



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS SECOND QUARTER RESULTS

Nassau, Bahamas, October 20, 1999 - Teekay Shipping Corporation today reported a net loss of \$8.7 million, or 23 cents per share, for the quarter ended September 30, 1999, compared to a net income of \$13.0 million, or 41 cents per share, for the quarter ended September 30, 1998. Results for the quarter ended September 30, 1998 included an extraordinary loss of \$7.3 million, or 23 cents per share, on the redemption of the Company's 9⁵/₈% First Preferred Ship Mortgage Notes. Net voyage revenue for the quarter was \$87.8 million, compared to \$88.6 million recorded last year, while income from vessel operations declined to \$6.9 million, from \$29.8 million. Results for the current quarter were affected by a decline in tanker freight rates, partly offset by a change in accounting estimate.

The net loss for the six months ended September 30, 1999 was \$8.0 million, or 22 cents per share, compared to a net income of \$38.4 million, or \$1.26 per share, for the same period last year. The results for the previous period included an extraordinary loss of \$7.3 million, or 24 cents per share, arising from the mortgage notes redemption and gains on asset sales of \$7.1 million, or 23 cents per share. There were no asset sales in the current period. Net voyage revenue for the six months ended September 30, 1999 was \$158.7 million, compared to \$175.2 million in the same period last year, while income from vessel operations declined to \$18.8 million from \$60.8 million.

The results for the current fiscal period include 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 for the three months and six months ended September 30, 1999 would have been \$8.3 million and \$13.9 million higher, respectively and the net loss for the three months and six months ended September 30, 1999 would have been \$17.2 million, or 45 cents per share, and \$22.1 million, or 62 cents per share, respectively.

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

	Three Months Ended			Six Months Ended		
	September 30, 1999	September 30, 1998	% Change	September 30, 1999	September 30, 1998	% Change
International Fleet (non-Australian crewed):						
Revenue-generating ship-days:	5,774	3,713	55.5%	9,926	7,362	34.8%
TCE per revenue-generating ship-day:	\$13,248	\$21,756	-39.1%	\$14,030	\$21,782	-35.6%
Operating cash flow per calendar ship-day:	\$4,590	\$13,064	-64.9%	\$5,408	\$13,299	-59.3%
Australian Crewed Vessels:						
Operating cash flow per calendar ship-day:	\$14,297	\$14,583	-2.0%	\$14,443	\$13,950	3.5%
Total Fleet Operating cash flow per calendar ship-day:	\$5,130	\$13,145	-61.0%	\$5,982	\$13,317	-55.1%

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Continued weak tanker demand and an increase in the pace of newbuilding deliveries into the world tanker fleet caused a further decline in freight rates. Global crude oil consumption, an indicator of tanker demand, averaged 74.7 million barrels per day during the quarter ended September 30, 1999, as reported by the International Energy Agency ("IEA"), which is a 2.3% increase from 73.0 million barrels per day during the previous quarter, and an increase of 1.2% from the same quarter one year ago. However, recent OPEC oil production cutbacks have prevented this oil consumption growth from benefiting tanker demand, as a high proportion of OPEC production is exported via long haul tanker routes. For calendar 1999, the IEA is forecasting 1.5% growth in global oil consumption over 1998, and 2.4% growth in calendar 2000 over 1999.

The world tanker and oil/bulk/ore ("OBO") fleet increased in size by 1.1% over the past year to 303.3 million deadweight tonnes ("mdwt") at the end of the quarter. Deliveries of tanker newbuildings during the quarter totaled 5.5 mdwt, up from 3.7 mdwt in the same period last year, while scrapping totaled 3.8 mdwt, up from 1.5 mdwt scrapped in the same period last year.

The world tanker orderbook measured 44.5 mdwt at September 30, 1999, representing 14.7% of the total world tanker and OBO fleet. The Aframax tanker orderbook declined from 61 vessels last quarter to 54 vessels as of September 30, 1999, or from 9.8% to 8.7% of the world Aframax fleet (including Aframax-size OBOs). Approximately half of the Aframax vessels currently on order are scheduled for delivery prior to March 31, 2000.

In July 1999, the Company extended its time-charter contract for the 1996-built Aframax tanker, the SEABRIDGE, 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 Aframax (1):	38	3,767,900
Modern single-hull Aframax:	19	1,914,100
Oil/Bulk/Ore Carriers (2):	8	625,900
Time-chartered-in Aframax:	4	408,700
Other size tankers (3):	6	711,000
Total:	75	7,427,600

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

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

(3) 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)

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	\$	\$	\$	\$
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
NET VOYAGE REVENUES				
Voyage revenues	136,932	112,209	235,558	221,642
Voyage expenses	49,138	23,600	76,845	46,446
Net voyage revenues	87,794	88,609	158,713	175,196
OPERATING EXPENSES				
Vessel operating expenses	36,256	21,003	59,582	41,777
Time charter hire expense	10,783	8,372	19,663	13,625
Depreciation and amortization	24,287	23,626	43,932	47,917
General and administrative	9,616	5,811	16,753	11,087
	80,942	58,812	139,930	114,406
Income from vessel operations	6,852	29,797	18,783	60,790
OTHER ITEMS				
Interest expense	(15,972)	(10,858)	(26,710)	(24,892)
Interest income	2,058	1,653	3,687	3,668
Other income (loss)	(1,663)	(301)	(3,753)	6,173
	(15,577)	(9,506)	(26,776)	(15,051)
Net income (loss) before extraordinary loss	(8,725)	20,291	(7,993)	45,739
Extraordinary loss on bond redemption	-	(7,306)	-	(7,306)
Net income (loss)	(8,725)	12,985	(7,993)	38,433
Basic and diluted earnings per common share				
-net income (loss) before extraordinary loss	(\$0.23)	\$0.64	(\$0.21)	\$1.50
-net income (loss)	(\$0.23)	\$0.41	(\$0.21)	\$1.26
Weighted-average number of common shares outstanding	38,063,639	31,647,505	35,539,642	30,481,906

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SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at September 30,</u> <u>1999</u> <u>(Unaudited)</u> <u>\$</u>	<u>As at March 31,</u> <u>1999</u> <u>\$</u>
ASSETS		
Cash and marketable securities	153,882	132,256
Other current assets	51,460	39,190
Vessels and equipment	1,684,838	1,274,539
Investment in joint venture	18,682	-
Other assets	10,231	6,235
Total Assets	1,919,093	1,452,220
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	63,626	33,111
Current portion of long-term debt	42,724	39,058
Long-term debt	958,683	602,661
Other long-term liabilities	2,214	-
Stockholders' equity	851,846	777,390
Total Liabilities and Stockholders' Equity	1,919,093	1,452,220

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.