

TEEKAY SHIPPING CORP  
Form 6-K  
February 17, 2005

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 6-K**

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

Date of report: February 16, 2005

Commission file number 1- 12874

**TEEKAY SHIPPING CORPORATION**

(Exact name of Registrant as specified in its charter)

TK House  
Bayside Executive Park  
West Bay Street & Blake Road  
P.O. Box AP-59212, Nassau, Bahamas  
(Address of principal executive office)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

[Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):\_\_\_\_\_]

Yes  No

[Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):\_\_\_\_\_]

Yes  No

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes \_\_\_\_\_ No  X

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-\_\_\_\_\_]

**Item 1 - Information Contained in this Form 6-K Report**

Attached as Exhibit I is a copy of an announcement of Teekay Shipping Corporation (the Company ), dated February 16, 2005.

**THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE FOLLOWING REGISTRATION STATEMENTS OF THE COMPANY.**

**REGISTRATION STATEMENT ON FORM F-3 (NO. 33-97746) FILED WITH THE SEC ON OCTOBER 4, 1995;**

**REGISTRATION STATEMENT ON FORM S-8 (NO. 333-42434) FILED WITH THE SEC ON JULY 28, 2000;**

**REGISTRATION STATEMENT ON FORM F-3 (NO. 333-102594) FILED WITH THE SEC ON JANUARY 17, 2003; AND**

**REGISTRATION STATEMENT ON FORM S-8 (NO. 333-119564) FILED WITH THE SEC ON OCTOBER 6, 2004**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGNATURES

TEEKAY SHIPPING CORPORATION

Date: February 16, 2005

By: /s/ Peter Evensen  
Peter Evensen  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

**EXHIBIT I**

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

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**TEEKAY REPORTS RECORD  
FOURTH QUARTER AND ANNUAL EARNINGS**

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**Highlights**

- Highest ever fourth quarter net income of \$224.6 million, or \$2.50 per share (after deducting specific items which reduced net income by \$51.3 million) <sup>(1)</sup>
- Highest ever annual net income of \$757.4 million, or \$8.63 per share (after including specific items which increased net income by \$76.4 million) <sup>(1)</sup>
- Record high annual and quarterly cash flow from vessel operations of \$979.4 million for 2004 and \$329.3 million in the fourth quarter
- Repurchased 3 million shares at an average cost of \$42.95 per share
- Announced filing of registration statement for initial public offering of Teekay LNG Partners L.P.

Nassau, The Bahamas, February 16, 2005 Teekay Shipping Corporation today reported net income of \$224.6 million, or \$2.50 per share, for the quarter ended December 31, 2004, compared to net income of \$6.6 million, or \$0.08 per share, for the quarter ended December 31, 2003. The results for the quarters ended December 31, 2004 and 2003 included a number of specific items that had the net effect of reducing net income by \$51.3 million and \$72.1 million, respectively, as detailed in Appendix B to this release. Net voyage revenues<sup>(2)</sup> for the fourth quarter of 2004 were \$556.2 million, compared to \$340.6 million for the same period in 2003, and income from vessel operations increased to \$295.8 million

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from \$43.8 million.

The results for the current quarter primarily reflect the increase in spot tanker charter rates, which averaged \$58,592 per day in the fourth quarter of 2004 for Teekay's spot Aframax fleet, compared to \$25,475 per day in the same period last year. In addition, the most recent quarter's results reflect the continued growth of the Company's fixed-rate segments, both through the delivery of newbuildings for service under long-term contracts and the acquisition of Naviera F. Tapias S.A. (renamed Teekay Shipping Spain S.L.) on April 30, 2004, partially offset by the sale of certain older spot vessels over the past 12 months.

Net income for the year ended December 31, 2004 was \$757.4 million, or \$8.63 per share, compared to \$177.4 million, or \$2.18 per share, for the same period last year. The results for the years ended December 31, 2004 and 2003 included a number of specific items that had the net effect of increasing net income by \$76.4 million in 2004 and reducing net income by \$118.3 million in 2003, as detailed in Appendix B to this release. Net voyage revenues<sup>(2)</sup> for the year ended December 31, 2004 were \$1.8 billion compared to \$1.2 billion in the same period last year, while income from vessel operations increased to \$821.2 million from \$293.0 million.

(1) See Appendix B to this release for information about specific items affecting net income.

(2) 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 Web site at [www.teekay.com](http://www.teekay.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

### Operating Results

The following table highlights certain financial information for Teekay's three main segments: the spot tanker segment, the fixed-rate tanker segment and the fixed-rate liquefied natural gas (LNG) segment (see the Teekay Fleet section of this release for further details):

(in thousands of U.S. dollars)	<u>Three Months Ended</u> <u>December 31, 2004</u> <u>(unaudited)</u>				<u>Three Months</u> <u>December 31,</u> <u>(unaudite</u>	
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total	Spot Tanker Segment	Fixe Ta Seg
Net voyage revenues	366,786	171,419	18,011	556,216	192,922	147
Vessel operating expenses	22,731	32,117	2,765	57,613	30,440	26
Time-charter hire expense	71,851	49,192	-	121,043	54,493	47
Depreciation & amortization	19,795	33,114	5,327	58,236	24,703	27
Cash flow from vessel operations*	240,512	75,492	13,305	329,309	89,690	60

\* 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](http://www.teekay.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

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**Spot Tanker Segment**

Cash flow from vessel operations from the Company's spot tanker segment increased to \$240.5 million in the fourth quarter of 2004 from \$89.7 million in the fourth quarter of 2003, primarily due to the significant increase in spot tanker charter rates, as well as the delivery of newbuildings and the chartering-in by the Company of additional vessels, partially offset by the sale of a number of older vessels during the past 12 months. On a net basis, these fleet changes reduced the total number of calendar-ship days in the Company's spot tanker segment by 389 days, from 7,521 days in the fourth quarter of 2003 to 7,132 days in the fourth quarter of 2004.

**Fixed-Rate Tanker Segment**

For the quarter ended December 31, 2004, cash flow from vessel operations from the Company's fixed-rate tanker segment increased to \$75.5 million from \$60.6 million for the fourth quarter of 2003, primarily due to the addition of five conventional tankers on long-term charter to ConocoPhillips and the inclusion of the results of Teekay Shipping Spain's Suezmax tankers on long-term charters.

**Fixed-Rate LNG Segment**

The LNG segment for the fourth quarter of 2004 consisted of Teekay Shipping Spain's three existing LNG carriers, which generated \$13.3 million of cash flow from vessel operations for the quarter. At the end of the fourth quarter, the Company took delivery of its fourth newbuilding LNG carrier, which commenced service under a 20-year charter contract. Teekay had no LNG carriers prior to its acquisition of Naviera F. Tapias S.A. in April 2004.

The following table highlights the operating performance of the Company's spot tanker segment measured in net voyage revenues per calendar-ship-day, or time-charter equivalent (TCE).

	Three Months Ended			Year
	December 31, 2004	September 30, 2004	December 31, 2003	December 31, 2004
<b>Spot Tanker Segment</b>				
<b>Very Large Crude Carrier Fleet</b>				
Calendar-Ship Days	131	210	276	887
TCE per calendar-ship-day	\$129,191	\$75,467	\$46,442	\$75,681
<b>Suezmax Tanker Fleet</b>				
Calendar-Ship Days	595	620	585	2,423
TCE per calendar-ship-day *	\$68,931	\$48,746	\$34,453	\$55,182
<b>Aframax Tanker Fleet</b>				
Calendar-Ship Days	4,997	5,426	5,255	20,697
TCE per calendar-ship-day *	\$58,592	\$31,112	\$25,475	\$39,299
<b>Oil/Bulk/Ore Fleet</b>				
Calendar-Ship Days	-	-	460	157
TCE per calendar-ship-day	-	-	\$16,457	\$20,822
<b>Large/Medium-Size Product Tanker Fleet</b>				
Calendar-Ship Days	506	558	199	1,962
TCE per calendar-ship-day	\$31,692	\$23,484	\$28,879	\$25,597

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### Small Product Tanker Fleet

Calendar-Ship Days	903	863	746	3,515
TCE per calendar-ship-day	\$15,332	\$13,896	\$10,929	\$13,990

\* Excluding the effect of Forward Freight Agreements which were entered into as hedges against a portion of the Company's exposure to spot market rates

### Tanker Market Overview

During the fourth quarter of 2004, tanker spot rates rose to the highest level in three decades as strong global oil demand growth and a higher level of oil supplies from long-haul sources increased the demand for tankers. In early 2005, reduced oil production by Middle East OPEC members, lower Iraqi oil exports, and unforeseen production outages in the North Sea caused tanker rates to decline, but remained at historically firm levels.

Global oil demand, an underlying driver of tanker demand, rose to 84.4 million barrels per day (mb/d) during the fourth quarter of 2004, an increase of 2.7% from the same period last year. Strong global economic growth led by China and non-OECD Asian countries helped push oil demand to record levels. For 2004 overall, the International Energy Agency (IEA) reported global oil demand growth of 2.7 mb/d, or 3.4%, from 2003. On February 10, 2005, the IEA raised its forecast for oil demand in 2005 to an average of 84.0 mb/d, an increase of 1.8% over 2004.

Global oil supply increased by 1.1 mb/d in the fourth quarter of 2004 from the prior quarter to 84.3 mb/d due in part to a 0.5 mb/d rise in long-haul Middle East OPEC oil production. Non-OPEC production rose by 0.6 mb/d as North Sea field maintenance was completed and United States production recovered from hurricane-related disruptions. At its January 30, 2005 meeting, OPEC (excluding Iraq) voted to leave its existing quota limit unchanged at 27.0 mb/d, citing a forecasted balance between oil supply and demand for the first quarter of 2005.

The size of the world tanker fleet rose to 334.0 million deadweight tonnes (mdwt) as of December 31, 2004, up 1.0% from the end of the previous quarter. Deletions aggregated 2.6 mdwt in the fourth quarter of 2004, up from 1.4 mdwt in the previous quarter, while deliveries of tanker newbuildings during the fourth quarter totaled 6.0 mdwt, down from 6.6 mdwt in the previous quarter. For 2004 overall, the world tanker fleet grew by 17 mdwt, or 5.4%, from the end of 2003, as total additions of 27.8 mdwt exceeded total deletions of 10.8 mdwt.

As at December 31, 2004, the world tanker order book rose to 89.6 mdwt, representing 26.8% of the total world tanker fleet, compared to 86.3 mdwt, or 26.1%, at the end of the previous quarter, and up from 77.6 mdwt, or 24.5%, as of December 31, 2003.

### Teekay Fleet

As at December 31, 2004, Teekay's fleet (excluding vessels managed for third parties) consisted of 154 vessels, including chartered-in vessels and newbuildings on order. During the fourth quarter, as part of its ongoing fleet renewal program, the Company sold six of its older tankers and took delivery of two newbuildings, a Suezmax tanker and an LNG carrier, both of which commenced service under 20-year fixed-rate charter contracts.

The following table summarizes the Teekay fleet as of December 31, 2004:

	Number of Vessels (1)			
	Owned Vessels	Vessels Held for Sale	Chartered-in Vessels	Newbuild on Ord
<b>Spot Tanker Segment:</b>				
Very Large Crude Carriers	-	-	1	
Suezmax Tankers	2	1 (4)	4	
Aframax Tankers	28	8	18	
Large / Medium-Size Product Tankers	-	-	5	
Small Product Tankers	-	-	10	
Total Spot Tanker Segment	30	9	38	

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### Fixed-Rate Tanker Segment:

Shuttle Tankers (2)	28	1	12
Conventional Tankers	12	-	-
Floating Storage & Offtake (FSO) Units (3)	4	-	-
LPG / Methanol Carriers	1	-	1
-----			
Total Fixed-Rate Tanker Segment	45	1	13
=====			
<b>Fixed-Rate LNG Segment</b>	<b>4</b>	<b>-</b>	<b>-</b>
=====			
<b>Total</b>	<b>79</b>	<b>10</b>	<b>51</b>
=====			

- (1) Does not include vessels managed on behalf of third parties
- (2) Includes seven shuttle tankers of which the Company's ownership interests range from 50% to 70.25%.
- (3) Includes one FSO unit in which the Company's ownership interest is 89%
- (4) During the first quarter of 2005, the Company entered into an agreement to sell a newbuilding vessel under construction

During the fourth quarter of 2004 and into the first quarter of 2005, the Company entered into agreements to sell an additional 10 vessels, consisting mainly of older Aframaxes. Expected total gross proceeds from the sale of these vessels is approximately \$297.6 million. These vessels are scheduled for delivery to the buyers during the first quarter of 2005, at which time the Company expects to record a gain of approximately \$103 million relating to their sale.

For a detailed listing of vessel sales and deliveries, please refer to the Company's Web site at [www.teekay.com](http://www.teekay.com).

### Liquidity and Capital Expenditures

As of December 31, 2004, the Company had total liquidity of over \$1.2 billion, comprising \$427.0 million in cash and cash equivalents and \$831.2 million in undrawn medium-term revolving credit facilities.

As of December 31, 2004, the Company had approximately \$811 million in remaining capital commitments relating to its newbuildings on order, for which the Company has arranged long-term financing. Of this total amount, approximately \$363 million is due in 2005, \$256 million in 2006 and \$192 million due in 2007 and early 2008.

### Share Repurchase

On November 24, 2004, the Company announced that its Board of Directors had authorized a share repurchase program of up to 3 million shares. During the fourth quarter, the Company repurchased 1.4 million shares, with the remaining 1.6 million shares repurchased early in the first quarter of 2005. The 3 million shares were repurchased for a total of \$128.9 million, representing an average cost of \$42.95 per share.

### Teekay LNG Partners L.P.

On November 24, 2004, the Company announced that its wholly owned subsidiary, Teekay LNG Partners L.P., had filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering of its common units. Teekay LNG Partners L.P. was formed by Teekay as part of its strategy to expand its operations in the liquefied natural gas shipping sector. The partnership expects to offer 5,500,000 common units to the public, representing approximately 22 percent of the master limited partnership. After the offering, Teekay expects to own approximately a 78% interest in the partnership. The offering will increase to approximately 6,325,000 common units if the underwriters exercise in full their over-allotment option, reducing Teekay's ownership to approximately 75%.

### About Teekay

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Teekay Shipping Corporation transports more than 10% of the world's seaborne oil and has expanded into the liquefied natural gas shipping sector. With a fleet of over 150 tankers, offices in 14 countries and approximately 5,500 seagoing and shore-based employees, the Company provides a comprehensive set of marine services to the world's leading oil and gas companies, helping them seamlessly link their upstream energy production to their downstream processing operations. Teekay's reputation for safety, quality and innovation has earned it a position with its customers as the premier marine midstream company.

Teekay's common stock is listed on the New York Stock Exchange where it trades under the symbol "TK".

### Earnings Conference Call

The Company plans to host a conference call at 11:00 a.m. EST (8:00 a.m. PST) on February 17, 2005, to discuss the Company's results and the outlook for its business activities. All shareholders and interested parties are invited to listen to the live conference call and view the Company's earnings presentation through the Company's Web site at [www.teekay.com](http://www.teekay.com). The presentation will be available on the Web site prior to the conference call. A recording of the call will be available until March 16, 2005 via the Company's Web site or by dialing (719) 457-0820, access code 319142.

For Investor Relations enquiries contact:

Scott Gayton  
Tel: +1 (604) 844-6654

For other Media enquiries contact:

Kim Barbero  
Tel: +1 (604) 609-4703

Web site: [www.teekay.com](http://www.teekay.com)

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### TEEKAY SHIPPING CORPORATION

#### SUMMARY CONSOLIDATED STATEMENTS OF INCOME

(in thousands of U.S. dollars, except share and per share data)

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	<u>Three Months Ended</u>			<u>Year</u>
	<u>December 31,</u>	<u>September 30,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	
<b>VOYAGE REVENUES</b>	669,553	520,612	451,048	2,219,238
<hr style="border-top: 1px dashed black;"/>				
<b>OPERATING EXPENSES</b>				
Voyage expenses	113,337	106,466	110,449	432,395
Vessel operating expenses	57,613	58,199	57,239	218,489
Time-charter hire expense	121,043	120,898	102,274	457,180
Depreciation and amortization	58,236	64,802	52,447	237,498



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General and administrative	48,251	29,050	26,362	130,742
Vessel write-downs/(gain) loss on sale of vessels	(24,689)	(53,512)	54,048	(79,254)
Restructuring charge	-	-	4,414	1,002
	373,791	325,903	407,233	1,398,052
<b>Income from vessel operations</b>	295,762	194,709	43,815	821,186
<b>OTHER ITEMS</b>				
Interest expense	(34,058)	(35,225)	(23,086)	(121,518)
Interest income	6,490	5,900	989	18,528
Income tax expense	(18,747)	(8,066)	(13,315)	(35,048)
Equity income from joint ventures	6,071	2,535	3,217	13,730
Gain on sale of marketable securities	-	90,070	375	93,175
Write-down of marketable securities	-	-	-	-
Other - net	(30,962)	(4,591)	(5,413)	(32,613)
	(71,206)	50,623	(37,233)	(63,746)
<b>Net income</b>	224,556	245,332	6,582	757,440
Earnings per common share				
- Basic	\$2.68	\$2.94	\$0.08	\$9.14
- Diluted *	\$2.50	\$2.77	\$0.08	\$8.63
Weighted-average number of common shares outstanding				
- Basic	83,760,379	83,317,200	80,714,550	82,829,336
- Diluted *	89,872,611	88,718,531	83,664,352	87,729,037

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

**TEEKAY SHIPPING CORPORATION**  
**SUMMARY CONSOLIDATED BALANCE SHEETS**  
(in thousands of U.S. dollars)

	<u>As at December 31,</u> <u>2004</u>	<u>A</u>
<b>ASSETS</b>		
Cash and cash equivalents	427,037	
Other current assets	264,806	
Restricted cash - current	96,087	
Vessels held for sale	129,952	
Marketable securities - long-term	-	
Restricted cash - long-term	352,725	
Vessels and equipment	3,278,710	
Advances on newbuilding contracts	252,577	
Other assets	254,745	
Intangible assets	277,511	
Goodwill	169,590	

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<b>Total Assets</b>	5,503,740
=====	
LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable and accrued liabilities	206,022
Current portion of long-term debt	208,387
Long-term debt	2,536,158
Other long-term liabilities	301,091
Minority interest	14,724
Stockholders' equity	2,237,358
<b>Total Liabilities and Stockholders' Equity</b>	5,503,740
=====	

TEEKAY SHIPPING CORPORATION  
SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands of U.S. dollars)

	<u>Years End</u> <u>December</u>
	<u>2004</u>
Cash and cash equivalents provided by (used for)	
<b>OPERATING ACTIVITIES</b>	
<b>Net operating cash flow</b>	814,704
-----	
<b>FINANCING ACTIVITIES</b>	
Net proceeds from long-term debt	1,621,221
Scheduled repayments of long-term debt	(216,423)
Prepayments of long-term debt	(1,731,223)
Other	(43,978)
<b>Net financing cash flow</b>	(370,403)
-----	
<b>INVESTING ACTIVITIES</b>	
Expenditures for vessels and equipment	(548,587)
Expenditures for the purchase of Naviera F. Tapias S.A.	(286,993)
Expenditures for the purchase of Navion AS	-
Proceeds from sale of vessels and equipment	440,556
Proceeds from sale of available-for-sale securities	135,357
Other	(49,881)
<b>Net investing cash flow</b>	(309,548)
-----	
<b>Increase in cash and cash equivalents</b>	134,753
Cash and cash equivalents, beginning of the period	292,284
<b>Cash and cash equivalents, end of the period</b>	427,037
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TEEKAY SHIPPING CORPORATION  
**APPENDIX A - SUPPLEMENTAL INFORMATION**  
(in thousands of U.S. dollars)

**Three Months Ended December 31, 2004**  
**(unaudited)**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Net voyage revenues	366,786	171,419	18,011
Vessel operating expenses	22,731	32,117	2,765
Time-charter hire expense	71,851	49,192	-
Depreciation and amortization	19,795	33,114	5,327
General and administrative	31,692	14,618	1,941
Gain on sale of vessels	(21,227)	(3,462)	-
Income from vessel operations	241,944	45,840	7,978

**Three Months Ended September 30, 2004**  
**(unaudited)**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Net voyage revenues	237,843	159,033	17,270
Vessel operating expenses	23,457	31,635	3,107
Time-charter hire expense	71,346	49,552	-
Depreciation and amortization	24,913	34,739	5,150
General and administrative	13,580	14,212	1,258
Gain on sale of vessels	(49,821)	(3,691)	-
Income from vessel operations	154,368	32,586	7,755

**Three Months Ended December 31, 2003**  
**(unaudited)**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Net voyage revenues	192,922	147,677	-
Vessel operating expenses	30,440	26,799	-
Time-charter hire expense	54,493	47,781	-
Depreciation and amortization	24,703	27,744	-
General and administrative	14,267	12,095	-
Vessel write-downs/(gain) loss on sale of vessels	54,048	-	-
Restructuring charge	4,032	382	-
Income from vessel operations	10,939	32,876	-

TEEKAY SHIPPING CORPORATION  
**APPENDIX A - SUPPLEMENTAL INFORMATION CONTINUED**  
(in thousands of U.S. dollars)

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Year Ended December 31, 2004

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Net voyage revenues	1,095,675	648,003	43,165
Vessel operating expenses	93,394	117,586	7,509
Time-charter hire expense	263,122	194,058	-
Depreciation and amortization	95,570	129,074	12,854
General and administrative	70,371	56,431	3,940
Gain on sale of vessels	(72,101)	(7,153)	-
Restructuring charge	1,002	-	-
Income from vessel operations	644,317	158,007	18,862

Year Ended December 31, 2003

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Net voyage revenues	739,046	442,393	-
Vessel operating expenses	126,261	84,435	-
Time-charter hire expense	168,344	136,279	-
Depreciation and amortization	106,374	84,863	-
General and administrative	53,338	31,809	-
Vessel write-downs/(gain) loss on sale of vessels	90,326	63	-
Restructuring charge	4,382	2,001	-
Income from vessel operations	190,021	102,943	-

**TEEKAY SHIPPING CORPORATION**

**APPENDIX B SPECIFIC ITEMS AFFECTING NET INCOME(in  
thousands of U.S. dollars)**

Set forth below are some of the significant items of income and expense that affected the Company's net income for 2003 and 2004 and for the fourth quarter of each such year, all of which items are typically excluded by securities analysts in their published estimates of the Company's financial results:

	<b><u>Three Months Ended December 31, 2004 (unaudited)</u></b>
Gain on sale of vessels	24,689
Gain on sale of marketable securities	-
Unrealized foreign currency translation loss (1)	(33,290)
Deferred income tax on unrealized foreign exchange gains (2)	(15,160)

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Realized losses from Forward Freight Agreements (3)	(13,836)
Additional contribution to Company's performance-based bonus plan	(12,500)
Restructuring charge and write-down of other assets	(1,245)
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<b>Total</b>	(51,342)

**Three Months Ended**  
**December 31,**  
**2003**  
**(unaudited)**

Vessel write-downs and losses on sale of vessels (4)	(54,048)
Deferred income tax on unrealized foreign exchange gains (2)	(6,530)
Restructuring charge and write-down of other assets (5)	(6,157)
Loss on bond repurchase (8.32% Notes due 2006)	(5,385)
Write-down of marketable securities	-
<hr style="border-top: 1px dashed black;"/>	
<b>Total</b>	(72,120)

- (1) Unrealized foreign currency translation losses relating to the Company's Euro-denominated debt and deferred tax liability denominated in Norwegian Kroner.
- (2) Deferred income tax expense relating to unrealized foreign exchange gains on intercompany debt.
- (3) Represents cash payments to settle Forward Freight Agreements that are designated as hedges.
- (4) In the fourth quarter of 2003, the Company took a \$56.8 million non-cash write-down in the carrying value of certain of its vessels due to the International Maritime Organization (IMO) regulations that require an early phase-out of single-hull tankers.
- (5) Primarily related to costs associated with closure of the Company's offices in Oslo, Norway and Melbourne, Australia and severance costs relating to the termination of seafarers.

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### FORWARD LOOKING STATEMENTS

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This release 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; proceeds and gain in the first quarter of 2005 relating to the sale of vessels; and the initial public offering of common units of Teekay LNG Partners L.P. 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 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 potential inability to complete the initial public offering of Teekay LNG Partners L.P. as expected; 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, and in the Registration Statement of Teekay LNG Partners L.P. on Form F-1. 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 SHIPPING CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
(in thousands of U.S. dollars)

**Three Months Ended December 31, 2004**  
**(unaudited)**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Income from vessel operations	241,944	45,840	7,978
Depreciation and amortization	19,795	33,114	5,327
(Gain) loss on sale of vessels	(21,227)	(3,462)	-
Cash flow from vessel operations (1)	240,512	75,492	13,305

**Three Months Ended December 31, 2003**  
**(unaudited)**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Income from vessel operations	10,939	32,876	-
Depreciation and amortization	24,703	27,744	-
Vessel write-downs/(gain) loss on sale of vessels	54,048	-	-
Cash flow from vessel operations (1)	89,690	60,620	-

**Year Ended December 31, 2004**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Income from vessel operations	644,317	158,007	18,862
Depreciation and amortization	95,570	129,074	12,854
Gain on sale of vessels	(72,101)	(7,153)	-
Cash flow from vessel operations (1)	667,786	279,928	31,716

**Year Ended December 31, 2003**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Income from vessel operations	190,021	102,943	-
Depreciation and amortization	106,374	84,863	-
Vessel write-downs/(gain) loss on sale of vessels	90,326	63	-
Cash flow from vessel operations (1)	386,721	187,869	-

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- (1) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense and vessel write-down/gain (loss) on sale of vessels. Cash flow from vessel operations is included because certain investors use this data to measure a company's financial performance. Cash flow from vessel operations is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.

**TEEKAY SHIPPING CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES CONTINUED**

(in thousands of U.S. dollars)

	<u>Three Months Ended December 31, 2004</u> <u>(unaudited)</u>		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Voyage revenues	456,289	195,202	18,062
Voyage expenses	(89,503)	(23,783)	(51)
Net voyage revenues (2)	366,786	171,419	18,011

	<u>Three Months Ended September 30, 2004</u> <u>(unaudited)</u>		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Voyage revenues	326,287	177,000	17,325
Voyage expenses	88,444	17,967	55
Net voyage revenues (2)	237,843	159,033	17,270

	<u>Three Months Ended December 31, 2003</u> <u>(unaudited)</u>		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Voyage revenues	284,581	166,467	-
Voyage expenses	(91,659)	(18,790)	-
Net voyage revenues (2)	192,922	147,677	-

	<u>Year Ended December 31, 2004</u>		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Voyage revenues	1,450,791	725,061	43,386
Voyage expenses	(355,116)	(77,058)	(221)

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Net voyage revenues (2)	1,095,675	648,003	43,165
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**Year Ended December 31, 2003**

	<b>Spot Tanker Segment</b>	<b>Fixed-Rate Tanker Segment</b>	<b>Fixed-Rate LNG Segment</b>
Voyage revenues	1,081,974	494,121	-
Voyage expenses	(342,928)	(51,728)	-
Net voyage revenues (2)	739,046	442,393	-

- (2) Net voyage revenues represents voyage revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, canal tolls and brokerage commissions. Net voyage revenues is included because certain investors use this data to measure the financial performance of shipping companies. Net voyage revenues is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to voyage revenues or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.