



## 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 \$31.2 MILLION

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##### 4th Quarter Highlights

- Net income of \$31.2 million, or \$0.78 per share
- International Fleet TCE earnings of \$21,203 per day
- Completed \$100 million add-on Senior Notes issue
- Repurchased, as of December 31, 2001, a total of 512,800 shares

Nassau, The Bahamas, February 20, 2002 - Teekay Shipping Corporation today reported net income of \$31.2 million, or \$0.78 per share, for the quarter ended December 31, 2001, compared to net income of \$122.5 million, or \$3.04 per share, for the quarter ended December 31, 2000. Net voyage revenues for the quarter were \$152.2 million, compared to \$206.7 million recorded in the same period last year, while income from vessel operations decreased to \$46.1 million, from \$133.5 million. The results for the current quarter over the same period last year reflect a significant decline in tanker charter rates from the record high levels experienced during the first half of 2001, partially offset by the acquisition of Ugland Nordic Shipping ASA in March 2001.

Net income for the year ended December 31, 2001 was \$336.5 million, or \$8.31 per share, compared to \$270.0 million, or \$6.86 per share, for the same period last year. The results for the year ended December 31, 2001 include a \$10.2 million, or \$0.25 per share, gain on sale of three vessels that were sold by a joint venture, in which Teekay owns a 50% interest. Net voyage revenues for the year ended December 31, 2001 were \$789.5 million, compared to \$644.3 million in the same period last year, while income from vessel operations increased to \$383.5 million from \$327.7 million.

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

	Three Months Ended			Years Ended		
	December 31,		%	December 31,		%
	2001	2000	Change	2001	2000	Change
<b>International Tanker Fleet:</b>						
Revenue-generating ship-days	5,093	4,930	3.3%	20,154	20,513	-1.8%
TCE per revenue-generating ship-day	\$21,203	\$37,218	-43.0%	\$30,542	\$27,138	12.5%
TCE per calendar-ship-day	\$18,790	\$33,399	-43.7%	\$27,281	\$24,997	9.1%
Vessel operating expense per calendar-ship-day	\$5,529	\$4,062	36.1%	\$5,374	\$4,980	7.9%
Operating cash flow per calendar-ship-day	\$11,029	\$27,329	-59.6%	\$19,747	\$18,145	8.8%
<b>Oil/Bulk/Ore ("OBO") Fleet:</b>						
Revenue-generating ship-days	611	704	-13.2%	2,485	2,754	-9.8%
TCE per revenue-generating ship-day	\$11,041	\$16,611	-33.5%	\$16,856	\$15,453	9.1%
TCE per calendar-ship-day	\$8,605	\$15,144	-43.2%	\$13,632	\$13,781	-1.1%
Vessel operating expense per calendar-ship-day	\$6,378	\$2,764	130.8%	\$6,246	\$5,147	21.4%
Operating cash flow per calendar-ship-day	-\$378	\$10,766	-103.5%	\$5,195	\$7,159	-27.4%
<b>UNS Fleet:</b>						
Calendar-ship-days	1,104	-	N/A	3,470	-	N/A
Operating cash flow per calendar-ship-day	\$14,928	-	N/A	\$15,905	-	N/A
<b>Australian Fleet:</b>						
Calendar-ship-days	460	368	25.0%	1,716	1,464	17.2%
Operating cash flow per calendar-ship-day	\$16,643	\$14,507	14.7%	\$15,583	\$14,347	8.6%

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## **Tanker Market**

Tanker charter rates declined during the fourth quarter and have continued to weaken into the first quarter of 2002. In response to slowing economic growth, OPEC implemented a series of oil production cutbacks during 2001, which caused a reduction in the demand for crude oil transportation services. OPEC oil production was 2.7 million barrels per day (“mb/d”) lower in the fourth quarter of 2001 compared to the corresponding period in the previous year, while non-OPEC production rose by 1.1 mb/d over that same period. Since a large proportion of OPEC oil production is exported via long-haul tanker routes, this shift from OPEC to non-OPEC oil production, which is primarily exported via short-haul tanker routes, further reduced tanker demand.

The International Energy Agency (“IEA”) estimates that global oil demand, an underlying driver of tanker demand, averaged 76.3 mbpd during the fourth quarter, up 0.9% over the preceding quarter, but 0.7% lower than the fourth quarter of last year. Annual global oil demand growth during 2001 was only marginally positive at 0.1% as a result of negative year-on-year growth in the second half of 2001. As of February 8, 2002, the IEA was forecasting oil demand of 76.5 mbpd for 2002, a 0.7% increase over 2001.

The size of the world tanker and OBO fleet decreased to 304.2 million deadweight tonnes (“mdwt”) as of December 31, 2001, down 2.3% from the end of the previous quarter. This decrease was due to a high pace of scrapping of older tankers which are experiencing poor earnings, rising maintenance costs and near-term regulatory phase-out. A total of 7.6 mdwt was sold for demolition in the fourth quarter, compared to 2.9 mdwt in the previous quarter, while deliveries of tanker newbuildings during the fourth quarter totalled 2.1 mdwt, down from 2.8 mdwt in the previous quarter. Overall for 2001, the tanker fleet declined by 6.2 mdwt, or 2.0%, the largest net reduction in tanker supply in over a decade.

The world tanker and OBO orderbook decreased to 63.7 mdwt at December 31, 2001, representing 20.9% of the total world tanker and OBO fleet, down from 65.0 mdwt at September 30, 2001. The Aframax tanker orderbook decreased from 125 vessels at September 30, 2001 to 120 vessels as of December 31, 2001, or from 19.8% to 19.1% of the world Aframax fleet (including Aframax-size OBOs).

## **Teekay Fleet**

As of December 31, 2001, the Teekay fleet (excluding vessels managed for third parties) consisted of 96 vessels, including six time-chartered-in Aframax tankers and eight newbuilding tankers on order.

The following is a summary of the Teekay fleet as of this date:

<b>Type</b>	<b>Number</b>	<b>Dwt</b>
International Tanker Fleet:		
100%-owned Aframax	53	5,298,600
Time-chartered-in Aframax	6	621,200
VLCC	1	280,700
Newbuilding Aframax on order	2	224,000
Newbuilding Suezmax on order	3	456,000
OBO Fleet (1)	8	625,900
Australian Fleet	5	381,900
UNS Fleet:		
Shuttle Tankers (2)	15	1,495,400
Newbuilding Shuttle Tankers on order	3	331,500
<b>Total:</b>	<b>96</b>	<b>9,715,200</b>

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

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

## **Other Highlights**

In December 2001, the Company completed an offering of an additional \$100 million of its unsecured 8.875% Senior Notes due 2011 at a price of 102.25% of par. The Company used net proceeds from the offering to repay existing secured revolving debt.

On September 19, 2001, Teekay announced that its Board of Directors had authorized the repurchase of up to 2,000,000 shares of its common stock. Shares are being repurchased in the open market at times and prices considered appropriate by the Company. As of December 31, 2001, Teekay had repurchased 512,800 shares at an average price of \$27.62 per share.

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 eleven other countries, Teekay employs approximately 400 on-shore and more than 4,000 seagoing staff around the world. The Company's modern 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 trades on the New York Stock Exchange under the symbol "TK".

The Company plans to host a conference call at 11 a.m. EDT (8 a.m. PDT) on Thursday, February 21, 2002, 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 28, 2002 by dialing (719) 457-0820, access code 448321, or via the Company's Web site until March 15, 2002.

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## SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	<u>Three Months Ended</u>		<u>Years Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>(unaudited)</u>			
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	213,146	271,078	1,039,056	893,226
Voyage expenses	60,925	64,391	249,562	248,957
Net voyage revenues	152,221	206,687	789,494	644,269
<b>OPERATING EXPENSES</b>				
Vessel operating expenses	41,427	24,762	154,831	125,415
Time-charter hire expense	14,542	13,249	66,019	53,547
Depreciation and amortization	36,810	25,238	136,283	100,153
General and administrative	13,326	9,968	48,898	37,479
	106,105	73,217	406,031	316,594
Income from vessel operations	46,116	133,470	383,463	327,675
<b>OTHER ITEMS</b>				
Interest expense	(15,305)	(17,253)	(66,249)	(74,540)
Interest income	1,329	3,354	9,196	13,021
Other income (loss)	(943)	2,911	10,108	3,864
	(14,919)	(10,988)	(46,945)	(57,655)
Net income	31,197	122,482	336,518	270,020
Earnings per common share				
- Basic	\$0.79	\$3.14	\$8.48	\$7.02
- Diluted	\$0.78	\$3.04	\$8.31	\$6.86
Weighted-average number of common shares outstanding				
- Basic	39,732,985	39,042,772	39,706,799	38,468,158
- Diluted	40,244,186	40,240,045	40,488,222	39,368,253

## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at December 31,</u>	<u>As at December 31,</u>
	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Cash and short-term marketable securities	179,978	189,381
Other current assets	87,491	106,114
Marketable securities – long-term	16,026	33,742
Vessels and equipment	2,043,098	1,607,716
Other assets	54,109	37,146
Goodwill	87,079	-
<b>Total Assets</b>	2,467,781	1,974,099
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	75,495	66,165
Current portion of long-term debt	51,830	72,170
Long-term debt	883,872	725,314
Other long-term liabilities	39,407	7,368
Minority interest	18,977	4,570
Stockholders' equity	1,398,200	1,098,512
<b>Total Liabilities and Stockholders' Equity</b>	2,467,781	1,974,099

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**TEEKAY SHIPPING CORPORATION**  
**SUPPLEMENTAL INFORMATION**

(in thousands of U.S. dollars)

**Three Months Ended December 31, 2001**  
**(unaudited)**

	<b><u>International Tanker Fleet</u></b> \$	<b><u>OBO Fleet*</u></b> \$	<b><u>UNS Fleet</u></b> \$	<b><u>Australian Fleet</u></b> \$	<b><u>Total 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

**Three Months Ended December 31, 2000**  
**(unaudited)**

	<b><u>International Tanker Fleet</u></b> \$	<b><u>OBO Fleet*</u></b> \$	<b><u>UNS Fleet</u></b> \$	<b><u>Australian Fleet</u></b> \$	<b><u>Total Fleet</u></b> \$
Net voyage revenues	179,531	18,554	-	8,602	206,687
Vessel operating expenses	20,180	2,034	-	2,548	24,762
Time-charter hire expense	5,841	7,408	-	-	13,249
Depreciation and amortization	22,407	1,003	-	1,828	25,238

**Year Ended December 31, 2001**

	<b><u>International Tanker Fleet</u></b> \$	<b><u>OBO Fleet*</u></b> \$	<b><u>UNS Fleet**</u></b> \$	<b><u>Australian Fleet</u></b> \$	<b><u>Total 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

**Year Ended December 31, 2000**

	<b><u>International Tanker Fleet</u></b> \$	<b><u>OBO Fleet*</u></b> \$	<b><u>UNS Fleet</u></b> \$	<b><u>Australian Fleet</u></b> \$	<b><u>Total Fleet</u></b> \$
Net voyage revenues	542,833	66,688	-	34,748	644,269
Vessel operating expenses	99,239	15,070	-	11,106	125,415
Time-charter hire expense	27,210	26,337	-	-	53,547
Depreciation and amortization	89,221	3,912	-	7,020	100,153

\* 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, and the balance of supply and demand in the crude tanker market. 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 than anticipated levels of tanker newbuilding orders 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.