



TEEKAY SHIPPING CORPORATION

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EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION REPORTS FISCAL YEAR RESULTS

Nassau, The Bahamas, May 20, 1997 - Teekay Shipping Corporation today reported net income of \$42.6 million, or \$1.52 per share, for the fiscal year ended March 31, 1997, compared to net income of \$29.1 million, or \$1.17 per share, for the previous fiscal year. Net voyage revenue increased to \$280.2 million from \$245.7 million in the previous year, and income from vessel operations rose to \$94.3 million from \$76.3 million, as the result of an improved tanker charter market. The current fiscal year's results include \$2.7 million, or 9.7 cents per share, in gains on asset sales, compared to \$8.8 million, or 35 cents per share, in gains on asset sales in the prior year.

Net income for the fourth quarter of fiscal 1997 was \$18.3 million, or 65 cents per share, on net voyage revenue of \$75.4 million, compared to a net income of \$5.7 million, or 21 cents per share, on net voyage revenue of \$65.5 million for the same period a year ago. Income from vessel operations improved to \$27.3 million from \$20.7 million a year ago. The results for the quarter ended March 31, 1997 included \$2.7 million, or 9.7 cents per share, in gains on asset sales, while there were no gains on asset sales in the prior year's fourth quarter.

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

	Year Ended		% Change	Three Months Ended		% Change
	March 31, 1997	1996		March 31, 1997	1996	
Revenue-generating ship-days:	14,071	13,612	3.4%	3,464	3,475	(0.3)%
TCE per revenue-generating ship-day:	\$ 20,356	\$ 18,438	10.4%	\$ 22,268	\$ 19,221	15.9%
Operating cash flow per calendar ship-day:	\$ 11,819	\$ 10,613	11.4%	\$ 12,930	\$ 11,349	13.9%

Compared to the fiscal quarter ended December 31, 1996, the Company recorded higher charter rates as a result of strong seasonal tanker demand. Year-on-year, the Company recorded even greater advances in both quarterly and annual performance, indicating the tanker market's movement towards balance between supply and demand. On a fiscal year basis, chartering and cash flow performance exceeded levels seen during the last strong market in 1990-1991.

A mostly mild winter this year resulted in growth in global oil consumption of only 1.2% from one year ago. A high level of global crude oil production, up 4% compared to the quarter ended December 31, 1996, caused an uncharacteristic increase in oil stocks during the quarter, albeit from historically low levels. With oil production remaining at high levels, the near-term performance outlook for tankers continues to be positive, with mid-size tankers in particular currently experiencing unseasonably firm market conditions. For calendar 1997 the IEA forecasts growth in oil consumption, an indicator of tanker demand, of 2.3% over 1996.

At the end of March 1997, the world tanker and OBO fleet stood at 298.4 million deadweight tonnes (dwt), an increase of 0.4% from last quarter and 1.3% from one year ago, as a moderate pace of deliveries continues to exceed the low level of scrapping caused by a positive freight market outlook. At the end of the quarter the world tanker and OBO order book totalled 26 million dwt, an increase of 3.9 million dwt from a year earlier and representing 8.7% of the total world tanker and OBO fleet.

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The Company expanded its fleet in April 1997 by entering into a one-year time-charter of the SEABRIDGE, a modern Aframax tanker, and in June 1997, expects to take delivery of a newbuilding double-hull Aframax tanker on order from a Japanese shipyard. The AMERSHAM, a 50%-owned 1981-built Aframax tanker, was sold in April, 1997. The following is a summary of the Teekay fleet as of this date:

Type	Number	Dwt
Double-hull Aframax:	10	989,325
Modern single-hull Aframax:	27	2,661,721
Pre-MARPOL Aframax:	1	87,588
Newbuilding Aframax on order:	1	105,000
Time-chartered Aframax:	1	105,154
Other size tankers:	3	382,322
Total:	43	4,331,110

The Company paid a quarterly dividend of 21.5 cents per share on April 30, 1997. Shareholders reinvested 45 percent of these dividends in the Company through its Dividend Reinvestment Plan, resulting in the issuance of 96,735 additional common shares.

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, 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>Year Ended March 31,</u>		<u>Three Months Ended March 31,</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	\$	\$	\$	\$
			<u>(Unaudited)</u>	
NET VOYAGE REVENUES				
Voyage revenues	382,249	336,320	100,774	90,780
Voyage expenses	102,037	90,575	25,330	25,320
Net voyage revenue	280,212	245,745	75,444	65,460
OPERATING EXPENSES				
Vessel operating expenses	72,586	67,841	18,980	17,575
Time charter hire expense	3,461	2,503		1,662
Depreciation and amortization	90,698	82,372	23,658	21,520
General and administrative	19,209	16,750	5,535	3,965
	185,954	169,466	48,173	44,722
Income from vessel operations	94,258	76,279	27,271	20,738
OTHER ITEMS				
Interest expense	(60,810)	(62,910)	(14,471)	(15,825)
Interest income	6,358	6,471	1,568	1,441
Other income (loss)	2,824	9,230	3,896	(630)
	(51,628)	(47,209)	(9,007)	(15,014)
Net income	42,630	29,070	18,264	5,724
Net income per common share	1.52	1.17	0.65	0.21
Average number of common shares outstanding	28,138,187	24,837,109	28,293,807	27,861,290

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at March 31, 1997</u>	<u>As at March 31, 1996</u>
	\$	\$
ASSETS		
Cash and cash equivalents	117,523	101,780
Other current assets	41,477	40,269
Vessels and equipment	1,196,337	1,198,807
Other assets	17,501	14,445
Total Assets	1,372,838	1,355,301
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	43,297	30,064
Current portion of long-term debt	36,283	19,102
Long-term debt	663,443	706,740
Stockholders' equity	629,815	599,395
Total Liabilities and Stockholders' Equity	1,372,838	1,355,301

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The discussion in this news release regarding the Company's prospects and the outlook for the tanker market contain forward-looking statements that involve risks and uncertainties, including 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 tonnage requirements; changes in the typical seasonal variations in tanker charter rates; and other risks detailed from time to time in the Company's periodic reports filed with the U.S. Securities and Exchange Commission. Actual results may differ materially.

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