



TEEKAY SHIPPING CORPORATION
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EARNINGS RELEASE

TEEKAY REPORTS FIRST QUARTER NET INCOME OF \$279 MILLION

1st Quarter Highlights

- Achieved net income of \$279.0 million, or \$3.19 per share (up 46% from prior year)
- Net income includes gains of \$135.1 million from vessel sales and unrealized foreign currency exchange-related items
- Generated \$222.2 million in cash flow from vessel operations
- Completed the previously announced 3 million share repurchase program for \$128.9 million
- Announced a new \$225 million share repurchase program

Nassau, The Bahamas, April 20, 2005 - Teekay Shipping Corporation today reported net income of \$279.0 million, or \$3.19 per share, for the quarter ended March 31, 2005, compared to net income of \$189.0 million, or \$2.18 per share, for the quarter ended March 31, 2004.

The results for the first quarter of 2005 included a gain of \$101.9 million from the sale of nine older vessels and one newbuilding Suezmax tanker, unrealized foreign currency translation gains of \$27.2 million relating to long-term debt denominated in Euros and deferred tax liabilities denominated in Norwegian Kroner, and a deferred income tax recovery of \$6.0 million relating to unrealized foreign currency translation losses. The results for the quarter ended March 31, 2004 included a \$4.5 million deferred income tax recovery relating to unrealized foreign currency translation losses. Net voyage revenues⁽¹⁾ for the first quarter of 2005 were \$418.9 million, compared to \$447.6 million for the same period in 2004, and income from vessel operations increased to \$269.9 million from \$208.6 million.

New Share Repurchase Program

On April 20, 2005, the Company announced that its Board of Directors had authorized a \$225 million share repurchase program. This share repurchase program follows the 3 million share repurchase program completed in early 2005 for a total of \$128.9 million, representing an average cost of \$42.95 per share.

(1) 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 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 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 for further details about these segments.

(in thousands of U.S. dollars)	<u>Three Months Ended</u> <u>March 31, 2005</u> <u>(unaudited)</u>				<u>Three Months Ended</u> <u>March 31, 2004</u> <u>(unaudited)</u>		
	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total	Spot Tanker Segment	Fixed-Rate Tanker Segment	Total
Net voyage revenues	236,788	157,877	24,217	418,882	288,081	159,486	447,567
Vessel operating expenses	17,807	32,290	4,343	54,440	23,453	25,459	48,912
Time-charter hire expense	66,216	42,366	-	108,582	59,555	49,110	108,665
Depreciation & amortization	15,866	30,695	7,522	54,083	24,886	28,728	53,614
Cash flow from vessel operations*	134,440	70,788	16,934	222,162	191,293	70,310	261,603

* Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense and vessel write-downs/(gain) loss on sale of vessels. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. See the Company's Web site at www.teekay.com for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

Spot Tanker Segment

The decrease in the Company's cash flow from vessel operations from its spot tanker segment in the first quarter of 2005 compared to the first quarter of 2004 was primarily due to the sale of a number of older vessels during the past 12 months, partially offset by the delivery of newbuildings and the chartering-in of additional vessels. On a net basis, these fleet changes reduced the total number of revenue days in the Company's spot tanker segment by 718 days, from 7,265 days in the first quarter of 2004 to 6,547 days in the first quarter of 2005.

Fixed-Rate Tanker Segment

The Company's cash flow from vessel operations from its fixed-rate tanker segment increased slightly in the first quarter of 2005 compared to the first quarter of 2004, as the increase from the inclusion of the results of Teekay Shipping Spain's Suezmax tankers on long-term charters was offset by lower utilization of the shuttle tanker fleet due to unscheduled temporary shutdowns of oil production on three oil fields in the North Sea.

Fixed-Rate LNG Segment

The fixed-rate LNG segment for the first quarter of 2005 consisted of Teekay Shipping Spain's four existing LNG carriers. 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 revenue day, or time-charter equivalent (TCE). 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.

	Three Months Ended		
	March 31, 2005	December 31, 2004	March 31, 2004
Spot Tanker Segment			
Very Large Crude Carrier Fleet			
Revenue days	90	131	270
TCE per revenue day ⁽¹⁾	\$92,844	\$129,191	\$71,852
Suezmax Tanker Fleet			
Revenue days	540	546	561
TCE per revenue day ^{(1), (2)}	\$38,865	\$61,894	\$65,018
Aframax Tanker Fleet			
Revenue days	4,321	4,972	5,042
TCE per revenue day ^{(1), (2)}	\$39,622	\$57,556	\$40,874
Oil/Bulk/Ore Fleet			
Revenue days	-	-	150
TCE per revenue day ⁽¹⁾	-	-	\$21,793
Large/Medium-Size Product Tanker Fleet			
Revenue days	647	506	395
TCE per revenue day ⁽¹⁾	\$31,941	\$31,692	\$27,478
Small Product Tanker Fleet			
Revenue days	949	903	847
TCE per revenue day ⁽¹⁾	\$16,411	\$15,332	\$13,510

(1) Includes vessels operating on voyage and period charters with an initial term of less than three years and the effect of forward freight agreements. Forward Freight Agreements are entered into as hedges against a portion of the Company's exposure to spot market rates.

(2) Results for the three months ended March 31, 2005 for the Company's Suezmax fleet include realized losses from forward freight agreements of \$2.1 million, or \$3,842 per revenue day. Results for the three months ended December 31, 2004 for the Company's Suezmax and Aframax fleets include realized losses from forward freight agreements of \$7.2 million, or \$13,233 per revenue day, and \$6.6 million, or \$1,324 per revenue day, respectively.

Tanker Market Overview

During the first quarter of 2005, tanker freight rates declined from the near record levels of the previous quarter, yet remained at relatively firm levels when compared to historical averages as tanker market fundamentals remained favorable.

Global oil demand, an underlying driver of tanker demand, rose marginally to 84.6 million barrels per day (mb/d) during the first quarter of 2005 compared to the previous quarter, but increased 2.6% compared to the first quarter of 2004. Strong global economic growth led by China and the United States, combined with colder than normal weather conditions in the latter part of the quarter, were the main factors that increased oil demand to record levels. During the first quarter of 2005, the International Energy Agency raised its global oil demand forecast for 2005 to an average of 84.3 mb/d, an increase of 2.1% over 2004.

Global oil supply declined by 0.4 mb/d to 83.8 mb/d in the first quarter of 2005 compared to the previous quarter, but was 1.6 mb/d higher than the same period last year. OPEC production declined by 0.4 mb/d from the previous quarter as key Middle East OPEC countries reduced production closer to quota levels, while non-OPEC production remained at the same level as the previous quarter.

At its March 16, 2005 meeting, OPEC members voted to immediately raise quota limits by 0.5 mb/d to 27.5 mb/d in response to prevailing high oil prices. Members also authorized the President of OPEC to announce a further increase of 0.5 mb/d before the next scheduled meeting in June 2005 if oil prices remain high.

The size of the world tanker fleet rose to 340.0 million deadweight tonnes (mdwt) as of March 31, 2005, up 1.8% from the end of the previous quarter. Deletions in the first quarter of 2005 were 2.7 mdwt, down slightly from 2.8 mdwt in the previous quarter, while deliveries of tanker newbuildings during the first quarter totaled 8.4 mdwt, up from 6.0 mdwt in the previous quarter.

As at March 31, 2005 the world tanker orderbook stood at 87.3 mdwt, or 25.7% of the world tanker fleet, compared to 89.5 mdwt, or 26.8%, at the end of 2004.

Teekay Fleet

At March 31, 2005, Teekay's fleet (excluding vessels managed for third parties) consisted of 145 vessels, including 52 chartered-in vessels and 13 newbuildings on order. The net asset value of Teekay's fleet has risen significantly during the past 12 months. The Company has taken advantage of high-cycle asset prices to profitably carry out its disposal program of single-hull tankers. During the first quarter, as part of this fleet renewal program, the Company completed the previously announced sale of eight older single-hull Aframaxes, one older Suezmax shuttle tanker and one Suezmax newbuilding to new owners, and took delivery of one newbuilding Aframax tanker which is currently trading in the spot market.

The following table summarizes the Teekay fleet as of March 31, 2005:

	Number of Vessels ⁽¹⁾				Total
	Owned Vessels	Vessels Held for Sale	Chartered-in Vessels	Newbuildings on Order	
Spot Tanker Segment:					
Very Large Crude Carriers	-	-	1	-	1
Suezmax Tankers	1	1	4	-	6
Aframax Tankers	26	3	17	4	50
Large / Medium-Size Product Tankers	-	-	6	3	9
Small Product Tankers	-	-	11	-	11
Total Spot Tanker Segment	27	4	39	7	77
Fixed-Rate Tanker Segment:					
Shuttle Tankers ⁽²⁾	28	-	12	-	40
Conventional Tankers	12	-	-	3	15
Floating Storage & Offtake (FSO) Units ⁽³⁾	4	-	-	-	4
LPG / Methanol Carriers	1	-	1	-	2
Total Fixed-Rate Tanker Segment	45	-	13	3	61
Fixed-Rate LNG Segment	4	-	-	3	7
Total	76	4	52	13	145

(1) Does not include 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 one FSO unit in which the Company's ownership interest is 89%

During the first quarter of 2005, the Company entered into agreements to sell an additional three older single-hull Aframax tankers and one older single-hull Suezmax tanker, for total gross proceeds of approximately \$93.4 million. These vessels are scheduled for delivery to the buyers during the second and third quarters of 2005, during which periods the Company expects to record gains totaling approximately \$25 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.

Liquidity and Capital Expenditures

At March 31, 2005, the Company had total liquidity of over \$1.4 billion, comprising \$554.3 million in cash and cash equivalents and \$849.8 million in undrawn medium-term revolving credit facilities.

At March 31, 2005, the Company had approximately \$761 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 \$313 million is due during the remainder of 2005, \$256 million in 2006, and \$192 million due in 2007 and early 2008.

Teekay LNG Partners L.P.

On November 24, 2004, the Company's wholly-owned subsidiary, Teekay LNG Partners L.P., 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.

About Teekay

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 approximately 145 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. EDT (8:00 a.m. PDT) on April 21, 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 April 28, 2005 by dialing (719) 457-0820, access code 9864609, or via the Company's web site until May 21, 2005.

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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>March 31,</u> <u>2005</u> <u>(unaudited)</u>	<u>Three Months Ended</u> <u>December 31,</u> <u>2004</u> <u>(unaudited)</u>	<u>Three Months Ended</u> <u>March 31,</u> <u>2004</u> <u>(unaudited)</u>
VOYAGE REVENUES	517,411	669,553	551,451
OPERATING EXPENSES			
Voyage expenses	98,529	113,337	103,884
Vessel operating expenses	54,440	57,613	48,912
Time-charter hire expense	108,582	121,043	108,665
Depreciation and amortization	54,083	58,236	53,614
General and administrative	33,698	48,251	27,625
Gain on sale of vessels	(101,853)	(24,689)	(603)
Restructuring charge	-	-	762
	247,479	373,791	342,859
Income from vessel operations	269,932	295,762	208,592
OTHER ITEMS			
Interest expense	(37,697)	(34,058)	(21,563)
Interest income	8,230	6,490	1,254
Income tax recovery (expense)	9,317	(18,747)	(2,149)
Equity income from joint ventures	2,827	6,071	1,836
Other – net	26,437	(30,962)	1,039
	9,114	(71,206)	(19,583)
Net income	279,046	224,556	189,009
Earnings per common share			
- Basic	\$3.41	\$2.68	\$2.32
- Diluted *	\$3.19	\$2.50	\$2.18
Weighted-average number of common shares outstanding			
- Basic	81,712,320	83,760,379	81,620,792
- Diluted *	87,467,141	89,872,611	86,522,164

*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 March 31,</u> <u>2005</u> <u>(unaudited)</u>	<u>As at December 31,</u> <u>2004</u>
ASSETS		
Cash and cash equivalents	554,315	427,037
Other current assets	228,218	264,806
Restricted cash – current	99,049	96,087
Vessels held for sale	66,214	129,952
Restricted cash – long-term	331,273	352,725
Vessels and equipment	3,170,831	3,278,710
Advances on newbuilding contracts	207,435	252,577
Other assets	254,460	254,745
Intangible assets	270,964	277,511
Goodwill	169,590	169,590
Total Assets	5,352,349	5,503,740
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	164,156	206,022
Current portion of long-term debt	147,674	208,387
Long-term debt	2,310,378	2,536,158
Other long-term liabilities	249,765	301,091
Minority interest	16,050	14,724
Stockholders' equity	2,464,326	2,237,358
Total Liabilities and Stockholders' Equity	5,352,349	5,503,740

TEEKAY SHIPPING CORPORATION
SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	<u>Three Months Ended</u> <u>March 31,</u>	
	<u>2005</u> <u>(unaudited)</u>	<u>2004</u> <u>(unaudited)</u>
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net operating cash flow	173,745	205,192
FINANCING ACTIVITIES		
Net proceeds from long-term debt	157,534	413,598
Scheduled repayments of long-term debt	(51,034)	(52,607)
Prepayments of long-term debt	(357,588)	(428,170)
Repurchase of common stock	(67,618)	-
Other	(1,383)	7,894
Net financing cash flow	(320,089)	(59,285)
INVESTING ACTIVITIES		
Expenditures for vessels and equipment	(61,587)	(93,829)
Purchase of Teekay Shipping Spain S.L.	-	(30,183)
Proceeds from sale of vessels and equipment	339,801	-
Proceeds from sale of marketable securities	-	5,764
Other	(4,592)	(15,934)
Net investing cash flow	273,622	(134,182)
Increase in cash and cash equivalents	127,278	11,725
Cash and cash equivalents, beginning of the period	427,037	292,284
Cash and cash equivalents, end of the period	554,315	304,009

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TEEKAY SHIPPING CORPORATION
APPENDIX A - SUPPLEMENTAL INFORMATION

(in thousands of U.S. dollars)

Three Months Ended March 31, 2005
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total
Net voyage revenues	236,788	157,877	24,217	418,882
Vessel operating expenses	17,807	32,290	4,343	54,440
Time-charter hire expense	66,216	42,366	-	108,582
Depreciation and amortization	15,866	30,695	7,522	54,083
General and administrative	18,325	12,433	2,940	33,698
Gain on sale of vessels	(96,969)	(4,884)	-	(101,853)
Income from vessel operations	215,543	44,977	9,412	269,932

Three Months Ended December 31, 2004
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total
Net voyage revenues	366,786	171,419	18,011	556,216
Vessel operating expenses	22,731	32,117	2,765	57,613
Time-charter hire expense	71,851	49,192	-	121,043
Depreciation and amortization	19,795	33,114	5,327	58,236
General and administrative	31,692	14,618	1,941	48,251
Gain on sale of vessels	(21,227)	(3,462)	-	(24,689)
Income from vessel operations	241,944	45,840	7,978	295,762

Three Months Ended March 31, 2004
(unaudited)

	Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total
Net voyage revenues	288,081	159,486	-	447,567
Vessel operating expenses	23,453	25,459	-	48,912
Time-charter hire expense	59,555	49,110	-	108,665
Depreciation and amortization	24,886	28,728	-	53,614
General and administrative	13,018	14,607	-	27,625
Gain on sale of vessels	(603)	-	-	(603)
Restructuring charge	762	-	-	762
Income from vessel operations	167,010	41,582	-	208,592

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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 timing of and the proceeds and gain relating to the sale of vessels; the Company's \$225 million share repurchase program; 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; the Company's future capital expenditure requirements; potential changes in the timing of, or expected gains from expected vessel sales; the potential inability to repurchase the Company's shares under its share repurchase program; the potential inability to complete the initial public offering of Teekay LNG Partners L.P. 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, 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.