TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION
REPORTS SECOND QUARTER RESULTS

Nassau, The Bahamas, October 26, 1998 - Teekay Shipping Corporation today reported net income before extraordinary items of $20.3 million, or 64 cents per share, for the quarter ended September 30, 1998, compared to $12.3 million, or 43 cents per share, for the quarter ended September 30, 1997. Net income after extraordinary items was $13.0 million, or 41 cents per share, for the current quarter. This included an extraordinary loss of $7.3 million, or 23 cents per share, arising from the redemption of the Company's $9^5/_8$% First Preferred Ship Mortgage Notes. There were no asset sales in the current quarter, in comparison to a gain on sale of assets of $3.9 million, or 14 cents per share, for the same quarter last year. Net voyage revenue for the quarter was $88.6 million, compared to $72.1 million recorded last year, while income from vessel operations improved to $29.8 million from $21.9 million.

Net income for the first half of fiscal 1999 before extraordinary items was $45.7 million, or $1.50 per share, compared to a net income of $26.3 million, or 92 cents per share, in the first half of the previous fiscal year. Net income after extraordinary items was $38.4 million, or $1.26 per share, for the first half of fiscal 1999. This included an extraordinary loss 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. Asset sales resulted in gains of $7.1 million, or 23 cents per share, in the first half of the current fiscal year, compared to gains of $3.9 million, or 14 cents per share, in the same period of the prior year. Net voyage revenue for the six months ended September 30, 1998 was $175.2 million, compared to $146.0 million in the same period of the previous fiscal year, while income from vessel operations improved to $60.8 million from $48.0 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 September 30,		%	Six Months Ended September 30,		%
	1998	1997	Change	1998	1997	Change
International Fleet:						
Revenue-generating ship-days:	3,713	3,729	-0.4%	7,362	7,290	1.0%
TCE per revenue-generating ship-day:	$21,756	$19,834	9.7%	$21,782	$20,508	6.2%
Operating cash flow per calendar ship-day:	$13,064	$11,158	17.1%	$13,299	$11,793	12.8%
Australian Crewed Vessels:						
Operating cash flow per calendar ship-day:	$14,583	N/A	N/A	$13,950	N/A	N/A
Total Fleet Operating cash flow per calendar ship-day:	$13,145	$11,158	17.8%	$13,317	$11,793	12.9%

Aframax tanker charter rates on the Gulf-East routes remained steady throughout the summer but declined significantly during September and October. Tanker charter rates are down worldwide from last year's levels as a result of the continued weakening of oil consumption growth. Cuts in refinery throughput in the Far East and recent drawing on oil inventories have placed additional downward pressure on tanker demand, causing the Gulf-East VLCC and Aframax rates to decline from this summer's higher levels.

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The International Energy Agency has reduced its forecast of global oil consumption growth for calendar 1998 to 0.9 percent over 1997 levels, down from 1.5 percent growth predicted one quarter ago, as a result of weakening Asian economies, and is forecasting growth of 2.0 percent for 1999.

The world-wide supply of tankers and oil/bulk/ore (OBO) carriers increased from 297.6 million deadweight tonnes (dwt) last quarter to 300.0 million (dwt), while the orderbook decreased from 46.1 million dwt last quarter to 45.4 million dwt. The rate of scrapping has increased this year to 4.3 million dwt scrapped so far in 1998, from 4.2 million dwt for all of 1997. The world Aframax fleet (including Aframax-size OBOs) now stands at 596 vessels, an increase of 6 vessels from last quarter, and the Aframax orderbook totals 91 vessels, a reduction of 3 vessels from one quarter ago.

During the quarter, the Company time-chartered-in one additional Aframax tanker, the 1991-built SEAFALCON, for a period of two years. 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

On October 1, 1998, the Company declared a quarterly dividend of 21.5 cents per share, payable on October 30, 1998 to shareholders of record on October 16, 1998.

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”.

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SUMMARY CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	1998	1997	1998	1997
	$	$	$	$
	(Unaudited)		(Unaudited)	
NET VOYAGE REVENUES				
Voyage revenues	112,209	99,705	221,642	197,979
Voyage expenses	23,600	27,597	46,446	52,014
Net voyage revenues	88,609	72,108	175,196	145,965
OPERATING EXPENSES				
Vessel operating expenses	21,003	18,610	41,777	36,584
Time charter hire expense	8,372	2,764	13,625	4,056
Depreciation and amortization	23,626	23,924	47,917	47,594
General and administrative	5,811	4,916	11,087	9,689
	58,812	50,214	114,406	97,923
Income from vessel operations	29,797	21,894	60,790	48,042
OTHER ITEMS				
Interest expense	(10,858)	(14,688)	(24,892)	(28,780)
Interest income	1,653	2,089	3,668	3,892
Other income (loss)	(301)	2,977	6,173	3,131
	(9,506)	(9,622)	(15,051)	(21,757)
Net income before extraordinary loss	20,291	12,272	45,739	26,285
Extraordinary loss on bond redemption	(7,306)		(7,306)	
Net income	12,985	12,272	38,433	26,285
Basic earnings per common share				
-net income before extraordinary loss	$0.64	$0.43	$1.50	$0.92
-net income	$0.41	$0.43	$1.26	$0.92
Diluted earnings per common share				
-net income before extraordinary loss	$0.64	$0.43	$1.50	$0.91
-net income	$0.41	$0.43	$1.26	$0.91
Weighted-average number of common shares outstanding	31,647,505	28,617,157	30,481,906	28,515,470

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SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	As at September 30, 1998 $ (Unaudited)	As at March 31, 1998 $
ASSETS		
Cash and marketable securities	128,919	115,254
Other current assets	35,189	38,113
Vessels and equipment	1,276,136	1,297,883
Other assets	6,272	8,933
Total Assets	1,446,516	1,460,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	35,730	45,359
Current portion of long-term debt	29,994	52,932
Long-term debt	596,706	672,437
Stockholders' equity	784,086	689,455
Total Liabilities and Stockholders' Equity	1,446,516	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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