Teekay Shipping

Teekay Shipping – The Marine Midstream Company

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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 sources of incremental oil production, and spot tanker charter rates; newbuilding delivery dates and the commencement of service under long-term contracts; and the valuation of the Company. 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 tanker 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; 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; 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, 2004. 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.

Teekay Shipping Highlights

- **Largest crude oil tanker company measured by enterprise value and fleet size**
  - Transports over 10% of the world's seaborne oil
  - Ships more oil per year than BP and Chevron Texaco combined produce in a year
  - World's largest medium-size spot tanker franchise and world's largest shuttle tanker operator
- **Strategically entered the Liquefied Natural Gas (LNG) shipping sector and recently created the only LNG Master Limited Partnership (MLP)**
  - Teekay to retain 76% ownership
  - LNG expected to be fastest growing energy sector
- **Significant cash flow from strong spot tanker market**
  - High operating leverage / exposure to the strong spot tanker market which is expected to remain finely balanced
  - Spot-rate CFVO of approximately $400 million at current spot TCE rates

CFVO = Cash Flow from Vessel Operations (see Appendix for reconciliation)

Teekay Shipping Highlights

- **Large long-term contract portfolio**
  - Growing long-term fixed-rate business ~$390 million in annual CFVO from fixed-rate business alone
  - This portfolio enables Teekay to be profitable through almost any tanker cycle
- **Proven track record of profitable growth**
  - Fleet and assets have tripled in size (30% CAGR since 1998)
  - Market capitalization of >$3.5 billion (6x increase since 1998)
- **Disciplined financial policy**
  - One of the strongest balance sheets in the industry
  - Increased dividend by a cumulative 28% over the last two years
  - Recently completed a 3 million share repurchase program
  - Subsequently announced an additional buyback program of $225 million
- **Attractively valued**
  - Teekay's three distinct business segments create significant value to investors

CFVO = Cash Flow from Vessel Operations

Teekay – The Transformation

Teekay circa 1998	Teekay today
43 ships owned, 3 chartered-in	77 ships owned, 52 chartered-in, 13 newbuildings
Predominantly spot market operator	Balanced mix of spot / fixed-rate business
$3 million in annual long-term fixed-rate cash flows	$390 million in annual long-term fixed-rate cash flows
8 offices worldwide	17 offices worldwide
47% leverage	34% leverage*
$0.89 billion market capitalization	$3.5 billion market capitalization
57.6 million shares outstanding	81.7 million shares outstanding
$186 million total liquidity	$1.4 billion in total liquidity
Total Assets $1.4 billion	Total Assets $5.4 billion
Total S/H Equity $0.78 billion	Total S/H Equity $2.5 billion
$0.43 annual dividend	$0.55 annual dividend

* PEPS units treated as equity

Unique Blend of Financial Stability and Operating Leverage

Teekay has two complementary businesses:

1. **Leading Spot Tanker Franchise**
   - **Conventional**
   - **Lightering**

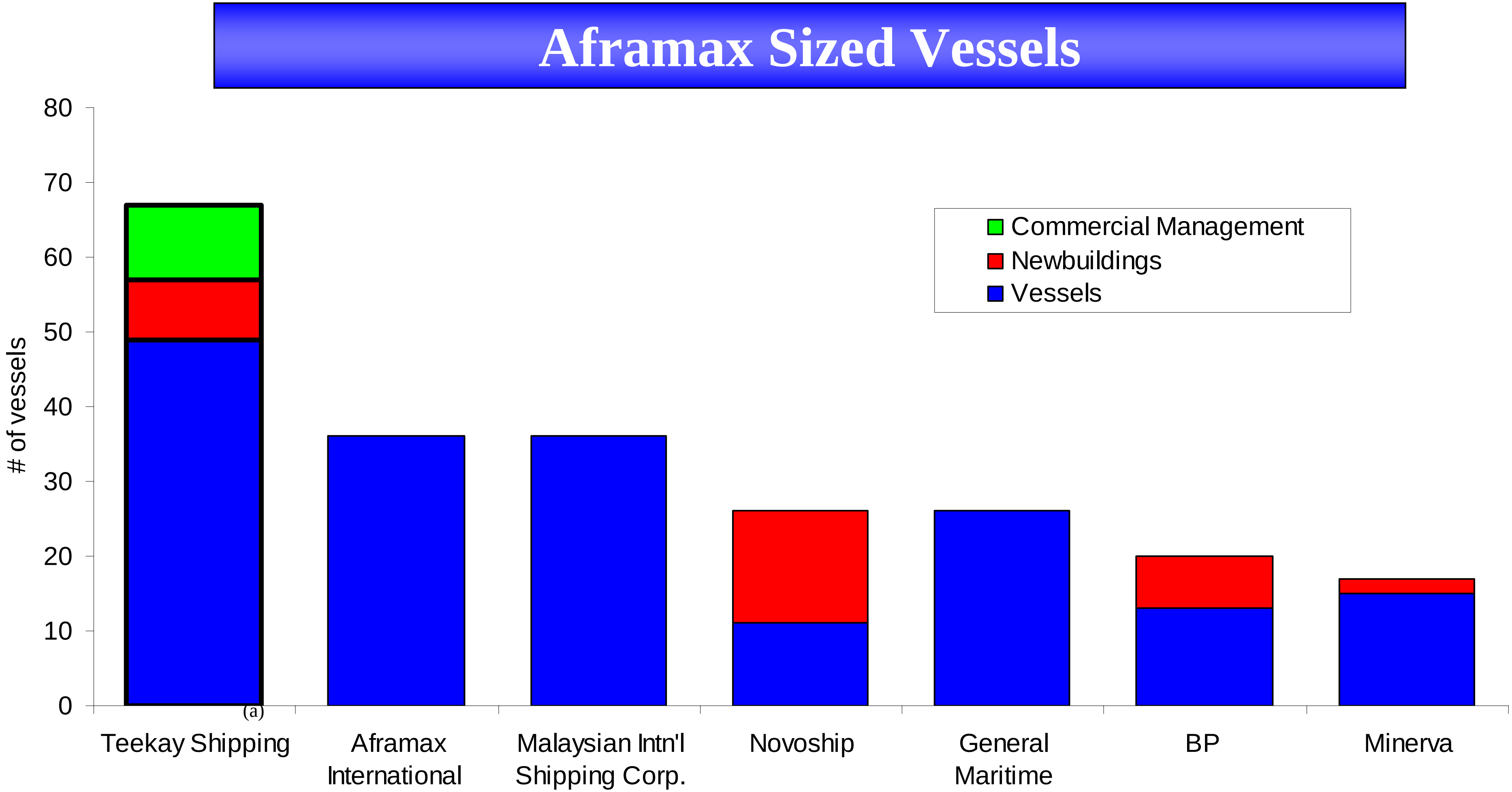
2. **Growing Long-term Profitable Contract Business**

Pre-eminent Market Position

- Large focused fleet provides Teekay with substantial operating leverage
- Global reach and interchangeability of fleet provides reliable customer service (i.e. “on time” performance)
- Customer focus through unique, direct to customer sales force
- Unique global organization provides access to information and the ability to act upon it leads to superior TCE rates
- Biggest portfolio of strategic contracts with blue chip customers featuring backhaul cargoes maximizes utilization

High Capacity Utilization + Scale = Competitive Advantage

World's Largest Operator of Medium-Sized Tankers



(a) **Includes owned and in-chartered vessels**

Present Status of Main Spot Tanker Market Drivers

Demand for Oil

- Forecast to grow by 2.2% in 2005 => possibly underestimated given 3.5% growth in 2004?
- Chinese forecasted demand growth of 7.8% underestimated? (16% in 2004)
- N.A. forecasted demand growth of 0.4 mb/d underestimated? (0.6mb/d in 2004)

Supply of Oil

- OPEC counterseasonally increasing production to offset high prices – OPEC expected to maintain high levels of production through 2q'05
- Call on OPEC + stock change: 2005 = 28.5 mb/d (greater than 2004)
- Non-OPEC growth est. at 0.9 mb/d in '05

Tanker Supply

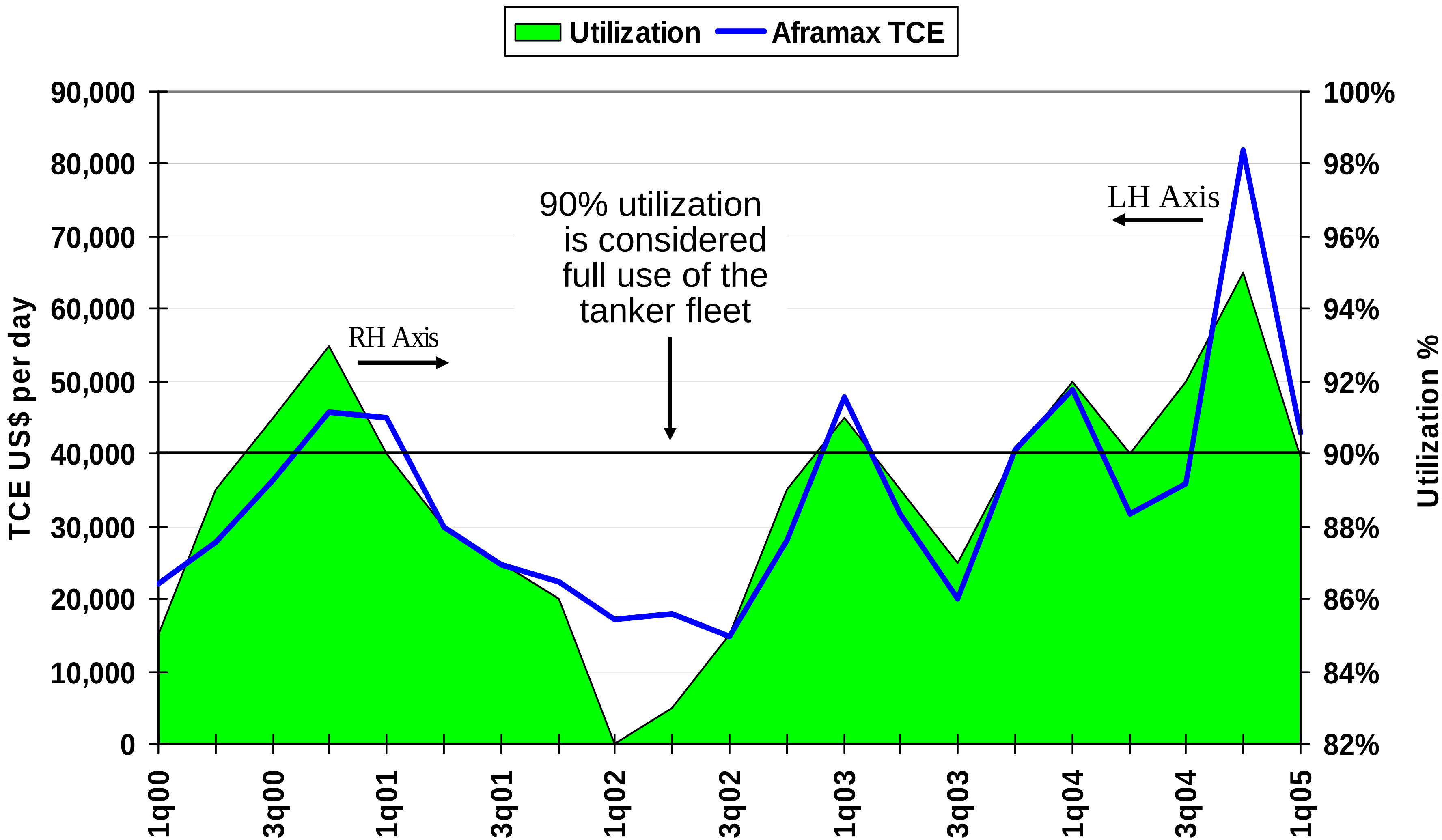
IMO Regulations

- Expected deliveries => 32 mdwt
- Expected scrapping: min. 10 mdwt to likely 15 mdwt =>minimal increase in tanker fleet
- China announced it will adhere with IMO Regulations => closing potential loophole

Tanker Demand

- Demand for oil forecasts translate to increase in tanker demand of 3.7% or 12.4 mdwt
- Incremental oil coming from Arabian Gulf => positively impacting tanker demand
- Historical oil demand => tanker demand factor of 1.75x too conservative? (2.1 in '04)

TCE Rates Spiking due to High Utilization



Source : Platou / CRS

Unique Blend of Financial Stability and Operating Leverage

Teekay has two complementary businesses:

1. **Leading Spot Tanker Franchise**
2. **Growing Profitable Long-term Contract Business**

- **LNG Carriers – 76% stake in Teekay LNG Partners L.P.**
- **Shuttle Tankers**
- **Offshore**
- **Fixed Rate Conventional Tankers**

Teekay LNG Partners

Teekay Shipping Corporation
Enterprise Value = $5.0 billion

100%

Teekay GP L.L.C.
(General Partner)

76%

Public Unitholders

2%

22%

Teekay LNG Partners L.P.

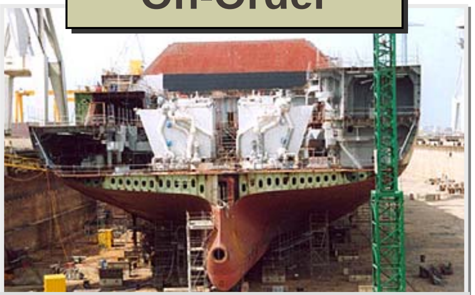
Current LNG Fleet

4 Vessels

Current Oil Tanker Fleet

5 Vessels

LNG Carriers On-Order



3 Vessels

MLP Investment Highlights

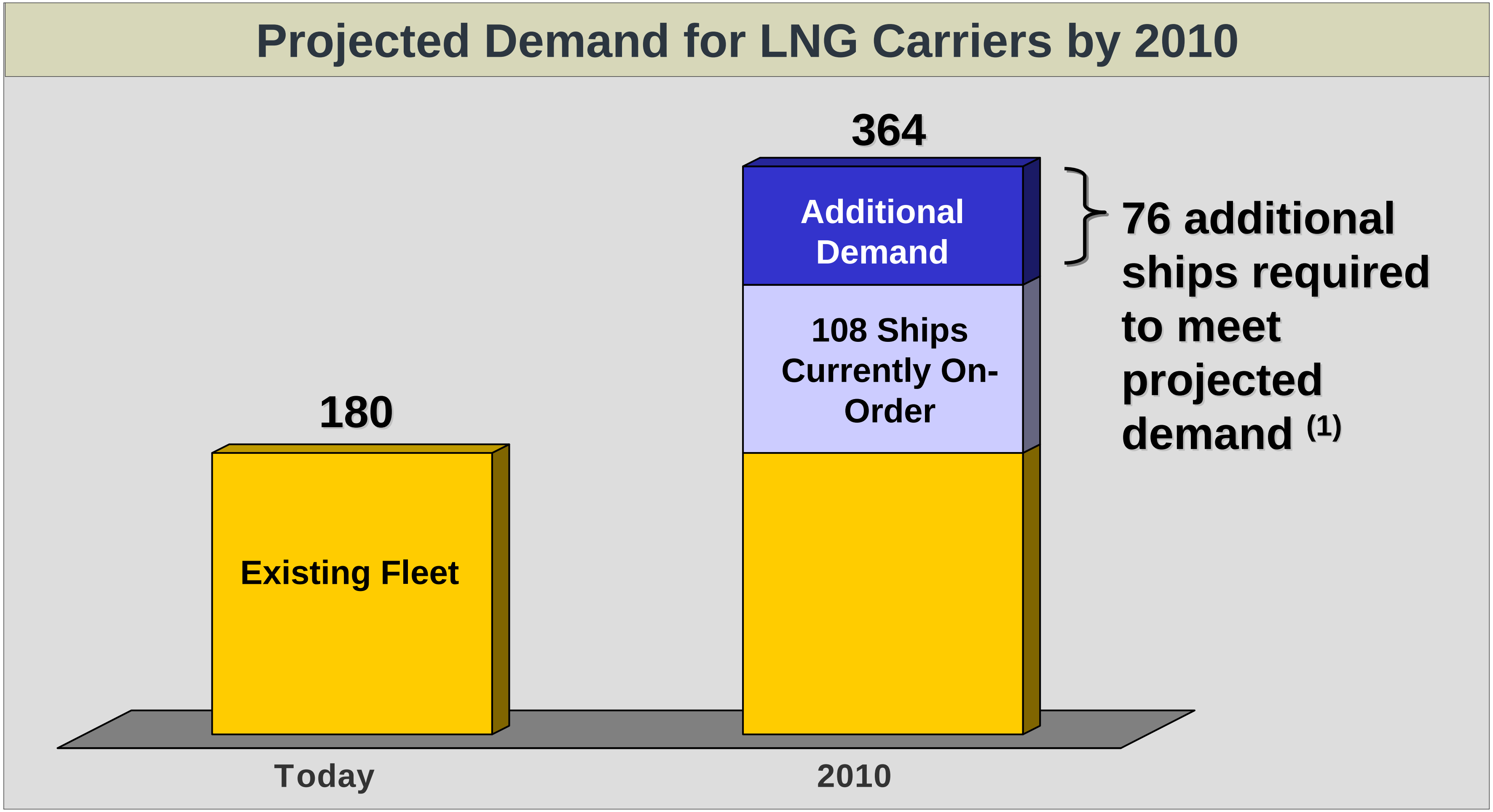
A unique investment opportunity:

- Stable cash flows – fixed-rate 20+ year contracts
- High growth potential – LNG is the fastest growing energy sector
- Strong sponsorship – ability to leverage Teekay Shipping's premier global franchise

Opportunity to Co-Invest in LNG with Teekay Shipping

Increased Demand for LNG Carriers

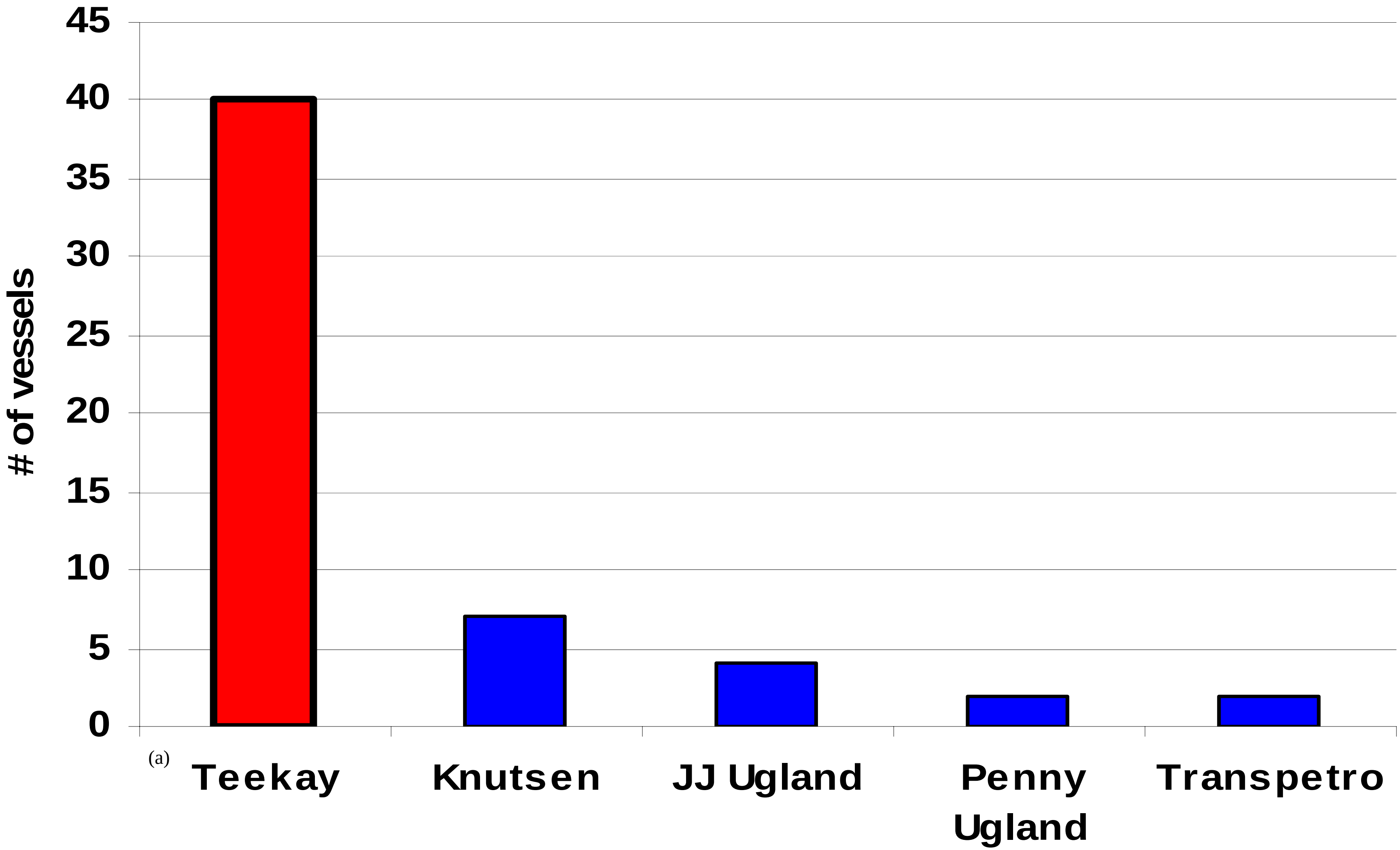
~ $15 billion market opportunity



(1) Source: LNG Shipping Solutions Ltd.

Teekay is a Clear Market Leader in Shuttle Tankers

Dynamically Positioned Shuttle Tankers by Operator



(a) Includes owned and in-chartered vessels

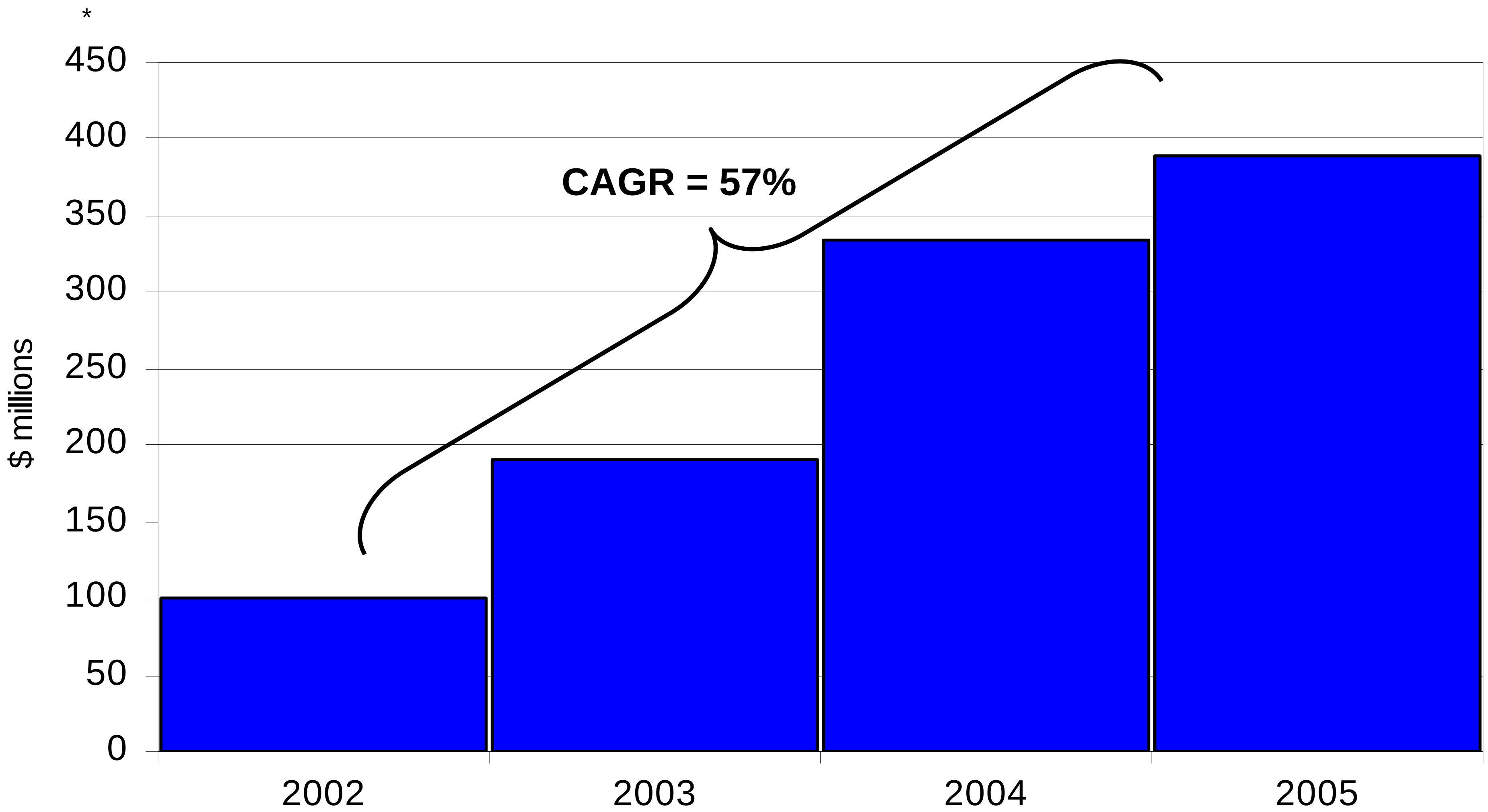
The Leader in Offshore Loading

Approximately 35% of Teekay's capital is invested in "floating pipelines"

- Serving 30 North Sea oil fields on contracts of affreightment with 20 oil companies
- Expanding use of shuttle tankers in other markets
- Shuttling close to 1 billion bbls/year or 2,600,000 bbls/day

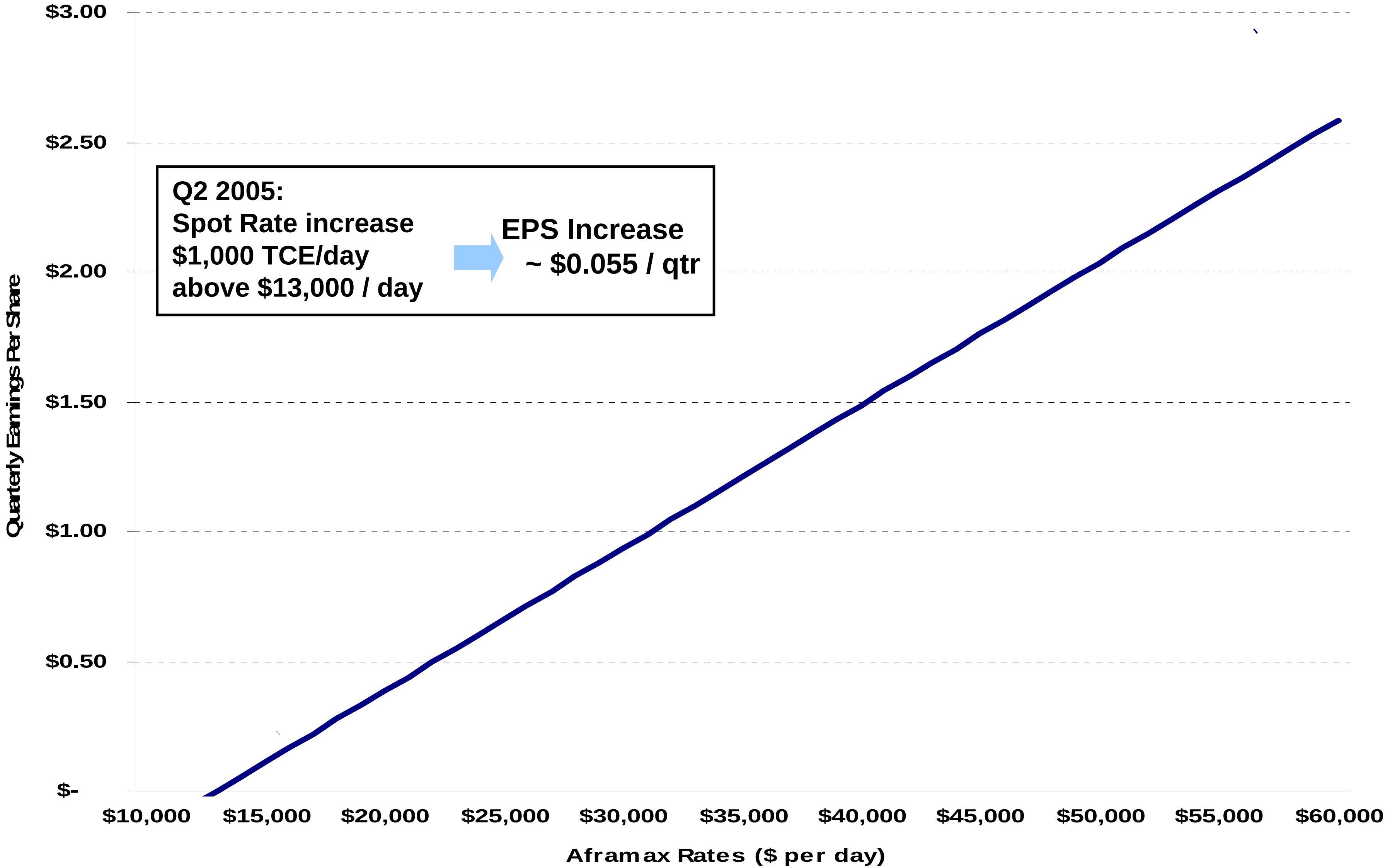
TEEKAY SHIPPING

Quantum Leap in Fixed-rate Segment Cash Flow



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

Significant Operating Leverage



Teekay 'Sum of Parts' Valuation

In millions (except per share data)

Balance Sheet and outstanding share data as at Mar. 31, 2005

Medium-term fixed-rate segment

Medium-term fixed-rate segment CFVO	285
Multiple *	x 10
Total medium-term fixed-rate segment enterprise value	2,850
less: net debt after MLP debt allocation	(583)
Equity value of fixed-rate segment	2,267
Fully diluted number of shares	87.47
Fixed-rate segment equity value / share	**$ 25.92**

Teekay LNG Partners L.P.

Total Teekay LNG Partners enterprise value **	1,410
less: net debt	(615)
Equity value of MLP	794
Teekay's share of MLP	76%
Teekay's share of MLP equity value	604
Fully diluted number of shares	87.47
Teekay's portion of MLP equity value / share	**$ 6.91**

Spot Segment

Owned Fleet	
2004 CFVO	457
Multiple ***	x 5.6
Total owned fleet enterprise value	2,561
less: net debt after MLP debt allocation	(292)
Equity value of owned spot fleet	2,269
In-charter Fleet	
2004 est. CFVO at 50% ****	105
~ 2 years remaining on in-charter contracts	x 2
Equity value of TC-in spot fleet	210.5
Equity value of Teekay's spot segment	2,480
Fully diluted number of shares	87.47
Spot segment equity value / share	**$ 28.36**

* Based on discount to Teekay LNG Partners multiple of 14x
** Based on May 10 closing price of $25.65/unit
*** Based on avg. of spot trading peers (source: Jefferies Tanker Weekly May '05)

$ 61.19

Combined min. Teekay Equity Value per Share

****assumes 1/2 of 2004 TC-in CFVO - normalized

Summary

- Disciplined & Focused Growth Strategy
  - Financial strength to pursue continued profitable growth in Business Units / Sectors
  - Near term non-LNG growth likely to come from additional long-term fixed-rate contracts and/or in-chartering vessels
- Long-Term Fixed-Rate Cash Flow Portfolio is a Distinguishing Characteristic
  - Fixed-rate EBITDA alone is sufficient to cover total fixed charges
  - Less volatility of cash flows (~ 70% from fixed rate LT contracts at mid-cycle spot rates)
  - De-levering is even more certain with increased fixed-rate cash flows
- Favorable Industry Dynamics in Spot Market
  - Continued tight tanker demand & supply balance over next few years
  - Positioned to benefit from strong tanker market fundamentals
  - Strong cash flows from spot segment will accelerate de-levering
- MLP – A Vehicle for LNG Growth
  - Following Teekay's customers while adding balance sheet capacity

Teekay -
The Marine Midstream Company



LEADING FROM STRENGTH

Teekay Shipping

Appendix

1. Summary Fleet List
2. Non-GAAP Reconciliations

Fleet Summary

As at May 10, 2005

	Number of Vessels			
	Owned Vessels	**Chartered-in Vessels**	**Newbuildings on Order**	**Total**
Spot Tanker Fleet:				
VLCC's		1		1
Suezmaxes	2	4		6
Aframaxes	26	17	4	47
Large Product Tankers		6	3	9
Small Product Tankers		11		11
Total Spot Tanker Segment	28	39	7	74
Fixed-rate Tanker Segment:				
Shuttle Tankers	28	12		40
Conventional Tankers	12		3	15
Floating Storage & Offtake ("FSO") Vess	4			4
LPG / Methanol Carriers	1	1		2
Total Fixed-rate Tanker Segment	45	13	3	61
Fixed-rate LNG Segment	4		3	7
Total	77	52	13	142

Appendix – Reconciliation of Cash Flow from Vessel Operations

- 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. Cash flow from operations is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.
- The following table reconciles this non-GAAP measure as used in this presentation on slides 4 and 17 to the most directly comparable GAAP financial measure for the periods presented.

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

	Year Ended December 31, 2004	Year Ended December 31, 2005
Projection	annualized	
Income from vessel operations	201,000	240,000
Depreciation and Amortization	135,000	150,000
Cash flow from vessel operations	336,000	390,000

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- The following table reconciles this non-GAAP measure as used in this presentation on slide 3 to the most directly comparable GAAP financial measure for the periods presented.

Present TCE Rate Annualized	Year Ended Dec. 31, 2005
Projection	
Total Income from Vessel Operations	570,000
Total Depreciation and Amortization	225,000
Total Cash flow from vessel operations	795,000
less:	
Fixed-rate cash flow from vessel operations *	390,000
Spot-rate cash flow from vessel operations	405,000

* See page 24 for reconciliation