



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS SECOND QUARTER RESULTS

Highlights

- Net income of \$96.2 million, or \$2.35 per share
- International Fleet TCE earnings of \$32,545 per day, a 38.2% increase over the same quarter last year
- Completed acquisition of the remaining 36% of Ugland Nordic Shipping ASA
- Completed \$250 million Senior Notes offering
- Delivery of newbuilding shuttle tanker, Stena Natalita

Nassau, The Bahamas, July 23, 2001 - Teekay Shipping Corporation today reported net income of \$96.2 million, or \$2.35 per share on a fully diluted basis, for the quarter ended June 30, 2001, compared to net income of \$46.7 million, or \$1.19 per share on a fully diluted basis, for the quarter ended June 30, 2000. Net voyage revenues for the quarter were \$213.8 million, compared to \$142.6 million recorded in the same period last year, while income from vessel operations increased to \$110.3 million, from \$61.1 million. The results for the current quarter over the same period last year reflect an improvement in tanker charter rates as well as an increase in the average fleet size primarily as a result of the acquisition of Ugland Nordic Shipping ASA in March 2001.

Net income for the six months ended June 30, 2001 was \$240.9 million, or \$5.95 per share on a fully diluted basis, compared to \$66.7 million, or \$1.72 per share on a fully diluted basis, for the same period last year. Net voyage revenues for the six months ended June 30, 2001 were \$459.0 million, compared to \$262.7 million in the same period last year, while income from vessel operations increased to \$266.1 million from \$98.9 million.

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

	Three Months Ended			Six Months Ended		
	June 30, 2001	2000	% Change	June 30, 2001	2000	% Change
International Tanker Fleet:						
Revenue-generating ship-days	5,043	5,125	-1.6%	9,966	10,378	-4.0%
TCE per revenue-generating ship-day	\$32,545	\$23,557	38.2%	\$38,066	\$21,259	79.1%
TCE per calendar-ship-day	\$29,122	\$21,815	33.5%	\$34,378	\$19,634	75.1%
Vessel operating expense per calendar-ship-day	\$5,263	\$5,382	-2.2%	\$5,285	\$5,298	-0.2%
Operating cash flow per calendar-ship-day	\$21,834	\$14,631	49.2%	\$26,987	\$12,505	115.8%
Oil/Bulk/Ore ("OBO") Fleet:						
Revenue-generating ship-days	614	678	-9.4%	1,225	1,365	-10.3%
TCE per revenue-generating ship-day	\$19,363	\$15,983	21.1%	\$19,816	\$14,104	40.5%
TCE per calendar-ship-day	\$15,626	\$14,190	10.1%	\$16,019	\$12,477	28.4%
Vessel operating expense per calendar-ship-day	\$5,856	\$5,945	-1.5%	\$6,058	\$5,948	1.8%
Operating cash flow per calendar-ship-day	\$7,821	\$6,843	14.3%	\$8,128	\$5,109	59.1%
UNS Fleet:						
Calendar-ship-days	1,086	-	N/A	1,262	-	N/A
Operating cash flow per calendar-ship-day	\$15,884	-	N/A	\$16,179	-	N/A
Australian Fleet:						
Calendar-ship-days	436	364	19.8%	796	728	9.3%
Operating cash flow per calendar-ship-day	\$14,799	\$13,590	8.9%	\$14,553	\$13,947	4.3%

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Tanker Market

Charter rates earned by the Company's International Tanker Fleet in the second quarter were 38.2% higher than in the corresponding period last year. During the quarter, OPEC cut oil production in response to the seasonal reduction in crude oil demand which typically occurs during the second quarter. This reduced the demand for tankers and caused Aframax tanker charter rates to decline during the quarter, from the higher levels experienced during the winter.

The International Energy Agency ("IEA") estimates that global oil demand, an indicator of tanker demand, averaged 74.5 million barrels per day ("mbpd") during the most recent quarter, up 0.5% over the quarter ended June 30, 2000. As of July 13, 2001, the IEA's oil demand forecast for 2001 was 76.0 mbpd, a 0.5% increase over 2000. Compared to oil demand growth of 0.9% in 2000 and 1.9% in 1999, this primarily reflects a slowdown in world economic growth.

The size of the world tanker and OBO fleet increased to 310.9 million deadweight tonnes ("mdwt") at the end of the quarter, up 0.1% from the end of the previous quarter and up 2.5% from June 30, 2000. Deliveries of tanker newbuildings during the quarter ended June 30, 2001 totaled 4.6 mdwt, up from 4.5 mdwt in the previous quarter, while scrapping totaled 4.2 mdwt, compared to 2.3 mdwt scrapped in the previous quarter.

The world tanker and OBO orderbook increased from 55.6 mdwt at March 31, 2001 to 59.6 mdwt at June 30, 2001, or from 17.9% to 19.2% of the total world tanker and OBO fleet. The Aframax tanker orderbook increased further from 86 vessels at March 31, 2001 to 115 vessels as of June 30, 2001, or from 13.5% to 18.1% of the world Aframax fleet (including OBOs). The increase in the tanker orderbook is, in part, a response to the new International Maritime Organization ("IMO") regulations, which were passed in April 2001. The IMO regulations will accelerate the phase-out of older tankers, affecting approximately 30% of the current world tanker fleet by the end of 2006.

Teekay Fleet

As of June 30, 2001, the Teekay fleet consisted of 95 vessels, including seven time-chartered-in Aframax tankers and 18 vessels controlled by UNS. In May 2001, UNS took delivery of a newbuilding shuttle tanker, the Stena Natalita, which is the third vessel in the UNS fleet owned jointly with the Stena Group.

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

Type	Number	Dwt
International Tanker Fleet:		
100%-owned Aframaxes	53	5,302,300
Time-chartered-in Aframaxes	7	728,000
Other Tankers (1)	4	689,100
OBO Fleet (2)	8	625,900
Australian Fleet	5	382,000
UNS Fleet:		
Shuttle Tankers (3)	15	1,508,300
Newbuilding Shuttle Tankers	3	331,500
Total:	95	9,567,100

*Excludes vessels managed for third parties.

(1) Includes two 50%-owned Suezmax tankers, one 50%-owned Aframax tanker, and one VLCC.

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

(3) Includes six shuttle tankers of which Teekay's ownership interest ranges from 50% to 89%.

Other Highlights

During the quarter ended June 30, 2001, Teekay completed the acquisition of 100% of Ugland Nordic Shipping ASA ("UNS"), by acquiring the remaining 36% of UNS' outstanding shares for \$79.3 million. UNS is the world's largest shuttle tanker owner, controlling a modern fleet of 18 vessels (including three newbuildings on order), operating primarily in the North Sea under long-term fixed-rate contracts. As a result of the fixed-rate structure of UNS' revenues, the percentage of Teekay's net voyage revenues that are derived from fixed-rate charters increased to 20% in the quarter ended June 30, 2001, compared to 12% in the quarter ended March 31, 2001. The acquisition of UNS will provide added stability to Teekay's cash flow throughout the tanker cycle.

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In June 2001, the Company completed an offering of \$250 million of its 8.875% Senior Unsecured Notes due 2011. Net proceeds from the offering were used in June and July to prepay certain outstanding secured debt, including approximately \$125 million in prepayments in July 2001.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services through the world's largest fleet of medium-sized oil tankers. Headquartered in Nassau, Bahamas, with offices in eleven other countries, Teekay employs approximately 300 on-shore and more than 2,700 seagoing staff around the world. The Company's modern fleet has earned a reputation for safety and excellence in providing transportation services to major oil companies, oil traders and government agencies worldwide.

Teekay's common stock trades on the New York Stock Exchange under the symbol "TK".

The Company plans to host a conference call at 11 a.m. EDT (8 a.m. PDT) on Tuesday, July 24, 2001, to discuss the results for the quarter. All shareholders and interested parties are invited to listen to the live conference call through www.teekay.com. A recording of the call will be available until July 31, 2001 by dialing (416) 626-4100, reservation number 1936778, or via the Company's Web site until August 31, 2001.

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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</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	\$	\$	\$	\$
	<u>(unaudited)</u>		<u>(unaudited)</u>	
NET VOYAGE REVENUES				
Voyage revenues	276,048	201,200	583,934	383,462
Voyage expenses	62,227	58,580	124,957	120,775
Net voyage revenues	213,821	142,620	458,977	262,687
OPERATING EXPENSES				
Vessel operating expenses	39,274	34,723	73,153	69,492
Time-charter hire expense	16,346	13,114	33,529	26,080
Depreciation and amortization	36,100	24,624	63,621	49,666
General and administrative	11,761	9,059	22,599	18,581
	103,481	81,520	192,902	163,819
Income from vessel operations	110,340	61,100	266,075	98,868
OTHER ITEMS				
Interest expense	(18,080)	(19,275)	(32,866)	(39,265)
Interest income	2,849	4,137	5,652	7,390
Other income (loss)	1,132	785	2,068	(307)
	(14,099)	(14,353)	(25,146)	(32,182)
Net income	96,241	46,747	240,929	66,686
Earnings per common share				
- Basic	2.42	1.22	6.10	1.75
- Diluted	2.35	1.19	5.95	1.72
Weighted-average number of common shares outstanding	39,807,935	38,205,775	39,520,392	38,137,694

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at June 30,</u>	<u>As at December 31,</u>
	<u>2001</u>	<u>2000</u>
	\$	\$
	<u>(unaudited)</u>	
ASSETS		
Cash and short-term marketable securities	311,402	189,381
Other current assets	99,796	106,114
Marketable securities – long-term	35,196	33,742
Vessels and equipment	2,028,569	1,607,716
Goodwill	89,361	-
Other assets	68,877	37,146
Total Assets	2,633,201	1,974,099
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	62,512	66,165
Current portion of long-term debt	93,118	72,170
Long-term debt	1,084,863	725,314
Other long-term liabilities	38,111	7,368
Minority interest	18,740	4,570
Stockholders' equity	1,335,857	1,098,512
Total Liabilities and Stockholders' Equity	2,633,201	1,974,099

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TEEKAY SHIPPING CORPORATION
SUPPLEMENTAL INFORMATION

(in thousands of U.S. dollars)

Three Months Ended June 30, 2001 (unaudited)					
	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	159,555	18,332	25,012	10,922	213,821
Vessel operating expenses	25,778	4,263	5,613	3,620	39,274
Time-charter hire expense	9,390	6,956	-	-	16,346
Depreciation and amortization	23,537	1,002	9,796	1,765	36,100

Three Months Ended June 30, 2000 (unaudited)					
	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	117,139	15,993	-	9,488	142,620
Vessel operating expenses	26,448	4,328	-	3,947	34,723
Time-charter hire expense	7,451	5,663	-	-	13,114
Depreciation and amortization	21,957	969	-	1,698	24,624

Six Months Ended June 30, 2001 (unaudited)					
	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet**</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	369,955	39,547	30,273	19,202	458,977
Vessel operating expenses	51,256	8,772	7,116	6,009	73,153
Time-charter hire expense	17,177	16,352	-	-	33,529
Depreciation and amortization	46,760	2,004	11,327	3,530	63,621

Six Months Ended June 30, 2000 (unaudited)					
	<u>International</u> <u>Tanker Fleet</u> \$	<u>OBO</u> <u>Fleet*</u> \$	<u>UNS</u> <u>Fleet</u> \$	<u>Australian</u> <u>Fleet</u> \$	<u>Total</u> <u>Fleet</u> \$
Net voyage revenues	214,029	29,377	-	19,281	262,687
Vessel operating expenses	52,936	8,661	-	7,895	69,492
Time-charter hire expense	14,870	11,210	-	-	26,080
Depreciation and amortization	44,320	1,908	-	3,438	49,666

* Time-charter hire expense for the OBO Fleet represents the minority pool participants' share of the OBO pool's net voyage revenues.

** Represents results for the period from March 6, 2001 to June 30, 2001.

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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, the balance of supply and demand in the crude tanker market and the added stability to the Company's cash flow resulting from the UNS acquisition. 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; changes in applicable industry regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil; and our potential inability to renew or replace long-term charter contracts.