



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS THIRD QUARTER PROFIT OF \$64.4 MILLION

Highlights

- Net income of \$64.4 million, or \$1.58 per share, including gain on sale of three 50%-owned vessels of \$10.2 million, or \$0.25 per share
- International Fleet TCE earnings of \$25,163 per day
- Signed an agreement for the long-term time-charter of five new tankers to Tosco Corporation
- Initiated a share repurchase program of up to 2,000,000 shares

Nassau, The Bahamas, October 22, 2001 - Teekay Shipping Corporation today reported net income of \$64.4 million, or \$1.58 per share on a fully diluted basis, for the quarter ended September 30, 2001, compared to net income of \$80.9 million, or \$2.02 per share on a fully diluted basis, for the quarter ended September 30, 2000. The results for the three months ended September 30, 2001 include a \$10.2 million, or \$0.25 per share, gain on sale of three vessels that were sold by a joint venture, in which Teekay owns a 50% interest. Net voyage revenues for the quarter were \$178.3 million, compared to \$174.9 million recorded in the same period last year, while income from vessel operations decreased to \$71.3 million, from \$95.3 million. The results for the current quarter over the same period last year reflect a decrease in tanker charter rates, partially offset by an increase in the average fleet size resulting from the acquisition of Ugland Nordic Shipping ASA in March 2001.

Net income for the nine months ended September 30, 2001 was \$305.3 million, or \$7.53 per share on a fully diluted basis, compared to \$147.5 million, or \$3.77 per share on a fully diluted basis, for the same period last year. The results for the nine months ended September 30, 2001 include the above-mentioned gain of \$10.2 million, or \$0.25 per share. Results for the same period last year included a loss of \$1.0 million, or \$0.03 per share, on the sale of two of the Company's vessels. Net voyage revenues for the nine months ended September 30, 2001 were \$637.3 million, compared to \$437.6 million in the same period last year, while income from vessel operations increased to \$337.4 million from \$194.2 million.

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

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2001	2000	Change	2001	2000	Change
International Tanker Fleet:						
Revenue-generating ship-days	5,095	5,205	-2.1%	15,061	15,583	-3.4%
TCE per revenue-generating ship-day	\$25,163	\$29,313	-14.2%	\$33,701	\$23,949	40.7%
TCE per calendar-ship-day	\$22,133	\$27,525	-19.6%	\$30,170	\$22,241	35.7%
Vessel operating expense per calendar-ship-day	\$5,393	\$5,259	2.6%	\$5,321	\$5,285	0.7%
Operating cash flow per calendar-ship-day	\$14,549	\$20,447	-28.9%	\$22,714	\$15,130	50.1%
Oil/Bulk/Ore ("OBO") Fleet:						
Revenue-generating ship-days	649	685	-5.3%	1,874	2,050	-8.6%
TCE per revenue-generating ship-day	\$16,746	\$16,942	-1.2%	\$18,752	\$15,053	24.6%
TCE per calendar-ship-day	\$13,965	\$14,997	-6.9%	\$15,326	\$13,323	15.0%
Vessel operating expense per calendar-ship-day	\$6,485	\$5,944	9.1%	\$6,202	\$5,947	4.3%
Operating cash flow per calendar-ship-day	\$5,001	\$7,608	-34.3%	\$7,072	\$5,948	18.9%
UNS Fleet:						
Calendar-ship-days	1,104	-	N/A	2,366	-	N/A
Operating cash flow per calendar-ship-day	\$16,570	-	N/A	\$16,361	-	N/A
Australian Fleet:						
Calendar-ship-days	460	368	25.0%	1,256	1,096	14.6%
Operating cash flow per calendar-ship-day	\$16,297	\$14,976	8.8%	\$15,194	\$14,293	6.3%

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Tanker Market

Charter rates earned by the Company's International Tanker Fleet in the third quarter were 14.2% lower than in the corresponding period last year. OPEC oil production cuts, which were announced in July 2001 in response to weak oil demand growth and in anticipation of declining crude oil prices, took effect on September 1, 2001. This reduced the demand for tankers and caused crude oil tanker charter rates to decline from the higher levels experienced during the first half of 2001. There was some minor disruption to tanker operations subsequent to the tragic events of September 11th in the United States, including temporary U.S. port closures. Tanker trading and operations have since resumed their normal pattern.

The International Energy Agency ("IEA") estimates that global oil demand, an indicator of tanker demand, averaged 75.7 million barrels per day ("mbpd") during the most recent quarter, up 0.7% over the quarter ended June 30, 2001 but 0.9% lower than the third quarter of last year. As of October 12, 2001, the IEA's oil demand forecast for 2001 was 76.0 mbpd, a 0.1% increase over 2000. This reduction in growth from 0.9% in 2000 and 2.2% in 1999, reflects the weakening global economy.

The size of the world tanker and OBO fleet decreased to 310.8 million deadweight tonnes ("mdwt") at the end of the quarter, down 0.2% from the end of the previous quarter and up 0.5% from September 30, 2000. Deliveries of tanker newbuildings during the quarter ended September 30, 2001 totaled 2.8 mdwt, down from 4.7 mdwt in the previous quarter, while scrapping totaled 3.1 mdwt, compared to 4.1 mdwt scrapped in the previous quarter.

The world tanker and OBO orderbook increased from 60.4 mdwt at June 30, 2001 to 65.0 mdwt at September 30, 2001, or from 19.4% to 20.9% of the total world tanker and OBO fleet. The Aframax tanker orderbook increased further from 113 vessels at June 30, 2001 to 125 vessels as of September 30, 2001, or from 17.6% to 19.6% of the world Aframax fleet (including OBOs). The increase in the tanker orderbook is, in part, a response to the new International Maritime Organization ("IMO") regulations, which were passed in April 2001. The IMO regulations will accelerate the phase-out of older tankers, affecting approximately 30% of the current world tanker fleet by the end of 2006.

Teekay Fleet

As of September 30, 2001, the Teekay fleet consisted of 97 vessels, including seven time-chartered-in Aframax tankers and eight newbuilding tankers on order.

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

Type	Number	Dwt
International Tanker Fleet:		
100%-owned Aframax	53	5,302,300
Time-chartered-in Aframax	7	728,000
VLCC	1	280,700
Newbuilding Aframax on order	2	224,000
Newbuilding Suezmax on order	3	456,000
OBO Fleet (1)	8	625,900
Australian Fleet	5	382,000
UNS Fleet:		
Shuttle Tankers (2)	15	1,508,300
Newbuilding Shuttle Tankers on order	3	331,500
Total:	97	9,838,700

*Excludes vessels managed for third parties.

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

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

Other Highlights

In August 2001, Teekay entered into an agreement for the long-term time-charter of five new tankers to Tosco Corporation (Tosco), commencing upon their delivery in 2003. The time-charter contracts are at fixed rates for a minimum of 12 years each, with options to extend for up to an additional six years. Under this agreement, Teekay will assume Tosco's contract for the construction of three Suezmax and two Aframax tankers. The aggregate cost of the vessels is approximately US \$250 million.

On September 19, 2001, Teekay announced that its Board of Directors has authorized the repurchase of up to 2,000,000 shares of its common stock. Shares will be repurchased in the open market at times and prices considered appropriate by the Company. As of September 30, 2001, Teekay had repurchased 93,800 shares for an average price of \$29.524 per share.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services through the world's largest fleet of medium-sized oil tankers. Headquartered in Nassau, Bahamas, with offices in eleven other countries, Teekay employs approximately 300 on-shore and more than 2,700 seagoing staff around the world. The Company's modern fleet has earned a reputation for safety and excellence in providing transportation services to major oil companies, oil traders and government agencies worldwide.

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

The Company plans to host a conference call at 11 a.m. EDT (8 a.m. PDT) on Tuesday, October 23, 2001, to discuss the results for the quarter. All shareholders and interested parties are invited to listen to the live conference call through www.teekay.com. A recording of the call will be available until October 30, 2001 by dialing (416) 626-4100, reservation number 19737057, or via the Company's Web site until November 30, 2001.

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SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$	\$	\$	\$
	<u>(unaudited)</u>		<u>(unaudited)</u>	
NET VOYAGE REVENUES				
Voyage revenues	241,976	238,686	825,910	622,148
Voyage expenses	63,680	63,791	188,637	184,566
Net voyage revenues	178,296	174,895	637,273	437,582
OPERATING EXPENSES				
Vessel operating expenses	40,251	31,161	113,404	100,653
Time-charter hire expense	17,948	14,218	51,477	40,298
Depreciation and amortization	35,852	25,249	99,473	74,915
General and administrative	12,973	8,930	35,572	27,511
	107,024	79,558	299,926	243,377
Income from vessel operations	71,272	95,337	337,347	194,205
OTHER ITEMS				
Interest expense	(18,078)	(18,022)	(50,944)	(57,287)
Interest income	2,215	2,277	7,867	9,667
Other income	8,983	1,260	11,051	953
	(6,880)	(14,485)	(32,026)	(46,667)
Net income	64,392	80,852	305,321	147,538
Earnings per common share				
- Basic	1.61	2.10	7.69	3.85
- Diluted	1.58	2.02	7.53	3.77
Weighted-average number of common shares outstanding	40,047,343	38,549,937	39,697,974	38,276,111

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at September 30,</u>	<u>As at December 31,</u>
	<u>2001</u>	<u>2000</u>
	\$	\$
	<u>(unaudited)</u>	
ASSETS		
Cash and short-term marketable securities	138,942	189,381
Other current assets	95,773	106,114
Marketable securities – long-term	32,153	33,742
Vessels and equipment	2,055,378	1,607,716
Other assets	53,339	37,146
Goodwill	88,220	-
Total Assets	2,463,805	1,974,099
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	70,214	66,165
Current portion of long-term debt	54,573	72,170
Long-term debt	892,760	725,314
Other long-term liabilities	40,506	7,368
Minority interest	19,475	4,570
Stockholders' equity	1,386,277	1,098,512
Total Liabilities and Stockholders' Equity	2,463,805	1,974,099

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TEEKAY SHIPPING CORPORATION
SUPPLEMENTAL INFORMATION

(in thousands of U.S. dollars)

Three Months Ended September 30, 2001
(unaudited)

	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	124,187	17,019	25,068	12,022	178,296
Vessel operating expenses	26,788	4,773	5,131	3,559	40,251
Time-charter hire expense	11,207	6,741	-	-	17,948
Depreciation and amortization	22,462	1,738	9,330	2,322	35,852

Three Months Ended September 30, 2000
(unaudited)

	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	149,273	18,757	-	6,865	174,895
Vessel operating expenses	26,123	4,375	-	663	31,161
Time-charter hire expense	6,499	7,719	-	-	14,218
Depreciation and amortization	22,494	1,001	-	1,754	25,249

Nine Months Ended September 30, 2001
(unaudited)

	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet**</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	494,142	56,566	55,341	31,224	637,273
Vessel operating expenses	78,044	13,545	12,247	9,568	113,404
Time-charter hire expense	28,384	23,093	-	-	51,477
Depreciation and amortization	69,222	3,742	20,657	5,852	99,473

Nine Months Ended September 30, 2000
(unaudited)

	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	363,302	48,134	-	26,146	437,582
Vessel operating expenses	79,059	13,036	-	8,558	100,653
Time-charter hire expense	21,369	18,929	-	-	40,298
Depreciation and amortization	66,814	2,909	-	5,192	74,915

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

** Represents results for the period from March 6, 2001 to September 30, 2001.

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FORWARD LOOKING STATEMENTS

This release contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding tanker charter rates, and the balance of supply and demand in the crude tanker market. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in production of or demand for oil and petroleum products, either generally or in particular regions; greater than anticipated levels of tanker newbuilding orders or less than anticipated rates of tanker scrapping; changes in trading patterns significantly impacting overall tanker tonnage requirements; changes in applicable industry regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil; and our potential inability to renew or replace long-term charter contracts.