



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS FISCAL YEAR RESULTS

Nassau, The Bahamas, May 13, 1998 - Teekay Shipping Corporation today reported net income of \$70.5 million, or \$2.46 per share, for the fiscal year ended March 31, 1998, compared to net income of \$42.6 million, or \$1.52 per share, for the previous fiscal year. Net voyage revenue increased to \$305.3 million, from \$280.2 million in the previous year, as a result of improved tanker charter rates and an increase in fleet size. Income from vessel operations rose to \$107.6 million from \$94.3 million, as a result of the improved tanker charter market and stable operating costs. The current fiscal year's results include \$14.4 million, or 50 cents per share, in gains on asset sales, compared to \$2.7 million, or 10 cents per share, in gains on asset sales in the prior year.

Net income for the fourth quarter of fiscal 1998 was \$15.6 million, or 54 cents per share, on net voyage revenue of \$78.6 million, compared to net income of \$18.3 million, or 65 cents per share, on net voyage revenue of \$75.4 million for the same period a year ago. Income from vessel operations improved to \$28.6 million from \$27.3 million a year ago. There were no gains on asset sales in the fourth quarter just ended, while the results for the quarter ended March 31, 1997 included \$2.7 million, or 10 cents per share, in gains on asset sales.

The following key indicators serve to highlight the changes in financial performance, excluding the results from the Company's four Australian-crewed vessels:

	Year Ended March 31,		%	Three Months Ended March 31,		%
	1998	1997	Change	1998	1997	Change
Revenue-generating ship-days:	14,229	14,071	1.1%	3,328	3,464	(3.9)%
TCE per revenue-generating ship-day:	\$ 21,373	\$ 20,356	5.0%	\$ 21,936	\$ 22,268	(1.5)%
Operating cash flow per calendar ship-day:	\$ 12,664	\$ 11,819	7.1%	\$ 13,436	\$12,930	3.9%

Firm freight rate levels for Aframax tankers in the Indo-Pacific Basin, combined with lower bunker fuel costs and vessel operating costs, resulted in an increase in operating cash flow per ship-day in the quarter ended March 31, 1998 in comparison to one year ago. Global crude oil consumption, as reported by the International Energy Agency ("IEA"), an indicator of tanker demand, averaged 75.1 million barrels per day during the quarter ended March 1998, virtually unchanged from the previous quarter, and up 2.0 percent from the same quarter one year ago. For calendar 1998, the IEA is forecasting 2.0 percent growth in global oil consumption over 1997, a slight decrease from their previous forecast.

At the end of the quarter, the world tanker and ore/bulk/oil ("OBO") fleet stood at 298.3 million deadweight tonnes (dwt), virtually unchanged from last quarter and from one year ago. The world tanker and OBO orderbook measured 45.9 million dwt, representing 15.3 percent of the total world tanker and OBO fleet. The Aframax tanker orderbook changed from 89 vessels last quarter to 94 vessels this quarter, or from 15.3 percent to 16.0 percent of the world Aframax fleet (including OBOS).

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In April 1998, the Company sold one of its smaller tankers, the 1980-built CHIBA SPIRIT. 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:	18	1,805,400
Time-chartered-in Aframaxes:	3	299,200
Other size tankers:	4	391,500
Total:	46	4,576,200

Subsequent to March 31, 1998, the Company entered into an agreement for the construction of two newbuilding double-hull Aframax tankers, with deliveries scheduled for July and September 1999, with the option to purchase further newbuildings under similar terms. The agreement is subject to certain conditions that must be satisfied by the tankers' builder. The estimated delivered price for each vessel, including all related charges, is approximately \$38.0 million.

In January 1998, the Company refinanced approximately \$105.0 million of its floating rate debt and replaced the previous revolving credit facility with a new \$200.0 million revolving credit facility at an improved interest rate.

The Company paid a quarterly dividend of 21.5 cents per share on April 30, 1998 to shareholders of record as at April 17, 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 data)

	<u>Three Months Ended March 31,</u>		<u>Three Months Ended March 31,</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
			(Unaudited)	
NET VOYAGE REVENUES				
Voyage revenues	406,036	382,249	100,973	100,774
Voyage expenses	100,776	102,037	22,370	25,330
Net voyage revenues	305,260	280,212	78,603	75,444
OPERATING EXPENSES				
Vessel operating expenses	70,510	72,586	16,241	18,980
Time charter hire expense	10,627	3,461	3,255	
Depreciation and amortization	94,941	90,698	23,887	23,658
General and administrative	21,542	19,209	6,577	5,535
	197,620	185,954	49,960	48,173
Income from vessel operations	107,640	94,258	28,643	27,271
OTHER ITEMS				
Interest expense	(56,269)	(60,810)	(14,026)	(14,471)
Interest income	7,897	6,358	2,135	1,568
Other income (loss)	11,236	2,824	(1,141)	3,896
	(37,136)	(51,628)	(13,032)	(9,007)
Net income	70,504	42,630	15,611	18,264
Earnings per common share				
- basic	2.46	1.52	0.54	0.65
- diluted	2.44	1.50	0.54	0.64
Weighted-average number of shares outstanding	28,655,176	28,138,187	28,822,338	28,293,807

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at March 31, 1998</u>	<u>As at March 31, 1997</u>
	<u>\$</u>	<u>\$</u>
ASSETS		
Cash and marketable securities	115,254	117,523
Other current assets	38,113	41,477
Vessels and equipment	1,297,883	1,196,337
Other assets	8,933	17,501
Total Assets	1,460,183	1,372,838
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	45,359	43,297
Current portion of long-term debt	52,932	36,283
Long-term debt	672,437	663,443
Stockholders' equity	689,455	629,815
Total Liabilities and Stockholders' Equity	1,460,183	1,372,838

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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 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; and changes in trading patterns significantly impacting overall tanker tonnage requirements.

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