



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS SECOND QUARTER PROFIT OF \$4.0 MILLION

2nd Quarter Highlights

- Net income of \$4.0 million, or \$0.10 per share
- International Fleet TCE earnings of \$17,051 per day
- EBITDA of \$61.1 million

Nassau, The Bahamas, July 23, 2002 - Teekay Shipping Corporation today reported net income of \$4.0 million, or \$0.10 per share, for the quarter ended June 30, 2002, compared to net income of \$96.2 million, or \$2.35 per share, for the quarter ended June 30, 2001. Net voyage revenues for the quarter were \$129.8 million, compared to \$213.8 million recorded in the same period last year, while income from vessel operations decreased to \$22.6 million, from \$110.3 million. The results for the current quarter reflect low tanker charter rates throughout the quarter.

Net income for the six months ended June 30, 2002 was \$19.6 million, or \$0.49 per share, compared to \$240.9 million, or \$5.95 per share, for the same period last year. Net voyage revenues for the six months ended June 30, 2002 were \$266.0 million, compared to \$459.0 million in the same period last year, while income from vessel operations decreased to \$55.4 million from \$266.1 million.

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

	Three Months Ended			Six Months Ended		
	2002	2001	% Change	2002	2001	% Change
International Tanker Fleet:						
Revenue-generating ship-days	4,780	5,043	-5.2%	9,644	9,966	-3.2%
TCE per revenue-generating ship-day	\$17,051	\$32,545	-47.6%	\$17,964	\$38,066	-52.8%
TCE per calendar-ship-day	\$14,658	\$29,122	-49.7%	\$15,664	\$34,378	-54.4%
Vessel operating expense per calendar-ship-day	\$5,647	\$5,263	7.3%	\$5,579	\$5,285	5.6%
Operating cash flow per calendar-ship-day	\$6,330	\$21,834	-71.0%	\$7,447	\$26,987	-72.4%
Oil/Bulk/Ore ("OBO") Fleet:						
Revenue-generating ship-days	677	614	10.3%	1,310	1,225	6.9%
TCE per revenue-generating ship-day	\$14,965	\$19,363	-22.7%	\$13,245	\$19,816	-33.2%
TCE per calendar-ship-day	\$13,331	\$15,626	-14.7%	\$11,401	\$16,019	-28.8%
Vessel operating expense per calendar-ship-day	\$6,626	\$5,856	13.1%	\$6,266	\$6,058	3.4%
Operating cash flow per calendar-ship-day	\$3,314	\$7,821	-57.6%	\$2,006	\$8,128	-75.3%
UNS Fleet:						
Calendar-ship-days	1,092	1,086	0.6%	2,172	1,262	72.1%
Operating cash flow per calendar-ship-day	\$14,383	\$15,884	-9.4%	\$14,682	\$16,179	-9.3%
Australian Fleet:						
Calendar-ship-days	455	436	4.4%	905	796	13.7%
Operating cash flow per calendar-ship-day	\$15,080	\$14,799	1.9%	\$15,429	\$14,553	6.0%

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Tanker Market

Tanker charter rates remained low through the second quarter of 2002, as slow world economic growth and seasonal weakness in oil demand contributed to the extension of OPEC production cutbacks implemented over the past 18 months. In addition, Iraq suspended its crude oil exports for 30 days and a general strike in Venezuela led to a disruption in their oil exports. As a result, OPEC crude oil production fell to 24.3 million barrels per day (“mb/d”) in the second quarter, its lowest level since 1993, and non-OPEC production, although 1.6 mb/d higher than a year earlier, was marginally lower than first quarter levels. Consequently, total world oil production in the second quarter declined by 0.6 mb/d to 75.5 mb/d from 76.1 mb/d in the previous quarter.

The International Energy Agency (“IEA”) reported that global oil demand averaged 75.0 mb/d during the second quarter, down 1.5% from the preceding quarter, and marginally lower than the 75.1 mb/d in the second quarter of 2001. As of July 12, 2002, the IEA is forecasting that the rate of global oil demand growth will increase during the remainder of 2002, and is expected to be 1.6% higher in the fourth quarter of 2002 than in the fourth quarter of 2001. Furthermore, the IEA is expecting global oil demand to grow 1.4%, or 1.1 mb/d, from 2002 to 2003.

The size of the world tanker fleet declined to 302.0 million deadweight tones (“mdwt”) as of June 30, 2002, down 0.4% from the end of the first quarter. A total of 5.7 mdwt was sold for demolition in the second quarter of 2002, compared to 6.4 mdwt in the previous quarter, while deliveries of tanker newbuildings during the second quarter totaled 4.4 mdwt, down from 5.7 mdwt in the previous quarter. The world tanker fleet has declined in each of the last five consecutive quarters, resulting in a 3.5% reduction in fleet size since March 31, 2001.

The world tanker orderbook increased to 63.5 mdwt at June 30, 2002, representing 21.0% of the total world fleet, up from 61.7 mdwt at March 31, 2002. The Aframax tanker orderbook increased from 129 vessels at March 31, 2002 to 136 vessels as of June 30, 2002, or from 20.5% to 21.7% of the world Aframax fleet.

Teekay Fleet

As of June 30, 2002, the Teekay fleet (excluding vessels managed for third parties) consisted of 96 vessels, including five time-chartered-in Aframax tankers and eight newbuilding tankers on order. During the second quarter of 2002, Teekay acquired the Nordic Spirit, a 2001-built 151,000 dwt Suezmax tanker.

The following is a summary of the Teekay fleet as of June 30, 2002:

Type	Number	Dwt
International Tanker Fleet:		
100%-owned Aframaxes	53	5,298,700
Time-chartered-in Aframaxes	5	515,800
Newbuilding Aframaxes on order	2	224,000
Newbuilding Suezmaxes on order	3	456,000
Suezmax	1	151,000
VLCC	1	280,700
OBO Fleet (1)	8	625,900
Australian Fleet	5	381,900
UNS Fleet:		
Shuttle Tankers (2)	15	1,495,400
Newbuilding Shuttle Tankers on order	3	331,500
Total:	96	9,760,900

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

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

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 11 other countries, Teekay employs more than 4,100 seagoing and shore-based staff around the world. The Company's 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 is listed on the New York Stock Exchange where it trades under the symbol "TK".

The Company plans to host a conference call at 11:00 a.m. EDT (8:00 a.m. PDT) on July 24, 2002, 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, 2002 by dialing (719) 457-0820, access code 601101, or via the Company's Web site until August 24, 2002.

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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>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>(unaudited)</u>		<u>(unaudited)</u>	
NET VOYAGE REVENUES				
Voyage revenues	186,935	276,048	375,565	583,934
Voyage expenses	57,127	62,227	109,598	124,957
Net voyage revenues	129,808	213,821	265,967	458,977
OPERATING EXPENSES				
Vessel operating expenses	42,663	39,274	83,050	73,153
Time-charter hire expense	13,496	16,346	26,210	33,529
Depreciation and amortization	36,763	36,100	72,841	63,621
General and administrative	14,327	11,761	28,494	22,599
	107,249	103,481	210,595	192,902
Income from vessel operations	22,559	110,340	55,372	266,075
OTHER ITEMS				
Interest expense	(14,478)	(18,080)	(29,179)	(32,866)
Interest income	1,001	2,849	1,793	5,652
Other income (loss)	(5,131)	1,132	(8,344)	2,068
	(18,608)	(14,099)	(35,730)	(25,146)
Net income	3,951	96,241	19,642	240,929
Earnings per common share				
- Basic	\$0.10	\$2.42	\$0.50	\$6.10
- Diluted	\$0.10	\$2.35	\$0.49	\$5.95
Weighted-average number of common shares outstanding				
- Basic	39,631,949	39,807,935	39,593,419	39,520,392
- Diluted	40,348,900	40,941,121	40,278,281	40,512,712

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at June 30,</u>	<u>As at December 31,</u>
	<u>2002</u>	<u>2001</u>
	<u>(unaudited)</u>	
ASSETS		
Cash and short-term marketable securities	185,238	179,978
Other current assets	83,741	87,491
Marketable securities – long-term	13,763	16,026
Vessels and equipment	2,065,871	2,043,098
Other assets	56,739	54,109
Goodwill	89,189	87,079
Total Assets	2,494,541	2,467,781
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	92,422	75,495
Current portion of long-term debt	52,366	51,830
Long-term debt	876,581	883,872
Other long-term liabilities	45,725	39,407
Minority interest	19,842	18,977
Stockholders' equity	1,407,605	1,398,200
Total Liabilities and Stockholders' Equity	2,494,541	2,467,781

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TEEKAY SHIPPING CORPORATION
SUPPLEMENTAL INFORMATION

(in thousands of U.S. dollars)

Three Months Ended June 30, 2002
(unaudited)

	<u>International Tanker Fleet</u> \$	<u>OBO Fleet*</u> \$	<u>UNS Fleet</u> \$	<u>Australian Fleet</u> \$	<u>Total Fleet</u> \$
Net voyage revenues	78,831	15,383	23,518	12,076	129,808
Vessel operating expenses	27,800	4,824	5,895	4,144	42,663
Time-charter hire expense	7,818	5,678	-	-	13,496
Depreciation and amortization	23,940	1,979	8,291	2,553	36,763

Three Months Ended June 30, 2001
(unaudited)

	<u>International Tanker Fleet</u> \$	<u>OBO Fleet*</u> \$	<u>UNS Fleet</u> \$	<u>Australian Fleet</u> \$	<u>Total 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

Six Months Ended June 30, 2002
(unaudited)

	<u>International Tanker Fleet</u> \$	<u>OBO Fleet*</u> \$	<u>UNS Fleet</u> \$	<u>Australian Fleet</u> \$	<u>Total Fleet</u> \$
Net voyage revenues	167,749	26,736	47,623	23,859	265,967
Vessel operating expenses	54,584	9,073	11,612	7,781	83,050
Time-charter hire expense	15,983	10,227	-	-	26,210
Depreciation and amortization	47,509	3,593	16,645	5,094	72,841

Six Months Ended June 30, 2001
(unaudited)

	<u>International Tanker Fleet</u> \$	<u>OBO Fleet*</u> \$	<u>UNS Fleet**</u> \$	<u>Australian Fleet</u> \$	<u>Total 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

* 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, 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; changes in applicable industry regulations; and changes in the typical seasonal variations in tanker charter rates.