Teekay Shipping

Teekay's Second Quarter 2004 Earnings Presentation

July 22, 2004

NYSE: TK

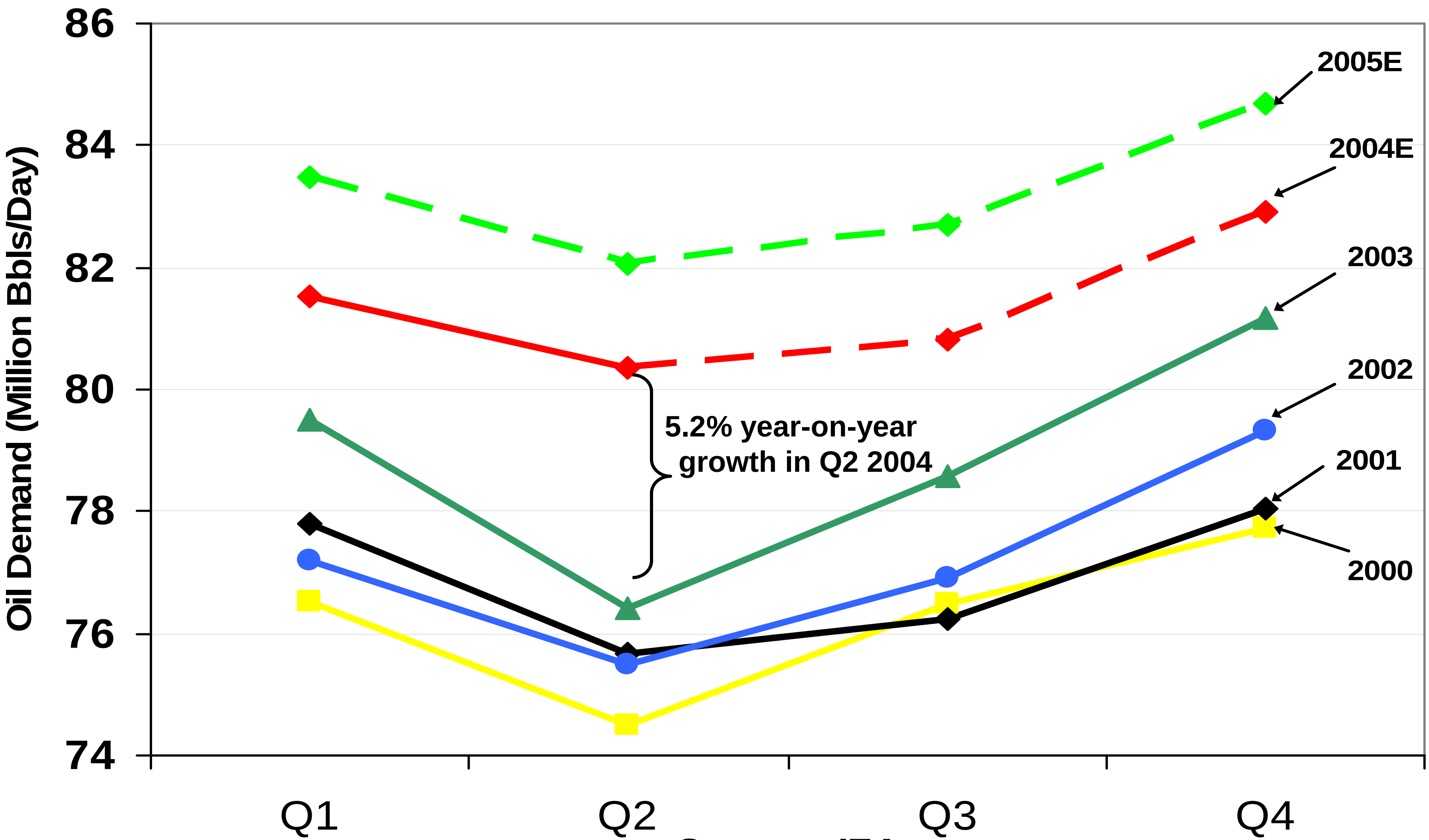
Forward Looking Statements

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; newbuilding delivery dates and the commencement of service under long-term contracts; the impact of the RasGas II contracts to Teekay's strategic position; the growth prospects of the LNG shipping sector; the Company's future capital expenditure commitments and the financing requirements for such commitments; and the gain in the third quarter of 2004 relating to the sale of the Company's 16% ownership in TORM. 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 impacting 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 inability of Teekay to integrate Tapias successfully; 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, 2003. 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.

2nd Quarter Highlights

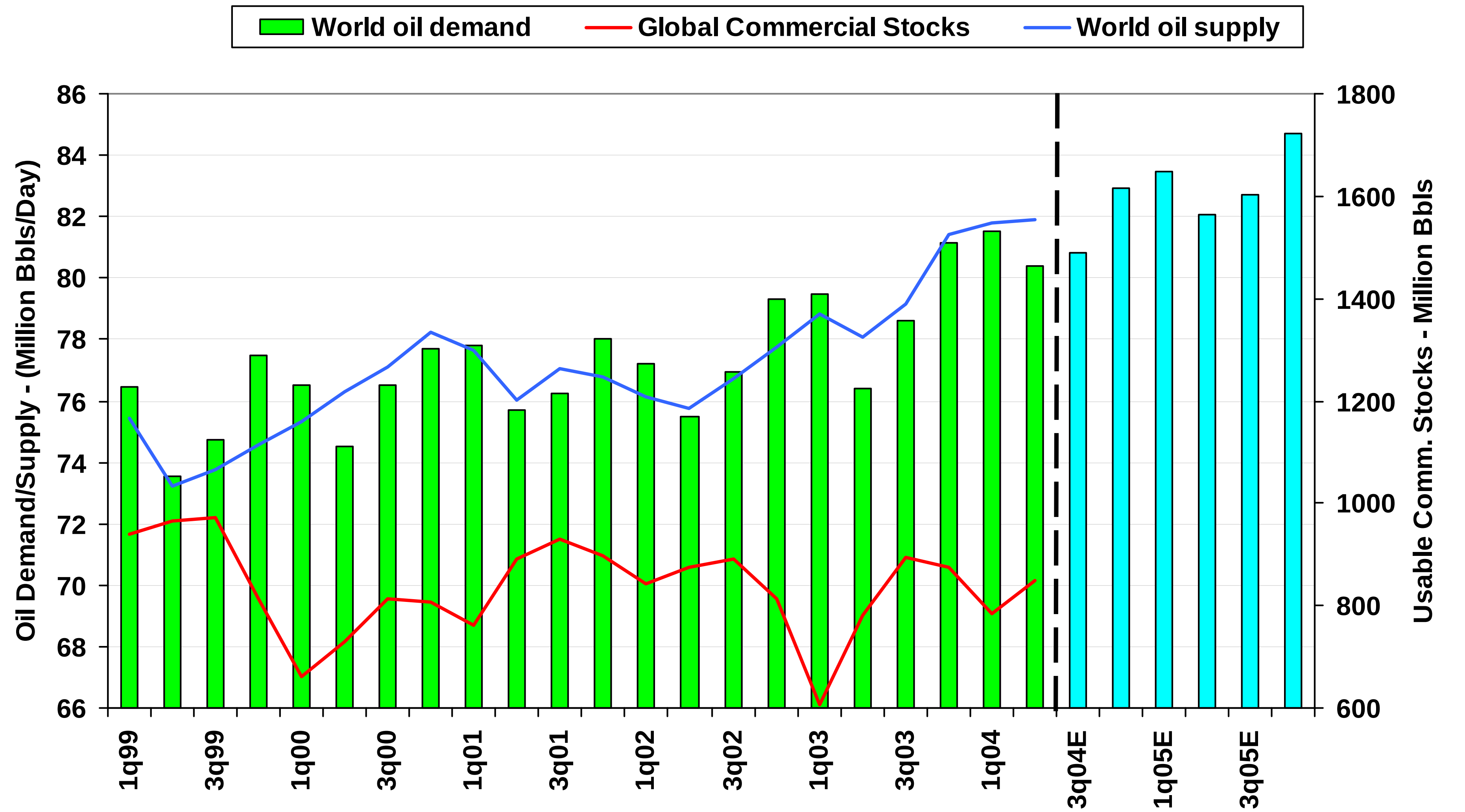
- Highest ever Q2 net income of $98.5 million
- Record quarter for fixed-rate segments
- Oil demand growing at highest rate in 25 years
- Completed acquisition of Naviera F. Tapias
- Awarded 3 long-term LNG contracts by RasGas II
- Completed 2-for-1 stock split effective May 17, 2004
- In July, sold 16% stake in TORM realizing a $90 million gain

Strong Growth in Global Oil Demand



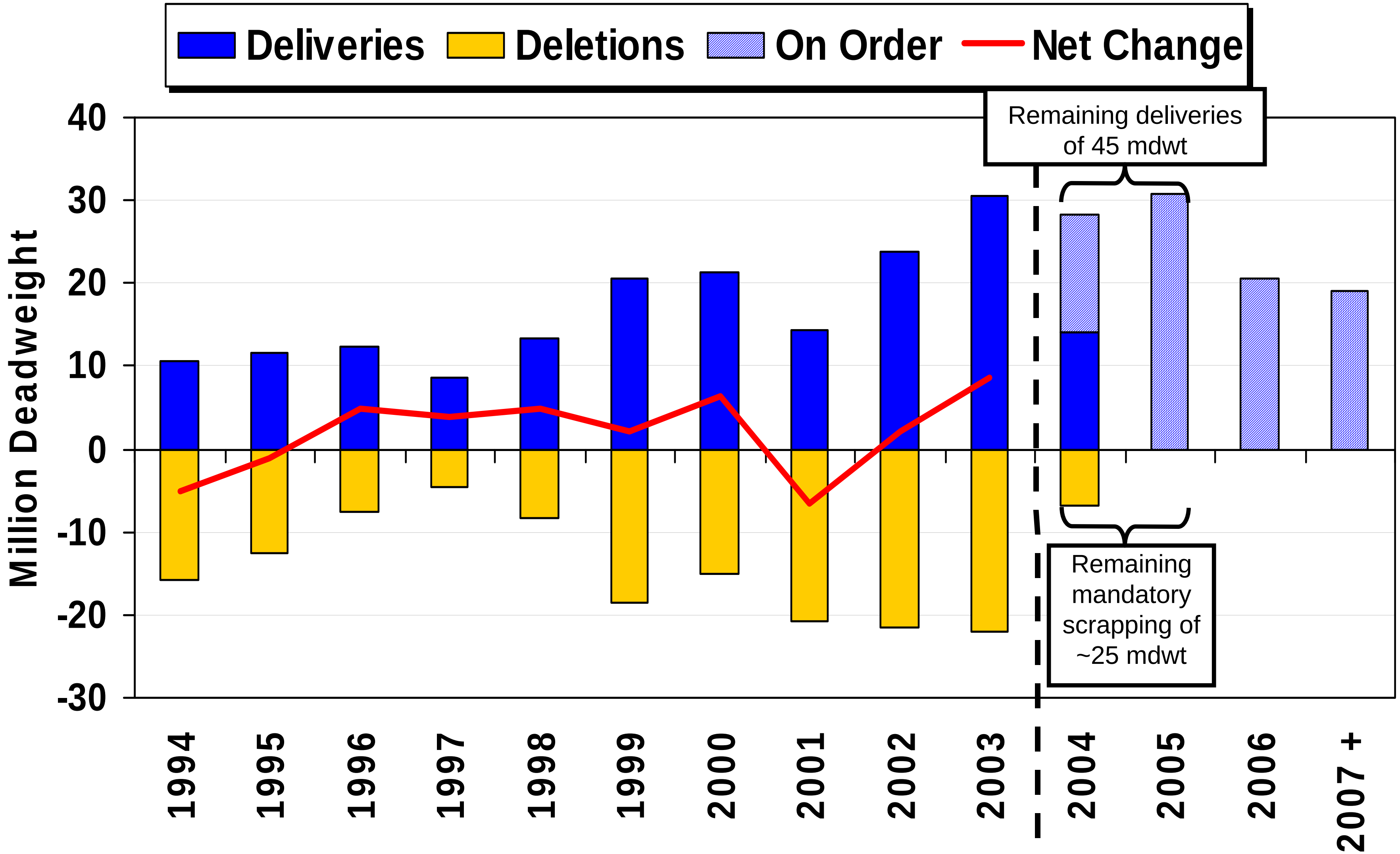
Source : IEA

World Oil Demand Drives Supply Higher



Source : IEA / EIG

Tanker Supply - Outlook



Source: CRS

World Fleet Segment Development

Modest fleet growth relative to expected demand

	VLCC	Suezmax	Aframax	Aframax (excl. LR II)
Fleet Change since 1/1/2003	**+ 2.6%**	**+ 5.6%**	**+ 8.6%**	
Expected Fleet Changes through 2005				
Scheduled for delivery	11.4%	11.9%	13.6%	11.8%
Mandatory scrapping	-4.6%	-5.9%	-10.9%	-10.9%
Net fleet increase through 2005	6.8%	6.0%	2.7%	0.9%
Net fleet increase (annualized)	**4.5%** per annum	**4.0%** per annum	**1.8%** per annum	**0.6%** per annum

Based on number of ships

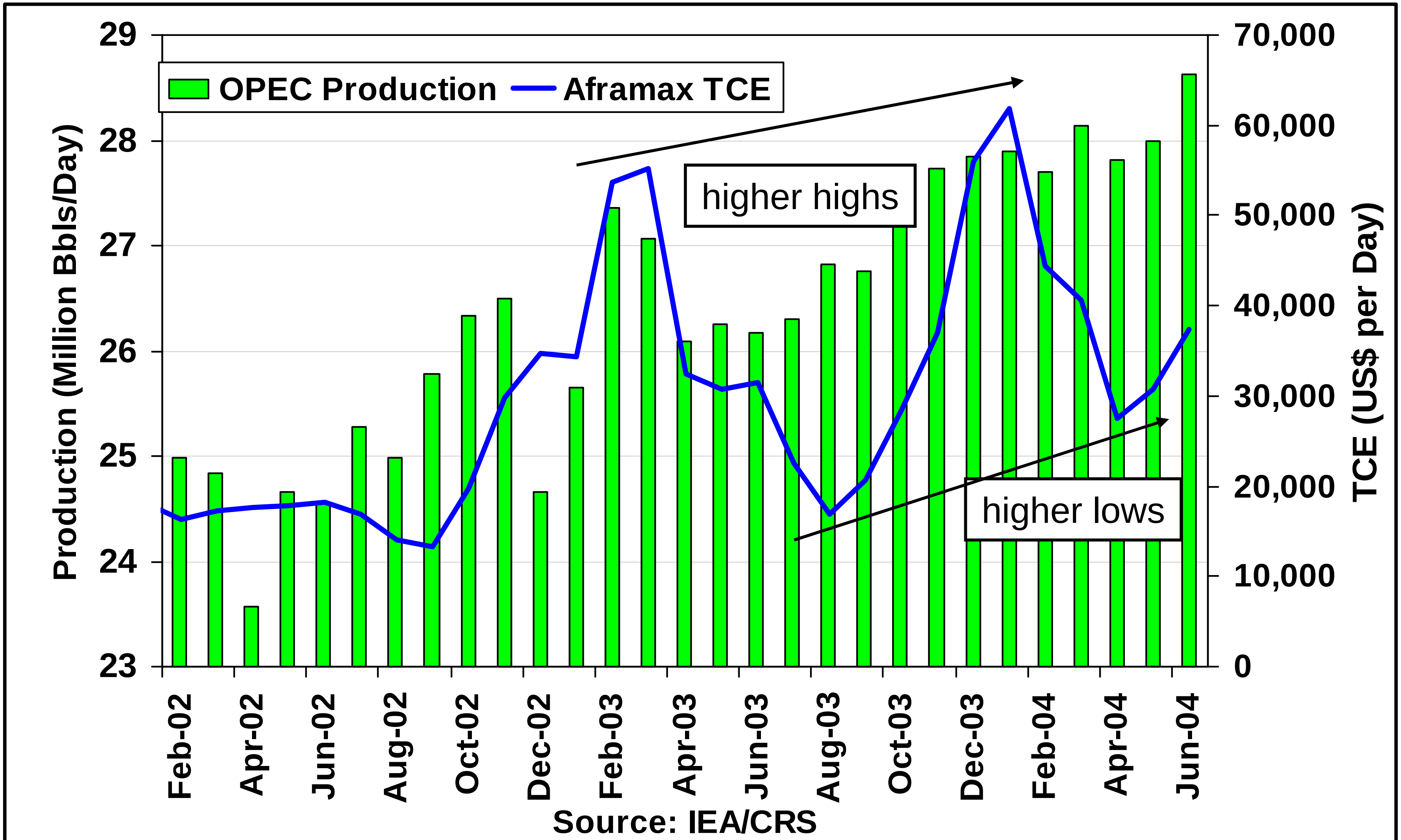
World Tanker Supply / Demand Balance to Remain Tight Through 2006

	2H 2004/2005 (mdwt)	2006 (mdwt)
Newbuilding Deliveries	45	20
less: Mandatory scrapping *	-25	-1
Net fleet growth	20	19
Tanker demand growth**	20	12
Change in supply / demand balance	0	7

* excludes any voluntary scrapping

**Assumptions	2H 2004/2005 (avg.)	2006
Oil demand growth (p.a.)	2.3%	2.0%
Tanker demand growth (p.a.)	4.0%	3.5%

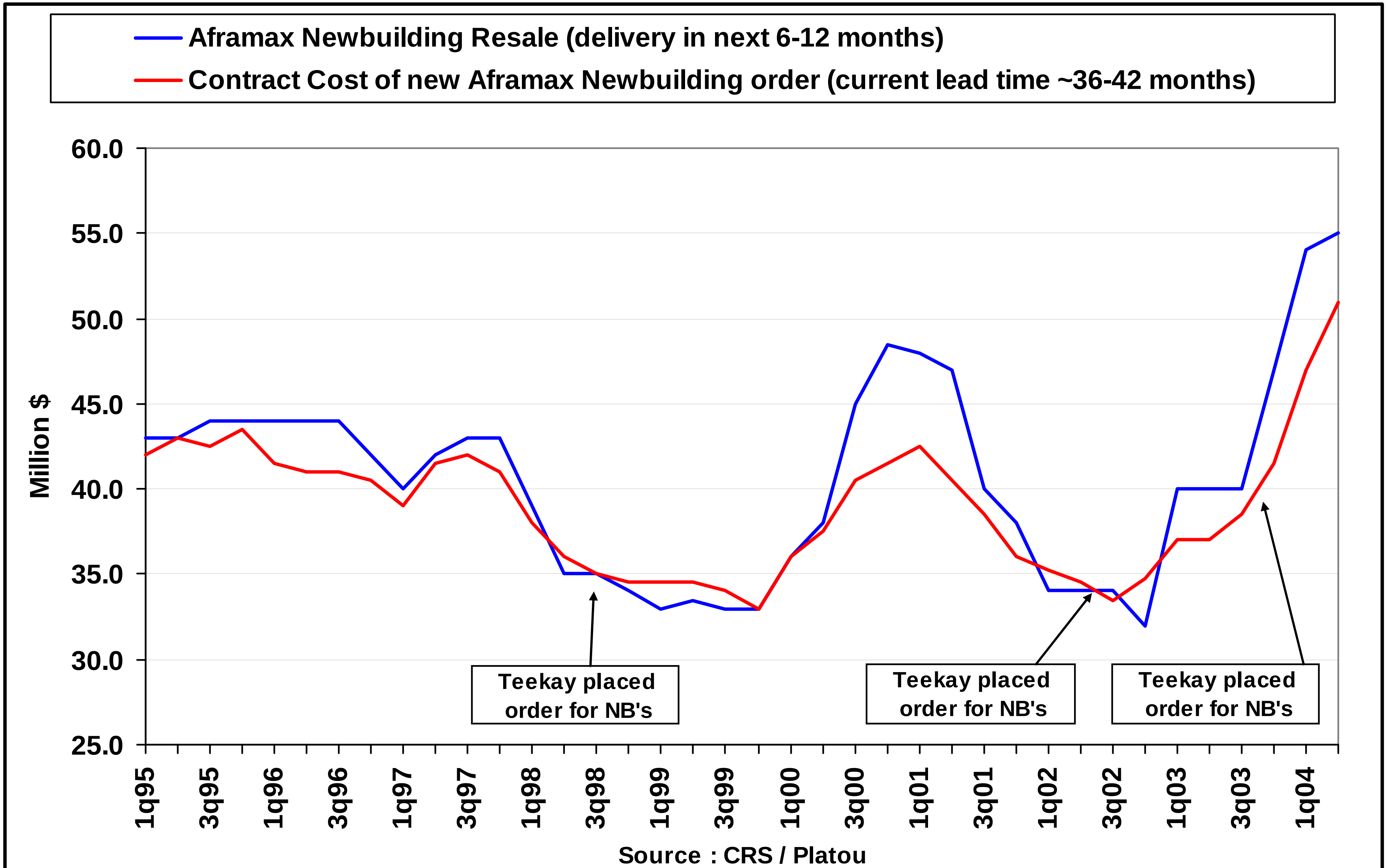
OPEC Crude Oil Production vs. Aframax TCE



Developments in Spot Tanker Segment

- Q2 average Aframax TCE of $27,600 per calendar ship day
- Spot fleet increased from 82 ships to 86 ships from Q1 to Q2
- 11 newbuildings on order in spot tanker fleet
- Maintaining high in-charter activity
- 5-6 additional ships projected to join spot fleet in Q3
- Four single-hull ships sold for delivery Q3, 2004

Aframax Price Developments



Fixed-rate Segments

- Completed Tapias acquisition; integration proceeding smoothly
- Additional fixed-rate vessels added in Q2:
  - Two Tapias LNGs
  - Five Tapias Suezmaxes
  - Thailand FSO
  - Brazil shuttle Tanker (50% JV)
- Awarded 3 long-term LNG contracts by RasGas II
- Record cash flow from vessel operations of $76 million

RasGas II LNG Transaction

- 20-year charters on three LNG newbuildings
- Ordered three 151,700m^3 LNG carriers on a low-risk 'build-to-suit' basis
- Relationship with shipyard and 'en bloc' order => preferential pricing
- Secured export financing at interest rates below generally available levels
- Positioned as early supplier to Qatar, expected to become world's largest exporter of LNG

LNG Projects Create Incremental Shareholder Value

Cost per ship ~ $170m - $175m + ready for sea costs => $190 - $195m

Project Economics

TCE = $65 - $70k/day

OPEX = $11.5 - $12.5k/day

Bareboat Rate = $53 - $57k/day

Cash Flow ~ $19.5m - $21m p.a.

80% Debt Portion ~$155m

~ 6% to 7% interest rate

20 years

Debt Service ~ $14.5m p.a.

20% Equity Portion ~$38m

Cash-on-cash return ~ 16%

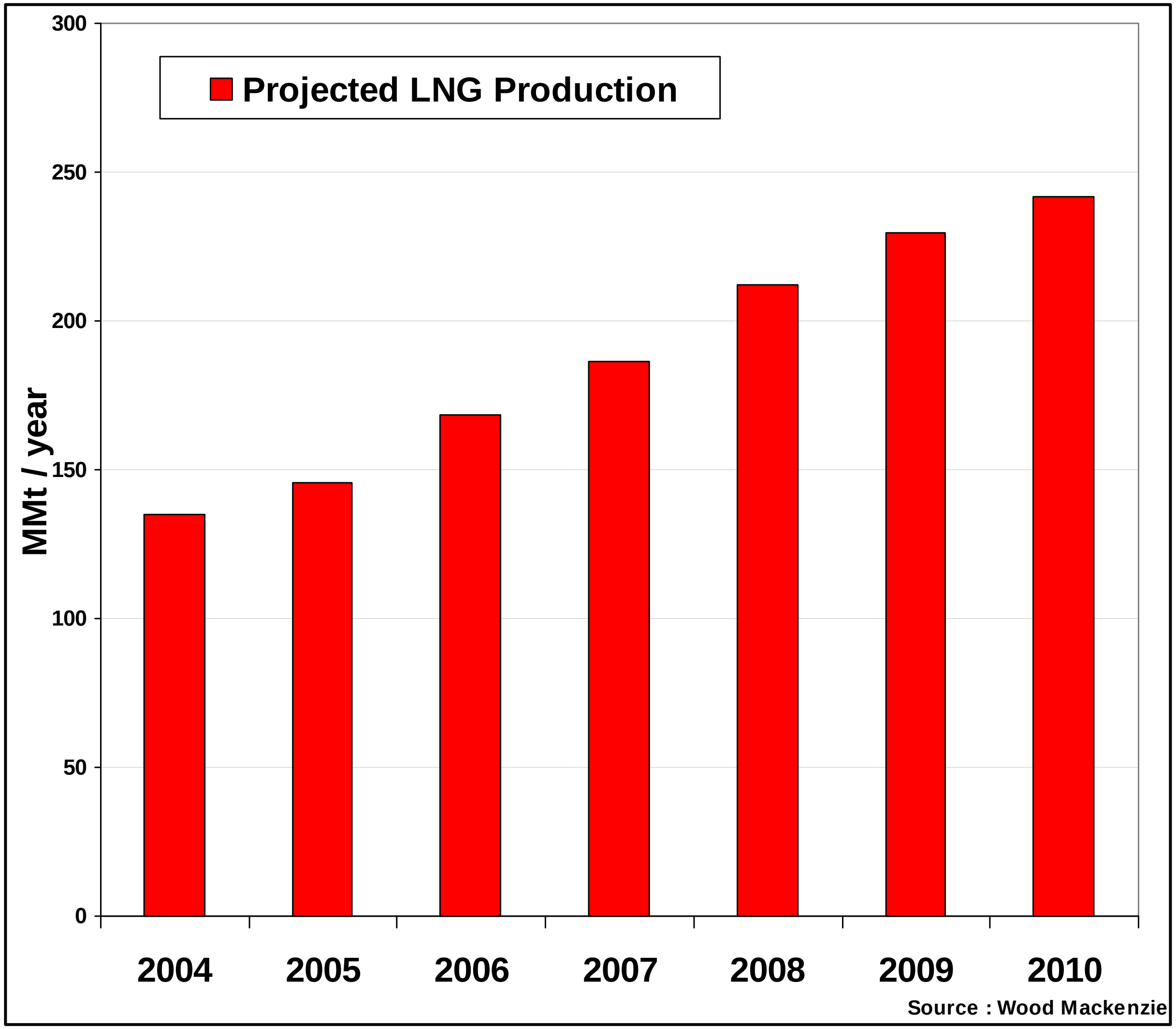
ROE ~ 18%

Accretion – initially $0.06/share with an average of $0.10/share

NPV ~ $46m per ship

NPV per share ~ $0.53

Dramatic Demand for LNG Shipping



# of ships

Projected LNG demand by 2010	365
Existing LNG carrier fleet	165
NBs presently on order	80
Further NBs required to be delivered by 2010	~120

Source: industry data, Teekay estimates

Summary of Operating Results

(in thousands of U.S. dollars)	Three Months Ended 30-Jun-04 (unaudited)				Three Months Ended 30-Jun-03 (unaudited)		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total	Spot Tanker Segment	Fixed-Rate Tanker Segment	Total
Net voyage revenues**	202,965	158,065	7,884	368,914	222,186	130,898	353,084
Vessel operating expenses	23,752	28,376	1,637	53,765	32,415	23,115	55,530
Time-charter hire expense	60,369	46,205	-	106,574	50,828	42,655	93,483
Depreciation & amortization	25,976	32,493	2,377	60,846	27,800	21,975	49,775
Cash flow from vessel operations*	106,523	70,490	5,506	182,519	125,950	56,212	182,162

* 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.

**Net voyage revenues represents voyage revenues less voyage expenses. Net voyage revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. See the Company's website at www.teekay.com for a reconciliation of these non-GAAP measure as used in this presentation to the most directly comparable GAAP financial measure.

Summary Income Statement

000s of USD	June 30, 2004 (unaudited)	June 30, 2003 (unaudited)
Income from vessel operations	122,123	127,676
OTHER ITEMS		
Interest expense - net	(25,789)	(20,413)
Income tax expense	(6,086)	(13,864)
Equity income from joint ventures	3,288	1,611
Other items		
Dividend income - NATS and TORM	5,663	1,250
Gain on disposal of marketable securities	2,232	170
Foreign exchange gain (loss)	(5,407)	1,803
Other - net	2,519	(1,358)
Subtotal of Other items	***5,007***	***1,865***
	(23,580)	(30,801)
Net income	98,543	96,875
Earnings per common share		
- Basic	$1.19	$1.22
- Diluted	$1.13	$1.20
Weighted-average number of common shares outstanding		
- Basic	82,603,379	79,651,592
- Diluted *	87,340,951	81,045,440

*Reflects the effect of outstanding stock options and the $143.75 million mandatory convertible preferred PEPS units, computed using the treasury stock method

Selected Balance Sheet Items

As at June 30, 2004 000s of USD	Teekay Standalone	Teekay Shipping Spain	Consolidated
ASSETS			
Cash and cash equivalents	194,227	21,516	215,743
Restricted cash – current and long-term	2,056	393,403	395,459
Vessels and equipment	2,590,166	594,337	3,184,503
Advances on newbuilding contracts	92,067	229,063	321,130
Intangible assets	108,821	185,147	293,968
Goodwill	130,754	48,549	179,303
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt *	113,243	99,757	213,000
Long-term debt *	1,616,299	989,490	2,605,789
Other long-term liabilities	111,041	100,596	211,637
Stockholders' equity			1,983,324

Actual Net Debt to Capitalization (PEPS treated as equity)	**49%**
Pro Forma including proceeds of TORM and vessel sales	**46%**

*includes capital lease obligations

Sale of TORM Shares

Shares Sold June/July 2004	5,812,000 shares	$130.2 million
Initial Investment on July 4, 2003	5,812,000 shares	$37.3 million

Gain on Sale * $90.2 million

Dividend received in April, 2004	~ $1 per share	$5.7 million

Total Return ** ~250%

*Net of selling costs
**including dividends

Significant Operating Leverage