



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS FIRST QUARTER PROFIT OF \$14.0 MILLION

Nassau, The Bahamas, July 21, 1997 - Teekay Shipping Corporation today reported net income of \$14.0 million, or 49 cents per share, for the quarter ended June 30, 1997, compared to \$5.4 million, or 19 cents per share, for the quarter ended June 30, 1996. Net voyage revenue for the quarter was \$73.9 million, compared to \$65.1 million recorded last year, while income from vessel operations improved to \$26.1 million from \$19.4 million.

The following key indicators serve to highlight the changes in financial performance:

	Three Months Ended		
	June 30,		%
	1997	1996	Increase
Revenue-generating ship-days:	3,561	3,490	2.0%
TCE per revenue-generating ship-day:	\$ 21,214	\$ 19,061	11.3%
Operating cash flow per calendar ship-day:	\$ 12,462	\$ 10,808	15.3%

Results for the quarter ended June 30, 1997 reflect a continuation of firm freight rates experienced during the past winter, resulting from a continued tightening of the supply-demand balance for tankers, further aided by seasonal factors. Late in the quarter and continuing into July, however, rates for Aframax tonnage in the Indo-Pacific Basin, the Company's primary market, declined, mainly as a result of seasonal refinery scheduled maintenance in Japan and South Korea. While the second quarter results will likely reflect this decline, management anticipates a typical seasonal strengthening of the tanker market going into the fall and winter months. The International Energy Agency expects global oil consumption, a key indicator of tanker demand, to rise by 2.5% in calendar 1997, and 2.4% in 1998.

On the tanker supply side, the size of the world tanker fleet remains virtually unchanged this quarter at 298.5 million dwt, while the world tanker fleet orderbook has increased, rising from 26.0 million dwt to 34.4 million dwt, or 11.5% of the world tanker fleet. The Aframax tanker orderbook also rose, from 63 ships to approximately 72 ships, representing 12.5% of the world Aframax fleet. Total tanker tonnage scheduled for delivery in calendar 1997 remains unchanged at 10.1 million dwt, while deliveries scheduled for 1998 have increased to 12.8 million dwt. from 12.3 million dwt last quarter.

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In June 1997, the Company took delivery of a newbuilding double-hull Aframax tanker, HAMANE SPIRIT, from Onomichi Dockyard, and subsequent to quarter-end, has chartered-in the 1987-built single-hull Aframax tanker HAKUYOU MARU for one year. The following is a summary of the Teekay fleet as of this date:

Type	Number	Dwt
Double-hull or double-sided Aframax:	11	1,087,925
Modern single-hull Aframax:	27	2,661,721
Pre-MARPOL Aframax:	1	87,588
Time-chartered Aframax:	2	198,085
Other size tankers:	3	382,322
Total:	44	4,417,641

On July 2, 1997, the Company declared a quarterly dividend of 21.5 cents per share, payable on July 30, 1997 to shareholders of record as at July 14, 1997.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services. The Company's modern fleet provides such transportation services to major oil companies, major oil traders and government agencies, principally in the region spanning from the Red Sea to the United States West Coast.

The Company's common stock is listed on the New York Stock Exchange and trades under the symbol "TK".

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SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended June 30,	
	<u>1997</u>	<u>1996</u>
	(Unaudited)	
NET VOYAGE REVENUES		
Voyage revenues	98,274	90,015
Voyage expenses	24,417	24,907
Net voyage revenues	73,857	65,108
OPERATING EXPENSES		
Vessel operating expenses	17,974	17,668
Time-charter hire expense	1,292	1,663
Depreciation and amortization	23,670	22,010
General and administrative	4,773	4,396
	47,709	45,737
Income from vessel operations	26,148	19,371
OTHER ITEMS		
Interest expense	(14,092)	(15,426)
Interest income	1,803	1,479
Other income (loss)	154	(30)
	(12,135)	(13,977)
Net income	14,013	5,394
Net income per common share	\$ 0.49	\$ 0.19
Average number of common shares outstanding	28,412,665	27,977,813

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at June 30, 1997</u>	<u>As at March 31, 1997</u>
	(Unaudited)	
ASSETS		
Cash and cash equivalents	143,866	117,523
Other current assets	41,523	41,477
Vessels and equipment	1,215,586	1,196,337
Other assets	10,942	17,501
Total Assets	1,411,917	1,372,838
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	49,132	43,297
Current portion of long-term debt	40,931	36,283
Long-term debt	680,010	663,443
Stockholders' equity	641,844	629,815
Total Liabilities and Stockholders' Equity	1,411,917	1,372,838

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FORWARD LOOKING STATEMENTS

The reference in this release regarding seasonal variations in the tanker market is a forward-looking statement that involves risks and uncertainties, including whether, as is typical, oil consumption in the northern hemisphere will increase in the fall and winter months and unpredictable weather patterns in the winter months will tend to disrupt vessel scheduling, factors that historically have resulted in increased oil price volatility and increased oil trading activity. Accordingly, actual results may differ materially.