

TEEKAY CORPORATION

**Teekay's First  
Quarter 2008  
Earnings  
Presentation**

**May 15, 2008**



TEEKAY – THE MARINE MIDSTREAM COMPANY®

[www.teekay.com](http://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 during the remainder of 2008, 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; 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, 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, 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.



## First Quarter Highlights

- ▶ 1q08 operating net income\* of \$60.8m, or \$0.83 per share
  - ▶ (excluding specific items which decreased net income by \$45.6m, or \$0.62 per share)
- ▶ Generated cash flow from vessel operations\* (CFVO) of \$184.8m, of which \$115.6m, or 63%, from fixed-rate businesses
- ▶ Repurchased 499,200 shares for \$20.5 million
- ▶ Enjoying strong tanker market fundamentals
- ▶ Actively executing on 2008 value creation strategy

\*Please see the Company's website, [www.teekay.com](http://www.teekay.com) for the reconciliation of this non-GAAP financial measure



## 2008 Value Creation Strategy

- ▶ 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

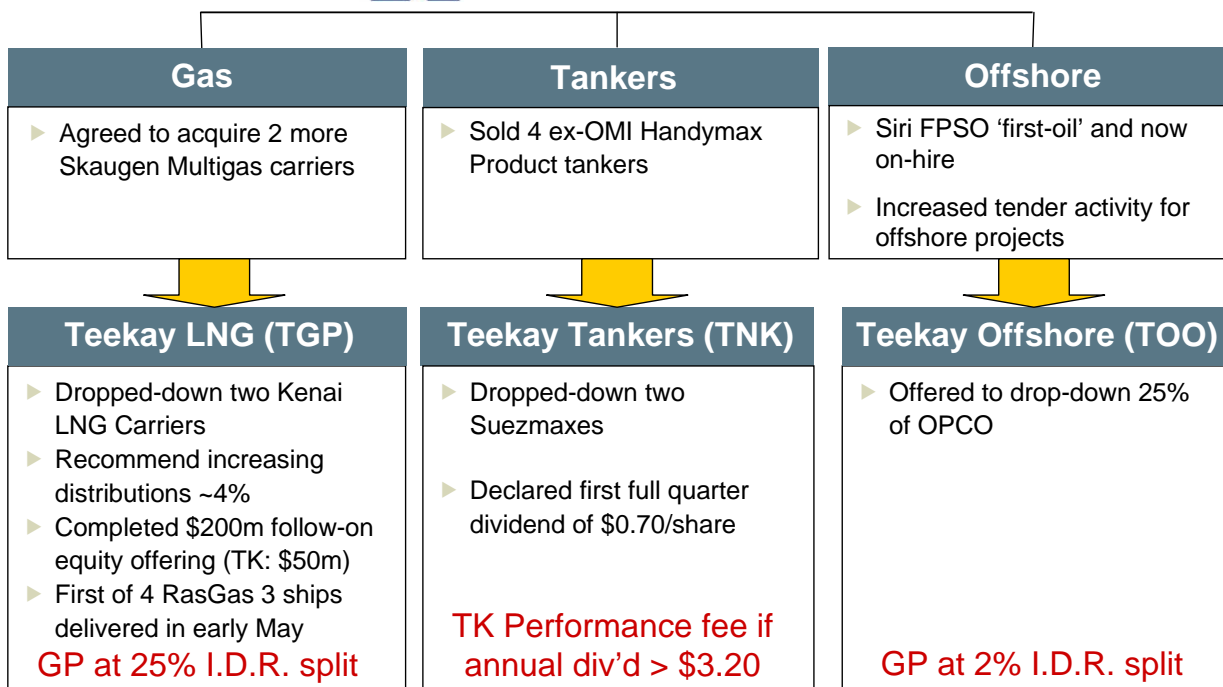
Increased Teekay  
Sum-of-Parts value



# Executing on 2008 Strategy



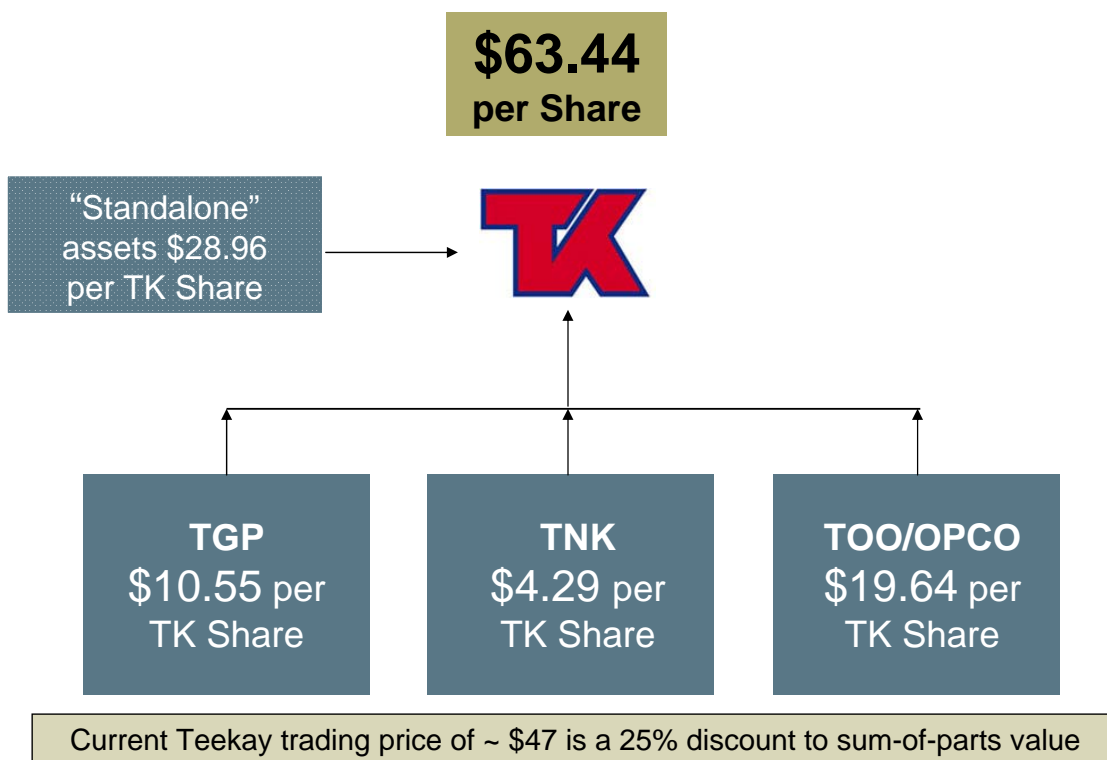
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New disaggregated financial statements help illuminate impact of 'drop-down' strategy



## Sum-of-the-Parts Value



See appendix for detailed calculations



## Q2 To-Date: Strongest Q2 Spot Market on Record

- ▶ Q2-08 spot earnings guidance
  - ▶ Aframax – 65% of days booked at USD 38,000 / day
  - ▶ Suezmax – 60% of days booked at USD 62,000 / day
  - ▶ Current market rates well above these levels
- ▶ Well timed fleet growth
  - ▶ OMI acquisition
  - ▶ ConocoPhillips Aframax transaction
  - ▶ 6 Suezmax NB's expected to deliver into the fleet over next 12 months



### 3 Reasons Why the Market is Strong...

- ▶ Reason #1 : Strong tanker demand growth driven by higher oil volumes and growing average transportation distances
  - ▶ Rising demand in China / developing Asia which accounts for ~70% of 2008 global oil demand growth. Q1-08 China's crude imports up ~15% year on year
  - ▶ The marginal barrel of oil is being produced in the Atlantic and is being consumed in the Pacific. ~35% of Chinese imports now being sourced from Atlantic basin
  - ▶ Average length of haul is increasing due to changing trading patterns => More tankers needed to move same amount of oil



### 3 Reasons Why the Market is Strong...

- ▶ Reason #2 : Limited 2008 tanker supply growth
- ▶ Conversion sales continue across all tanker segments => Q1-08 tanker fleet growth of only 0.6% from end of 2007
- ▶ Record high scrap prices (at ~ / > USD 700 / ldt) encouraging scrap sales
- ▶ Expecting slippage in delivery time from new yards in China
  - ▶ ~40% of the Suezmax orderbook is at new yards that have never built tankers
  - ▶ Chinese yard deliveries being delayed by ~6 months or longer in some cases

(Number of vessels)	End 2007 Fleet	2008 Deliveries as per CRS	Expected 2008 Deliveries*	Sold For Conversion** / Scrap	Net Fleet Growth
VLCC	502	38	36	34	0.4%
Suezmax	314	21	17	16	0.3%
Aframax	726	78	66	47	3.0%
TOTAL					1.0%

Source : CRS / Industry Sources

\* Assumes 6 month delay for 50% of scheduled new deliveries from Chinese yards for rest of 2008

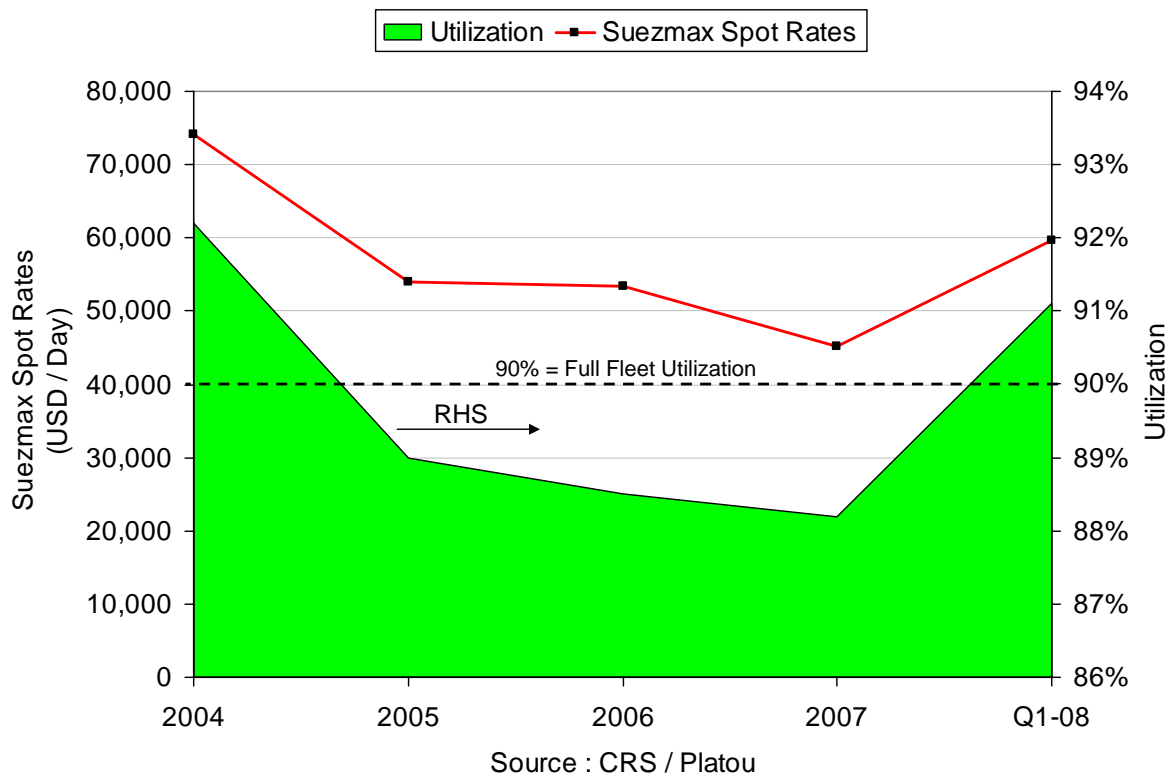
\*\* Includes tankers sold for scrap in 2008 ytd, IMO mandated phase out, deletion of tankers sold for conversion in 2007 and 50% the tanker conversion sales ytd in 2008 yet to leave the fleet



### 3 Reasons Why the Market is Strong...

- ▶ Reason #3 : Operational Constraints
  - ▶ Increased discrimination against single-hull tankers
  - ▶ Infrastructure bottlenecks
    - ▶ Limited shore tank capacity
    - ▶ Floating storage
    - ▶ Stretched repair yard availability
  - ▶ Temporary Factors
    - ▶ Strikes, weather
    - ▶ Stockpiling in China ahead of the Olympics
  - ▶ High bunker prices => slow steaming provides a floor for TCE rates

# Fleet Utilization Driving Spot Rates



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# Financial Discussion



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## Segment Operating Results

(in thousands of U.S. dollars)	<u>Three Months Ended March 31, 2008</u>				
	<u>(unaudited)</u>				
	<b>Offshore Segment</b>	<b>Fixed-Rate Tanker</b>	<b>Liquefied Gas Segment</b>	<b>Spot Segment</b>	<b>Total</b>
Net revenues	219,887	60,135	55,982	231,664	567,668
Vessel operating expenses	86,353	16,370	11,623	31,097	145,443
Time-charter hire expense	35,475	12,901	-	96,545	144,921
Depreciation & amortization	46,074	9,673	14,195	27,765	97,707
Cash flow from vessel operations	52,065	24,742	38,748	69,227	184,782

Avg. Aframax TCE: \$36,253

(in thousands of U.S. dollars)	<u>Three Months Ended December 31, 2007</u>				
	<u>(unaudited)</u>				
	<b>Offshore Segment</b>	<b>Fixed-Rate Tanker</b>	<b>Liquefied Gas Segment</b>	<b>Spot Segment</b>	<b>Total</b>
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: \$25,347

## Income Statement

Three months ended '000s of USD (except per share data)	<u>Mar. 31, 2008</u> <u>(unaudited)</u>	<u>Dec. 31, 2007</u> <u>(unaudited)</u>
<b>VOYAGE REVENUES</b>	736,391	673,046
<b>OPERATING EXPENSES</b>		
General and administrative expenses	(67,671)	(60,081)
Restructuring charge	(1,500)	-
Other operating expenses	(556,298)	(538,770)
<b>Income from vessel operations</b>	110,922	74,195
<b>OTHER ITEMS</b>		
Net interest expense	(68,829)	(62,480)
Income tax (expense) recovery	(2,726)	11,709
Equity (loss) income from joint ventures	(3,609)	(7,063)
Foreign exchange loss	(29,483)	(7,407)
Minority interest income (expense)	3,472	(1,284)
Other items - net	5,431	1,806
Subtotal of other items	(95,744)	(64,719)
<b>Net income</b>	15,178	9,476



## Disaggregated Balance Sheet

(in thousands of U.S. dollars)  
(unaudited)

	Teekay Offshore	Teekay LNG	Teekay Tankers	Teekay Petrojarl	Teekay Corp. Standalone	Consoli- dation Adjust- ments	Total
<b>ASSETS</b>							
Cash and cash equivalents	137,791	94,593	44,477	48,210	230,602		555,673
Other current assets	104,342	23,316	13,182	67,819	314,496		523,162
Restricted cash (current & non-current)	-	694,556	-	3,254	2,004		699,814
Other assets	92,976	375,761	(1,212)	(11,257)	384,630		840,898
Vessels and equipment	1,683,238	1,582,031	265,406	1,179,033	1,679,857		6,389,565
Advances on vessels	-	318,551	-	-	363,627		682,178
Equity investment in subsidiaries	-	-	-	-	1,527,711	(1,527,711)	-
Intangibles and goodwill	179,952	187,932	-	228,969	118,239		715,092
<b>TOTAL ASSETS</b>	<b>2,198,299</b>	<b>3,276,740</b>	<b>321,860</b>	<b>1,516,028</b>	<b>4,621,166</b>	<b>(1,527,711)</b>	<b>10,406,382</b>
<b>LIABILITIES AND EQUITY</b>							
Accounts payable and accrued liabilities	75,659	57,390	7,744	142,050	222,389		505,232
Current portion of debt and leases	82,743	244,040	3,600	35,850	171,819		538,052
Long-term debt and capital leases	1,476,680	2,097,399	144,600	410,150	1,455,034		5,583,863
Other long-term liabilities	157,775	104,646	10,809	250,591	232,599		756,420
Minority interest <sup>(1)</sup>	25,759	15,879	-	655	3,867	441,197	487,357
Equity	379,683	757,386	155,107	676,732	2,535,458	(1,968,908)	2,535,458
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,198,299</b>	<b>3,276,740</b>	<b>321,860</b>	<b>1,516,028</b>	<b>4,621,166</b>	<b>(1,527,711)</b>	<b>10,406,382</b>
<b>NET DEBT</b>	<b>1,421,632</b>	<b>1,552,290</b>	<b>103,723</b>	<b>394,536</b>	<b>1,394,247</b>	<b>-</b>	<b>4,866,428</b>

<sup>(1)</sup> Minority interest in the Teekay Offshore, Teekay LNG, Teekay Tankers and Teekay Petrojarl columns represent the joint venture partners' share of the joint venture net assets. Minority interest in the Consolidation Adjustments column represents the public's share of the net assets of Teekay's publicly-traded subsidiaries.



# Disaggregated Income Statement

(in thousands of U.S. dollars)  
(unaudited)

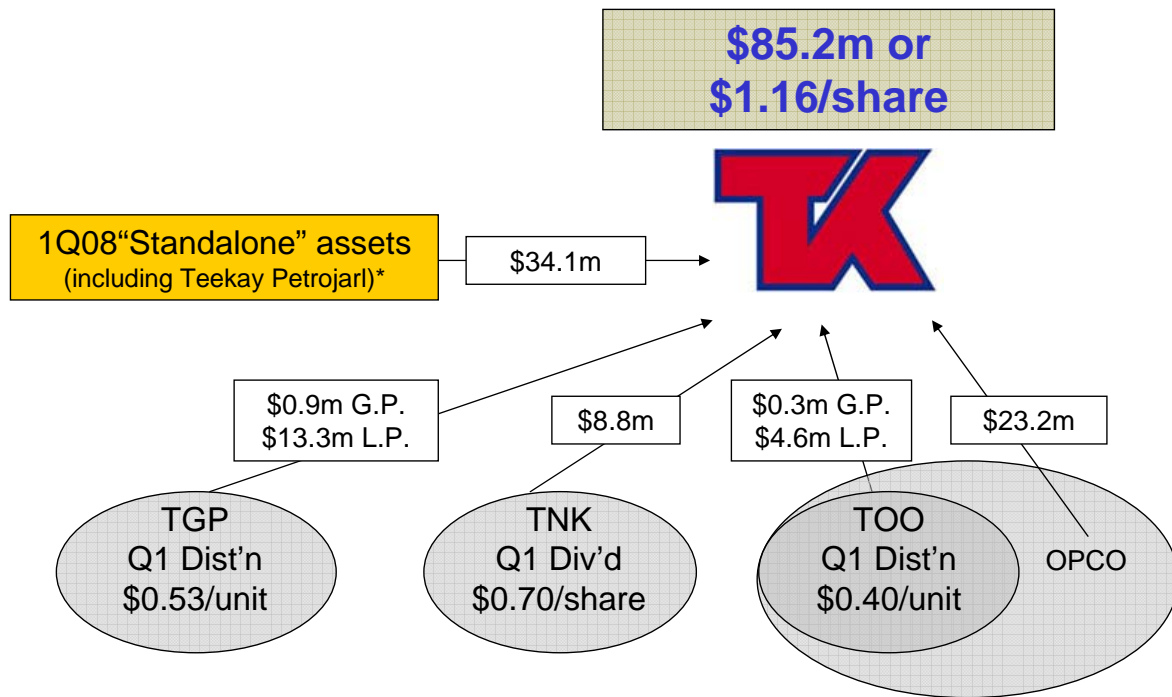
	Teekay Offshore	Teekay LNG	Teekay Tankers	Teekay Petrojarl	Teekay Corp. Standalone	Consoli- dation Adjust- ments	Total
Voyage revenues	203,786	66,022	26,671	93,849	400,656	(54,593)	736,391
Voyage expenses	51,377	295	96	-	116,955		168,723
Vessel operating expense	41,486	15,400	5,580	46,662	36,315		145,443
Time charter expense	33,646	-	-	6,994	158,874	(54,593)	144,921
Depreciation and amortization	32,546	16,072	3,489	18,003	27,597		97,707
General and administrative	15,594	3,960	1,321	13,677	32,597		67,671
Gain on disposal of vessels and equipment	-	-	-	-	(496)		(496)
Restructuring charge	-	-	-	-	1,500		1,500
Total operating expenses	174,649	35,727	10,486	85,336	373,864	(54,593)	625,469
Income from vessel operations	29,137	30,295	16,185	8,513	26,792	-	110,922
Net interest expense	(22,717)	(21,111)	(2,142)	(4,022)	(18,837)		(68,829)
Income taxes recovery (expense)	(197)	(323)	-	-	(2,206)		(2,726)
Equity income (loss)	-	(64)	-	-	(3,545)		(3,609)
Equity in earnings of subsidiaries <sup>(1)</sup>	-	-	-	-	(3,196)	3,196	-
Foreign exchange gain (loss)	(3,338)	(33,891)	(5)	(5,722)	13,473		(29,483)
Minority interest income (expense) <sup>(1)</sup>	(633)	95	-	-	(356)	4,366	3,472
Other (net)	2,625	(1)	-	(247)	3,054		5,431
Total other income	(24,260)	(55,295)	(2,147)	(9,991)	(11,613)	7,562	(95,744)
<b>NET INCOME (LOSS)</b>	<b>4,877</b>	<b>(25,000)</b>	<b>14,038</b>	<b>(1,478)</b>	<b>15,179</b>	<b>7,562</b>	<b>15,178</b>
<b>CASH FLOW FROM VESSEL OPERATIONS <sup>(1)</sup></b>	<b>61,863</b>	<b>46,367</b>	<b>19,674</b>	<b>8,204</b>	<b>48,854</b>		<b>184,782</b>

<sup>(1)</sup> For details regarding these items, please refer to Teekay first quarter 2008 Earnings Release available on our website at [www.teekay.com](http://www.teekay.com)





# Q1 2008 Cash Flows to Teekay Standalone



\*Cash flow from vessel operations less net interest expense from slide 16



## Teekay's 2008 Newbuilding Delivery Pipeline

2008 - Teekay Newbuilding Deliveries			
Suezmax	LNG	LPG	Total
3	4	1	8

- ▶ 5 of the 8 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

Significant built-in growth in 2008



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# 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	\$ 21.16
Market Capitalization	414.7
Teekay's L.P. ownership of TOO	59%
<b>TOO Equity Value</b>	<b>244.4</b>
<b>OPCO</b>	
TOO Ent. Value/EBITDA trading multiple	11.2x
Implied OPCO Ent. Value (based on above)	3,016.7
Less: Net Debt	1,421.6
OPCO Equity Value	1,595.1
<b>Teekay's Equity Value in OPCO (74%)</b>	<b>1,180.4</b>
<b>Total TOO/OPCO Equity Value</b>	<b>1,424.8</b>
G.P. Cash Flow (dist'n of \$1.60 p.a.)	0.7
G.P. Comp Multiple of DCF	18.3
<b>Est. value of G.P. interest</b>	<b>12.9</b>
Diluted shares o/s at Mar. 31, 2008	73.2
<b>Equity Value per Teekay share</b>	<b>19.64</b>

Teekay Tankers	
<b>TNK</b>	
Shares outstanding	25.0
Price per share	23.3
Market Capitalization	581.5
Teekay's economic interest in TNK	54%
<b>TNK Equity Value</b>	<b>314.0</b>
Diluted shares o/s at Mar. 31, 2008	73.2
<b>Equity Value per Teekay share</b>	<b>4.29</b>

Teekay LNG Partners	
<b>TGP</b>	
L.P. units outstanding	37.3
Price per unit	\$ 30.0
Market Capitalization	1,117.1
Teekay's L.P. ownership of TGP	61.7%
<b>TGP Equity Value</b>	<b>689.3</b>
G.P. Cash Flow (dist'n of \$2.12 p.a.)	4.5
G.P. Comp Multiple of DCF	18.3
<b>Est. value of G.P. interest</b>	<b>82.7</b>
Diluted shares o/s at Mar. 31, 2008	73.2
<b>Equity Value per Teekay share</b>	<b>10.55</b>

Teekay Standalone	
FMV of owned 'on-the-water' fleet <i>(per Clarkson's)</i>	1,731.7
Teekay Petrojarl (TPO) Ent. Value	1,123.9
less: Net Debt <i>(Teekay Standalone)</i>	1,924.2
Equity Value of owned fleet	931.4
Less: TPO Minority Equity	304.8
<b>Equity Value of Owned Fleet+ TPO</b>	<b>626.6</b>
<i>Other Items</i>	
Equity value of in-chartered fleet <i>(Management est.)</i>	160.0
'In-the-money' amount of N/Bs	295.5
N/B Installments paid to-date	682.2
Ras Gas III Installments to-date	320.5
Angola Installments to-date <i>(not consolidated)</i>	35.0
<b>Subtotal Other Items</b>	<b>1,493.2</b>
<b>Total Teekay Standalone Equity Value</b>	<b>2,119.8</b>
Diluted shares o/s at Mar. 31, 2008	73.2
<b>Equity Value per Teekay share</b>	<b>28.96</b>

Based on share prices as at May 14, 2008



# Sum-of-the-Parts Support

All figures from 1Q08

TOO Net Debt Calculation		Teekay LNG Net Debt Calculation		Teekay Tankers Net Debt Calculation	
Cash	137.8	Cash	94.6	Cash	44.5
Restricted Cash - current		Restricted Cash - current	31.2	Restricted Cash - current	-
Restricted Cash - long-term		Restricted Cash - long-term	663.3	Restricted Cash - long-term	-
Total cash	137.8	Total cash	789.1	Total cash	44.5
Current portion of l/t debt	82.7	Current portion of l/t debt	244.1	Current portion of l/t debt	3.6
Long-term debt	1,476.7	Long-term debt	2,097.4	Long-term debt	144.6
Total Debt	1,559.4	Total Debt	2,341.5	Total Debt	148.2
Total Debt + N/B Debt	1,559.4	Total Debt + N/B Debt	2,341.5	Total Debt + N/B Debt	148.2
		Debt on NB's (VIEs)	(552.3)		
		Kenai LNG	230.0	Suezmax Acquisition	186.9
Net Debt	1,421.6	Net Debt	1,230.1	Net Debt	290.6

Adjustments (i.e. Core Teekay+ Petrojarl)		Consolidated Teekay Net Debt Calculation	
Cash	278.8	Cash	555.7
Restricted Cash - current	5.1	Restricted Cash - current	36.3
Restricted Cash - long-term	0.2	Restricted Cash - long-term	663.5
Total cash	284.1	Total cash	1,255.5
Current portion of l/t debt	207.7	Current portion of l/t debt	538.1
Long-term debt	1,865.2	Long-term debt	5,583.9
Total Debt	2,072.9	Total Debt	6,122.0
Total Debt + N/B Debt	2,072.9	Total Debt	6,122.0
Debt on TGP VIEs	552.3		
Kenai LNG sale	(230.0)	Net Debt	4,866.5
Suezmax sale	(186.9)		
Net Debt	1,924.2		

