

TEEKAY CORPORATION

**Analyst Day
January 25, 2007
New York**



► TEEKAY – THE MARINE MIDSTREAM COMPANY®



www.teekay.com

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: 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; the Company's future capital expenditure commitments and the financing requirements for such commitments; the cash flow to be received from the Company's L.P. and G.P. ownership; the Company's valuation; the expected growth of the LNG and Offshore markets; and the timing of newbuilding deliveries 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 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; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; shipyard production delays; the Company's future capital expenditure requirements; the Company's and Teekay LNG 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, 2005. 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.



Today's Teekay Team

- ▶ **C. Sean Day – Chairman of the Board**
- ▶ **Bjorn Moller – Chief Executive Officer**
- ▶ **Peter Evensen – Chief Strategy Officer**
- ▶ **Vince Lok – Chief Financial Officer**
- ▶ **Pankaj Khanna – VP, Strategic Development**
- ▶ **Scott Gayton – Manager, Investor Relations**
- ▶ **Dave Drummond – Investor Relations**
- ▶ **Adrian Dirassar – Associate General Counsel**
- ▶ **Quinn Dawson – Manager, Investment Banking**



2006 Highlights

- ▶ Generated ~\$1.9b* of revenues and net income of ~\$270m*
- ▶ Generated ~\$615m* of CFVO, ~58% or \$343m* from fixed-rate businesses
- ▶ Entered high growth FPSO sector through JV and subsequent acquisition of 64% of Petrojarl ASA
- ▶ Completed IPO of Teekay Offshore Partners LP, units up 26% from IPO price of \$21/unit
- ▶ Took delivery of first RasGas II LNG newbuilding, remaining 2 ships to deliver early q1/07
- ▶ Ordered 10 high specification Suezmax newbuildings, expected delivery between q3/08 and q3/09
- ▶ Repurchased 5.3m shares through October 31, 2006 for a total cost of \$212m
- ▶ Increased dividend by 14%, fourth consecutive annual increase

* Annualized from 9 months ended Sept. 30, 2006



Teekay in 1998 – A Tanker Company

CUSTOMER
LOGISTICS

ASSET MIX
(HARDWARE)

PEOPLE &
SYSTEMS
(SOFTWARE)

SCALE

AFRAMAX
INDO-PACIFIC

CENTRALIZED
TECHNICAL
AND
COMMERCIAL
OPERATIONS

45 SHIPS
1800 SEA
STAFF

8 OFFICES
200 SHORE
BASED
EMPLOYEES

TOTAL
ASSETS
\$1.4 BILLION



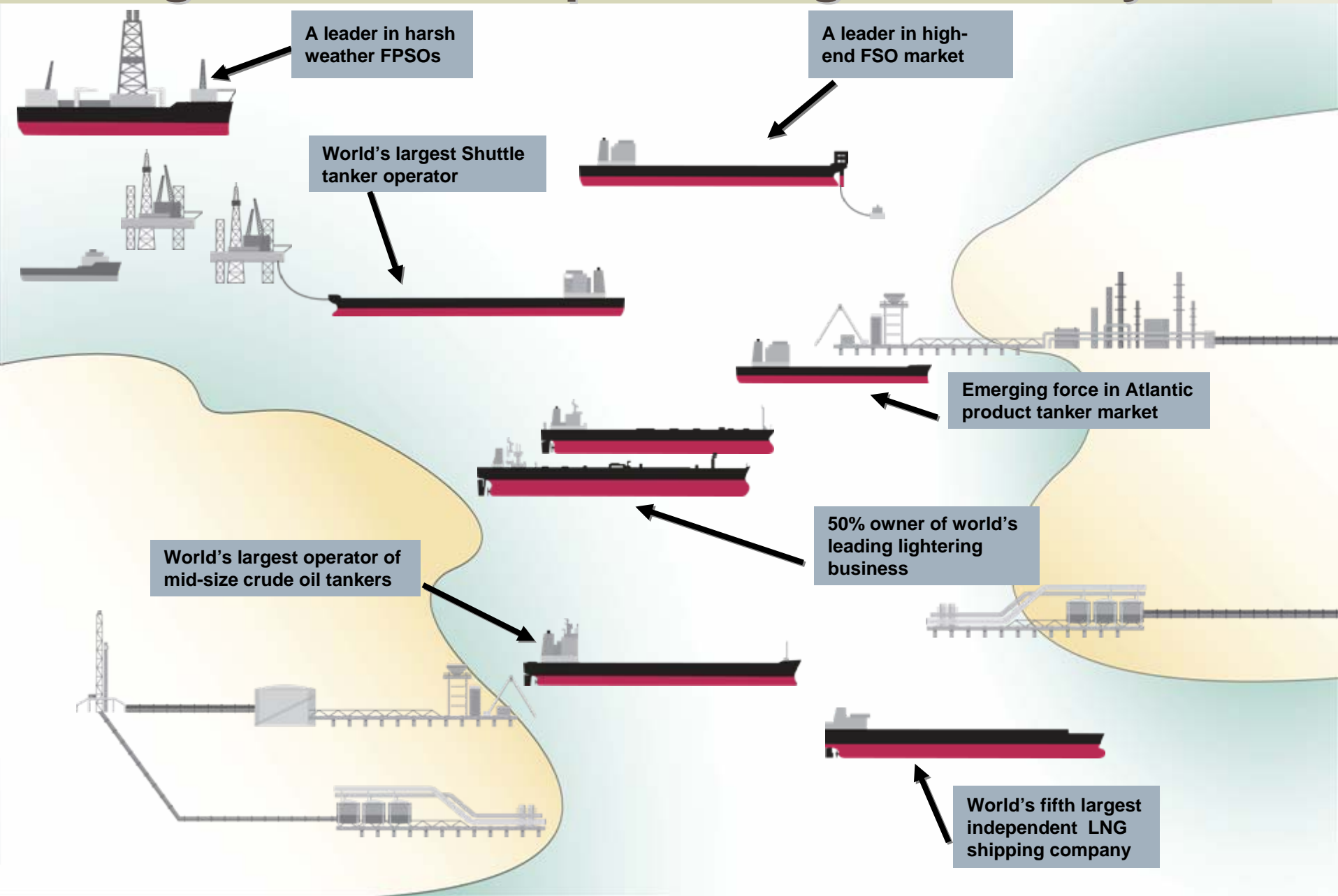
Teekay in 2007 – Much More than a Tanker Company

We have created a unique platform through the Teekay Marine Midstream concept

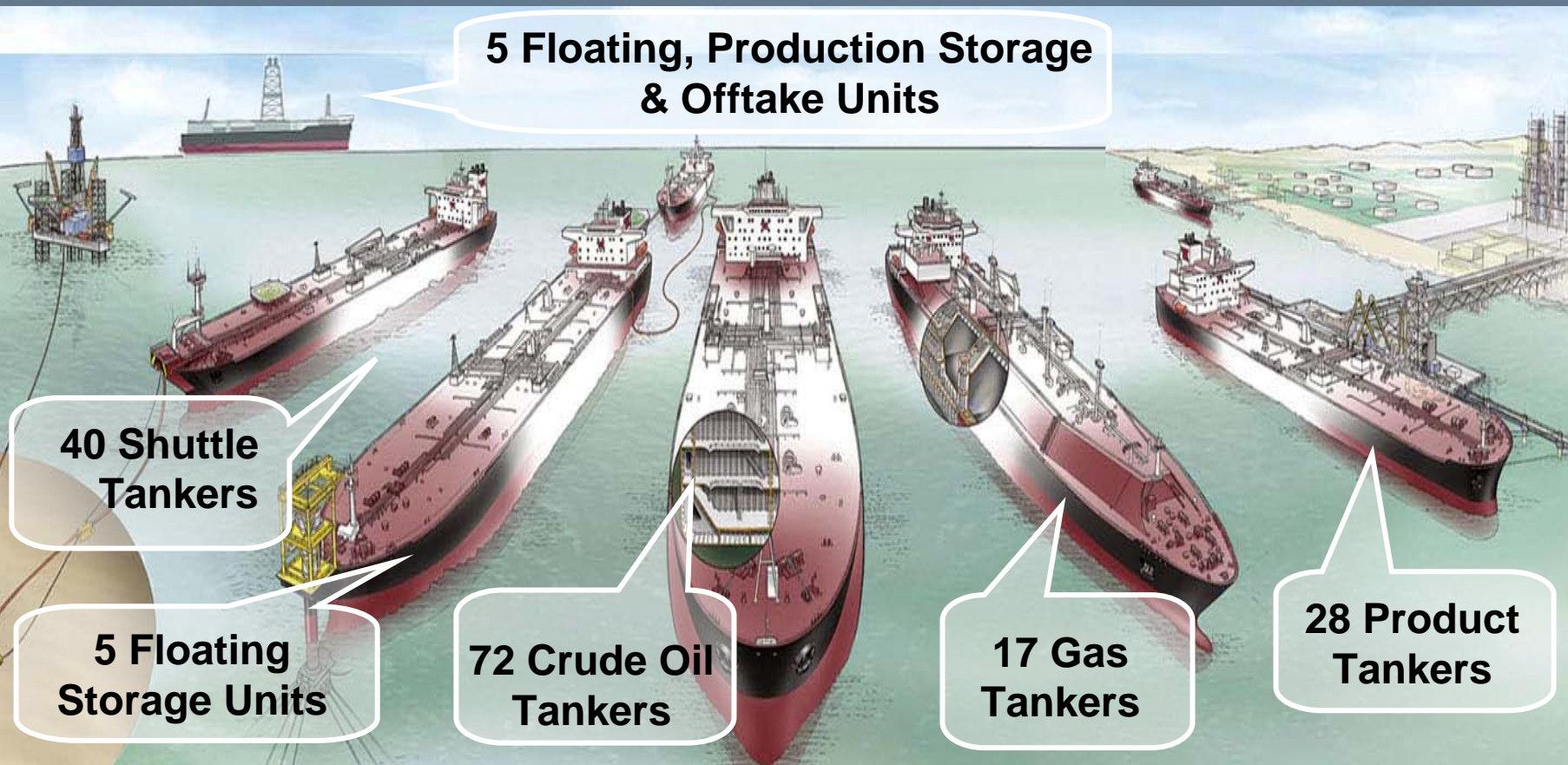
| | | | | | | | | | | | | | |
|-----------------------------|---|--|---|--------------------------|--|---|-----------------------------|----------------|----------------------------|------------------------------|--|-------------------|------------------|
| CUSTOMER LOGISTICS | NCS EMISSIONS CONTROL PROGRAM (VOC) | OFFSHORE LOADING LOGISTICS (NAVION) | EMBEDDED CHARTERING AT ASTRA OIL | BHPB MARINE OUT-SOURCING | CONOCO PHILLIPS STRATEGIC L/T CHARTERS | CALTEX AUSTRALIA OUT-SOURCING | SPT LIGHTERING J/V | STRATEGIC COAs | OFFSHORE OILFIELD SERVICES | CEPSA STRATEGIC L/T CHARTERS | | | |
| ASSET MIX (HARDWARE) | SHUTTLE TANKERS | CRUDE OIL TANKERS | | | | PRODUCT CARRIERS | | | | SPECIALIZED | | FSOs FPSOs | LNG/LPG CARRIERS |
| | | VLCC | SUEZMAX | AFRAMAX | | LR II | LR I | MR | SHORT-SEA | LIGHTERING SHIPS | ICE CLASS | | |
| PEOPLE & SYSTEMS (SOFTWARE) | BUSINESS INTELLIGENCE SYSTEMS | INDIVIDUAL BUSINESS UNITS FOCUS ON BD/CUSTOMER RELATIONS | | | | REGIONAL MARINE, TECHNICAL & CUSTOMER SERVICE CENTRES | CENTRALIZED STANDARDS TEAMS | | | | | TRAINING BUSINESS | PROJECT MNGM'T |
| | | TANKERS | SHUTTLE | GAS | OFFSHORE | | HSE / RISK MGMT. | PEOPLE DEV. | ASSET QUALITY | PROJECT EXECUTION | | | |
| SCALE | 155 VESSELS OWNED, CHARTERED AND/OR MANAGED 26 NEWBUILDINGS ON ORDER 4800 SEA STAFF | | 21 OFFICES 800 SHORE BASED EMPLOYEES | | | TOTAL ASSETS \$7 BILLION | | | | | PUBLICLY LISTED LNG and OFFSHORE COMPANIES | | |
| | | | | | | | | | | | | | |



Going for Leadership from Rig to Refinery



Leader in Marine Energy Transportation



CUSTOMER

PEOPLE

FINANCE

OPERATIONS

The Teekay Marine Midstream Concept

Includes 10 commercially managed vessels



Teekay Corporation In Profile

- ▶ Teekay is an asset management company focused on the Marine Midstream space through:
 - ▶ A freight and vessel trading group
 - ▶ An integrated marine operations franchise
 - ▶ A global project management organization
 - ▶ An innovative corporate structure
- ▶ Transnational company with 21 offices and 5,600 employees worldwide
- ▶ \$7 billion in assets moving 10 percent of the world's seaborne oil:
 - ▶ 150 vessels, owned, chartered or managed
 - ▶ 26 vessels on order valued at \$3 billion



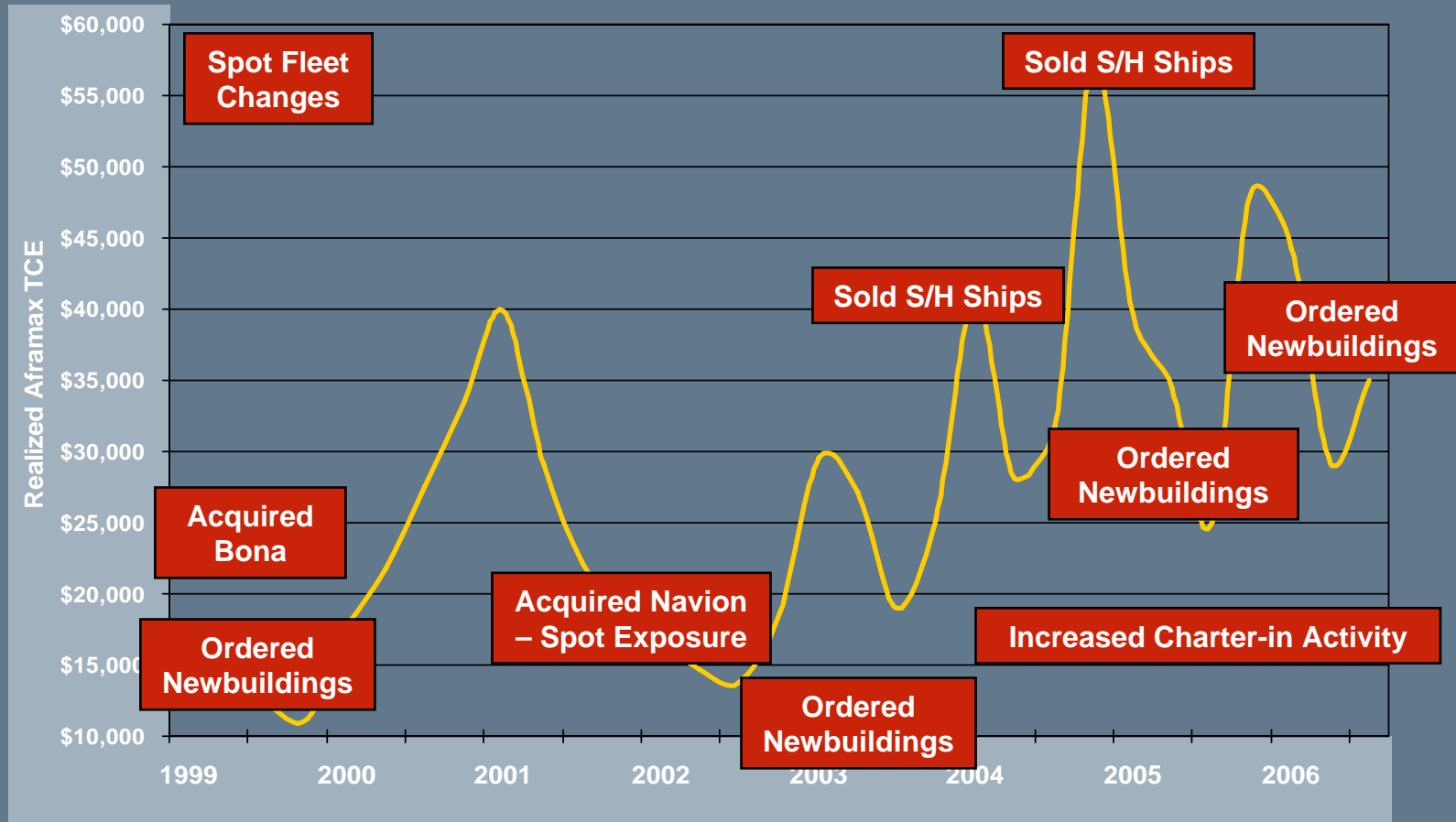
Value Creation Approach – Four Components

- ▶ Trading in a cyclical commodity industry
 - ▶ Market timing
- ▶ Applying our operating expertise
 - ▶ Customer service
 - ▶ Chartering and pools
 - ▶ Technical and commercial management
 - ▶ HSEQ
- ▶ Project management
 - ▶ Combining our expertise to get value added projects
 - ▶ Lower volatility, value added, barriers to entry, long-term contracts
- ▶ Innovative corporate structure
 - ▶ MLPs facilitate profitable growth and enhance value



Trading in a Cyclical Commodity Industry – Our Roots

- ▶ Understanding trends
- ▶ Market intelligence
- ▶ Patience
- ▶ Strong Balance Sheet



MANAGING THE CYCLE WILL REMAIN A KEY FOCUS



Applying Our Operating Expertise – Our Roots

- ▶ Customer satisfaction
- ▶ Maximizing revenues
- ▶ Reputation for safety, quality and environmental stewardship
- ▶ Opening doors to new business
- ▶ Cost effectiveness
- ▶ People and customer focus are key
- ▶ Embodies the Teekay Brand



OPERATIONAL EXCELLENCE WILL REMAIN A KEY FOCUS



Project Management – a New Focus

- ▶ Teekay has developed powerful internal project management expertise which allows us to work on numerous projects simultaneously

$$\begin{array}{ccccccc} \text{Customer} & & \text{Operational/} & & \text{Financial} & & \text{Engineering \&} \\ \text{Relationships} & + & \text{Commercial} & + & \text{Expertise} & + & \text{Technical} \\ & & \text{Expertise} & & & & \text{Expertise} \\ & & & & & = & \text{Specialized} \\ & & & & & & \text{Project} \\ & & & & & & \text{Management} \\ & & & & & & \text{Expertise} \end{array}$$

Recent Project examples:

Gas

CNG

Skaugen LPG
acquisition

RasGas 3

Tangguh

Offshore

Petrojarl

Siri Project

Brazil Shuttle
Tankers

Conventional Tankers

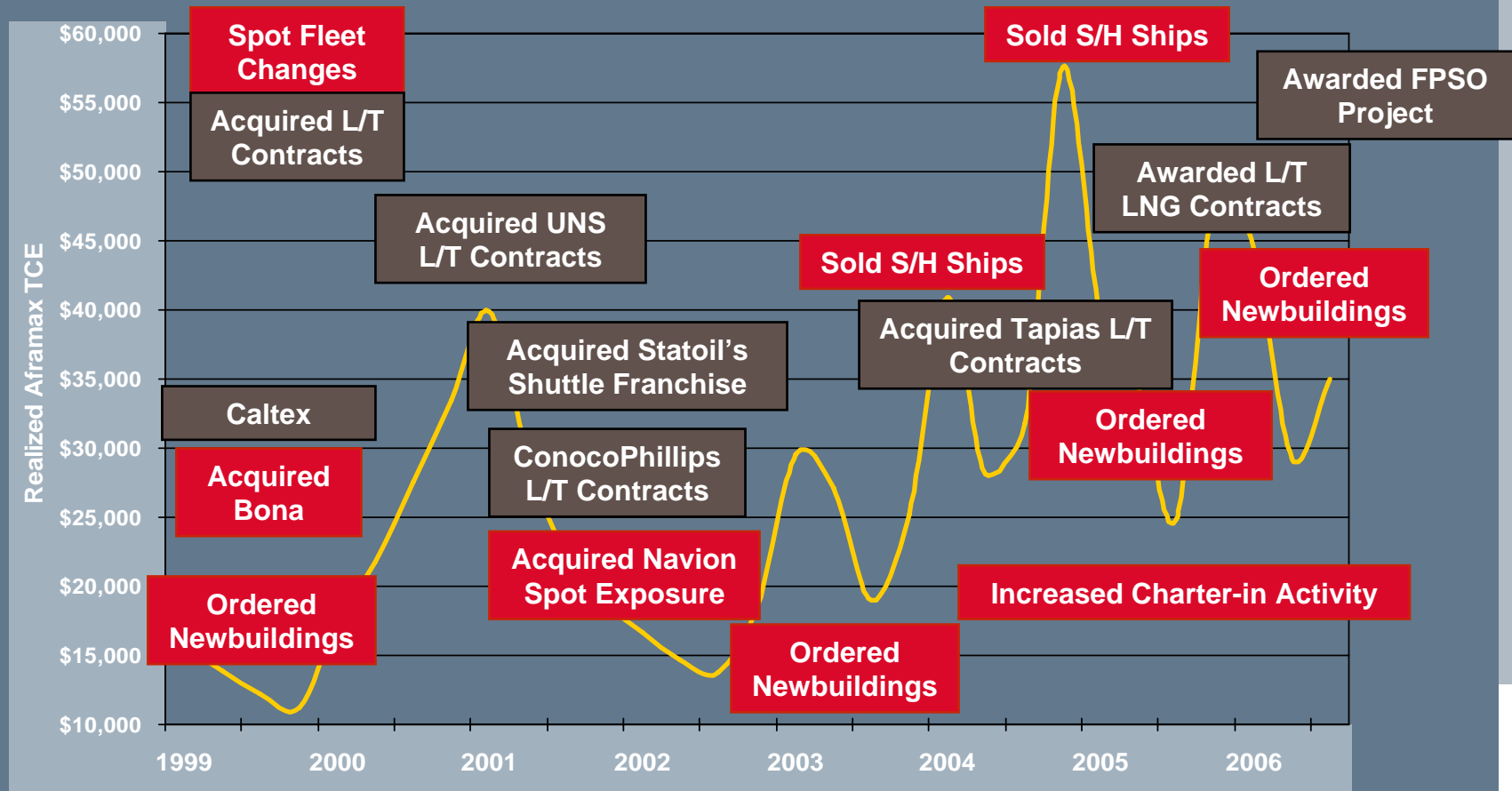
Large Suezmax orderbook

Swift Product Tanker Pool



Project Management cont'd

- ▶ Built core competencies in securing strategic outsourcings as well as acquiring and integrating new businesses
- ▶ Subsequently used each deal as a base for further expansion



Projects are independent of the cycle



Innovative Corporate Structure

~70%* of Teekay's assets are MLP eligible

Strategic rationale for carving out fixed-rate businesses into MLPs:

- ▶ Illuminates higher value of fixed-rate cash flows to Teekay investors
- ▶ Cost of equity advantage accelerates more profitable growth
- ▶ General Partner interest generates fee based revenue which enhances the return to Teekay

Teekay as General Partner manages the assets

*Based on book values



Assets Under Management

| | | <u>2000</u> | <u>2004</u> | <u>2007</u> |
|-------------------------------|--------------|-------------|-------------|-------------|
| In-charter | - Spot | - | \$1,171.6m | \$1,546.2m |
| Fleet | - Fixed-rate | - | 536.6m | 958.1 |
| Commercially Managed Fleet | | - | - | 251.5 |
| MLPs | | - | - | 589.1 |
| (minority interest portion) | | | | |
| General Partnership Interests | | - | - | 33.9 |
| Total | | - | \$1,708.2m | \$3,378.8 |
| As a % of consolidated assets | | - | 47% | 55% |

Teekay has a unique position in the industry – managing other people's assets increases returns



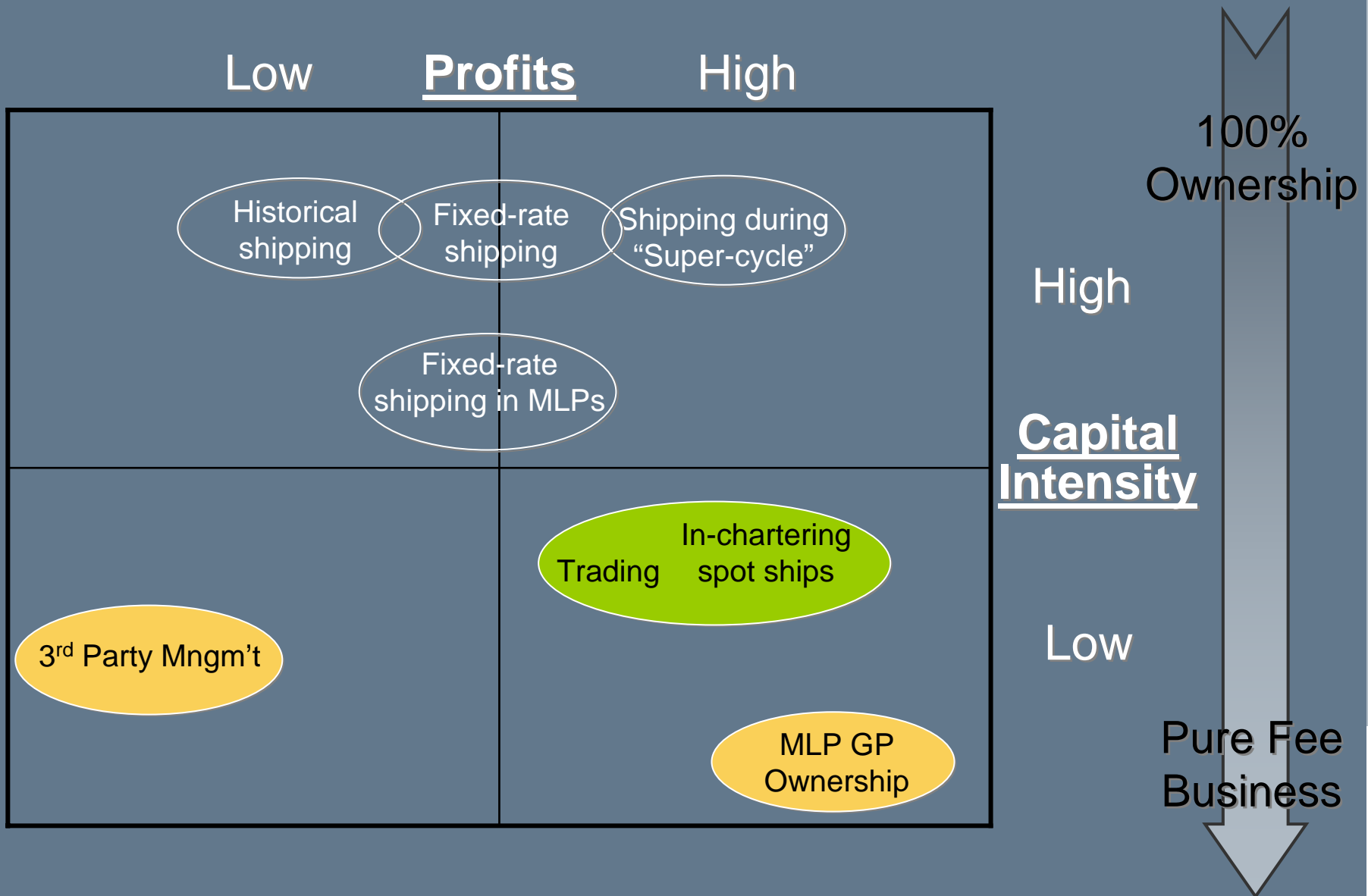
Benefits of an Asset Management Platform

- ▶ Leverages existing operational expertise to enhance returns through fixed-rate/fee income
- ▶ Provides capital to pursue large scale transactions
- ▶ Reduces risk
- ▶ Participation in value creation through G.P. Incentive Distribution Rights (IDRs)

Enhances Shareholder Return

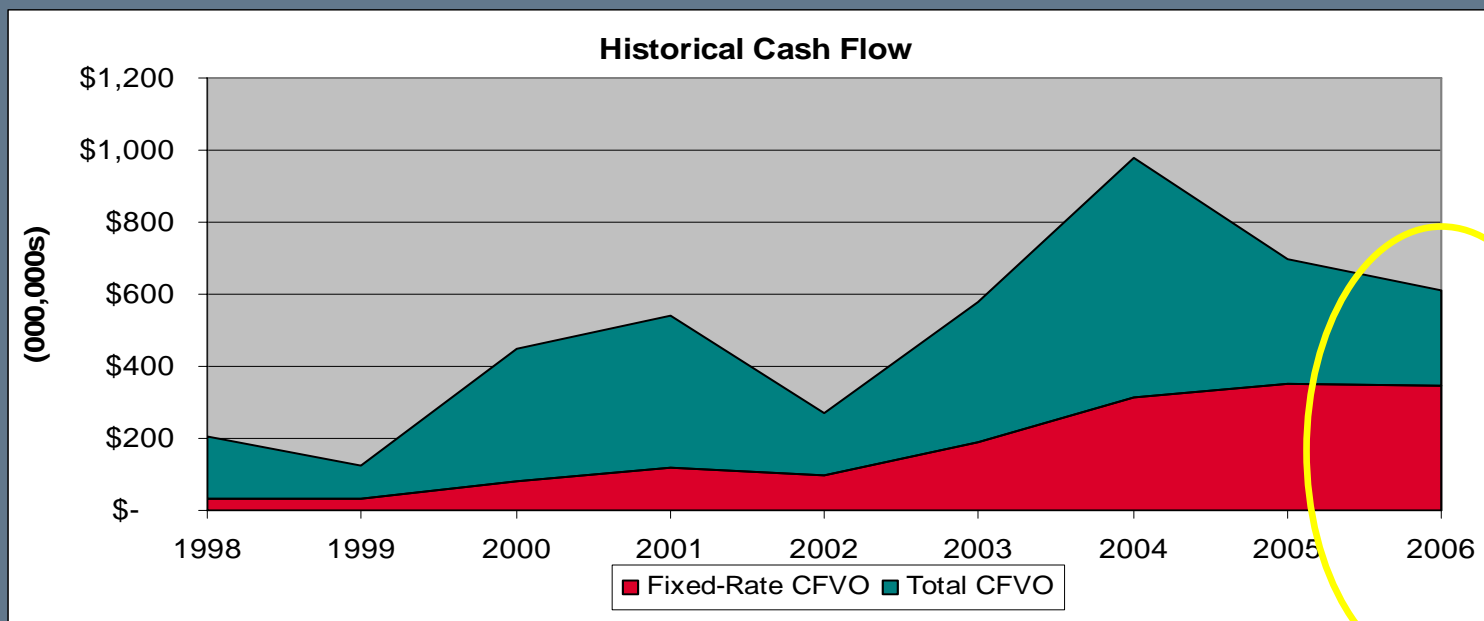


Changing the Risk/Reward Ratio in our Favor



Growth in Stable Cash Flow

- ▶ Teekay has diversified its cash flow streams beyond cyclical spot tanker markets:
 - ▶ Strategic acquisitions & recruitment of staff has built a project management capability that can bid on fixed-rate projects



More than 50%
is non-cyclical

Note: 2006 CFVO has been annualized based on 3Q06 year to date filings



Our Ingredients for Success as a Project Organization

CUSTOMER

Customers trust us

PEOPLE

Global reach and
expertise

FINANCE

Strength and discipline

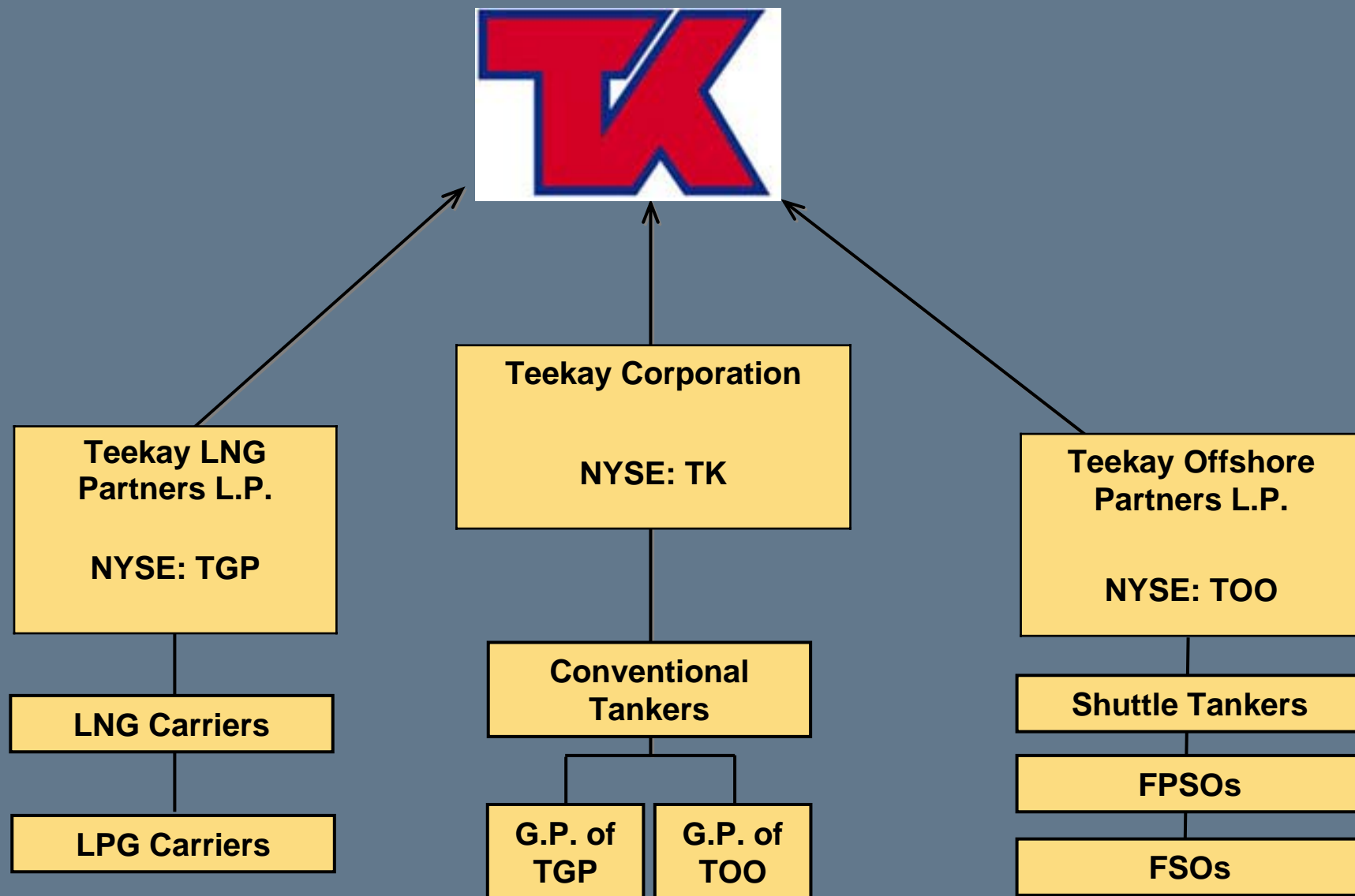
OPERATIONS

The “Teekay Standard”

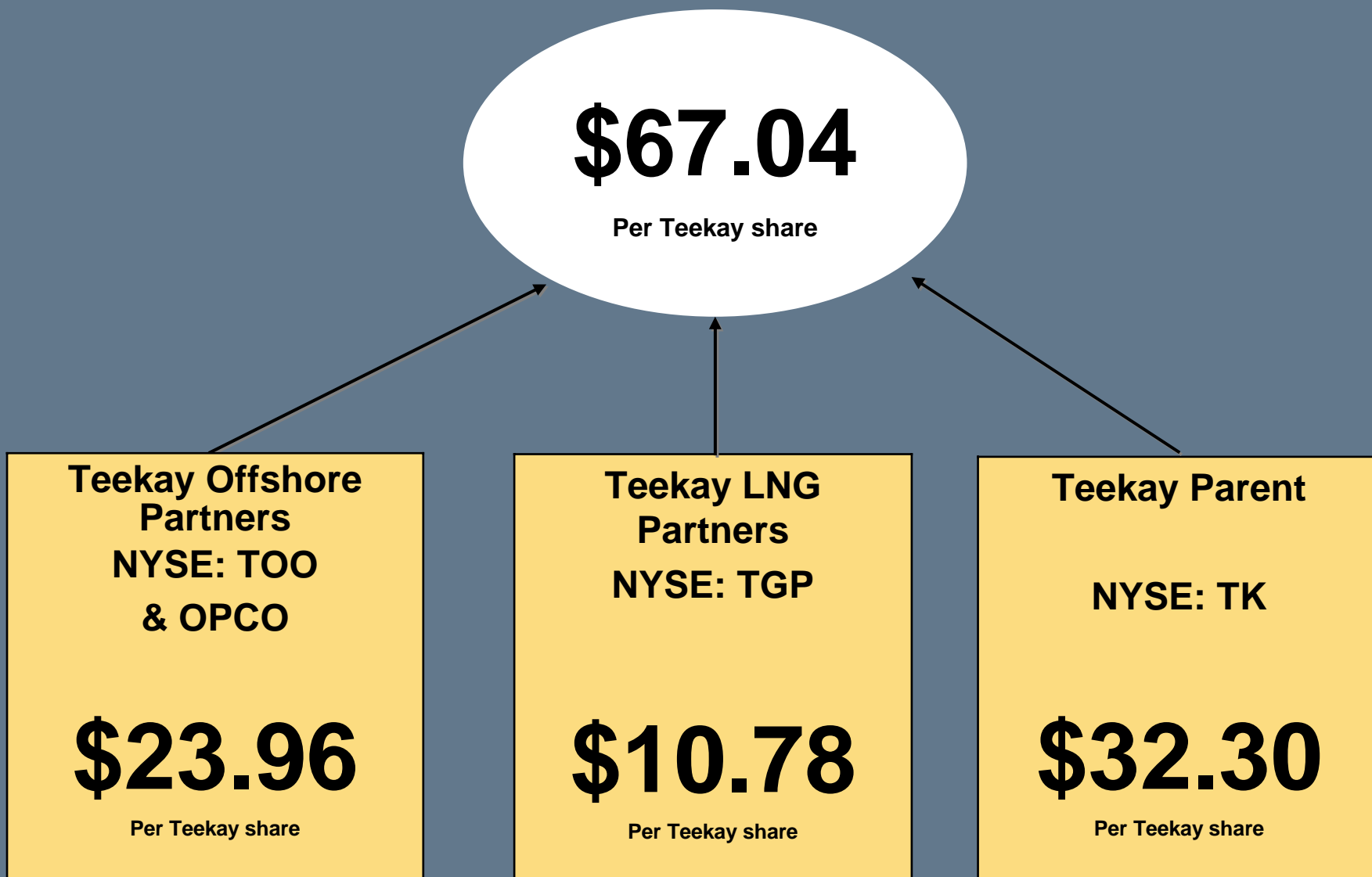
Teekay has
built a
sustainable
competitive
advantage



Corporate Structure Supports Business Strategy



Teekay's Sum of Parts Value



Assumptions and reconciliations provided in appendix



Today's Teekay

- ▶ Teekay is a leading asset management company focused on the Marine Midstream space
- ▶ To create value, Teekay will utilize four key components:
 - ▶ Spot trading
 - ▶ Project Management
 - ▶ Operating Expertise
 - ▶ Corporate Structure
- ▶ Our asset management platform reduces risk and enhances shareholder return
- ▶ Teekay's sum-of-the-parts valuation is compelling

Teekay is much more than a shipping company!



Teekay – More than a Shipping Company

What's in a name.....?

Teekay Shipping Corporation



Teekay Corporation

Name change to be voted on by shareholders at 2007 AGM



Overview of Teekay Offshore Partners L.P.

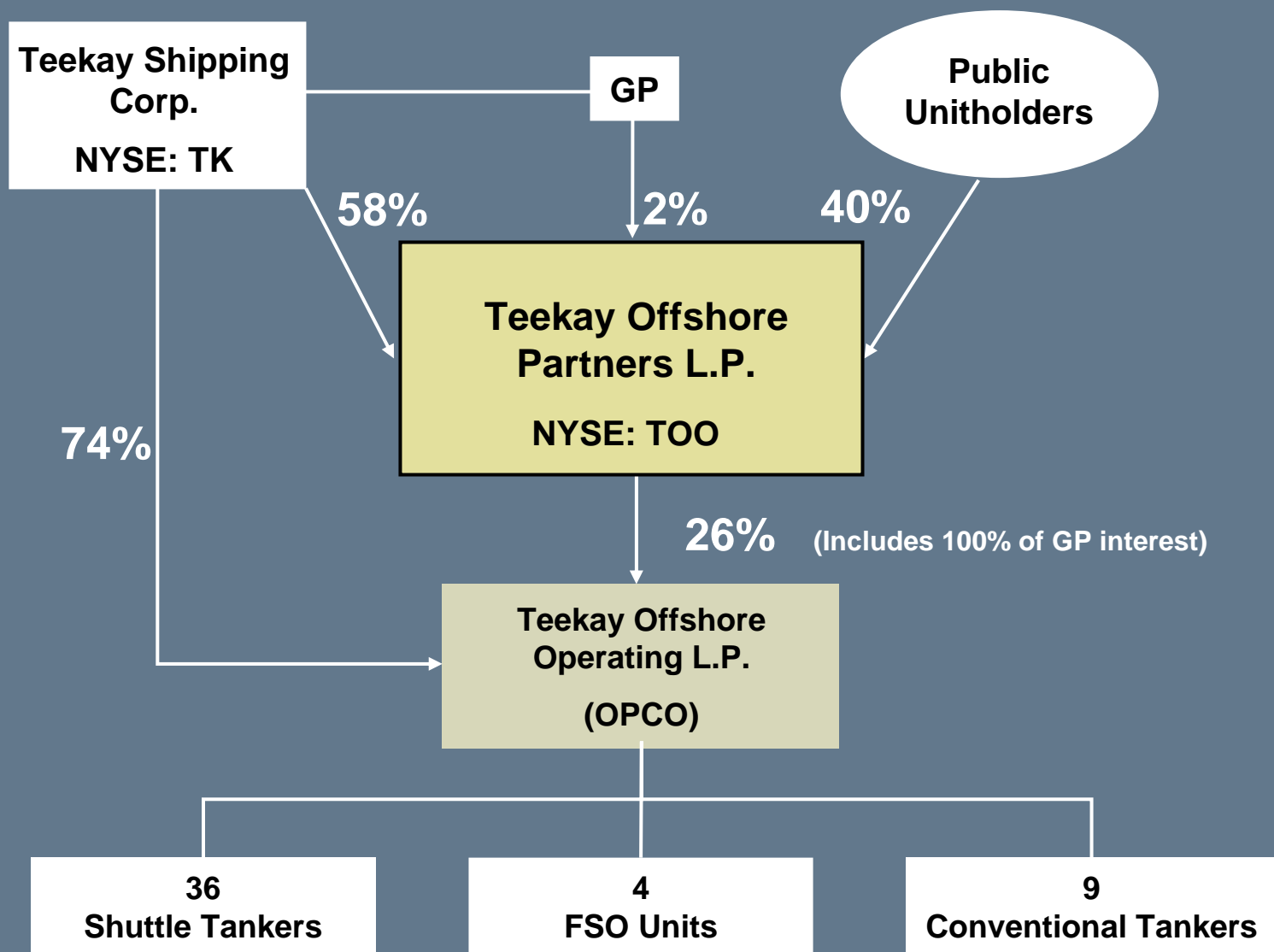


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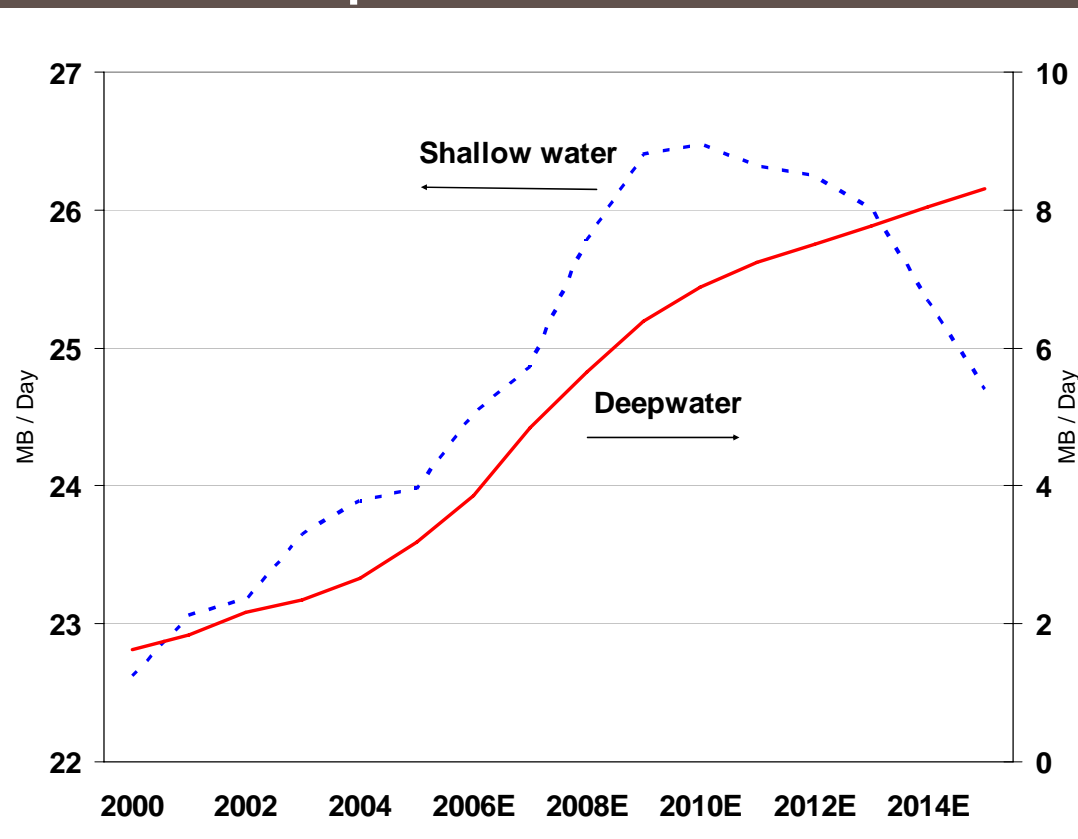
Teekay Offshore Partners L.P. – Ownership Structure



Significant Offshore and Deepwater Growth

- ▶ Deepwater offshore oil production is one of the fastest growing areas in the energy industry
- ▶ Only significant opportunity to add reserves outside of Russia and Middle East
- ▶ High oil prices have stimulated offshore oil production

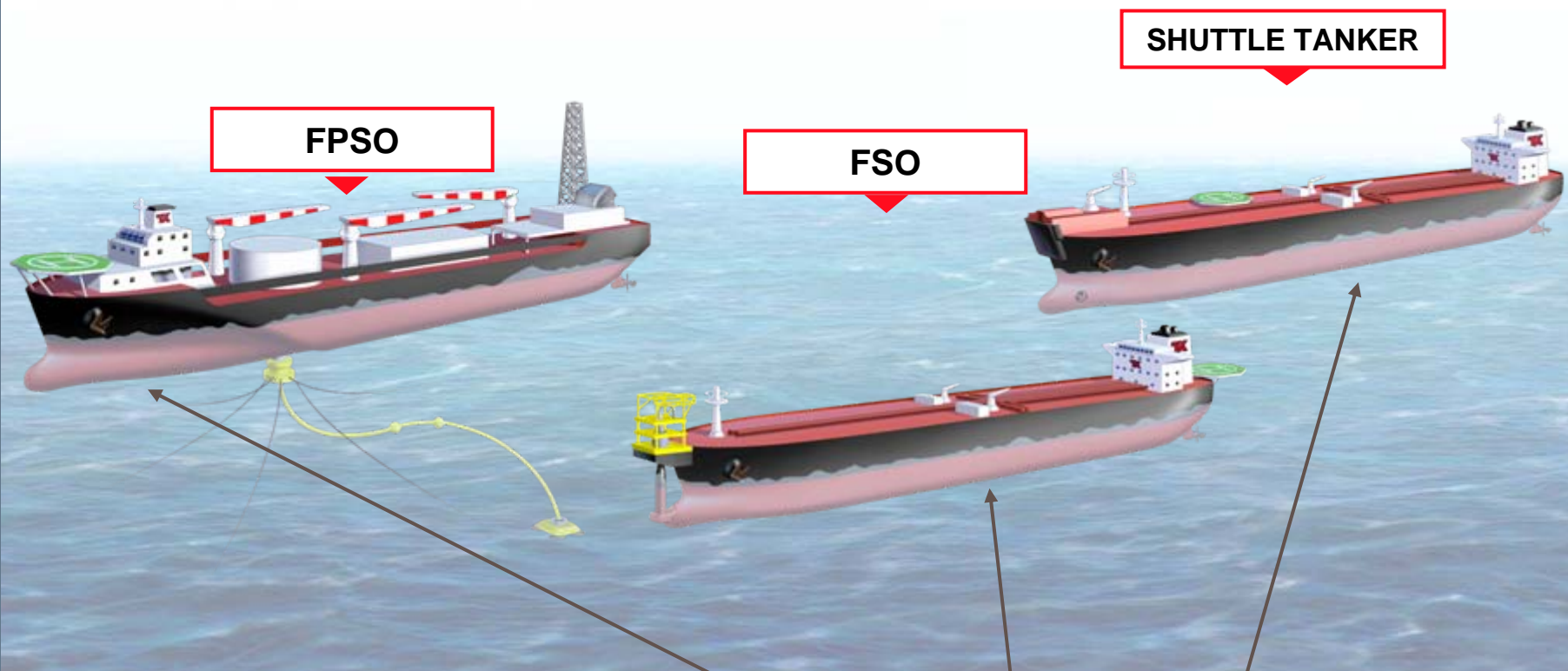
Increasing Trend Towards Deepwater Oil Production



Source: Douglas Westwood.

Deepwater Crude Oil Production is Expected to Almost Triple from 2005 – 2015

Growing Investment in Offshore Oil and Gas Sector



Seismic

Exploration /
DrillingSubsea
Development

Production

Storage

Transportation

Terminal

\$163 billion in 2005 expenditures

Run-rate of \$247 billion annually by 2010

Source: Douglas Westwood.

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Offshore Oil Transportation, Storage and Production



Shuttle Tanker

Specially designed to transport oil from offshore installations to refineries

Majority of contracts are 'life of field'

Cost: \$60m - \$100m



FSO

Provides on-site storage for oil fields

Contracts are generally long-term, fixed-rate

Cost: \$20m - \$50m



FPSO

Oil production and storage vessel

Contracts are generally long-term

Cost: \$100m - \$1b



Shuttle Tankers: “Floating Pipelines” for Offshore Oil



North Sea Offshore Oil Network

Advantages Over Pipelines

- ▶ Less costly – especially for remote areas
- ▶ Vessel interchangeability allows uninterrupted oil movement
- ▶ Destination flexibility for the customer
- ▶ Segregation of cargo

Shuttle tanker connected to STL buoy in heavy seas (Heidrun field in Norway)



Dominant Position in an Expanding Market

World's Largest Owner and Operator

- ▶ OPCO operates 62% of the world's shuttle tankers

Geographic Presence in Growing Markets

- ▶ Only foreign flag operator in Brazil (8 vessels)

Low Threat of Substitution

- ▶ Integral part of offshore oil production logistics chain
- ▶ No speculative newbuildings on order

High Barriers to Entry

- ▶ CoA contract structure requires “critical mass”
- ▶ Sophisticated technology and operational “know-how” is critical



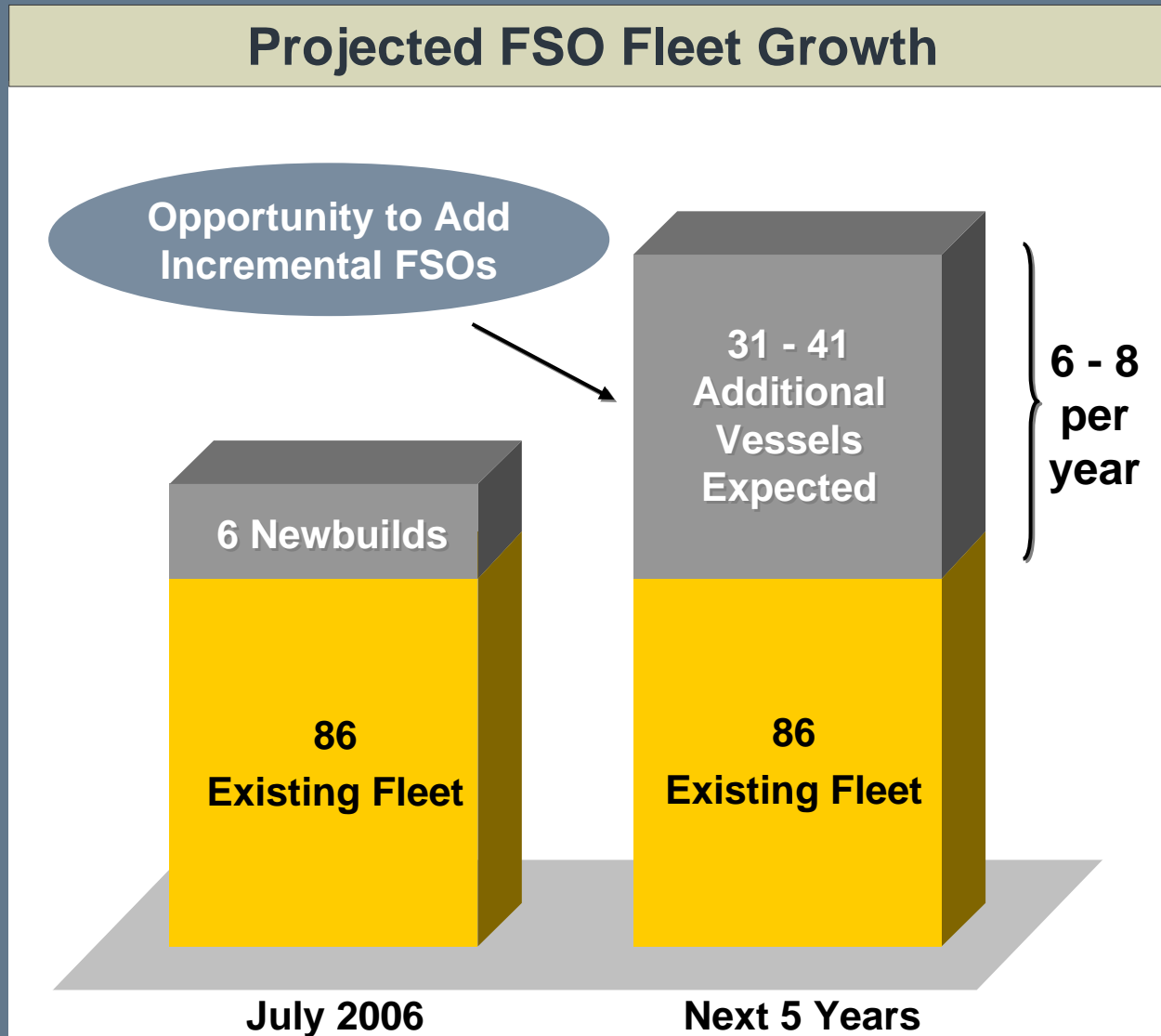
**Shuttle Tanker Trade To Grow Approximately 36% By 2015
(3.3m bbls / day in 2006 to 4.5m bbls / day)***

*Source: Douglas Westwood.

www.teekay.com



Increasing Demand for FSOs

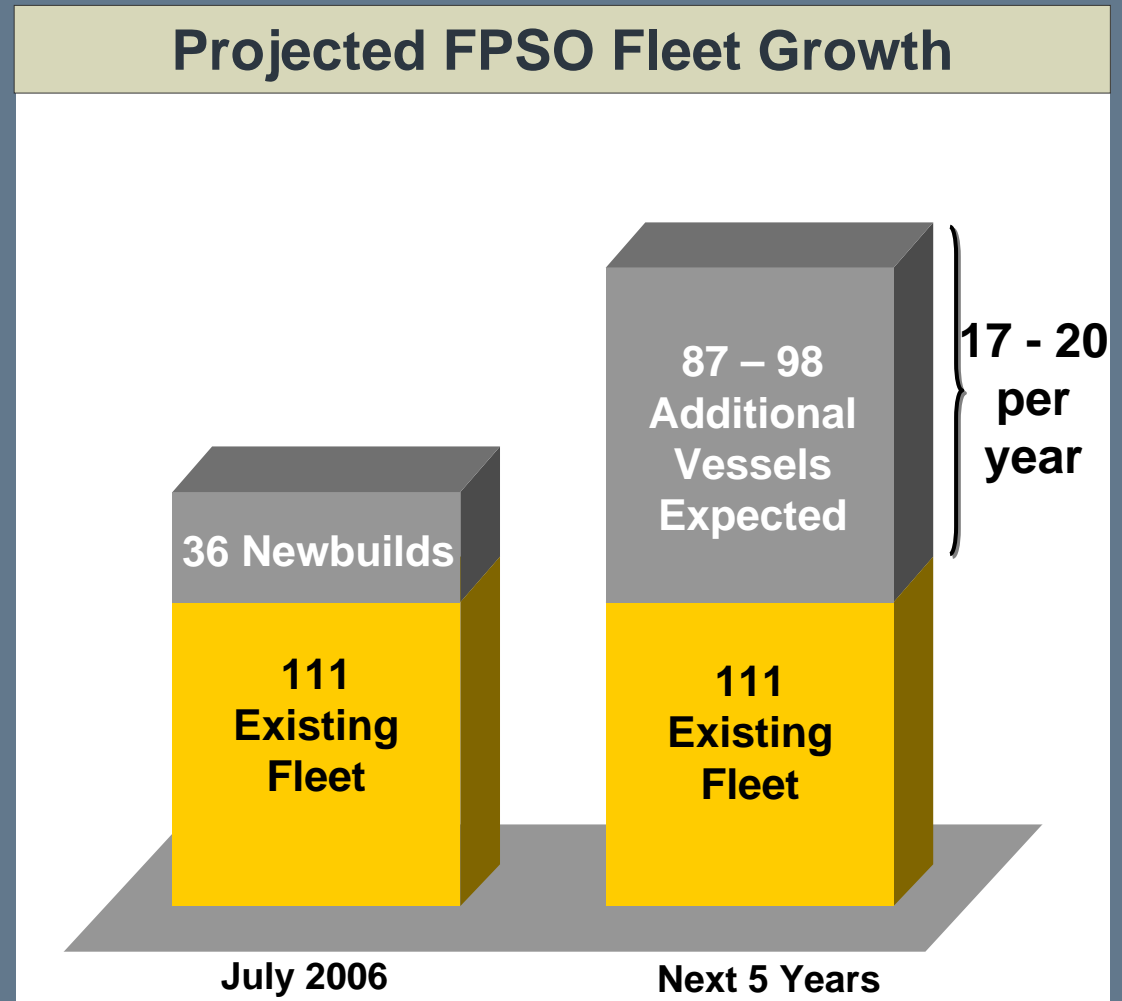


Source: International Maritime Associates (IMA).



Increasing Demand for FPSOs

- ▶ Current operating fleet expected to nearly double over next 5 years
- ▶ FPSO usage increasingly popular in geographic regions with growing offshore activity
- ▶ Growing trend to use independent FPSO contractors



Source: International Maritime Associates (IMA).



Significant Growth Opportunities

INCREASING DISTRIBUTIONS

FPSO Opportunity (Petrojarl)

- ▶ Teekay Shipping's 50% JV with Teekay Petrojarl is actively bidding on new projects

May Acquire Additional Interests in OPCO

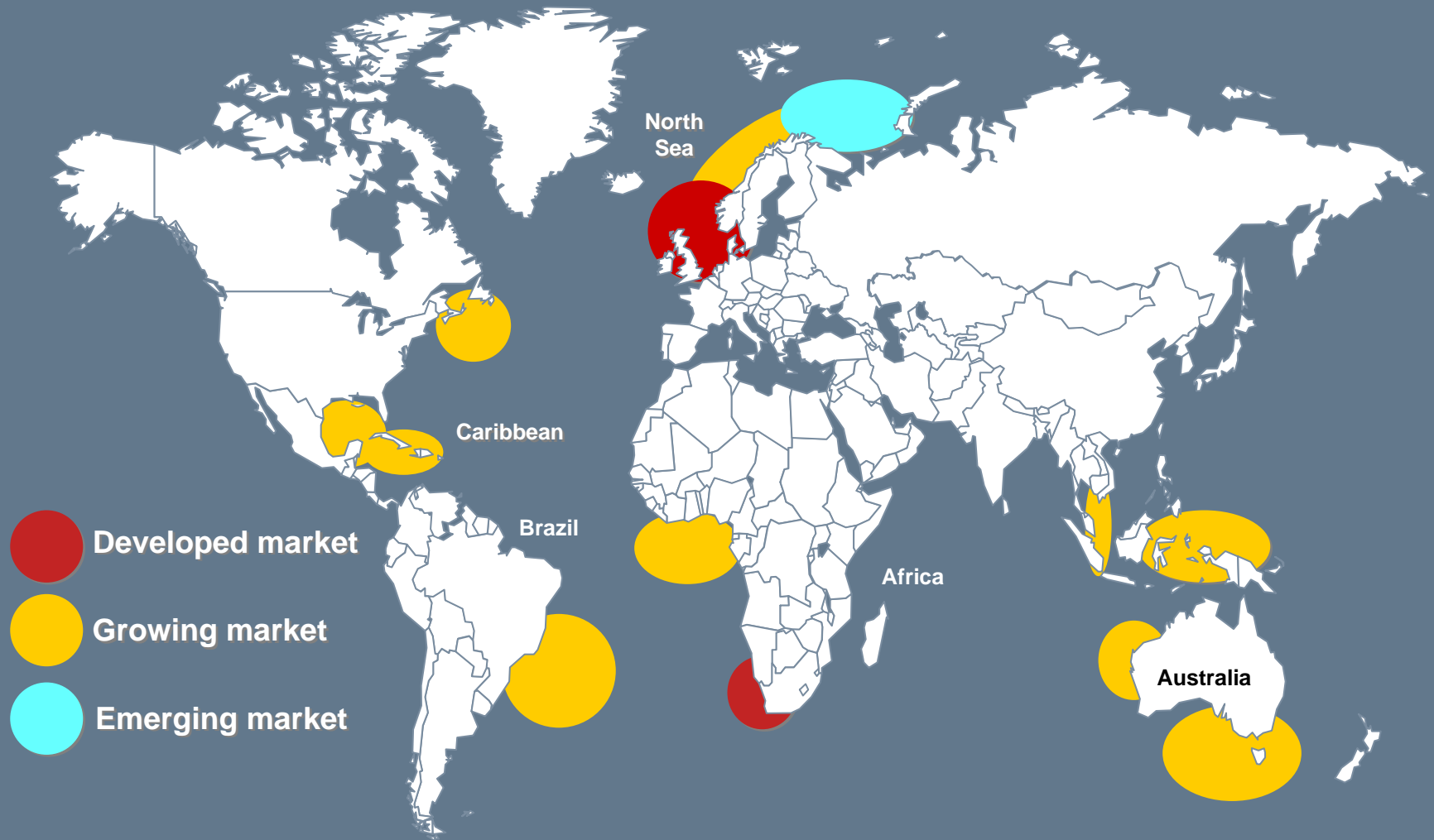
- ▶ Teekay may sell 74% interest in OPCO over time

Expand The Fleet

- ▶ 1 Aframax, 1 FSO, and 50% of 1 Suezmax will be offered to the MLP after delivery
- ▶ Focus on long-term contracts



Our Growth Markets



Since 2001, We Have Operated In 5 Continents



Long-term, Diverse Contract Portfolio

Average Contract Life

Shuttle Tankers

- ▶ Majority of CoA volumes are life of field (16 year average field life) – 21 vessels
- ▶ Time / bareboat charter 6 years – 15 vessels

FSO Units

- ▶ 5 years

Conventional Tankers

- ▶ 8 years (plus 5 one-year options)

High Quality Customers



Teekay Offshore Partners Tax Arrangement

Structure

A legal partnership that is electing to be taxed as a corporation in the U.S.

- ▶ *However, the partnership pays no U.S. income tax since its business is considered “offshore” for tax purposes*

Benefits

Investors receive standard Form 1099s
No K-1s

Taxation of Distributions

~70% dividend income (taxed at “qualified” dividend rate of 15%) and
~30% return of capital

An MLP with no K-1 Reporting



Summary Financial Information – OPCO

Forecast Twelve Months Ending December 31, 2007 (Dollars in millions)

| | |
|--|----------------|
| Voyage Revenues | \$749.3 |
| Voyage Expenses | 146.7 |
| Time-Charter Hire Expense | 146.4 |
| Vessel Operating Expense | 124.0 |
| Depreciation & Amortization | 115.6 |
| General & Admin Expenses | 64.6 |
| Income from Vessel Ops. | \$151.9 |
| CFVO* (before non-controlling interest) | \$278.4 |

MLP Also Has Option to Purchase Directly from Sponsor

- ▶ 2 shuttle tankers on 13-year fixed-rate contracts
- ▶ 1 FSO on 7-year fixed-rate contract

- ▶ Net Debt / EBITDA* (before non-controlling interest) = 4.4x
- ▶ Total liquidity of approximately \$400 million
- ▶ Revenues and expenses primarily denominated in U.S. dollars
- ▶ Interest rates are substantially hedged long-term

* See Reconciliation of CFVO to Net Operating Cash Flow in the Appendix at the end of this presentation.



Overview of Teekay LNG Partners L.P.



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Teekay's Gas Business

Long Term Growth Strategy:

- ▶ Expand our LNG and LPG fleets on a build-to-suit basis
- ▶ Grow through newbuildings, joint ventures and acquisitions
- ▶ Leverage customer and supplier relationships
- ▶ Provide superior vessel operations
- ▶ Deliver competitive rates by leveraging our financial strength
- ▶ Work with customers to provide innovative gas transport solutions

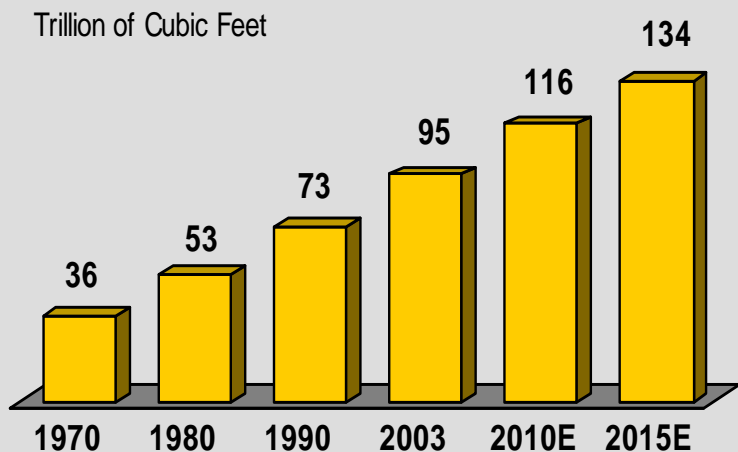


Madrid Spirit

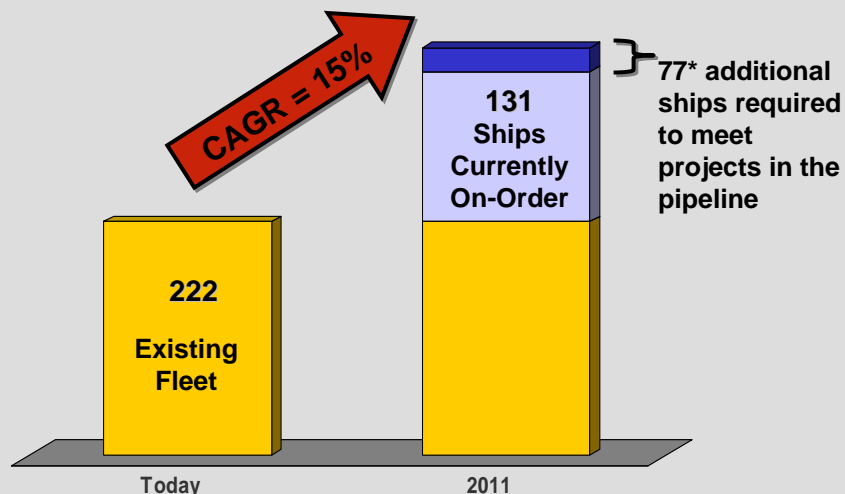
LNG Shipments: 7% Expected Annual Growth

- ▶ Global demand for natural gas is expected to continue to grow significantly
- ▶ Growing shortfall of natural gas in key consuming countries
- ▶ LNG shipments are the obvious solution to address this shortfall
- ▶ Creates increased demand for LNG Carriers and a \$17 + billion market opportunity

Growing World Natural Gas Demand



Projected Demand for LNG Carriers by 2011



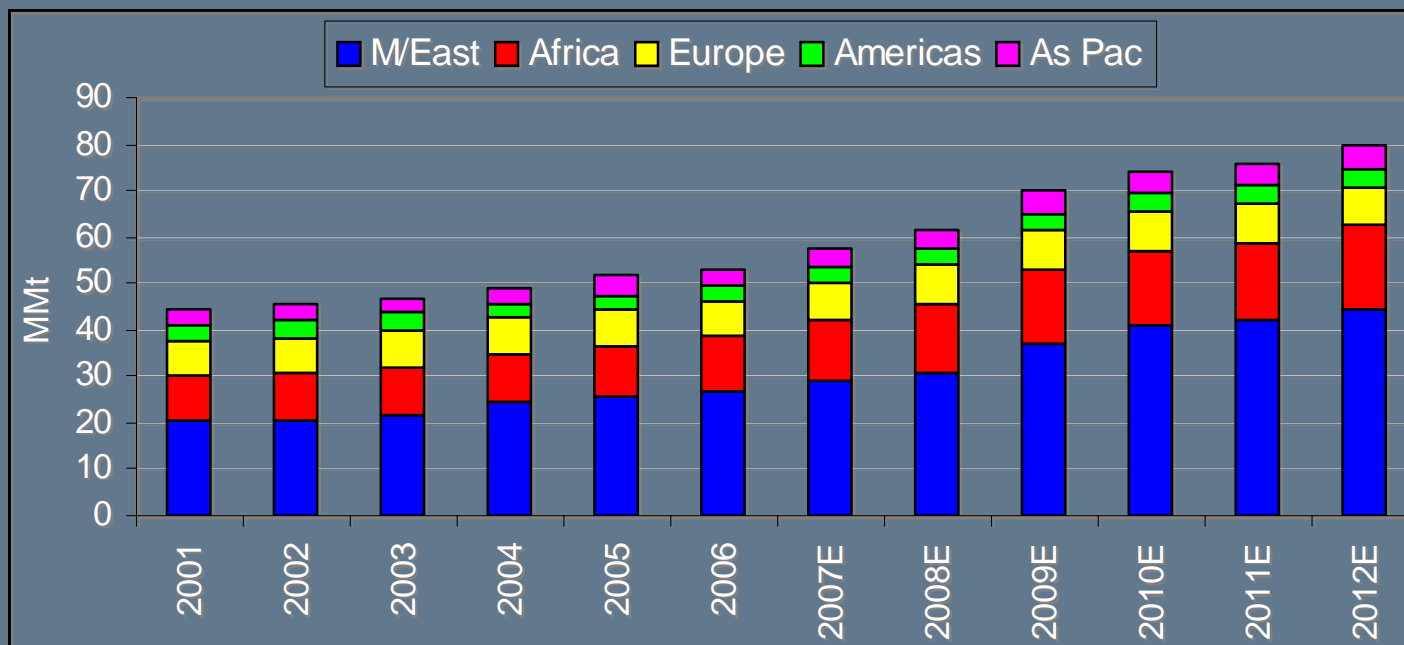
Source: US Department of Energy, April 2006 and IEA.

* Excludes speculative projects, Partnership estimates



LPG Shipments: 7% Expected Annual Growth

- ▶ Rapid growth in China and India will lead worldwide consumption of LPG
- ▶ As a by-product of natural gas production and liquefaction, LPG supply will increase with new LNG projects
 - ▶ Over half of the supply growth will originate from the Middle East
- ▶ Longer haul trades will develop as demand and supply increases, increasing the seaborne trade of LPG



Seaborne Trade Outlook – Global LPG Exports

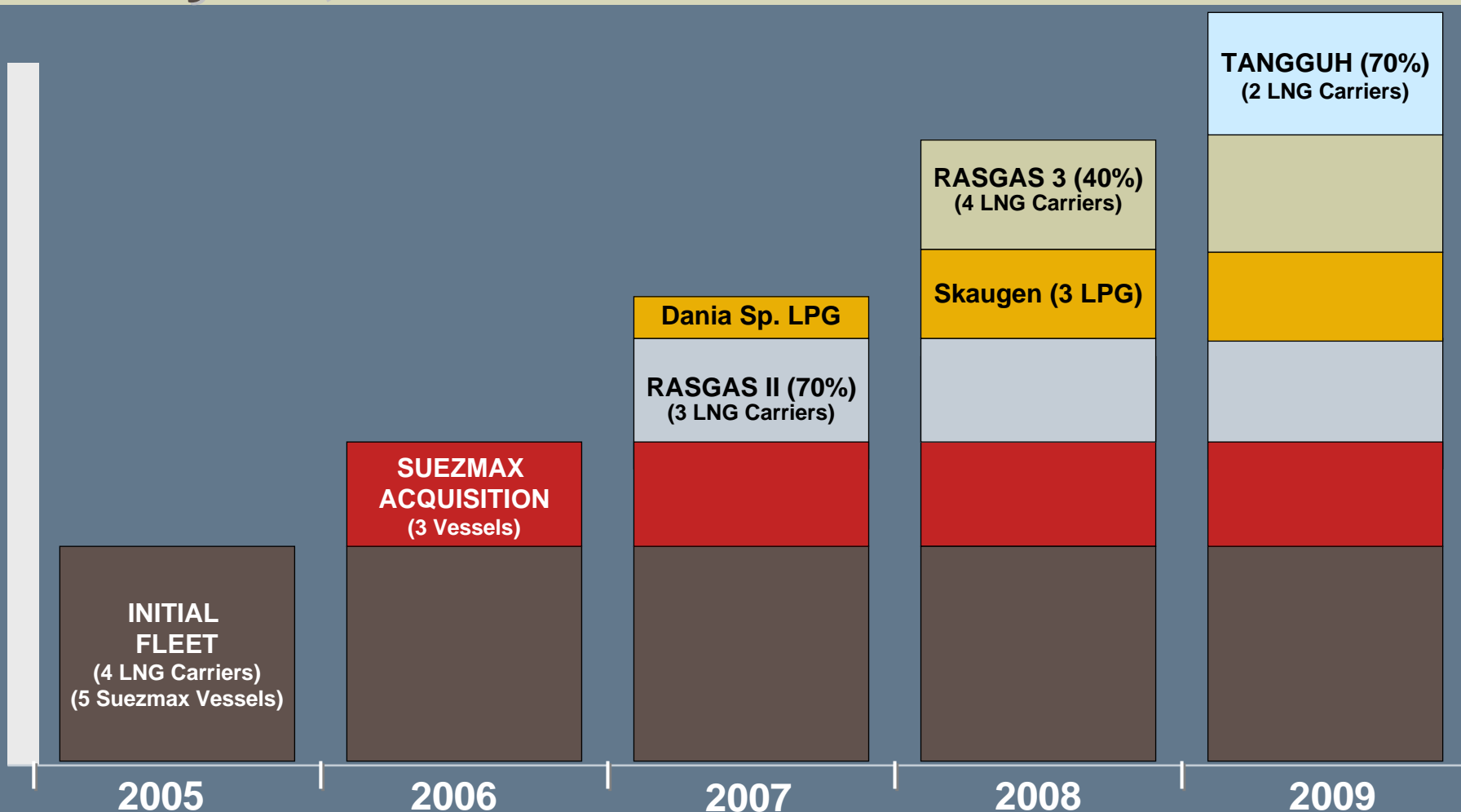


Stable Long-Term Cash Flows

- ▶ Attractive fixed-rate contracts “locking in” cash flows:
 - ▶ 20 - 25 years initial length for LNG carriers
 - ▶ High credit quality customers
 - ▶ Cost escalation provisions
- ▶ Long remaining contract life for all vessels:
 - ▶ LNGs: 20 years
 - ▶ Tankers: 14 years
- ▶ Liabilities are matched to contracts:
 - ▶ Repayment profile of principal matches revenue stream
 - ▶ Interest rates hedged for duration of contract



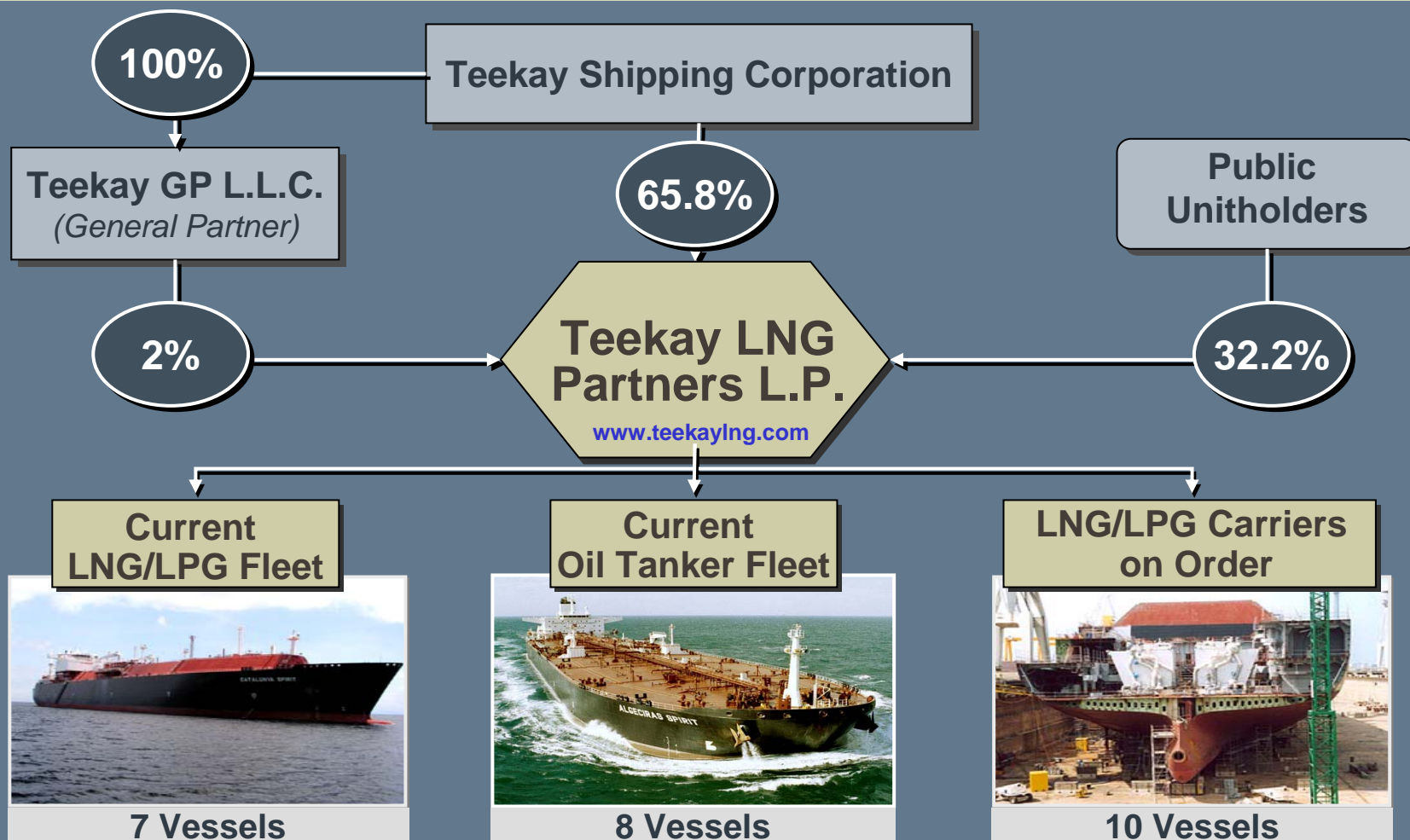
Multi-year, Built-in Growth



This portfolio of projects puts us in a position to grow in 2007, 2008 and 2009



Teekay LNG Partners LP – Ownership Structure



Overview of Teekay Parent: The Asset Manager

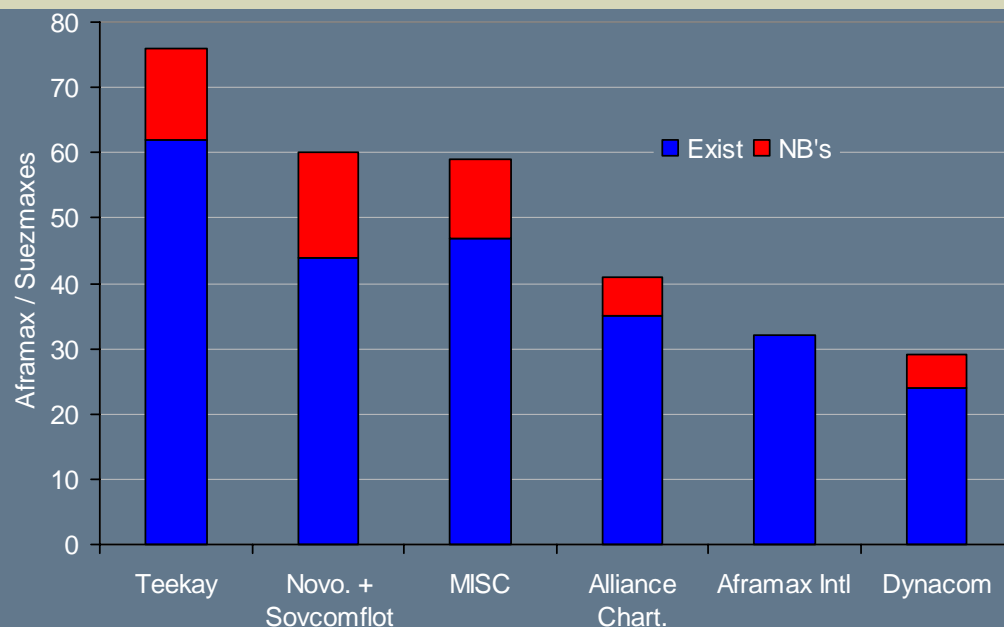


► TEEKAY – THE MARINE MIDSTREAM COMPANY®



World Leader in Conventional Tanker Business

- ▶ Commercial management and growth of Teekay's conventional tanker fleet
- ▶ 1 billion barrels of oil shipped in 2006
- ▶ 420 million barrels under contract
- ▶ Largest operator of medium sized tankers
- ▶ Maintaining high in-charter activity
- ▶ Growing Suezmax / product tanker presence – supporting Statoil's shipping requirements



Source : CRS / Industry sources



Unique Global Organisation



- ▶ 24 hour global market coverage through 6 commercial offices located in major shipping markets
- ▶ 58 commercial employees worldwide
- ▶ Devolved authority = speed of response for customers
- ▶ Support Statoil's regional offices with market intelligence and data

Customer Benefits from Teekay Scale & Breadth

- ▶ Global Reach - the only truly global tanker company able to meet the worldwide need of our customers
- ▶ Customer Service - interchangeability of ships increases on time performance
- ▶ Teekay's tanker franchise has the ability to undertake large-scale COAs for our customers
- ▶ Innovative contracts – open book relationships



Leader in Ship-to-Ship Transfer Logistics

50% owner of Skaugen PetroTrans (SPT)

- ▶ Bundled logistics service involving offtake tankers, transfer equipment, support boat and mooring masters
- ▶ Handles more than 10% of U.S. seaborne crude oil imports
- ▶ Expanding globally - recently acquired Melbourne Marine who operate in N.W. Europe / West Africa
- ▶ 6 purpose built lightering NBs to join fleet 2007 – 2008



Tanker Market Discussion



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Today's Agenda

► 2006 Summary

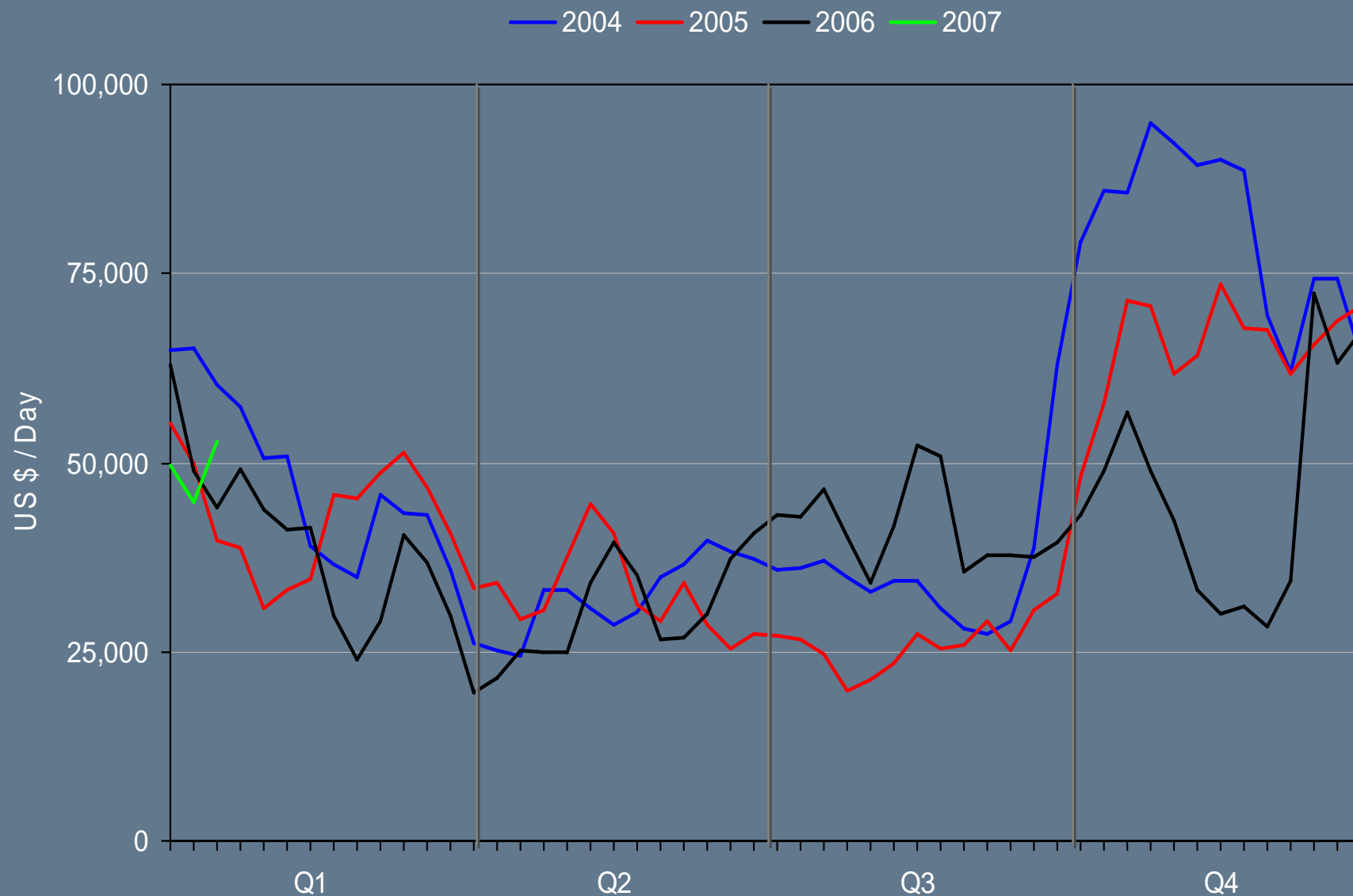
- Rates stronger than most estimates even with no major “events”
- Fundamentals – Distance, volume and bunker consumption leading to higher ton mile demand

► 2007 Outlook

- Oil fundamentals – Price moderation supports demand growth
- Refining – Upgrading capacity tightness to persist
- Tanker supply outlook – Conversions / removals on the rise
- Conclusions – Supply / Demand balance remaining tight
- Asset Values – Record high levels



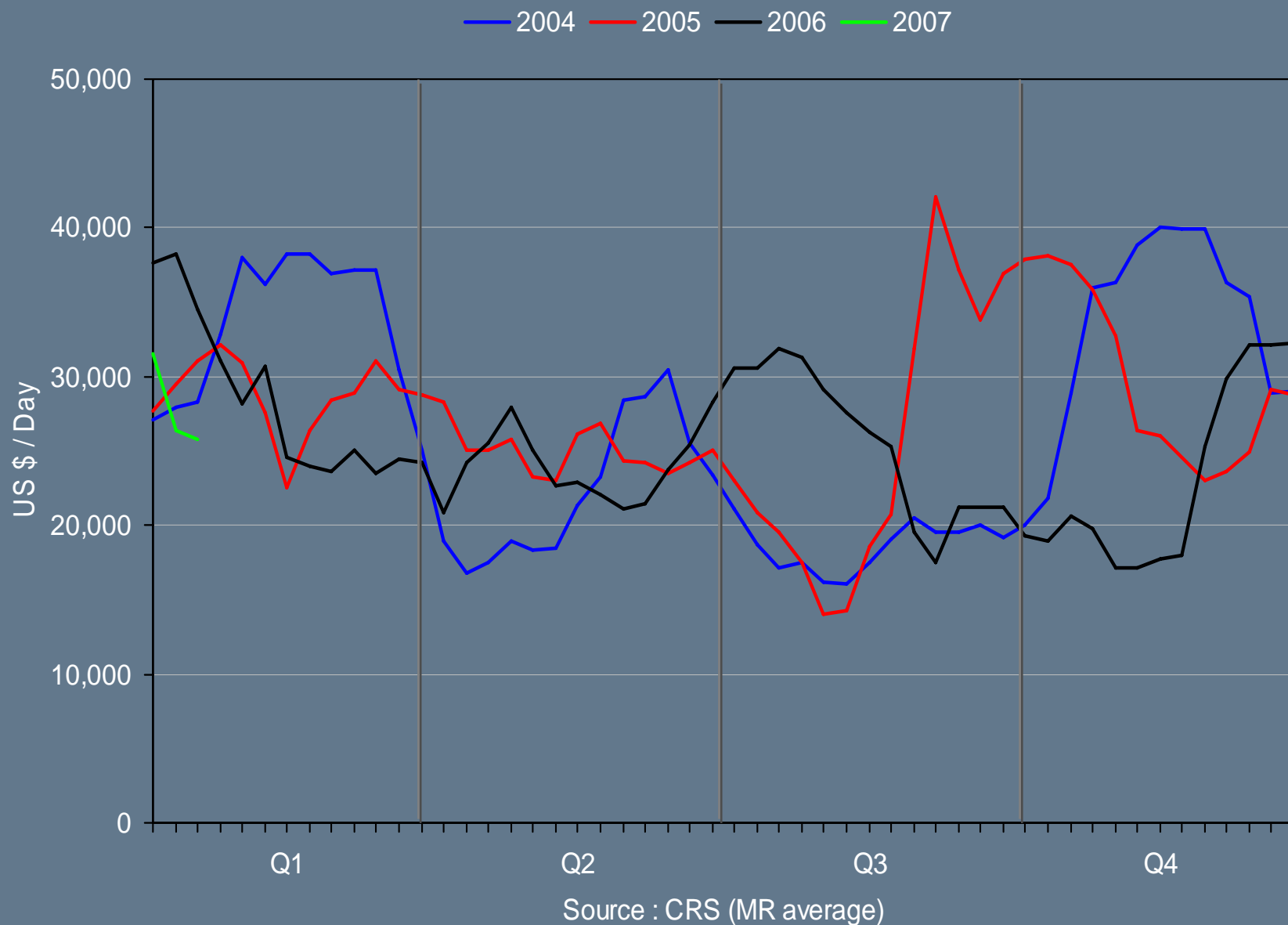
Aframax Tanker Rates – Winter Spike Even as OPEC Cutback



Source : CRS (Aframax average)



MR Tanker Rates – Seasonal Upturn in Rates During Q4-06



2006 Estimates vs. Actuals – Market Surprised on Upside

| | Early 2006 Estimates | End 2006 Actual |
|--|----------------------------------|------------------------------|
| Tanker Supply Growth | 6 to 7% | 5.8% |
| Oil Demand Growth | 1.1 to 1.8 mb/d (1.3 to 2.2%) | 0.8 mb/d (0.9%) |
| Aframax Average Earnings | \$24 – 34,000 / day | \$40,000 / day (Clarkson) |
| Sources : Various / Teekay Equity Analysts | | |



Longer Haul Trades Underpinning Market Strength

Examples:

- ▶ Venezuelan crude to China instead of US (1 mdwt incremental tanker demand for 0.3 mb/d)
- ▶ West African crude to China (0.6 mdwt incremental tanker demand for every 0.1 mb/d increase)
- ▶ Atlantic basin to Asia fuel oil movements (0.3 mb/d increase)
- ▶ Caspian crude from Ceyhan (Med) to Asia
- ▶ Sakhalin crude volumes to India
- ▶ Oil products from Middle East / Asia to Europe and US
- ▶ Oil products from Europe / Asia to West Africa (Nigeria)



Stock Building and Understated Bunker Demand

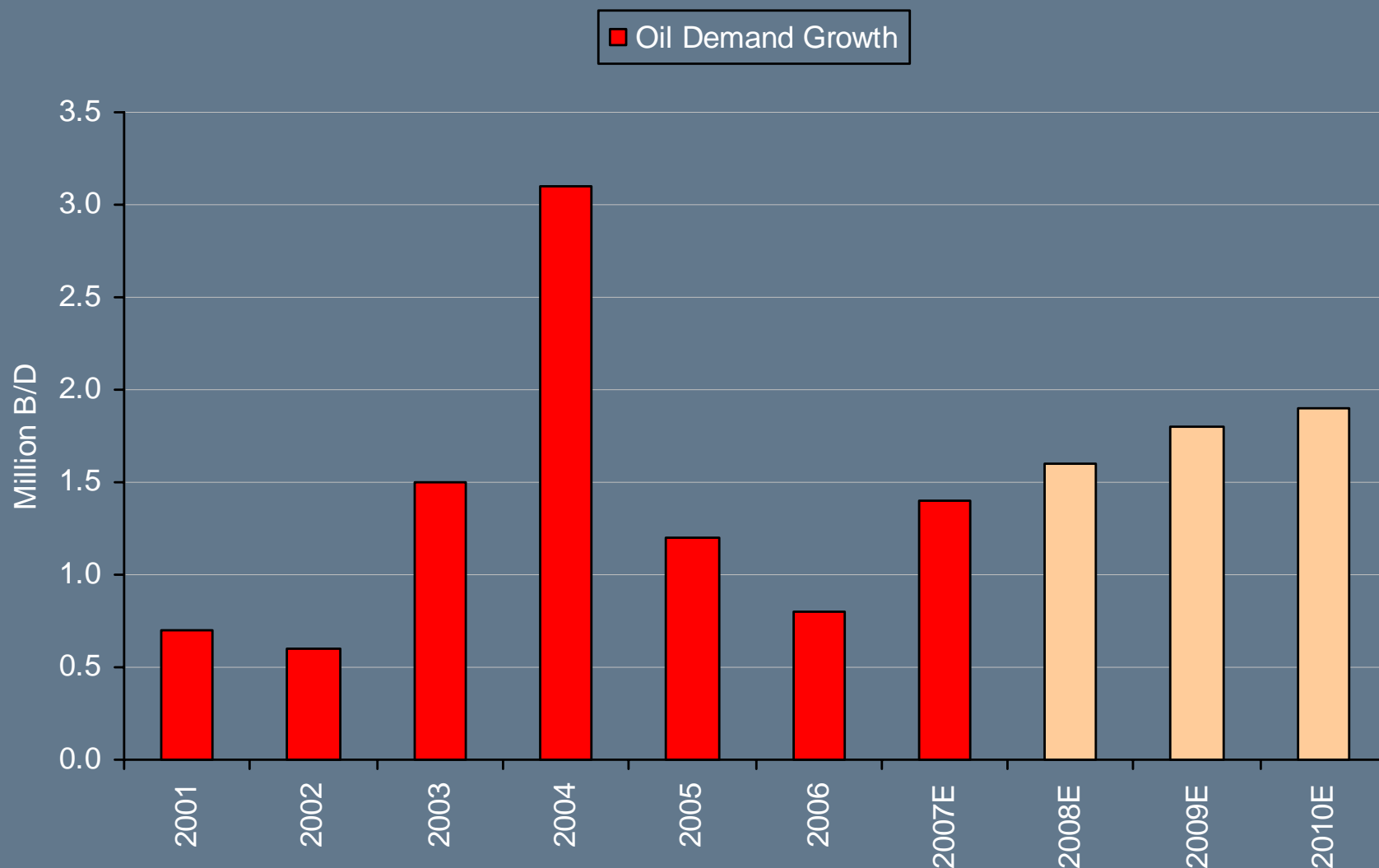
- ▶ Global Oil inventories – Rose by 0.4 mb/d on average during 2006

Understated Bunker Demand

- ▶ 2005 – 10: IEA estimates 0.2 mb/d bunker demand growth
- ▶ Based on current world orderbook – bunker demand growth estimated ~2.0 mb/d over 2007 - 2010 (CAGR 9% p.a.)
 - ▶ 5,792 ships on order (300 mdwt)
 - ▶ 1,260 container ships (0.9 mb/d) - 260 consume over 200 mt / day
 - ▶ 1,894 tankers (0.4 mb/d)
 - ▶ 986 bulk carriers (0.2 mb/d)
 - ▶ 1,652 LNG / LPG / Others (0.3 mb/d)
- ▶ Bunker port delays and infrastructure constraints



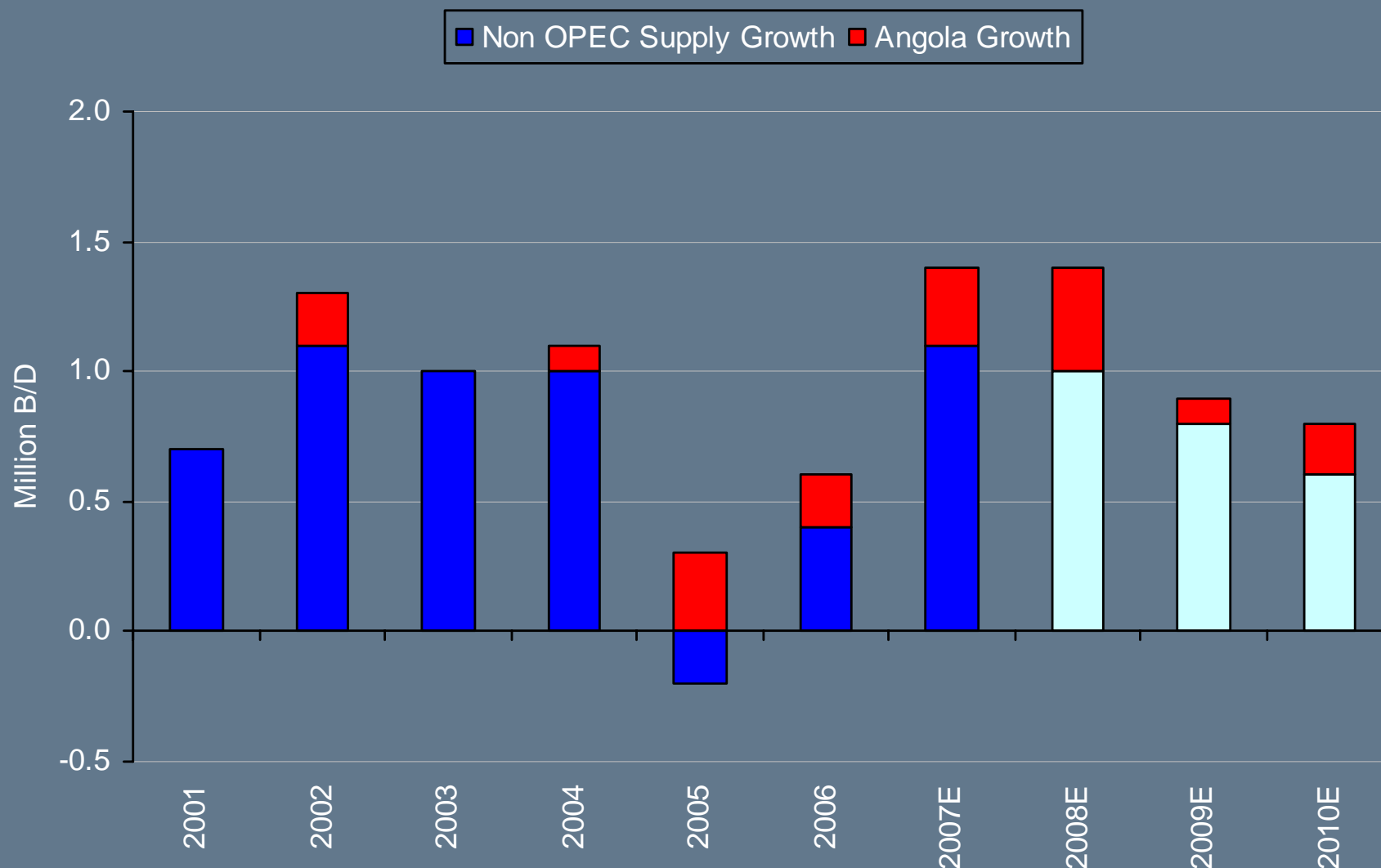
Global Oil Demand – Moderating Prices Support Growth



Source: IEA



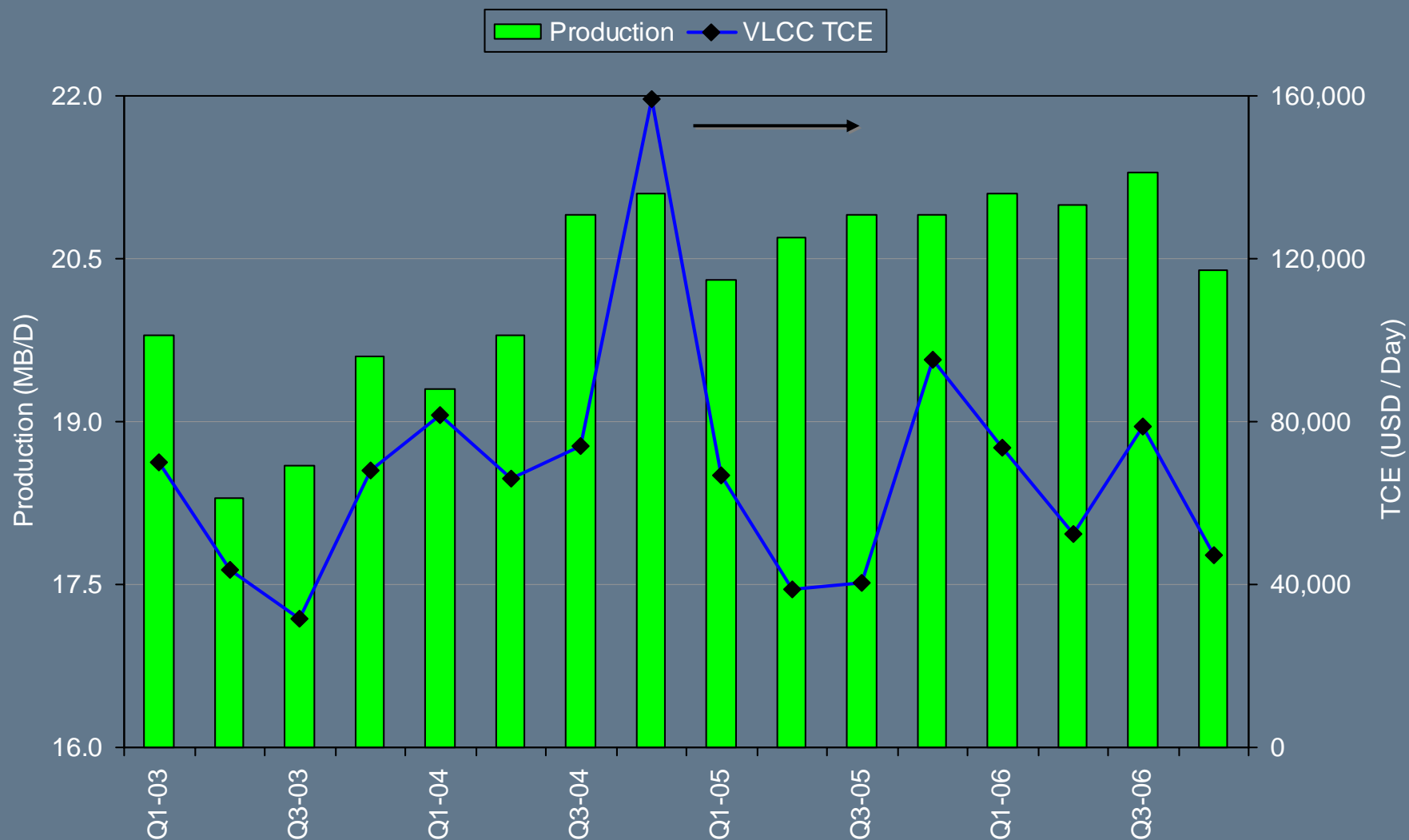
Non OPEC Supply Growth Estimates



Source: IEA

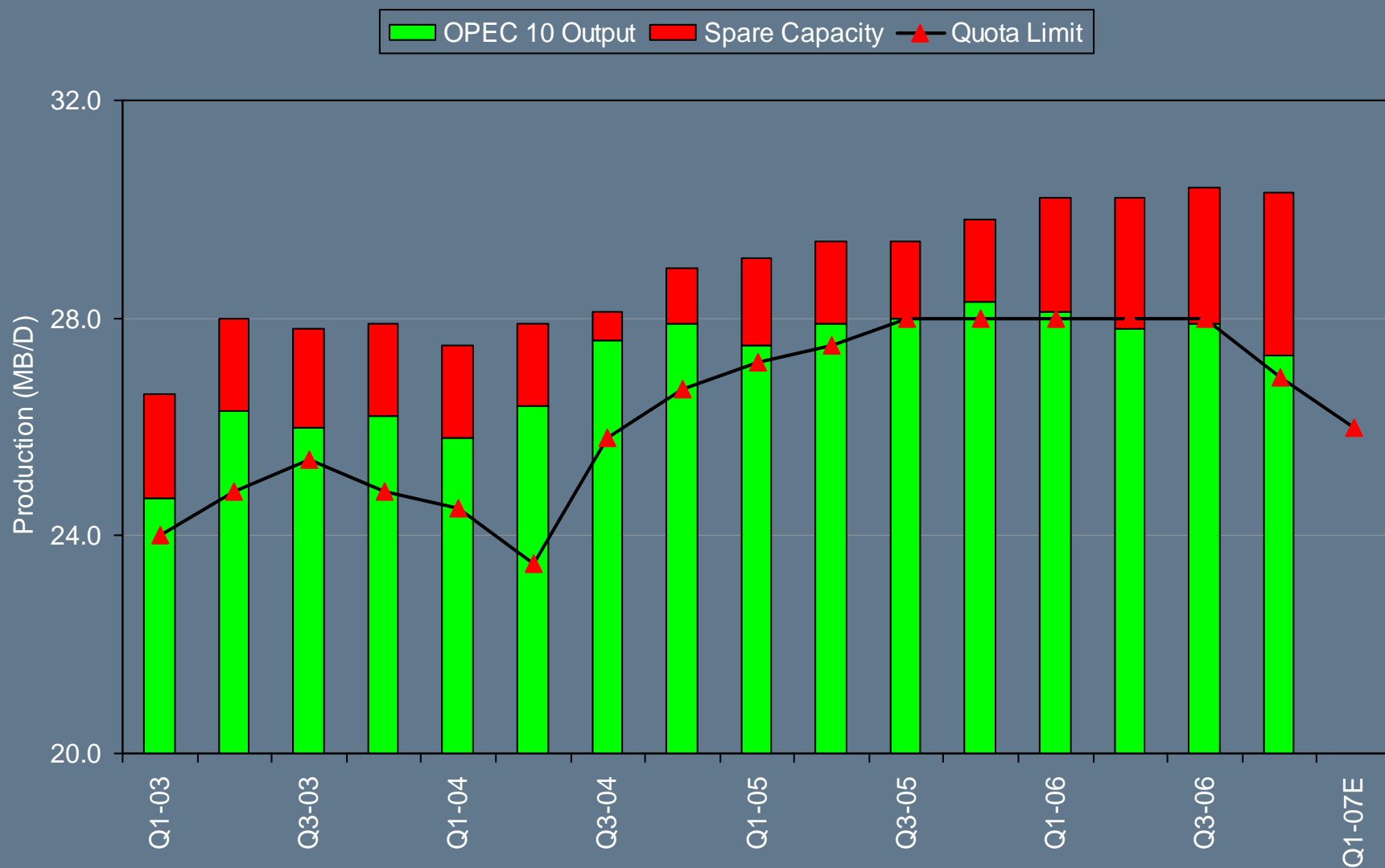


Average VLCC TCE's vs. MEG OPEC Output



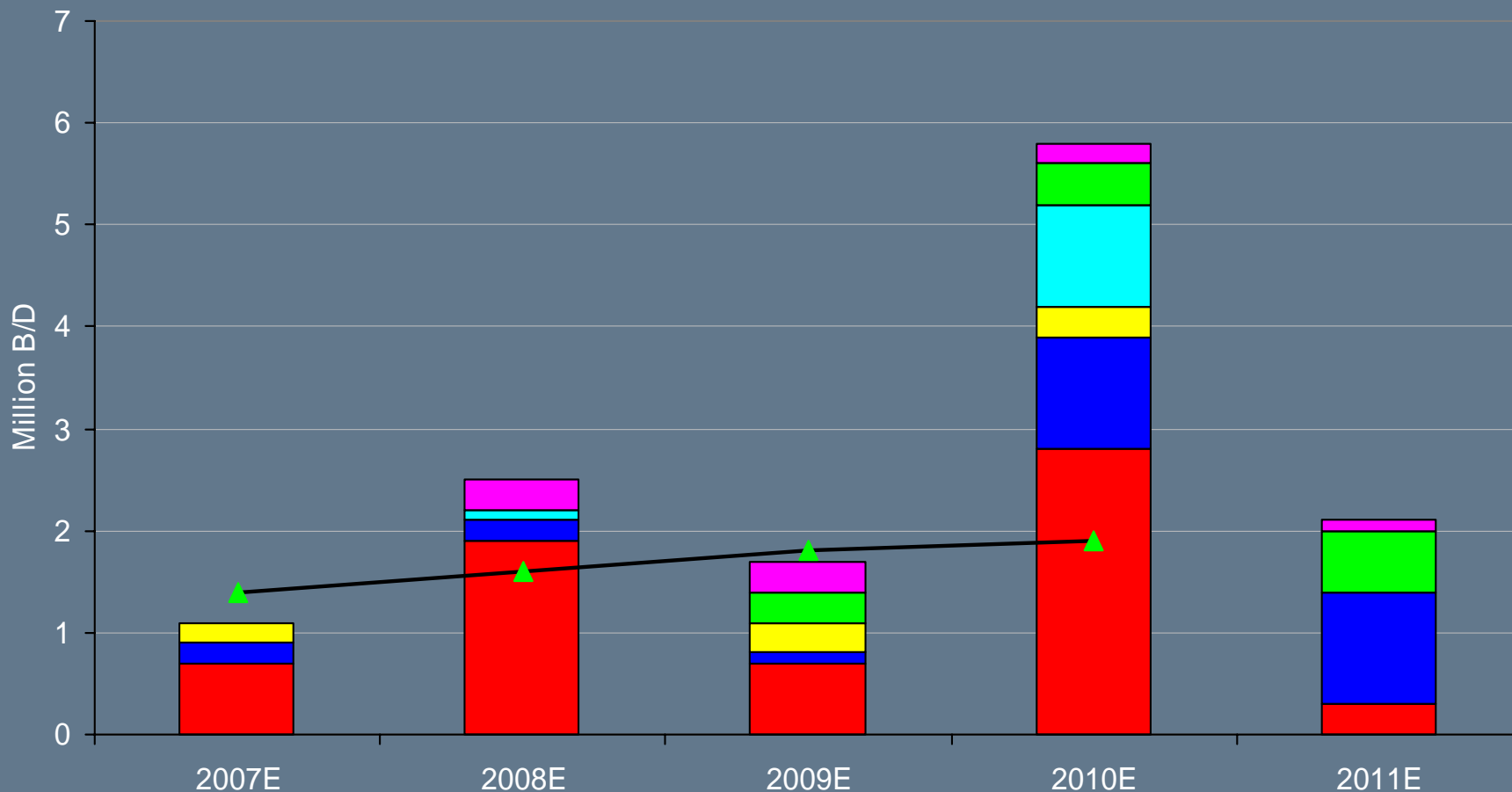
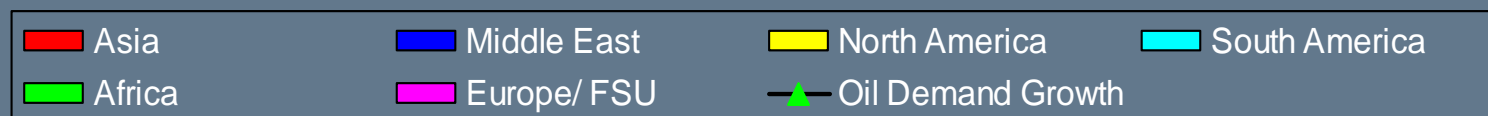
Source: IEA/CRS

OPEC – 10 Crude Output vs. Quota Limits



Source: IEA/CRS

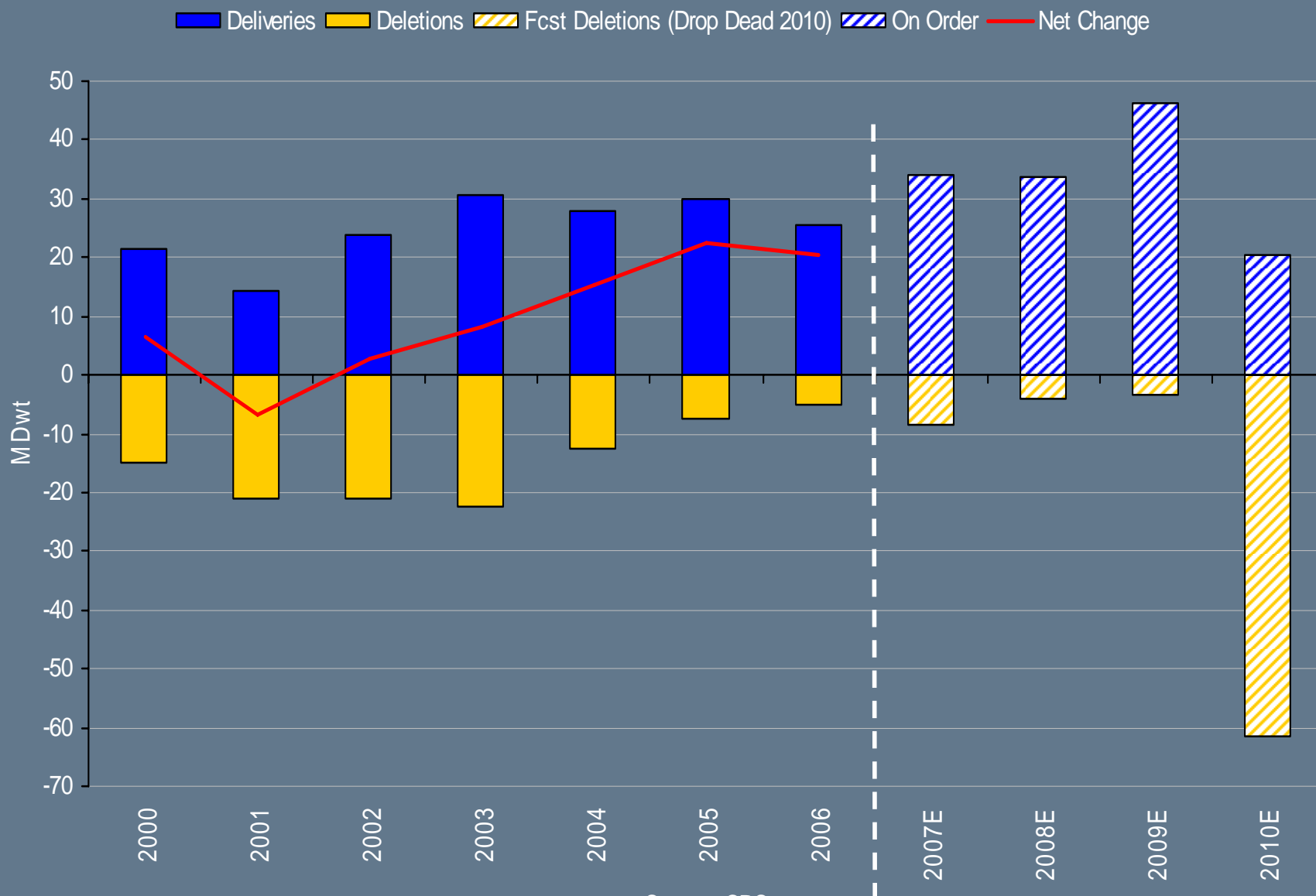
Global Refinery Capacity (CDU) Growth



Source: Industry Sources



Tanker Fleet Changes – Rising Discrimination Against Older Units



Source: CRS



2007 Fundamentals – Supply / Demand Balance Remains Tight

Key Fundamentals


- ▶ Robust economic outlook
- ▶ Moderation in oil prices – positive for oil demand growth
- ▶ Non OPEC supply growth. OPEC cutbacks not fully implemented
- ▶ Longer haul trades
- ▶ Supply growth - conversion removals on the rise
- ▶ Increased discrimination reduces effective fleet supply
- ▶ Short termers – Bosphorus / port delays, maintenance

Conclusions

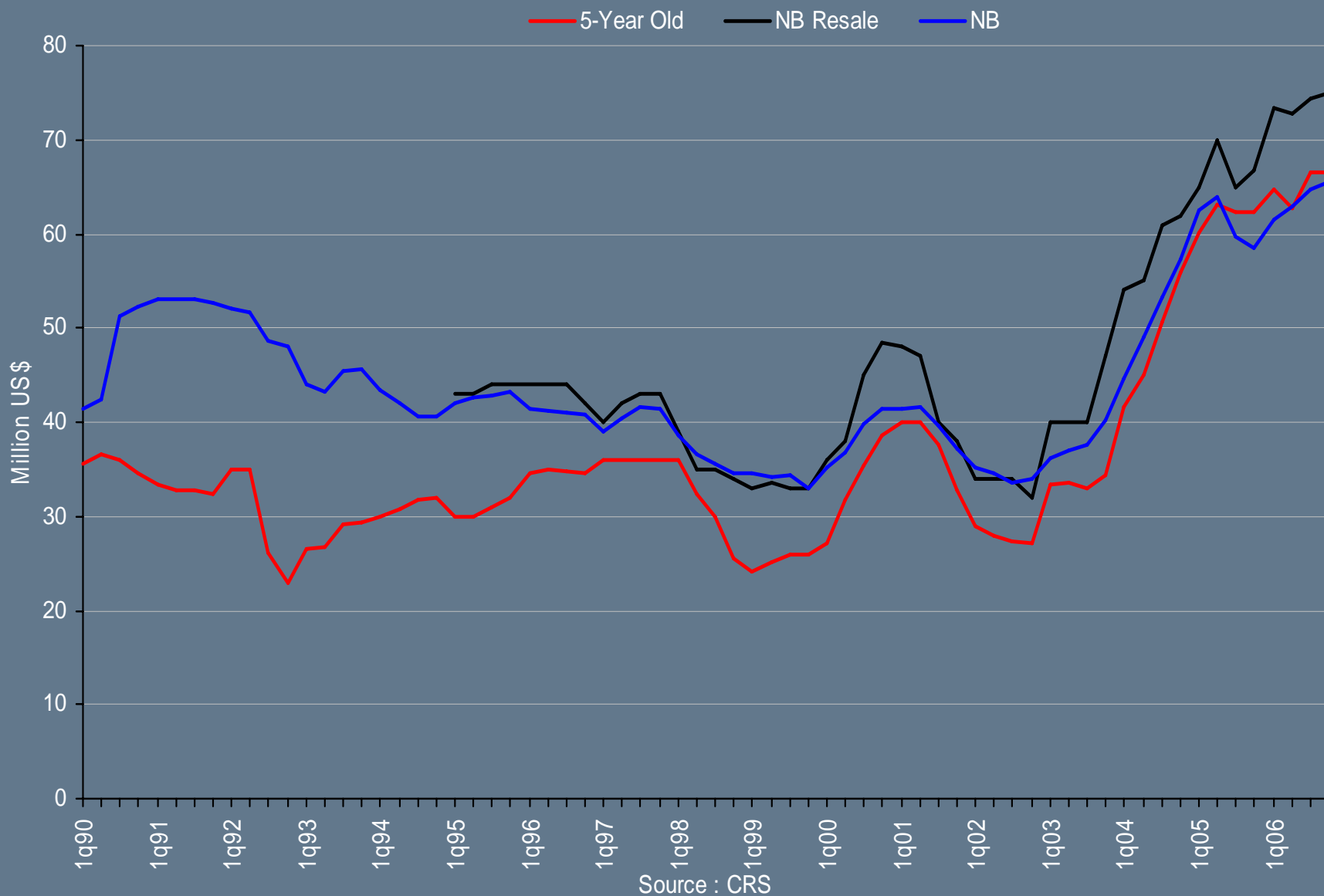
- ▶ Average supply growth of ~6% vs. ~5% tanker demand growth
- ▶ Supply / Demand balance expected to remain tight – system would be vulnerable to shocks



2007 Estimates – Outlook Becoming Brighter

| | Early 2007 Estimates | End 2007 Actual ? |
|---|----------------------------------|---|
| Tanker Supply Growth | 6 to 7% |  |
| Oil Demand Growth | 1.1 to 1.5 mb/d (1.3 to 1.8%) | |
| Tanker Demand Growth (1.7% oil demand growth and multiplier of 3) | 5% | |
| Aframax Average Earnings | \$23 – 33,000 / day | |
| Sources : Various / Teekay Equity Analysts | | |

Aframax Ship Values – At Record Highs



Innovative Corporate Structure

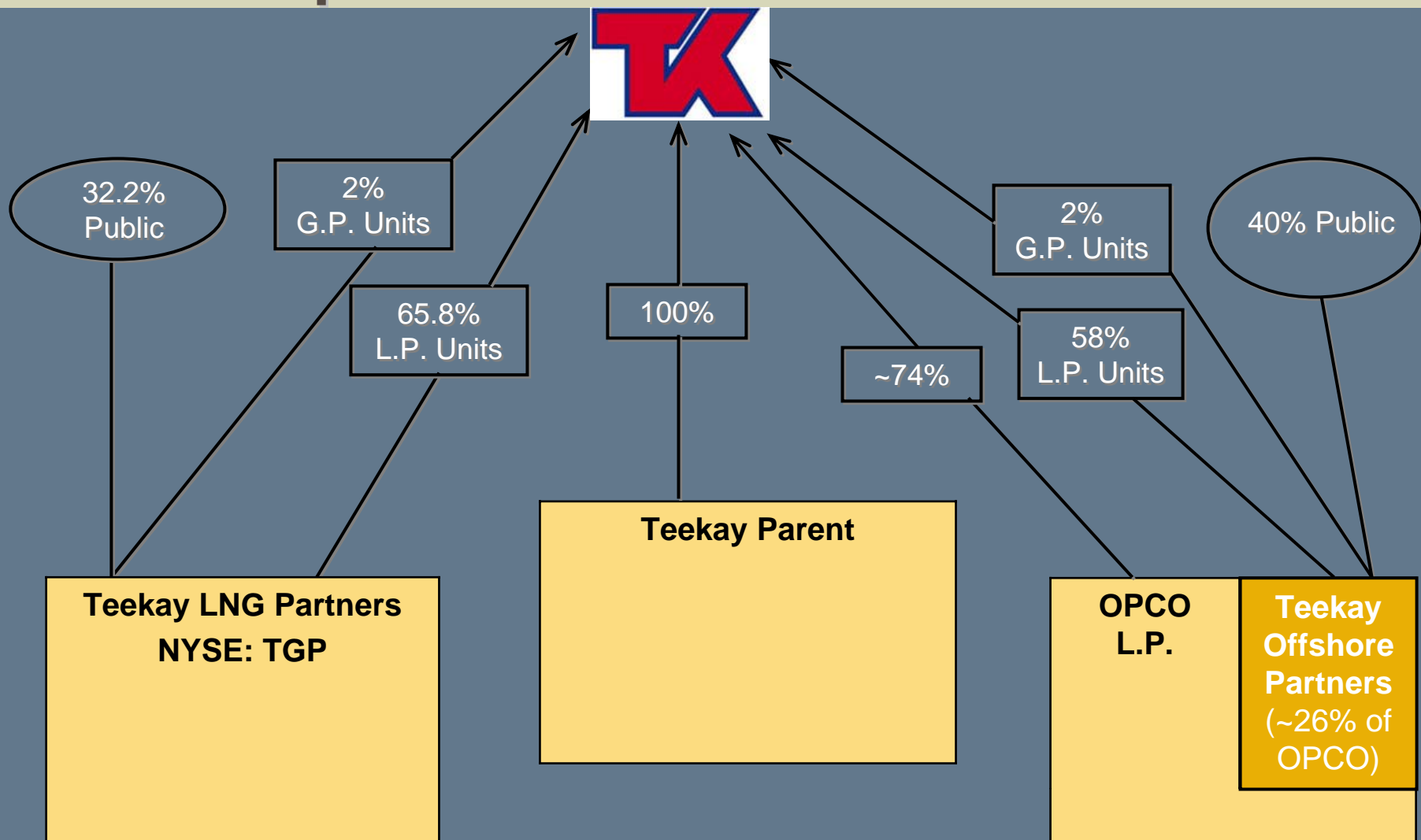


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Ownership Structure



Overview of Master Limited Partnerships (MLPs)



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MLP Overview

- ▶ Distinct class of tax-advantaged yield-oriented publicly traded partnerships (similar to REITs, Income Trusts, etc.)
- ▶ Over 60 energy partnerships trading in US markets, with total market capitalization of over \$100 billion
- ▶ Over \$28.8 billion of MLP issuance since 2000; 49 MLP IPOs over past 6 years
- ▶ MLPs range from \$120 million to \$12 billion in market cap.
- ▶ MLPs, which trade on a yield basis, exhibit far higher valuations than ordinary C-corps when compared on a EV / EBITDA basis
- ▶ Strong market access, with ability to issue equity under most market conditions



What is an MLP?

A Master Limited Partnership (MLP) is a legal form, similar to a C-Corp. but with important tax advantages

How did the MLP structure arise?

- ▶ Based on the U.S. tax laws
- ▶ Allows publicly traded partnerships for “natural resource” businesses

Why do investors buy MLPs?

- ▶ Expect stable cash distributions with modest growth
- ▶ Issuers incentivized to grow distributions through subordination / Incentive Distribution Rights
- ▶ Partnership pays no income tax and distributions tax deferred

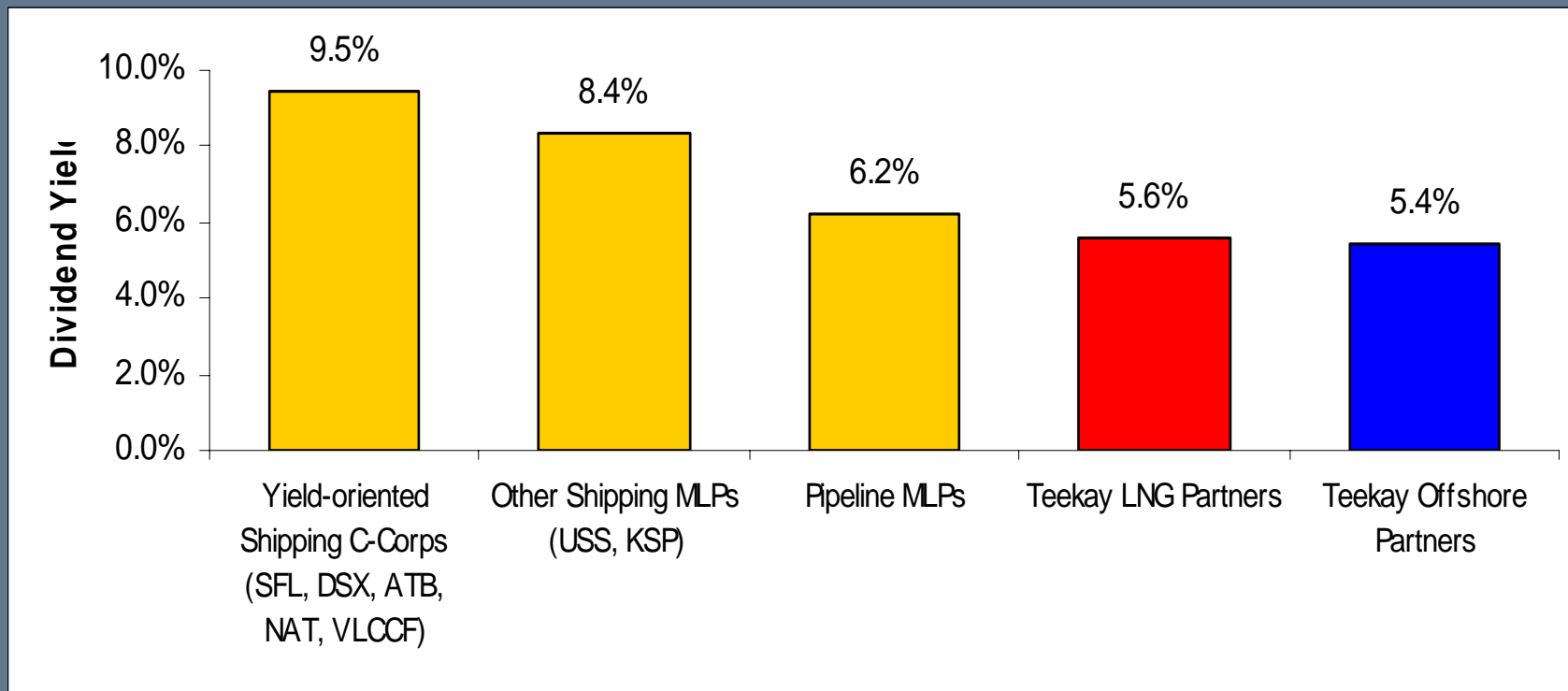
What are the considerations?

- ▶ An MLP is a true independent entity
- ▶ Penalties for missing distributions
- ▶ Separate Board and management
- ▶ Non-competes between Sponsor and MLP
- ▶ Non-recourse debt to Teekay (Sponsor)



Valuation of MLPs

MLPs tend to trade at lower yields than their shipping C-Corp peers

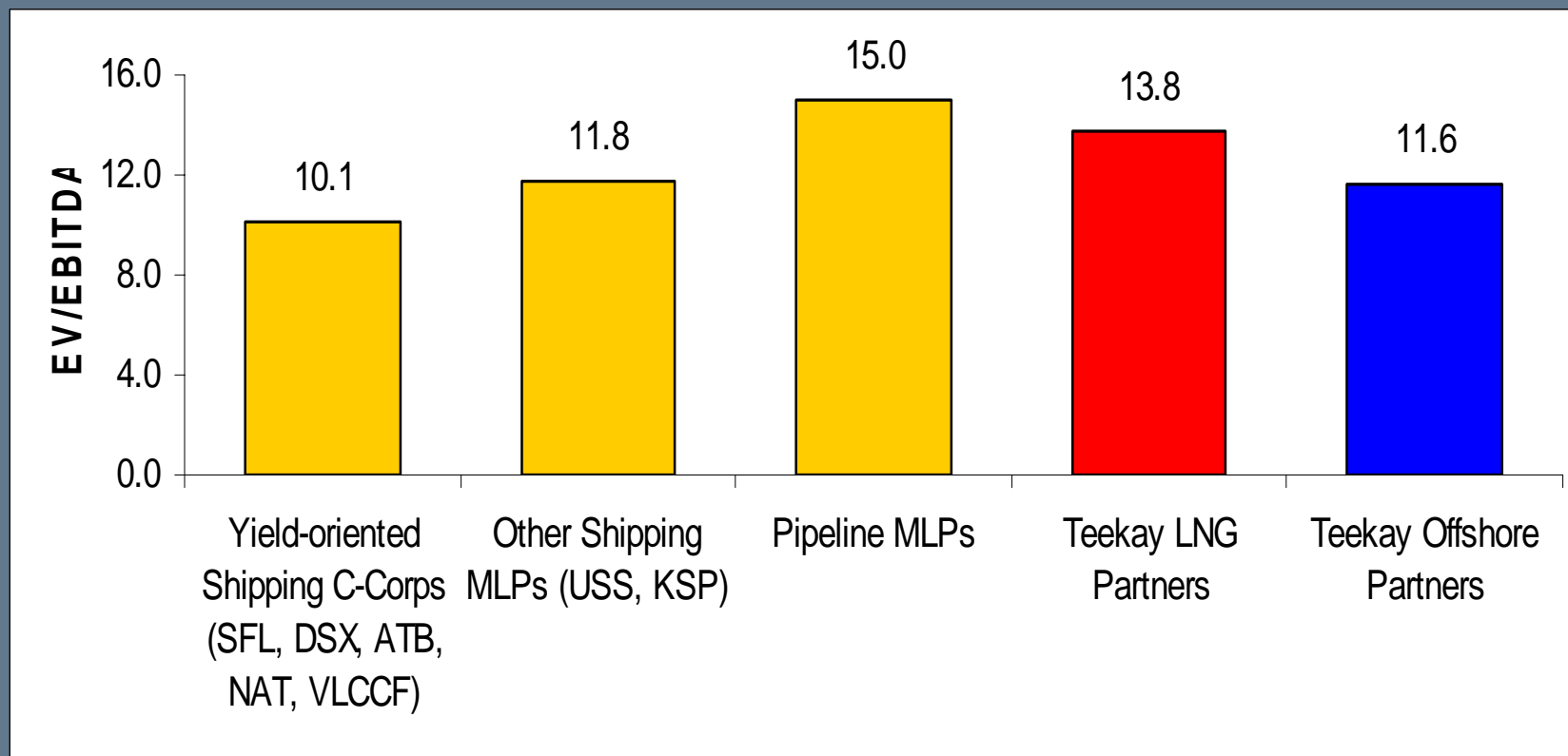


Source: Citigroup, as of Dec 12, '06
Jefferies, as of Jan 12, '07



Valuation of MLPs

MLPs tend to trade at higher valuations than their shipping C-Corp peers



Source: Citigroup, as of Dec 12, '06
Jefferies, as of Jan 12, '07



Overview of General Partner Interests (GPs)



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G.P. Interests

- ▶ MLPs have one asset base, but 2 cash flow streams:
 - ▶ Cash flow to LP Unit holders
 - ▶ Cash flow to GP Unit holders
- ▶ Initial split: 98% to LP units, 2% to GP units
- ▶ G.P. controls MLP ~ must consolidate
- ▶ **Incentive Distributions Rights (IDRs)** allow GP to increase its percentage take of distributions by raising distributions to LP unit holders
 - ▶ i.e. IDRs provide GP with incentive to raise distributions
- ▶ Owning GP units is a leveraged play on an underlying MLP as GP units will appreciate in value faster than LP units

Increased project cash flow without increased investment



Teekay Illustration

Assumptions

TGP

| | |
|-------------------------------------|------------|
| Initial Quarterly Distribution Rate | 0.4625 |
| Quarterly Distribution in 2q07 | 0.525 |
| Annual Distribution Growth Rate: | 10% |
| LP Unit Issuance per annum | 10% |
| L.P. units O/S in MLP Jan 1, 2007 | 34,999,000 |

TOO

| | |
|-------------------------------------|------------|
| Initial Quarterly Distribution Rate | 0.35 |
| Annual Distribution Growth Rate | 15% |
| LP Unit Issuance per annum | 10% |
| L.P. units O/S in MLP Jan 1, 2007 | 19,600,000 |

Number of L.P. units in each of TOO and TGP are assumed to increase by 10% per annum, and Teekay is assumed to not increase its L.P. unit holding.



Teekay Illustration cont'd

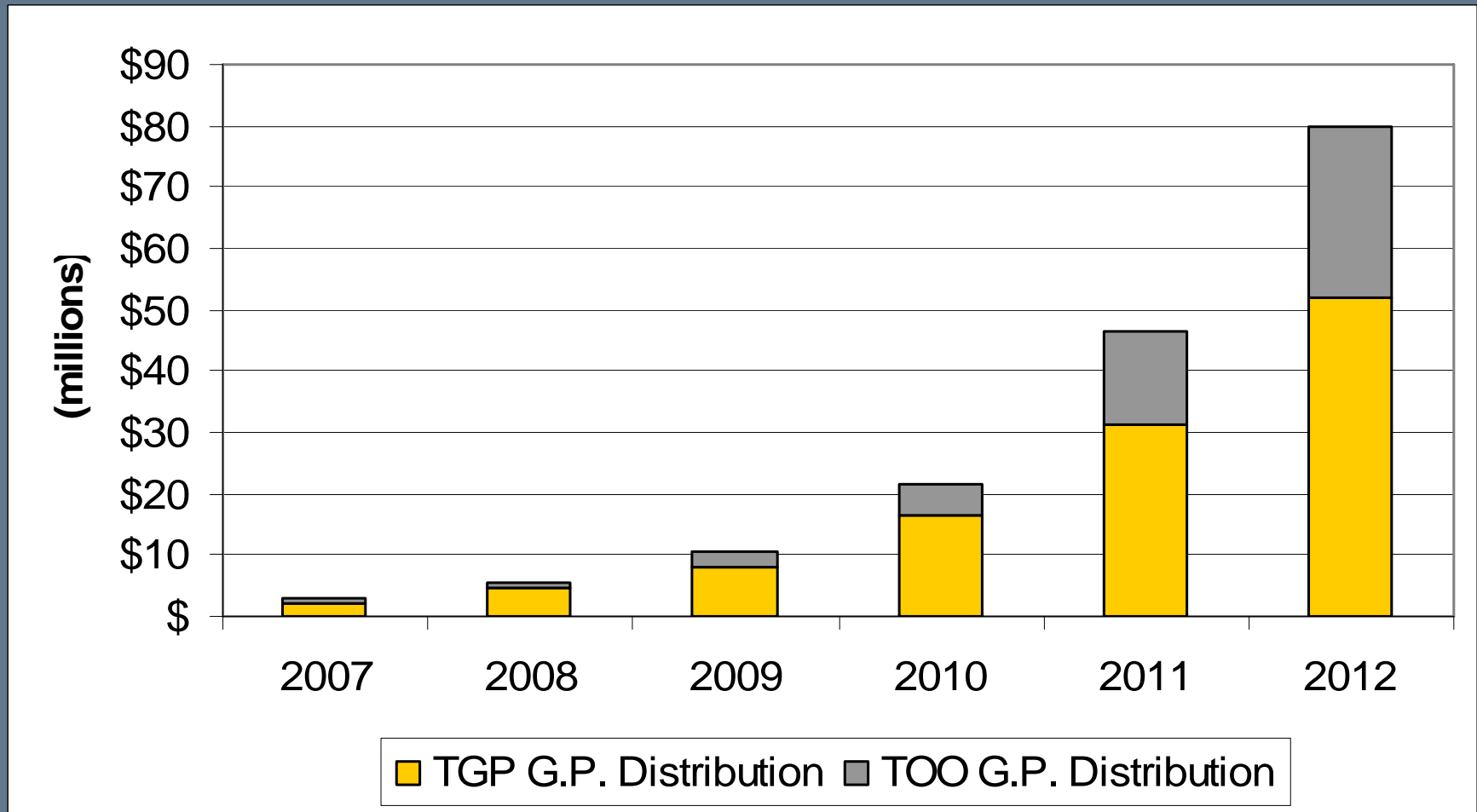
Distribution Schedules

| TGP | Total Quarterly Distribution Target Amount | | | | Marginal Percentage Interest in Distributions | |
|--------------------------------|--|-------|----|--------|---|-----------------|
| | | | | | Unitholders | General Partner |
| Minimum Quarterly Distribution | \$0.4125 | | | | 98% | 2% |
| First Target Distribution | up to \$0.4625 | | | | 98% | 2% |
| Second Target Distribution | above \$0.4625 | up to | \$ | 0.5375 | 85% | 15% |
| Third Target Distribution | Above \$0.5375 | up to | \$ | 0.6500 | 75% | 25% |
| Thereafter | Above \$0.6500 | | | | 50% | 50% |

| TOO | Total Quarterly Distribution Target Amount | | | | Marginal Percentage Interest in Distributions | |
|--------------------------------|--|-------|----|--------|---|-----------------|
| | | | | | Unitholders | General Partner |
| Minimum Quarterly Distribution | \$0.3500 | | | | 98% | 2% |
| First Target Distribution | up to \$0.4025 | | | | 98% | 2% |
| Second Target Distribution | above \$0.4025 | up to | \$ | 0.4375 | 85% | 15% |
| Third Target Distribution | Above \$0.4375 | up to | \$ | 0.5250 | 75% | 25% |
| Thereafter | Above \$0.5250 | | | | 50% | 50% |



TGP and TOO G.P. Cash Flow Growth - Illustrative



FOR ILLUSTRATION PURPOSES ONLY: Based on assumptions detailed on slide 76 and do not reflect management's estimates.



Publicly Traded GP Valuations

Public G.P. Comps

GP Valuation Comp Table

| GP | Ticker | Price (12/4/06) | Current Distribution | DCF | | Yield | P/DCF | | 3-Year Dist. |
|-----------------------------------|--------|--------------------|-------------------------|--------|--------|-------------|--------------|--------------|--------------|
| | | | | 2006 | 2007 | | 2006 | 2007 | CAGR |
| Valero GP Holdings, LLC | VEH | \$21.14 | \$1.20 | \$1.25 | \$1.38 | 5.7% | 16.9x | 15.3x | 8.8% |
| Buckey GP Holdings, L.P. | BGH | \$15.65 | \$.82 | \$.87 | \$1.03 | 5.2% | 18.0x | 15.2x | 9.3% |
| Atlas Pipeline Holdings, L.P. | AHD | \$22.30 | \$.96 | \$.98 | \$1.30 | 4.3% | 22.8x | 17.2x | 26.6% |
| Alliance Holdings GP, L.P. | AHGP | \$18.94 | \$.86 | \$.90 | \$1.23 | 4.5% | 21.0x | 15.4x | 35.0% |
| Energy Transfer Equity, L.P. | ETE | \$29.74 | \$1.25 | \$1.08 | \$1.70 | 4.2% | 27.5x | 17.5x | 28.3% |
| Inergy Holdings, L.P. | NRGP | \$39.25 | \$1.40 | \$1.38 | \$1.91 | 3.6% | 28.4x | 20.5x | 21.7% |
| Magellan Midstream Holdings, L.P. | MGG | \$22.41 | \$.88 | \$.94 | \$1.19 | 3.9% | 23.8x | 18.8x | 19.4% |
| Enterprise GP Holdings, L.P. | EPE | \$34.94 | \$1.24 | \$1.34 | \$1.64 | 3.5% | 26.1x | 21.3x | 17.5% |
| Crosstex Energy Inc. | XTXI | \$97.44 | \$2.48 | \$2.68 | \$3.50 | 2.5% | 36.4x | 27.8x | 43.5% |
| GP Average | | | | | | 4.2% | 24.6x | 18.8x | 23.3% |
| GP Median | | | | | | 4.2% | 23.8x | 17.5x | 25.0% |

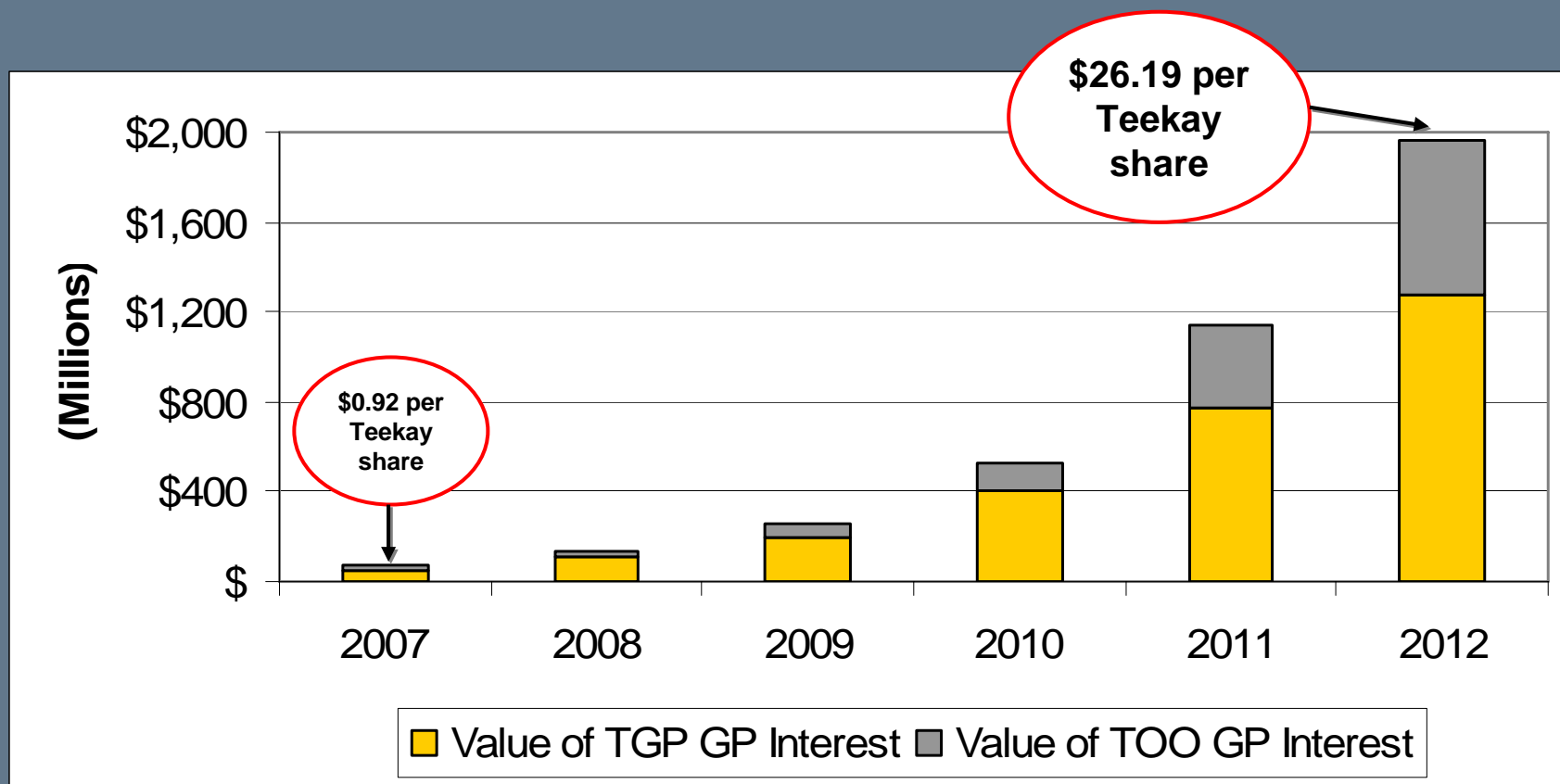
Average G.P. valued at 24.6x Distributable Cash Flow

Source: Wachovia Capital Markets, LLC



TGP and TOO G.P. Value - Illustrative

Rapid Escalation of Value of G.P.s

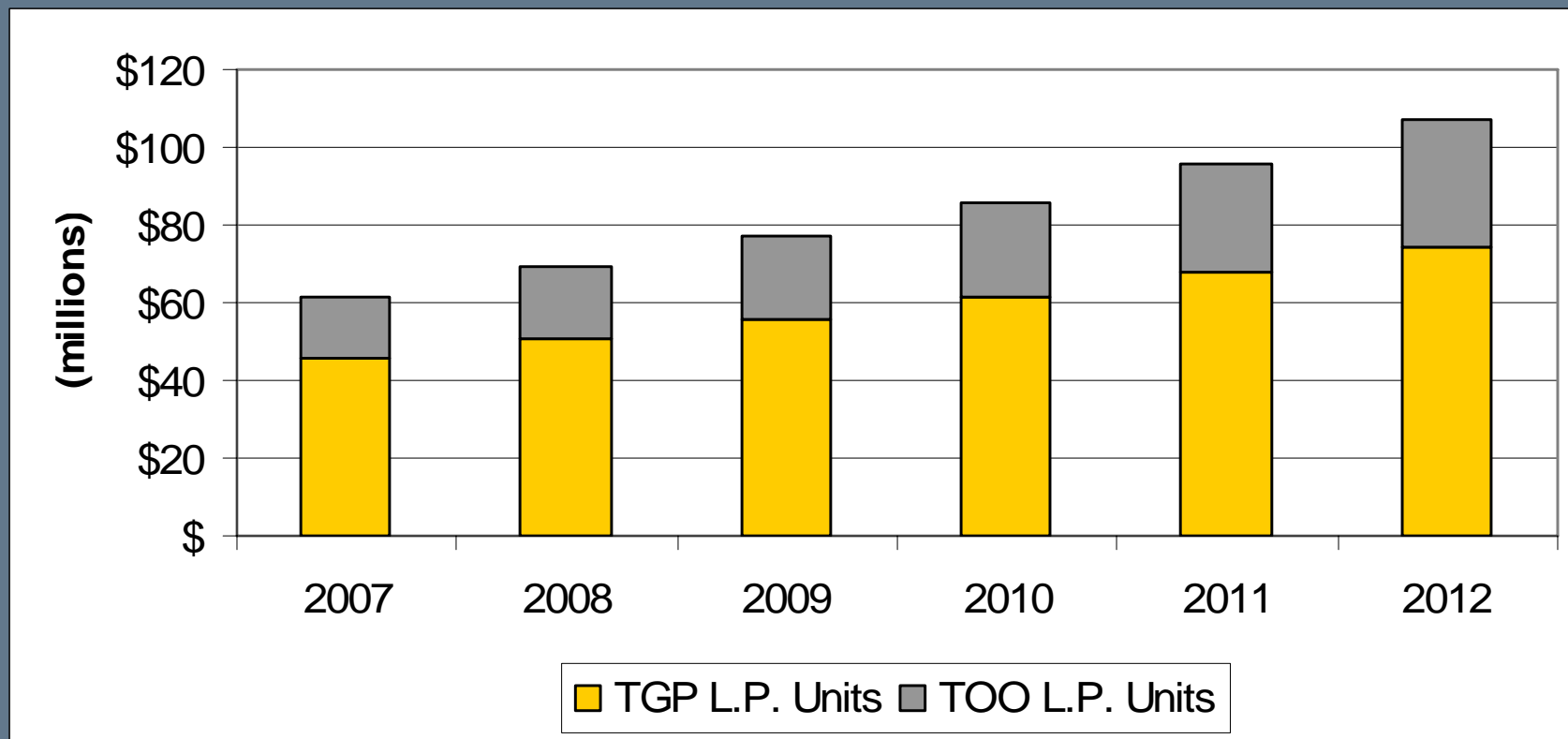


Values based on a comparative multiple of 24.6 times DCF

FOR ILLUSTRATION PURPOSES ONLY: Based on assumptions detailed on slide 76 and do not reflect management's estimates.



TGP and TOO L.P. Cash Flow Growth - Illustrative



Assumes Teekay does not subscribe to additional units as assets are 'dropped-down'

FOR ILLUSTRATION PURPOSES ONLY: Based on assumptions detailed on slide 76 and do not reflect management's estimates.



Why Carve-out Assets into MLPs

Capitalize on growing fixed-rate investment opportunities

- ▶ Provides currency for project or acquisition opportunities in LNG, Offshore (shuttle, FSO and now FPSO) that could not be completed under Teekay's original structure

Lower cost of capital

- ▶ Yield-oriented investors place a higher value on stable cash flow businesses, which results in a lower cost of equity for MLPs

Teekay can retain control even after issuing equity capital

- ▶ In an MLP, the General Partner (GP), makes all operational decisions while equity capital is issued in the form of Limited Partner units which have limited rights

Illuminates the value of the fixed-rate businesses

- ▶ Prior to the carve-outs, Teekay's fixed-rate businesses were being valued at the same multiple as purely spot tanker owners



Teekay's MLPs: Platforms for Accelerating Growth

- ▶ Substantial liquidity available for investment:
TOO Liquidity: \$400m TGP Liquidity: \$466m
- ▶ Access to abundant and competitively priced equity capital throughout the cycle
- ▶ Strong operating platforms in oil and gas sectors key to our customers' growth
- ▶ Complementary businesses in growing markets:
 - ▶ FPSOs, Shuttles and FSOs
 - ▶ LNG and LPG
- ▶ Project management focus allows us to move up the value chain
- ▶ Centralized customer service and high operational standards maintain Teekay's customer brand



Teekay's Shareholders Benefit When our MLPs Grow

Growing businesses within the MLP structure benefits Teekay shareholders

- ▶ Value of L.P. units increases with every accretive transaction
- ▶ Value of G.P. grows with every project “dropped down” to MLPs from Teekay
- ▶ “Virtuous cycle” benefits Teekay shareholders
- ▶ Free cash flow to Teekay increases with every accretive transaction



Illustrative Economics of Investments within an MLP

Assumptions:

An LNG costs \$220m

TCE rate calculated to earn a 9% IRR (absolute)

Assume 80% debt / 20% equity

Teekay LNG is at the 50% split level

Teekay does not take units in equity offerings

LP Units:

| | |
|---|---------------|
| Incremental distributable cash flow to L.P. unitholders | \$5.2m |
| Teekay's share (assume 50% excl. GP interests) | \$2.6m |
| Current TGP multiple of distributable cash flow | 15.4x |
| Value of incremental cash flow per Teekay share | \$0.55 |

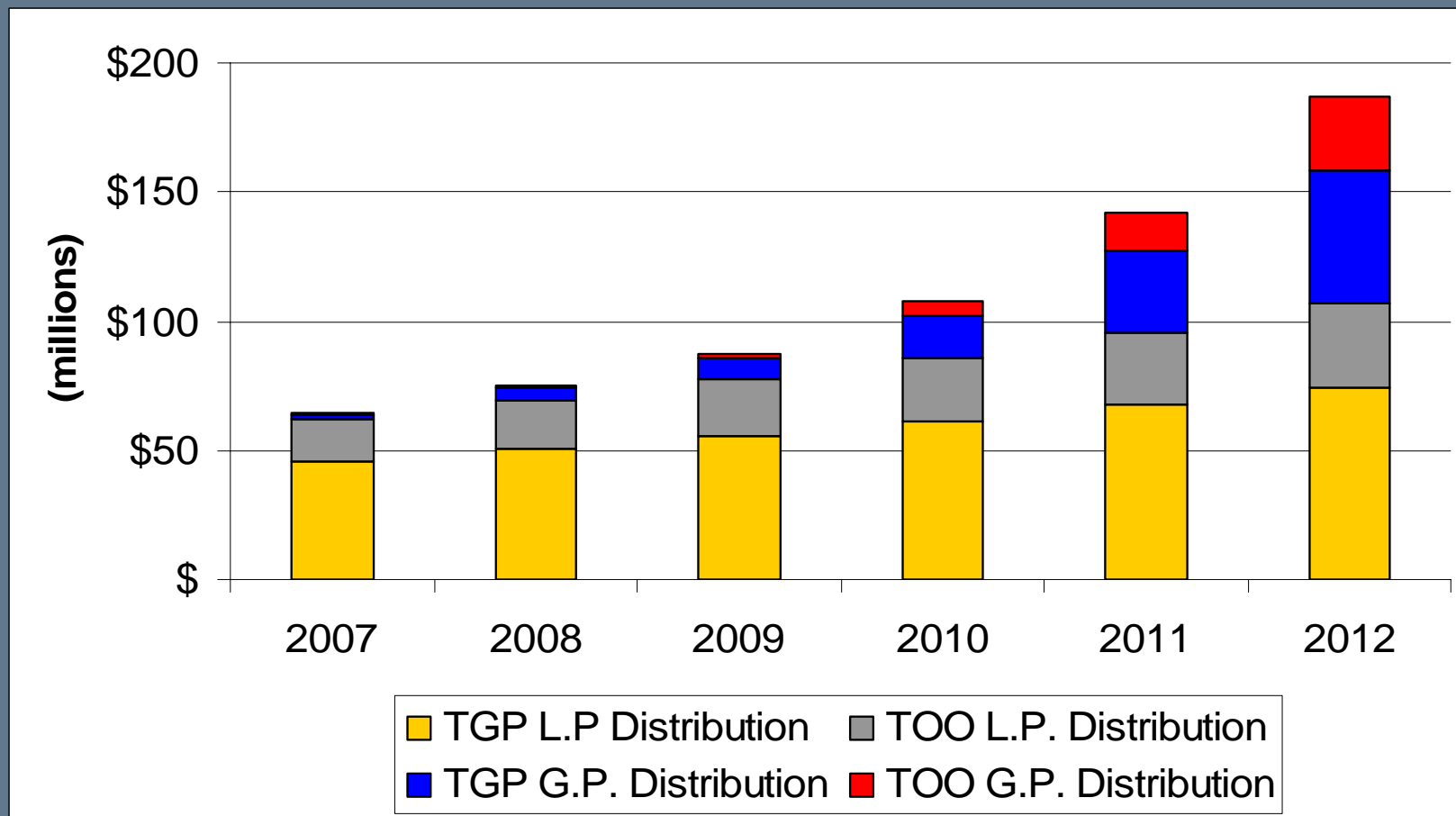
GP Units:

| | |
|--|---------------|
| Incremental distributable cash flow to GP | \$4.0m |
| Current GP multiple of distributable cash flow | 24.6x |
| Value of incremental cash flow per Teekay share | \$1.35 |

**\$1.90/
share in
value
created
with one
LNG
project
and no
Teekay
equity
invested**



Combined Cash Flows



FOR ILLUSTRATION PURPOSES ONLY: Based on assumptions detailed on slide 76 and do not reflect management's estimates.



Teekay “Sum-of-Parts” Valuation *

Teekay Offshore Partners L.P. and OPCO

| | |
|--|----------------|
| TOO market capitalization @ \$26.45/unit | \$524m |
| Teekay's L.P. Ownership | 57.75% |
| Equity value of L.P. units | \$303m |
| Est. current value of G.P. units | \$13.8m |
| Equity Value of TOO | \$316.8m |
| Implied equity value of OPCO | \$2,002m |
| Teekay's Ownership of OPCO | 74% |
| Equity Value of OPCO | \$1,482m |
| Equity Value per Share | \$23.96 |

Teekay LNG Partners L.P.

| | |
|---|----------------|
| TGP market capitalization @ \$32.71 /unit | \$1,144m |
| Teekay's L.P. Ownership | 65.8% |
| Equity value of L.P. units | \$752.7m |
| Est. current value of G.P. units | \$55m |
| Equity Value of TGP | \$807.7m |
| Equity Value per share | \$10.78 |

‘Core’ Teekay Assets

| | |
|--|----------------|
| Owned Fleet | |
| FMV ‘on-the-water’ vessels | \$1,477m |
| Other Assets: | |
| Petrojarl shares | \$355m |
| In-the-money N/Bs | \$221m |
| N/B installments | \$365m |
| RasGas III | \$100m |
| IPO proceeds | \$160m |
| Total Other Assets | \$1,201m |
| Less: net debt | \$(328)m |
| Equity Value of Owned Assets | \$2,350m |
| In-charter Fleet Equity Value (Mark-to-market) | \$69.2m |
| Equity Value of ‘Core’ Teekay | \$2,419m |
| Equity Value per share | \$32.30 |

\$67.04

Teekay Equity Value / Share

* See appendix section of presentation for methodology, support and sources



Current Teekay Parent Valuation

Implied Value of Teekay Parent

Based on Current Teekay Share Price

| | | |
|--|-----------|-----------------|
| Teekay Share Price (Jan 22, 07) | \$ | 45.13 |
| Equity Value of TGP | | 10.78 |
| Equity Value of OPCO & TOO | | 23.96 |
| Implied Teekay Parent Value | \$ | 10.39 |
| Shares O/S | | 74.94 |
| Equity Value | \$ | 778.79 |
| Net Debt at Teekay Parent | \$ | 327.6 |
| Enterprise Value | \$ | 1,106.39 |
| Petrojarl Shares | | 355.0 |
| In-the-money amount on N/Bs | | 221.3 |
| N/B Installments | | 365.3 |
| Ras Gas III Installments | | 100.3 |
| TOO net IPO Proceeds | | 160.0 |
| Enterprise Value Attributable to EBITDA | \$ | (95.51) |
| 2007 EBITDA (\$30K/day) | \$ | 205.0 |
| Implied EV/2007 EBITDA Multiple | | -0.5x |

Teekay Parent is
not currently
valued!



See appendix section of presentation for methodology, support and sources



Teekay “Sum of Parts” Valuation

▶ Excludes

- ▶ Expected MLP uplift from:
 - ▶ RasGas 3
 - ▶ Tangguh
 - ▶ Brazil shuttle tankers and FSO to be offered to Teekay Offshore
 - ▶ Future value of G.P.s and L.P.s
- ▶ Siri project
- ▶ Petrojarl upside on contract rollovers



Financial Discussion



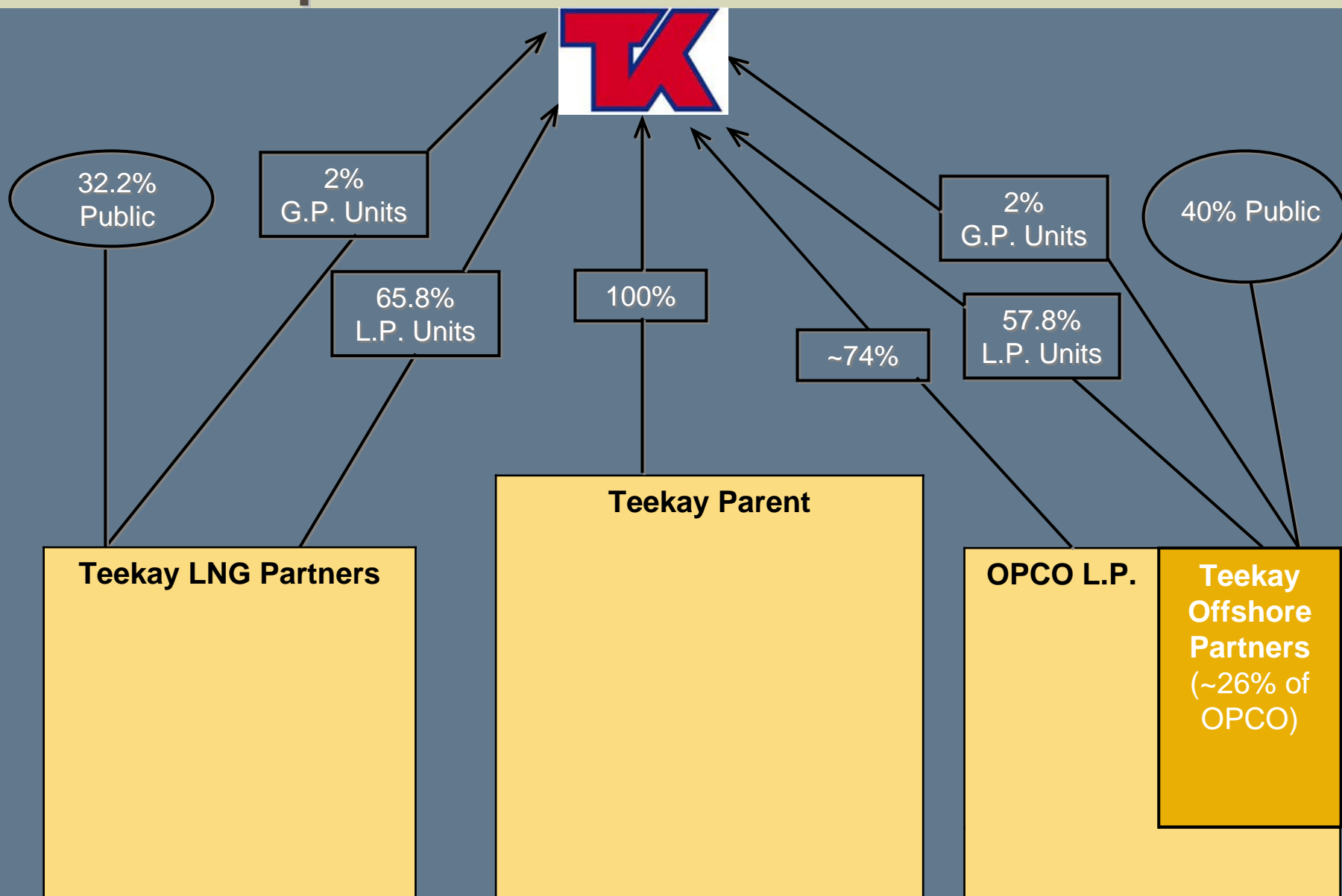
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Financing Strategy

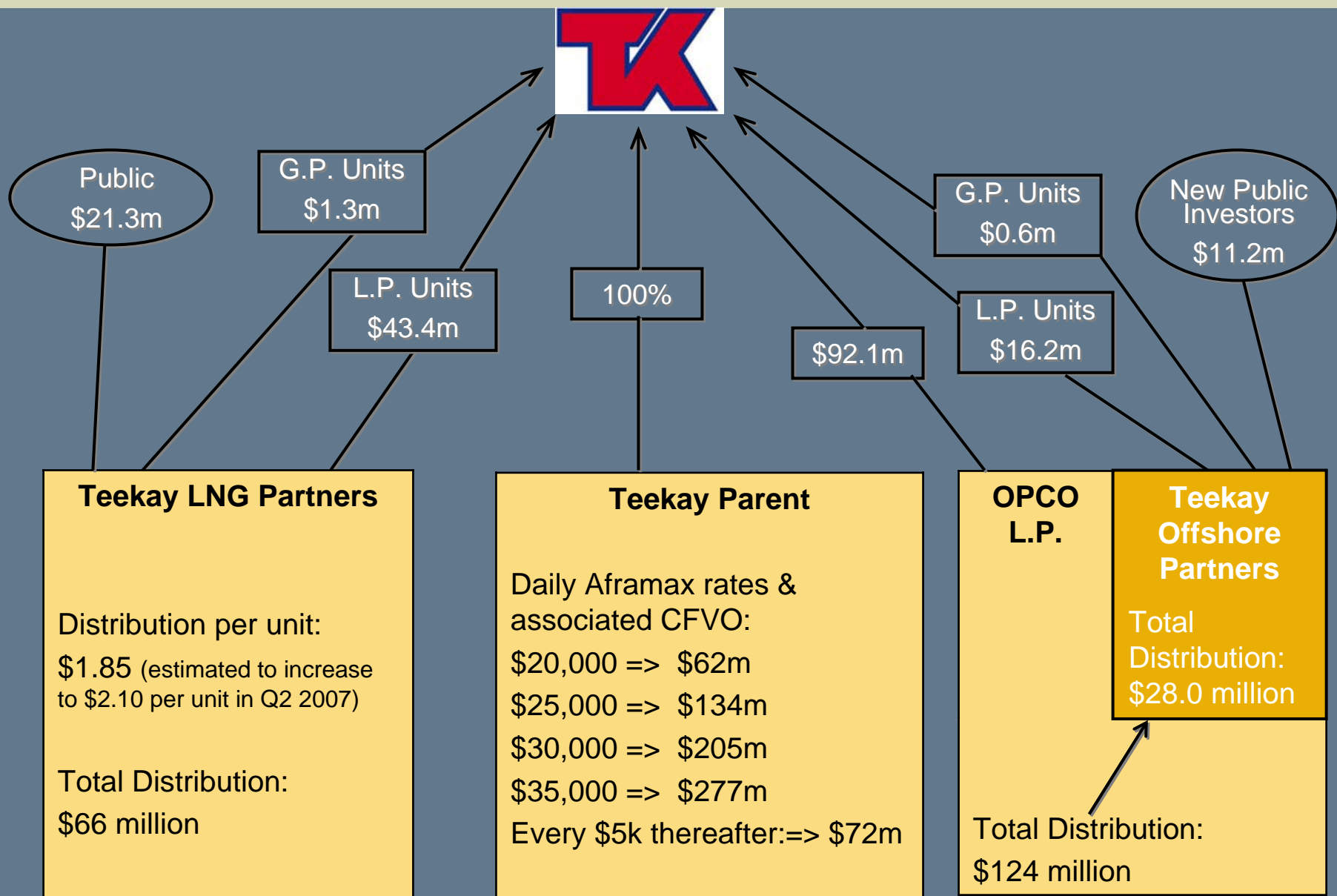
- ▶ Maintain high liquidity to fund future growth:
 - ▶ Teekay Parent total liquidity: ~\$1.1bn
 - ▶ Teekay Offshore total liquidity: ~\$400m
 - ▶ Teekay LNG total liquidity: \$466m
- ▶ Minimize cost of debt:
 - ▶ Utilize cost effective forms of debt and equity financing:
 - ▶ Banks, Export Credit Agencies, Bond Market, Sale/leasebacks, Tax Leases, MLP equity
- ▶ Active Risk Management:
 - ▶ Hedge currency risk wherever possible
 - ▶ 'lock-in' debt on fixed-rate assets to match length of contract



Ownership Structure



Free Cash Flow Structure



See appendix for all reconciliations



Free Cash Flow to Teekay: Current



Current
share price
\$45.13

FCF per share: \$4.06
FCF yield: 9%

\$297m

\$143m

\$44.7m

\$92.1m

\$16.8m

less: \$50m depr. – normalized CAPEX
less: \$11.8m interest on Teekay debt

Teekay LNG Partners

G.P. Units \$1.3m
L.P. Units \$43.4m

Teekay Parent

\$205m EBITDA at \$30K/day
Aframax rates

OPCO L.P.

Teekay Offshore Partners

G.P. Units \$0.6m
L.P. Units \$16.2m

See appendix for all reconciliations



Financial Strategy for Cash Generated

1. Delever the Balance Sheet

- ▶ Net debt to capitalization expected to rise with inclusion of Petrojarl debt
- ▶ Newbuild and 'warehousing' commitments

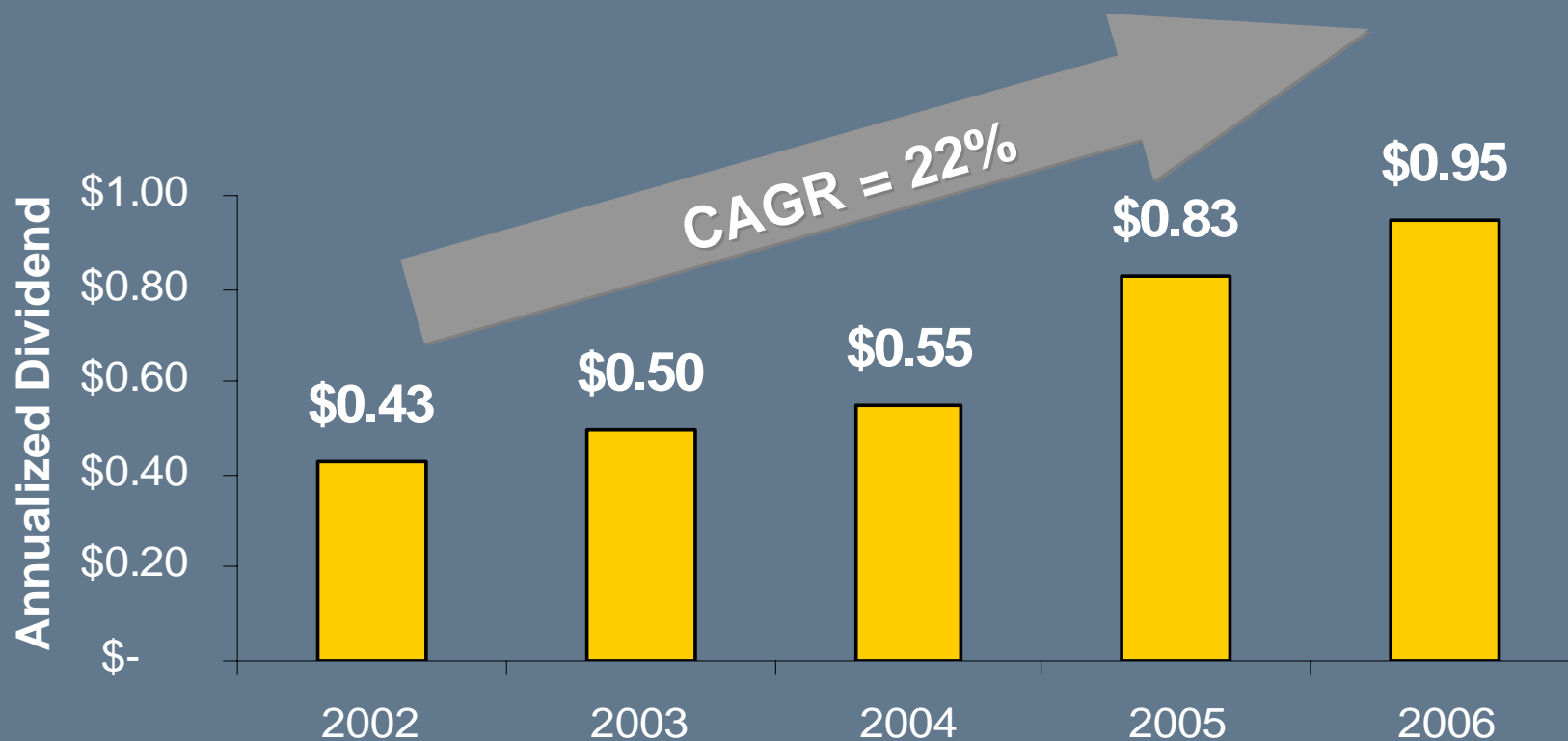
2. Fund profitable growth

- ▶ Maintain sufficient liquidity to take advantage of growth opportunities
- ▶ Acquisitions and organic growth

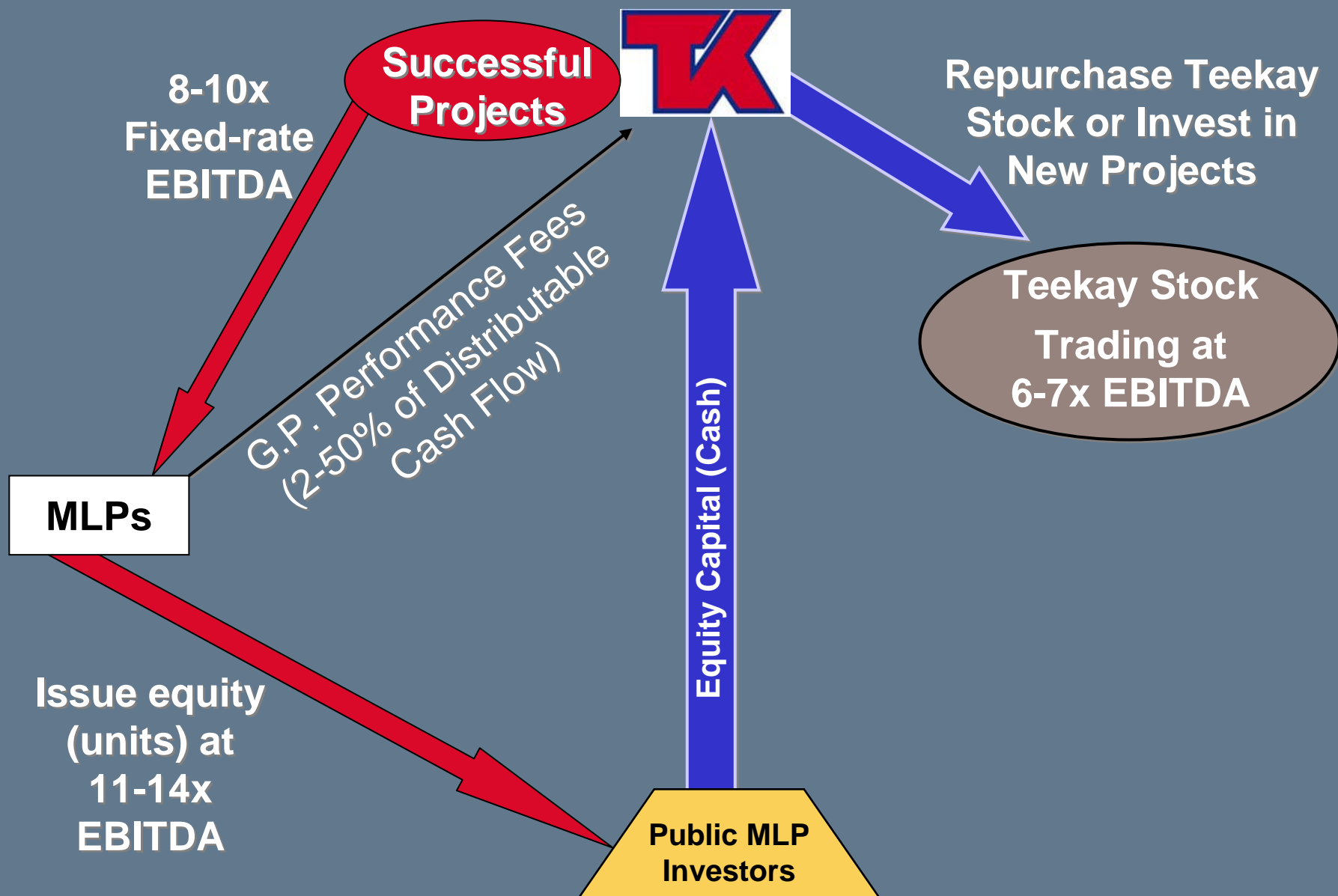
3. Return Cash to Shareholders

- ▶ Stock buy-backs
- ▶ Dividend increases

Teekay's Progressive Dividend Policy



Each Successful Project Creates Value for Teekay Shareholders

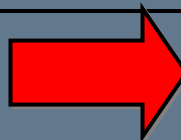


Share Repurchase Summary and Policy

| Time period | Repurchased during period | | Then Remaining \$ value |
|--------------------------------|---------------------------|---------------|----------------------------|
| | \$ value | # of shares | |
| Nov. 2004 to Dec. 6, 2005 | \$555 million | 13 million | \$229 million |
| Dec. 6, 2005 to Feb. 21, 2006 | \$165 million | 4.2 million | \$64 million |
| Feb. 21, 2006 to June 12, 2006 | \$27.5 million | 0.7 million | \$36 million |
| June 12, 2006 to Aug. 1, 2006 | \$54.3 million | 1.3 million | \$132.1 million |
| Aug. 1, 2006 to Oct. 31, 2006 | \$10.2 million | 0.2 million | \$121.9 million |
| Oct. 31, 2006 onwards | \$121.9 million | 2.9 million * | |
| Total of all share repurchases | \$934 million | 22.3 million | |

Policy
 opportunistically
 repurchase
 shares when
 considered good
 value and/or find
 Balance Sheet
 overcapitalized

~27% in ~24 months



Summary

- ▶ Teekay is more than just a 'shipping' company
- ▶ With two MLPs, Teekay has now illuminated the value of its fixed-rate project businesses
- ▶ Teekay will continue to create substantial value as the MLPs grow
- ▶ The value of Teekay's L.P. and G.P. units will only increase as the MLPs grow
- ▶ Free cash flow from multiple businesses provides flexibility



Questions



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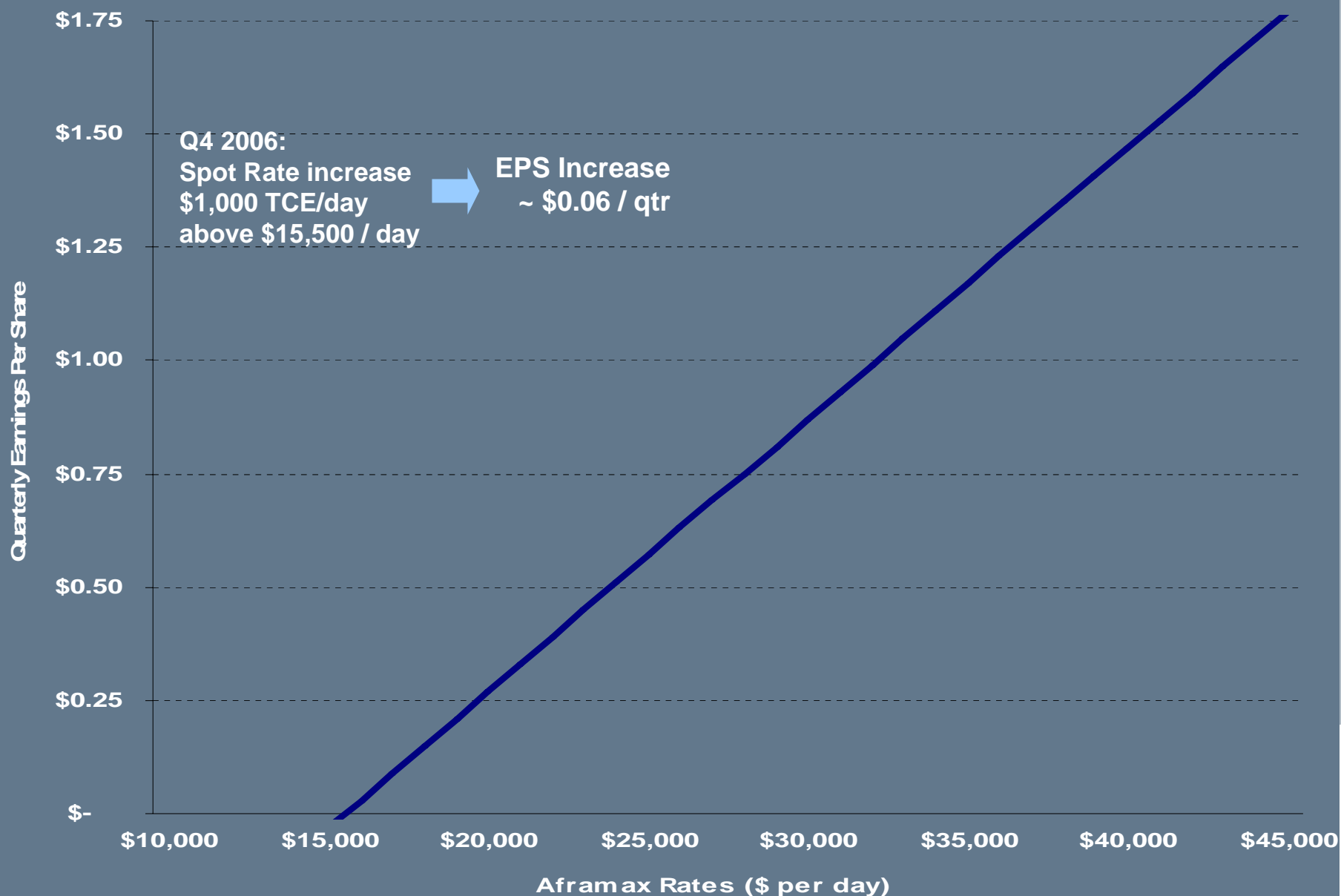
Appendix



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Significant Operating Leverage



Newbuilds

Newbuild Delivery Schedule

| | 1Q07 | 2Q07 | 3Q07 | 4Q07 | 2007 |
|-------------------|------|------|------|------|------|
| Spot | 1 | 1 | | | 2 |
| Fixed Rate | 1 | 0 | | | 1 |
| LNG | 2* | | | | 2 |
| Total | 4 | 1 | 0 | 0 | 5 |

| | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 2008 |
|-------------------|------|------|------|------|------|
| Spot | | 1 | 1 | 2 | 4 |
| Fixed Rate | 1 | 1 | | | 2 |
| LNG | 1 | 4 | | 2 | 7 |
| Total | 2 | 6 | 1 | 4 | 13 |

| | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 2009 |
|-------------------|------|------|------|------|------|
| Spot | 2 | 1 | 3 | | 6 |
| Fixed Rate | | | | | 0 |
| LNG | 1 | | | 1 | 2 |
| Total | 3 | 1 | 3 | 1 | 8 |

*Includes Al Areesh, which recently delivered



Capex

Capex by Segment

| (in millions) | 2007 | 2008 | 2009 | Total |
|------------------------------|--------------|--------------|--------------|----------------|
| Fixed-Rate Tanker Segment | \$143 | \$59 | - | \$202 |
| Fixed-Rate LNG & LPG Segment | 357 | 191 | 54 | 602 |
| Spot Tanker Segment | 128 | 261 | 226 | 615 |
| Total | \$628 | \$511 | \$280 | \$1,419 |



Highly Profitable In-charter Portfolio

| | # of ships | Avg. remaining (in years) | Ship Years | Avg. rate (\$/day) | Spot Rates as of Jan 19, '07* |
|----------------------|------------|---------------------------|------------|--------------------|-------------------------------|
| Suezmax | 4 | 0.6 | 2.2 | \$ 24,100 | \$ 54,600 |
| Aframax | 12 | 2.0 | 24.3 | \$ 21,900 | \$ 52,600 |
| LRII | 1 | 5.5 | 5.5 | \$ 19,000 | \$ 26,100 |
| MR | 6 | 1.8 | 10.8 | \$ 21,900 | \$ 25,000 |
| Small Product | 10 | 1.3 | 12.8 | \$ 12,200 | \$ 16,000 |

*Source: CRS Janaury 19, 2007. Small Product tanker rates are Company estimates



TOO Fleet

| Spot Conventional Tankers - owned | Percent Ownership | DWT | Year Built |
|------------------------------------|-------------------|---------|------------|
| Suezmax | | | |
| Navion Saga | 100% | 149,000 | 1991 |
| Fixed-Rate Shuttle Tankers - owned | Percent Ownership | DWT | Year Built |
| Nordic Spirit | 100% | 151,294 | 2001 |
| Stena Spirit** | 50% | 151,293 | 2001 |
| Nordic Rio | 50% | 151,294 | 2004 |
| Nordic Brasilia | 100% | 151,294 | 2004 |
| Navion Stavanger | 100% | 148,729 | 2003 |
| Navion Norvegia | 100% | 130,596 | 1995 |
| Navion Europa | 100% | 130,319 | 1995 |
| Stena Alexita** | 50% | 126,955 | 1998 |
| Stena Sirita** | 50% | 126,873 | 1999 |
| Navion Hispania | 100% | 126,183 | 1999 |
| Navion Anglia | 100% | 126,360 | 1999 |
| Navion Oceania | 100% | 126,355 | 1999 |
| Navion Scandia | 100% | 126,749 | 1998 |
| Navion Britannia | 100% | 124,238 | 1998 |
| Nordic Savonita | 100% | 108,153 | 1992 |
| Stena Natalita** | 50% | 108,073 | 2001 |
| Navion Akarita | Cap Lease | 107,223 | 1991 |
| Navion Torinita | 100% | 106,852 | 1992 |
| Navion Svenita | 100% | 106,506 | 1997 |
| Nordic Marita | 100% | 103,895 | 1999 |
| Basker Spirit | 100% | 97,068 | 1992 |
| Navion Fennia | 100% | 95,195 | 1992 |
| Petronordic | 100% | 92,995 | 2002 |
| Petroatlantic | 100% | 92,968 | 2003 |
| Navion Clipper | 100% | 78,228 | 1993 |
| <i>Subtotal</i> | 25 | | 1997.9 |



TOO Fleet cont'd

| Fixed-Rate Shuttle Tankers - in-chartered | Percent Ownership | DWT | Year Built |
|---|-------------------|---------|------------|
| Sallie Knutsen | * | 153,617 | 1999 |
| Karen Knutsen | * | 153,617 | 1999 |
| Grena | * | 148,553 | 2003 |
| Gerd Knutsen | * | 146,273 | 1996 |
| Elisabeth Knutsen | * | 124,768 | 1997 |
| Randgrid | * | 124,502 | 1995 |
| Tordis Knutsen | * | 123,848 | 1993 |
| Vigdis Knutsen | * | 123,423 | 1993 |
| Tove Knutsen | * | 105,295 | 1989 |
| Bertora | * | 100,257 | 2001 |
| Aberdeen | * | 87,055 | 1996 |
| <i>Subtotal</i> | 11 | | 1996.5 |

| Spot Conventional Tankers - owned | Percent Ownership | DWT | Year Built |
|-----------------------------------|-------------------|---------|------------|
| Killamanjaro Spirit | 100% | 115,048 | 2004 |
| Hamane Spirit | 100% | 105,203 | 1997 |
| Fuji Spirit | 100% | 106,360 | 2003 |
| Leyte Spirit | 100% | 98,744 | 1992 |
| Luzon Spirit | 100% | 98,629 | 1992 |
| Torben Spirit | 100% | 98,622 | 1994 |
| Poul Spirit | 100% | 105,351 | 1995 |
| Gotland Spirit | 100% | 95,371 | 1995 |
| Scotia Spirit | 100% | 95,029 | 1992 |
| <i>Subtotal</i> | 9 | | 1996.0 |

| Fixed-Rate Floating Storage Offtake Vessels - owned | Percent Ownership | DWT | Year Built |
|---|-------------------|---------|------------|
| Apollo Spirit | 89% | 129,019 | 1978 |
| Karratha Spirit | 100% | 106,672 | 1988 |
| Pattani Spirit | 100% | 113,805 | 1988 |
| <i>Subtotal</i> | 3 | | 1984.7 |



TOO Fleet cont'd

| TOO | Number of Vessels | | | |
|--|-------------------|----------------------|-----------------------|-----------|
| | Owned Vessels | Chartered-in Vessels | Newbuildings on Order | Total |
| Spot Tanker Fleet: | | | | |
| Suezmaxes | 1 | - | - | 1 |
| Aframaxes | - | - | - | - |
| Large Product Tankers | - | - | - | - |
| Small Product Tankers | - | - | - | - |
| Total Spot Tanker Segment | 1 | - | - | 1 |
| Fixed-rate Tanker Segment | | | | |
| Shuttle Tankers | 25 | 11 | - | 36 |
| Conventional Tankers | 9 | - | - | 9 |
| Floating Storage & Offtake ("FSO") Vessels | 3 | - | - | 3 |
| LPG Carrier | - | - | - | - |
| Total Fixed-rate Tanker Segment | 37 | 11 | - | 48 |
| Fixed-rate LNG Segment | - | - | - | - |
| Total | 38 | 11 | - | 49 |



TGP Fleet

| Fixed Rate LNG Carriers | | | |
|--|------|---------|--------|
| Hispania Spirit | 100% | 79,363 | 2002 |
| Catalunya Spirit | 100% | 79,363 | 2003 |
| Galicia Spirit | 100% | 79,364 | 2004 |
| Madrid Spirit | 100% | 79,363 | 2004 |
| Al Marrouna | 100% | 78,520 | 2006 |
| Al Areesh | 100% | 78,520 | 2007 |
| | | 6 | 2003.8 |
| Fixed Rate LNG Carrier Newbuildings | | | |
| Al Daayen | 100% | 78,520 | 2007 |
| Rasgas III LNG - 01 Hull SHI 1643 | 100% | 112,000 | 2008 |
| Rasgas III LNG - 02 Hull SHI 1644 | 100% | 112,000 | 2008 |
| Rasgas III LNG - 03 Hull SHI 1645 | 100% | 112,000 | 2008 |
| Rasgas III LNG - 04 Hull SHI 1646 | 100% | 112,000 | 2008 |
| BP Tanggug LNG-01 Hull HHI 1780 | 100% | 81,000 | 2008 |
| BP Tanggug LNG-02 Hull HSHI S293 | 100% | 81,000 | 2009 |
| <i>Subtotal</i> | | 7 | 2008.0 |



TGP Fleet cont'd

| LPG Carrier - owned | Percent Ownership | DWT | Year Built |
|---|-------------------|---------|------------|
| Dania Spirit | 100% | 8,669 | 2000 |
| <i>Subtotal</i> | 1 | | 2000 |
| LPG Tanker Newbuildings | | | |
| WZL 0501 - (expected delivery Q1, 2008) | 100% | 8,200 | 2008 |
| WZL 0502 - (expected delivery Q4, 2008) | 100% | 8,200 | 2008 |
| WZL 0503 - (expected delivery Q2, 2009) | 100% | 8,200 | 2009 |
| <i>Subtotal</i> | 3 | | |
| Fixed-rate Conventional Tankers - owned | Percent Ownership | DWT | Year Built |
| Teide Spirit | 100% | 149,999 | 2004 |
| Huelva Spirit | 100% | 149,999 | 2001 |
| Algeciras Spirit | 100% | 149,999 | 2000 |
| Tenerife Spirit | 100% | 149,999 | 2000 |
| Asian Spirit | 100% | 151,693 | 2004 |
| African Spirit | 100% | 151,736 | 2003 |
| European Spirit | 100% | 151,849 | 2003 |
| Toledo Spirit | 100% | 159,342 | 2005 |
| <i>Subtotal</i> | 8 | | 2002.5 |



TGP Fleet cont'd

| TGP | Number of Vessels | | | |
|--|-------------------|----------------------|-----------------------|-------|
| | Owned Vessels | Chartered-in Vessels | Newbuildings on Order | Total |
| Spot Tanker Fleet: | | | | |
| Suezmaxes | - | - | - | - |
| Aframaxes | - | - | - | - |
| Large Product Tankers | - | - | - | - |
| Small Product Tankers | - | - | - | - |
| Total Spot Tanker Segment | - | - | - | - |
| Fixed-rate Tanker Segment | | | | |
| Shuttle Tankers | - | - | - | - |
| Conventional Tankers | 8 | - | - | 8 |
| Floating Storage & Offtake ("FSO") Vessels | - | - | - | - |
| LPG Carrier | 1 | - | 3 | 4 |
| Total Fixed-rate Tanker Segment | 9 | - | 3 | 12 |
| Fixed-rate LNG Segment | 6 | - | 7 | 13 |
| Total | 15 | - | 10 | 25 |



Teekay Parent Fleet

| Spot Conventional Tankers - owned | Percent Ownership | DWT | Year Built |
|---|-------------------|-----------|------------|
| Suezmax Tanker Newbuildings | | | |
| BH 508-4 Suezmax - (expected delivery Q3, 2008) | 100% | 159,000 | 2008 |
| BH 508-5 - Suezmax - (expected delivery Q4, 2008) | 100% | 159,000 | 2008 |
| BH 508-6 Suezmax - (expected delivery Q2, 2009) | 100% | 159,000 | 2009 |
| BH 508-7 - Suezmax - (expected delivery Q3, 2009) | 100% | 159,000 | 2009 |
| SH 1680 -Suezmax - (expected delivery Q3, 2008) | 100% | 159,000 | 2008 |
| SH 1681 -Suezmax - (expected delivery Q4, 2008) | 100% | 159,000 | 2008 |
| SH 1717 - Suezmax - (expected delivery Q1, 2009) | 100% | 159,000 | 2009 |
| SH 1718 - Suezmax - (expected delivery Q1, 2009) | 100% | 159,000 | 2009 |
| S363 S - Suezmax - (expected delivery Q3, 2009) | 100% | 159,000 | 2009 |
| S364 S - Suezmax - (expected delivery Q3, 2009) | 100% | 159,000 | 2009 |
| <i>Subtotal</i> | 10 | | 2008.6 |
| Aframax | | | |
| Everest Spirit | 100% | 115,048 | 2004 |
| Esther Spirit | 100% | 115,444 | 2004 |
| Axel Spirit | 100% | 115,392 | 2004 |
| Erik Spirit | 100% | 115,526 | 2005 |
| Matterhorn Spirit | 100% | 114,834 | 2005 |
| Kareela Spirit | 100% | 113,144 | 1999 |
| Nassau Spirit | 100% | 107,181 | 1998 |
| Orkney Spirit | 100% | 106,266 | 1993 |
| Sebarok Spirit | 100% | 95,649 | 1993 |
| Senang Spirit | 100% | 95,649 | 1994 |
| Falster Spirit | 100% | 95,416 | 1995 |
| Sotra Spirit | 100% | 95,420 | 1995 |
| | | 1,284,969 | |
| <i>Subtotal</i> | 12 | | 1999.1 |
| Suezmax | | | |
| Roviken | * | 152,244 | 2006 |
| SCF Khibiny | * | 159,196 | 2002 |
| Astra | * | 149,995 | 2002 |
| Voyager | * | 149,991 | 2002 |
| <i>Subtotal</i> | 4 | | 2003 |



Teekay Parent Fleet cont'd

Large Product Tankers - owned

| | | | |
|------------------------|------|---------|--------|
| Rainier Spirit | 100% | 114,880 | 2005 |
| Donegal Spirit | 100% | 105,200 | 2006 |
| Kanata Spirit | 100% | 113,022 | 1999 |
| Mayon Spirit | 100% | 98,507 | 1992 |
| Shetland Spirit | 100% | 106,236 | 1994 |
| Galaway Spirit Aframax | 100% | 105,200 | 2007 |
| <i>Subtotal</i> | | 6 | 2000.5 |

Large Product Tankers (In Chartered)

| | | | |
|------------------|---|---------|--------|
| Stavanger Prince | * | 109,390 | 2002 |
| Horizon | * | 46,955 | 2004 |
| Stavanger Eagle | * | 45,898 | 2004 |
| Teatralny Bridge | * | 46,697 | 2006 |
| Platte | * | 46,955 | 2006 |
| Alam Budi | * | 47,065 | 2001 |
| Okhta Bridge | * | 47,803 | 2004 |
| <i>Subtotal</i> | | 7 | 2002.2 |

Large Product Tanker Newbuildings

| | | | |
|--|------|---------|------|
| Hull 1706 - (expected delivery Q1, 2007) | 100% | 105,200 | 2007 |
| Hull 1707 - (expected delivery Q3, 2007) | 100% | 105,200 | 2007 |
| <i>Subtotal</i> | | 2 | 2007 |

Aframax - In Chartered

| | | | |
|-------------------------------------|---|---------|--------|
| Kiowa Spirit | * | 113,395 | 1999 |
| Bahamas Spirit | * | 107,261 | 1998 |
| Stavanger Viking | * | 105,400 | 2004 |
| Mare Salernum | * | 110,673 | 2003 |
| Black Sea | * | 104,943 | 1999 |
| Forward Bridge (ex-Silver Paradise) | * | 105,162 | 1998 |
| Petrodvorets | * | 105,692 | 1999 |
| Bergitta | * | 105,641 | 2000 |
| Mare Tirennum | * | 110,636 | 2004 |
| Umlma | * | 106,094 | 2006 |
| Aral Sea | * | 104,848 | 1999 |
| Asian Jade | * | 99,999 | 2005 |
| <i>Subtotal</i> | | 12 | 2001.2 |



Teekay Parent Fleet cont'd

Small Product Tankers

| | | | |
|--------------|---|--------|------|
| 1 x MCT Ship | * | 19,900 | 1999 |
| Stenberg | * | 16,626 | 2003 |
| Sten Idun | * | 16,613 | 2002 |
| Stenheim | * | 16,614 | 2003 |
| Stenstraum | * | 13,610 | 2001 |
| Bregen | * | 13,941 | 1994 |
| Falcon | * | 13,610 | 2004 |
| Sten Odin | * | 13,781 | 1998 |
| Sten Embla | * | 13,781 | 1999 |
| Sten Tor | * | 13,863 | 1999 |
| Sten Moster | * | 16,607 | 2006 |

| | | |
|-----------------|----|--------|
| <i>Subtotal</i> | 11 | 2000.7 |
|-----------------|----|--------|

| Fixed-Rate Shuttle Tankers - owned | Percent Ownership | DWT | Year Built |
|------------------------------------|-------------------|--------|------------|
| Nordic Trym | 100% | 80,745 | 1987 |

| | | |
|-----------------|---|--------|
| <i>Subtotal</i> | 1 | 1987.0 |
|-----------------|---|--------|

| Fixed-Rate Shuttle Tankers - in-chartered | Percent Ownership | DWT | Year Built |
|---|-------------------|-----|------------|
|---|-------------------|-----|------------|

| | | | |
|-------|---|---------|------|
| Borga | * | 123,665 | 1992 |
|-------|---|---------|------|

| | | |
|-----------------|---|------|
| <i>Subtotal</i> | 1 | 1992 |
|-----------------|---|------|

| Fixed-rate Conventional Tankers - owned | Percent Ownership | DWT | Year Built |
|---|-------------------|-----|------------|
|---|-------------------|-----|------------|

| | | | |
|-------------------|------|---------|------|
| Barrington | 100% | 33,239 | 1989 |
| Palmerston | 100% | 42,956 | 1990 |
| Samar Spirit | 100% | 98,640 | 1992 |
| Australian Spirit | 100% | 111,905 | 2004 |
| Americas Spirit | 100% | 111,920 | 2003 |
| Kyeema Spirit | 100% | 113,357 | 1999 |
| Helga Spirit | 100% | 115,515 | 2005 |

| | | |
|-----------------|---|--------|
| <i>Subtotal</i> | 7 | 1997.4 |
|-----------------|---|--------|



TOO Fleet List cont'd

| Fixed Rate Conventional Tanker - in chartered | | Percent Ownership | DWT | Year Built |
|---|--|-------------------|---------|------------|
| VLCC | | | | |
| Venture Spirit | | * | 298,287 | 2003 |
| Aframax | | | | |
| Koa Spirit | | * | 113,333 | 1999 |
| <i>Subtotal</i> | | 2 | | 2003 |
| Fixed Rate Conventional Tanker Newbuildings | | | | |
| Aframax - Hull 1328 - SPT (Q1 2008) | | 50% | 106,000 | 2008 |
| Aframax - Hull 1329 - SPT (Q1 2008) | | 50% | 106,000 | 2008 |
| <i>Subtotal</i> | | 2 | | 2008 |
| Fixed-Rate Floating Storage Offtake Vessels - owned | | Percent Ownership | DWT | Year Built |
| Dampier Spirit | | 100% | 106,668 | 1987 |
| <i>Subtotal</i> | | 1 | | 1987.0 |



Teekay Parent Fleet*

| Teekay Parent | Number of Vessels | | | |
|--|-------------------|----------------------|-----------------------|-----------|
| | Owned Vessels | Chartered-in Vessels | Newbuildings on Order | Total |
| Spot Tanker Fleet: | | | | |
| Suezmaxes | - | 4 | 10 | 14 |
| Aframaxes | 12 | 12 | | 24 |
| Large Product Tankers | 6 | 7 | 2 | 15 |
| Small Product Tankers | - | 11 | | 11 |
| Total Spot Tanker Segment | 18 | 34 | 12 | 64 |
| Fixed-rate Tanker Segment | | | | |
| Shuttle Tankers | 1 | 1 | | 2 |
| Conventional Tankers | 7 | 2 | 2 | 11 |
| Floating Storage & Offtake ("FSO") Vessels | 1 | | | 1 |
| LPG Carrier | - | | - | - |
| Total Fixed-rate Tanker Segment | 9 | 3 | 2 | 14 |
| Fixed-rate LNG Segment | - | | - | - |
| Total | 27 | 37 | 14 | 78 |

* On consolidation, 9 TOO fixed-rate aframaxes are presented as spot vessels in the consolidated fleet. The numbers presented above exclude these vessels.



TEEKAY OFFSHORE PARTNERS L.P.

Reconciliations and Assumptions



► TEEKAY – THE MARINE MIDSTREAM COMPANY®



www.teekay.com

Reconciliation of CFVO to Net Operating Cash Flow

(Dollars in millions)

Forecast EBITDA for Twelve Months Ending December 31, 2007

| | |
|--|----------------|
| Net Operating Cash Flow | \$188.1 |
| Add: | |
| Interest Expense, Net | 68.7 |
| Foreign Currency Exchange Gain and Other, Net | 1.0 |
| Expenditures for Drydocking | 20.6 |
| CFVO* (before non-controlling interest) | \$278.4 |

Reconciliation of Non-GAAP Financial Measures

Teekay 'Standalone'

Daily Aframax rates & associated EBITDA:

\$20,000 => \$62m

\$25,000 => \$134m

\$30,000 => \$205m

\$35,000 => \$277m

Every \$5k thereafter: => \$72m

(millions)

| | | | | |
|--------------------------------------|---------------|---------------|----------------|----------------|
| EBITDA | \$62.2 | \$133.8 | \$205.4 | \$277.0 |
| Depreciation & Amortization | \$48.5 | \$48.5 | \$48.5 | \$48.5 |
| Income from Vessel Operations | \$13.7 | \$85.3 | \$156.9 | \$228.5 |



Sum of the Parts Support

| Teekay Offshore Operating Partners (OPCO) OPCO EBITDA = \$278.4 OPCO Net Debt = \$1,227.4 in (millions) | | Teekay LNG Partners | | Teekay Standalone | |
|--|----------------|-------------------------------------|--------------|---|-----------------|
| OPCO | | | | | |
| TOO EBITDA Multiple | 11.6x | | | FMV of owned 'on-the-water' fleet (per Clarkson's) | 1,477.2 |
| Implied OPCO EV | 3,229.4 | Units Outstanding | 34.97 | less: Net Debt (as at Sept. 30, 06) | 327.6 |
| Less: Net Debt | 1,227.4 | Price per unit Jan 22, 06) | 32.71 | Equity Value of owned fleet | 1,149.6 |
| | | | | Equity value of in-chartered fleet (Management est.) | 69.2 |
| OPCO Equity Value | 2,002.04 | Market Capitalization | 1,143.87 | Subtotal of Operating Fleet | 1,218.80 |
| Teekay L.P. ownership of TOO | 57.75% | | | <i>Other Items</i> | |
| TOO share of OPCO | 26.0% | Teekay L.P. ownership of TGP | 65.8% | Petrojarl Shares | 355.0 |
| Teekay Indirect OPCO ownership | 15.0% | Equity value | 752.7 | 'In-the-money' amount of N/Bs | 221.3 |
| Teekay Direct OPCO ownership | 74.0% | G.P. Cash Flow (dist'n of \$1.85) | 2.24 | N/B Installments to-date | 365.3 |
| Total OPCO ownership | 89.02% | G.P. Comp Multiple of DCF | 24.6 | Ras Gas III Installments to-date | 100.3 |
| | | | | TOO net IPO Proceeds | 160.0 |
| Equity value | 1,782.1 | Est. value of G.P. interest | 55.0 | Subtotal Other Items | 1,201.9 |
| G.P. Cash Flow (dist'n of \$1.40) | 0.56 | | | Total Equity Value | 2,420.7 |
| G.P. Comp Multiple of DCF | 24.6 | Diluted Teekay shares o/s | 74.94 | Diluted shares o/s at Sept. 30/06 | 74.94 |
| Est. value of G.P. interest | 13.8 | Equity Value per Teekayshare | 10.78 | Equity Value per Share (E) | \$ 32.30 |
| Diluted Teekay shares o/s | 74.94 | | | | |
| Equity Value per Teekayshare | 23.96 | | | | |

Sum of parts value

\$67.04



Sum of the Parts Support con't

From Teekay Offshore F-1

OPCO Net Debt Calculation

| | |
|------------------------------------|---------|
| Cash | 90.0 |
| Restricted Cash - current | |
| Restricted Cash - long-term | |
| Total cash (a) | 90.0 |
| Current debt for N/Bs | - |
| I/t debt for N/Bs | - |
| Total N/B debt (b) | - |
| Current portion of I/t debt | 17.7 |
| Long-term debt | 1,299.7 |
| Total Debt (c) | 1,317.4 |
| Total Debt + N/B Debt (b+c=d) | 1,317.4 |
| Net Debt (d-a) | 1,227.4 |
| JV Debt unconsolidated in TK Q3 BS | 237.3 |

All figures from 3Q06 F/S

Teekay LNG Net Debt Calculation

| | |
|-----------------------------|---------------|
| Cash | 20.6 |
| Restricted Cash - current | 151.9 |
| Restricted Cash - long-term | 618.4 |
| Total cash | a 790.9 |
| Current debt for N/Bs | 14.6 |
| I/t debt for N/Bs | 436.8 |
| Total N/B debt | b 451.4 |
| Current portion of I/t debt | 169.5 |
| Long-term debt | 792.9 |
| Total Debt | c 962.4 |
| Total Debt + N/B Debt | b+c=d 1,413.8 |
| Net Debt | d-a= 622.9 |

All figures from 3Q06 F/S

Adjustments (i.e. Core Teekay)

| | |
|-------------------------------|-------------|
| Cash | 192.4 |
| Restricted Cash - current | 9.2 |
| Restricted Cash - long-term | - |
| Total cash | a 201.6 |
| Current debt for N/Bs | - |
| I/t debt for N/Bs | - |
| Total N/B debt | b - |
| Current portion of I/t debt | 0.3 |
| Long-term debt | 291.6 |
| Total Debt | c 291.9 |
| Total Debt + N/B Debt | d=b+c 291.9 |
| Net Debt | d-a= 90.3 |
| Consolidation of OPCO JV debt | 237.3 |
| Revised Net Debt | 327.6 |

All figures from 3Q06 F/S

Consolidated Teekay Net Debt Calculation

| | |
|-----------------------------|---------------|
| Cash | 303.0 |
| Restricted Cash - current | 161.1 |
| Restricted Cash - long-term | 618.4 |
| Total cash | a 1,082.5 |
| Current debt for N/Bs | - |
| I/t debt for N/Bs | - |
| Total N/B debt | b - |
| Current portion of I/t debt | 202.1 |
| Long-term debt | 2,821.0 |
| Total Debt | c 3,023.1 |
| Total Debt | d=b+c 3,023.1 |
| Net Debt | d-a= 1,940.6 |



Teekay Parent Fleet

| Spot - owned | Year Built | FMV* |
|------------------------------|------------|---------|
| Aframax | | |
| Everest Spirit | 2004 | \$ 74.0 |
| Esther Spirit | 2004 | \$ 74.0 |
| Axel Spirit | 2004 | \$ 74.0 |
| Erik Spirit | 2005 | \$ 76.2 |
| Matterhorn Spirit | 2005 | \$ 80.2 |
| Kareela Spirit | 1999 | \$ 65.0 |
| Nassau Spirit | 1998 | \$ 62.0 |
| Orkney Spirit | 1993 | \$ 46.5 |
| Sebarok Spirit | 1993 | \$ 45.6 |
| Senang Spirit | 1994 | \$ 48.4 |
| Falster Spirit | 1995 | \$ 51.0 |
| Sotra Spirit | 1995 | \$ 51.0 |
| Large Product Tankers | | |
| Rainier Spirit | 2005 | \$ 81.0 |
| Donegal Spirit | 2006 | \$ 81.0 |
| Kanata Spirit | 1999 | \$ 65.0 |
| Mayon Spirit | 1992 | \$ 43.0 |
| Shetland Spirit | 1994 | \$ 49.0 |

\$1,066.9

| Fixed-rate Conventional Tankers - owned | Year Built | FMV* |
|---|------------|--------|
| Barrington | 1989 | \$21.0 |
| Palmerston | 1990 | \$17.0 |
| Samar Spirit | 1992 | \$43.0 |
| Australian Spirit | 2004 | \$74.0 |
| Americas Spirit | 2003 | \$72.0 |
| Kyeema Spirit | 1999 | \$65.0 |
| Helga Spirit | 2005 | \$76.2 |
| Nordic Trym | 1987 | \$19.6 |
| Dampier Spirit | 1987 | \$22.5 |

\$410.3

FMV of Owned Fleet = \$1,477*

| Spot - In-chartered | | | |
|---------------------|------------|------------------------------|------------|
| | Year Built | | Year Built |
| Suezmax | | Large Product Tankers | |
| Roviken | 2006 | Stavanger Prince | 2002 |
| SCF Khibiny | 2002 | Horizon | 2004 |
| Astra | 2002 | Stavanger Eagle | 2004 |
| Voyager | 2002 | Teatralny Bridge | 2006 |
| Aframax | | Platte | 2006 |
| Kiowa Spirit | 1999 | Alam Budi | 2001 |
| Bahamas Spirit | 1998 | Okhta Bridge | 2004 |
| Stavanger Viking | 2004 | Small Product Tankers | |
| Mare Salernum | 2003 | 1 x MCT Ship | 1999 |
| Black Sea | 1999 | Stenberg | 2003 |
| Forward Bridge | 1998 | Sten Idun | 2002 |
| Petrodvorets | 1999 | Stenheim | 2003 |
| Bergitta | 2000 | Stenstraum | 2001 |
| Mare Tirennum | 2004 | Bregen | 1994 |
| Umlma | 2006 | Falcon | 2004 |
| Aral Sea | 1999 | Sten Odin | 1998 |
| Asian Jade | 2005 | Sten Embla | 1999 |
| | | Sten Tor | 1999 |
| | | Sten Moster | 2006 |

| Fixed-rate Conventional Tankers - In-chartered | Year Built |
|--|------------|
| Borga | 1992 |
| Venture Spirit | 2003 |
| Koa Spirit | 1999 |

* Per Clarksons



Free Cash Flow to Teekay: Current



Current
share price
\$45.13

FCF per share: \$4.06^{}**
FCF yield: 9%

^{**}73.1m shares outstanding at Sept. 30, 2006

\$297m

\$143m

\$44.7m

\$92.1m

\$16.8m

less: \$50m depr. – normalized CAPEX
* less: \$11.8m interest on Teekay debt

Teekay LNG Partners

G.P. Units \$1.3m
L.P. Units \$43.4m

Teekay Parent

\$205m EBITDA at \$30K/day
Aframax rates

OPCO L.P.

Teekay Offshore Partners

G.P. Units \$0.6m
L.P. Units \$16.2m

* 7% on \$167m net debt – see net debt reconciliation as part of sum of parts analysis

