



TEEKAY SHIPPING CORPORATION

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Nassau, Bahamas

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)

| | <u>Three Months Ended June 30,</u> | |
|---|------------------------------------|-------------|
| | <u>1997</u> | <u>1996</u> |
| | <u>(Unaudited)</u> | |
| 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> |
|---|----------------------------|-----------------------------|
| | <u>(Unaudited)</u> | |
| 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.