

TEEKAY CORP  
Form 6-K  
May 25, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 6-K**

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**

**Date of report: May 25, 2012**

**Commission file number 1- 12874**

**TEEKAY CORPORATION**

**(Exact name of Registrant as specified in its charter)**

**4<sup>th</sup> Floor, Belvedere Building**

**69 Pitts Bay Road**

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**Hamilton, HM 08 Bermuda**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes  No

**Item 1 Information Contained in this Form 6-K Report**

**THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE FOLLOWING REGISTRATION STATEMENTS OF THE COMPANY.**

**REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 33-97746) FILED WITH THE SEC ON OCTOBER 4, 1995;**

**REGISTRATION STATEMENT ON FORM S-8 (NO. 333-42434) FILED WITH THE SEC ON JULY 28, 2000;**

**REGISTRATION STATEMENT ON FORM S-8 (NO. 333-119564) FILED WITH THE SEC ON OCTOBER 6, 2004;**

**REGISTRATION STATEMENT ON FORM S-8 (NO. 333-147683) FILED WITH THE SEC ON NOVEMBER 28, 2007; AND**

**REGISTRATION STATEMENT ON FORM S-8 (NO. 333-166523) FILED WITH THE SEC ON MAY 5, 2010.  
SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEEKAY CORPORATION

Date: May 25, 2012

By: /s/ Vincent Lok  
Vincent Lok  
Executive Vice President and Chief Financial Officer (Principal  
Financial and Accounting Officer)

**TEEKAY CORPORATION**

**4<sup>th</sup> Floor, Belvedere Building, 69 Pitts Bay Road**

**Hamilton, HM 08, Bermuda**

**EARNINGS RELEASE**

**TEEKAY CORPORATION**

**REPORTS FIRST QUARTER RESULTS**

**Highlights**

First quarter 2012 total cash flow from vessel operations of \$203.5 million, up 37 percent from the same period of the prior year.

First quarter 2012 adjusted net loss attributable to stockholders of Teekay of \$20.8 million, or \$0.30 per share (excluding specific items which increased GAAP net income by \$21.9 million, or \$0.32 per share).

Entered into agreement to sell to Teekay Tankers 13 of the Company's 17 remaining directly-owned conventional tankers and related time-charter contracts, debt facilities and other assets and rights, for an aggregate purchase price of approximately \$455 million. Transaction expected to close in June 2012.

Completed acquisition of six LNG carriers from A.P. Moller-Maersk A/S, through the Teekay LNG-Marubeni Corporation joint venture, on February 28, 2012.

Quarterly distribution increases at Teekay LNG Partners and Teekay Offshore Partners result in incremental cash flow to Teekay Parent of \$15 million on an annualized basis.

Total consolidated liquidity of approximately \$1.6 billion as at March 31, 2012.

Hamilton, Bermuda, May 17, 2012 Teekay Corporation (*Teekay* or *the Company*) (NYSE: TK) today reported an adjusted net loss attributable to stockholders of Teekay<sup>(1)</sup> of \$20.8 million, or \$0.30 per share, for the quarter ended March 31, 2012, compared to adjusted net loss of \$27.9 million, or \$0.39 per share, attributable to the stockholders of Teekay for the same period of the prior year. Adjusted net loss attributable to stockholders of Teekay excludes a number of specific items that had the net effect of increasing GAAP net income by \$21.9 million (or \$0.32 per share) for the three months ended March 31, 2012 and increasing GAAP net loss by \$1.8 million (or \$0.02 per share) for the three months ended March 31, 2011, as detailed in *Appendix A* to this release. Including these items, the Company reported on a GAAP basis, net income attributable to the stockholders of Teekay of \$1.1 million, or \$0.02 per share, for the quarter ended March 31, 2012, compared to net loss attributable to the stockholders of Teekay of \$29.7 million, or \$0.41 per share, for the same period of the prior year. Net revenues<sup>(2)</sup> for the first quarter of 2012 were \$456.9 million, compared to \$442.9 million for the same period of the prior year.

On April 5, 2012, the Company declared a cash dividend on its common stock of \$0.31625 per share for the quarter ended March 31, 2012. The cash dividend was paid on April 30, 2012, to all shareholders of record on April 20, 2012.

- (1) Adjusted net income (loss) attributable to stockholders of Teekay is a non-GAAP financial measure. Please refer to *Appendix A* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under United States generally accepted accounting principles (*GAAP*).
- (2) Net revenues represents revenues less voyage expenses, which comprise all expenses relating to certain voyages, including bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. Net revenues is a non-GAAP

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financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's website at [www.teekay.com](http://www.teekay.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under GAAP.

Our first quarter results benefited from higher realized spot tanker rates in the quarter and the incremental contributions from our recently completed Sevan and Maersk LNG acquisitions, commented Peter Evensen, Teekay Corporation's President and Chief Executive Officer. While our adjusted earnings were down in the first quarter compared to the fourth quarter, mainly as a result of certain revenues from the *Foinaven* FPSO contract that are recognized annually in the fourth quarter, our fixed-rate business continues to grow as a result of our recent acquisitions and the delivery of newbuilding LNG and LPG carriers over the past several months. The contribution from these fleet additions enabled both Teekay LNG Partners and Teekay Offshore Partners to increase their quarterly cash distributions in the first quarter which results in an incremental \$15 million of annualized cash flows to Teekay Parent from its general partnership and limited partnership interests. Our incentive distribution rights relating to our general partner interest in Teekay LNG have now moved into the 50 percent high-splits and we are now very close to reaching the same high-splits level in Teekay Offshore. Looking ahead, we believe that Teekay Parent's current FPSO newbuilding and conversion projects and its existing fleet of on-the-water assets provide a built-in basis for further cash flow growth from Teekay LNG Partners and Teekay Offshore Partners. In addition, we believe the attractive fundamentals in our offshore and LNG businesses, combined with Teekay's financial strength and growing project capability, position us well for new organic projects and acquisitions.

Mr. Evensen continued, Our agreement to sell to Teekay Tankers 13 of our 17 remaining directly-owned conventional tankers is a significant deleveraging event for Teekay Parent, reducing its net debt by approximately \$430 million. The transaction also preserves the integrity of Teekay's strong conventional tanker franchise, enabling us to retain the attractive contract coverage, debt financing and liquidity associated with these vessels within the Teekay group, while reducing Teekay Parent's remaining direct exposure to the more volatile spot tanker business. Upon completion of this transaction, which is expected to close in June 2012, Teekay Parent's economic interest in a significantly larger Teekay Tankers will increase from approximately 20 percent to 25 percent.

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**Operating Results**

The following tables highlight certain financial information for each of Teekay's four publicly-listed entities: Teekay Offshore Partners L.P. (*Teekay Offshore*) (NYSE: TOO), Teekay LNG Partners L.P. (*Teekay LNG*) (NYSE: TGP), Teekay Tankers Ltd. (*Teekay Tankers*) (NYSE: TNK) and Teekay Parent (which excludes the results attributed to Teekay Offshore, Teekay LNG and Teekay Tankers). A brief description of each entity and an analysis of its respective financial results follow the tables below. Please also refer to the "Fleet List" section below and *Appendix B* to this release for further details.

| (in thousands of U.S. dollars)         | Three Months Ended March 31, 2012<br>(unaudited) |                        |                     |               |                           |                                 |
|--|--|------------------------|---------------------|---------------|---------------------------|---------------------------------|
|  | Teekay Offshore Partners LP                      | Teekay LNG Partners LP | Teekay Tankers Ltd. | Teekay Parent | Consolidation Adjustments | Teekay Corporation Consolidated |
| Net revenues                           | 208,117  | 98,873                 | 31,097              | 156,322       | (37,482)                  | 456,927                         |
| Vessel operating expense               | 71,007   | 20,531                 | 10,570              | 65,093        |                           | 167,201                         |
| Time-charter hire expense              | 13,617   |                        | 1,661               | 66,183        | (37,482)                  | 43,979                          |
| Depreciation and amortization          | 49,611   | 24,633                 | 10,738              | 29,632        |                           | 114,614                         |
| CFVO Consolidated <sup>(1)(2)(3)</sup> | 102,083  | 72,667                 | 16,780              | (6,564)       | (7,000)                   | 177,966                         |
| CFVO Equity Investments <sup>(4)</sup> |  | 26,186                 |                     | (625)         |                           | 25,561                          |
| CFVO Total                             | 102,083  | 98,853                 | 16,780              | (7,189)       | (7,000)                   | 203,527                         |

| (in thousands of U.S. dollars)         | Three Months Ended March 31, 2011<br>(unaudited) |                        |                     |               |                           |                                 |
|--|--|------------------------|---------------------|---------------|---------------------------|---------------------------------|
|  | Teekay Offshore Partners LP                      | Teekay LNG Partners LP | Teekay Tankers Ltd. | Teekay Parent | Consolidation Adjustments | Teekay Corporation Consolidated |
| Net revenues                           | 208,306  | 92,849                 | 31,134              | 162,465       | (51,856)                  | 442,898                         |
| Vessel operating expense               | 75,130   | 20,807                 | 9,602               | 56,038        |                           | 161,577                         |
| Time-charter hire expense              | 20,270   |                        |                     | 94,617        | (51,856)                  | 63,031                          |
| Depreciation and amortization          | 45,570   | 22,349                 | 10,784              | 26,335        |                           | 105,038                         |
| CFVO Consolidated <sup>(1)(2)(3)</sup> | 91,995   | 67,075                 | 18,863              | (41,532)      |                           | 136,401                         |
| CFVO Equity Investments <sup>(4)</sup> |  | 12,935                 |                     | (1,186)       |                           | 11,749                          |
| CFVO Total                             | 91,995   | 80,010                 | 18,863              | (42,718)      |                           | 148,150                         |

- (1) Cash flow from vessel operations (CFVO) represents income from vessel operations before depreciation and amortization expense, amortization of in-process revenue contracts, vessel write-downs, gains and losses on the sale of vessels and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. CFVO Consolidated represents CFVO from vessels that are consolidated on the Company's financial statements. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's Web site at [www.teekay.com](http://www.teekay.com) for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.
- (2) Excludes the cash flow from vessel operations relating to assets acquired from Teekay Parent for the periods prior to their acquisition by Teekay Offshore, Teekay LNG and Teekay Tankers, respectively, as those results are included in the historical results for Teekay Parent.
- (3) In addition to Teekay Parent's cash flow from vessel operations, Teekay Parent also receives cash dividends and distributions from its daughter public companies. For the three months ended March 31, 2012 and 2011, Teekay Parent received daughter company dividends and distributions totaling \$39.4 million and \$36.5 million, respectively. The dividends and distributions received by Teekay Parent include those made with respect to its general partner interests in Teekay Offshore and Teekay LNG. Please refer to *Appendix D* to this release for further details.
- (4) Cash flow from vessel operations (CFVO) Equity Investments represents the Company's proportionate share of CFVO from its equity accounted vessels and other investments.

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**Teekay Offshore Partners L.P.**

Teekay Offshore is an international provider of marine transportation, oil production and storage services to the offshore oil industry through its fleet of 40 shuttle tankers (including four chartered-in vessels and four newbuildings under construction), three floating, production, storage and offloading (FPSO) units, five floating storage and offtake (FSO) units and 10 conventional oil tankers, in which its interests range from 50 to 100 percent. Teekay Offshore also has the right to participate in certain other FPSO and vessel opportunities. Teekay Parent currently owns a 33.0 percent interest in Teekay Offshore (including the 2 percent sole general partner interest).

Cash flow from vessel operations from Teekay Offshore increased to \$102.1 million in the first quarter of 2012, from \$92.0 million in the same period of the prior year. This increase was primarily due to a full quarter contribution from the *Piranema Spirit* FPSO acquired on November 30, 2011, the *Scott Spirit* and *Peary Spirit* shuttle tanker newbuildings acquired subsequent to March 31, 2011, as well as decreases in time-charter hire expense, vessel operating costs and restructuring charges in the shuttle tanker fleet. Time-charter hire expense decreased due to the redelivery of one in-chartered vessel in the fourth quarter of 2011 and fewer short-term chartered-in days. Vessel operating costs decreased due to the cold lay-up of the *Basker Spirit* shuttle tanker commencing in the third quarter of 2011 and from reduced crew and manning costs from that vessel. Further contributing to the increase in cash flow from vessel operations was a decrease in vessel operating expenses from the *Rio das Ostras* FPSO due to higher maintenance costs incurred while the unit was undergoing upgrades during the first quarter of 2011.

In January 2012, Teekay Offshore issued in the Norwegian bond market NOK 600 million in senior unsecured bonds that mature in January 2017. The aggregate principal amount of the bonds is equivalent to approximately 100 million U.S. dollars (USD) and all interest and principal payments have been swapped into USD and fixed at an interest rate of 7.49%. The proceeds from the bond offering have been used to reduce amounts outstanding under Teekay Offshore's revolving credit facilities and for general partnership purposes, including future acquisitions. Teekay Offshore will apply for listing of the bonds on the Oslo Stock Exchange.

In February 2012, Teekay Offshore entered into a new 5-year \$130 million debt facility secured by the *Piranema Spirit* FPSO that matures in February 2017.

For the first quarter of 2012, Teekay Offshore increased its quarterly distribution by 2.5 percent, to \$0.5125 per common unit. As a result, the cash distribution received by Teekay Parent based on its common unit ownership and general partnership interest in Teekay Offshore totaled \$14.2 million for the first quarter of 2012, as detailed in *Appendix D* to this release.

**Teekay LNG Partners L.P.**

Teekay LNG provides liquefied natural gas (LNG), liquefied petroleum gas (LPG) and crude oil marine transportation services under long-term, fixed-rate charter contracts with major energy and utility companies through its current fleet of 27 LNG carriers, five LPG carriers and 11 conventional tankers, in which Teekay LNG's interests range from 33 to 100 percent. Teekay Parent currently owns a 40.1 percent interest in Teekay LNG (including the 2 percent sole general partner interest).

Including cash flows from equity accounted vessels, Teekay LNG's total cash flow from vessel operations increased from \$80.0 million in the first quarter of 2011 to \$98.9 million in the first quarter of 2012. This increase was primarily as a result of the acquisition of six LNG carriers from A.P. Moller-Maersk as detailed below and the acquisition of newbuilding Multigas/LPG carriers in June, September and October 2011.

In January 2012, Teekay LNG acquired from Teekay Parent a 33 percent interest in the last of four newbuilding Angola LNG carriers for a total equity purchase price of approximately \$19 million.

In February 2012, a joint venture between Teekay LNG and Marubeni Corporation (*Joint Venture*) acquired a 100% interest in six LNG carriers from Denmark-based A.P. Moller-Maersk A/S for approximately \$1.3 billion. The Joint Venture financed this acquisition with \$1.06 billion from secured loan facilities and \$266 million from equity contributions from Teekay LNG and Marubeni Corporation. Teekay LNG has a 52% economic interest in the Joint Venture.

In early May 2012, Teekay LNG issued in the Norwegian bond market NOK 700 million in senior unsecured bonds that mature in May 2017. The aggregate principal amount of the bonds is equivalent to approximately USD 125 million and all interest and principal payments were swapped into USD. The proceeds of the bonds have been used to reduce amounts outstanding under Teekay LNG's revolving credit facilities and for general partnership purposes. Teekay LNG will apply for listing of the bonds on the Oslo Stock Exchange.

For the first quarter of 2012, Teekay LNG increased its quarterly distribution, by 7.1 percent, to \$0.675 per unit. As a result, the cash distribution received by Teekay Parent based on its common unit ownership and general partnership interest in Teekay LNG totaled \$22.5 million for the first quarter of 2012 as detailed in *Appendix D* to this release. With the recent increase to Teekay LNG's quarterly distribution, Teekay Parent's incentive distribution rights relating to its general partnership interest in Teekay LNG has now moved into the 50 percent tier.

#### **Teekay Tankers Ltd.**

Teekay Tankers currently owns a fleet of nine Aframax tankers and six Suezmax tankers, a 50 percent interest in a Very Large Crude Carrier (VLCC) newbuilding scheduled to deliver in April 2013 and has invested \$115 million in first-priority mortgage loans secured by two 2010-built VLCCs which yield an annualized fixed-rate return of 10 percent. Of the 15 vessels currently in operation, nine are employed on fixed-rate time-charters, generally ranging from one to three years in initial duration, with the remaining vessels trading in Teekay's spot tanker pools. In addition, Teekay Tankers recently entered into an agreement with Teekay Parent to acquire a fleet of 13 double-hull conventional oil and product tankers, as detailed further below. Based on its current ownership of Class A common stock and its ownership of 100 percent of the outstanding Teekay Tankers Class B stock, Teekay Parent has voting control of Teekay Tankers.

In the first quarter of 2012, cash flow from vessel operations from Teekay Tankers decreased to \$16.8 million from \$18.9 million in the same period of the prior year, primarily due to lower average realized tanker rates for its spot and fixed Aframax fleets; partially offset by higher average realized tanker rates for its spot and fixed Suezmax fleets during the first quarter of 2012, compared to the same period of the prior year.

In February 2012, Teekay Tankers completed an equity offering of 17.25 million Class A common shares. Teekay Tankers used the net proceeds of approximately \$66 million to repay a portion of its outstanding debt under its revolving credit facility, which may be redrawn to finance future acquisitions.

In April 2012, Teekay Tankers reached an agreement to acquire from Teekay Parent a fleet of 13 double-hull conventional oil and product tankers and related time-charter contracts, debt facilities and other assets and rights, for an aggregate purchase price of approximately \$455 million. Upon closing of the transaction, which is expected to occur in June 2012, Teekay will receive as partial consideration \$25 million of new Teekay Tankers Class A shares issued at a price of \$5.60 per share. As a result, Teekay Parent's economic ownership interest in Teekay Corporation, including 100 percent of Teekay Tankers' Class B common stock, will increase from approximately 20 percent currently to approximately 25 percent upon closing of the transaction and Teekay's voting control of Teekay Tankers will increase from approximately 51 percent to approximately 53 percent. In addition, based on the time-charter contracts under which operate nine of the 13 vessels to be acquired and including cash flows from Teekay Tankers' first-priority ship mortgages, which Teekay Tankers believes approximates the equivalent of two vessels trading on fixed-rate bare boat charters, Teekay Tankers' fixed-rate cover is expected to increase to approximately 43 percent for the 12-month period commencing July 1, 2012 from approximately 29 percent excluding the transaction.

On May 16, 2012, Teekay Tankers declared a first quarter 2012 dividend of \$0.16 per share which will be paid June 5, 2012 to all shareholders of record on May 29, 2012. As a result, based on its ownership of Teekay Tankers Class A and Class B shares, the dividend to be paid to Teekay Parent will total \$2.6 million for the first quarter of 2012.

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## Teekay Parent

In addition to its equity ownership interests in Teekay Offshore, Teekay LNG and Teekay Tankers, Teekay Parent directly owns a substantial fleet of vessels. As at May 1, 2012, this included 17 conventional tankers (13 of which Teekay Parent has agreed to sell to Teekay Tankers) and four FPSO units. In addition, Teekay Parent currently has under construction one FPSO unit, owns a 50 percent interest in an FPSO unit currently under conversion, and will acquire one FPSO unit later in 2012. As at May 1, 2012, Teekay Parent also had 18 chartered-in conventional tankers (including six vessels owned by its subsidiaries), two chartered-in LNG carriers owned by Teekay LNG and two chartered-in shuttle tankers owned by Teekay Offshore.

For the first quarter of 2012, Teekay Parent's negative cash flow from vessel operations was \$7.2 million, compared to negative cash flow from vessel operations of \$42.7 million in the same period of the prior year. The reduction in negative cash flow is primarily due to the acquisition of the *Hummingbird Spirit* FPSO unit on November 30, 2011, lower time-charter hire expense as a result of redeliveries of time-chartered in vessels during the past year, and increased revenues from the *Arctic Spirit* and *Polar Spirit* LNG carriers as a result of new contracts signed in the second quarter of 2011.

In January 2012, a 50/50 joint venture between Teekay and Odebrecht Oil & Gas S.A., purchased the assets related to the Tiro and Sidon FPSO project, including the partially constructed FPSO unit and the customer contracts, from Teekay for approximately \$179 million. The joint venture financed the purchase price 80 percent with borrowings under a new \$300 million debt facility secured by the Tiro and Sidon FPSO unit and the balance of the purchase price was financed with proportionate equity contributions by each of the joint venture partners.

In April 2012, Teekay reached an agreement to sell to Teekay Tankers 13 of its 17 remaining directly-owned conventional tankers and related time-charter contracts, debt facilities and other assets and rights, as discussed under the Teekay Tankers section above. Upon closing of the transaction, which is expected to be completed in June 2012, Teekay Parent's outstanding debt balance will be reduced by approximately \$430 million.

## Tanker Market

Crude tanker rates strengthened during the first quarter of 2012 due to a sharp increase in global oil production, longer voyage distances and seasonal factors. According to the International Energy Agency (IEA), global oil supply increased by 1.2 million barrels per day (mb/d) in the quarter ended March 31, 2012 to reach a record high 90.6 mb/d. This included a 0.9 mb/d increase in Organization of Petroleum Exporting Countries (OPEC) crude oil production to make up for lower production in non-OPEC countries, and to meet demand for crude oil inventory stockpiling in China. The increase in OPEC oil production also contributed to increased tonne-mile demand during the quarter as OPEC countries are generally located at longer voyage distances from main consumption centers in North America, Europe and Asia, compared to non-OPEC oil producing countries. Seasonal factors, including cold weather in the northern hemisphere during February and March and weather delays in the Atlantic, also helped strengthen rates during the first quarter.

The global tanker fleet grew by a net 4.1 million deadweight (mdwt), or 0.9 percent, during the first quarter of 2012, compared to net fleet growth of 9.3 mdwt, or 2.1 percent, for the same period in 2011. The slower rate of fleet growth during the first quarter was due to an increase in tanker scrapping, with 4.7 mdwt of tankers removed compared to 2.7 mdwt for the same period in 2011. A total of 13.3 mdwt was scrapped during the year ended December 31, 2011. A weak spot tanker market, coupled with increasing charterer discrimination against older vessels and relatively high scrap prices, has resulted in tankers being scrapped at a younger age than in the past. In the first quarter of 2012, a total of 22 crude oil tankers with an average age of 21 years were scrapped, including four vessels under 20 years of age, which helped dampen tanker fleet growth in the quarter.

The International Monetary Fund (IMF) recently upgraded its outlook for the global economy in 2012 and 2013, with a forecast of 3.5 percent and 4.1 percent growth, respectively, up from 3.3 percent and 4.0 percent in the previous IMF outlook. Based on the average range of forecasts from the IEA, the Energy Information Agency and OPEC, global oil demand is expected to grow by 0.8 mb/d in 2012. This is expected to translate into increased demand for tankers which, coupled with a slowdown in the rate of fleet growth, could lead to improved tanker fleet utilization in 2013.

**Teekay Parent Conventional Tanker Fleet Performance**

The following table highlights the operating performance of Teekay Parent owned and in-chartered conventional tankers participating in the Company's commercial tonnage pools and vessels on period out-charters with an initial term greater than one year, measured in net revenues per revenue day or time-charter equivalent (*TCE*) rates:

|  | March 31,<br>2012 | Three Months Ended<br>December 31,<br>2011 | March 31,<br>2011 |
|--|-------------------|--|-------------------|
| <b>Suezmax</b>   |                   |  |                   |
| Gemini Suezmax Pool average spot TCE rate <sup>(1)</sup>       | \$ 24,847         | \$ 12,641                                  | \$ 18,671         |
| Spot revenue days <sup>(2)</sup>                               | 546               | 549  | 659               |
| Average time-charter rate <sup>(3)(4)</sup>                    | \$ 23,434         | \$ 23,432                                  | \$ 27,250         |
| Time-charter revenue days <sup>(3)</sup>                       | 353               | 368  | 401               |
| <b>Aframax</b>   |                   |  |                   |
| Teekay Aframax Pool average spot TCE rate <sup>(1)(5)(6)</sup> | \$ 12,614         | \$ 8,835                                   | \$ 16,299         |
| Spot revenue days <sup>(2)</sup>                               | 1,023             | 1,066                                      | 1,526             |
| Average time-charter rate <sup>(4)</sup>                       | \$ 20,261         | \$ 21,266                                  | \$ 23,642         |
| Time-charter revenue days                                      | 636               | 689  | 723               |
| <b>LR2</b>   |                   |  |                   |
| Taurus LR2 Pool average spot TCE rate <sup>(1)</sup>           | \$ 9,888          | \$ 8,630                                   | \$ 14,990         |
| Spot revenue days <sup>(2)</sup>                               | 455               | 407  | 450               |
| <b>MR</b>  |                   |  |                   |
| Average product tanker time-charter rate <sup>(4)</sup>        | \$ 30,669         | \$ 32,982                                  | \$ 26,011         |
| Time-charter revenue days                                      | 364               | 427  | 270               |

- (1) Average spot rates include short-term time-charters and fixed-rate contracts of affreightment that are initially under a year in duration and third-party vessels trading in the pools
- (2) Spot revenue days include total owned and in-chartered vessels in the Teekay Parent fleet, but exclude pool vessels commercially managed on behalf of third parties. Suezmax spot revenue days excludes vessels on back-to-back in-charters.
- (3) Includes one VLCC on time-charter at a TCE rate of \$47,000 per day prior to until May 14, 2011, when this vessel was redelivered following the expiry of its time-charter in contract.
- (4) Average time-charter rates include realized gains and losses of FFAs, bunker hedges, short-term time-charters, and fixed-rate contracts of affreightment that are initially one year in duration or greater.
- (5) Excludes vessels greater than 15 years-old.
- (6) The average Teekay Aframax spot TCE rate (including vessels greater than 15 years-old and realized results of bunker hedging and FFAs) was \$10,927 per day, \$9,280 per day and \$12,584 per day during the three months ended March 31, 2012, December 31, 2011 and March 31, 2011, respectively.

**Fleet List**

The following table summarizes Teekay's consolidated fleet of 154 vessels as at May 1, 2012, including chartered-in vessels, newbuildings under construction, pro forma for the pending sale of 13 conventional tankers from Teekay Parent to Teekay Tankers (which is expected to be completed in June 2012) but excluding vessels managed for third parties:

|  | Number of Vessels <sup>(1)</sup> |                         |                               |            |
|--|----------------------------------|-------------------------|-------------------------------|------------|
|  | Owned<br>Vessels                 | Chartered-in<br>Vessels | Newbuildings /<br>Conversions | Total      |
| <b>Teekay Parent Fleet</b>             |                                  |                         |                               |            |
| <u>Spot-rate:</u>                      |                                  |                         |                               |            |
| Aframax Tankers <sup>(2)</sup>         |                                  | 6                       |                               | 6          |
| Suezmax Tankers                        | 4                                | 1                       |                               | 5          |
| LR2 Product Tankers                    |                                  | 1                       |                               | 1          |
| Total Teekay Parent Spot Fleet         | 4                                | 8                       |                               | 12         |
| <u>Fixed-rate:</u> <sup>(3)(4)</sup>   |                                  |                         |                               |            |
| Aframax Tankers <sup>(5)</sup>         |                                  | 2                       |                               | 2          |
| Suezmax Tankers                        |                                  | 1                       |                               | 1          |
| MR Product Tankers                     |                                  | 1                       |                               | 1          |
| FPSO Units <sup>(6)</sup>              | 4                                |                         | 3                             | 7          |
| Total Teekay Parent Fixed-rate Fleet   | 4                                | 4                       | 3                             | 11         |
| <b>Total Teekay Parent Fleet</b>       | <b>8</b>                         | <b>12</b>               | <b>3</b>                      | <b>23</b>  |
| <b>Teekay Offshore Fleet</b>           | <b>50</b>                        | <b>4</b>                | <b>4</b>                      | <b>58</b>  |
| <b>Teekay LNG Fleet</b>                | <b>43</b>                        |                         |                               | <b>43</b>  |
| <b>Teekay Tankers Fleet</b>            | <b>28</b>                        | <b>1</b>                | <b>1</b>                      | <b>30</b>  |
| <b>Total Teekay Consolidated Fleet</b> | <b>129</b>                       | <b>17</b>               | <b>8</b>                      | <b>154</b> |

(1) Ownership interests in these vessels range from 33 percent to 100 percent. Excludes vessels managed on behalf of third parties.

(2) Excludes four vessels chartered-in from Teekay Offshore.

(3) Excludes two LNG carriers chartered-in from Teekay LNG.

(4) Excludes two shuttle tankers chartered-in from Teekay Offshore.

(5) Excludes two vessels chartered-in from Teekay Offshore.

(6) Includes one FPSO unit that for accounting purposes is a variable interest entity (VIE) whereby Teekay is the primary beneficiary. As a result, the Company has consolidated the VIE even though the Company will not acquire the FPSO unit until later in 2012.

**Liquidity and Capital Expenditures**

As at March 31, 2012, Teekay had consolidated liquidity of \$1.6 billion, consisting of \$712.3 million cash and approximately \$916.0 million of undrawn revolving credit facilities, of which \$516.5 million, consisting of \$369.2 million cash and \$147.3 million of undrawn revolving credit facilities, is attributable to Teekay Parent.

The following table provides the Company's remaining capital commitments relating to its portion of acquisitions, newbuildings and conversions and related total financing completed as at March 31, 2012:

| (in millions)                                | 2012          | 2013          | 2014         | Total           | Amount<br>Financed<br>to Date |
|--|---------------|---------------|--------------|-----------------|-------------------------------|
| Teekay Offshore <sup>(1)</sup>               | \$ 78         | \$ 323        |              | \$ 401          |                               |
| Teekay LNG                                   |               |               |              |                 |                               |
| Teekay Tankers <sup>(2)</sup>                | \$ 22         | \$ 17         |              | \$ 39           | \$ 34                         |
| Teekay Parent <sup>(3)</sup>                 | \$ 686        | \$ 384        | \$ 13        | \$ 1,083        | \$ 670                        |
| <b>Total Teekay Corporation Consolidated</b> | <b>\$ 786</b> | <b>\$ 724</b> | <b>\$ 13</b> | <b>\$ 1,523</b> | <b>\$ 704</b>                 |

(1) Includes capital expenditures related to four newbuilding shuttle tankers.

(2) Includes remaining capital expenditures related to Teekay Tankers' 50 percent interest in the Wah Kwong VLCC Newbuilding.

(3) Includes remaining capital expenditures related to Teekay Parent's 50 percent interest in the *Petrojarl Cidade de Itajai* FPSO, the Knarr FPSO newbuilding and capital cost to upgrade and acquire the *Voyageur* FPSO.

As indicated above, the Company had total capital expenditure commitments pertaining to its portion of acquisitions, newbuildings and conversions of approximately \$1.5 billion remaining as at March 31, 2012. The Company's current pre-arranged financing of approximately \$704 million mostly relates to its remaining 2012 capital expenditure commitments. The Company is in the process of obtaining additional debt financing to fund its remaining capital expenditure commitments relating to the four shuttle tanker newbuildings and the Knarr FPSO newbuilding, which are scheduled to deliver in mid- to late-2013.

**Availability of 2011 Annual Report**

Teekay filed its 2011 Annual Report on Form 20-F with the U.S. Securities and Exchange Commission (SEC) on April 25, 2012. Copies of this report are available on the Teekay web site, under SEC Filings, at [www.teekay.com](http://www.teekay.com). Shareholders may request a printed copy of this Annual Report, including the complete audited financial statements, free of charge by contacting Teekay Investor Relations.

**Conference Call**

The Company plans to host a conference call on May 17, 2012 at 11:00 a.m. (ET) to discuss its results for the first quarter of 2012. An accompanying investor presentation will be available on Teekay's Web site at [www.teekay.com](http://www.teekay.com) prior to the start of the call. All shareholders and interested parties are invited to listen to the live conference call by choosing from the following options:

By dialing (800) 820-0231 or (416) 640-5926, if outside North America, and quoting conference ID code 3702143.

By accessing the webcast, which will be available on Teekay's Web site at [www.teekay.com](http://www.teekay.com) (the archive will remain on the Web site for a period of 30 days).

The conference call will be recorded and available until Thursday, May 24, 2012. This recording can be accessed following the live call by dialing (888) 203-1112 or (647) 436-0148, if outside North America, and entering access code 3702143.



**About Teekay**

Teekay Corporation is an operational leader and project developer in the marine midstream space. Through its general partnership interests in two master limited partnerships, Teekay LNG Partners L.P. (NYSE:TGP) and Teekay Offshore Partners L.P. (NYSE:TOO), its controlling ownership of Teekay Tankers Ltd. (NYSE:TNK), and its fleet of directly-owned vessels, Teekay is responsible for managing and operating consolidated assets of over \$11 billion, comprised of approximately 150 liquefied gas, offshore, and conventional tanker assets. With offices in 16 countries and approximately 6,400 seagoing and shore-based employees, Teekay provides a comprehensive set of marine services to the world's leading oil and gas companies, and its reputation for safety, quality and innovation has earned it a position with its customers as The Marine Midstream Company.

Teekay's common stock is listed on the New York Stock Exchange where it trades under the symbol TK.

For Investor Relations enquiries contact:

Kent Alekson

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Web site: [www.teekay.com](http://www.teekay.com)

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## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands of U.S. dollars, except share and per share data)

|  | March 31,<br>2012<br>(unaudited) | Three Months Ended<br>December 31,<br>2011<br>(unaudited) | March 31,<br>2011<br>(unaudited) |
|--|----------------------------------|---|----------------------------------|
| <b>REVENUES</b> <sup>(1)</sup>   | 495,564                          | 512,730   | 488,024                          |
| <b>OPERATING EXPENSES</b>  |                                  |   |                                  |
| Voyage expenses <sup>(1)</sup>   | 38,637                           | 40,005  | 45,126                           |
| Vessel operating expenses <sup>(1)(2)</sup>                                  | 167,201                          | 169,021   | 161,577                          |
| Time-charter hire expense  | 43,979                           | 50,301  | 63,031                           |
| Depreciation and amortization  | 114,614                          | 110,590   | 105,038                          |
| General and administrative <sup>(1)(2)</sup>                                 | 53,373                           | 53,324  | 70,218                           |
| (Gain) on sale of vessels and equipment/asset impairments                    | (197)                            | 49,845  | 3,593                            |
| Bargain purchase gain <sup>(3)</sup>   |                                  | (58,235)  |                                  |
| Restructuring charges  |                                  |   | 4,961                            |
|  | 417,607                          | 414,851   | 453,544                          |
| <b>Income from vessel operations</b>   | 77,957                           | 97,879  | 34,480                           |
| <b>OTHER ITEMS</b>   |                                  |   |                                  |
| Interest expense <sup>(1)</sup>  | (42,300)                         | (37,645)  | (32,794)                         |
| Interest income <sup>(1)</sup>   | 2,046                            | 2,762   | 2,465                            |
| Realized and unrealized gain (loss) on derivative instruments <sup>(1)</sup> | 4,815                            | (44,269)  | 23,257                           |
| Income tax recovery (expense)  | 3,568                            | 31  | (811)                            |
| Equity income <sup>(4)</sup>   | 17,644                           | 4,971   | 6,394                            |
| Foreign exchange (loss) gain   | (15,824)                         | 13,921  | (20,340)                         |
| Other income net   | 2,343                            | 10,540  | 94                               |
| <b>Net income</b>  | 50,249                           | 48,190  | 12,745                           |
| Less: Net (income) loss attributable to non-controlling interests            | (49,183)                         | 160   | (42,402)                         |
| <b>Net income (loss) attributable to stockholders of Teekay Corporation</b>  | 1,066                            | 48,350  | (29,657)                         |
| <b>Earnings (loss) per common share of Teekay</b>                            |                                  |   |                                  |
| - Basic  | \$ 0.02                          | \$ 0.70   | (\$ 0.41)                        |
| - Diluted  | \$ 0.02                          | \$ 0.69   | (\$ 0.41)                        |
| <b>Weighted-average number of common shares outstanding</b>                  |                                  |   |                                  |
| - Basic  | 68,855,860                       | 68,726,590  | 71,946,997                       |
| - Diluted  | 70,146,586                       | 69,883,057  | 71,946,997                       |

- (1) Realized and unrealized gains and losses related to derivative instruments that are not designated as hedges for accounting purposes are included as a separate line item in the statements of income (loss). The realized gains (losses) relate to the amounts the Company actually received or paid to settle such derivative instruments and the unrealized gains (losses) relate to the change in fair value of such derivative instruments, as detailed in the table below:



|   | Three Months Ended |                      |                   |
|---|--------------------|----------------------|-------------------|
|   | March 31,<br>2012  | December 31,<br>2011 | March 31,<br>2011 |
| Realized (losses) gains relating to:  |                    |                      |                   |
| Interest rate swaps   | (30,416)           | (33,803)             | (33,997)          |
| Interest rate swap resets and terminations  |                    | (22,560)             | (92,672)          |
| Foreign currency forward contracts  |                    |                      |                   |
| Vessel operating expenses   | 1,237              | 870                  | 1,216             |
| General and administrative expenses   |                    |                      | 109               |
| Bunkers, FFAs and other   | 11,452             |                      | 49                |
|   | (17,727)           | (55,493)             | (125,295)         |
| Unrealized gains (losses) relating to:  |                    |                      |                   |
| Interest rate swaps   | 17,135             | 15,765               | 141,859           |
| Foreign currency forward contracts  | 8,792              | (4,323)              | 6,707             |
| Bunkers, FFAs and other   | (3,385)            | (218)                | (14)              |
|   | 22,542             | 11,224               | 148,552           |
| Total realized and unrealized gains (losses) on non-designated derivative instruments | 4,815              | (44,269)             | 23,257            |

- (2) The Company has entered into foreign currency forward contracts, which are economic hedges of vessel operating expenses and general and administrative expenses. Certain of these forward contracts have been designated as cash flow hedges pursuant to GAAP. Unrealized gains (losses) arising from hedge ineffectiveness from such forward contracts are reflected in vessel operating expenses and general and administrative expenses in the above Summary Consolidated Statements of Income (Loss), as detailed in the table below:

|                            | Three Months Ended |                     |                  |
|----------------------------|--------------------|---------------------|------------------|
|                            | March 31<br>2012   | December 31<br>2011 | March 31<br>2011 |
| Vessel operating expenses  |                    | (49)                | (179)            |
| General and administrative | (18)               | (294)               | 95               |

- (3) The Company has recognized a preliminary bargain purchase gain of \$58.2 million for the three months ended December 31, 2011 related to the acquisition of three FPSO units from and a 40 percent equity investment in Sevan Marine ASA. The Company is currently reviewing the preliminary fair values of the assets acquired and liabilities assumed as a result of this transaction. In accordance with US GAAP, the Company has up to a year following the acquisition date to finalize these fair values. Any changes as a result of finalizing these preliminary fair value calculations will not impact adjusted net income (loss) as shown in *Appendix A* to this release.
- (4) Equity income excluding the Company's proportionate share of unrealized gains (losses) on derivative instruments are as detailed in the table below:

|   | Three Months Ended |                      |                   |
|---|--------------------|----------------------|-------------------|
|   | March 31,<br>2012  | December 31,<br>2011 | March 31,<br>2011 |
| Equity income   | 17,644             | 4,971                | 6,394             |
| Unrealized (gains) losses on derivative instruments                         | (6,920)            | 364                  | (4,184)           |
| Equity income excluding unrealized gains (losses) on derivative instruments | 10,724             | 5,335                | 2,210             |

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**TEEKAY CORPORATION**  
**SUMMARY CONSOLIDATED BALANCE SHEET**

(in thousands of U.S. dollars)

|  | As at March 31,<br>2012<br>(unaudited) | As at December 31,<br>2011<br>(unaudited) |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| Cash and cash equivalents                                | 712,288                                | 692,127                                   |
| Other current assets                                     | 507,070                                | 495,357                                   |
| Restricted cash - current                                | 104,688                                | 4,370                                     |
| Restricted cash - long-term                              | 526,901                                | 495,784                                   |
| Vessels held for sale                                    | 19,000                                 | 19,000                                    |
| Vessels and equipment                                    | 7,279,189                              | 7,360,454                                 |
| Advances on newbuilding contracts/conversions            | 316,176                                | 507,908                                   |
| Derivative assets  | 147,565                                | 165,269                                   |
| Investment in equity accounted investees                 | 424,269                                | 252,637                                   |
| Investment in direct financing leases                    | 453,478                                | 459,908                                   |
| Investment in term loans                                 | 187,091                                | 186,844                                   |
| Other assets   | 191,898                                | 184,438                                   |
| Intangible assets  | 132,494                                | 136,742                                   |
| Goodwill   | 166,539                                | 166,539                                   |
| <b>Total Assets</b>                                      | <b>11,168,646</b>                      | <b>11,127,377</b>                         |
| <b>LIABILITIES AND EQUITY</b>                            |  |   |
| Accounts payable and accrued liabilities                 | 382,469                                | 487,651                                   |
| Current portion of long-term debt                        | 587,216                                | 448,626                                   |
| Long-term debt   | 5,443,497                              | 5,422,345                                 |
| Long-term debt - variable interest entity <sup>(1)</sup> | 220,450                                | 220,450                                   |
| Derivative liabilities                                   | 620,403                                | 686,879                                   |
| In process revenue contracts                             | 290,863                                | 308,639                                   |
| Other long-term liabilities                              | 220,376                                | 220,986                                   |
| Redeemable non-controlling interest                      | 37,805                                 | 38,307                                    |
| Equity:  |  |   |
| Non-controlling interests                                | 1,967,272                              | 1,863,798                                 |
| Stockholders of Teekay                                   | 1,398,295                              | 1,429,696                                 |
| <b>Total Liabilities and Equity</b>                      | <b>11,168,646</b>                      | <b>11,127,377</b>                         |

- (1) For accounting purposes, the Voyageur is a variable interest entity (VIE), whereby Teekay is the primary beneficiary. As a result, the Company has consolidated the VIE as of December 1, 2011, even though the Company will not acquire the Voyageur until later in 2012.

## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

|  | Three Months Ended |                  |
|--|--------------------|------------------|
|  | March 31           |                  |
|  | 2012               | 2011             |
|  | (unaudited)        | (unaudited)      |
| Cash and cash equivalents provided by (used for)                 |                    |                  |
| <b>OPERATING ACTIVITIES</b>                                      |                    |                  |
| <b>Net operating cash flow</b>                                   | <b>56,837</b>      | <b>(92,674)</b>  |
| <b>FINANCING ACTIVITIES</b>                                      |                    |                  |
| Net proceeds from long-term debt                                 | 535,476            | 240,185          |
| Scheduled repayments of long-term debt                           | (50,069)           | (69,893)         |
| Prepayments of long-term debt                                    | (353,086)          | (165,407)        |
| Increase in restricted cash                                      | (130,872)          | (4,602)          |
| Repurchase of common stock                                       |                    | (19,888)         |
| Net proceeds from public offerings of Teekay Tankers             | 65,868             | 107,233          |
| Cash dividends paid  | (21,440)           | (23,172)         |
| Distribution paid from subsidiaries to non-controlling interests | (57,420)           | (48,110)         |
| Other  | 3,772              | 3,862            |
| <b>Net financing cash flow</b>                                   | <b>(7,771)</b>     | <b>20,208</b>    |
| <b>INVESTING ACTIVITIES</b>                                      |                    |                  |
| Expenditures for vessels and equipment                           | (46,711)           | (76,112)         |
| Proceeds from sale of vessels and equipment                      | 195,342            | 5,055            |
| Investment in term loans   |                    | (70,170)         |
| Proceeds from sale of marketable securities                      | 1,063              |                  |
| Loan to joint ventures and equity accounted investees            | (29,820)           | (1,830)          |
| Investment in joint ventures                                     | (155,228)          | (4,191)          |
| Other  | 6,449              | 7,291            |
| <b>Net investing cash flow</b>                                   | <b>(28,905)</b>    | <b>(139,957)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>          | <b>20,161</b>      | <b>(212,423)</b> |
| Cash and cash equivalents, beginning of the period               | 692,127            | 779,748          |
| <b>Cash and cash equivalents, end of the period</b>              | <b>712,288</b>     | <b>567,325</b>   |

## TEEKAY CORPORATION

## APPENDIX A SPECIFIC ITEMS AFFECTING NET INCOME (LOSS)

(in thousands of U.S. dollars, except per share data)

Set forth below is a reconciliation of the Company's unaudited adjusted net loss attributable to the stockholders of Teekay, a non-GAAP financial measure, to net income (loss) attributable to stockholders of Teekay as determined in accordance with GAAP. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Company's financial performance. The items below are also typically excluded by securities analysts in their published estimates of the Company's financial results. Adjusted net (loss) income attributable to the stockholders of Teekay is intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP.

|   | Three Months Ended<br>March 31, 2012<br>(unaudited) |                                | Three Months Ended<br>March 31, 2011<br>(unaudited) |                                |
|---|---|--------------------------------|---|--------------------------------|
|   | \$  | \$ Per<br>Share <sup>(1)</sup> | \$  | \$ Per<br>Share <sup>(1)</sup> |
| Net income GAAP basis   | 50,249  |                                | 12,745  |                                |
| Adjust for: Net income attributable to non-controlling interests            | (49,183)  |                                | (42,402)  |                                |
| <b>Net income (loss) attributable to stockholders of Teekay</b>             | <b>1,066</b>  | <b>0.02</b>                    | <b>(29,657)</b>                                     | <b>(0.41)</b>                  |
| Add (subtract) specific items affecting net loss:                           |   |                                |   |                                |
| Unrealized gains from derivative instruments <sup>(2)</sup>                 | (29,444)  | (0.42)                         | (152,652)   | (2.12)                         |
| Foreign currency exchange losses <sup>(3)</sup>                             | 14,831  | 0.21                           | 21,007  | 0.29                           |
| Realized gain upon settlement of embedded derivative                        | (11,452)  | (0.16)                         |   |                                |
| Non-recurring adjustment to tax accruals                                    | (5,306)   | (0.08)                         | (3,634)   | (0.05)                         |
| (Gain) on sale of assets / asset impairments                                | (1,995)   | (0.03)                         | 3,593   | 0.05                           |
| Upfront payments related to interest rate swap resets                       |   |                                | 92,672  | 1.29                           |
| Adjustments to pension accruals and stock-based compensation <sup>(4)</sup> |   |                                | 18,102  | 0.25                           |
| Deferred income tax expense on unrealized foreign exchange gains            |   |                                | 6,519   | 0.09                           |
| Restructuring charges <sup>(5)</sup>  |   |                                | 4,961   | 0.07                           |
| Non-controlling interests share of items above                              | 11,498  | 0.16                           | 11,216  | 0.15                           |
| <b>Total adjustments</b>  | <b>(21,868)</b>                                     | <b>(0.32)</b>                  | <b>1,784</b>  | <b>0.02</b>                    |
| <b>Adjusted net loss attributable to stockholders of Teekay</b>             | <b>(20,802)</b>                                     | <b>(0.30)</b>                  | <b>(27,873)</b>                                     | <b>(0.39)</b>                  |

(1) Fully diluted per share amounts.

(2) Reflects the unrealized gains or losses relating to the change in the mark-to-market value of derivative instruments that are not designated as hedges for accounting purposes, including those included in equity income (loss) from joint ventures, and the ineffective portion of foreign currency forward contracts designated as hedges for accounting purposes.

(3) Foreign currency exchange gains and losses primarily relate to the Company's debt denominated in Euros and deferred tax liability denominated in Norwegian Kroner. Nearly all of the Company's foreign currency exchange gains and losses are unrealized.

(4) Relates to one-time pension retirement payment to the Company's former President and CEO and accelerated timing of accounting recognition of stock-based compensation expense.

(5) Restructuring charges relate to crew changes, reflagging of certain vessels and global staffing changes.

## TEEKAY CORPORATION

## APPENDIX B SUPPLEMENTAL FINANCIAL INFORMATION

## SUMMARY BALANCE SHEET AS AT MARCH 31, 2012

(in thousands of U.S. dollars)

(unaudited)

|   | Teekay<br>Offshore | Teekay<br>LNG    | Teekay<br>Tankers | Teekay<br>Parent | Consolidation<br>Adjustments | Total             |
|---|--------------------|------------------|-------------------|------------------|------------------------------|-------------------|
| <b>ASSETS</b>   |                    |                  |                   |                  |                              |                   |
| Cash and cash equivalents   | 234,742            | 83,904           | 24,478            | 369,164          |                              | 712,288           |
| Other current assets  | 133,153            | 16,345           | 12,614            | 344,958          |                              | 507,070           |
| Restricted cash (current & non-current)                                     |                    | 526,901          |                   | 104,688          |                              | 631,589           |
| Vessels held for sale   | 19,000             |                  |                   |                  |                              | 19,000            |
| Vessels and equipment   | 2,493,934          | 2,001,654        | 706,328           | 2,077,273        |                              | 7,279,189         |
| Advances on newbuilding contracts/conversions                               | 46,333             |                  |                   | 269,843          |                              | 316,176           |
| Derivative assets   | 15,743             | 129,123          |                   | 2,699            |                              | 147,565           |
| Investment in equity accounted investees                                    |                    | 363,025          | 492               | 67,752           | (7,000)                      | 424,269           |
| Investment in direct financing leases                                       | 45,389             | 408,060          |                   | 29               |                              | 453,478           |
| Investment in term loans  |                    |                  | 117,091           | 70,000           |                              | 187,091           |
| Other assets  | 31,710             | 38,184           | 11,547            | 110,457          |                              | 191,898           |
| Advances to affiliates  | 2,731              | 17,971           | 17,312            | (38,014)         |                              |                   |
| Equity investment in subsidiaries   |                    |                  |                   | 362,350          | (362,350)                    |                   |
| Intangibles and goodwill  | 147,227            | 147,764          |                   | 4,042            |                              | 299,033           |
| <b>TOTAL ASSETS</b>   | <b>3,169,962</b>   | <b>3,732,931</b> | <b>889,862</b>    | <b>3,745,241</b> | <b>(369,350)</b>             | <b>11,168,646</b> |
| <b>LIABILITIES AND EQUITY</b>   |                    |                  |                   |                  |                              |                   |
| Accounts payable and accrued liabilities                                    | 98,963             | 52,038           | 12,421            | 219,047          |                              | 382,469           |
| Advances from affiliates  | 52,237             | 28,775           | 6,467             | (87,479)         |                              |                   |
| Current portion of long-term debt   | 214,274            | 262,506          | 1,800             | 108,636          |                              | 587,216           |
| Long-term debt  | 1,847,607          | 1,898,379        | 291,650           | 1,405,861        |                              | 5,443,497         |
| Long-term debt variable interest entity                                     |                    |                  |                   | 220,450          |                              | 220,450           |
| Derivative liabilities  | 263,185            | 273,874          | 23,128            | 60,216           |                              | 620,403           |
| In-process revenue contracts  | 123,640            |                  | 47                | 167,176          |                              | 290,863           |
| Other long-term liabilities   | 30,567             | 105,922          | 3,560             | 80,327           |                              | 220,376           |
| Redeemable non-controlling interest   | 37,805             |                  |                   |                  |                              | 37,805            |
| Equity:   |                    |                  |                   |                  |                              |                   |
| Non-controlling interests <sup>(1)</sup>                                    | 42,046             | 28,190           |                   | 172,712          | 1,724,324                    | 1,967,272         |
| Equity attributable to stockholders/unitholders of publicly-listed entities | 459,638            | 1,083,247        | 550,789           | 1,398,295        | (2,093,674)                  | 1,398,295         |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>3,169,962</b>   | <b>3,732,931</b> | <b>889,862</b>    | <b>3,745,241</b> | <b>(369,350)</b>             | <b>11,168,646</b> |
| <b>NET DEBT <sup>(2)</sup></b>  | <b>1,827,139</b>   | <b>1,550,080</b> | <b>268,972</b>    | <b>1,261,095</b> |                              | <b>4,907,286</b>  |

(1) Non-controlling interests in the Teekay Offshore and Teekay LNG columns represent the joint venture partners' share of joint venture net assets. Non-controlling interest in the Consolidation Adjustments column represents the public's share of the net assets of Teekay's publicly-traded subsidiaries.

(2) Net debt represents current and long-term debt less cash and, if applicable, current and long-term restricted cash.



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## TEEKAY CORPORATION

## APPENDIX B SUPPLEMENTAL FINANCIAL INFORMATION

## SUMMARY STATEMENT OF INCOME (LOSS) FOR THE THREE MONTHS ENDED MARCH 31, 2012

(in thousands of U.S. dollars)

(unaudited)

|  | Teekay<br>Offshore | Teekay<br>LNG | Teekay<br>Tankers | Teekay<br>Parent | Consolidation<br>Adjustments | Total        |
|--|--------------------|---------------|-------------------|------------------|------------------------------|--------------|
| Revenues   | 244,598            | 99,216        | 31,876            | 157,356          | (37,482)                     | 495,564      |
| Voyage expenses  | 36,481             | 343           | 779               | 1,034            |                              | 38,637       |
| Vessel operating expenses  | 71,007             | 20,531        | 10,570            | 65,093           |                              | 167,201      |
| Time-charter hire expense  | 13,617             |               | 1,661             | 66,183           | (37,482)                     | 43,979       |
| Depreciation and amortization  | 49,611             | 24,633        | 10,738            | 29,632           |                              | 114,614      |
| General and administrative   | 20,136             | 7,116         | 2,086             | 17,035           | 7,000                        | 53,373       |
| Gain on sale of vessels and equipment  |                    |               |                   | (197)            |                              | (197)        |
| Total operating expenses   | 190,852            | 52,623        | 25,834            | 178,780          | (30,482)                     | 417,607      |
| Income (loss) from vessel operations   | 53,746             | 46,593        | 6,042             | (21,424)         | (7,000)                      | 77,957       |
| Net interest expense   | (12,564)           | (11,866)      | (1,231)           | (14,593)         |                              | (40,254)     |
| Realized and unrealized gain (loss) on derivative instruments                          | 16,239             | (15,903)      | (338)             | 4,817            |                              | 4,815        |
| Income tax (expense) recovery  | (1,485)            | 261           |                   | 4,792            |                              | 3,568        |
| Equity income  |                    | 17,048        |                   | 596              |                              | 17,644       |
| Equity in earnings of subsidiaries <sup>(1)</sup>                                      |                    |               |                   | 26,752           | (26,752)                     |              |
| Foreign exchange loss  | (2,758)            | (9,668)       | (3)               | (3,395)          |                              | (15,824)     |
| Other net  | 1,425              | 214           | (333)             | 1,037            |                              | 2,343        |
| Net income (loss)  | 54,603             | 26,679        | 4,137             | (1,418)          | (33,752)                     | 50,249       |
| Less: Net (income) loss attributable to non-controlling interests <sup>(2)</sup>       | (1,969)            | (1,948)       |                   | 2,484            | (47,750)                     | (49,183)     |
| <b>Net income attributable to stockholders/unitholders of publicly-listed entities</b> | <b>52,634</b>      | <b>24,731</b> | <b>4,137</b>      | <b>1,066</b>     | <b>(81,502)</b>              | <b>1,066</b> |
| <b>CFVO Consolidated<sup>(6)(4)</sup></b>  | 102,083            | 72,667        | 16,780            | (6,564)          | (7,000)                      | 177,966      |
| <b>CFVO Equity Investments<sup>(5)</sup></b>   |                    | 26,186        |                   | (625)            |                              | 25,561       |
| <b>CFVO Total</b>  | 102,083            | 98,853        | 16,780            | (7,189)          | (7,000)                      | 203,527      |

(1) Teekay Corporation's proportionate share of the net earnings of its publicly-traded subsidiaries.

(2) Net (income) loss attributable to non-controlling interests in the Teekay Offshore and Teekay LNG columns represent the joint venture partners' share of the net income (loss) of the respective joint ventures. Net (income) loss attributable to non-controlling interest in the Consolidation Adjustments column represents the public's share of the net income (loss) of Teekay's publicly-traded subsidiaries.

(3) Cash flow from vessel operations (CFVO) represents income from vessel operations before depreciation and amortization expense, amortization of in-process revenue contracts, vessel write-downs, gains and losses on the sale of vessels and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. CFVO Consolidated represents CFVO from vessels that are consolidated on the Company's financial statements. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the

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Company's Web site at [www.teekay.com](http://www.teekay.com) for a reconciliation of this non-GAAP financial measure as used in this release to the most directly comparable GAAP financial measure.

- (4) In addition to Teekay Parent's cash flow from vessel operations, Teekay Parent also receives cash dividends and distributions from its daughter public companies. For the three months ended March 31, 2012, Teekay Parent received daughter company cash dividends and distributions totaling \$39.4 million. The dividends and distributions received by Teekay Parent include those made with respect to its general partner interests in Teekay Offshore and Teekay LNG. Please refer to Appendix D to this release for further details.
- (5) Cash flow from vessel operations (CFVO) Equity Investments represents the Company's proportionate share of CFVO from its equity accounted vessels and other investments.

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## TEEKAY CORPORATION

## APPENDIX C SUPPLEMENTAL FINANCIAL INFORMATION

## TEEKAY PARENT SUMMARY OPERATING RESULTS

## FOR THE THREE MONTHS ENDED MARCH 31, 2012

(in thousands of U.S. dollars)

(unaudited)

Set forth below is a reconciliation of unaudited cash flow from vessel operations, a non-GAAP financial measure, to income from vessel operations as determined in accordance with GAAP, for Teekay Parent's primary operating segments. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate Teekay Parent's financial performance. Disaggregated cash flow from vessel operations for Teekay Parent, as provided below, is intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP.

|  | Spot<br>Conventional<br>Tanker | Fixed-rate<br>Conventional<br>Tanker | FPSO           | Other <sup>(1)</sup> | Teekay<br>Parent<br>Total |
|--|--------------------------------|--------------------------------------|----------------|----------------------|---------------------------|
| Revenues   | 39,529                         | 33,625                               | 70,908         | 13,294               | 157,356                   |
| Voyage expenses  | 724                            | 557                                  |                | (247)                | 1,034                     |
| Vessel operating expenses  | 6,570                          | 11,786                               | 46,075         | 662                  | 65,093                    |
| Time-charter hire expense  | 38,278                         | 11,722                               | 5,246          | 10,937               | 66,183                    |
| Depreciation and amortization  | 5,689                          | 5,068                                | 18,875         |                      | 29,632                    |
| General and administrative   | 6,416                          | 3,658                                | 12,445         | (5,484)              | 17,035                    |
| Gain on sale of vessels and equipment  | (197)                          |                                      |                |                      | (197)                     |
| Total operating expenses   | 57,480                         | 32,791                               | 82,641         | 5,868                | 178,780                   |
| (Loss) income from vessel operations   | (17,951)                       | 834                                  | (11,733)       | 7,426                | (21,424)                  |
| <b>Reconciliation of income (loss) from vessel operations to cash flow from vessel operations</b>              |                                |                                      |                |                      |                           |
| (Loss) income from vessel operations   | (17,951)                       | 834                                  | (11,733)       | 7,426                | (21,424)                  |
| Depreciation and amortization  | 5,689                          | 5,068                                | 18,875         |                      | 29,632                    |
| Gain on sale of vessels and equipment  | (197)                          |                                      |                |                      | (197)                     |
| Amortization of in process revenue contracts and other   | (69)                           |                                      | (14,615)       |                      | (14,684)                  |
| Unrealized losses from the change in fair value of designated foreign exchange forward contracts               |                                | (36)                                 | 74             |                      | 38                        |
| Realized gains (losses) from the settlements of non-designated foreign exchange forward contracts/bunkers/FFAs |                                | (34)                                 | 105            |                      | 71                        |
| <b>CASH FLOW FROM VESSEL OPERATIONS</b>  | <b>(12,528)</b>                | <b>5,832</b>                         | <b>(7,294)</b> | <b>7,426</b>         | <b>(6,564)</b>            |

- (1) Results of two chartered-in LNG carriers owned by Teekay LNG and one chartered-in FSO unit owned by Teekay Offshore and includes one-time \$7.0 million success fee payment received from Teekay LNG upon the acquisition of six LNG carriers in February 2012.

## TEEKAY CORPORATION

## APPENDIX D SUPPLEMENTAL FINANCIAL INFORMATION

## TEEKAY PARENT FREE CASH FLOW

(in thousands of U.S. dollars)

(unaudited)

Set forth below is an unaudited calculation of Teekay Parent free cash flow for the three months ended March 31, 2012, December 31, 2011, September 30, 2011, June 30, 2011, and March 31, 2011. The Company defines free cash flow, a non-GAAP financial measure, as cash flow from vessel operations attributed to its directly-owned and in-chartered assets, distributions received as a result of ownership interests in its publicly-traded subsidiaries (Teekay LNG, Teekay Offshore, and Teekay Tankers), net of interest expense and drydock expenditures in the respective period. For a reconciliation of Teekay Parent cash flow from vessel operations for the three months ended March 31, 2012 to the most directly comparable financial measure under GAAP please refer to *Appendix B* or *Appendix C* to this release. For a reconciliation of Teekay Parent cash flow from vessel operations to the most directly comparable GAAP financial measure for the three months ended December 31, September 30, June 30, and March 31, 2011, please see the Company's Web site at [www.teekay.com](http://www.teekay.com). Teekay Parent free cash flow, as provided below, is intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP.

|  | March 31,<br>2012 | December 31,<br>2011 | Three Months Ended<br>September 30,<br>2011 | June 30,<br>2011 | March 31,<br>2011 |
|--|-------------------|----------------------|---|------------------|-------------------|
| Teekay Parent cash flow from vessel operations                                     | (6,564)           | 5,104                | (32,736)                                    | (27,425)         | (41,532)          |
| Daughter company distributions to<br>Teekay Parent <sup>(1)</sup>                  |                   |                      |   |                  |                   |
| Common shares/units <sup>(2)</sup>   |                   |                      |   |                  |                   |
| Teekay LNG Partners  | 17,016            | 15,881               | 15,881                                      | 15,881           | 15,881            |
| Teekay Offshore Partners   | 11,461            | 11,181               | 11,181                                      | 11,181           | 11,181            |
| Teekay Tankers <sup>(3)</sup>  | 2,578             | 1,772                | 2,417                                       | 3,384            | 4,028             |
| Total  | 31,055            | 28,834               | 29,479                                      | 30,446           | 31,090            |
| General partner interest   |                   |                      |   |                  |                   |
| Teekay LNG Partners  | 5,524             | 3,470                | 3,176                                       | 3,176            | 3,176             |
| Teekay Offshore Partners   | 2,782             | 2,488                | 2,237                                       | 2,237            | 2,212             |
| Total  | 8,306             | 5,958                | 5,413                                       | 5,413            | 5,388             |
| <b>Total Teekay Parent cash flow before interest and dry dock<br/>expenditures</b> | <b>32,797</b>     | <b>39,896</b>        | <b>2,156</b>                                | <b>8,434</b>     | <b>(5,054)</b>    |
| Less:  |                   |                      |   |                  |                   |
| Net interest expense <sup>(4)</sup>  | (19,504)          | (17,280)             | (16,920)                                    | (18,012)         | (19,214)          |
| Drydock expenditures   | (124)             | (3,659)              | (1,811)                                     | (3,040)          | (287)             |
| <b>TOTAL TEEKAY PARENT<br/>FREE CASH FLOW</b>                                      | <b>13,169</b>     | <b>18,957</b>        | <b>(16,575)</b>                             | <b>(12,618)</b>  | <b>(24,555)</b>   |

- (1) Cash dividend and distribution cash flows are shown on an accrual basis for dividends and distributions declared for the respective period.  
(2) Common share/unit dividend/distribution cash flows to Teekay Parent are based on Teekay Parent's ownership on the ex-dividend date for the respective company and period as follows:

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|  | March 31,<br>2012    | December 31,<br>2011 | Three Months Ended    |                      | March 31,<br>2011    |
|--|----------------------|----------------------|-----------------------|----------------------|----------------------|
|  |                      |                      | September 30,<br>2011 | June 30,<br>2011     |                      |
| <b>Teekay LNG Partners</b>                   |                      |                      |                       |                      |                      |
| Distribution per common unit                 | \$ 0.675             | \$ 0.63              | \$ 0.63               | \$ 0.63              | \$ 0.63              |
| <b>Common units owned by</b>                 |                      |                      |                       |                      |                      |
| Teekay Parent                                | 25,208,274           | 25,208,274           | 25,208,274            | 25,208,274           | 25,208,274           |
| <b>Total distribution</b>                    | <b>\$ 17,015,585</b> | <b>\$ 15,881,213</b> | <b>\$ 15,881,213</b>  | <b>\$ 15,881,213</b> | <b>\$ 15,881,213</b> |
| <b>Teekay Offshore Partners</b>              |                      |                      |                       |                      |                      |
| Distribution per common unit                 | \$ 0.5125            | \$ 0.500             | \$ 0.500              | \$ 0.500             | \$ 0.500             |
| <b>Common units owned by</b>                 |                      |                      |                       |                      |                      |
| Teekay Parent                                | 22,362,814           | 22,362,814           | 22,362,814            | 22,362,814           | 22,362,814           |
| <b>Total distribution</b>                    | <b>\$ 11,460,942</b> | <b>\$ 11,181,407</b> | <b>\$ 11,181,407</b>  | <b>\$ 11,181,407</b> | <b>\$ 11,181,407</b> |
| <b>Teekay Tankers</b>                        |                      |                      |                       |                      |                      |
| Dividend per share                           | \$ 0.16              | \$ 0.11              | \$ 0.15               | \$ 0.21              | \$ 0.25              |
| Shares owned by Teekay Parent <sup>(3)</sup> | 16,112,244           | 16,112,244           | 16,112,244            | 16,112,244           | 16,112,244           |
| <b>Total dividend</b>                        | <b>\$ 2,577,959</b>  | <b>\$ 1,772,347</b>  | <b>\$ 2,416,837</b>   | <b>\$ 3,383,571</b>  | <b>\$ 4,028,061</b>  |

(3) Includes Class A and Class B shareholdings.

(4) Net interest expense includes realized gains and losses on interest rate swaps. Excludes upfront payment of \$92.7 million related to interest rate swap resets for the three months ended March 31, 2011, and excludes realized loss of \$34.4 million related to early termination of an interest rate swap agreement for the three months ended September 30, 2011.

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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 market fundamentals, including the balance of supply and demand in the tanker market and the impact of seasonal factors on spot tanker charter rates; the expected timing of newbuilding deliveries; the Company's future capital expenditure commitments and the debt financings that the Company expects to obtain for its remaining unfinanced capital expenditure commitments; the timing, certainty and financial impact on Teekay Parent and Teekay Tankers as a result of the proposed acquisition by Teekay Tankers from Teekay Parent of 13 conventional tankers, including effects on debt balances, and spot tanker market exposure; incremental cash flows to Teekay Parent from the increased quarterly distributions of its general partnership and limited partnership ownership interests by Teekay LNG Partners and Teekay Offshore Partners, and future cash flow growth from newbuilding and conversion projects; the Company's ability to complete future projects and acquisitions; fundamentals of the offshore and LNG industries and the Company's ability to complete future growth projects and acquisitions; and the impact on Teekay Parent's ownership in Teekay Tankers. 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, petroleum products, LNG and LPG, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil or demand for shuttle tankers, FSOs and FPSOs; decreases in oil production by or increased operating expenses for FPSO units; trends in prevailing charter rates for shuttle tanker and FPSO contract renewals; failure to satisfy the closing conditions for the sale of 13 conventional tankers from Teekay Parent to Teekay Tankers; inability of Teekay Parent's publically-traded subsidiaries to maintain or increase distribution and dividend levels; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts or complete existing contract negotiations; changes affecting the offshore tanker market; shipyard production delays and cost overruns; changes in the Company's expenses; the Company's future capital expenditure requirements and the inability to secure financing for such requirements; the inability of the Company to complete vessel sale transactions to its public company subsidiaries or to third parties; conditions in the United States capital markets; and other factors discussed in Teekay's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2011. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.