



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS THIRD QUARTER RESULTS

3rd Quarter Highlights

- Net income of \$643,000, or \$0.02 per share
- International Fleet TCE earnings of \$16,175 per day
- EBITDA of \$54.7 million, of which \$26.8 million was from long-term fixed-rate contracts

Nassau, The Bahamas, October 23, 2002 - Teekay Shipping Corporation today reported net income of \$643,000, or \$0.02 per share, for the quarter ended September 30, 2002, compared to net income of \$64.4 million, or \$1.58 per share, for the quarter ended September 30, 2001. The results for the quarter ended September 30, 2001 included a \$10.2 million, or \$0.25 per share, gain on the sale of three 50%-owned vessels. Net voyage revenues for the quarter were \$122.8 million, compared to \$178.3 million recorded in the same period last year, while income from vessel operations decreased to \$15.3 million from \$71.3 million. The results for the current quarter reflect low tanker charter rates, as well as a higher than normal number of non-revenue-generating ship-days due to the acceleration of drydock maintenance.

Net income for the nine months ended September 30, 2002 was \$20.3 million, or \$0.50 per share, compared to \$305.3 million, or \$7.53 per share, for the same period last year. The results for the nine months ended September 30, 2001 included the above-mentioned gain of \$10.2 million, or \$0.25 per share. Net voyage revenues for the nine months ended September 30, 2002 were \$388.7 million, compared to \$637.3 million in the same period last year, while income from vessel operations decreased to \$70.7 million from \$337.3 million.

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

	Three Months Ended			Nine Months Ended		
	September 30,		%	September 30,		%
	2002	2001	Change	2002	2001	Change
International Tanker Fleet:						
Revenue-generating ship-days	4,881	5,095	-4.2%	14,525	15,061	-3.6%
TCE per revenue-generating ship-day	\$16,175	\$25,163	-35.7%	\$17,363	\$33,701	-48.5%
TCE per calendar-ship-day	\$13,772	\$22,133	-37.8%	\$15,021	\$30,170	-50.2%
Vessel operating expense per calendar-ship-day	\$5,616	\$5,393	4.1%	\$5,592	\$5,321	5.1%
Operating cash flow per calendar-ship-day	\$5,528	\$14,549	-62.0%	\$6,795	\$22,714	-70.1%
Oil/Bulk/Ore ("OBO") Fleet:						
Revenue-generating ship-days	650	649	0.2%	1,960	1,874	4.6%
TCE per revenue-generating ship-day	\$11,455	\$16,746	-31.6%	\$12,652	\$18,752	-32.5%
TCE per calendar-ship-day	\$9,565	\$13,965	-31.5%	\$10,783	\$15,326	-29.6%
Vessel operating expense per calendar-ship-day	\$6,221	\$6,485	-4.1%	\$6,251	\$6,202	0.8%
Operating cash flow per calendar-ship-day	\$24	\$5,001	-99.5%	\$1,339	\$7,072	-81.1%
UNS Fleet:						
Calendar-ship-days	1,104	1,104	0.0%	3,276	2,366	38.5%
Operating cash flow per calendar-ship-day	\$13,544	\$16,570	-18.3%	\$14,299	\$16,361	-12.6%
Australian Fleet:						
Calendar-ship-days	460	460	0.0%	1,365	1,256	8.7%
Operating cash flow per calendar-ship-day	\$14,656	\$16,297	-10.1%	\$15,168	\$15,194	-0.2%

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Tanker Market

Tanker charter rates remained low during the third quarter of 2002 due to a continuation of relatively weak global oil demand, an underlying driver of tanker demand. OPEC decided to leave official oil production quotas unchanged at their September 18, 2002 meeting. However, actual OPEC crude oil output, as reported by the International Energy Agency ("IEA"), rose by 1.0 million barrels per day ("mb/d") to 25.3 mb/d in the third quarter of 2002, 4.2% higher than the previous quarter but still 7.0% lower than the third quarter of 2001. The majority of OPEC's production increase came in the latter part of the third quarter and has had a positive impact on tanker charter rates in October 2002.

The IEA reported that global oil demand averaged 76.5 mb/d during the third quarter of 2002, up 1.4% from the preceding quarter, and 0.6% higher than in the third quarter of 2001. As of October 11, 2002, the IEA is forecasting that global oil demand will grow by 1.4 mb/d in the fourth quarter of 2002, up 1.8% from the third quarter and 1.2% higher than in the fourth quarter of 2001. The IEA projection for global oil demand growth in 2003 is 1.0 mb/d, or 1.4% higher than 2002 levels.

The size of the world tanker fleet rose marginally to 302.8 million deadweight tonnes ("mdwt") as of September 30, 2002, up 0.1% from the end of the second quarter. A total of 4.5 mdwt was sold for demolition in the third quarter of 2002, compared to 5.7 mdwt in the previous quarter, while deliveries of tanker newbuildings during the third quarter totaled 4.9 mdwt, down from 5.2 mdwt in the previous quarter. The world tanker fleet has experienced a net reduction in size of 2.9% during the past twelve months.

The world tanker orderbook decreased to 61.9 mdwt at September 30, 2002, representing 20.4% of the total world fleet, down from 63.3 mdwt or 20.9% of the total world fleet at June 30, 2002. The Aframax tanker orderbook decreased from 136 vessels at June 30, 2002 to 133 vessels as of September 30, 2002, or from 21.7% to 20.9% of the world Aframax fleet.

Teekay Fleet

As of September 30, 2002, the Teekay fleet (excluding vessels managed for third parties) consisted of 101 vessels, including five time-chartered-in Aframax tankers and twelve newbuilding tankers on order. During the third quarter of 2002, through a 50%-owned joint venture, Teekay acquired a 2001-built 151,000 dwt Suezmax tanker. This vessel, along with a sister ship acquired in the second quarter, will be converted to shuttle tankers and will commence 15-year fixed-rate bareboat charter contracts in the first quarter of 2003. As previously announced, Teekay ordered four 115,000 dwt high-specification Aframax newbuildings during the quarter, for delivery in 2004.

The following is a summary of the Teekay fleet as of September 30, 2002:

Type	Number	Dwt
International Tanker Fleet:		
100%-owned Aframax	53	5,298,700
Time-chartered-in Aframax	5	515,800
Newbuilding Aframax on order	6	684,000
Newbuilding Suezmax on order	3	456,000
Suezmax (1)	2	302,000
VLCC	1	280,700
OBO Fleet (2)	8	625,900
Australian Fleet	5	381,900
UNS Fleet:		
Shuttle Tankers (3)	15	1,495,400
Newbuilding Shuttle Tankers on order	3	331,500
Total:	101	10,371,900

(1) Includes one 50%-owned Suezmax tanker.

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

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

Under a share repurchase program announced on September 19, 2001, Teekay is authorized to repurchase up to 2,000,000 shares of its common stock. As of September 30, 2002, Teekay had repurchased a total of 561,700 shares at an average price of \$27.97 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 11 other countries, Teekay employs more than 4,100 seagoing and shore-based staff around the world. The Company's 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 is listed on the New York Stock Exchange where it trades under the symbol "TK".

The Company plans to host a conference call at 11:00 a.m. EDT (8:00 a.m. PDT) on October 24, 2002, to discuss the results for the quarter. All shareholders and interested parties are invited to listen to the live conference call through www.teekay.com. A recording of the call will be available until October 31, 2002 by dialing (719) 457-2605, access code 131261, or via the Company's Web site until November 24, 2002.

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SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>(unaudited)</u>		<u>(unaudited)</u>	
NET VOYAGE REVENUES				
Voyage revenues	184,927	241,976	560,492	825,910
Voyage expenses	62,166	63,680	171,764	188,637
Net voyage revenues	122,761	178,296	388,728	637,273
OPERATING EXPENSES				
Vessel operating expenses	44,365	40,251	127,415	113,404
Time-charter hire expense	11,430	17,948	37,640	51,477
Depreciation and amortization	37,295	35,852	110,136	99,473
General and administrative	14,330	12,973	42,824	35,572
	107,420	107,024	318,015	299,926
Income from vessel operations	15,341	71,272	70,713	337,347
OTHER ITEMS				
Interest expense	(14,675)	(18,078)	(43,854)	(50,944)
Interest income	898	2,215	2,691	7,867
Other income (loss)	(921)	8,983	(9,265)	11,051
	(14,698)	(6,880)	(50,428)	(32,026)
Net income	643	64,392	20,285	305,321
Earnings per common share				
- Basic	\$0.02	\$1.61	\$0.51	\$7.69
- Diluted	\$0.02	\$1.58	\$0.50	\$7.53
Weighted-average number of common shares outstanding				
- Basic	39,667,088	40,047,343	39,618,246	39,697,974
- Diluted	40,229,966	40,831,071	40,259,815	40,569,756

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at September 30,</u>	<u>As at December 31,</u>
	<u>2002</u>	<u>2001</u>
	<u>(unaudited)</u>	
ASSETS		
Cash and short-term marketable securities	164,646	179,978
Other current assets	112,576	87,491
Marketable securities – long-term	10,729	16,026
Vessels and equipment	1,902,493	1,925,844
Advances on newbuilding contracts	152,160	117,254
Other assets	86,040	54,109
Goodwill	89,189	87,079
Total Assets	2,517,833	2,467,781
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	86,504	75,495
Current portion of long-term debt	55,165	51,830
Long-term debt	916,575	883,872
Other long-term liabilities	45,298	39,407
Minority interest	20,042	18,977
Stockholders' equity	1,394,249	1,398,200
Total Liabilities and Stockholders' Equity	2,517,833	2,467,781

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TEEKAY SHIPPING CORPORATION
SUPPLEMENTAL INFORMATION

(in thousands of U.S. dollars)

	<u>Three Months Ended September 30, 2002</u> <u>(unaudited)</u>				
	<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	76,064	10,627	24,388	11,682	122,761
Vessel operating expenses	28,435	4,579	7,469	3,882	44,365
Time-charter hire expense	7,843	3,587	-	-	11,430
Depreciation and amortization	24,467	1,987	8,279	2,562	37,295

	<u>Three Months Ended September 30, 2001</u> <u>(unaudited)</u>				
	<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

	<u>Nine Months Ended September 30, 2002</u> <u>(unaudited)</u>				
	<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	243,813	37,363	72,011	35,541	388,728
Vessel operating expenses	83,019	13,652	19,081	11,663	127,415
Time-charter hire expense	23,826	13,814	-	-	37,640
Depreciation and amortization	71,976	5,580	24,924	7,656	110,136

	<u>Nine Months Ended September 30, 2001</u> <u>(unaudited)</u>				
	<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

* 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.

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 or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly impacting overall tanker tonnage requirements; changes in applicable industry regulations; and changes in the typical seasonal variations in tanker charter rates.

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