TEEKAY SHIPPING CORPORATION
Bayside House, Bayside Executive Park, West Bay Street & Blake Road
P.O. Box AP-59212, Nassau, Bahamas

TEEKAY SHIPPING CORPORATION
2007 AGM SPEECH
BJORN MOLLER

Over the past five years, Teekay Shipping Corporation has undergone a major transformation from being an owner and operator of primarily Aframax tankers in the highly volatile and cyclical spot tanker business to being a growth-oriented asset manager in the "Marine Midstream" sector with a diversified blend of spot and fixed rate revenues.

Today, as a further somewhat symbolic step in this transformation process, you have been asked to approve the change in our name from Teekay Shipping Corporation to Teekay Corporation.

Of course our roots in shipping will always remain a source of pride and shipping continues to be at the core of Teekay's business. But, Teekay is much more than just shipping. The growing expertise of Teekay's 5,600 people around the world has earned us access to a new role, namely delivering solutions to customers that go well beyond traditional shipping. This has enabled us to develop the "Marine Midstream" concept, a unique business platform which delivers an unrivalled breadth of marine services to our customers in the oil and gas industry.

In undertaking this transformation, strategic acquisitions and organic growth have allowed us to build a world-class business platform. We have created a project development and execution capability that has enabled us to win profitable fixed-rate projects and, in turn, diversify our earnings. In 2006, more than half of our cash flow from vessel operations came from businesses other than the cyclical spot tanker markets, setting us apart from the rest of the industry.

Against this background, we are pleased to report on an exciting and successful year that included several important steps along our transformational path. We delivered another strong performance, financially and operationally; we improved the strategic standing in each of our business segments; and, at the corporate level, we took major steps to unlock the value of our business platform.

For the year, our net income on an operating basis was $326 million, or $4.34 per share. Cash flow from vessel operations was $622 million.

In 2006, more than 50 percent of Teekay's cash flow from vessel operations was generated by long-term, fixed-rate businesses in attractive growth sectors. Previously, Teekay's share price did not reflect the high quality of these cash flows because they were mixed in with our cyclical cash flows.

In 2005, to address this issue, we launched our first MLP, Teekay LNG Partners (TGP), involving a small portion of our fixed-rate cash flows. TGP has been a major success and has resulted in a revaluation of our LNG business.

In December 2006 we took another major step to unlock shareholder value with the initial public offering of our second MLP, Teekay Offshore Partners (TOO). The considerable investor interest in TOO has similarly revalued our offshore franchise.

We recently announced plans to launch later this year another separate publicly listed Teekay entity, "Teekay Tankers", which will house our conventional tanker assets. With Teekay Tankers we hope to create a single-focus, or so-called 'pure play', investment vehicle for investors who are looking for a more direct exposure to the cyclical tanker market than what our shares at the parent company level currently provide.

We believe our corporate structure creates value for our shareholders. Our existing MLPs help illuminate the value of our fixed-rate businesses in a way that is now beginning to be reflected in Teekay's share price. The launch of Teekay Offshore Partners helped underpin Teekay's share price, and since the announcement of our intention to launch Teekay Tankers, Teekay's share price has traded at record levels, hitting an all time high of $63.69 in recent weeks. The corporate structure also supports the growth strategy of each of these businesses, providing us with a competitive advantage through access to ample low-cost capital.

We continue to invest in maintaining a large asset base because it provides the foundation to boost our asset management business and grow our footprint more profitably. Since 2000, we have increased our asset base from $2.0 billion to $7.7 billion, a compounded annual growth rate of over 25 percent. During this period, we have produced an average return on our shareholders' equity of 19.4 percent. Our growth trajectory remains strong, thanks to the steady volume of attractive project opportunities we are developing. At the end of 2006 we had more than $3 billion of new assets on order, scheduled for delivery through 2010. And our recent acquisition of 50% of OMI Corporation, which we announced on April 17, 2007, representing an additional investment of $1.1 billion to obtain a total of 7 owned and 6 in-chartered Suezmax tankers, operation of a Suezmax tanker pool and 8 product tankers. The addition of this market-leading Suezmax tanker franchise to the 10 Suezmax newbuildings already on Teekay's orderbook, will make Teekay the largest operator in the world of medium sized oil tankers. The OMI deal also brings eight Product tankers, including one newbuilding, to supplement Teekay's existing fleet of 25 Product tankers.

When allocating our shareholders' capital, our first priority is disciplined, profitable long-term growth and, our second is the return of any surplus capital to our shareholders. In 2006, with our shares continuing to represent excellent value, we spent $233 million to buy back a further 5.8 million shares. This brought our total purchases over a 26-month period to nearly one quarter of our outstanding shares. During 2006 we also increased our regular dividend payment for the fourth year in a row.

This year we added a major new business to our service offering through a strategic entry into the market for floating production, storage and offtake (FPSO) units. This was accomplished through our acquisition of a majority shareholding in Teekay Petrojarl, a Norwegian FPSO pioneer recognized for its advanced offshore engineering expertise and its reliable operational performance in the harsh weather of the North Sea, probably the world's most demanding sector of the FPSO market.

By adding FPSOs to our Marine Midstream platform we now offer continuous handling of our customers' oil through every aspect of the supply chain, from the well where the oil is produced in offshore waters, through storage, shuttling and long-haul transportation to a refinery in any part of the world.

There were also a number of key developments in Teekay Navion Shuttle Tankers and Offshore (TNSTO), our leading shuttle tanker operations. TNSTO was awarded a life-of-field extension by Statoil on our biggest single service agreement in the North Sea. While North Sea oil production is expected to gradually decline over time, some of the fields covered by the agreement are expected to produce oil beyond 2030, illustrating the strategic and long-term nature of this business. Demand for shuttle tankers is on the rise outside the core North Sea market, for example in Brazil, the Gulf of Mexico and other regions with growing deepwater oil production and we believe these markets will be attractive growth opportunities for Teekay.

Teekay is also at the forefront of the pursuit to find a commercial solution for the transportation of compressed natural gas (CNG). CETech, our joint venture with Statoil and Leif Hoegh, is pursuing the development of innovative containment technologies for CNG. We are also participating in the SeaNG consortium with Marubeni and the founders of the Coselle™, the only CNG containment technology to date to have obtained classification society approval. If commercialized, we expect the market for CNG shipping to be considerable.

Our spot fleet enjoyed another year of strong earnings, both in absolute and relative terms. Despite net growth in the world tanker fleet and a slowdown in oil demand growth in 2006, freight markets remained on par with the high levels experienced in 2005, an indication that the global fleet remains fully utilized. Our homogenous fleet and preferential access to cargoes on key routes enabled our chartering teams to achieve a high fleet utilization and average charter rates above our peers.

Early in 2006, we took advantage of a temporary dip in newbuilding prices to invest in our spot tanker franchise, establishing an order book for 10 Suezmax newbuildings. With deliveries commencing in 2008, these ships provide us with market upside in the lead-up to the 2010 IMO deadline beyond which most countries are expected to ban single-hull tankers. Our newbuilding contracts are now significantly in the money as demand for global ship building has already absorbed berth availability at leading yards well into 2010.

In 2006, we also continued the steady growth of our activities in the large, medium and smaller size product tanker segments. We are in the process of taking delivery of a series of LRII long-haul product tanker newbuildings, ordered several years ago at very low prices. These ships join our fleet at a time of growing ton-mile demand, caused by global imbalances in the location of refining capacity. Teekay is quickly becoming one of the leaders in this segment and has recently entered into agreements to manage LRII assets for other ship owners. We are also steadily increasing our presence in the MR (medium range) product tankers, using mainly in-chartered tonnage. We also established a joint venture, Swift Tankers, with AP Moller-Maersk, combining our respective fleets of Intermediate (15,000-20,000 deadweight tonne) product tankers.

Our customers recognize Teekay as an industry leader in service, quality, safety and environmental performance; this is the core of our brand. In many situations, our quality reputation gives us a competitive edge as a preferred bidder.

The energy industry is experiencing an unprecedented shortage of skilled people as a fully utilized supply chain stretches to meet demand, and the energy marine sector is no exception. At Teekay, we are very fortunate to have talented and dedicated employees who are fully aligned with our mission. Ultimately, our success in building Teekay's asset management business is linked to our reputation for delivering a consistent, high quality service to all stakeholders.

In closing I would like to take this opportunity to thank our Teekay employees around the world for their hard work and dedication; our Board of Directors for their guidance; our customers for their loyal support and our fellow shareholders for their continued confidence.