



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS FIRST QUARTER RESULTS

Nassau, The Bahamas, July 26, 1999 - Teekay Shipping Corporation today reported net income of \$732,000, or 2 cents per share, for the quarter ended June 30, 1999, compared to \$25.4 million, or 87 cents per share, for the quarter ended June 30, 1998. Net voyage revenue for the quarter was \$70.9 million, compared to \$86.6 million recorded last year, while income from vessel operations declined to \$11.9 million, from \$31.0 million. There were no asset sales in the current quarter, compared to \$7.1 million, or 24 cents per share, in gains on asset sales during the same period last year. Results for the current quarter were affected by a decline in tanker freight rates, partly offset by a change in accounting estimate.

The results for the quarter ended June 30, 1999 included the results of Bona Shipholding Ltd. ("Bona") subsequent to Teekay's acquisition of Bona on June 11, 1999.

Effective April 1, 1999, the Company changed its accounting estimate for the useful life of its vessels from 20 years to 25 years, consistent with the policy of Bona and most other public tanker companies. Had Teekay retained its previous depreciation policy and applied this policy to the Bona fleet, depreciation expense would have been \$5.6 million higher, and there would have been a net loss for the quarter of \$4.9 million, or 15 cents per share.

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

	Three Months Ended June 30,		%
	1999	1998	Change
International fleet (non-Australian crewed):			
Revenue-generating ship-days:	4,152	3,649	13.8%
TCE per revenue-generating ship-day:	\$15,116	\$21,810	-30.7%
Operating cash flow per calendar ship-day:	\$6,542	\$13,535	-51.7%
Australian crewed vessels:			
Operating cash flow per calendar ship-day:	\$14,590	\$13,304	9.7%
Total fleet operating cash flow per calendar ship-day:			
	\$7,161	\$13,486	-46.9%

Global crude oil consumption, an indicator of tanker demand, averaged 72.8 million barrels per day during the quarter ended June 30, 1999, as reported by the International Energy Agency ("IEA"), which is a 4.2% decrease from 76.0 million barrels per day during the previous quarter, but an increase of 0.3% from the same quarter one year ago. For calendar 1999, the IEA is forecasting 1.5% growth in global oil consumption over 1998, a slight increase from their forecast last quarter. Tanker tonne-mile demand was negatively affected by OPEC production cutbacks, which have reduced the amount of oil being exported via tankers by the OPEC producers.

The world tanker and oil/bulk/ore ("OBO") fleet increased in size to 301.9 million deadweight tonnes ("mdwt") at the end of the quarter, up 1.4% from a year earlier, and down slightly from last quarter, as the pace of scrapping exceeded newbuilding deliveries. Deliveries of tanker newbuildings during the quarter totaled 3.2 mdwt, down from 3.6 mdwt in the same period last year, while scrapping totaled 3.6 mdwt, up from 1.6 mdwt scrapped in the same period last year.

The world tanker and OBO orderbook measured 44.1 mdwt at June 30, 1999, representing 14.6% of the total world tanker and OBO fleet. The Aframax tanker orderbook declined from 70 vessels last quarter to 61 vessels as of June 30, 1999, or from 11.4 % to 9.8% of the world Aframax fleet (including Aframax-size OBOs). Of the Aframax vessels currently on order, 37, or 6.5% of the world Aframax fleet, are scheduled for delivery prior to March 31, 2000.

The combination of weak tanker demand and an increase in the pace of newbuilding deliveries into the world tanker fleet, have caused the decline in tanker freight rates. Aframax rates, in particular, have declined by approximately 35% from one year ago.

On June 11, 1999, Teekay acquired Bona for aggregate consideration (including transaction expenses) of approximately \$450 million, consisting of cash, assumed debt (net of cash acquired) and shares of its common stock. Bona was the third largest operator of medium size tankers, controlling a fleet of 26 vessels consisting of 15 Aframax tankers, eight oil/bulk/ore carriers and, through a joint venture, 50% interests in one additional Aframax tanker and two Suezmax tankers.

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

Type	Number	Dwt
Double-hull or double-sided Aframax (1):	36	3,541,900
Modern single-hull Aframax:	19	1,914,100
Oil/Bulk/Ore Carriers (2):	8	625,900
Time-chartered-in Aframax:	3	303,500
Newbuilding Aframax on order (3):	2	226,000
Other size tankers (4):	6	711,000
Total:	74	7,322,400

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

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

(3) Scheduled for delivery in July and September 1999.

(4) Includes two 50%-owned Suezmax tankers.

Teekay has changed its fiscal year end from March 31 to December 31, commencing December 31, 1999, in order to facilitate comparison of its operating results with those of other companies in the transportation industry.

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 worldwide. 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 and per share data)

	Three Months Ended June 30,	
	<u>1999</u>	<u>1998</u>
	\$	\$
	(Unaudited)	
NET VOYAGE REVENUES		
Voyage revenues	98,626	109,433
Voyage expenses	27,707	22,846
Net voyage revenues	70,919	86,587
OPERATING EXPENSES		
Vessel operating expenses	23,326	20,774
Time-charter hire expense	8,880	5,253
Depreciation and amortization	19,645	24,291
General and administrative	7,137	5,276
	58,988	55,594
Income from vessel operations	11,931	30,993
OTHER ITEMS		
Interest expense	(10,738)	(14,034)
Interest income	1,629	2,015
Other income (loss)	(2,090)	6,474
	(11,199)	(5,545)
Net income	732	25,448
Earnings per common share		
- Basic and diluted	0.02	0.87
Weighted-average number of common shares outstanding	32,987,909	29,303,499

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at June 30, 1999</u>	<u>As at March 31, 1999</u>
	(Unaudited)	
	\$	\$
ASSETS		
Cash and marketable securities	173,470	132,256
Other current assets	48,353	39,190
Vessels and equipment	1,700,843	1,274,539
Investment in joint ventures	18,603	
Other assets	10,076	6,235
Total Assets	1,951,345	1,452,220
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	64,069	33,111
Current portion of long-term debt	42,691	39,058
Long-term debt	969,305	602,661
Other long-term liabilities	6,533	
Stockholders' equity	868,747	777,390
Total Liabilities and Stockholders' Equity	1,951,345	1,452,220

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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, 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; 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.

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