



## TEEKAY SHIPPING CORPORATION

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

### EARNINGS RELEASE

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#### TEEKAY SHIPPING CORPORATION REPORTS FIRST QUARTER PROFIT OF \$25.4 MILLION

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Nassau, The Bahamas, July 22, 1998 - Teekay Shipping Corporation today reported net income of \$25.4 million, or 87 cents per share, for the quarter ended June 30, 1998, compared to \$14.0 million, or 49 cents per share, for the quarter ended June 30, 1997. Net voyage revenue for the quarter was \$86.6 million, compared to \$73.9 million recorded last year, while income from vessel operations improved to \$31.0 million from \$26.1 million. The current fiscal year's results include \$7.1 million, or 24 cents per share, in gains on asset sales, while there were no asset dispositions during the same period last year.

The following key indicators serve to highlight changes in financial performance for the Company's international fleet, which excludes four Australian-crewed vessels on long-term time charter contracts.

	Three Months Ended		% Increase
	1998	June 30, 1997	
Revenue-generating ship-days:	3,649	3,561	2.5%
TCE per revenue-generating ship-day:	\$ 21,810	\$ 21,214	2.8%
Operating cash flow per calendar ship-day:	\$ 13,535	\$ 12,462	8.6%

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The typical seasonal softening of tanker charter rates during the summer months has yet to occur this year on the Gulf-East crude oil tanker routes. Average Aframax freight rates for the quarter remained at levels similar to the previous quarter, and the same quarter a year ago, as Far Eastern refiners, anticipating further OPEC cutbacks, have stockpiled inventories to take advantage of low crude oil prices. In addition, lower bunker fuel prices have helped reduce voyage expenses, supporting time-charter equivalent (TCE) rates during the quarter.

The International Energy Agency reduced their forecast of global oil consumption growth for calendar 1998 to 1.5 percent over 1997 levels, down from 2.0 percent growth predicted one quarter ago, as a result of weakening Asian economies.

The world-wide supply of tankers and ore/bulk/oil (OBO) carriers decreased slightly from last quarter to 297.6 million deadweight tonnes (dwt), while the orderbook increased from 45.9 million dwt last quarter to 46.1 million dwt. The world Aframax fleet (including Aframax-size OBOs) now stands at 591, an increase of 4 vessels from last quarter, and the Aframax orderbook totals 94 vessels, the same level as one quarter ago.

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In May 1998, the Company sold one of its older vessels, the 1981-built PALM MONARCH. During the quarter, the Company time-chartered in two additional Aframax tankers: the 1990-built SEAMASTER for three years, and the 1998-built SILVER PARADISE for two years. The Company also extended the existing time-charter contracts on two modern Aframax tankers, the 1996-built SEABRIDGE and the 1987-built HAKUYOU MARU, each for an additional year. 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:	4	404,200
Other size tankers:	4	391,500
Total:	46	4,591,300

In June 1998, the Company concluded a public offering of 7.0 million shares of its Common Stock, of which 2.8 million shares were offered by the Company and 4.2 million shares were offered by Cirrus Trust, the Company's largest shareholder. In August 1998, the Company will use its net proceeds of approximately \$69.0 million from the offering, together with other funds, to redeem its outstanding 9 5/8% First Preferred Ship Mortgage Notes.

On July 2, 1998, the Company declared a quarterly dividend of 21.5 cents per share, payable on July 31, 1998 to shareholders of record as at July 17, 1998.

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 ATK@.

Contact: James Fraser  
(604) 844-6654

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## SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

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	<u>Three Months Ended June 30,</u>	
	<u>1998</u>	<u>1997</u>
	<u>\$</u>	<u>\$</u>
	<u>(Unaudited)</u>	
<b>NET VOYAGE REVENUES</b>		
Voyage revenues	109,433	98,274
Voyage expenses	22,846	24,417
Net voyage revenues	86,587	73,857
<b>OPERATING EXPENSES</b>		
Vessel operating expenses	20,774	17,974
Time-charter hire expense	5,253	1,292
Depreciation and amortization	24,291	23,670
General and administrative	5,276	4,773
	55,594	47,709
Income from vessel operations	30,993	26,148
<b>OTHER ITEMS</b>		
Interest expense	(14,034)	(14,092)
Interest income	2,015	1,803
Other income	6,474	154
	(5,545)	(12,135)
Net income	25,448	14,013
Earnings per common share		
- Basic and diluted	0.87	0.49
Weighted-average number of common shares outstanding	29,303,499	28,412,665

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## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

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	<u>As at June 30, 1998</u>	<u>As at March 31, 1998</u>
	<u>(Unaudited)</u>	
	<u>\$</u>	<u>\$</u>
<b>ASSETS</b>		
Cash and marketable securities	105,948	115,254
Other current assets	41,097	38,113
Vessels and equipment	1,291,328	1,297,883
Other assets	8,841	8,933
<b>Total Assets</b>	<b>1,447,214</b>	<b>1,460,183</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	43,297	45,359
Current portion of long-term debt	54,962	52,932
Long-term debt	571,014	672,437
Stockholders' equity	777,941	689,455
<b>Total Liabilities and Stockholders' Equity</b>	<b>1,447,214</b>	<b>1,460,183</b>

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## FORWARD LOOKING STATEMENTS

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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, seasonal variations in the tanker market, 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 changes in the typical seasonal variations in tanker charter rates.