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

- 43 ships owned, 3 chartered-in
- Predominantly spot market operator
- $3 million in annual long-term fixed-rate cash flows
- 8 offices worldwide
- 47% leverage
- $0.89 billion market capitalization
- 57.6 million shares outstanding
- $186 million total liquidity
- Total Assets $1.4 billion
- Total S/H Equity $0.78 billion
- $0.43 annual dividend

Teekay today

- 77 ships owned, 52 chartered-in, 13 newbuildings
- Balanced mix of spot / fixed-rate business
- $390 million in annual long-term fixed-rate cash flows
- 17 offices worldwide
- 34% leverage*
- $3.5 billion market capitalization
- 81.7 million shares outstanding
- $1.4 billion in total liquidity
- Total Assets $5.4 billion
- Total S/H Equity $2.5 billion
- $0.55 annual dividend

* PEPS units treated as equity
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

Aframax Sized Vessels

- Teekay Shipping
- Aframax International
- Malaysian Int'l Shipping Corp.
- Novoship
- General Maritime
- BP
- Minerva

(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 countereasonably 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**
- 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

90% utilization is considered full use of the tanker fleet.

Source: Platou / CRS
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
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

<table>
<thead>
<tr>
<th>Projected Demand for LNG Carriers by 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Today</strong></td>
</tr>
<tr>
<td>Existing Fleet</td>
</tr>
<tr>
<td>180</td>
</tr>
<tr>
<td><strong>2010</strong></td>
</tr>
<tr>
<td>108 Ships Currently On-Order</td>
</tr>
<tr>
<td>364</td>
</tr>
<tr>
<td>76 additional ships required to meet projected demand (1)</td>
</tr>
</tbody>
</table>

(1) Source: LNG Shipping Solutions Ltd.
Teekay is a Clear Market Leader in Shuttle Tankers

Dynamically Positioned Shuttle Tankers by Operator

# of vessels

<table>
<thead>
<tr>
<th>Operator</th>
<th># of vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teekay</td>
<td>40</td>
</tr>
<tr>
<td>Knutsen</td>
<td>5</td>
</tr>
<tr>
<td>JJ Ugland</td>
<td>4</td>
</tr>
<tr>
<td>Penny Ugland</td>
<td>2</td>
</tr>
<tr>
<td>Transpetro</td>
<td>1</td>
</tr>
</tbody>
</table>

(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
Quantum Leap in Fixed-rate Segment Cash Flow

CAGR = 57%

* Long-term fixed-rate cash flow from vessel operations
Significant Operating Leverage

Quarterly Earnings Per Share

Q2 2005:
Spot Rate increase $1,000 TCE/day above $13,000 / day
EPS Increase ~ $0.055 / qtr

Aframax Rates ($ per day)

$0.50 $1.00 $1.50 $2.00 $2.50 $3.00

$- $10,000 $15,000 $20,000 $25,000 $30,000 $35,000 $40,000 $45,000 $50,000 $55,000 $60,000
## Teekay ‘Sum of Parts’ Valuation

In millions (except per share data)
Balance Sheet and outstanding share data as at Mar. 31, 2005

<table>
<thead>
<tr>
<th></th>
<th>Teekay LNG Partners L.P.</th>
<th>Spot Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medium-term fixed-rate segment</strong></td>
<td>**Total Teekay LNG Partners enterprise value ** 1,410</td>
<td><strong>Owned Fleet</strong></td>
</tr>
<tr>
<td>Medium-term fixed-rate segment CFVO</td>
<td></td>
<td>2004 CFVO 457</td>
</tr>
<tr>
<td>Multiple * x 10</td>
<td></td>
<td>Multiple *** x 5.6</td>
</tr>
<tr>
<td>Total medium-term fixed-rate segment enterprise value</td>
<td></td>
<td>Total owned fleet enterprise value 2,561</td>
</tr>
<tr>
<td>less: net debt after MLP debt allocation (583)</td>
<td></td>
<td>less: net debt after MLP debt allocation (292)</td>
</tr>
<tr>
<td>Equity value of MLP 794</td>
<td></td>
<td>Equity value of owned spot fleet 2,269</td>
</tr>
<tr>
<td><strong>Equity value of fixed-rate segment</strong></td>
<td>2,267</td>
<td><strong>In-charter Fleet</strong></td>
</tr>
<tr>
<td><strong>Teekay's share of MLP</strong> 76%</td>
<td></td>
<td>2004 est. CFVO at 50% **** 105</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~ 2 years remaining on in-charter contracts x 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity value of TC-in spot fleet 210.5</td>
</tr>
<tr>
<td><strong>Teekay's share of MLP equity value</strong> 604</td>
<td></td>
<td>Equity value of Teekay’s spot segment 2,480</td>
</tr>
<tr>
<td><strong>Fully diluted number of shares</strong> 87.47</td>
<td></td>
<td>Fully diluted number of shares 87.47</td>
</tr>
<tr>
<td><strong>Fixed-rate segment equity value / share</strong> $ 25.92</td>
<td><strong>Spot segment equity value / share</strong> $ 28.36</td>
<td></td>
</tr>
<tr>
<td><strong>$ 61.19 Combined min. Teekay Equity Value per Share</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:**
* 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)

### 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

### Spot Segment

- Total owned fleet enterprise value 2,561
- less: net debt after MLP debt allocation (292)
- Equity value of owned spot fleet 2,269

### Equity Value per Share

- **$ 61.19 Combined min. Teekay Equity Value per Share**

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**Source:**
Jefferies Tanker Weekly May ’05
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
Appendix

1. Summary Fleet List
2. Non-GAAP Reconciliations
## Fleet Summary

As at May 10, 2005

<table>
<thead>
<tr>
<th>Fleet Segment</th>
<th>Number of Vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owned Vessels</td>
</tr>
<tr>
<td>Spot Tanker Fleet</td>
<td></td>
</tr>
<tr>
<td>VLCC's</td>
<td>1</td>
</tr>
<tr>
<td>Suezmaxes</td>
<td>2</td>
</tr>
<tr>
<td>Aframaxs</td>
<td>26</td>
</tr>
<tr>
<td>Large Product Tankers</td>
<td></td>
</tr>
<tr>
<td>Small Product Tankers</td>
<td>11</td>
</tr>
<tr>
<td>Total Spot Tanker Segment</td>
<td>28</td>
</tr>
<tr>
<td>Fixed-rate Tanker Segment</td>
<td></td>
</tr>
<tr>
<td>Shuttle Tankers</td>
<td>28</td>
</tr>
<tr>
<td>Conventional Tankers</td>
<td>12</td>
</tr>
<tr>
<td>Floating Storage &amp; Offtake (&quot;FSO&quot;) Vessels</td>
<td>4</td>
</tr>
<tr>
<td>LPG / Methanol Carriers</td>
<td>1</td>
</tr>
<tr>
<td>Total Fixed-rate Tanker Segment</td>
<td>45</td>
</tr>
<tr>
<td>Fixed-rate LNG Segment</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>77</td>
</tr>
</tbody>
</table>
### 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.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2002</th>
<th>Year Ended December 31, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of cash flow from vessel operations from fixed-rate long-term contracts ($000s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from vessel operations</td>
<td>56,863</td>
<td>105,007</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>43,889</td>
<td>84,863</td>
</tr>
<tr>
<td><strong>Cash flow from vessel operations</strong></td>
<td><strong>100,752</strong></td>
<td><strong>189,870</strong></td>
</tr>
<tr>
<td><strong>Projection</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from vessel operations</td>
<td><strong>201,000</strong></td>
<td><strong>240,000</strong></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td><strong>135,000</strong></td>
<td><strong>150,000</strong></td>
</tr>
<tr>
<td><strong>Cash flow from vessel operations</strong></td>
<td><strong>336,000</strong></td>
<td><strong>390,000</strong></td>
</tr>
</tbody>
</table>
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 slide 3 to the most directly comparable GAAP financial measure for the periods presented.

<table>
<thead>
<tr>
<th>Present TCE Rate Annualized</th>
<th>Year Ended Dec. 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Projection</strong></td>
<td></td>
</tr>
<tr>
<td>Total Income from Vessel Operations</td>
<td>570,000</td>
</tr>
<tr>
<td>Total Depreciation and Amortization</td>
<td>225,000</td>
</tr>
<tr>
<td>Total Cash flow from vessel operations</td>
<td>795,000</td>
</tr>
<tr>
<td>* less:</td>
<td></td>
</tr>
<tr>
<td>Fixed-rate cash flow from vessel operations *</td>
<td>390,000</td>
</tr>
<tr>
<td>Spot-rate cash flow from vessel operations</td>
<td>405,000</td>
</tr>
</tbody>
</table>

* See page 24 for reconciliation