



## TEEKAY SHIPPING CORPORATION

TK House, Bayside Executive Park, West Bay Street & Blake Road  
P.O. Box AP-59213, Nassau, Bahamas

### EARNINGS RELEASE

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#### TEEKAY SHIPPING CORPORATION REPORTS FOURTH QUARTER PROFIT OF \$33.1 MILLION

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##### 4th Quarter Highlights

- Net income of \$33.1 million, or \$0.82 per share
- International Fleet TCE earnings of \$20,562 per day
- EBITDA of \$90.3 million, of which \$32.6 million was from long-term fixed-rate contracts
- Announced \$800 million acquisition of Navion ASA

Nassau, The Bahamas, February 19, 2003 - Teekay Shipping Corporation today reported net income of \$33.1 million, or \$0.82 per share, for the quarter ended December 31, 2002, compared to net income of \$31.2 million, or \$0.78 per share, for the quarter ended December 31, 2001. Net voyage revenues for the quarter were \$155.1 million, compared to \$152.2 million recorded in the same period in 2001, while income from vessel operations increased to \$48.6 million from \$46.1 million.

Net income for the year ended December 31, 2002 was \$53.4 million, or \$1.33 per share, compared to \$336.5 million, or \$8.31 per share, for the year ended December 31, 2001. The results for the year ended December 31, 2001 included a \$10.2 million, or \$0.25 per share, gain on the sale of three 50%-owned vessels. There were no vessel sales during the year ended December 31, 2002. Net voyage revenues for the year ended December 31, 2002 were \$543.9 million, compared to \$789.5 million in the prior year, while income from vessel operations decreased to \$119.3 million from \$383.5 million.

The following key indicators serve to highlight changes in operating performance:

	Three Months Ended December 31, 2002	Three Months Ended September 30, 2002	Three Months Ended December 31, 2001	Years Ended December 31,	
				2002	2001
<b>International Tanker Fleet:</b>					
Revenue-generating ship-days	5,186	4,881	5,093	19,711	20,154
TCE per revenue-generating ship-day	\$20,562	\$16,175	\$21,203	\$18,205	\$30,542
TCE per calendar-ship-day	\$18,689	\$13,772	\$18,790	\$15,951	\$27,281
Vessel operating expense per calendar-ship-day	\$5,213	\$5,616	\$5,529	\$5,496	\$5,374
Operating cash flow per calendar-ship-day	\$10,659	\$5,528	\$11,029	\$7,774	\$19,747
<b>Oil/Bulk/Ore ("OBO") Fleet:</b>					
Revenue-generating ship-days	658	650	611	2,618	2,485
TCE per revenue-generating ship-day	\$14,704	\$11,455	\$11,041	\$13,167	\$16,856
TCE per calendar-ship-day	\$12,500	\$9,565	\$8,605	\$11,215	\$13,632
Vessel operating expense per calendar-ship-day	\$6,678	\$6,221	\$6,378	\$6,359	\$6,246
Operating cash flow per calendar-ship-day	\$2,196	\$24	-\$378	\$1,554	\$5,195
<b>UNS Fleet:</b>					
Calendar-ship-days	1,148	1,104	1,104	4,424	3,470
Operating cash flow per calendar-ship-day	\$16,624	\$13,544	\$14,928	\$14,902	\$15,905
<b>Australian Fleet:</b>					
Calendar-ship-days	460	460	460	1,825	1,716
Operating cash flow per calendar-ship-day	\$14,821	\$14,656	\$16,643	\$15,081	\$15,583

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## **Tanker Market**

The tanker market improved during the fourth quarter of 2002 due to an increase in tanker demand combined with continued tight tanker supply following the sinking of the tanker *Prestige* in November 2002. Global oil demand, an underlying driver of tanker demand, rose by 2.0 million barrels per day (mb/d) to 78.7 mb/d in the fourth quarter of 2002, compared to third quarter levels, primarily due to seasonal factors and the shutdown of nuclear power plants in Japan. Global oil production increased by 1.3 mb/d to 77.9 mb/d in the fourth quarter of 2002, compared to third quarter levels. The general strike in Venezuela disrupted oil exports and reduced Venezuela's output from 3.4 mb/d in November 2002 to 0.9 mb/d in December 2002. This resulted in the replacement of short-haul crude supplies with long-haul supplies to meet the production shortfall, increasing tanker tonne-mile demand in the fourth quarter. The sinking of the *Prestige*, a 26-year-old vessel, contributed to increased charterer discrimination against older vessels, resulting in an increased demand for more modern vessels.

The International Energy Agency ("IEA") reported annual global oil demand growth of 0.5% during 2002 and, as of February 12, 2003, was forecasting oil demand of 78.0 mb/d for 2003, a 1.5% increase over 2002.

The size of the world tanker fleet increased to 307.5 million deadweight tonnes ("mdwt") as of December 31, 2002, up 1.1% from the end of the previous quarter. A total of 3.2 mdwt was sold for demolition in the fourth quarter, compared to 4.0 mdwt in the previous quarter, while deliveries of tanker newbuildings during the fourth quarter totalled 6.9 mdwt, up from 5.6 mdwt in the previous quarter. Overall for 2002, the world tanker fleet grew by 2.8 mdwt, or 0.9%, compared to the end of 2001.

As of December 31, 2002, the world tanker orderbook was 60.5 mdwt, representing 19.7% of the of the total world tanker fleet, compared to 60.4 mdwt, or 19.8%, at the end of the previous quarter and down from 63.1 mdwt, or 20.7%, as of December 31, 2001. The Aframax tanker orderbook as of December 31, 2002 remained unchanged from the previous quarter, consisting of 131 ships, or 20.4% of the world Aframax fleet, compared to 121 ships, or 19.2%, as of December 31, 2001.

## **Teekay Fleet**

As of December 31, 2002, the Teekay fleet (excluding vessels managed for third parties) consisted of 102 vessels, including five time-chartered-in Aframax tankers and twelve newbuilding tankers on order. On November 19, 2002, Teekay took delivery of an Aframax shuttle tanker newbuilding, which commenced a long-term charter for eight years. In addition, during the fourth quarter, Teekay entered into a long-term bareboat in-charter for an Aframax newbuilding expected to deliver in the fourth quarter of 2003.

The following is a summary of the Teekay fleet as of December 31, 2002:

<b>Type</b>	<b>Number</b>	<b>Dwt</b>
<b>International Tanker Fleet:</b>		
100%-owned Aframax	53	5,298,700
Time-chartered-in Aframax	5	515,800
Newbuilding Aframax on order	7	789,000
Newbuilding Suezmax on order	3	456,000
Suezmax (1)	2	302,000
VLCC	1	280,700
OBO Fleet (2)	8	625,900
Australian Fleet	5	381,900
<b>UNS Fleet:</b>		
Shuttle Tankers (3)	16	1,587,400
Newbuilding Shuttle Tankers on order	2	239,500
<b>Total:</b>	<b>102</b>	<b>10,476,900</b>

(1) Includes one 50%-owned Suezmax tanker.

(2) Includes one 67%-owned OBO carrier and one 52%-owned OBO carrier.

(3) Includes six shuttle tankers of which Teekay's ownership interest ranges from 50% to 89%.

## **Other Highlights**

On December 16, 2002, Teekay and Statoil ASA announced a definitive agreement under which Teekay will acquire Statoil's wholly-owned shipping company, Navion ASA, on a debt free basis, for approximately US \$800 million in cash. As previously announced, this transaction is expected to close in the second quarter of 2003.

On February 18, 2003, Teekay announced that it had completed the sale of its 7.25% Premium Equity Participating Security Units (PEPS Units) pursuant to its currently effective universal shelf registration statement. The sale consisted of 5,750,000 PEPS Units, including 750,000 PEPS Units issued in connection with the exercise by the underwriters' of their over-allotment option. Teekay received gross proceeds of \$143.75 million from the sale. Proceeds from the offering may be used to finance potential acquisitions and for general corporate purposes, including capital expenditures, working capital, and the repayment of debt.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services through the world's largest fleet of medium-sized oil tankers. Headquartered in Nassau, Bahamas, with offices in 11 other countries, Teekay employs more than 4,100 seagoing and shore-based staff around the world. The Company's fleet has earned a reputation for safety and excellence in providing transportation services to major oil companies, oil traders and government agencies worldwide.

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

The Company plans to host a conference call at 11:00 a.m. EDT (8:00 a.m. PDT) on February 20, 2003, to discuss the results for the quarter. All shareholders and interested parties are invited to listen to the live conference call through [www.teekay.com](http://www.teekay.com). A recording of the call will be available until February 27, 2003 by dialing (719) 457-0825, access code 463361, or via the Company's Web site until March 20, 2003.

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## SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	<u>Three Months</u> <u>Ended</u> <u>December 31,</u> <u>2002</u> <u>(unaudited)</u>	<u>Three Months</u> <u>Ended</u> <u>September 30,</u> <u>2002</u> <u>(unaudited)</u>	<u>Three Months</u> <u>Ended</u> <u>December 31,</u> <u>2001</u> <u>(unaudited)</u>	<u>Years Ended</u> <u>December 31,</u> <u>2002</u> <u>2001</u>	
<b>NET VOYAGE REVENUES</b>					
Voyage revenues	222,835	184,927	213,146	783,327	1,039,056
Voyage expenses	67,691	62,166	60,925	239,455	249,562
Net voyage revenues	155,144	122,761	152,221	543,872	789,494
<b>OPERATING EXPENSES</b>					
Vessel operating expenses	40,620	44,365	41,427	168,035	154,831
Time-charter hire expense	12,309	11,430	14,542	49,949	66,019
Depreciation and amortization	39,160	37,295	36,810	149,296	136,283
General and administrative	14,422	14,330	13,326	57,246	48,898
	106,511	107,420	106,105	424,526	406,031
Income from vessel operations	48,633	15,341	46,116	119,346	383,463
<b>OTHER ITEMS</b>					
Interest expense	(14,120)	(14,675)	(15,305)	(57,974)	(66,249)
Interest income	803	898	1,329	3,494	9,196
Other (loss) income	(2,210)	(921)	(943)	(11,475)	10,108
	(15,527)	(14,698)	(14,919)	(65,955)	(46,945)
Net income	33,106	643	31,197	53,391	336,518
Earnings per common share					
- Basic	\$0.83	\$0.02	\$0.79	\$1.35	\$8.48
- Diluted	\$0.82	\$0.02	\$0.78	\$1.33	\$8.31
Weighted-average number of common shares outstanding					
- Basic	39,668,835	39,667,088	39,732,985	39,630,997	39,706,799
- Diluted	40,273,565	40,229,966	40,244,186	40,252,396	40,488,222

## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at December 31,</u> <u>2002</u>	<u>As at December 31,</u> <u>2001</u>
<b>ASSETS</b>		
Cash and cash equivalents	284,625	174,950
Other current assets	178,933	92,519
Marketable securities – long-term	13,630	16,026
Vessels and equipment	1,928,488	1,925,844
Advances on newbuilding contracts	138,169	117,254
Other assets	90,472	54,109
Goodwill	89,189	87,079
<b>Total Assets</b>	2,723,506	2,467,781
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	105,950	75,495
Current portion of long-term debt	83,605	51,830
Long-term debt	1,047,217	883,872
Other long-term liabilities	44,512	39,407
Minority interest	20,324	18,977
Stockholders' equity	1,421,898	1,398,200
<b>Total Liabilities and Stockholders' Equity</b>	2,723,506	2,467,781

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## SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	<u>Years Ended</u> <u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Cash and cash equivalents provided by (used for)		
<b>OPERATING ACTIVITIES</b>		
<b>Net cash flow from operating activities</b>	214,444	520,150
<b>FINANCING ACTIVITIES</b>		
Net proceeds from long-term debt	255,185	688,381
Scheduled repayments of long-term debt	(51,830)	(72,026)
Prepayments of long-term debt	(8,000)	(751,738)
Other	(32,351)	(35,505)
<b>Net cash flow from financing activities</b>	163,004	(170,888)
<b>INVESTING ACTIVITIES</b>		
Expenditures for vessels and equipment	(135,650)	(184,983)
Expenditures for drydocking	(34,913)	(20,064)
Deposit for the purchase of Navion ASA	(76,000)	-
Expenditure for the purchase of Ugland Nordic Shipping AS	-	(176,453)
Investment in joint venture	(26,000)	-
Other	4,790	25,888
<b>Net cash flow from investing activities</b>	(267,773)	(355,612)
<b>Increase (decrease) in cash and cash equivalents</b>	109,675	(6,350)
Cash and cash equivalents, beginning of the period	174,950	181,300
<b>Cash and cash equivalents, end of the period</b>	284,625	174,950

## TEEKAY SHIPPING CORPORATION SUPPLEMENTAL INFORMATION

(in thousands of U.S. dollars)

<u>Three Months Ended December 31, 2002</u> <u>(unaudited)</u>					
	<u>International</u> <u>Tanker Fleet</u>	<u>OBO</u> <u>Fleet*</u>	<u>UNS</u> <u>Fleet</u>	<u>Australian</u> <u>Fleet</u>	<u>Total</u> <u>Fleet</u>
Net voyage revenues	103,087	13,642	26,366	12,049	155,144
Vessel operating expenses	26,367	4,915	5,229	4,109	40,620
Time-charter hire expense	7,867	4,442	-	-	12,309
Depreciation and amortization	25,664	2,187	8,694	2,615	39,160
<u>Three Months Ended September 30, 2002</u> <u>(unaudited)</u>					
	<u>International</u> <u>Tanker Fleet</u>	<u>OBO</u> <u>Fleet*</u>	<u>UNS</u> <u>Fleet</u>	<u>Australian</u> <u>Fleet</u>	<u>Total</u> <u>Fleet</u>
Net voyage revenues	76,064	10,627	24,388	11,682	122,761
Vessel operating expenses	28,435	4,579	7,469	3,882	44,365
Time-charter hire expense	7,843	3,587	-	-	11,430
Depreciation and amortization	24,467	1,987	8,279	2,562	37,295

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**TEEKAY SHIPPING CORPORATION**  
**SUPPLEMENTAL INFORMATION - CONTINUED**

(in thousands of U.S. dollars)

	<b><u>Three Months Ended December 31, 2001</u></b> <b><u>(unaudited)</u></b>				
	<b><u>International</u></b> <b><u>Tanker Fleet</u></b>	<b><u>OBO</u></b> <b><u>Fleet*</u></b>	<b><u>UNS</u></b> <b><u>Fleet</u></b>	<b><u>Australian</u></b> <b><u>Fleet</u></b>	<b><u>Total</u></b> <b><u>Fleet</u></b>
Net voyage revenues	104,396	10,829	24,712	12,284	152,221
Vessel operating expenses	27,475	4,694	5,568	3,690	41,427
Time-charter hire expense	10,046	4,496	-	-	14,542
Depreciation and amortization	23,515	1,642	9,504	2,149	36,810

	<b><u>Year Ended December 31, 2002</u></b>				
	<b><u>International</u></b> <b><u>Tanker Fleet</u></b>	<b><u>OBO</u></b> <b><u>Fleet*</u></b>	<b><u>UNS</u></b> <b><u>Fleet</u></b>	<b><u>Australian</u></b> <b><u>Fleet</u></b>	<b><u>Total</u></b> <b><u>Fleet</u></b>
Net voyage revenues	346,900	51,005	98,377	47,590	543,872
Vessel operating expenses	109,386	18,567	24,310	15,772	168,035
Time-charter hire expense	31,693	18,256	-	-	49,949
Depreciation and amortization	97,640	7,767	33,618	10,271	149,296

	<b><u>Year Ended December 31, 2001</u></b>				
	<b><u>International</u></b> <b><u>Tanker Fleet</u></b>	<b><u>OBO</u></b> <b><u>Fleet*</u></b>	<b><u>UNS</u></b> <b><u>Fleet**</u></b>	<b><u>Australian</u></b> <b><u>Fleet</u></b>	<b><u>Total</u></b> <b><u>Fleet</u></b>
Net voyage revenues	598,538	67,395	80,053	43,508	789,494
Vessel operating expenses	105,519	18,239	17,815	13,258	154,831
Time-charter hire expense	38,430	27,589	-	-	66,019
Depreciation and amortization	92,737	5,384	30,161	8,001	136,283

\* Time-charter hire expense for the OBO Fleet represents the minority pool participants' share of the OBO pool's net voyage revenues.

\*\* Represents results for the period from March 6, 2001 to December 31, 2001.

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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 tanker charter rates, the balance of supply and demand in the crude tanker market, and the expected closing of Teekay's acquisition of Navion ASA. 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 and petroleum products, 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 regulations; changes in the typical seasonal variations in tanker charter rates; the potential inability to close the Navion transaction; and other factors discussed in Teekay's Report on Form 20-F for the fiscal year ended December 31, 2001 and subsequent SEC filings, including the Rule 424(B) prospectus supplement filed with the SEC on February 14, 2003.

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