

TEEKAY SHIPPING CORP
Form 20-F/A
July 29, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F/A

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1- 12874

TEEKAY SHIPPING CORPORATION

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands
(Jurisdiction of incorporation or organization)

TK House, Bayside Executive Park, West Bay Street & Blake Road, P.O. Box AP-59213, Nassau,
Commonwealth of the Bahamas
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Stock, par value of \$0.001 per share	New York Stock Exchange
8.32% First Preferred Ship Mortgage Notes due 2008	New York Stock Exchange
7.25% PEPS Unit	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

39,692,060 shares of Common Stock, par value of \$0.001 per share.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

July 28, 2004

Explanatory Note

We are filing this Amendment No. 1 to our Annual Report on Form 20-F for the fiscal year ended December 31, 2002 (Form 20-F) as filed with the Securities and Exchange Commission on April 1, 2003, solely to include the audit report of Deloitte & Touche on the financial statements of our subsidiary Uglan Nordic Shipping ASA for the year ended December 31, 2001. This Amendment is contained within Item 18: Financial Statements and, consequently, we have re-submitted this entire Item with the addition of the request. We have also included in Item 19: Exhibits the related consent of Deloitte & Touche and additional consents and certifications arising from the act of amending the original Form 20-F. This Amendment No. 1 to Form 20-F does not change any other portion of the Form 20-F.

**TEEKAY SHIPPING CORPORATION
INDEX TO REPORT ON FORM 20-F**

Item 18.	Financial Statements.....
Item 19.	Exhibits.....
Signature

PART III

Item 18. Financial Statements

The following financial statements and schedule, together with the reports of Ernst & Young LLP, Chartered Accountants, and Deloitte & Touche thereon, are filed as part of this Annual Report:

Independent Auditors' Reports

Independent Auditor's Report - Ernst & Young LLP.....
Independent Auditor's Report - Deloitte & Touche.....

Consolidated Financial Statements

Consolidated Statements of Income.....
Consolidated Balance Sheets.....
Consolidated Statements of Cash Flows.....
Consolidated Statements of Changes in Stockholders' Equity.....
Notes to the Consolidated Financial Statements.....
Schedule A to the Consolidated Financial Statements.....

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required, are inapplicable or have been disclosed in the Notes to the Consolidated Financial Statements and therefore have been omitted.

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

- 1.1 Amended and Restated Articles of Incorporation of Teekay Shipping Corporation. (9)
- 1.2 Articles of Amendment of Articles of Incorporation of Teekay Shipping Corporation. (9)
- 1.3 Amended and Restated Bylaws of Teekay Shipping Corporation. (9)
- 2.1 Registration Rights Agreement among Teekay Shipping Corporation, Tradewinds Trust Co. the Cirrus Trust, and Worldwide Trust Services Ltd., as Trustee for the JTK Trust. (1)
- 2.2 Specimen of Teekay Shipping Corporation Common Stock Certificate. (1)

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- 2.3 Indenture dated January 29, 1996 among Teekay Shipping Corporation, VSSI Oceans Inc., VSSI Appian Inc., Senang Spirit Inc., Exuma Spirit Inc., Nassau Spirit Inc., Andros Spirit Inc., United States Trust Company of New York, as Trustee. (5)
- 2.4 Specimen of Teekay Shipping Corporation's 8.32% First Preferred Ship Mortgage Notes Due 2011. (5)
- 2.5 Bahamian Statutory Ship Mortgage dated January 29, 1996 by Nassau Spirit Inc. to United States Trust Company of New York. (3) (5)
- 2.6 Deed of Covenants dated January 29, 1996 by Nassau Spirit Inc. to United States Trust Company of New York. (3) (5)
- 2.7 First Preferred Ship Mortgage dated January 29, 1996 by VSSI Oceans Inc. to United States Trust Company of New York, as Trustee. (4)
- 2.8 Assignment of Time Charter dated January 29, 1996 by Nassau Spirit Inc. to United States Trust Company of New York, as Trustee. (3) (5)
- 2.9 Assignment of Insurance dated January 29, 1996 by Nassau Spirit Inc. to United States Trust Company of New York, as Trustee. (3) (5)
- 2.10 Pledge Agreement and Irrevocable Proxy dated January 29, 1996 by Teekay in favor of United States Trust Company of New York, as Trustee. (5)
- 2.11 Guarantee dated January 29, 1996 by Nassau Spirit Inc. in favor of United States Trust Company of New York, as Trustee. (3) (5)
- 2.12 Assignment of Freights and Hires dated January 29, 1996 by Nassau Spirit Inc. to United States Trust Company of New York, as Trustee. (3) (5)
- 2.13 Cash Collateral Account Agreement dated January 29, 1996 between Nassau Spirit Inc. and United States Trust Company of New York, as Trustee. (3) (5)
- 2.14 Investment Account Agreement dated January 29, 1996 between Teekay Shipping Corporation and United States Trust Company of New York, as Trustee. (5)
- 2.15 Indenture dated June 22, 2001 among Teekay Shipping Corporation and The Bank of New York, N.A. (formerly U.S. Trust Company of Texas, N.A.). (14)
- 2.16 First Supplemental Indenture dated as of December 6, 2001, among Teekay Shipping Corporation and The Bank of New York Trust Company of Florida, N.A. (15)
- 2.17 Exchange and Registration Rights Agreement dated June 22, 2001 among Teekay Shipping Corporation, Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Salomon Smith Barney Inc., Deutsche Bank AG, Brown Inc. and Scotia Capital (USA) Inc. (14)
- 2.18 Exchange and Registration Rights Agreement dated December 6, 2001 between Teekay Shipping Corporation and Goldman, Sachs & Co. (15)
- 2.19 Specimen of Teekay Shipping Corporation's 8.875% Senior Notes due 2011. (14)
- 2.20 Form of Supplemental Indenture No. 1 between Teekay Shipping Corporation and The Bank of New York, N.A. trustee. (18)
- 2.21 Form of Purchase Contract Agreement between Teekay Shipping Corporation and The Bank of New York, N.A. purchase contract agent. (18)
- 2.22 Form of Pledge Agreement between Teekay Shipping Corporation and The Bank of New York, N.A. agent. (18)
- 2.23 Form of Remarketing Agreement between Teekay Shipping Corporation and Morgan Stanley & Co. (18)
- 2.24 Form of Underwriting Agreement Between Teekay Shipping Corporation, Morgan Stanley & Co. and Salomon Smith Barney. (18)
- 4.1 1995 Stock Option Plan. (1)
- 4.2 Amendment to 1995 Stock Option Plan. (10)
- 4.3 Amended 1995 Stock Option Plan. (12)
- 4.4 Form of Indemnification Agreement between Teekay and each of its officers and directors. (1)
- 4.5 Charter Party, as amended, dated September 21, 1989 between Palm Shipping Inc. and BP Shipping Inc. (1)
- 4.6 Time Charter, as amended, dated July 3, 1995 between VSSI Oceans Inc. and Palm Shipping Inc. (1)
- 4.7 Time Charter, as amended, dated January 4, 1994 between VSSI Atlantic Inc. and Palm Shipping Inc. (1)
- 4.8 Time Charter, as amended, dated February 1, 1992 between VSSI Appian Inc. and Palm Shipping Inc. (1)
- 4.9 Time Charter, as amended, dated December 1, 1993 between Senang Spirit Inc. and Palm Shipping Inc. (1)
- 4.10 Time Charter, as amended, dated August 1, 1992 between Exuma Spirit Inc. and Palm Shipping Inc. (1)
- 4.11 Time Charter, as amended, dated May 1, 1992 between Nassau Spirit Inc. and Palm Shipping Inc. (1)
- 4.12 Time Charter, as amended, dated November 1, 1992 between Andros Spirit Inc. and Palm Shipping Inc. (1)
- 4.13 Management Agreement, as amended, dated June 1, 1992 between Teekay Shipping Limited and VSSI Oceans Inc. (3) (4)
- 4.14 Agreement, dated October 3, 1996, for a U.S. \$90,000,000 Term Loan Facility to be made available to certain subsidiaries of Teekay Shipping Corporation by Christiania Bank og Kreditkasse, New York Branch, The Bank of Nova Scotia, and Banque Indosuez. (6)
- 4.15 Agreement, dated October 18, 1996, for a U.S. \$120,000,000 Term Loan Facility to be made available to certain subsidiaries of Teekay Shipping Corporation by Christiania Bank og Kreditkasse, New York Branch, The Bank of Nova Scotia, and Banque Indosuez. (6)

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- certain subsidiaries of Teekay Shipping Corporation by Den Norske Bank ASA, Nederlands Scheepshypothesbank N.V., The Bank of New York, and Midland Bank plc. (6)
- 4.16 Agreement, dated January 26, 1998, for a U.S. \$200,000,000 Reducing Revolving Credit Facility available to certain wholly-owned subsidiaries of Teekay Shipping Corporation by Den Norske Bank Christiania Bank og Kreditkasse ASA, New York Branch, and the Bank of Nova Scotia. (7)
- 4.17 Agreement, dated March 26, 1999, for the amalgamation of Northwest Maritime Inc., a wholly-owned subsidiary of Teekay Shipping Corporation, and Bona Shipholding Ltd. (8)
- 4.18 Agreement, dated April 16, 1998, for a U.S. \$30,000,000 Term Loan Facility to be made available to Teekay Australia Limited by RABO Australia Limited. (9)
- 4.19 Agreement, dated December 18, 1997, for a U.S. \$44,000,000 Term Loan Facility to be made available to Barrington (Australia) Pty Limited and Palmerston (Australia) Pty Limited by RABO Australia Limited. (9)
- 4.20 Amended and Restated Reimbursement Agreement, dated April 16, 1998, Among Barrington (Australia) Pty Limited, Palmerston (Australia) Pty Limited, VSSI Australia Limited, VSSI Transport Inc. and Allstate Insurance Company Limited and Nedship Bank (America) N.V., The Bank of New York and Landesbank Schleswig-Holstein. (9)
- 4.21 Amendment No. 1, dated May 1999, to Amended and Restated Reimbursement Agreement dated April 16, 1998, among Barrington (Australia) Pty Limited, Palmerston (Australia) Pty Limited, VSSI Australia Limited, VSSI Transport Inc. and Alliance Chartering Pty Limited and Nedship Bank (America) N.V., The Bank of New York and Landesbank Schleswig-Holstein. (9)
- 4.22 Amended and Restated Agreement, dated June 11, 1999, for a U.S. \$500,000,000 Revolving Credit Facility between Bona Shipholding Ltd., Chase Manhattan plc, Citibank International plc and various other banks. (10)
- 4.23 Amendment and Restatement Agreement, dated June 11, 1999, relating to a U.S. \$500,000,000 Revolving Credit Agreement between Bona Shipholding Ltd., Chase Manhattan plc, Citibank International plc and various other banks. (10)
- 4.24 Rights agreement, dated as of September 8, 2000, between Teekay Shipping Corporation and The Bank of New York, as Rights Agent. (11)
- 4.25 Reimbursement Agreement, dated January 1, 2000, between Fleet Management Inc. and Teekay Shipping Corporation. (12)
- 4.26 Reimbursement Agreement, dated February 16, 2001, between Karratha Spirit Pty Ltd and Teekay Shipping Corporation (America) N.V. (13)
- 4.27 Agreement, dated February 16, 2001, for a U.S. \$34,000,000 Term Loan Facility to be made available to Karratha Spirit Pty Ltd by RABO Australia Limited. (13)
- 4.28 Amendment and Restatement Agreement, dated September 14, 2001, relating to a U.S. \$500,000,000 Revolving Loan Agreement between Bona Shipholding Ltd., Teekay Shipping Corporation, J.P. Morgan Chase Bank, Citibank International plc and various other banks. (17)
- 4.29 Share Sale and Purchase Agreement by and among Statoil ASA and Statpet AS and Norsk Teekay Shipping Corporation. (19)
- 8.1 List of Significant Subsidiaries (19)
- 12.1 Rule 13a-14(A)/15d-14(a) Certification of Teekay's Chief Executive Officer
- 12.2 Rule 13a-14(A)/15d-14(a) Certification of Teekay's Chief Financial Officer
- 13.1 Teekay Shipping Corporation Certification of Bjorn Moller, Chief Executive Officer, pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 13.2 Teekay Shipping Corporation Certification of Peter Evensen, Chief Financial Officer, pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 15.1 Letter from Ernst & Young LLP, as independent chartered accountants, dated March 24, 2004, regarding audited financial information.
- 15.2 Letter from Deloitte & Touche, as independent auditors, dated April 4, 2004, regarding audited financial information.

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- (1) Previously filed as an exhibit to the Company's Registration Statement on Form F-1 (Registration No. 33-7573-4), filed with the SEC on July 14, 1995, and hereby incorporated by reference to this Registration Statement.
- (2) Previously filed as an exhibit to the Company's Registration Statement on Form F-1 (Registration No. 33-68680), as declared effective by the SEC on November 29, 1993, and hereby incorporated by reference to this Registration Statement.
- (3) A schedule attached to this exhibit identifies all other documents not required to be filed with the SEC because such other documents are substantially identical to this exhibit. The schedule identifies the material details by which the omitted documents differ from this exhibit.
- (4) Previously filed as an exhibit to the Company's Registration Statement on Form F-3 (Registration No. 33-65139), filed with the SEC on January 19, 1996, and hereby incorporated by reference to this Registration Statement.
- (5) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-10000-01), filed with the SEC on February 1, 2004, and hereby incorporated by reference to this Registration Statement.

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- filed with the SEC on June 4, 1996, and hereby incorporated by reference to such Annual Report.
- (6) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on June 11, 1997, and hereby incorporated by reference to such Annual Report.
- (7) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on May 20, 1998, and hereby incorporated by reference to such Annual Report.
- (8) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on June 11, 1999, and hereby incorporated by reference to such Annual Report.
- (9) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on March 30, 2000, and hereby incorporated by reference to such Annual Report.
- (10) Previously filed as an exhibit to the Company's Form 6-K (File No. 1-12874), filed with the SEC on May 2, 2000, and hereby incorporated by reference to such Annual Report.
- (11) Previously filed as an exhibit to the Company's Form 8-A (File No. 1-12874), filed with the SEC on September 11, 2000, and hereby incorporated by reference to such Annual Report.
- (12) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on April 2, 2001, and hereby incorporated by reference to such Annual Report.
- (13) Previously filed as an exhibit to the Company's Form 6-K (File No. 1-12874), filed with the SEC on May 24, 2001, and hereby incorporated by reference to such Report.
- (14) Previously filed as an exhibit to the Company's Registration Statement on Form F-4 (Registration No. 333-64928), filed with the SEC on July 11, 2001, and hereby incorporated by reference to such Registration Statement.
- (15) Previously filed as an exhibit to the Company's Registration Statement on Form F-4 (Registration No. 333-76922), filed with the SEC on January 17, 2002, and hereby incorporated by reference to such Registration Statement.
- (16) Previously filed as an exhibit to the Company's Registration Statement on Form F-4, as Amended (Registration No. 333-76922), filed with the SEC on February 5, 2002, and hereby incorporated by reference to such Registration Statement.
- (17) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on March 29, 2002, and hereby incorporated by reference to such Annual Report.
- (18) Previously filed as an exhibit to the Company's Report on Form 6-K (File No. 1-12874), filed with the SEC on February 12, 2003, and hereby incorporated by reference to such Report.
- (19) Previously filed as an exhibit to the Company's Annual Report on Form 20-F (File No. 1-12874), filed with the SEC on April 1, 2003, and hereby incorporated by reference to such Annual Report.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing this Amendment No. 1 to Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

TEEKAY SHIPPING CORPORATION

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

Dated: July 28, 2004

SIGNATURE

AUDITOR S REPORT

To the Shareholders of
TEEKAY SHIPPING CORPORATION

We have audited the accompanying consolidated balance sheets of **Teekay Shipping Corporation and subsidiaries** as of December 31, 2002 and 2001, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2002, 2001, and 2000. Our audits also included the financial schedule listed in the Index: Item 18. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the financial statements of Ugland Nordic Shipping AS, a wholly-owned subsidiary, for the period from acquisition on March 6, 2001 to December 31, 2001, whose total assets and net voyage revenues for the period from acquisition on March 6, 2001 to December 31, 2001, constituted 21 percent and 10 percent, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report had been furnished to us for that period, and our opinion, insofar as it relates to the amounts included for Ugland Nordic Shipping AS for that period, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teekay Shipping Corporation and subsidiaries as at December 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years ended December 31, 2002, 2001, and 2000 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material aspects the information set forth herein.

Vancouver, Canada,
February 13, 2003
(except for Note 15(b) which is as of February 19,
2003.)

/s/ ERNST & YOUNG LLP
Chartered Accountants

[LETTERHEAD OF DELOITTE & TOUCHE]

Translation from the original Norwegian version

To the Annual Shareholders Meeting of Ugland Nordic Shipping ASA

AUDITOR S REPORT FOR 2001

We have audited the annual financial statements of Ugland Nordic Shipping ASA as of 31 December 2001, showing a profit of NOK 26.105.000 for the parent company and a profit of NOK 196.041.000 for the group. We have also audited the information in the Board of Directors report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company s Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing standards in Norway. Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing standards, an audit also comprises a review of the management of the Company s financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of 31 December 2001, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Norway the Company s management has fulfilled its duty to maintain the Company s accounting process in such a proper and well-arranged manner that the accounting process is in accordance with the law and generally accepted accounting practices in Norway the information in the Board of Directors report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Oslo, 22 May 2002
Deloitte & Touche

Alf-Anton Eid (signed)
State Authorised Public Accountant (Norway)

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

	Year Ended December 31, 2002 \$	Year Dece 2
NET VOYAGE REVENUES		
Voyage revenues	783,327	1,03
Voyage expenses	239,455	24
<hr/>		
Net voyage revenues	543,872	78
<hr/>		
OPERATING EXPENSES		
Vessel operating expenses	168,035	15
Time-charter hire expense	49,949	6
Depreciation and amortization	149,296	13
General and administrative	57,246	4
<hr/>		
	424,526	40
<hr/>		
Income from vessel operations	119,346	38
<hr/>		
OTHER ITEMS		
Interest expense	(57,974)	(6
Interest income	3,494	1
Other (loss) income (note 11)	(11,475)	1
<hr/>		
	(65,955)	(4
<hr/>		
Net income	53,391	33
<hr/>		
Earnings per common share		
Basic	1.35	
Diluted	1.33	
<hr/>		
Weighted average number of common shares		
Basic	39,630,997	39,70
Diluted	40,252,396	40,48
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The accompanying notes are an integral part of the consolidated financial statements.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

	De
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ASSETS	
Current	
Cash and cash equivalents <i>(note 6)</i>	2
Marketable securities <i>(note 4)</i>	
Restricted cash	
Accounts receivable	
Prepaid expenses and other assets	
<hr/>	
Total current assets	3
<hr/>	
Marketable securities <i>(note 4)</i>	
Vessels and equipment <i>(note 6)</i>	
At cost, less accumulated depreciation of \$940,082 (December 31, 2001 - \$801,985)	1,9
Advances on newbuilding contracts <i>(note 13)</i>	1
<hr/>	
Total vessels and equipment	2,0
<hr/>	
Restricted cash <i>(note 6)</i>	
Deposit for purchase of Navion ASA <i>(note 13)</i>	
Investment in joint ventures	
Other assets	
Goodwill <i>(note 1)</i>	
<hr/>	
	2,7
<hr/>	
LIABILITIES AND STOCKHOLDERS EQUITY	
Current	
Accounts payable	
Accrued liabilities <i>(note 5)</i>	
Current portion of long-term debt <i>(note 6)</i>	
<hr/>	
Total current liabilities	1
<hr/>	
Long-term debt <i>(note 6)</i>	1,0
Other long-term liabilities <i>(note 1)</i>	
<hr/>	
Total liabilities	1,2
<hr/>	

Minority interest**Stockholders equity**

Capital stock (note 9)

Retained earnings

Accumulated other comprehensive loss

Total stockholders equity

1,4

2,7

Commitments and contingencies (notes 7, 12, 13 and 15)

The accompanying notes are an integral part of the consolidated financial statements.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of U.S. dollars)

	Year Ended December 31, 2002 \$	Ye Dec
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net income	53,391	33
Non-cash items:		
Depreciation and amortization	149,296	13
Loss on disposition of vessels and equipment	-	
Loss (gain) on disposition of available-for-sale securities	1,130	
Equity income (net of dividends received: December 31, 2002 - \$1,748; December 31, 2001 - \$33,514; December 31, 2000 - \$8,474)	(2,775)	1
Deferred income taxes (note 11)	11,413	
Other net	(5,049)	
Change in non-cash working capital items related to operating activities (note 14)	7,038	2
Net cash flow from operating activities	214,444	52
FINANCING ACTIVITIES		
Net proceeds from long-term debt	255,185	68
Scheduled repayments of long-term debt	(51,830)	(7
Prepayments of long-term debt	(8,000)	(75
Increase in restricted cash	(952)	(
Proceeds from issuance of Common Stock	4,221	2
Repurchase of Common Stock	(1,547)	(1
Cash dividends paid	(34,073)	(3
Other	-	

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (

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Net cash flow from financing activities	163,004	(17)
INVESTING ACTIVITIES		
Expenditures for vessels and equipment	(135,650)	(18)
Expenditures for drydocking	(34,913)	(2)
Proceeds from disposition of assets	-	
Deposit for purchase of Navion ASA	(76,000)	
Purchase of Ugland Nordic Shipping AS (net of cash acquired of \$26,605) (note 3)	-	(17)
Acquisition costs related to purchase of Ugland Nordic Shipping AS (note 3)	-	(
Acquisition costs related to purchase of Bona Shipholding Ltd.	-	
Investment in joint venture	(26,000)	
Proceeds from disposition of available-for-sale securities	6,675	3
Purchases of available-for-sale securities	-	(
Other	(1,885)	
Net cash flow from investing activities	(267,773)	(35)
Increase (decrease) in cash and cash equivalents	109,675	(
Cash and cash equivalents, beginning of the period	174,950	18
Cash and cash equivalents, end of the period	284,625	17

The accompanying notes are an integral part of the consolidated financial statements.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
(in thousands of U.S. dollars)

	Thousands of Common Shares #	Common Stock \$	Retained Earnings \$	Accumulated Other Compre- hensive Income (Loss) \$
Balance as at December 31, 1999	38,064	427,937	404,130	-
Net income			270,020	
Other comprehensive income:				
Unrealized gain on available-for-sale securities				4,555
Comprehensive income				
Dividends declared			(33,001)	
Reinvested dividends	1	28		

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Exercise of stock options	1,080	24,843		
<hr/>				
Balance as at December 31, 2000	39,145	452,808	641,149	4,555
<hr/>				
Net income			336,518	
Other comprehensive income:				
Unrealized loss on available-for-sale securities				(6,636)
Reclassification adjustment for gain on available-for-sale securities included in net income				(3,627)
Cumulative effect of accounting change (note 12)				4,155
Unrealized loss on derivative instruments (note 12)				(2,274)
Reclassification adjustment for gain on derivative instruments (note 12)				(974)
Comprehensive income				
Adjustment for equity income on step acquisition (note 3)			198	
Dividends declared			(34,102)	
Reinvested dividends	1	8		
Exercise of stock options	917	20,584		
Repurchase of Common Stock	(513)	(6,059)	(8,103)	
<hr/>				
Balance as at December 31, 2001	39,550	467,341	935,660	(4,801)
<hr/>				
Net income			53,391	
Other comprehensive income:				
Unrealized loss on available-for-sale securities				(239)
Reclassification adjustment for loss on available-for-sale securities included in net income				737
Unrealized gain on derivative instruments (note 12)				3,023
Reclassification adjustment for gain on derivative instruments (note 12)				(1,815)
Comprehensive income				
Dividends declared			(34,079)	
Reinvested dividends	1	6		
Exercise of stock options	190	4,221		
Repurchase of Common Stock	(49)	(580)	(967)	
<hr/>				
Balance as at December 31, 2002	39,692	470,988	954,005	(3,095)
<hr/>				

The accompanying notes are an integral part of the consolidated financial statements.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

1. Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. They include the accounts of Teekay Shipping Corporation ("Teekay"), which is incorporated under the laws of the Republic of the Marshall Islands, and its wholly owned or controlled subsidiaries (the "Company"). Significant intercompany balances and transactions have been eliminated upon consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reporting currency

The consolidated financial statements are stated in U.S. dollars because the Company operates in international shipping markets which utilize the U.S. dollar as the functional currency.

Operating revenues and expenses

Voyage revenues and expenses are recognized on the percentage of completion method of accounting determined using the discharge-to-discharge basis. Estimated losses on voyages are provided for in full at the time such losses become evident. The consolidated balance sheets reflect the deferred portion of revenues and expenses, which will be earned in subsequent periods.

Voyage expenses comprise all expenses relating to particular voyages, including bunker fuel expenses, port fees, canal tolls, and brokerage commissions. Vessel operating expenses comprise all expenses relating to the operation of vessels including crewing, repairs and maintenance, insurance, stores, lubes, and communications.

Cash and cash equivalents

The Company classifies all highly liquid investments with a maturity date of three months or less when purchased as cash and cash equivalents.

Cash interest paid during the years ended December 31, 2002, 2001 and 2000, totalled \$65.3 million, \$54.8 million, and \$77.1 million, respectively.

Marketable securities

The Company's investments in marketable securities are classified as available-for-sale securities and are carried at fair value. Net unrealized gains or losses on available-for-sale securities, if material, are reported as a component of other comprehensive income.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

Vessels and equipment

All pre-delivery costs incurred during the construction of newbuildings, including interest costs and supervision and technical costs, are capitalized. The acquisition cost and all costs incurred to restore used vessel purchases to the standard required to properly service the Company's customers are capitalized. Depreciation is calculated on a straight-line basis over a vessel's useful life from the date a vessel is initially placed in service.

Interest costs capitalized to vessels and equipment for the years ended December 31, 2002, 2001 and 2000 aggregated \$6.0 million, \$2.5 million, and \$nil, respectively.

Expenditures incurred during drydocking are capitalized and amortized on a straight-line basis over the period until the completion of the next anticipated drydocking. When significant drydocking expenditures occur prior to the expiry of this period, the remaining unamortized balance of the original drydocking cost is expensed in the month of the subsequent drydocking. Amortization of drydocking expenditures for the years ended December 31, 2002, 2001 and 2000 aggregated \$21.8 million, \$14.2 million, and \$9.2 million, respectively.

The Company reviews vessels and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amount to future undiscounted cash flows the assets are expected to generate. If vessels and equipment are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the assets exceeds their fair market value.

Investment in joint ventures

The Company has a 50% participating interest in four joint venture companies (2001- three), each of which owns a shuttle tanker. The joint ventures are accounted for using the equity method, whereby the investment is carried at the Company's original cost plus its proportionate share of undistributed earnings.

During 2001, a joint venture in which the Company owns a 50% interest sold its three vessels, and ceased operations (see Note 11).

Investment in the Panamax O/B/O Pool

All oil/bulk/ore carriers ("O/B/O") owned by the Company are operated through a Panamax O/B/O Pool. The participants in the Pool are the companies contributing vessel capacity to the Pool. The voyage revenues and expenses of these vessels have been included on a 100% basis in the consolidated financial statements. The minority pool participants' share of the result has been deducted as time charter hire expense.

Loan costs

Loan costs, including fees, commissions and legal expenses, which are presented as other assets are capitalized and amortized on a straight line basis over the term of the relevant loan. Amortization of loan costs is included in interest expense.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d) (all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

Derivative instruments

Derivative instruments are recorded as assets or liabilities, measured at fair value. Derivatives that are not hedges are adjusted to fair value through income. If the derivative is a hedge, depending upon the nature of the hedge, changes in the fair value of the derivatives are either offset against the fair value of assets, liabilities or firm commitments through income, or recognized in other comprehensive income until the hedged item is recognized in income. The ineffective portion of a derivative's change in fair value is immediately recognized into income (see Note 12).

Goodwill and other intangible assets

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets," which establishes new standards for accounting for goodwill and other intangible assets. SFAS 142 requires that goodwill and indefinite lived intangible assets no longer be amortized, but reviewed for impairment during the first six months of 2002 and annually thereafter, or more frequently if impairment indicators arise. This statement is effective for existing goodwill beginning with fiscal years starting after December 15, 2001. Prior to 2002, goodwill, which was acquired as a result of the acquisition of Ugland Nordic Shipping AS ("UNS") (see Note 3), was amortized over 20 years using the straight-line method. As at December 31, 2002, goodwill is recorded net of accumulated amortization of \$3.5 million. During the six-month period ended June 30, 2002, the Company completed its transitional impairment testing required by SFAS 142 and determined that goodwill was not impaired. Based upon the Company's goodwill balance at December 31, 2001, the Company estimates that application of SFAS 142 will result in an annual increase in net income of approximately \$4.5 million, by no longer amortizing goodwill. Had goodwill not been amortized prior to 2002, net income would have been \$340.0 million or \$8.56 per share (\$8.40 per share - diluted), for the year ended December 31, 2001 and unchanged for 2000.

Income taxes

The legal jurisdictions of the countries in which Teekay and the majority of its subsidiaries are incorporated do not impose income taxes upon shipping-related activities. The Company's Australian shipowning subsidiaries, its Canadian subsidiary Teekay Canadian Tankers Ltd., and its Norwegian subsidiary UNS are subject to income taxes. UNS income taxes are deferred until payment of dividends (see Note 11). Included in other long-term liabilities are deferred income taxes of \$43.7 million at December 31, 2002, \$36.3 million at December 31, 2001 and \$4.2 million at December 31, 2000. The Company accounts for such taxes using the liability method pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)**
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)**Accounting for Stock-Based Compensation**

Under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," disclosures of stock-based compensation arrangements with employees are required and companies are encouraged (but not required) to record compensation costs associated with employee stock option awards, based on estimated fair values at the grant dates. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 ("APB 25") "Accounting for Stock Issued to Employees." As the exercise price of the Company's employee stock options equals the market price of underlying stock on the date of grant, no compensation expense is recognized under APB 25. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (see Note 9).

	Year Ended December 31, 2002 \$	Year Ended December 31, 2001 \$
Net income - as reported.....	53,391	336,518
Less: Total stock-based compensation expense.....	7,538	6,466
Net income - pro forma.....	----- 45,853 =====	----- 330,052 =====
Basic earnings per common share:		
As reported.....	1.35	8.48
Pro forma.....	1.16	8.31
Diluted earnings per common share:		
As reported.....	1.33	8.31
Pro forma.....	1.14	8.15

The fair values of the option grants were estimated on the dates of grant using the Black-Scholes option-pricing model with the following assumptions: risk-free average interest rates of 4.7% for the year ended December 31, 2002; 4.5% for the year ended December 31, 2001 and 6.6% for the year ended December 31, 2000, respectively; dividend yield of 3.0%; expected volatility of 30%; and expected lives of five years.

Comprehensive income

The Company follows Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements.

Recent accounting pronouncements

In July 2002, the FASB issued Statement No. 146 ("SFAS 146"), "Accounting for Costs Associated with Exit or

Disposal Activities." This Standard, which is effective for disposal activities initiated after December 31, 2002, addresses significant issues regarding the recognition, measurement and reporting of costs associated with exit and disposal activities. The Company does not anticipate that the adoption of SFAS 146 will have a significant impact on the Company's consolidated financial position or results of operations.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd) (all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires a guarantor to make significant new disclosures about its obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 are effective for financial statements with periods ending after December 15, 2002. The initial recognition and measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The Company has not determined the effect, if any, that the adoption of FIN 45 will have on the Company's consolidated financial position or results of operations.

2. Business Operations

The Company is engaged in the ocean transportation of petroleum cargoes worldwide through the ownership and operation of a fleet of tankers. All of the Company's revenues are earned in international markets.

No customer accounted for more than 10% of the Company's consolidated voyage revenues during the year ended December 31, 2002. One customer, an international oil company, accounted for 13% (\$130.8 million) of the Company's consolidated voyage revenues during the year ended December 31, 2001. Two customers, both international oil companies, individually accounted for 13% (\$118.3 million) and 12% (\$110.2 million) of the Company's consolidated voyage revenues during the year ended December 31, 2000. No other customer accounted for more than 10% of the Company's consolidated voyage revenues during the fiscal periods presented herein.

3. Acquisition of Ugland Nordic Shipping AS

As of May 28, 2001, Teekay had purchased 100% of the issued and outstanding shares of UNS (9% of which was purchased in fiscal 2000 and the remaining 91% was purchased in fiscal 2001), for \$222.8 million cash, including estimated transaction expenses of approximately \$7 million. UNS controls a modern fleet of 18 shuttle tankers (including two newbuildings on order) that engage in the transportation of oil from offshore production platforms to onshore storage and refinery facilities.

The acquisition of UNS has been accounted for using the purchase method of accounting, based upon estimates of fair value. UNS' operating results are reflected in these financial statements commencing March 6, 2001, the date Teekay acquired a majority interest in UNS. Equity income related to the Company's nine percent interest in UNS up to December 31, 2000 has been credited as an adjustment to retained earnings. Teekay's interest in UNS for the period from January 1, 2001 to March 5, 2001 has been included in equity income for the corresponding

period.

The following table shows comparative summarized consolidated pro forma financial information for the years ended December 31, 2001 and 2000 and gives effect to the acquisition of 100% of the outstanding shares in UNS as if it had taken place January 1, on each of the years presented:

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d) (all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

	Pro For Year Ended December 31, 2001 (unaudited) \$
Net voyage revenues.....	805,754
Net income.....	336,514
Net income per common share	
- basic	8.47
- diluted.....	8.31

4. Investments in Marketable Securities

	Cost \$	Gross Unrealized Gains \$	Gross Unrealized Losses \$
December 31, 2002			
Available-for-sale equity securities.....	21,416	-	(7,786)
	21,416	-	(7,786)
	21,416	-	(7,786)
December 31, 2001			
Available-for-sale equity securities.....	24,500	-	(8,474)
Available-for-sale debt securities.....	5,028	-	-
	29,528	-	(8,474)
	29,528	-	(8,474)

Available-for-sale equity securities represent 1,001,221 shares (2001 1,150,221) in Nordic American Tanker Shipping Ltd. These shares were acquired as part of the 2001 acquisition of UNS (see Note 3).

The cost and approximate market value of available-for-sale debt securities by contractual maturity, as at December 31, 2002 and December 31, 2001, are shown as follows:

	Cost \$
December 31, 2002	
Less than one year	-
Due after one year through five years	-

	-
	=====
December 31, 2001	
Less than one year	5,028
Due after one year through five years	-

	5,028
	=====

5. Accrued Liabilities

	December 2002 \$
Voyage and vessel.....	37,314
Interest.....	22,484
Payroll and benefits.....	23,845

	83,643
	=====

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

6. Long-Term Debt

	December 2002 \$
Revolving Credit Facilities.....	210,000

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First Preferred Ship Mortgage Notes (8.32%) due through 2008.....	167,229
Term Loans due through 2009	401,593
Senior Notes (8.875%) due July 15, 2011	352,000
	1,130,822
Less current portion.....	83,605
	1,047,217

The Company has two long-term Revolving Credit Facilities (the "Revolvers") available, which, as at December 31, 2002, provided for borrowings of up to \$450.7 million, of which \$240.7 million was undrawn. Interest payments are based on LIBOR (December 31, 2002: 1.4%; December 31, 2001: 1.9%) plus a margin depending on the financial leverage of the Company; at December 31, 2002 and 2001, the margins ranged between 0.50% and 0.75%. The amount available under the Revolvers reduces semi-annually by \$28.8 million, with final balloon reductions in 2006 and 2008. The Revolvers are collateralized by first priority mortgages granted on 33 of the Company's vessels, together with certain other related collateral, and a guarantee from Teekay for all amounts outstanding under the Revolvers.

The 8.32% First Preferred Ship Mortgage Notes due February 1, 2008 (the "8.32% Notes") are collateralized by first preferred mortgages on seven of the Company's Aframax tankers, together with certain other related collateral, and are guaranteed by seven subsidiaries of Teekay that own the mortgaged vessels (the "8.32% Notes Guarantor Subsidiaries") to a maximum of 95% of the fair value of their net assets. As at December 31, 2002, the fair value of these net assets approximated \$171.6 million. The 8.32% Notes are also subject to a sinking fund, which will retire \$45.0 million principal amount of the 8.32% Notes on each February 1, commencing 2004. During June 2001, the Company repurchased a principal amount of \$22.0 million of the 8.32% Notes outstanding.

Upon the 8.32% Notes achieving Investment Grade Status (as defined in the Indenture) and subject to certain other conditions, the guarantees of the 8.32% Notes Guarantor Subsidiaries will terminate, all of the collateral securing the obligations of the Company and the 8.32% Notes Guarantor Subsidiaries under the Indenture and the Security Documents (as defined in the Indenture) will be released (whereupon the Notes will become general unsecured obligations of the Company) and certain covenants under the Indenture will no longer be applicable to the Company.

Condensed financial information regarding the Company, the 8.32% Notes Guarantor Subsidiaries, and non-guarantor subsidiaries of the Company is set out in Schedule A of these consolidated financial statements.

The Company has several term loans outstanding, which, as at December 31, 2002, totalled \$401.6 million. Interest payments are based on LIBOR plus a margin. At December 31, 2002 and 2001, the margins ranged between 0.50% and 1.45%. The term loans reduce in quarterly or semi-annual payments with varying maturities through 2009. All term loans of the Company are collateralized by first preferred mortgages on the vessels to which the loans relate, together with certain other collateral, and guarantees from Teekay. As at December 31, 2002, UNS had term loans totaling \$313.5 million. Teekay does not guarantee any of the obligations of UNS under these facilities. One term loan required a retention deposit of \$4.6 million as at December 31, 2002 (December 31, 2001 - \$7.8 million).

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

The 8.875% Senior Notes due July 15, 2011 (the "8.875% Notes") rank equally in right of payment with all of the Company's existing and future senior unsecured debt and senior to the Company's existing and future subordinated debt. The 8.875% Notes are not guaranteed by any of Teekay's subsidiaries and effectively rank behind all existing and future secured debt of Teekay and other liabilities, secured and unsecured, of its subsidiaries.

Among other matters, the long-term debt agreements generally provide for such items as maintenance of certain vessel market value to loan ratios and minimum consolidated financial covenants, prepayment privileges (in some cases with penalties), and restrictions against the incurrence of new investments by the individual subsidiaries without prior lender consent. The amount of Restricted Payments, as defined, that the Company can make, including dividends and purchases of its own capital stock, is limited as of December 31, 2002, to \$440.6 million. Certain of the loan agreements require a minimum level of free cash be maintained. As at December 31, 2002, this amount was \$84.8 million.

The aggregate annual long-term debt principal repayments required to be made for the five fiscal years subsequent to December 31, 2002 are \$83.6 million (2003), \$104.9 million (2004), \$131.1 million (2005), \$180.8 million (2006), and \$84.8 million (2007).

7. Leases

Charters-out

Time charters and bareboat charters to third parties of the Company's vessels are accounted for as operating leases. As at December 31, 2002, minimum future revenues to be received on time charters and bareboat charters currently in place are \$176.7 million (2003), \$189.6 million (2004), \$146.7 million (2005), \$101.9 million (2006), \$94.4 million (2007), and \$546.5 million thereafter.

The minimum future revenues should not be construed to reflect total charter hire revenues for any of the years.

Charters-in

As at December 31, 2002, minimum commitments under vessel operating leases are \$25.7 million (2003), \$10.8 million (2004) and \$2.0 million (2005).

8. Fair Value of Financial Instruments

Carrying amounts of all financial instruments approximate fair market value except for the following:

Long-term debt - The fair values of the Company's fixed rate long-term debt are based on either quoted market prices or estimated using discounted cash flow analyses, based on rates currently available for debt with similar terms and remaining maturities.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

Interest rate swap agreements and foreign exchange contracts - The fair value of interest rate swaps and foreign exchange contracts, used for hedging purposes, is the estimated amount that the Company would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates, the current credit worthiness of the swap counter parties and foreign exchange rates.

The estimated fair value of the Company's financial instruments is as follows:

	December 31, 2002		De
	Carrying	Fair	Carryin
	Amount	Value	Amount
	\$	\$	\$
Cash and cash equivalents, marketable securities, and restricted cash.....	307,040	307,040	203,837
Long-term debt	(1,130,822)	(1,143,753)	(935,702)
Derivative instruments (note 12)			
Interest rate swap agreements	(802)	(802)	(2,429)
Foreign currency contracts	545	545	(343)
Bunker fuel swap contracts.....	254	254	(328)
Written freight call option.....	-	-	(857)

The Company transacts all of its derivative instruments with investment grade rated financial institutions and requires no collateral from these institutions.

9. Capital Stock

The authorized capital stock of Teekay at December 31, 2002 was 25,000,000 shares of Preferred Stock, with a par value of \$1 per share, and 725,000,000 shares of Common Stock, with a par value of \$0.001 per share. As at December 31, 2002, Teekay had 39,692,060 shares of Common Stock and no shares of Preferred Stock issued and outstanding.

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 in the open market. As at December 31, 2002, Teekay had repurchased 561,700 shares of Common Stock at an average price of \$27.97 per share.

As of December 31, 2002, the Company had reserved 5,803,471 shares of Common Stock for issuance upon exercise of options granted pursuant to the Company's 1995 Stock Option Plan (the "Plan"). During the years ended December 31, 2002, 2001, and 2000, the Company granted options under the Plan to acquire up to 1,026,025, 863,200, and 889,500 shares of Common Stock, respectively, to certain eligible officers, employees (including senior sea staff), and directors of the Company. The options have a 10-year term and had initially vested equally over four years from the date of grant. Effective September 8, 2000, the Company amended the Plan which reduced the vesting period for all subsequent stock option grants from four years to three years. In addition, the Company also accelerated the vesting period for the existing grants by one year. The impact of the accelerated vesting for the existing grants on compensation expense was not material for the years ended December 31, 2002, 2001 and 2000.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

A summary of the Company's stock option activity, and related information for the years ended December 31, 2002, 2001 and 2000 is as follows:

	December 31, 2002		December 31, 2001		De
	Options (000 s) #	Weighted- Average Exercise Price \$	Options (000 s) #	Weighted- Average Exercise Price \$	Opti (000 #
Outstanding-beginning of year....	2,740	28.04	2,860	22.25	3
Granted.....	1,026	39.12	863	41.19	
Exercised.....	(190)	22.16	(917)	22.44	(1
Forfeited.....	(69)	33.86	(66)	26.86	
	-----		-----		---
Outstanding-end of year.....	3,507	31.46	2,740	28.04	2
	=====		=====		==
Exercisable- end of year	1,739	24.97	1,164	22.99	1
	=====		=====		==
Weighted-average fair value of options granted during the year (per option)		9.79		10.19	

Exercise prices for the options outstanding as of December 31, 2002 ranged from \$16.88 per share to \$41.19 per share. These options have a weighted-average remaining contractual life of 7.53 years.

10. Related Party Transactions

As at December 31, 2002, Resolute Investments, Inc. owned 41.6% of the Company's outstanding Common Stock. Two of the Company's directors are officers and directors of Resolute Investments, Inc. Two additional directors of the Company are directors of the entity that ultimately controls Resolute Investments, Inc.

Payments made by the Company to Resolute Investments, Inc. or companies related through common ownership in respect of port agent services, legal and administration fees, shared office costs, and consulting fees for the years ended December 31, 2002, 2001 and 2000 totalled \$0.9 million, \$1.5 million, and \$1.6 million, respectively. In 1993 the Company purchased all of the issued and outstanding shares of Palm Shipping Inc. (now Teekay Chartering Limited) from an affiliate of Resolute Investments, Inc. During the year ended December 31, 2002, the Company accrued and expensed in other (loss) income \$6.0 million as a settlement of a contingent payment, which was required under the terms of the Palm Shipping acquisition agreement.

11. Other (Loss) Income

	Year Ended December 31, 2002 \$	Year Ended December 31, 2001 \$
Loss on disposition of vessels and equipment.....	-	-
(Loss) gain on disposition of available-for-sale securities.....	(1,130)	758
Equity income from joint ventures	4,523	17,324
Deferred income taxes	(11,413)	(6,963)
Miscellaneous.....	(3,455)	(1,011)
	-----	-----
	(11,475)	10,108
	=====	=====

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

12. Derivative Instruments and Hedging Activities

The Company adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," on January 1, 2001. The Company recognized the fair value of its derivatives as assets of \$2.2 million and liabilities of \$1.3 million on its consolidated balance sheet as of January 1, 2001. These amounts were recorded as a cumulative effect of an accounting change as an adjustment to stockholders' equity through other comprehensive income. There was no impact on net income. In addition, a deferred gain of \$3.2 million on unwound interest rate swap agreements presented as other long-term liabilities at December 31, 2000, was reclassified to accumulated other comprehensive income and will be recognized into earnings over the hedged term of the debt.

The Company only uses derivatives for hedging purposes. The following summarizes the Company's risk strategies with respect to market risk from foreign currency fluctuations, changes in interest rates and bunker fuel prices and the effect of these strategies on the Company's financial statements.

The Company hedges portions of its forecasted expenditures denominated in foreign currencies with forward contracts and a portion of its bunker fuel expenditures with bunker fuel swap contracts. As at December 31, 2002, the Company was committed to foreign exchange contracts for the forward purchase of approximately Singapore Dollars 2.0 million, Norwegian Kroner 74.3 million, Canadian Dollars 84.0 million and Euros 1.9 million for U.S. Dollars, at an average rate of Singapore Dollar 1.78 per U.S. Dollar, Norwegian Kroner 7.39 per U.S. Dollar, Canadian Dollar 1.59 per U.S. Dollar and Euros 0.93 per U.S. Dollar, respectively. As at December 31, 2002, the Company was committed to bunker fuel swap contracts totalling 20,400 metric tonnes with a weighted-average price of \$116.00 per tonne, which expire between January 2003 and May 2004.

As at December 31, 2002, the Company was committed to interest rate swap agreements whereby \$20.0 million

of the Company's floating rate debt was swapped with fixed rate obligations having a weighted-average remaining term of 10 months, expiring between March 2003 and May 2004. These agreements effectively change the Company's interest rate exposure on \$20.0 million of debt from a floating LIBOR rate to a weighted-average fixed rate of 5.75%.

The Company is exposed to credit loss in the event of non-performance by the counter parties to the interest rate swap agreements, foreign exchange forward contracts, and bunker fuel swap contracts; however, the Company does not anticipate non-performance by any of the counter parties.

During the year ended December 31, 2002, the Company recognized a net gain of \$0.1 million relating to the ineffective portion of its interest rate swap agreements and foreign currency forward contracts. The ineffective portion of these derivative instruments is presented as interest expense and other (loss) income, respectively.

As at December 31, 2002, the Company estimates, based on current foreign exchange rates, bunker fuel prices and interest rates, that it will reclassify approximately \$1.5 million of net gain on derivative instruments from accumulated other comprehensive income to earnings during the next 12 months due to actual voyage, vessel operating, drydocking and general and administrative expenditures and the payment of interest expense associated with the floating-rate debt.

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d) (all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

13. Commitments and Contingencies

As at December 31, 2002, the Company was committed to the construction of two shuttle, three Suezmax and six Aframax tankers scheduled for delivery between March 2003 and October 2004, at a total cost of approximately \$496.6 million, excluding capitalized interest. As of December 31, 2002, payments made towards these commitments totalled \$127.3 million and long-term financing arrangements existed for \$16.3 million of the unpaid cost of these vessels. It is the Company's intention to finance the remaining unpaid amount of \$353.0 million through incremental debt or the utilization of surplus cash balances, or a combination thereof. As of December 31, 2002, the remaining payments required to be made under these newbuilding contracts were \$245.9 million in 2003, and \$123.4 million in 2004. With the exception of four Aframax tankers scheduled for delivery in 2004, all of the vessels upon delivery will be subject to long-term charter contracts, which expire between 2009 and 2015.

The Company is also committed to a capital lease on an Aframax tanker that is currently under construction and is expected to deliver in the fourth quarter of 2003. The lease will require minimum payments of \$66.9 million (including a purchase obligation payment) over the 15-year term of the lease.

Teekay and certain subsidiaries of Teekay have guaranteed their share of the outstanding mortgage debt in three 50%-owned joint venture companies. As of December 31, 2002, Teekay and these subsidiaries had guaranteed \$82.7 million of such debt, or 50% of the total \$165.3 million in outstanding mortgage debt of the joint venture companies. The outstanding mortgage debt has maturity dates ranging from May 2008 to August 2009. These joint venture companies own three shuttle tankers.

On December 16, 2002, Teekay and Statoil ASA announced that they had entered into an agreement under which Teekay will acquire Statoil's wholly-owned shipping company, Navion ASA (excluding its oil drilling ship and related operations and one floating production, storage and offload vessel), on a debt free-basis, for approximately \$800.0 million in cash. Navion, based in Norway, operates primarily in the shuttle tanker and the conventional crude oil and product tanker markets. As of December 31, 2002, the Company had made a deposit of \$76.0 million towards the purchase price, with the remaining unpaid amount being due upon closing, which is expected to take place in the second quarter of 2003. It is anticipated that the acquisition of Navion will be funded by borrowings under a new credit facility, together with available cash or cash generated from operations and borrowings under other existing credit facilities.

14. Change in Non-Cash Working Capital Items Related to Operating Activities

	Year Ended December 31, 2002 \$	Year Ended December 31, 2001 \$
Accounts receivable.....	(13,508)	23,993
Prepaid expenses and other assets.....	(5,002)	5,152
Accounts payable.....	27,375	666
Accrued liabilities.....	(1,827)	(1,614)
	-----	-----
	7,038	28,197
	=====	=====

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont d) (all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

15. Subsequent Events

(a) On February 1, 2003, one of the Company's vessels, the *Alliance Spirit*, was empty of cargo and waiting off Skikda, Algeria to load crude oil when a severe storm arose and pushed the vessel aground. Subsequent to the grounding, the vessel has been classified as a constructive total loss. Although all bunker fuel, diesel fuel, lube oils, paints and chemicals on board have been successfully removed from the vessel, between 40 and 80 metric tonnes of residual oil cargo remain in the cargo tanks. The vessel is insured for its full value and thus, the Company has requested payment of the insurance proceeds, which is anticipated to cover the vessel's full value. The Company also maintains insurance coverage on the vessel for environmental damage or pollution liability in an amount of \$1 billion. The Company believes any liability resulting from the escape of any oil into the environment would be substantially below this amount. Under the applicable global convention, any liability above \$1 billion for any oil spill in this region relating to this incident would be limited to approximately \$32 million.

(b) As of February 18, 2003, the Company completed an offering for gross proceeds of \$143.75 million in mandatory convertible equity units pursuant to its currently effective universal shelf registration statement filed

with the U.S. Securities and Exchange Commission. Each equity unit includes (a) a forward contract that requires the holder to purchase for \$25 a specified fraction of a share of the Company's Common Stock on February 16, 2006 and (b) a \$25 principal amount, subordinated note due May 18, 2006. The forward contracts provide for contract adjustment payments of 1.25% annually and the notes bear interest at 6.0% annually. Upon settlement on February 16, 2006 of the 5.75 million forward contracts included in the equity units, the Company will issue between 3,267,150 and 3,991,075 shares of its Common Stock (depending on the average closing price of the Common Stock for the 20-trading day period ending on the third trading day prior to February 16, 2006). 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.

SCHEDULE A

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

CONDENSED STATEMENTS OF INCOME AND RETAINED EARNINGS
(in thousands of U.S. dollars)

	Year Ended December 31, 2002			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elim
Net voyage revenues	-	36,480	649,624	(
Operating expenses	17,191	34,314	515,253	(
(Loss) income from vessel operations	(17,191)	2,166	134,371	
Net interest expense	(41,575)	-	(12,905)	
Equity in net income of subsidiaries	111,177	-	-	(
Other income (loss)	980	-	(12,455)	
Net income	53,391	2,166	109,011	(
Retained earnings (deficit), beginning of the year	935,660	(15,278)	1,036,401	(1,
Dividends declared	(34,079)	-	-	
Repurchase of Common Stock	(967)	-	-	
Retained earnings (deficit), end of the year	945,005	(13,112)	1,145,412	(1,

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	Year Ended December 31, 2001			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elim
Net voyage revenues	-	34,688	899,218	(
Operating expenses	10,809	32,660	506,974	(
(Loss) income from vessel operations	(10,809)	2,028	392,244	
Net interest (expense) income	(22,548)	-	(34,505)	(
Equity in net income of subsidiaries	369,023	-	-	(
Other income	852	1,663	7,593	
Net income	336,518	3,691	365,332	(
Retained earnings (deficit), beginning of the year	641,149	(18,969)	671,069	(
Adjustment for equity income on step acquisition	198	-	-	
Dividends declared	(34,102)	-	-	
Repurchase of Common Stock	(8,103)	-	-	
Retained earnings (deficit), end of the year	935,660	(15,278)	1,036,401	(1,

	Year Ended December 31, 2000			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elim
Net voyage revenues	-	35,137	776,291	(
Operating expenses	420	25,202	433,578	(
(Loss) income from vessel operations	(420)	9,935	342,713	
Net interest (expense) income	(17,373)	46	(44,192)	(
Equity in net income of subsidiaries	287,127	-	-	(
Other income	686	-	3,178	
Net income	270,020	9,981	301,699	(
Retained earnings (deficit), beginning of the year	404,130	(28,950)	369,370	(
Dividends declared	(33,001)	-	-	
Retained earnings (deficit), end of the year	641,149	(18,969)	671,069	(

(See Note 6)

SCHEDULE A

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of U.S. dollars)

	Year Ended December 31, 2002			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elim
Net income	53,391	2,166	109,011	(
Other comprehensive income				
Unrealized loss on available-for-sale securities	-	-	(239)	
Reclassification adjustment for loss on available-for-sale securities included in net income	-	-	737	
Unrealized gain on derivative instruments	-	-	3,023	
Reclassification adjustment for gain on derivative instruments	-	-	(1,815)	
Comprehensive income	53,391	2,166	110,717	(
	Year Ended December 31, 2001			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elim
Net income	336,518	3,691	365,332	(
Other comprehensive income				
Unrealized loss on available-for-sale securities	-	-	(6,636)	
Reclassification adjustment for gain on available-for-sale securities included in net income	-	-	(3,627)	
Cumulative effect of accounting change	-	-	4,155	
Unrealized loss on derivative instruments	-	-	(2,274)	
Reclassification adjustment for				

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	Year Ended December 31, 2000			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elimi
gain on derivative instruments	-	-	(974)	
Comprehensive income	336,518	3,691	355,976	
Net income	270,020	9,981	301,699	
Other comprehensive income				
Unrealized gain on available-for-sale securities	-	-	4,555	
Comprehensive income	270,020	9,981	306,254	

(See Note 6)

SCHEDULE A

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS
(in thousands of U.S. dollars)

	As at December 31, 2002			
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elimi
ASSETS				
Cash and cash equivalents	-	-	284,625	
Other current assets	1,500	43	197,390	(9)
Total current assets	1,500	43	482,015	(9)
Vessels and equipment (net)	-	258,664	1,807,993	
Advances due from subsidiaries	263,105	-	-	(26)
Other assets (principally marketable securities and investments in subsidiaries)	1,701,937	-	123,748	(1,70)

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Investment in joint ventures	-	-	56,354	
Goodwill	-	-	89,189	
	1,966,542	258,707	2,559,299	(2,06)
LIABILITIES & STOCKHOLDERS EQUITY				
Current liabilities	22,320	7,574	255,661	(9)
Long-term debt	519,229	-	572,500	
Due (from) to affiliates	-	(105,085)	425,788	(32)
Total liabilities	541,549	(97,511)	1,253,949	(41)
Minority Interest	-	-	20,324	
Stockholders Equity				
Capital stock	470,988	23	5,943	(
Contributed capital	-	369,307	136,766	(50)
Retained earnings (deficit)	954,005	(13,112)	1,145,412	(1,13)
Accumulated other comprehensive loss	-	-	(3,095)	
Total stockholders equity	1,424,993	356,218	1,285,026	(1,64)
	1,966,542	258,707	2,559,299	(2,06)

As at December 31, 2001

	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$	Elimi
ASSETS				
Cash and cash equivalents	-	-	174,950	
Other current assets	1,101	472	186,946	(9)
Total current assets	1,101	472	361,896	(9)
Vessels and equipment (net)	-	264,768	1,778,330	
Advances due from subsidiaries	346,430	-	-	(34)
Other assets (principally marketable securities and investments in subsidiaries)	1,599,746	-	42,783	(1,59)
Investment in joint ventures	-	-	27,352	
Goodwill	-	-	87,079	
	1,947,277	265,240	2,297,440	(2,04)
LIABILITIES & STOCKHOLDERS EQUITY				
Current liabilities	24,813	1,319	197,193	(9)
Long-term debt	519,463	-	403,816	
Due (from) to affiliates	-	(90,131)	503,145	(41)
Total liabilities	544,276	(88,812)	1,104,154	(50)
Minority Interest	-	-	18,977	
Stockholders Equity				
Capital stock	467,341	23	5,943	(
Contributed capital	-	369,307	136,766	(50)
Retained earnings (deficit)	935,660	(15,278)	1,036,401	(1,02)
Accumulated other comprehensive loss	-	-	(4,801)	

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Total stockholders equity	1,403,001	354,052	1,174,309	(1,53
	1,947,277	265,240	2,297,440	(2,04

(See Note 6)

SCHEDULE A

TEEKAY SHIPPING CORPORATION AND SUBSIDIARIES

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

	Year Ended December 31,		
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$
Cash and cash equivalents provided by (used for)			
OPERATING ACTIVITIES			
Net cash flow from operating activities	(51,914)	24,994	241,364
FINANCING ACTIVITIES			
Net proceeds from long-term debt	-	-	255,185
Scheduled repayments of long-term debt	-	-	(51,830)
Prepayments of long-term debt	-	-	(8,000)
Other	51,914	(14,953)	(69,312)
Net cash flow from financing activities	51,914	(14,953)	126,043
INVESTING ACTIVITIES			
Expenditures for vessels and equipment	-	(10,041)	(160,522)
Deposit for purchase of Navion ASA	-	-	(76,000)
Other	-	-	(21,210)
Net cash flow from investing activities	-	(10,041)	(257,732)
Increase in cash and cash equivalents	-	-	109,675
Cash and cash equivalents, beginning of the year	-	-	174,950
Cash and cash equivalents, end of the year	-	-	284,625

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	Year Ended December 31,		
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$
Cash and cash equivalents provided by (used for)			
OPERATING ACTIVITIES			
Net cash flow from operating activities	(7,458)	21,446	506,162
FINANCING ACTIVITIES			
Net proceeds from long-term debt	345,045	-	343,336
Scheduled repayments of long-term debt	-	-	(72,026)
Prepayments of long-term debt	(22,045)	-	(729,693)
Other	(316,034)	(20,502)	301,031
Net cash flow from financing activities	6,966	(20,502)	(157,352)
INVESTING ACTIVITIES			
Expenditures for vessels and equipment	-	(945)	(204,102)
Purchase of Ugland Nordic Shipping AS	198	-	(176,651)
Other	-	1	25,887
Net cash flow from investing activities	198	(944)	(354,866)
Decrease in cash and cash equivalents	(294)	-	(6,056)
Cash and cash equivalents, beginning of the period	294	-	181,006
Cash and cash equivalents, end of the year	-	-	174,950
	=====	=====	=====
			Year Ended December 31,
	Teekay Shipping Corp. \$	8.32% Notes Guarantor Subsidiaries \$	Non-Guarantor Subsidiaries \$
Cash and cash equivalents provided by (used for)			
OPERATING ACTIVITIES			
Net cash flow from operating activities	(19,407)	25,048	327,614
FINANCING ACTIVITIES			
Net proceeds from long-term debt	-	-	206,000
Scheduled repayments of long-term debt	-	-	(63,757)
Prepayments of long-term debt	(35,726)	-	(394,200)
Other	55,217	(63,293)	2,916
Net cash flow from financing activities	19,491	(63,293)	(249,041)
INVESTING ACTIVITIES			
Expenditures for vessels and equipment	-	(1,407)	(54,046)

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Proceeds from disposition of assets	-	-	9,713
Acquisition costs related to purchase of Bona Shipholding Ltd.	-	-	(2,685)
Other	-	-	(31,014)
	-----		-----
Net cash flow from investing activities	-	(1,407)	(78,032)
	-----		-----
Increase (decrease) in cash and cash equivalents	84	(39,652)	541
Cash and cash equivalents, beginning of the year	210	39,652	180,465
	-----		-----
Cash and cash equivalents, end of the year	294	-	181,006
	=====		=====

(See Note 6)

EXHIBIT 12.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Amendment No. 1 to the Annual Report of Teekay Shipping Corporation (the *Company*) on Form 20-F for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the *Form 20-F*), I, Bjorn Moller, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Amendment No. 1 to the Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in Amendment No. 1 to the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 28, 2004

By: /s/ Bjorn Moller
Bjorn Moller
President and Chief Executive Officer

EXHIBIT 12.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Amendment No. 1 to the Annual Report of Teekay Shipping Corporation (the *Company*) on Form 20-F for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the *Form 20-F*), I, Peter Evensen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Amendment No. 1 to the Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in Amendment No. 1 to the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 28, 2004

By: /s/ Peter Evensen
Peter Evensen
Executive Vice President and Chief Financial Officer

EXHIBIT 13.1

CERTIFICATION

I, Bjorn Moller, Chief Executive Officer of the company, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 20-F of Teekay Shipping Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in the report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any changes in the company's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

Date: July 28, 2004

By: /s/ Bjorn Moller

Bjorn Moller

President and Chief Executive Officer

EXHIBIT 13.2

CERTIFICATION

I, Peter Evensen, Executive Vice President and Chief Financial Officer of the company, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 20-F of Teekay Shipping Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in the report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any changes in the company's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls over financial reporting; and

Date: July 28, 2004

By: /s/ Peter Evensen

Peter Evensen

Executive Vice President and Chief Financial Officer

EXHIBIT 15.1

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-42434) pertaining to the Amended 1995 Stock Option Plan of Teekay Shipping Corporation (Teekay), in the Registration Statement (Form F-3 No. 333-102594) and in the related Prospectus of Teekay for the registration of up to \$500,000,000 of its common stock, preferred stock, warrants, stock purchase contracts, stock purchase units or debt securities and in the Registration Statement (Form F-3 No. 33-97746) and related prospectus of Teekay for the registration of 2,000,000 shares of Teekay common stock under its Dividend Reinvestment Plan of our report dated February 13, 2003 (except for Note 15(b) which is as of February 19, 2003), with respect to the consolidated financial statements and the financial schedule listed in Index: Item 18 of Teekay and its subsidiaries included in this Amendment No. 1 to the Annual Report (Form 20-F) for the year ended December 31, 2002.

Vancouver, Canada
April 22, 2004

/s/ ERNST & YOUNG LLP
Chartered Accountants

EXHIBIT 15.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-42434) pertaining to the Amended 1995 Stock Option Plan of Teekay Shipping Corporation (Teekay), in the Registration Statement (Form F-3 No. 333-102594) and in the related Prospectus of Teekay for the registration of up to \$500,000,000 of its common stock, preferred stock, warrants, stock purchase contracts, stock purchase units or debt securities and in the Registration Statement (Form F-3 No. 33-97746) and related prospectus of Teekay for the registration of 2,000,000 shares of Teekay common stock under its Dividend Reinvestment Plan of our report dated May 22, 2002, included in

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this Amendment No. 1 to Annual Report (Form 20-F) for the year ended December 31, 2002 with respect to the annual financial statements of Umland Nordic Shipping ASA for the year ended December 31, 2001.

Deloitte & Touche
Alf-Anton Eid (signed)
State Authorized Public Accountant (Norway)
April 4, 2004