

TEEKAY CORPORATION

# Morgan Stanley Shipping Conference

April 17, 2008



[www.teekaytankers.com](http://www.teekaytankers.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, Teekay LNG's, Teekay Offshore's, and Teekay Tanker'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, 2007. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

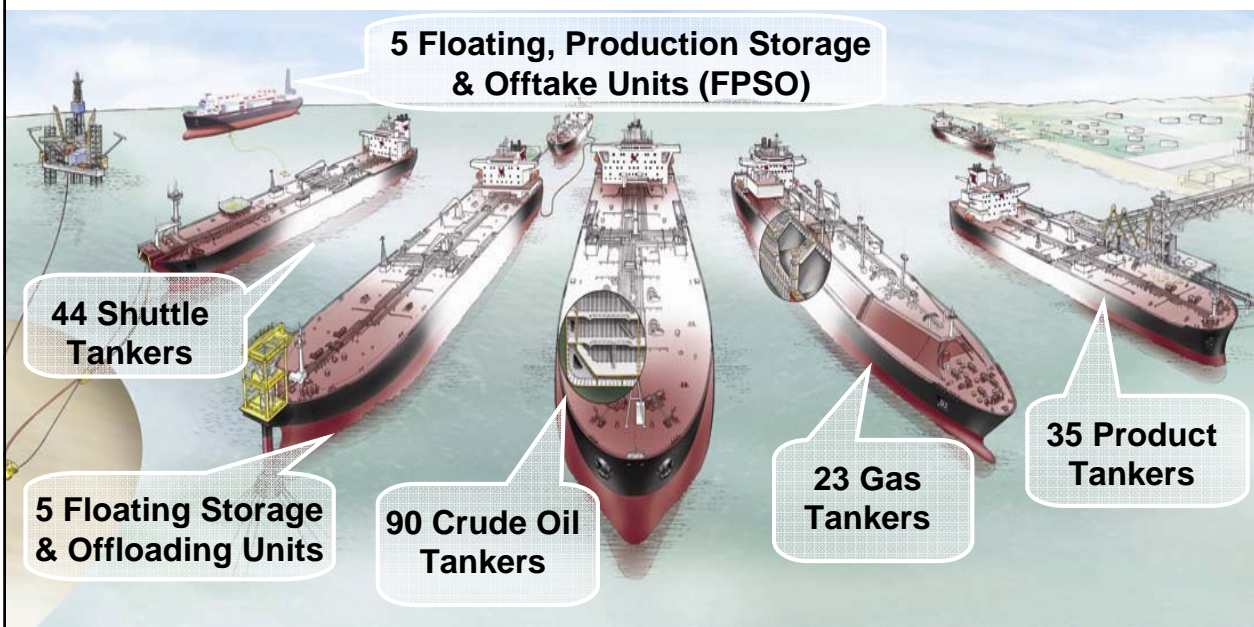


## Teekay Corporation In Profile

- ▶ Global company serving customers across the Marine Midstream space through:
  - ▶ A responsive chartering network
  - ▶ An integrated operations and risk management franchise
  - ▶ Global project management
  - ▶ Innovative corporate structure
- ▶ Transnational company with 22 offices and ~6,300 employees worldwide
- ▶ Over \$10.1 billion in assets moving over 10 percent of the world's seaborne oil:
  - ▶ 202 vessels, owned or chartered



# The Teekay Marine Midstream Concept



CUSTOMER

PEOPLE

FINANCE

OPERATIONS



## Value Creation Approach – Four Components

- ▶ Proactive freight and vessel trading
  - ▶ Disciplined timing of asset investment
  - ▶ Market knowledge enhances returns
- ▶ An integrated marine operations franchise
  - ▶ Teekay's brand is built on the in-house management of all critical functions
- ▶ Global project management
  - ▶ Combining our expertise to get value-added projects
- ▶ Innovative corporate structure
  - ▶ MLPs facilitate profitable growth and enhance value



## Global Project Management

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



### Recent Project examples:

#### Gas

Skaugen LPG acquisition  
RasGas 3  
Tangguh  
Angola  
Kenai

#### Offshore

Petrojarl  
Siri Project  
Brazil Shuttle Conversions  
Shuttle Tanker  
Newbuildings

#### Conventional Tankers

Suezmax Orderbook  
Swift Product Tanker Pool  
OMI Acquisition  
Conoco Phillips Strategic Partnership

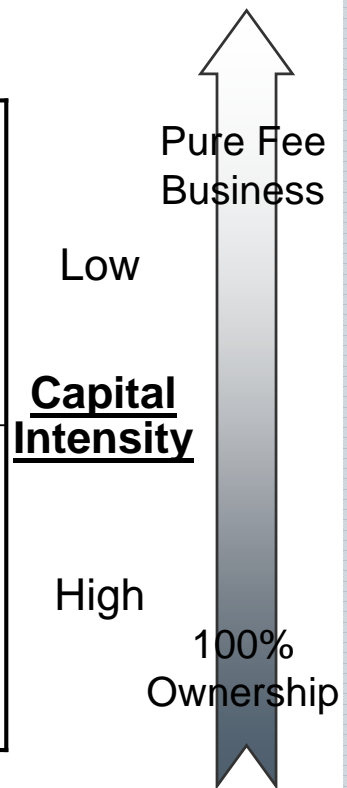
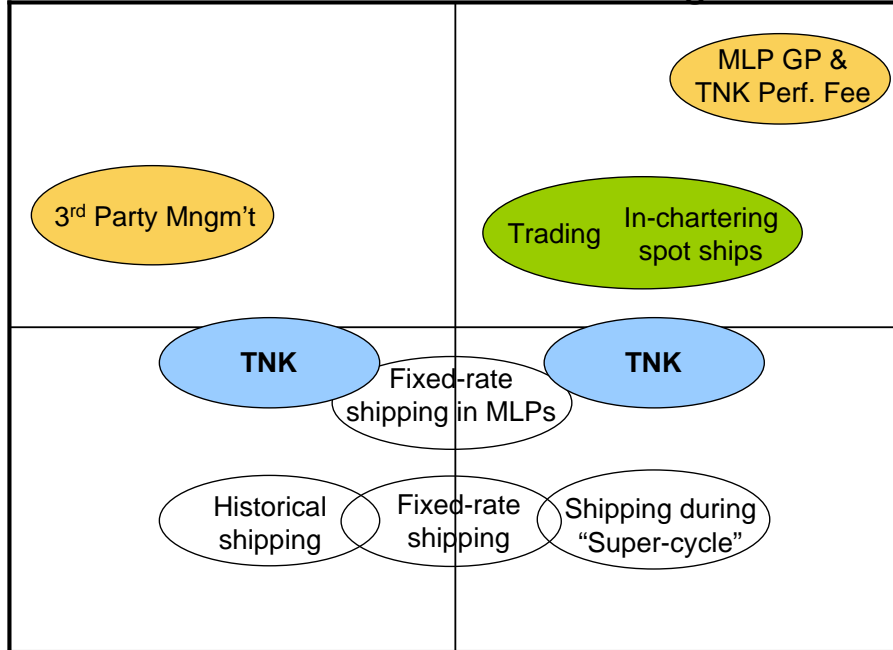


# Changing the Risk/Reward Ratio in our Favor

## Investment Returns

Low

High



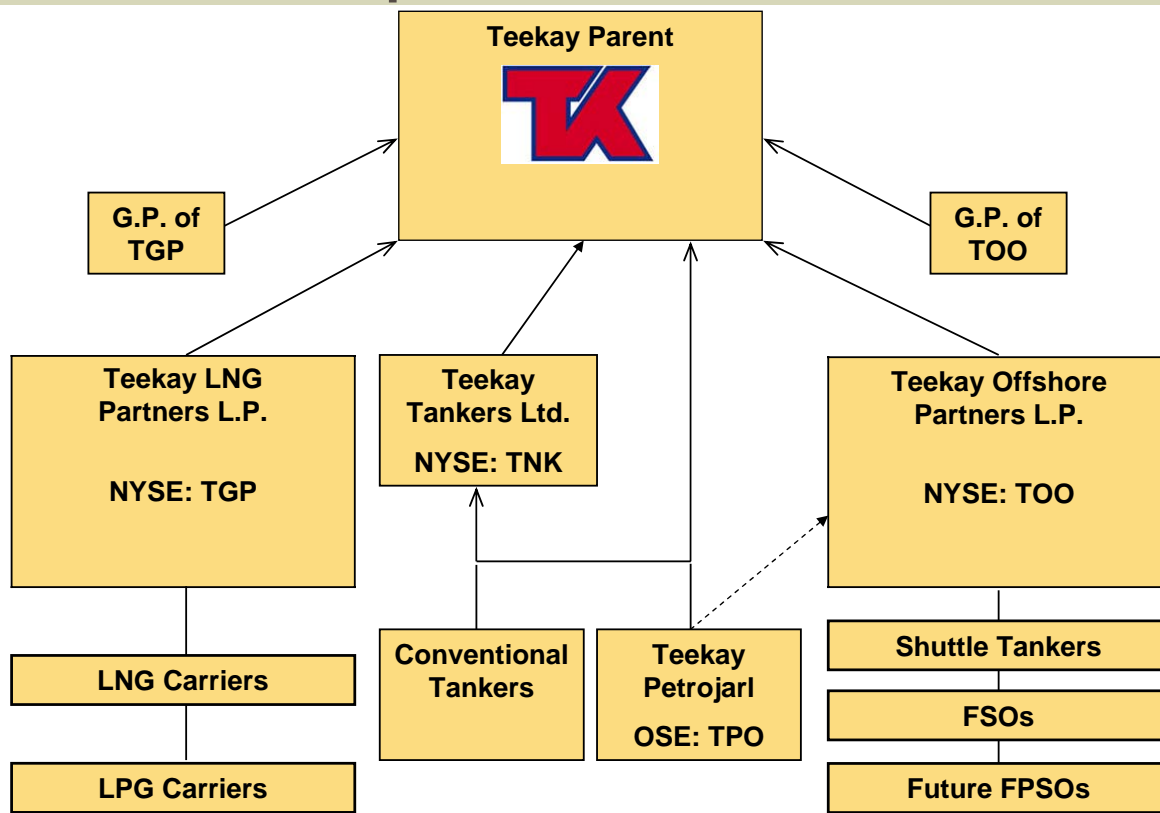
## Benefits of an Asset Management Platform

- ▶ Leverages existing operational expertise to enhance returns through fee income
- ▶ Access to low cost capital to finance growth
- ▶ Reduces risk by lowering investment capital requirements
- ▶ G.P. contribute 2% of capital, eligible to receive up to 50% of cash flows

**Risk is Reduced While Retaining  
Cash Flow**



# Innovative Corporate Structure



## Unique Strategies at Each Subsidiary



TEEKAY LNG PARTNERS L.P.

- ▶ 10 – 25 year fixed rate contracts
- ▶ 10% annual distribution growth target
- ▶ Focus on gas projects



TEEKAY OFFSHORE PARTNERS L.P.

- ▶ 3 – 10 year fixed rate contracts
- ▶ 15% annual distribution growth target
- ▶ Focus on offshore projects

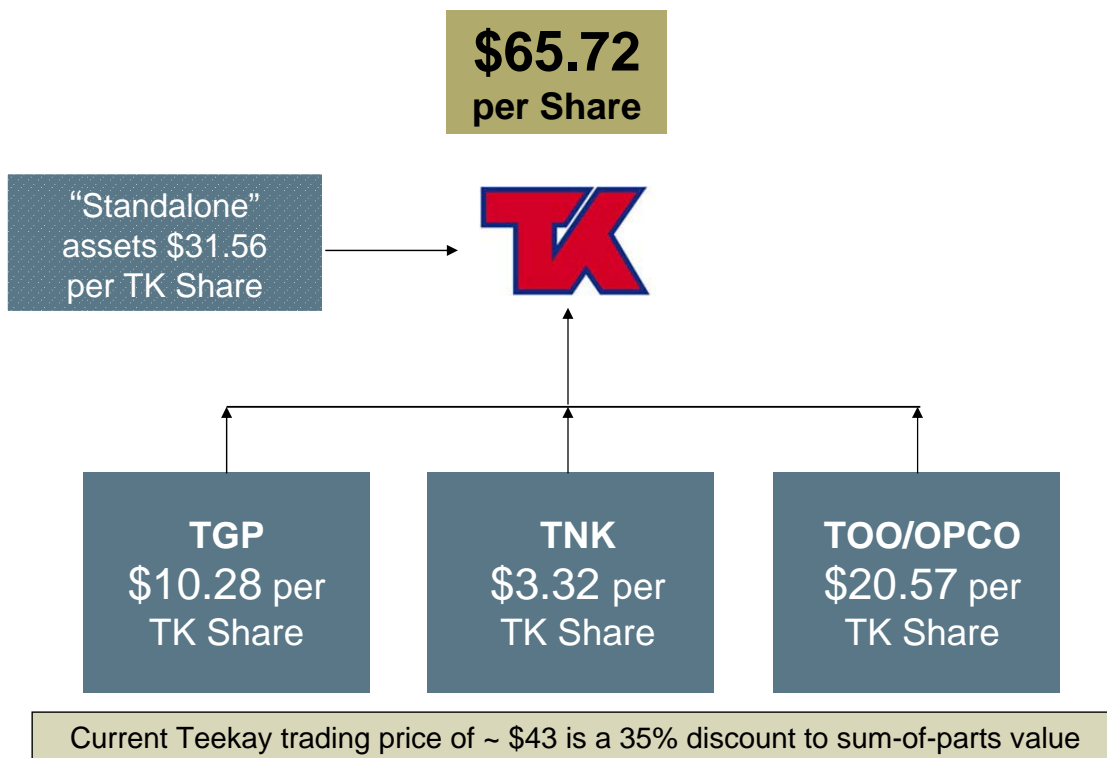


TEEKAY TANKERS LTD.

- ▶ 0 – 3 year contracts (i.e. spot fixtures and short-term time charters)
- ▶ Full, variable dividend payout
- ▶ Focus on crude/product tankers



## Sum-of-the-Parts Value



See appendix for detailed calculations



## 2008 Strategy

- ▶ Execute on strategy of growing each of our subsidiaries through drop-downs from Teekay Corp, third party asset acquisitions, and organic growth projects

Increased GP / TNK  
Performance Fee

+

Increased LP Unit / TNK  
Share Value

=

Increased Free  
Cash Flow

and

Increased SoP  
value

Progress to date:

Sale of 2 Suezmaxes to TNK

Sale of 2 Kenai LNG vessels to TGP



## Financial Strategy for Cash Generated

### 1. Delever the Balance Sheet

- ▶ Maintain sufficient liquidity and balance sheet capacity to take advantage of growth opportunities

### 2. Fund Profitable Growth

- ▶ Acquisitions and organic growth
- ▶ Newbuild and 'warehousing' commitments

### 3. Return Cash to Shareholders

- ▶ Stock buy-backs
- ▶ Dividends

TEEKAY CORPORATION

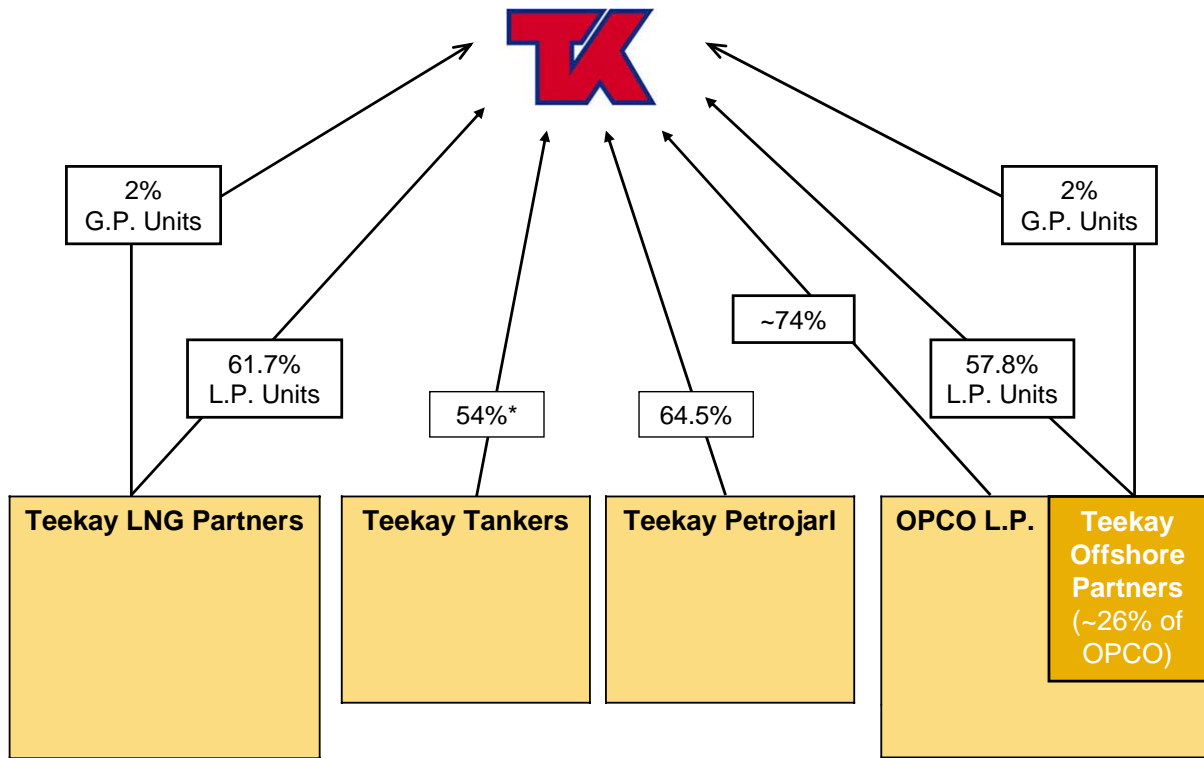
**Teekay  
“Standalone”**



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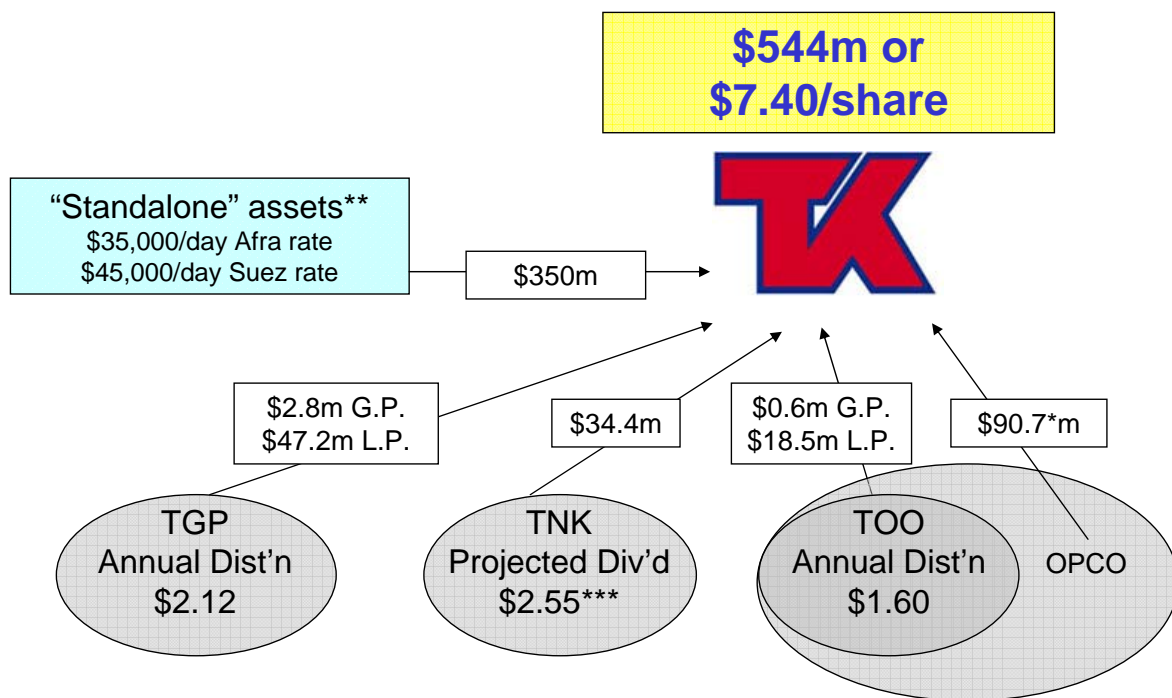
# Ownership Structure



54% of economic interest, 53% of vote



# Substantial Cash Flows to Teekay Standalone



\*Based on 2007 amounts

\*\*\*Based 1-year TCE rate of \$31,625 at time of TNK IPO.

\*\*Including Teekay Petrojarl





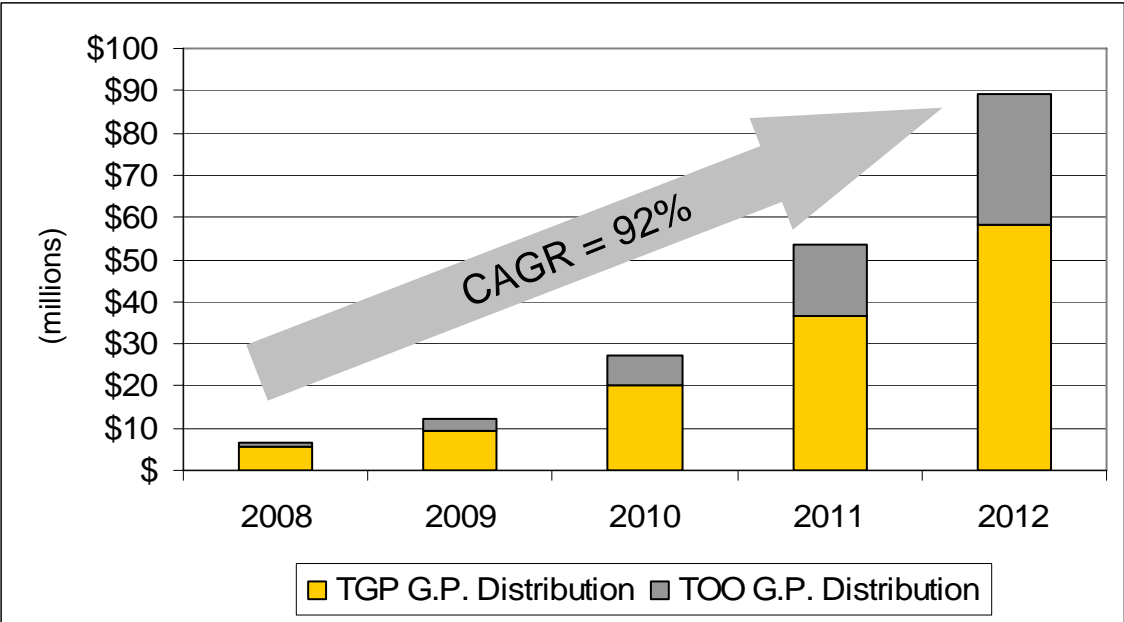
## G.P. Interests

- ▶ MLPs have two cash flow streams:
  - ▶ Cash flow to LP Unit holders
  - ▶ Cash flow to GP Unit holder
- ▶ Initial split: 98% to LP units, 2% to GP units
- ▶ **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 increase distributions
- ▶ Owning GP units is a leveraged play on an underlying MLP as GP units will appreciate in value faster than LP units
- ▶ G.P. controls MLP even if LP interest is < 50%

**GP Interests Enhance Teekay's ROIC**



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

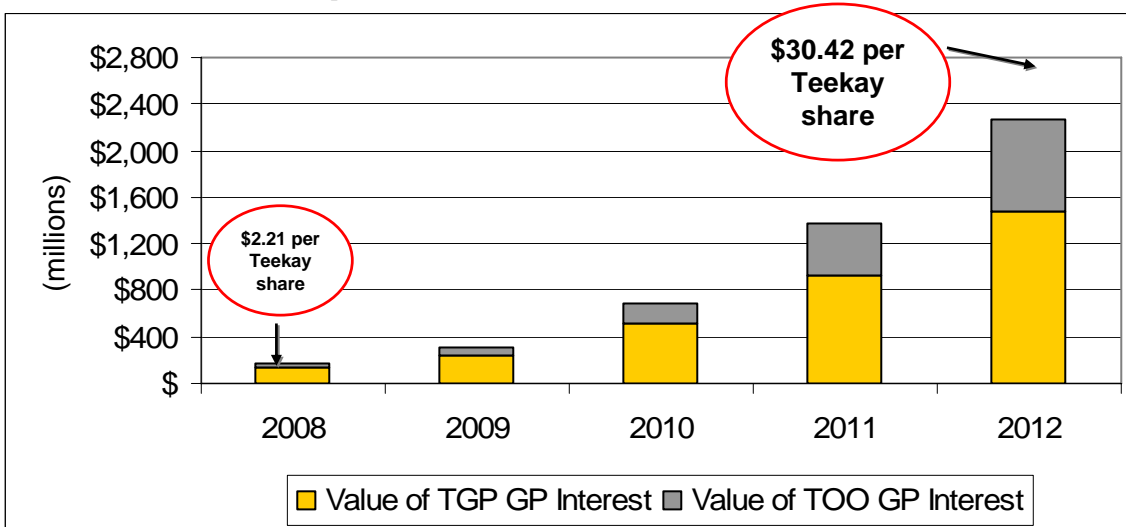


FOR ILLUSTRATION PURPOSES ONLY: Assumes 10% distribution growth and 10% annual increase in L.P. units for TGP  
 Assumes 15% distribution growth and 10% annual increase in L.P. units for TOO



## TGP and TOO G.P. Value - Illustrative

### Rapid Escalation of Value of G.P.s



Values based on a comparative multiple of 25.4 times DCF\*

FOR ILLUSTRATION PURPOSES ONLY:

Assumes 10% distribution growth and 10% annual increase in L.P. units for TGP

Assumes 15% distribution growth and 10% annual increase in L.P. units for TOO

\*See appendix for comparative valuations



## TNK Performance Fee

- ▶ Performance Fee – an incentive to increase dividends per share
  - ▶ Calculated as 20% of cash flow above a \$3.20 per share threshold
  - ▶ Shareholders required to receive minimum average annual dividend of \$2.65 per share **before** performance fee is paid
  - ▶ Average annual dividend calculation reset every five years

## Teekay Petrojarl

### ▶ Strategic Rationale

- ▶ Natural extension of Teekay's offshore franchise
  - ▶ FPSOs are complementary to Teekay's shuttle tankers and FSOs
  - ▶ Petrojarl is a leader in harsh weather FPSOs
  - ▶ Petrojarl owns and operates 4 FPSO units in the North Sea, 1 FPSO unit in Brazil, and has a 40% interest in a 6<sup>th</sup> FPSO
- ▶ Makes Teekay a one-stop marine solutions provider for offshore oil production and transportation
- ▶ Currently own 64.5% of Teekay Petrojarl

### ▶ Siri Project

- ▶ Petrojarl awarded FPSO contract to service Petrobras' Siri project commencing 1q08

### ▶ Hired FPSO veteran as CEO



# The Petrojarl FPSO Fleet (excluding Siri)



**Petrojarl I**  
 Field: *Glitne, NCS*  
 Client: *Statoil*



**Petrojarl Foinaven**  
 Field: *Foinaven, UKCS*  
 Client: *BP*



**Petrojarl Varg**  
 Field: *Varg, NCS*  
 Client: *Talisman*



**Petrojarl Banff**  
 Field: *Banff, UKCS*  
 Client: *CNR*



**Ikdam** (Petrojarl own 40%)  
 Field: *Isis, Tunisia*  
 Client: *Lundin*



## Teekay “Standalone” Fleet

Teekay Corporation	Number of Vessels			
	Owned Vessels	Chartered-in Vessels	Newbuildings / Conversions	Total
<b>Spot Tanker Fleet:</b>				
Suezmaxes	4	6	10	20
Aframaxes	5	26		31
Panamaxs		1		1
Large Product Tankers	13	10	1	24
Small Product Tankers		10		10
<b>Total Spot Tanker Segment</b>	<b>22</b>	<b>53</b>	<b>11</b>	<b>86</b>
<b>Fixed-rate Fleet</b>				
Shuttle Tankers	1		4	5
Conventional Tankers	7	4	1	12
Floating Production Storage & Offtake ("FPSO") Units	5			5
<b>Total Fixed-rate Segment</b>	<b>13</b>	<b>4</b>	<b>5</b>	<b>22</b>
<b>Total</b>	<b>35</b>	<b>57</b>	<b>16</b>	<b>108</b>

All of Teekay’s owned and newbuilding vessels are suitable for drop-down into one of our subsidiaries



# Appendix



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# Sum-of-the-Parts Support

Teekay Offshore Partners and OPCO in (millions)	
<b>TOO</b>	
L.P. units outstanding	19.6
Price per unit	\$ 22.44
Market Capitalization	439.8
Teekay's L.P. ownership of TOO	59%
<b>TOO Equity Value</b>	<b>259.2</b>
<b>OPCO</b>	
TOO Ent. Value/EBITDA trading multiple	11.4x
Implied OPCO Ent. Value (based on above)	3,087.9
Less: Net Debt	1,396.3
OPCO Equity Value	1,691.6
<b>Teekay's Equity Value in OPCO (74%)</b>	<b>1,251.8</b>
<b>Total TOO/OPCO Equity Value</b>	<b>1,511.0</b>
G.P. Cash Flow (dist'n of \$1.60 p.a.)	0.6
G.P. Comp Multiple of DCF	25.9
<b>Est. value of G.P. interest</b>	<b>15.4</b>
Diluted shares o/s at Dec. 31, 2007	74.2
<b>Equity Value per Teekay share</b>	<b>20.57</b>

Teekay Tankers	
<b>TNK</b>	
Shares outstanding	25.0
Price per share	18.2
Market Capitalization	455.8
Teekay's economic interest in TNK	54%
<b>TNK Equity Value</b>	<b>246.1</b>
Diluted shares o/s at Dec. 31, 2007	74.2
<b>Equity Value per Teekay share</b>	<b>3.32</b>

Teekay LNG Partners	
<b>TGP</b>	
L.P. units outstanding	37.3
Price per unit	\$ 30.1
Market Capitalization	1,120.9
Teekay's L.P. ownership of TGP	61.7%
<b>TGP Equity Value</b>	<b>691.6</b>
G.P. Cash Flow (dist'n of \$2.12 p.a.)	2.7
G.P. Comp Multiple of DCF	25.9
<b>Est. value of G.P. interest</b>	<b>71.1</b>
Diluted shares o/s at Dec. 31, 2007	74.2
<b>Equity Value per Teekay share</b>	<b>10.28</b>

Teekay Standalone	
FMV of owned 'on-the-water' fleet <i>(per Clarkson's)</i>	1,715.9
Teekay Petrojarl (TPO) Ent. Value	1,123.9
less: Net Debt <i>(Teekay Standalone)</i>	1,701.4
Equity Value of owned fleet	1,138.4
Less: TPO Minority Equity	304.8
<b>Equity Value of Owned Fleet+ TPO</b>	<b>833.6</b>
<i>Other Items</i>	
Equity value of in-chartered fleet <i>(Management est.)</i>	271.0
'In-the-money' amount of N/Bs	299.3
N/B Installments paid to-date	617.1
Ras Gas III Installments to-date <i>(not consolidated)</i>	320.5
<b>Subtotal Other Items</b>	<b>1,507.9</b>
<b>Total Teekay Standalone Equity Value</b>	<b>2,341.5</b>
Diluted shares o/s at Dec. 31, 2007	74.2
<b>Equity Value per Teekay share</b>	<b>31.56</b>



## Sum-of-the-Parts Support

OPCO Net Debt Calculation		Teekay LNG Net Debt Calculation		Teekay Tankers	
Cash	121.2	Cash	91.9	Cash	34.8
Restricted Cash - current		Restricted Cash - current	26.7	Restricted Cash - current	-
Restricted Cash - long-term		Restricted Cash - long-term	652.6	Restricted Cash - long-term	-
Total cash (a)	121.2	Total cash	a 771.2	Total cash	a 34.8
Current portion of l/t debt	64.1	Current portion of l/t debt	214.8	Current portion of l/t debt	3.6
Long-term debt	1,453.4	Long-term debt	2,007.6	Long-term debt	145.5
Total Debt (c)	1,517.5	Total Debt	c 2,222.4	Total Debt	c 149.1
Total Debt + N/B Debt (b+c=d)	1,517.5	Total Debt + N/B Debt	d 2,222.4	Total Debt + N/B Debt	+c 149.1
		Debt on NB's (VIEs)	(448.7)		
		Kenai Acquisition	230.0	Suezmax Acquisition	186.9
Net Debt (d-a)	1,396.3	Net Debt	= 1,232.5	Net Debt	a= 301.2

Adjustments (i.e. Core Teekay)		Consolidated Teekay Net Debt Calculation	
Cash	194.8	Cash	442.7
Restricted Cash - current	6.8	Restricted Cash - current	33.5
Restricted Cash - long-term	0.1	Restricted Cash - long-term	652.7
Total cash	a 201.7	Total cash	a 1,128.9
Current portion of l/t debt	192.4	Current portion of l/t debt	474.9
Long-term debt	1,678.9	Long-term debt	5,285.4
Total Debt	c 1,871.3	Total Debt	c 5,760.3
Total Debt + N/B Debt	+c 1,871.3	Total Debt	d=b+c 5,760.3
Debt on TGP VIEs	448.7		
Kenai Sale	(230.0)	Net Debt	d-a= 4,631.4
Suezmax Sale	(186.9)		
Net Debt	a= 1,701.4		



## Publicly Traded GP Valuations

### Public G.P. Comps

GP	Ticker	Price (1/3/08)	Current Distribution	DCF		Yield	P/DCF	
				2007E	2008E		2007E	2008E
Alliance Holdings GP, L.P.	AHGP	\$24.72	\$1.06	\$1.11	\$1.49	4.3%	22.2x	16.6x
Atlas Pipeline Holdings, L.P.	AHD	\$26.95	\$1.28	\$1.11	\$1.63	4.7%	24.2x	16.5x
Buckeye GP Holdings, L.P.	BGH	\$28.58	\$1.06	\$0.98	\$1.38	3.7%	29.3x	20.7x
Crosstex Energy Inc.	XTXI	\$37.37	\$0.96	\$0.96	\$1.48	2.6%	38.9x	25.3x
Energy Transfer Equity, L.P.	ETE	\$35.25	\$1.64	\$1.52	\$1.89	4.7%	23.2x	18.7x
Enterprise GP Holdings, L.P.	EPE	\$36.72	\$1.58	\$1.58	\$1.92	4.3%	23.2x	19.1x
Hiland Holdings	HPGP	\$27.07	\$0.92	\$0.92	\$1.33	3.4%	29.5x	20.4x
Inergy Holdings, L.P.	NRGP	\$43.49	\$2.14	\$2.03	\$2.53	4.9%	21.4x	17.2x
Magellan Midstream Holdings, L.P.	MGG	\$26.44	\$1.16	\$1.14	\$1.40	4.4%	23.1x	18.9x
NuStar GP Holdings	NSH	\$28.36	\$1.44	\$1.40	\$1.73	5.1%	20.3x	16.4x
Penn Virginia GP	PVG	\$28.77	\$1.20	\$1.17	\$1.48	4.2%	24.6x	19.4x
<b>GP Average</b>						<b>4.2%</b>	<b>25.4x</b>	<b>19.0x</b>
<b>GP Median</b>						<b>4.3%</b>	<b>23.2x</b>	<b>18.9x</b>

**Average G.P. valued at 25.4x Distributable Cash Flow**

Source: A.G.Edwards, MLP Monthly, February 2007

# TEEKAY TANKERS LTD.

**NYSE: TNK**

**IPO Date: Dec. 12, 2007**

**IPO Price: \$19.50/unit**

**Current Price/unit: \$17.55\***

**Indicative 2008 Yield: 16.7%\*\***

\*As at April 11, 2008

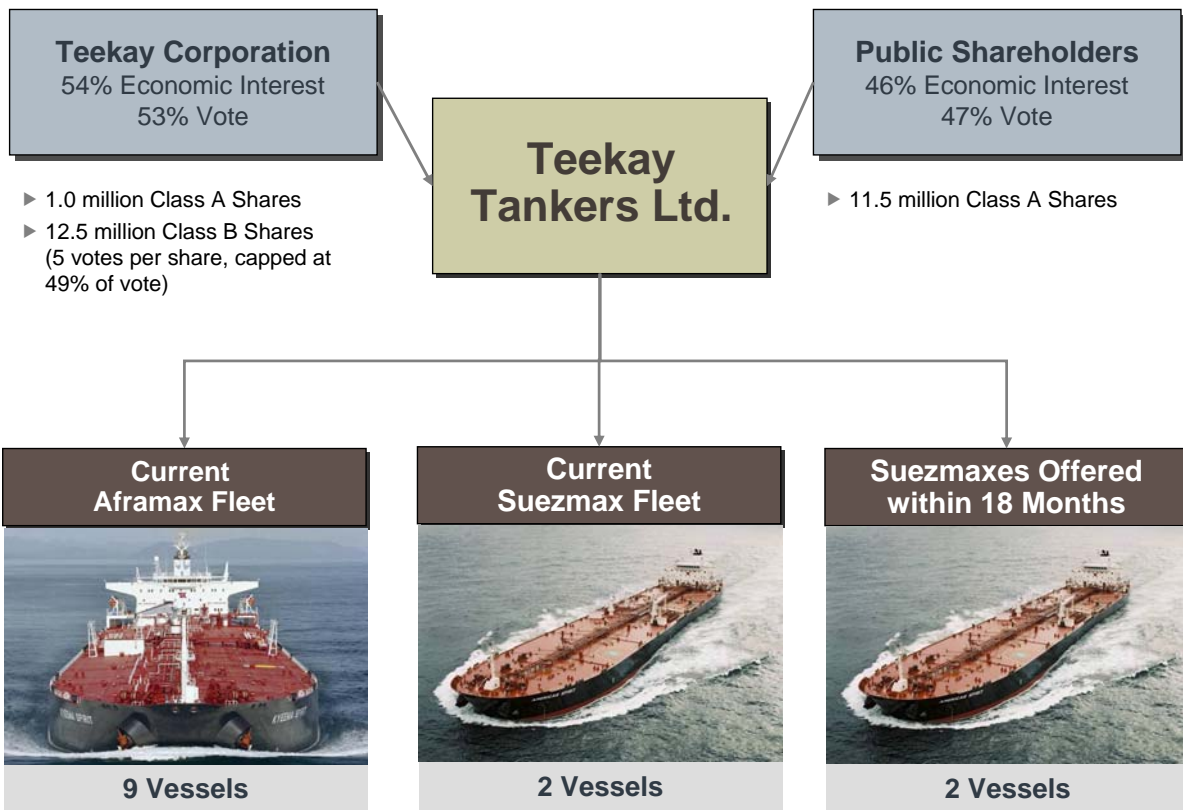
\*\*Based on assumed Aframax TCE rate of \$30,000 and Suezmax TCE rate of \$40,000



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# Ownership Structure



## Significant Growth Opportunities

INCREASING DIVIDENDS

### 3<sup>rd</sup> party acquisitions

- ▶ Over 1,500 crude oil tankers in the world
- ▶ Over 450 product tankers in the world

### Teekay owns 35 other tankers suitable for TNK to acquire

- ▶ 6 Aframax
- ▶ 3 Suezmax
- ▶ 15 Product tankers
- ▶ 11 Newbuilds

### 4 Suezmaxes to be offered to TNK

- ▶ To be offered at FMV within 18 months after IPO
- ▶ May come with short-term contracts
- ▶ Increases capacity by 65%

Source: Clarkson's for 3<sup>rd</sup> party acquisitions.



**NYSE: TOO**

**IPO Date: Dec. 13, 2006**

**IPO Price: \$21/unit**

**Current Price/unit: \$22.44\***

**Current Dist'n/unit: \$1.60\*\***

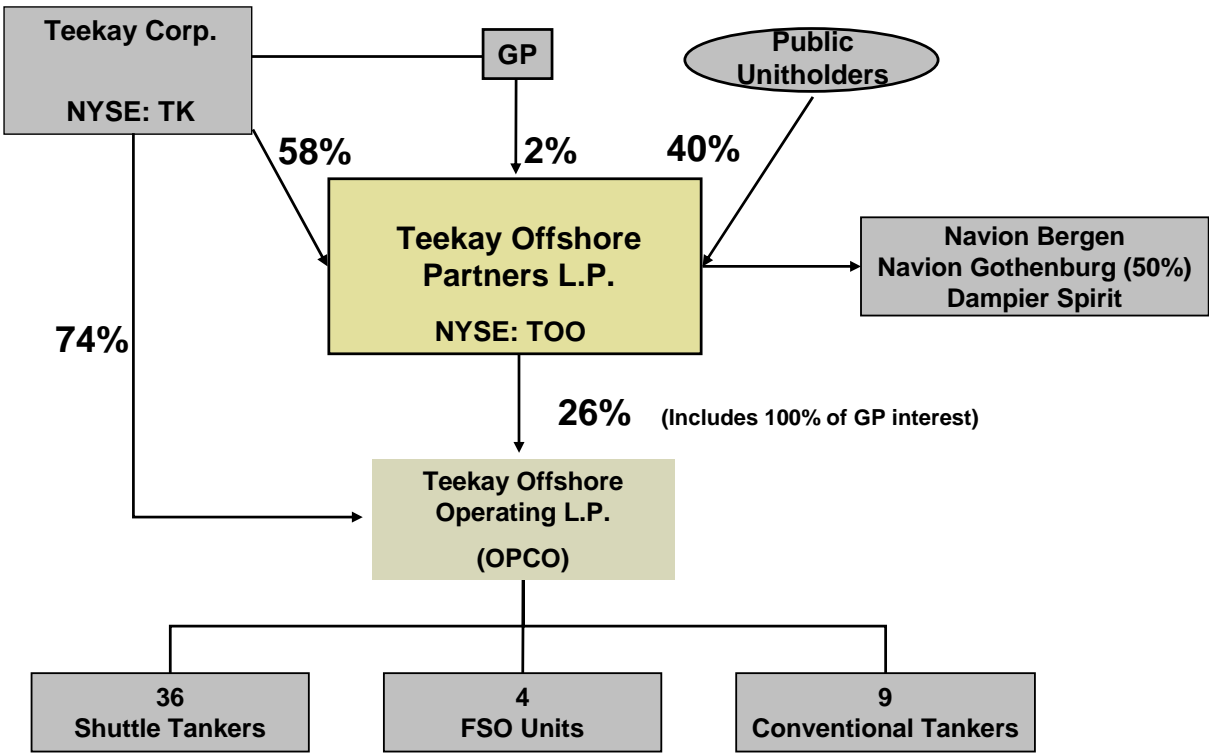
\*As of Apr. 11, 2008



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# Teekay Offshore Partners – Ownership Structure





## Significant Growth Opportunities

**INCREASING DISTRIBUTIONS**

### FPSO Opportunity (Petrojarl)

- ▶ Teekay Shipping's 50% JV with Teekay Petrojarl is actively bidding on new projects
- ▶ Teekay Petrojarl currently owns 4 FPSO units

### May Acquire Additional Interests in OPCO

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

### Expand The Fleet

- ▶ 2 newbuild shuttle tankers and 1 FSO will be offered directly to Teekay Offshore
- ▶ Focus on long-term contracts

**NYSE: TGP**

**IPO Date: May 5, 2005**

**IPO Price: \$22/unit**

**Current Price/unit: \$30.05\***

**Current Dist'n/unit: \$2.12**

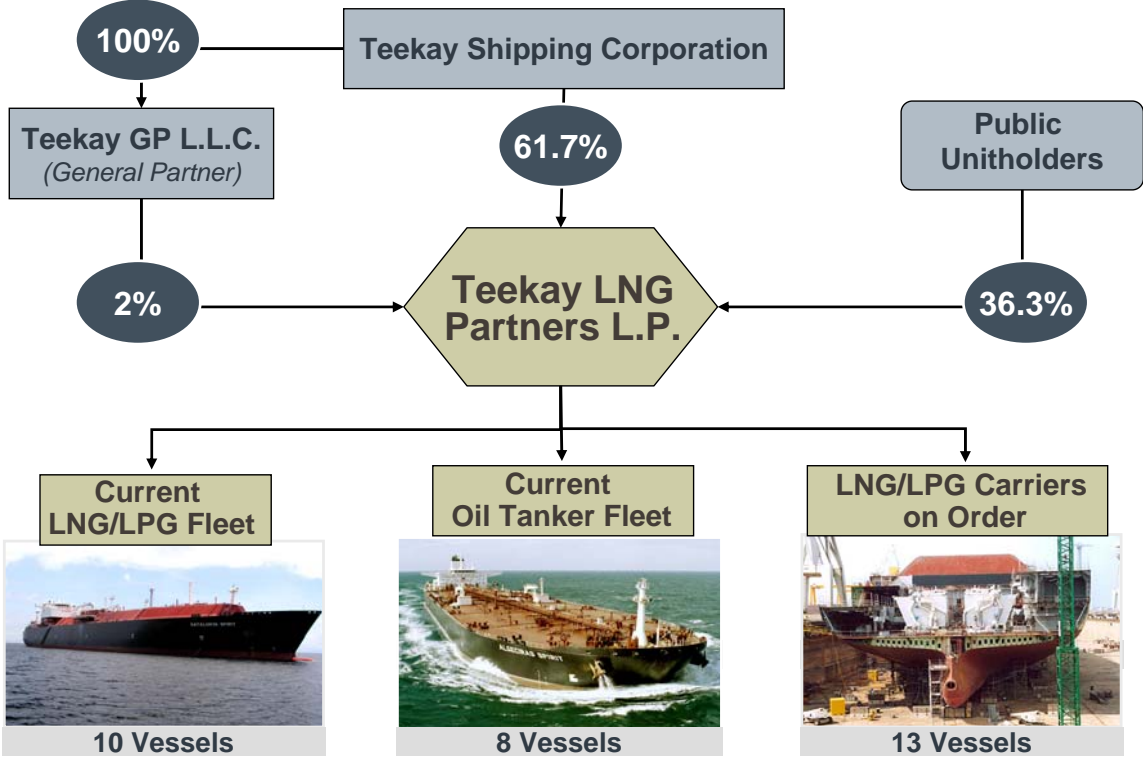


\*As of Apr. 11, 2008

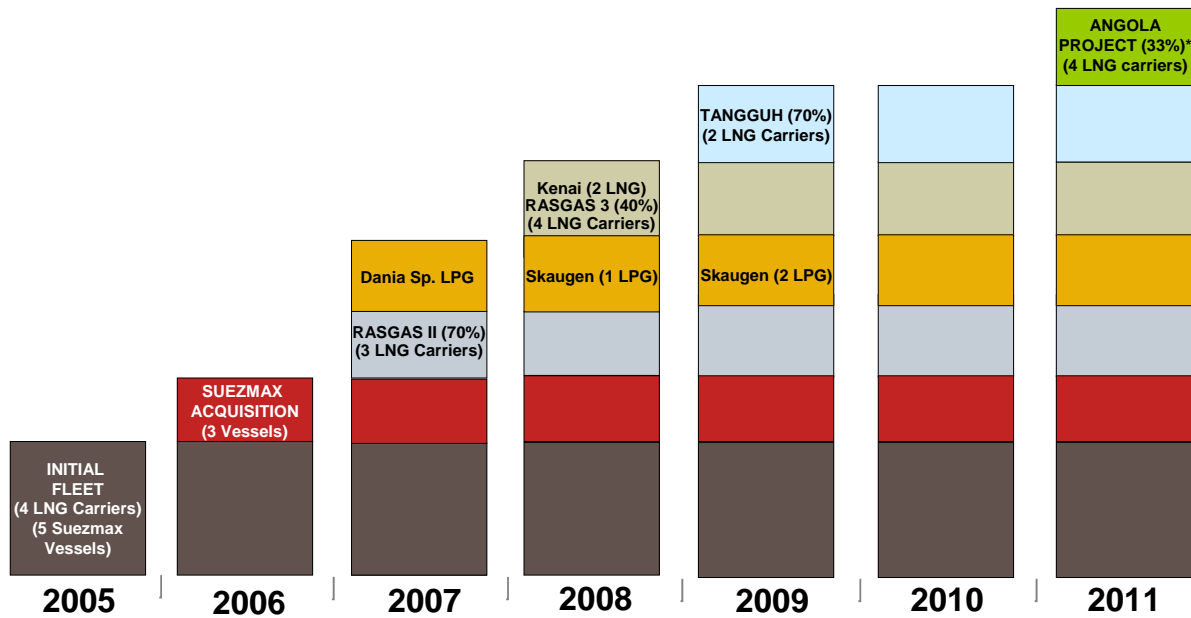
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# Teekay LNG Partners LP – Ownership Structure



## Multi-Year, Built-in Growth



**This portfolio of projects puts us in a position to grow in 2007, 2008, 2009 and 2011**

\* Teekay Corporation is obligated to offer Teekay LNG Partners the opportunity to purchase these vessels.

