 | \$29,700 | \$26,900 | \$26,400 |
| Avg. In-charter Rate | \$28,700 | \$26,400 | \$26,000 | \$22,500 | \$20,600 |
| % Locked-in | 23% | 24% | 17% | 23% | 21% |

Average Spot TCE (<1YR)
% Booked (quarter to-date)

| | Q1 09 | Q2 09 |
|----------------------------|----------|----------|
| Average Spot TCE (<1YR) | \$25,000 | \$15,000 |
| % Booked (quarter to-date) | 100% | 70% |

| | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 |
|-----------------------|----------|----------|----------|----------|----------|
| Avg. Out-charter Rate | \$29,100 | \$34,600 | \$33,500 | \$33,200 | \$32,800 |
| Avg. In-charter Rate | \$29,200 | \$29,200 | \$29,200 | \$29,200 | \$29,200 |
| % Locked-in | 46% | 39% | 37% | 20% | 13% |

| | Q1 09 | Q2 09 |
|----------------------------|----------|----------|
| Average Spot TCE (<1YR) | \$40,000 | \$24,000 |
| % Booked (quarter to-date) | 100% | 70% |

- (1) In Q4 '08 Spot Segment CFVO was 28% of Teekay Corp. total.
 (2) Excludes two Aframax tankers transferred to the Fixed-rate Tanker Segment upon commencing 3-year fixed rate charter-out contracts in Q4 '08.
 (3) Includes LR2 product tankers and vessels owned by subsidiaries; excludes MRs; includes nine chartered-in vessels under bareboat contracts.
 (4) Out-chartered vessels include 3.5 vessel equivalents from Synthetic Time Charter (STC) contracts; at the end of Q2 '09 and Q3 '09, 2.5 and 1.0 vessel equivalent(s), respectively, will transfer back to the Owned Vessels Trading Spot total as the related STCs expire.

Q4 2008 Income Statement

| (in thousands of U.S. dollars) | Three Months Ended | | | |
|--|----------------------------|---------------------------------|----------------------------------|---|
| | December 31, 2008 | | | September 30, 2008 |
| | As Reported (unaudited) | Appendix A Items ⁽¹⁾ | Adjusted for Appendix A Items | Adjusted for Appendix A Items ⁽²⁾ |
| NET VOYAGE REVENUES | | | | |
| Voyage revenues | 801,640 | (15,890) | 785,750 | 871,009 |
| Voyage expenses | 185,703 | (5,735) | 179,968 | 213,004 |
| Net voyage revenues | 615,937 | (10,155) | 605,782 | 658,005 |
| OPERATING EXPENSES | | | | |
| Vessel operating expense | 181,283 | (18,650) | 162,633 | 160,003 |
| Time charter hire expense | 166,831 | (123) | 166,708 | 157,475 |
| Depreciation and amortization | 105,902 | (908) | 104,994 | 107,129 |
| General and administrative | 59,844 | (9,406) | 50,438 | 63,601 |
| (Gain) / Loss on disposal of vessels, net of writedowns | (20,302) | 20,302 | - | - |
| Goodwill impairment charge | 330,517 | (330,517) | - | - |
| Restructuring Charge | 4,449 | (4,449) | - | - |
| Total operating expenses | 828,524 | (343,751) | 484,773 | 488,208 |
| Income from vessel operations | (212,587) | 333,596 | 121,009 | 169,797 |
| OTHER ITEMS | | | | |
| Interest expense | (670,278) | 588,640 | (81,638) | (75,046) |
| Interest income | 174,532 | (156,575) | 17,957 | 17,400 |
| Other income | | | | |
| Equity income (loss) | (35,260) | 40,342 | 5,082 | (1,400) |
| Minority interest income (expense) | 42,026 | (61,036) | (19,010) | (26,216) |
| Income taxes (expense) recovery | 23,132 | (16,674) | 6,458 | 9,462 |
| Foreign exchange gain (loss) | 22,290 | (22,290) | - | - |
| Other - net | (4,683) | 8,069 | 3,386 | 265 |
| Total other items | (448,241) | 380,476 | (67,765) | (75,535) |
| NET INCOME (LOSS) | (660,828) | 714,072 | 53,244 | 94,262 |
| Fully diluted Earnings (loss) per share | (9.12) | | 0.73 | 1.29 |

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

(2) See Appendix to this presentation for reconciliation to reported GAAP amounts.

Q4 '08 Non-Cash Goodwill and Vessel Impairment Charges

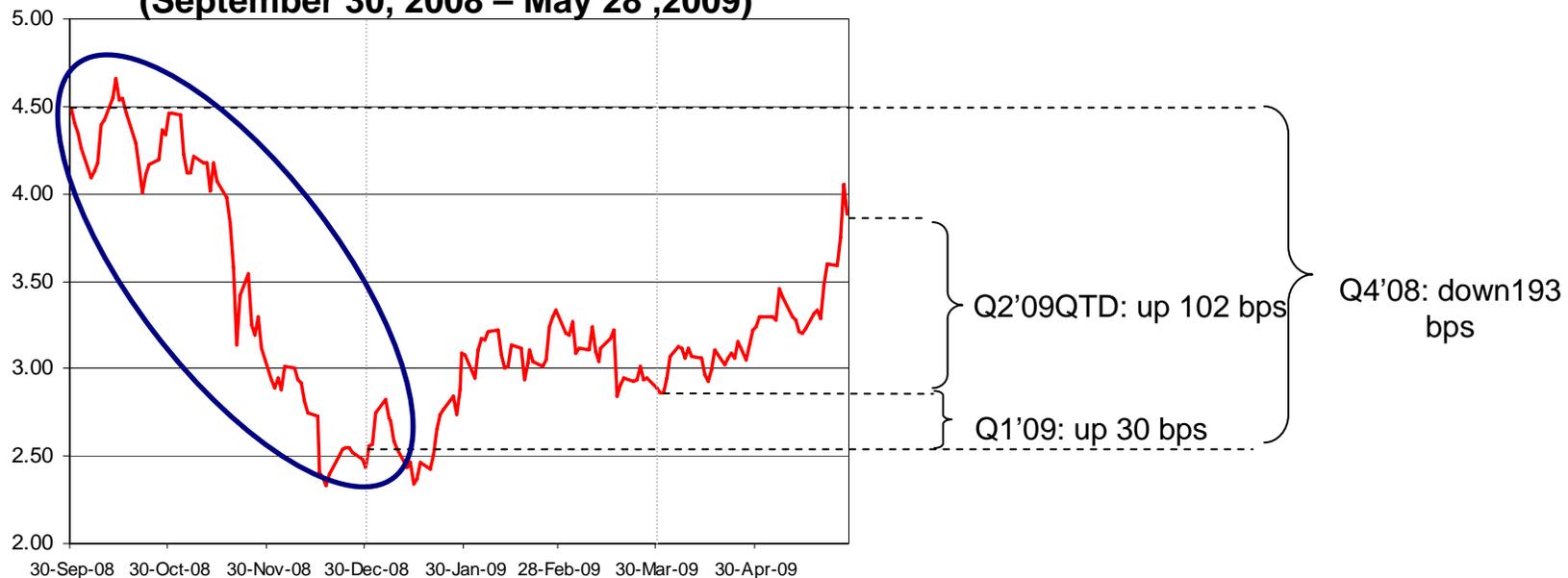
- ▶ Goodwill charge mainly a consequence of lower share price and higher market discount rates used to assess fair market value
- ▶ 2008 annual impairment evaluation resulted in:
 - ▶ \$330m goodwill impairment related to Teekay Petrojarl acquisition
 - ▶ \$50m of vessel/intangible asset impairments related to certain older vessels; more than offset by \$61m of gains from vessel sales in Q4
- ▶ Non-cash charges for accounting purposes only:
 - ▶ Does not affect Teekay's operations, current or future cash flows, liquidity or loan covenants
 - ▶ Does not change expected future upside from contract renewals (e.g. Varg FPSO contract renewed on improved terms)
- ▶ We continue to have a positive outlook on the long-term fundamentals of our FPSO business

No impact on current or future cash flows

Non-Cash Swap Loss Reduces Reported Earnings

- ▶ Cessation of hedge accounting introduces quarterly income statement movement (shown as an unrealized gain or loss on our income statement) due to mark-to-market accounting
- ▶ Unusually large drop in swap rates in late 2008 resulted in an exceptionally high mark-to-market loss in Q4 '08
- ▶ Increase in swap rates in 2009 YTD expected to result in unrealized gains

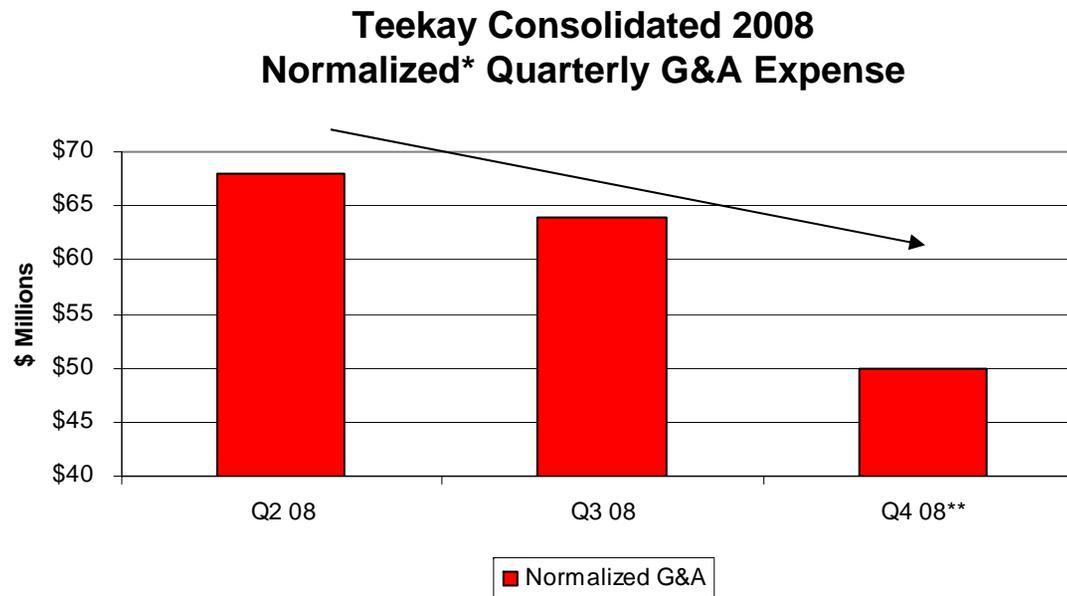
US 10-Year Swap Rate
(September 30, 2008 – May 28, 2009)



- ▶ Swaps continue to provide effective economic hedge
 - ▶ Used to fix debt to match fixed-rate cash flows
- ▶ Gains and losses are non-cash
 - ▶ No change to actual cash interest cost
 - ▶ No impact on loan covenants
 - ▶ No margin or cash collateral requirements relating to swaps

G&A Reduction a Key Focus

- ▶ Since peaking in Q2 2008, quarterly G&A run-rate has been reduced by approximately 20%, or \$10m
 - ▶ Headcount reductions, office rationalizations and cost saving initiatives



Expected G&A Run-rate = \$55m to \$57m per quarter

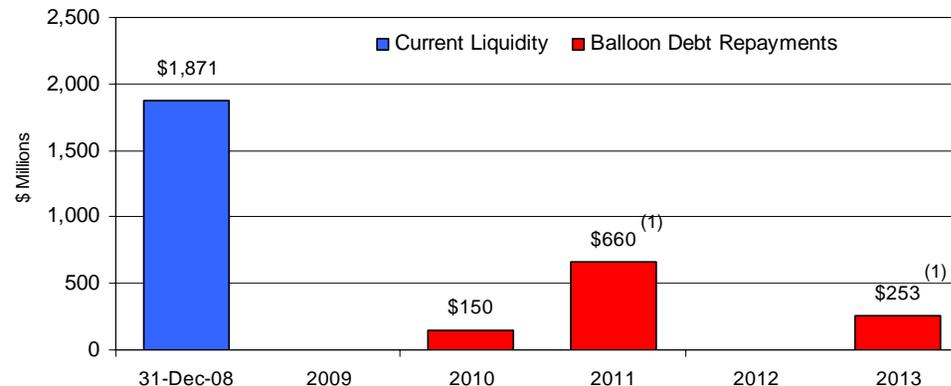
* Excludes unrealized gains (losses) on derivatives and changes in accruals relating to the portion of the Company's long-term incentive plan which is linked to the Company's share price.

** G&A expense is lower than normal in the fourth quarter of 2008, primarily due to reversal of performance-based bonus accruals of approximately \$7 million

Teekay Remains Well-Positioned Financially

- ▶ Approximately \$1.9bn of liquidity at December 31, 2008
 - ▶ Newbuilding deliveries more than offset by approximately \$200m of third-party vessel sales and \$70m from daughter company equity issuance in 2009 YTD, used to pay down revolvers
 - ▶ Current liquidity level above December 31, 2008
 - ▶ Over \$550m of fixed-rate CFVO expected in 2009
- ▶ Additional credit facilities are in place for 96% of future capital expenditure commitments of \$1.1bn
- ▶ No covenant concerns
- ▶ No significant balloon payments until 2011
 - ▶ Recently reached agreement to extend 2011 maturity of \$400m facility out to 2013

Annual Teekay (Consolidated) Balloon Principal Repayments



(1) Pro forma the maturity extension of a balloon principal payment on a \$400 million revolving credit facility from 2011 to 2013.

Optimizing Existing Business and Reducing Risk

- ▶ Renewing existing fixed-rate contracts at higher rates
- ▶ Growing long-term fixed-rate cash flows
- ▶ Reducing spot exposure
- ▶ Reducing G&A costs
- ▶ Reducing debt and extending maturities
- ▶ Growing liquidity

Teekay Group Investor Meeting

- ▶ **Date:** June 23, 2009
- ▶ **Time:** 8:30 am – 11:45 am ET

| | | | |
|--------------------------|----------|---|----------|
| Teekay Corp. | 8:30 am | - | 10:00 am |
| Break | | | |
| Teekay LNG Partners | 10:15 am | - | 10:45 am |
| Teekay Offshore Partners | 10:45 am | - | 11:15 am |
| Teekay Tankers | 11:15 am | - | 11:45 am |

- ▶ **Location:** Wedgewood Room
The Pierre Hotel
2 East 61st St. (@ 5th Ave.)
New York, NY

Live webcast will be available

Appendices



Q4 2008 Appendix A Item Descriptions

| | Q 4/08 App. A Items | Explanation of Items |
|--|------------------------|---|
| (in thousands of U.S. dollars) | | |
| NET VOYAGE REVENUES | | |
| Voyage revenues | (15,890) | Unrealized gains on derivative instruments |
| Voyage expenses | (5,735) | Unrealized losses on derivative instruments |
| Net voyage revenues | <u>(10,155)</u> | |
| OPERATING EXPENSES | | |
| Vessel operating expense | (18,650) | Unrealized losses on derivative instruments |
| Time charter hire expense | (123) | Unrealized losses on derivative instruments |
| | (908) | Change in amortization of intangible assets as a result of adjustments to the purchase price allocation of OMI Corporation |
| Depreciation and amortization | | Primarily unrealized losses on derivative instruments |
| General and administrative | (9,406) | |
| Gain on disposal of vessels, net of writedowns | 20,302 | |
| Goodwill impairment charge | (330,517) | |
| Restructuring charge | (4,449) | |
| Total operating expenses | <u>(343,751)</u> | |
| Income from vessel operations | 333,596 | |
| OTHER ITEMS | | |
| Interest expense | 588,640 | Unrealized losses on derivative instruments |
| Interest income | (156,575) | Unrealized gains on derivative instruments |
| Other income | | |
| | 40,342 | Unrealized losses on interest rate swap derivative instruments in a joint venture |
| Equity loss | (16,674) | |
| | | Portion of deferred income tax recovery related to unrealized foreign exchange losses and non-recurring adjustments to tax accruals |
| Income taxes recovery | | |
| Foreign exchange gain | (22,290) | |
| | 8,069 | Primarily relates to write-down of marketable securities and intangible assets, offset by gain on bond repurchase |
| Other - net | | Minority interest on applicable items noted above |
| Minority interest (expense) income | (61,036) | |
| Total other income | <u>380,476</u> | |
| TOTAL | <u>714,072</u> | |

Q3 2008 Adjusted Net Income Reconciled to GAAP Net Income

| | Three Months Ended September 30, 2008 | | |
|--------------------------------------|---------------------------------------|------------------|----------------------------------|
| | As Reported (unaudited) | Appendix A Items | Adjusted for Appendix A Items |
| NET VOYAGE REVENUES | | | |
| Voyage revenues | 879,244 | (8,235) | 871,009 |
| Voyage expenses | 213,709 | (705) | 213,004 |
| Net voyage revenues | <u>665,535</u> | <u>(7,530)</u> | <u>658,005</u> |
| OPERATING EXPENSES | | | |
| Vessel operating expense | 170,517 | (10,514) | 160,003 |
| Time charter hire expense | 158,126 | (651) | 157,475 |
| Depreciation and amortization | 108,493 | (1,364) | 107,129 |
| General and administrative | 49,157 | 14,444 | 63,601 |
| Gain / (Loss) on disposal of vessels | (36,292) | 36,292 | - |
| Goodwill impairment charge | 3,648 | (3,648) | - |
| Restructuring Charge | 5,063 | (5,063) | - |
| Total operating expenses | <u>458,712</u> | <u>29,496</u> | <u>488,208</u> |
| Income from vessel operations | 206,823 | (37,026) | 169,797 |
| OTHER ITEMS | | | |
| Interest expense | (156,402) | 81,356 | (75,046) |
| Interest income | 40,655 | (23,255) | 17,400 |
| Other income | | | |
| Equity income (loss) | (5,108) | 3,708 | (1,400) |
| Minority interest income (expense) | (39,325) | 13,109 | (26,216) |
| Income taxes (expense) recovery | 26,304 | (16,842) | 9,462 |
| Foreign exchange gain (loss) | 43,857 | (43,857) | - |
| Other - net | (13,676) | 13,941 | 265 |
| Total other items | <u>(103,695)</u> | <u>28,160</u> | <u>(75,535)</u> |
| NET INCOME (LOSS) | <u>103,128</u> | <u>(8,866)</u> | <u>94,262</u> |
| Fully diluted Earnings per share | 1.41 | | 1.29 |