TEEKAY SHIPPING CORPORATION
Fourth Floor, Euro Canadian Center, Marlborough Street & Navy Lion Road
P.O. Box SS-6293, Nassau, Bahamas

EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS THIRD QUARTER RESULTS

Nassau, The Bahamas, January 25, 1999 - Teekay Shipping Corporation today reported net income of $5.1 million, or 16 cents per share, for the quarter ended December 31, 1998, compared to $28.6 million, or 99 cents per share, for the quarter ended December 31, 1997. There were no asset sales in the current quarter, in comparison to a gain on sale of assets of $10.5 million, or 36 cents per share, in the same quarter last year. Net voyage revenue for the quarter was $73.2 million, compared to $80.7 million recorded last year, while income from vessel operations decreased to $14.2 million from $31.0 million.

Net income for the nine months ended December 31, 1998 before extraordinary items was $50.8 million, or $1.65 per share, compared to a net income of $54.9 million, or $1.92 per share, in the corresponding period a year ago. Net income after extraordinary items was $43.5 million, or $1.41 per share, for the nine months ended December 31, 1998. This included an extraordinary charge of $7.3 million, or 24 cents per share, arising from the redemption of the Company's $9^{5}/_{8}$% First Preferred Ship Mortgage Notes in August 1998. There were no extraordinary gains or losses for the nine months ended December 31, 1997. Asset sales resulted in gains of $7.1 million, or 23 cents per share, in the first nine months of the current fiscal year, compared to gains of $14.4 million, or 50 cents per share, in the same period of the prior year. Net voyage revenue for the nine months ended December 31, 1998 was $248.4 million, compared to $226.7 million in the same period of the previous fiscal year, while income from vessel operations declined to $75.0 million from $79.0 million.

The following key indicators serve to highlight changes in financial performance for the Company's international fleet (excluding four Australian-crewed vessels on long-term time charter contracts) and to highlight performance for the Australian-crewed vessels:

	Three Months Ended December 31,		%	Nine Months Ended December 31,		%
	1998	1997	Change	1998	1997	Change
International Fleet:						
Revenue-generating ship-days:	3,692	3,611	2.2%	11,054	10,901	1.4%
TCE per revenue-generating ship-day:	$17,539	$22,600	-22.4%	$20,365	$21,201	-3.9%
Operating cash flow per calendar ship-day:	$8,999	$13,772	-34.7%	$11,850	$12,452	-4.8%
Australian Crewed Vessels:						
Operating cash flow per calendar ship-day:	$16,046	N/A	N/A	$14,650	N/A	N/A
Total Fleet Operating cash flow per calendar ship-day:	$9,557	$13,772	-30.6%	$12,049	$12,452	-3.2%

Aframax tanker charter rates declined significantly from the previous quarter, contrary to the usual seasonal improvement in rates experienced during the winter months. High oil inventories have contributed to weaker demand for short-haul crude oil transportation, which continues to place downward pressure on rates in the near-term.

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The International Energy Agency has reduced its estimate of global oil consumption growth for 1998 to 0.4 percent over 1997 levels, down from 0.9 percent growth predicted one quarter ago, as a result of weakening Asian economies, and is forecasting growth of 1.5 percent for 1999.

The world-wide supply of tankers and oil/bulk/ore (OBO) carriers decreased from 300.0 million deadweight tonnes (dwt) last quarter to 299.7 million dwt, while the orderbook increased from 45.4 million dwt last quarter to 48.7 million dwt. The rate of scrapping in 1998 increased to 8.4 million dwt, from 4.2 million dwt in 1997. The world Aframax fleet (including Aframax-size OBOs) now stands at 608 vessels, an increase of 12 vessels from last quarter, and the Aframax orderbook totals 80 vessels, a reduction of 11 vessels from one quarter ago.

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

Type	Number	Dwt
Double-hull or double-sided Aframaxes:	21	2,080,100
Modern single-hull Aframaxes:	17	1,715,500
Time-chartered-in Aframaxes:	5	501,500
Newbuilding Aframaxes on Order: *	2	226,000
Other size tankers:	4	391,500
Total:	49	4,914,600

* Scheduled for delivery in July and September 1999

On January 6, 1999, the Company declared a quarterly dividend of 21.5 cents per share, payable on January 29, 1999 to shareholders of record on January 18, 1999.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services through the world's largest fleet of medium size oil tankers. 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".

Contact: James Fraser
(604) 844-6654
Web Site: www.teekay.com

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SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	1998	1997	1998	1997
	$	$	$	$
	(Unaudited)		(Unaudited)	
NET VOYAGE REVENUES				
Voyage revenues	97,268	107,084	318,910	305,063
Voyage expenses	24,051	26,392	70,497	78,406
Net voyage revenues	73,217	80,692	248,413	226,657
OPERATING EXPENSES				
Vessel operating expenses	20,362	17,685	62,139	54,269
Time charter hire expense	8,271	3,316	21,896	7,372
Depreciation and amortization	23,769	23,460	71,686	71,054
General and administrative	6,588	5,276	17,675	14,965
	58,990	49,737	173,396	147,660
Income from vessel operations	14,227	30,955	75,017	78,997
OTHER ITEMS				
Interest expense	(10,138)	(13,463)	(35,030)	(42,243)
Interest income	1,340	1,870	5,008	5,762
Other income (loss)	(328)	9,246	5,845	12,377
	(9,126)	(2,347)	(24,177)	(24,104)
Net income before extraordinary loss	5,101	28,608	50,840	54,893
Extraordinary loss on bond redemption			(7,306)	
Net income	5,101	28,608	43,534	54,893
Basic earnings per common share				
-net income before extraordinary loss	$0.16	$0.99	$1.65	$1.92
-net income	$0.16	$0.99	$1.41	$1.92
Diluted earnings per common share				
-net income before extraordinary loss	$0.16	$0.99	$1.65	$1.90
-net income	$0.16	$0.99	$1.41	$1.90
Weighted-average number of common shares outstanding	31,647,819	28,768,227	30,871,957	28,600,028

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SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	As at December 31, 1998 $ (Unaudited)	As at March 31, 1998 $
ASSETS		
Cash and marketable securities	92,399	115,254
Other current assets	38,240	38,113
Vessels and equipment	1,275,769	1,297,883
Other assets	6,181	8,933
Total Assets	1,412,589	1,460,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	37,964	45,359
Current portion of long-term debt	30,026	52,932
Long-term debt	562,267	672,437
Stockholders' equity	782,332	689,455
Total Liabilities and Stockholders' Equity	1,412,589	1,460,183

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, including Asia; 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; and whether, as is typical, oil consumption in the northern hemisphere will increase in the 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.

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