

TEEKAY CORPORATION

Teekay's Fourth Quarter and Fiscal 2007 Earnings Presentation

February 28, 2008



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; expected demand in the offshore oil production sector and the demand for vessels; the Company's future capital expenditure commitments and the financing requirements for such commitments; the timing of newbuilding deliveries; the commencement of charter contracts; and the level of future OPEC oil production. 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, FSOs and FPSOs; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; changes affecting the offshore tanker market; shipyard production delays; the Company's future capital expenditure requirements; the Company's, Teekay LNG's, Teekay Offshore's, and Teekay Tankers' potential inability to raise financing to purchase additional vessels; conditions in the United States capital markets; changes affecting the conventional tanker market; 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, 2006. 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.



Fourth Quarter Highlights

- ▶ 4q07 operating net income* of \$23.0m, or \$0.31 per share
 - ▶ (excluding specific items which decreased net income by \$13.5m, or \$0.18 per share)
- ▶ Generated cash flow from vessel operations (CFVO) of \$138.4m, of which \$112.8m, or 81%, from fixed-rate businesses
- ▶ Completed the initial public offering of Teekay Tankers Ltd.
- ▶ Entered into a strategic multi-vessel transaction with ConocoPhillips
- ▶ Acquired two specialized LNG carriers
- ▶ Completed construction of Siri FPSO in Dec. 2007; subsequently delivered under contract to Petrobras on Feb. 1, 2008

*Please see Appendix for the reconciliation of this non-GAAP financial measure



2007 Highlights

- ▶ Earned operating net income* of \$197.5m, or \$2.65 per share (excluding specific items which decreased net income by \$16.3m, or \$0.22 per share)
- ▶ Generated \$622.2 m of CFVO, 73% or \$457.4m from fixed-rate businesses
- ▶ Generated \$2.4bn of revenues
- ▶ Balance sheet exceeds \$10bn in assets, up from \$2bn in 2000, a CAGR of 26%
- ▶ Acquired OMI Corporation's large Suezmax franchise
- ▶ Won Angola LNG Project
- ▶ Ordered four newbuilding Aframax shuttle tankers
- ▶ Repurchased 2.5m shares for \$134.0m
- ▶ Increased dividend by 16%, fifth consecutive annual increase

*Please see Appendix for the reconciliation of this non-GAAP financial measure



Developments in Teekay's Offshore Segment

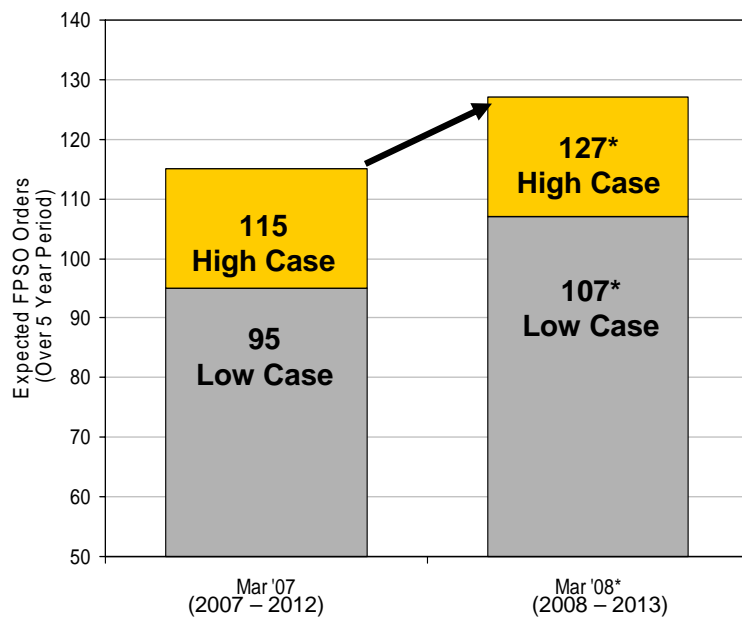
- ▶ Siri FPSO commenced charter in February 2008
 - ▶ First ever heavy-oil FPSO
 - ▶ Strengthens Teekay's presence in high growth Brazilian offshore market
 - ▶ Well positioned for future opportunities in Brazil
- ▶ Existing Teekay FPSOs: contract renewal discussions underway
- ▶ New FPSO business: bidding selectively on projects which play to our strengths



Offshore Market Update

- ▶ High oil prices are continuing to stimulate offshore oil activity
- ▶ Increased deepwater drilling sets stage for growing FPSO environment; average 25 FPSO projects per year expected over next 5 years
- ▶ Shuttle and FSO opportunities linked to high offshore activity

Demand for Floating Production Solutions Continues to Rise



As the only provider of integrated offshore production, storage and shuttle solutions, Teekay is well positioned



Developments in Teekay's Liquefied Gas Segment

- ▶ Successfully grew gas segment during an otherwise quiet spell in industry
 - ▶ Acquired two specialized LNG vessels on charter to ConocoPhillips/Marathon Oil joint venture
 - ▶ First acquisition of existing LNG assets since launch of Teekay LNG
 - ▶ Diversifies Teekay's LNG fleet and provides future optionality
 - ▶ Finalized Angola LNG agreement
 - ▶ 33% interest in four LNG vessels
- ▶ 6 newbuildings scheduled to deliver in 2008
 - ▶ 4 Ras Gas 3 LNG vessels (2q08)
 - ▶ 1 Tangguh LNG vessels (4q08)
 - ▶ 1 Skaugen LPG vessel (4q08)



Quadruple LNG ship naming in Korea, Feb. 08.

Gas Market Update

- ▶ Cost increases and supply chain bottlenecks have resulted in delays in new liquefaction facilities, but fundamentals remain positive
- ▶ Alternative, innovative solutions are becoming a growing part of the LNG logistics chain
 - ▶ Floating liquefaction – alternative solution to onshore construction delays / security threats
 - ▶ Wider range of regasification and LNG distribution solutions
- ▶ CNG projects moving towards commercialization

Opportunity for Teekay to leverage its marine midstream capabilities



Developments in Teekay's Spot Tanker Segment

	<u>Q4 TCE per Day</u>
Suezmax Fleet	\$33,000
Aframax Fleet	\$24,200
LR 2 Product Tanker Fleet	\$24,400
MR Product Tanker Fleet	\$18,800

- ▶ Owned / in-chartered conventional fleet increased to 128 vessels from 116 vessels at the end of 3q07 (including newbuildings)
- ▶ Vetting issues related to OMI Suezmax integration to negatively impact Q1 2008 Suezmax TCE



Major Events in Conventional Tanker Business

- ▶ Multi-vessel strategic transaction with ConocoPhillips
 - ▶ Acquired 6 double-hull Aframaxes (2 owned, 4 bareboat chartered-in)
 - ▶ 2 Aframaxes chartered back to ConocoPhillips for 5 years
 - ▶ 1 VLCC and 2 MR product tankers also chartered to ConocoPhillips, for periods between 3 and 5 years



- ▶ Completed IPO of Teekay Tankers Ltd.
 - ▶ Completed on December 18, 2007
 - ▶ Teekay maintains majority ownership and control
 - ▶ Will allow Teekay to grow conventional tanker business
 - ▶ Declared first dividend of \$0.115 per share for 14-day post-IPO period



2008 Tanker Demand Fundamentals Remain Positive

- ▶ IMF estimates 4.1% global GDP growth for 2008
 - ▶ Growth expected to be led by energy-intensive developing countries
- ▶ IEA estimates global oil demand growth of 1.7 mb/d (1.9%) in 2008
 - ▶ 1.4 mb/d growth from non-OECD countries
- ▶ Non-OPEC supply estimated to grow by 1.0 mb/d in 2008 predominantly from FSU and Brazil
 - ▶ Incremental demand for medium-sized crude tankers
- ▶ ~1.4 mb/d of new refinery capacity coming online in 2008 in Asia
 - ▶ More volumes of crude moving from the Atlantic to Pacific basin with products moving the other way => positive for long-haul tanker ton-mile demand

Tanker ton-mile effect on the rise => ~5% tanker demand increase in 2008

2008 Tanker Supply – Removals Expected to Dampen Growth

(number of vessels)	End 2007 Fleet	2008 Deliveries	Sold For Conversion* / Scrap	Net Fleet Growth
VLCC	502	39	26	13 (3%)
Suezmax	314	21	12	9 (3%)
Aframax	726	75	40	35 (5%)

Source : CRS / Industry Sources
 (*Includes tankers sold for conversion and yet to leave the fleet, and IMO mandated 2008 phase-outs)

- ▶ Increasing port state and charterer discrimination against single-hull tankers in the wake of a single-hull VLCC oil spill incident in Dec'07
 - ▶ Philippines banning single-hull crude tankers from Apr'08 onwards
 - ▶ Many major South Korean charterers not accepting single-hull tankers from 2009 onwards
 - ▶ High scrap prices (over USD 600 / ldt) => potential for increase in scrapping activity
- ▶ Potential for higher than average slippage from new yards
 - ▶ ~40% of the Suezmax orderbook is at new yards that have never built tankers
- ▶ There is a large backlog of vessels sold for conversion from last year
 - ▶ Across VLCC / Suezmax / Aframax segments

2008 tanker market to remain finely balanced

Financial Discussion



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Segment Operating Results

(in thousands of U.S. dollars)	<u>Three Months Ended December 31, 2007</u>				
	<u>(unaudited)</u>				
	Offshore Segment	Fixed-Rate Tanker	Liquefied Gas Segment	Spot Segment	Total
Net revenues	224,824	53,554	47,991	187,762	514,131
Vessel operating expenses	87,712	14,661	7,844	28,026	138,243
Time-charter hire expense	40,395	10,221	-	95,244	145,860
Depreciation & amortization	46,275	10,054	12,162	26,206	94,697
Cash flow from vessel operations	53,739	23,996	35,041	25,628	138,404

Avg. Aframax TCE: \$24,201

(in thousands of U.S. dollars)	<u>Three Months Ended December 31, 2006</u>				
	<u>(unaudited)</u>				
	Offshore Segment	Fixed-Rate Tanker	Liquefied Gas Segment	Spot Segment	Total
Net voyage revenues	218,280	46,187	29,111	149,753	443,331
Vessel operating expenses	67,019	11,783	4,587	16,095	99,484
Time-charter hire expense	43,170	4,309	-	55,068	102,547
Depreciation & amortization	43,524	8,136	8,938	12,877	73,475
Cash flow from vessel operations	60,768	26,047	19,867	54,322	161,004

Avg. Aframax TCE: \$34,789

* 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. See the Company's web site at www.teekay.com for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.



Summary Income Statement

Three months ended '000s of USD (except per share data)	<u>Dec. 31, 2007</u> <u>(unaudited)</u>	<u>Dec. 31, 2006</u> <u>(unaudited)</u>
VOYAGE REVENUES	673,046	586,990
OPERATING EXPENSES		
General and administrative expenses	(60,081)	(56,377)
Restructuring charge	-	(1,515)
Other operating expenses	(538,770)	(423,919)
Income from vessel operations	74,195	105,179
OTHER ITEMS		
Net interest expense	(62,480)	(41,308)
Income tax recovery (expense)	11,709	(2,030)
Equity (loss) income from joint ventures	(7,063)	3,681
Foreign exchange loss	(7,407)	(12,391)
Minority interest (expense) income	(1,284)	4,241
Other items - net	1,806	2,928
Subtotal of other items	(64,719)	(44,879)
Net income	9,476	60,300



Summary Balance Sheet

In 000s of USD	<u>As at Dec. 31,</u> <u>2007</u> <u>(unaudited)</u>	<u>As at Sept. 30,</u> <u>2007</u> <u>(unaudited)</u>
ASSETS		
Cash and cash equivalents	442,673	296,637
Other current assets	428,190	415,061
Total restricted cash	686,196	716,487
Other assets	1,011,306	859,138
Vessels and equipment	6,180,180	6,085,605
Advances on newbuilding contracts	617,066	552,488
Intangibles and Goodwill	694,542	700,287
Total Assets	10,060,153	9,625,703
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	346,765	315,289
Current portion of long-term debt *	474,873	234,235
Long-term debt *	5,285,397	5,193,724
Other long-term liabilities / In process Revenue Contracts	737,754	686,866
Minority interest	527,494	513,571
Stockholders' equity	2,687,870	2,682,018
Total Liabilities and Stockholders' Equity	10,060,153	9,625,703

*Includes capital lease obligations



Teekay's Platform is Complete



TEEKAY LNG PARTNERS L.P.

- ▶ Teekay's gas franchise
- ▶ 10 – 25 year fixed rate contracts
- ▶ 10% annual distribution growth target



TEEKAY OFFSHORE PARTNERS L.P.

- ▶ Teekay's offshore franchise
- ▶ 3 – 10 year fixed rate contracts
- ▶ 15% annual distribution growth target



TEEKAY TANKERS LTD.

- ▶ Teekay's conventional tanker franchise
- ▶ 0 – 3 year contracts (i.e. spot fixtures and short-term time charters)
- ▶ Full, variable dividend payout



Teekay's 2008 Newbuilding Delivery Pipeline

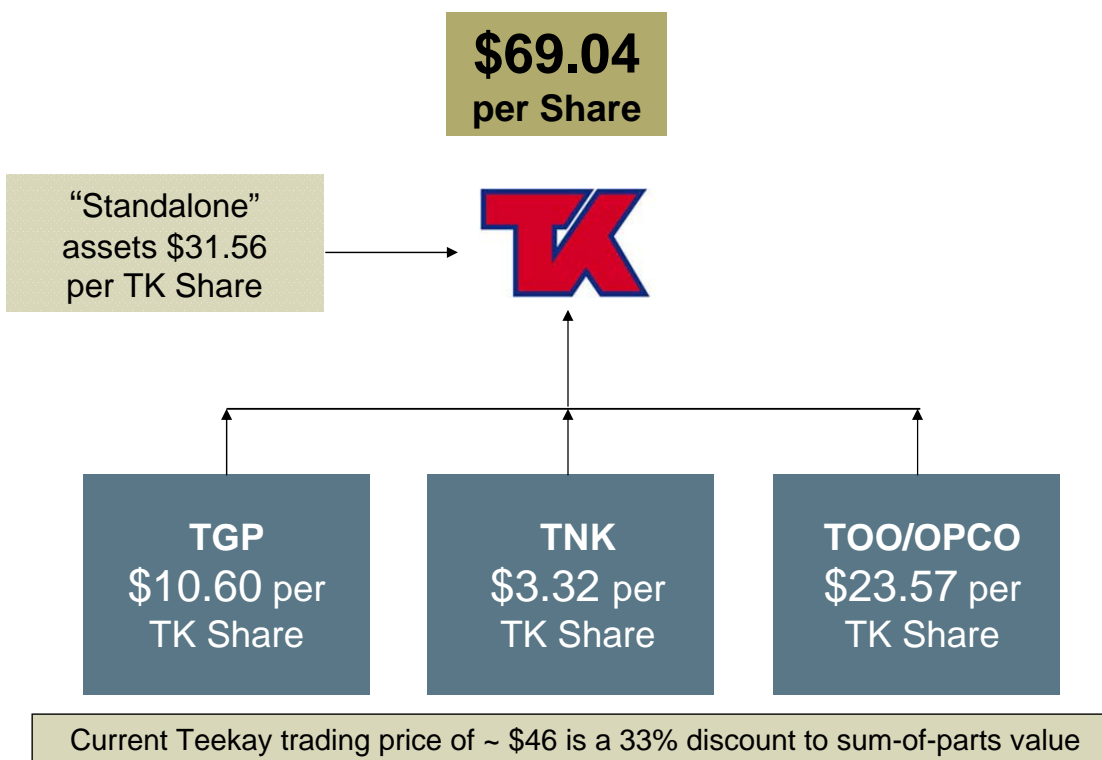
2008 - Teekay Newbuilding Deliveries				
Lightering Aframax	Suezmax	LNG	LPG	Total
2	4	5	1	12

- ▶ 8 of the 12 ships delivering in 2008 are backed by long-term charters
- ▶ Continued growth in medium-size spot tanker fleet
- ▶ All of these newbuildings are suitable for drop-down to Teekay subsidiaries
- ▶ All fully financed; financings transferable to subsidiaries
- ▶ Excludes Siri FPSO and Kenai LNG acquisition

Significant built-in growth in 2008



Sum-of-the-Parts Value



See appendix for detailed calculations



2008 Strategy to Create Value

- ▶ Execute on strategy of growing each of our subsidiaries accretively through drop-downs of existing and future assets from Teekay Corp and third party asset acquisitions

Increased GP / TNK
Performance Fee

+

Increased LP Unit / TNK
Share Value

=

Increased Free Cash
Flow to Teekay

and

Increased Teekay
Sum-of-Parts value

Appendix



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Non-GAAP Financial Measure

For the 3 months ended December 31, 2007

	\$(000s)	\$ per share
Net Income as reported	9,476	0.13
Items listed in Appendix A in the Company's Earning's Release	13,489	0.18
Operating Net Income	22,965	0.31

For the year ended December 31, 2007

	\$(000s)	\$ per share
Net Income as reported	181,251	2.47
Items listed in Appendix A in the Company's Earning's Release	16,283	0.22
Operating Net Income	197,534	2.69



Capex

Capex by Segment

(in millions)	2008	2009	2010	2011	2012	Total
Offshore Segment	\$42	\$23	\$231	\$163	-	\$459
Fixed-Rate Tanker Segment	59	-	-	-	-	59
Liquefied Gas Segment	187	113	37	157	45	539
Spot Tanker Segment	327	207	-	-	-	534
Total	\$615	\$343	\$268	\$320	\$45	\$1,591

Company's remaining capital commitments relating to its portion of newbuildings and conversions



Sum-of-the-Parts Support

Teekay Offshore Partners and OPCO in (millions)		Teekay LNG Partners		Teekay Standalone	
TOO		TGP		FMV of owned 'on-the-water' fleet 2,132.8 <i>(per Clarkson's)</i>	
L.P. units outstanding	19.6	L.P. units outstanding	37.3	Teekay Petrojarl (TPO) Ent. Value	1,123.9
Price per unit	\$ 25.74	Price per unit	\$ 31.1	less: Net Debt <i>(Teekay Standalone)</i>	2,118.3
Market Capitalization	504.5	Market Capitalization	1,160.0	Equity Value of owned fleet	1,138.4
Teekay's L.P. ownership of TOO	59%	Teekay's L.P. ownership of TGP	61.7%	Less: TPO Minority Equity	304.8
TOO Equity Value	297.3	TGP Equity Value	715.7	Equity Value of Owned Fleet+ TPO	833.6
OPCO		G.P. Cash Flow (dist'n of \$2.12 p.a.)	2.7	<i>Other Items</i>	
TOO Ent. Value/EBITDA trading multiple	12.4x	G.P. Comp Multiple of DCF	25.9	Equity value of in-chartered fleet <i>(Management est.)</i>	271.0
Implied OPCO Ent. Value (based on above)	3,336.7	Est. value of G.P. interest	71.1	'In-the-money' amount of N/Bs	299.3
Less: Net Debt	1,396.3	Diluted shares o/s at Dec. 31, 2007	74.2	N/B Installments paid to-date	617.1
OPCO Equity Value	1,940.4	Equity Value per Teekay share	10.60	Ras Gas III Installments to-date <i>(not consolidated)</i>	320.5
Teekay's Equity Value in OPCO (74%)	1,435.9			Subtotal Other Items	1,507.9
Total TOO/OPCO Equity Value	1,733.2			Total Teekay Standalone Equity Value	2,341.5
G.P. Cash Flow (dist'n of \$1.60 p.a.)	0.6			Diluted shares o/s at Dec. 31, 2007	74.2
G.P. Comp Multiple of DCF	25.9			Equity Value per Teekay share	31.56
Est. value of G.P. interest	15.4				
Diluted shares o/s at Dec. 31, 2007	74.2				
Equity Value per Teekay share	23.57				
Teekay Tankers					
TNK					
Shares outstanding	25.0				
Price per share	18.2				
Market Capitalization	455.8				
Teekay's economic interest in TNK	54%				
TNK Equity Value	246.1				
Diluted shares o/s at Dec. 31, 2007	74.2				
Equity Value per Teekay share	3.32				



Sum-of-the-Parts Support

Cash		442.7
Restricted Cash - current		33.5
Restricted Cash - long-term		652.7
Total cash	a	1,128.9
Current portion of l/t debt		474.9
Long-term debt		5,285.4
Total Debt	c	5,760.3
Total Debt	d=b+c	5,760.3
Net Debt	d-a=	4,631.4

Cash		121.2
Restricted Cash - current		
Restricted Cash - long-term		
Total cash (a)		121.2
Current portion of l/t debt		64.1
Long-term debt		1,453.4
Total Debt (c)		1,517.5
Total Debt + N/B Debt (b+c=d)		1,517.5
Net Debt (d-a)		1,396.3

Cash		91.9
Restricted Cash - current		26.7
Restricted Cash - long-term		652.6
Total cash	a	771.2
Current portion of l/t debt		214.8
Long-term debt		2,007.6
Total Debt	c	2,222.4
Total Debt + N/B Debt	d	2,222.4
Debt on NB's (VIEs)		(448.7)
Net Debt	=	1,002.5

Cash		34.8
Restricted Cash - current		-
Restricted Cash - long-term		-
Total cash	a	34.8
Current portion of l/t debt		3.6
Long-term debt		145.5
Total Debt	c	149.1
Total Debt + N/B Debt	+c	149.1
Net Debt	a=	114.3

Cash		194.8
Restricted Cash - current		6.8
Restricted Cash - long-term		0.1
Total cash	a	201.7
Current portion of l/t debt		192.4
Long-term debt		1,678.9
Total Debt	c	1,871.3
Total Debt + N/B Debt	+c	1,871.3
Debt on TGP VIEs		448.7
Net Debt	a=	2,118.3

