

TEEKAY SHIPPING CORP
Form 6-K
July 28, 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: July 27, 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 July 27, 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: July 27, 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

TEEKAY REPORTS SECOND QUARTER
NET INCOME OF \$104.6 MILLION

Highlights

- Achieved second quarter net income of \$104.6 million, or \$1.23 per share (including specific items which increased net income by \$12.7 million, or \$0.15 per share) ⁽¹⁾
- Generated \$165.9 million in cash flow from vessel operations
- Repurchased 3.9 million shares for an average cost of \$43.37 per share, or approximately \$170 million
- Increasing share repurchase program by an additional \$250 million for a total remaining authorization of \$305 million
- Successfully completed the initial public offering of Teekay LNG Partners L.P.
- Awarded two 20-year fixed-rate LNG charter contracts from a BP plc led consortium

Nassau, The Bahamas, July 27, 2005 Teekay Shipping Corporation (*Teekay* or *the Company*) today reported net income of \$104.6 million, or \$1.23 per share, for the quarter ended June 30, 2005, compared to net income of \$98.5 million, or \$1.13 per share, for the quarter ended June 30, 2004. The results for the quarter ended June 30, 2005 included a number of items that, on a net basis, increased net income by \$12.7 million, or \$0.15 per share, as detailed in Appendix B to this release. The results for the second quarter of 2004 included an unrealized foreign currency translation loss of \$5.2 million, or \$0.06 per share, relating to long-term debt denominated in Euros. Net voyage revenues⁽²⁾ for the second

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quarter of 2005 were \$381.8 million, compared to \$368.9 million for the same period in 2004, and income from vessel operations increased to \$131.5 million from \$122.1 million.

Net income for the six months ended June 30, 2005 was \$383.6 million, or \$4.42 per share, compared to \$287.6 million, or \$3.32 per share, for the same period last year. The results for the six months ended June 30, 2005 included a number of items that had the net effect of increasing net income by \$146.5 million, or \$1.69 per share, as detailed in Appendix B to this release. The results for the six months ended June 30, 2004 included the unrealized foreign currency translation loss of \$5.2 million, or \$0.06 per share, mentioned above for the second quarter of 2004. Net voyage revenues (2) for the six months ended June 30, 2005 were \$800.7 million compared to \$816.5 million in the same period last year, while income from vessel operations increased to \$401.4 million from \$330.7 million.

Share Repurchase Program

On April 20, 2005, the Company announced that its Board of Directors had authorized a \$225 million share repurchase program which followed the three million share, or \$129 million, repurchase program completed in early 2005. As of July 26, 2005, the Company had repurchased approximately 3.9 million shares at an average price of \$43.37 per share for a total cost of approximately \$170 million under the \$225 million repurchase program.

The Company separately announced today that its Board of Directors had authorized a \$250 million increase to the existing share repurchase program which has a remaining authorization of approximately \$55 million, for a total current authorization of \$305 million. If the remaining share repurchase authorization of \$305 million is completed at an average price of \$45.01 per share (Teekay's closing share price on July 26, 2005), the Company will have repurchased over 16%, or approximately \$604 million, of the Company's outstanding shares since the end of November 2004 when the first share repurchase announcement was made.

(1) See Appendix B to this release for information about specific items affecting net income that securities analysts typically exclude in their published estimates of the Company's financial results.

(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. Please 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.

Initial Public Offering of Teekay LNG Partners L.P.

On May 10, 2005, Teekay's subsidiary, Teekay LNG Partners L.P. (NYSE: TGP) (*Teekay LNG*), completed its initial public offering of 6.9 million common units (including the underwriter's overallotment option) at a price of \$22 per unit, representing an initial yield of 7.5% based on targeted minimum annual cash distributions. Gross proceeds from the offering were \$151.8 million. Teekay LNG's current fleet includes seven LNG carriers (including three newbuildings) and five Suezmax tankers, all of which are on long-term fixed-rate charters. Teekay currently owns a 78% interest in Teekay LNG, including its 2% general partner interest.

Teekay Awarded Two Long-Term LNG Charter Contracts

The Company announced separately today that it had been awarded long-term fixed-rate contracts to charter two liquefied natural gas (*LNG*) carriers to the Tangguh LNG project in Indonesia. The carriers will be chartered for a period of 20 years to The Tangguh Production Sharing Contractors, a consortium led by BP Berau, a subsidiary of BP plc. In connection with this award, Teekay has exercised shipbuilding options with Hyundai Heavy Industries Co. Ltd. to construct two 155,000 cubic meter LNG carriers at preferential prices compared to current market values, which are scheduled to deliver in late 2008 and early 2009, respectively. Teekay is entering into these transactions with an Indonesian partner who has taken a 30% interest in the vessels. In accordance with existing agreements, Teekay is required to offer its ownership interest in these vessels and related charter contracts to Teekay LNG.

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 LNG segment, which commenced with Teekay's acquisition on April 30, 2004 of Naviera F. Tapias S.A. (subsequently renamed Teekay Shipping Spain S.L.). Please read the "Teekay Fleet" section of this release and Appendix A for further details about these segments.

<u>Three Months Ended</u>			<u>Three Months Ended</u>		
<u>June 30, 2005</u>			<u>June 30, 2004</u>		
<u>(unaudited)</u>			<u>(unaudited)</u>		
Spot	Fixed-Rate	Fixed-Rate	Spot	Fixed-Rate	Fixed-Rate

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(in thousands of U.S. dollars)	Tanker Segment	Tanker Segment	LNG Segment	Total	Tanker Segment	Tanker Segment	S
Net voyage revenues	185,212	171,856	24,776	381,844	202,965	158,065	
Vessel operating expenses	16,068	31,453	3,820	51,341	23,752	28,376	
Time-charter hire expense	72,280	52,174	—	124,454	60,369	46,205	
Depreciation & amortization	12,684	30,099	7,523	50,306	25,976	32,493	
Cash flow from vessel operations*	73,554	74,622	17,694	165,870	106,523	70,490	

* 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. Please 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.

Fixed-Rate Tanker Segment

The Company's cash flow from vessel operations from its fixed-rate tanker segment increased from \$70.5 million in the second quarter of 2004 to \$74.6 million in the second quarter of 2005 mainly due to the inclusion of a full quarter's results from Teekay Shipping Spain's Suezmax tanker fleet (compared to only two months in the prior period) and the commencement of a three-year fixed-rate time-charter on the Company's chartered-in Very Large Crude Carrier in April 2005, which previously had been included with the spot tanker segment.

Fixed-Rate LNG Segment

The Company's cash flow from vessel operations from its fixed-rate LNG segment increased from \$5.5 million in the second quarter of 2004 to \$17.7 million in the second quarter of 2005, primarily due to the delivery of two LNG tankers during the second half of 2004. The Company, including Teekay LNG, has five LNG newbuildings scheduled to deliver between the fourth quarter of 2006 and early 2009, all of which will commence service under 20 year fixed-rate contracts upon delivery.

Spot Tanker Segment

The Company's cash flow from vessel operations from its spot tanker segment decreased to \$73.6 million in the second quarter of 2005 from \$106.5 million in the second quarter of 2004, primarily due to the sale of a number of older non-double hull vessels during the past 12 months, partially offset by the delivery of newbuildings, the chartering-in of additional vessels and an increase in spot tanker rates. On a net basis, these fleet changes reduced the total number of revenue days in the Company's spot tanker segment by 1,443 days, from 7,373 days in the second quarter of 2004 to 5,930 days in the second quarter of 2005. Revenue days represent the total number of calendar days the Company's vessels were in its possession for the periods presented less the total number of off-hire days associated with major repairs, drydockings or special and intermediate surveys.

The Company's spot tanker segment generally includes vessels operating on voyage and period charters with an initial term of less than three years. The following table highlights the operating performance of the Company's spot tanker segment measured in net voyage revenue per day, or time-charter equivalent (*TCE*), and includes the effect of forward freight agreements (*FFAs*) which are entered into as hedges against a portion of the Company's exposure to spot market rates:

	Three Months Ended			Six
	June 30, 2005	March 31, 2005	June 30, 2004	June 30, 2004
Spot Tanker Segment				
Very Large Crude Carrier Fleet				
Revenue days	—	90	273	90
TCE per revenue day	—	\$92,844	\$54,788	\$92,844

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Suezmax Tanker Fleet

Revenue days	577	540	647	1,117
TCE per revenue day *	\$42,527	\$38,865	\$36,879	\$40,756

Aframax Tanker Fleet

Revenue days	3,575	4,321	5,048	7,896
TCE per revenue day	\$34,496	\$39,622	\$28,135	\$37,301

Oil/Bulk/Ore Fleet

Revenue days	—	—	—	—
TCE per revenue day	—	—	—	—

Large/Medium-Size Product Tanker Fleet

Revenue days	782	647	503	1,429
TCE per revenue day	\$28,508	\$31,941	\$20,332	\$30,062

Small Product Tanker Fleet

Revenue days	996	949	902	1,945
TCE per revenue day	\$15,148	\$16,411	13,188	\$15,764

* Results for the three and six months ended June 30, 2005 for the Company's Suezmax tankers include realized losses from FFAs of \$0.8 million (or \$1,460 per revenue day) and \$2.9 million (or \$2,612 per revenue day), respectively. Results for the three and six months ended June 30, 2004 for the Company's Suezmax tankers include realized losses from FFAs of \$2.1 million (or \$3,297 per revenue day) and \$3.3 million (or \$2,758 per revenue day), respectively. Results for the three months ended March 31, 2005 for the Company's Suezmax tankers include realized losses from FFAs of \$2.1 million (or \$3,842 per revenue day). The FFAs relating to the Suezmax tankers were entered into as a hedge against one of the Company's Suezmax tankers which is chartered-in at a fixed rate, thus effectively locking in a profit.

Market Overview

During the second quarter of 2005, tanker freight rates followed their traditional seasonal pattern and continued to decline from the very high levels experienced earlier this year; however, Aframax tanker rates remained at relatively firm levels when compared to historical averages.

Global oil demand, an underlying driver of tanker demand, averaged 81.9 million barrels per day (*mb/d*) during the second quarter of 2005, a decline of 2.0 *mb/d* from the previous quarter but 0.8 *mb/d*, or 1%, higher than the second quarter of 2004. While seasonal factors were the main cause of the decline in demand from the first to the second quarter of 2005, continued global economic growth led to an increase in oil demand from the prior year despite record high oil prices. On July 13, 2005, the International Energy Agency (*IEA*) lowered its annual global oil demand growth forecast for 2005 as demand in the first half of 2005 was weaker than anticipated; however, the outlook for the second half of 2005 remains positive with oil demand in the fourth quarter estimated to be 4.0 *mb/d*, or 4.9%, higher than the second quarter of 2005 and 2.0 *mb/d*, or 2.4%, higher than the fourth quarter of 2004. For 2006, the IEA forecasts a further increase in oil demand of 1.7 *mb/d*, or 2.1% higher than 2005, to 85.6 *mb/d*.

Global oil supply, a direct driver of tanker demand, grew by 0.9 *mb/d* to 84.6 *mb/d* in the second quarter of 2005 and was 2.1 *mb/d* higher than the same period last year. Long-haul Middle East OPEC oil production rose by 0.5 *mb/d* in the second quarter of 2005 from the previous quarter, while an increase in non-OPEC oil production led by Brazil and Africa added a further 0.4 *mb/d*. In response to rising oil prices, OPEC members raised production quotas by 0.5 *mb/d* to 28.0 *mb/d* effective July 1, 2005, and authorized the OPEC President to commence discussions on a further 0.5 *mb/d* increase should oil prices remain high.

The size of the world tanker fleet rose to 345.0 million deadweight tonnes (*mdwt*) as of June 30, 2005, up 4.0 *mdwt*, or 1.2%, from March 31, 2005. Deletions aggregated 2.1 *mdwt* in the second quarter of 2005, down from 2.7 *mdwt* in the previous quarter. Deliveries of tanker newbuildings during the second quarter of 2005 declined to 5.8 *mdwt* from 9.0 *mdwt* in the previous quarter.

As of June 30, 2005, the world tanker orderbook stood at 89.0 *mdwt*, representing 25.8% of the total world tanker fleet compared to 86.0 *mdwt*, or 25.2%, as of March 31, 2005.

Teekay Fleet

At June 30, 2005 (and including the two LNG newbuildings for the Tangguh project), Teekay's fleet consisted of 145 vessels, including 54 chartered-in vessels and 14 newbuildings on order. During the second quarter of 2005, the Company completed the previously announced sale of three older single-hull Aframax tankers and one older single-hull Suezmax tanker to new owners, and took delivery of one newbuilding Aframax

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tanker which is currently trading in the spot market.

The following table summarizes the Teekay fleet as of June 30, 2005 (adjusted to include the two LNG newbuildings for the Tangguh project):

	Number of Vessels (1)		
	Owned Vessels	Chartered-in Vessels	Newbuild on Order
Spot Tanker Segment:			
Very Large Crude Carriers	—	1	—
Suezmax Tankers	1	4	—
Aframax Tankers	27	16	3
Large / Medium-Size Product Tankers	—	8	3
Small Product Tankers	—	11	—
Total Spot Tanker Segment	28	40	6
Fixed-Rate Tanker Segment:			
Shuttle Tankers (2)	28	13	—
Conventional Tankers (3)	12	—	3
Floating Storage & Offtake Units (4)	4	—	—
LPG / Methanol Carriers	1	1	—
Total Fixed-Rate Tanker Segment	45	14	3
Fixed-Rate LNG Segment (5)	4	—	5
Total	77	54	14

(1) Excludes vessels managed on behalf of third parties.

(2) Includes six shuttle tankers of which the Company's ownership interests range from 50% to 50.5%.

(3) Includes five Suezmax tankers owned by subsidiaries of Teekay LNG.

(4) Includes one unit in which the Company's ownership interest is 89%.

(5) The four existing LNG vessels are owned by Teekay LNG; three LNG newbuildings will be sold to Teekay LNG and the remaining two newbuildings will be offered to Teekay LNG in accordance with existing agreements.

For a detailed listing of vessel sales and deliveries, please refer to the Company's Web site at www.teekay.com.

Liquidity and Capital Expenditures

At June 30, 2005, the Company had total liquidity of over \$1.4 billion, comprising \$246.8 million in cash and cash equivalents and \$1.2 billion in undrawn medium-term revolving credit facilities.

At June 30, 2005 (and including the capital commitments relating to the two LNG carriers for the Tangguh project), the Company had approximately \$1.1 billion in remaining capital commitments relating to its newbuildings on order, for which the Company has arranged long-term financing. Of this total amount, approximately \$308 million is due during the remainder of 2005, \$230 million in 2006, \$352 million in 2007 and \$160 million in 2008 and early 2009. Of the remaining capital commitments, approximately \$743 million are installment payments relating to LNG newbuildings.

About Teekay

Teekay Shipping Corporation transports more than 10 percent of the world's seaborne oil and has recently expanded into the liquefied natural gas shipping sector through its publicly-listed subsidiary, Teekay LNG Partners L.P. (NYSE: TGP). With a fleet of more than 140 tankers, offices in 14 countries and 5,500 seagoing and shore-based employees, Teekay 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

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reputation for safety, quality and innovation has earned it a position with its customers as The 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. EDT (8:00 a.m. PDT) on July 28, 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. A recording of the call will be available until August 4, 2005 by dialing (719) 457-0820, access code 4063452, or via the Company's Web site until August 28, 2005.

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Web site: www.teekay.com

TEEKAY SHIPPING CORPORATION				
SUMMARY CONSOLIDATED STATEMENTS OF INCOME				
(in thousands of U.S. dollars, except share and per share data)				

	<u>Three Months Ended</u>			<u>Six Mo</u>
	<u>June 30,</u>	<u>March 31,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
VOYAGE REVENUES	480,140	517,411	477,622	997,551

OPERATING EXPENSES				
Voyage expenses	98,296	98,529	108,708	196,825
Vessel operating expenses	51,341	54,440	53,765	105,781
Time-charter hire expense	124,454	108,582	106,574	233,036
Depreciation and amortization	50,306	54,083	60,846	104,389
General and administrative	40,179	33,698	25,816	73,877
Write-down / (gain) on sale of vessels and equipment	(15,894)	(101,853)	(450)	(117,747)
Restructuring charge	-	-	240	-
	348,682	247,479	355,499	596,161

Income from vessel operations	131,458	269,932	122,123	401,390

OTHER ITEMS				
Interest expense	(33,319)	(37,697)	(30,672)	(71,016)
Interest income	8,426	8,230	4,883	16,656
Income tax recovery (expense)	555	9,317	(6,086)	9,872

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Equity income from joint ventures	2,884	2,827	3,288	5,711
Other - net	(5,435)	26,437	5,007	21,002
	(26,889)	9,114	(23,580)	(17,775)
Net income	104,569	279,046	98,543	383,615
Earnings per common share				
- Basic	\$1.31	\$3.41	\$1.19	\$4.72
- Diluted *	\$1.23	\$3.19	\$1.13	\$4.42
Weighted-average number of common shares outstanding				
- Basic	79,953,740	81,712,320	82,603,379	81,279,750
- Diluted *	85,314,815	87,467,141	87,340,951	86,741,711

*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 June 30,</u> <u>2005</u> <u>(unaudited)</u>
ASSETS	
Cash and cash equivalents	246,832
Other current assets	193,627
Restricted cash - current	90,781
Vessels held for sale	-
Restricted cash - long-term	303,800
Vessels and equipment	3,171,615
Advances on newbuilding contracts	259,656
Other assets	226,139
Intangible assets	264,417
Goodwill	171,898
Total Assets	4,928,765
LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable and accrued liabilities	161,136
Current portion of long-term debt	265,528
Long-term debt	1,835,990
Other long-term liabilities	201,374
Minority interest	161,018
Stockholders' equity	2,303,719
Total Liabilities and Stockholders' Equity	4,928,765

TEEKAY SHIPPING CORPORATION

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

	Six Months Ended June 30, 2005 (unaudited)
Cash and cash equivalents provided by (used for)	
OPERATING ACTIVITIES	
Net operating cash flow	346,790
FINANCING ACTIVITIES	
Net proceeds from long-term debt	1,222,834
Scheduled repayments of long-term debt	(58,986)
Prepayments of long-term debt	(1,732,460)
Repurchase of common stock	(223,482)
Net proceeds from the initial public offering of Teekay LNG	139,395
Settlement of interest rate swaps	(143,295)
Other	6,174
Net financing cash flow	(789,820)
INVESTING ACTIVITIES	
Expenditures for vessels and equipment	(160,729)
Purchase of Teekay Shipping Spain S.L.	-
Proceeds from sale of vessels and equipment	433,748
Other	(10,194)
Net investing cash flow	262,825
Decrease in cash and cash equivalents	(180,205)
Cash and cash equivalents, beginning of the period	427,037
Cash and cash equivalents, end of the period	246,832

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

	Three Months Ended June 30, 2005 (unaudited)		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Net voyage revenues	185,212	171,856	24,776
Vessel operating expenses	16,068	31,453	3,820
Time-charter hire expense	72,280	52,174	-
Depreciation and amortization	12,684	30,099	7,523
General and administrative	23,310	13,607	3,262
Write-down / (gain) on sale of			

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vessels and equipment	(26,147)	10,253	-
Income from vessel operations	87,017	34,270	10,171

Three Months Ended March 31, 2005
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Net voyage revenues	236,788	157,877	24,217
Vessel operating expenses	17,807	32,290	4,343
Time-charter hire expense	66,216	42,366	-
Depreciation and amortization	15,866	30,695	7,522
General and administrative	18,325	12,433	2,940
Gain on sale of vessels	(96,969)	(4,884)	-
Income from vessel operations	215,543	44,977	9,412

Three Months Ended June 30, 2004
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Net voyage revenues	202,965	158,065	7,884
Vessel operating expenses	23,752	28,376	1,637
Time-charter hire expense	60,369	46,205	-
Depreciation and amortization	25,976	32,493	2,377
General and administrative	12,081	12,994	741
Gain on sale of vessels	(450)	-	-
Restructuring charge	240	-	-
Income from vessel operations	80,997	37,997	3,129

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

Six Months Ended June 30, 2005
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Net voyage revenues	422,000	329,733	48,993
Vessel operating expenses	33,875	63,743	8,163
Time-charter hire expense	138,496	94,540	-

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Depreciation and amortization	28,550	60,794	15,045
General and administrative	41,635	26,040	6,202
Write-down / (gain) on sale of vessels and equipment	(123,116)	5,369	-
Income from vessel operations	302,560	79,247	19,583

Six Months Ended June 30, 2004
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment
Net voyage revenues	491,046	317,551	7,884
Vessel operating expenses	47,205	53,835	1,637
Time-charter hire expense	119,924	95,315	-
Depreciation and amortization	50,862	61,221	2,377
General and administrative	25,099	27,601	741
Gain on sale of vessels	(1,053)	-	-
Restructuring charge	1,002	-	-
Income from vessel operations	248,007	79,579	3,129

TEEKAY SHIPPING CORPORATION

APPENDIX B - SPECIFIC ITEMS AFFECTING NET INCOME

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

Set forth below are some of the significant items of income and expense that affected the Company three and six months ended June 30, 2005, which securities analysts typically exclude in their per share Company's financial results:

	<u>Three Months Ended</u> <u>June 30, 2005</u> <u>(unaudited)</u>		
	<u>\$</u>	<u>Per</u>	
Gain on sale of vessels	26,095	0.31	12
Foreign currency translation gains (1)	16,601	0.19	4
Deferred income tax recoveries on unrealized foreign exchange losses (2)	4,304	0.05	1
Write off of capitalized loan costs and loss on termination of interest rate swaps (3)	(15,282)	(0.18)	(1)
Write down of vessels and equipment (4)	(10,201)	(0.12)	(1)
Loss on bond repurchase (8.875% Notes due 2011) (5)	(8,775)	(0.10)	(0)
Total	12,742	0.15	1

- (1) Foreign currency translation gains (net of minority owner's share) primarily relates to the Company's debt denominated in Euros and deferred tax liability denominated in Norwegian

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Kroner.

- (2) Deferred income tax recoveries relating to unrealized foreign exchange losses on intercompany debt.
- (3) In connection with the initial public offering of Teekay LNG Partners L.P., the Company repaid \$337.3 million of debt and terminated certain related interest rate swap contracts.
- (4) In June 2005, the Company wrote-down the carrying value of certain offshore equipment due to a lower estimated net realizable value.
- (5) During the second quarter of 2005, the Company repurchased \$56.8 million of its 8.875% bonds due 2011 at a premium to their book value.

FORWARD LOOKING STATEMENTS

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; the Company's share repurchase program; vessel delivery dates; offers of vessels to Teekay LNG; and the Tangguh LNG project. 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 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; 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 repurchase the Company's shares under its share repurchase program; 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, 2004. 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.