

TEEKAY CORP  
Form 6-K  
August 22, 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: August 9, 2012**

**Commission file number 1- 12874**

**TEEKAY CORPORATION**

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

**4th 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**

Attached as Exhibit I is a copy of an announcement of Teekay Corporation dated August 9, 2012.

**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: August 9, 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 SECOND QUARTER RESULTS**

**Highlights**

Second quarter 2012 total cash flow from vessel operations of \$208.4 million, up 26 percent from the same period of the prior year.

Second quarter 2012 adjusted net loss attributable to stockholders of Teekay of \$17.0 million, or \$0.25 per share (excluding specific items which increased GAAP net loss by \$30.2 million, or \$0.43 per share).

In June 2012, completed sale of 13 of Teekay Corporation's 17 remaining directly-owned conventional tankers to Teekay Tankers for \$454.2 million.

Offered to sell the *Voyageur Spirit* FPSO unit to Teekay Offshore.

Total consolidated liquidity of approximately \$1.7 billion as at June 30, 2012, pro forma for July 2012 Teekay Offshore equity private placement and drawdown on new *Knarr* FPSO construction loan facility.

Hamilton, Bermuda, August 9, 2012 Teekay Corporation (*Teekay* or *the Company*) (NYSE: TK) today reported an adjusted net loss attributable to stockholders of Teekay<sup>(1)</sup> of \$17.0 million, or \$0.25 per share, for the quarter ended June 30, 2012, compared to adjusted net loss attributable to the stockholders of Teekay of \$36.3 million, or \$0.51 per share, 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 loss by \$30.2 million (or \$0.43 per share) for the three months ended June 30, 2012 and increasing GAAP net loss by \$60.2 million (or \$0.85 per share) for the three months ended June 30, 2011, as detailed in *Appendix A* to this release. Including these items, the Company reported on a GAAP basis, net loss attributable to the stockholders of Teekay of \$47.3 million, or \$0.68 per share, for the quarter ended June 30, 2012, compared to net loss attributable to the stockholders of Teekay of \$96.5 million, or \$1.36 per share, for the same period of the prior year. Net revenues<sup>(2)</sup> for the second quarter of 2012 were \$442.7 million, compared to \$433.0 million for the same period of the prior year.

For the six months ended June 30, 2012, the Company reported an adjusted net loss attributable to stockholders of Teekay<sup>(1)</sup> of \$37.8 million, or \$0.55 per share, compared to adjusted net loss attributable to the stockholders of Teekay of \$64.1 million, or \$0.90 per share, for the six months ended June 30, 2011. Adjusted net loss attributable to stockholders of Teekay excludes a number of specific items that had the net effect of increasing GAAP net loss by \$8.4 million (or \$0.12 per share) for the six months ended June 30, 2012 and increasing GAAP net loss by \$62.0 million (or \$0.87 per share) for the six months ended June 30, 2011, as detailed in *Appendix A* to this release. Including these items, the Company reported on a GAAP basis, a net loss attributable to the stockholders of Teekay of \$46.2 million, or \$0.67 per share, for the six months ended June 30, 2012, compared to a net loss attributable to the stockholders of Teekay of \$126.1 million, or \$1.77 per share, for the six months ended June 30, 2011. Net revenues<sup>(2)</sup> for the six months ended June 30, 2012 were \$899.7 million, compared to \$875.9 million for the same period of the prior year.

On July 6, 2012, the Company declared a cash dividend on its common stock of \$0.31625 per share for the quarter ended June 30, 2012. The cash dividend was paid on July 27, 2012, to all shareholders of record on July 17, 2012.

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- (1) Adjusted net (loss) income 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 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.

With the announcement of many significant transactions in our core businesses during 2011, one of our main areas of focus in 2012 has been the efficient execution of our existing project development portfolio, commented Peter Evensen, Teekay Corporation's President and Chief Executive Officer. Later this month, the *Voyageur Spirit* FPSO upgrade is expected to be completed and will sail away from the shipyard in time for the expected oil field start-up during the fourth quarter. The *Cidade de Itajai* FPSO conversion is also now largely complete and expected to sail for Brazil in August in preparation for its charter with Petrobras, which is expected to commence in late-2012. In May of this year, steel cutting began on the first two of four newbuilding Suezmax class shuttle tankers that Teekay Offshore will directly acquire for its contract with BG in the Brazil offshore market commencing in mid- to late-2013. And lastly, construction on our largest project to date, the \$1 billion Knarr FPSO newbuilding, is proceeding on schedule and first-oil on the Knarr field in the North Sea is expected in the first quarter of 2014.

Operationally, we have been focused on integrating our recent asset acquisitions and various initiatives aimed at enhancing the profitability of our existing assets, Mr. Evensen continued. During the next few weeks, Teekay will take over technical management of the final of the six Maersk LNG carriers that the Teekay LNG-Marubeni joint venture acquired earlier this year. During the second quarter, Teekay LNG took advantage of the strong fundamentals in the LNG shipping market to secure a new three-year charter for the *Magellan Spirit* LNG carrier, which will commence immediately after the expiration of the current charter in September 2013. With the completion of the sale of the majority of our owned conventional crude and product tanker assets to Teekay Tankers in June, Teekay Parent's exposure to the conventional tanker market is now mostly indirect through its equity ownership in a significantly larger Teekay Tankers. Our remaining in-chartered conventional fleet continues to reduce rapidly with eight vessels, or over one-third of the Teekay Parent in-charter fleet, redelivered in the first half of 2012 and two more vessels scheduled to be redelivered in the second half of the year. We have also made significant progress on our previously announced ship management joint venture with Anglo-Eastern, which we expect will result in cost savings commencing in the fourth quarter of this year.

The pace of tendering activity in the gas and offshore sectors continues to be strong, Mr. Evensen added. With the completion of our most recent LNG carrier newbuildings in the first quarter, our gas business development team has been actively bidding on both on-the-water and newbuilding LNG investment opportunities. In our offshore business, we are actively assessing various long-term projects which if acquired, will not begin construction until our current projects have been delivered and are generating cash flow.

Our current focus on project execution is aligned with our objectives of enhancing Teekay's net asset value and profitability, Mr. Evensen concluded. The acquisition and delivery of gas and offshore assets by our publicly traded master limited partnerships provides growing cash flows to Teekay Parent from its GP and LP ownership interests in Teekay LNG and Teekay Offshore, while dropdowns have the added benefit of deleveraging the Teekay Parent balance sheet and thereby creating future financial flexibility. This includes our recent offer to sell the *Voyageur Spirit* FPSO to Teekay Offshore Partners upon commencement of its charter contract in the North Sea during the fourth quarter of 2012.

**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 June 30, 2012<br>(unaudited) |                           |                        |                  |                              |                                       |
|--|---|---------------------------|------------------------|------------------|------------------------------|---------------------------------------|
|  | Teekay<br>Offshore<br>Partners LP               | Teekay LNG<br>Partners LP | Teekay<br>Tankers Ltd. | Teekay<br>Parent | Consolidation<br>Adjustments | Teekay<br>Corporation<br>Consolidated |
| Net revenues                           | 213,351   | 96,112                    | 50,933                 | 131,303          | (48,964)                     | 442,735                               |
| Vessel operating expense               | 70,080  | 20,104                    | 20,922                 | 61,250           |                              | 172,356                               |
| Time-charter hire expense              | 12,969  |                           | 644                    | 68,059           | (50,181)                     | 31,491                                |
| Depreciation and amortization          | 50,003  | 24,673                    | 18,047                 | 22,345           |                              | 115,068                               |
| CFVO Consolidated <sup>(1)(2)(3)</sup> | 109,812   | 70,999                    | 15,448                 | (24,445)         |                              | 171,814                               |
| CFVO Equity Investment <sup>(4)</sup>  |   | 38,035                    |                        | (1,441)          |                              | 36,594                                |
| CFVO Total                             | 109,812   | 109,034                   | 15,448                 | (25,886)         |                              | 208,408                               |

| (in thousands of U.S. dollars)         | Three Months Ended June 30, 2011<br>(unaudited) |                                 |                           |                  |                              |                                       |
|--|---|---------------------------------|---------------------------|------------------|------------------------------|---------------------------------------|
|  | Teekay<br>Offshore<br>Partners<br>LP            | Teekay<br>LNG<br>Partners<br>LP | Teekay<br>Tankers<br>Ltd. | Teekay<br>Parent | Consolidation<br>Adjustments | Teekay<br>Corporation<br>Consolidated |
| Net revenues                           | 201,573   | 91,562                          | 56,646                    | 138,689          | (55,437)                     | 433,033                               |
| Vessel operating expense               | 75,197  | 23,388                          | 21,336                    | 54,796           |                              | 174,717                               |
| Time-charter hire expense              | 18,182  |                                 |                           | 90,669           | (55,437)                     | 53,414                                |
| Depreciation and amortization          | 46,163  | 22,171                          | 18,782                    | 18,120           |                              | 105,236                               |
| CFVO Consolidated <sup>(1)(2)(3)</sup> | 95,171  | 63,130                          | 17,895                    | (27,425)         |                              | 148,771                               |
| CFVO Equity Investment <sup>(4)</sup>  |   | 14,483                          |                           | 1,622            |                              | 16,105                                |
| CFVO Total                             | 95,171  | 77,613                          | 17,895                    | (25,803)         |                              | 164,876                               |

- (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, adjustments for direct financing leases to a cash basis, 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 refer to *Appendix B* or *Appendix C* of this release and 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 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 June 30, 2012 and 2011, Teekay Parent received daughter company dividends and distributions totaling \$39.2 million and \$35.9 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. Please refer to *Appendix B* or *Appendix C* of this release and 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 GAAP financial measure.

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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 nine 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 30.9 percent interest in Teekay Offshore (including the 2 percent sole general partner interest).

Cash flow from vessel operations from Teekay Offshore increased to \$109.8 million in the second quarter of 2012, from \$95.2 million in the same period of the prior year. This increase was primarily due to a full quarter contribution from the *Piranema Spirit* FPSO unit acquired on November 30, 2011, the *Scott Spirit* and *Peary Spirit* shuttle tanker newbuildings acquired subsequent to June 30, 2011, and 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 other operating cost savings initiatives. 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 half of 2011 further contributed to the increase in cash flow from vessel operations.

In July 2012, Teekay Offshore sold 1.7 million common units in a private placement for net proceeds of \$45.9 million (including the general partners' contribution), which will be used to partially finance the shipyard installments relating to four newbuilding shuttle tankers being constructed by Samsung Heavy Industries, for a total delivered cost of approximately \$470 million. Upon their scheduled delivery in mid- to late-2013, the vessels will commence operations under 10-year time-charter contracts, which include certain contract extension and vessel purchase options, with a subsidiary of BG Group plc to provide shuttle tanker services in Brazil.

In June 2012, Teekay Parent offered to sell to Teekay Offshore the *Voyageur Spirit* FPSO unit upon commencement of its new time-charter contract in the fourth quarter of 2012. The offer is currently being reviewed by the Conflicts Committee of Teekay Offshore's Board of Directors. In addition, in June 2012, Talisman Energy, the current charterer of the Teekay Offshore-owned FPSO unit, the *Petrojarl Varg*, elected to exercise the first of three three-year extension options on the contract, extending the firm charter period until June 30, 2016.

Also in June 2012, Teekay Offshore sold a 1997-built conventional Aframax tanker to a third party buyer for net proceeds of \$8.7 million. As a result of the early termination of the associated time-charter to Teekay Parent, Teekay Offshore received a termination fee of \$14.7 million from Teekay Parent.

For the second quarter of 2012, Teekay Offshore's quarterly distribution was \$0.5125 per common unit. The cash distribution received by Teekay Parent based on its common unit ownership and general partnership interest in Teekay Offshore totaled \$14.3 million for the second 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 to \$109.0 million in the second quarter of 2012, from \$77.6 million in the same period of the prior year. This increase primarily resulted from the acquisition of a 52 percent interest in six LNG carriers from A.P. Moller-Maersk in February 2012 (the *MALT LNG Carriers*), the acquisition of a 33 percent interest in four Angola LNG Carriers from Teekay between August 2011 and January 2012, the acquisition of newbuilding Multigas/LPG carriers in June, September and October 2011, and reduced vessel operating expenses in 2012 primarily due to timing of services and maintenance in relation to scheduled drydockings.

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 from the bond issuance have been used to reduce amounts outstanding under Teekay LNG's revolving credit facilities and for general partnership purposes. Teekay LNG is applying to list the bonds on the Oslo Stock Exchange.

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For the second quarter of 2012, Teekay LNG's quarterly distribution was \$0.675 per common unit. 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 second quarter of 2012 as detailed in *Appendix D* to this release.

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

Teekay Tankers currently owns a fleet of 12 Aframax tankers, 10 Suezmax tankers, three Long Range 2 (LR2) product tankers, three MR product tankers, and a 50 percent interest in a Very Large Crude Carrier (VLCC) newbuilding scheduled to deliver in April 2013. In addition, Teekay Tankers currently time-charters in one Aframax tanker 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 29 vessels currently in operation, 15 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. 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 currently owns a 25 percent economic interest in and has voting control of Teekay Tankers.

In the second quarter of 2012, cash flow from vessel operations from Teekay Tankers decreased to \$15.4 million from \$17.9 million in the same period of the prior year, primarily due to lower average realized tanker rates for its spot Aframax fleet and expiry of certain time-charter contracts, partially offset by higher average realized tanker rates for its spot Suezmax fleet during the second quarter of 2012, compared to the same period of the prior year.

In June 2012, Teekay Tankers completed the acquisition from Teekay Parent of 13 double-hull conventional oil and product tankers, along with related time-charter contracts, debt facilities and other assets and rights, for an aggregate purchase price of \$454.2 million. Upon closing of the transaction in late June 2012, Teekay received 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, increased from approximately 20 percent currently to approximately 25 percent upon closing of the transaction and Teekay's voting control of Teekay Tankers increased from approximately 51 percent to approximately 53 percent.

On August 8, 2012, Teekay Tankers declared a second quarter 2012 dividend of \$0.11 per share which will be paid August 27, 2012 to all shareholders of record on August 20, 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 \$2.3 million for the second quarter of 2012.

#### **Teekay Parent**

In addition to its equity ownership interests in Teekay Offshore, Teekay LNG and Teekay Tankers, Teekay Parent directly owns several vessels, which, as at August 1, 2012, included four conventional Suezmax tankers and four FPSO units. In addition, Teekay Parent currently has one newbuilding FPSO unit under construction, owns a 50 percent interest in an FPSO unit currently under conversion, and has agreed to acquire one FPSO unit later in 2012 upon completion of capital upgrades and commencement of its time-charter contract. As at August 1, 2012, Teekay Parent also had 13 chartered-in conventional tankers (including five 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 second quarter of 2012, Teekay Parent's negative cash flow from vessel operations was \$25.9 million, compared to negative cash flow from vessel operations of \$25.8 million in the same period of the prior year. The slight increase in negative cash flow is primarily due to a \$14.7 million termination fee paid for the termination of the *Hamane Spirit* time-charter in contract with Teekay Offshore in the second quarter of 2012 and higher vessel operating expenses in Teekay Parent's equity accounted investments compared to the same period in the prior year, offset by the acquisition of the *Hummingbird Spirit* FPSO unit on November 30, 2011 and lower time-charter hire expense due to redeliveries of time-chartered in vessels during the past year.

In June 2012, Teekay Parent sold 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.

**Fleet List**

The following table summarizes Teekay's consolidated fleet of 149 vessels as at August 1, 2012, including chartered-in vessels and vessels under construction/conversion but excluding vessels managed for third parties:

|  | Number of Vessels <sup>(1)</sup> |                      |                            | Total      |
|--|----------------------------------|----------------------|----------------------------|------------|
|  | Owned Vessels                    | Chartered-in Vessels | Newbuildings / Conversions |            |
| <b>Teekay Parent Fleet</b> <sup>(2)(3)</sup> |                                  |                      |                            |            |
| Aframax Tankers <sup>(4)</sup>               |                                  | 6                    |                            | 6          |
| Suezmax Tankers                              | 4                                | 1                    |                            | 5          |
| MR Product Tankers                           |                                  | 1                    |                            | 1          |
| FPSO Units <sup>(5)</sup>                    | 4                                |                      | 3                          | 7          |
| Total Teekay Parent Fleet                    | 8                                | 8                    | 3                          | 19         |
| <b>Teekay Offshore Fleet</b>                 | 49                               | 4                    | 4                          | 57         |
| <b>Teekay LNG Fleet</b>                      | 43                               |                      |                            | 43         |
| <b>Teekay Tankers Fleet</b>                  | 28                               | 1                    | 1                          | 30         |
| <b>Total Teekay Consolidated Fleet</b>       | <b>128</b>                       | <b>13</b>            | <b>8</b>                   | <b>149</b> |

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

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

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

(4) Excludes five vessels chartered-in from Teekay Offshore.

(5) 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 June 30, 2012, Teekay had consolidated liquidity of \$1.5 billion (consisting of \$665.7 million cash and cash equivalents and \$838.5 million of undrawn revolving credit facilities) of which \$387.8 million of liquidity (consisting of \$352.8 million cash and cash equivalents and \$35.0 million of undrawn revolving credit facilities) is attributable to Teekay Parent. Pro Forma for \$45 million of proceeds from the July 2012 Teekay Offshore equity private placement and approximately \$168 million of drawings on the *Knarr* FPSO construction loan facility, Teekay had total consolidated liquidity of \$1.7 billion, of which \$555.4 million was 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 June 30, 2012:

| (in millions)                                | 2012          | 2013          | 2014         | Total           | Amount<br>Financed<br>to Date |
|--|---------------|---------------|--------------|-----------------|-------------------------------|
| Teekay Offshore <sup>(1)</sup>               | \$ 56         | \$ 323        |              | \$ 379          |                               |
| Teekay LNG                                   |               |               |              |                 |                               |
| Teekay Tankers <sup>(2)</sup>                | \$ 20         | \$ 17         |              | \$ 37           | \$ 34                         |
| Teekay Parent <sup>(3)</sup>                 | \$ 577        | \$ 389        | \$ 13        | \$ 979          | \$ 555                        |
| <b>Total Teekay Corporation Consolidated</b> | <b>\$ 653</b> | <b>\$ 729</b> | <b>\$ 13</b> | <b>\$ 1,395</b> | <b>\$ 589</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 the Knarr FPSO newbuilding, capital cost to upgrade and acquire the *Voyageur Spirit* FPSO unit and Teekay Parent's 50 percent interest in the *Cidade de Itajai* FPSO unit.

As indicated above, the Company had total capital expenditure commitments pertaining to its portion of acquisitions, newbuildings and conversions of approximately \$1.4 billion remaining as at June 30, 2012. The Company's current pre-arranged financing of approximately \$589 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.

**Conference Call**

The Company plans to host a conference call on August 9, 2012 at 11:00 a.m. (ET) to discuss its results for the second quarter of 2012. An accompanying investor presentation will be available on Teekay's website 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 4705713.

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

The conference call will be recorded and available until Thursday, August 16, 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 4705713.

**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:

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

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## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED STATEMENTS OF (LOSS) INCOME

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

|  | Three Months Ended              |                                  |                                 | Six Months Ended                |                                 |
|--|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | June 30,<br>2012<br>(unaudited) | March 31,<br>2012<br>(unaudited) | June 30,<br>2011<br>(unaudited) | June 30,<br>2012<br>(unaudited) | June 30,<br>2011<br>(unaudited) |
| <b>REVENUES</b> <sup>(1)</sup>   | 481,911                         | 495,564                          | 484,922                         | 977,475                         | 972,946                         |
| <b>OPERATING EXPENSES</b>  |                                 |                                  |                                 |                                 |                                 |
| Voyage expenses <sup>(1)</sup>   | 39,176                          | 38,637                           | 51,889                          | 77,813                          | 97,015                          |
| Vessel operating expenses <sup>(1)(2)</sup>                                  | 172,356                         | 167,201                          | 174,717                         | 339,557                         | 336,294                         |
| Time-charter hire expense  | 31,491                          | 43,979                           | 53,414                          | 75,470                          | 116,445                         |
| Depreciation and amortization  | 115,068                         | 114,614                          | 105,236                         | 229,682                         | 210,274                         |
| General and administrative <sup>(1)(2)</sup>                                 | 50,777                          | 53,373                           | 51,273                          | 104,150                         | 121,491                         |
| Loss (gain) on sale of vessels and equipment / asset impairments             | 3,269                           | (197)                            | 5,812                           | 3,072                           | 9,405                           |
| Restructuring charges  | 1,525                           |                                  | 458                             | 1,525                           | 5,419                           |
|  | 413,662                         | 417,607                          | 442,799                         | 831,269                         | 896,343                         |
| <b>Income from vessel operations</b>   | 68,249                          | 77,957                           | 42,123                          | 146,206                         | 76,603                          |
| <b>OTHER ITEMS</b>   |                                 |                                  |                                 |                                 |                                 |
| Interest expense <sup>(1)</sup>  | (42,707)                        | (42,300)                         | (33,516)                        | (85,007)                        | (66,310)                        |
| Interest income <sup>(1)</sup>   | 1,645                           | 2,046                            | 2,457                           | 3,691                           | 4,922                           |
| Realized and unrealized (loss) gain on derivative instruments <sup>(1)</sup> | (94,598)                        | 4,815                            | (102,140)                       | (89,783)                        | (78,883)                        |
| Income tax recovery (expense)  | 1,849                           | 3,568                            | (2,022)                         | 5,417                           | (2,833)                         |
| Equity income (loss) <sup>(3)</sup>  | 5,291                           | 17,644                           | (6,053)                         | 22,935                          | 341                             |
| Foreign exchange gain (loss)   | 17,835                          | (15,824)                         | (7,157)                         | 2,011                           | (27,497)                        |
| Other income net   | 89                              | 2,343                            | 958                             | 2,432                           | 1,052                           |
| Net (loss) income  | (42,347)                        | 50,249                           | (105,350)                       | 7,902                           | (92,605)                        |
| Less: Net (income) loss attributable to non-controlling interests            | (4,927)                         | (49,183)                         | 8,898                           | (54,110)                        | (33,504)                        |
| <b>Net (loss) income attributable to stockholders of Teekay Corporation</b>  | (47,274)                        | 1,066                            | (96,452)                        | (46,208)                        | (126,109)                       |
| (Loss) earnings per common share of Teekay                                   |                                 |                                  |                                 |                                 |                                 |
| Basic  | (\$0.68)                        | \$ 0.02                          | (\$1.36)                        | (\$0.67)                        | (\$1.77)                        |
| Diluted  | (\$0.68)                        | \$ 0.02                          | (\$1.36)                        | (\$0.67)                        | (\$1.77)                        |
| Weighted-average number of common shares outstanding                         |                                 |                                  |                                 |                                 |                                 |
| Basic  | 69,231,419                      | 68,855,860                       | 70,935,484                      | 69,043,639                      | 71,438,446                      |
| Diluted  | 69,231,419                      | 70,146,586                       | 70,935,484                      | 69,043,639                      | 71,438,446                      |

- (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 (loss) income. 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 |                   |                  | Six Months Ended |                  |
|---|--------------------|-------------------|------------------|------------------|------------------|
|   | June 30,<br>2012   | March 31,<br>2012 | June 30,<br>2011 | June 30,<br>2012 | June 30,<br>2011 |
| Realized (losses) gains relating to:  |                    |                   |                  |                  |                  |
| Interest rate swaps   | (29,669)           | (30,416)          | (32,692)         | (60,085)         | (66,689)         |
| Interest rate swap resets and terminations  |                    |                   |                  |                  | (92,672)         |
| Foreign currency forward contracts  |                    |                   |                  |                  |                  |
| Vessel operating expenses   | 243                | 1,237             | 3,337            | 1,480            | 4,553            |
| General and administrative expenses   | (96)               |                   | 221              | (96)             | 330              |
| Bunkers, FFAs and other   |                    | 11,452            | (7)              | 11,452           | 42               |
|   | (29,522)           | (17,727)          | (29,141)         | (47,249)         | (154,436)        |
| Unrealized (losses) gains relating to:  |                    |                   |                  |                  |                  |
| Interest rate swaps   | (58,425)           | 17,135            | (73,331)         | (41,290)         | 68,527           |
| Foreign currency forward contracts  | (6,651)            | 8,792             | 540              | 2,141            | 7,248            |
| Bunkers, FFAs and other   |                    | (3,385)           | (208)            | (3,385)          | (222)            |
|   | (65,076)           | 22,542            | (72,999)         | (42,534)         | 75,553           |
| Total realized and unrealized (losses) gains on non-designated derivative instruments | (94,598)           | 4,815             | (102,140)        | (89,783)         | (78,883)         |

- (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 (Loss) Income, as detailed in the table below:

|                            | Three Months Ended |                   |                  | Six Months Ended |                  |
|----------------------------|--------------------|-------------------|------------------|------------------|------------------|
|                            | June 30,<br>2012   | March 31,<br>2012 | June 30,<br>2011 | June 30,<br>2012 | June 30,<br>2011 |
| Vessel operating expenses  |                    |                   | (171)            |                  | (350)            |
| General and administrative | (306)              | (18)              | 121              | (324)            | 216              |

- (3) 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 |                   |                  | Six Months Ended |                  |
|---|--------------------|-------------------|------------------|------------------|------------------|
|   | June 30,<br>2012   | March 31,<br>2012 | June 30,<br>2011 | June 30,<br>2012 | June 30,<br>2011 |
| Equity income (loss)  | 5,291              | 17,644            | (6,053)          | 22,935           | 341              |
| Proportionate share of unrealized losses (gains) on derivative instruments  | 10,428             | (6,920)           | 12,396           | 3,508            | 8,212            |
| Equity income excluding unrealized gains (losses) on derivative instruments | 15,719             | 10,724            | 6,343            | 26,443           | 8,553            |



## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

|  | As at June 30,<br>2012<br>(unaudited) | As at March 31,<br>2012<br>(unaudited) | As at December 31,<br>2011<br>(unaudited) |
|--|---------------------------------------|--|---|
| <b>ASSETS</b>  |                                       |  |   |
| Cash and cash equivalents                                | 665,737                               | 712,288                                | 692,127                                   |
| Other current assets                                     | 557,506                               | 507,070                                | 495,357                                   |
| Restricted cash - current                                | 4,659                                 | 104,688                                | 4,370                                     |
| Restricted cash - long-term                              | 526,705                               | 526,901                                | 495,784                                   |
| Vessels held for sale                                    | 14,961                                | 19,000                                 | 19,000                                    |
| Vessels and equipment                                    | 7,197,259                             | 7,279,189                              | 7,360,454                                 |
| Advances on newbuilding contracts/conversions            | 444,173                               | 316,176                                | 507,908                                   |
| Derivative assets  | 167,701                               | 147,565                                | 165,269                                   |
| Investment in equity accounted investees                 | 436,486                               | 424,269                                | 252,637                                   |
| Investment in direct financing leases                    | 447,746                               | 453,478                                | 459,908                                   |
| Investment in term loans                                 | 187,347                               | 187,091                                | 186,844                                   |
| Other assets   | 209,774                               | 191,898                                | 184,438                                   |
| Intangible assets  | 128,682                               | 132,494                                | 136,742                                   |
| Goodwill   | 166,539                               | 166,539                                | 166,539                                   |
| <b>Total Assets</b>                                      | <b>11,155,275</b>                     | <b>11,168,646</b>                      | <b>11,127,377</b>                         |
| <b>LIABILITIES AND EQUITY</b>                            |                                       |  |   |
| Accounts payable and accrued liabilities                 | 382,128                               | 382,469                                | 487,651                                   |
| Current portion of long-term debt                        | 798,828                               | 587,216                                | 448,626                                   |
| Long-term debt   | 5,227,640                             | 5,443,497                              | 5,422,345                                 |
| Long-term debt - variable interest entity <sup>(1)</sup> | 230,450                               | 220,450                                | 220,450                                   |
| Derivative liabilities                                   | 728,944                               | 620,403                                | 686,879                                   |
| In process revenue contracts                             | 272,733                               | 290,863                                | 308,639                                   |
| Other long-term liabilities                              | 219,493                               | 220,376                                | 220,986                                   |
| Redeemable non-controlling interest                      | 36,356                                | 37,805                                 | 38,307                                    |
| Equity:  |                                       |  |   |
| Non-controlling interests                                | 1,919,410                             | 1,967,272                              | 1,863,798                                 |
| Stockholders of Teekay                                   | 1,339,293                             | 1,398,295                              | 1,429,696                                 |
| <b>Total Liabilities and Equity</b>                      | <b>11,155,275</b>                     | <b>11,168,646</b>                      | <b>11,127,377</b>                         |

- (1) For accounting purposes, the *Voyageur Spirit* 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 Spirit* FPSO unit until later in 2012.

## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

|  | Six Months Ended<br>June 30 |                     |
|--|-----------------------------|---------------------|
|  | 2012<br>(unaudited)         | 2011<br>(unaudited) |
| Cash and cash equivalents provided by (used for)                 |                             |                     |
| <b>OPERATING ACTIVITIES</b>                                      |                             |                     |
| <b>Net operating cash flow</b>                                   | 139,484                     | 7,199               |
| <b>FINANCING ACTIVITIES</b>                                      |                             |                     |
| Net proceeds from long-term debt                                 | 816,296                     | 547,253             |
| Scheduled repayments of long-term debt                           | (159,293)                   | (123,450)           |
| Prepayments of long-term debt                                    | (487,548)                   | (341,783)           |
| Increase in restricted cash                                      | (31,641)                    | (4,353)             |
| Repurchase of common stock                                       |                             | (83,660)            |
| Net proceeds from the public offering of Teekay LNG              |                             | 158,326             |
| Net proceeds from public offerings of Teekay Tankers             | 65,854                      | 107,234             |
| Cash dividends paid  | (44,956)                    | (46,472)            |
| Distribution paid from subsidiaries to non-controlling interests | (121,109)                   | (101,284)           |
| Other  | 3,494                       | 17,330              |
| <b>Net financing cash flow</b>                                   | 41,097                      | 129,141             |
| <b>INVESTING ACTIVITIES</b>                                      |                             |                     |
| Expenditures for vessels and equipment                           | (205,186)                   | (358,607)           |
| Proceeds from sale of vessels and equipment                      | 205,096                     | 5,055               |
| Investment in term loans   |                             | (70,404)            |
| Proceeds from sale of marketable securities                      | 1,063                       |                     |
| Loan to joint ventures and equity accounted investees            | (58,916)                    | (1,881)             |
| Investment in joint ventures                                     | (155,228)                   | (6,544)             |
| Other  | 6,200                       | 13,842              |
| <b>Net investing cash flow</b>                                   | (206,971)                   | (418,539)           |
| <b>Decrease in cash and cash equivalents</b>                     | (26,390)                    | (282,199)           |
| Cash and cash equivalents, beginning of the period               | 692,127                     | 779,748             |
| <b>Cash and cash equivalents, end of the period</b>              | 665,737                     | 497,549             |

## TEEKAY CORPORATION

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

(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 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>June 30, 2012<br>(unaudited) |                                | Six Months Ended<br>June 30, 2012<br>(unaudited) |                                |
|--|--|--------------------------------|--|--------------------------------|
|  | \$   | \$ Per<br>Share <sup>(1)</sup> | \$   | \$ Per<br>Share <sup>(1)</sup> |
| Net (loss) income GAAP basis                                     | (42,347)   |                                | 7,902  |                                |
| Adjust for: Net income attributable to non-controlling interests | (4,927)  |                                | (54,110)   |                                |
| <b>Net loss attributable to stockholders of Teekay</b>           | <b>(47,274)</b>                                    | <b>(0.68)</b>                  | <b>(46,208)</b>                                  | <b>(0.67)</b>                  |
| Add (subtract) specific items affecting net loss:                |  |                                |  |                                |
| Unrealized losses from derivative instruments <sup>(2)</sup>     | 75,811   | 1.09                           | 46,367   | 0.67                           |
| Foreign currency exchange gains <sup>(3)</sup>                   | (18,567)   | (0.27)                         | (3,736)  | (0.05)                         |
| Loss on sale of assets / asset impairments                       | 3,269  | 0.05                           | 3,072  | 0.04                           |
| Non-recurring adjustment to tax accruals                         | (2,700)  | (0.04)                         | (8,006)  | (0.12)                         |
| Restructuring charges <sup>(4)</sup>                             | 1,525  | 0.02                           | 1,525  | 0.02                           |
| Realized gain upon settlement of embedded derivative             |  |                                | (11,452)   | (0.16)                         |
| Other <sup>(5)</sup>   | 1,308  | 0.02                           | (490)  | (0.01)                         |
| Non-controlling interests share of items above                   | (30,404)   | (0.44)                         | (18,906)   | (0.27)                         |
| <b>Total adjustments</b>   | <b>30,242</b>                                      | <b>0.43</b>                    | <b>8,374</b>                                     | <b>0.12</b>                    |
| <b>Adjusted net loss attributable to stockholders of Teekay</b>  | <b>(17,032)</b>                                    | <b>(0.25)</b>                  | <b>(37,834)</b>                                  | <b>(0.55)</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 Norwegian Kroner in addition to the unrealized gains (losses) on cross currency swaps used to hedge the principal and interest on the Norwegian Kroner bonds. Nearly all of the Company's foreign currency exchange gains and losses are unrealized.
- (4) Restructuring charges relate to reorganization of the Company's marine operations.
- (5) Other includes transaction and start-up related costs associated with the sale of 13 conventional tankers from Teekay Parent to Teekay Tankers and the acquisition of the MALT LNG Carriers and gain on sale of other assets.

## 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 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>June 30, 2011<br>(unaudited) |                                | Six Months Ended<br>June 30, 2011<br>(unaudited) |                                |
|---|--|--------------------------------|--|--------------------------------|
|   | \$   | \$ Per<br>Share <sup>(1)</sup> | \$   | \$ Per<br>Share <sup>(1)</sup> |
| Net loss - GAAP basis   | (105,350)  |                                | (92,605)   |                                |
| Adjust for: Net loss (income) attributable to non-controlling interests     | 8,898  |                                | (33,504)   |                                |
| <b>Net loss attributable to stockholders of Teekay</b>                      | <b>(96,452)</b>                                    | <b>(1.36)</b>                  | <b>(126,109)</b>                                 | <b>(1.77)</b>                  |
| Add (subtract) specific items affecting net loss:                           |  |                                |  |                                |
| Unrealized losses (gains) from derivative instruments <sup>(2)</sup>        | 85,445   | 1.21                           | (67,207)   | (0.94)                         |
| Foreign currency exchange loss <sup>(3)</sup>                               | 7,935  | 0.11                           | 28,942   | 0.41                           |
| Deferred income tax expense on unrealized foreign exchange gains            | 3,576  | 0.05                           | 10,095   | 0.14                           |
| Restructuring charges <sup>(4)</sup>  | 458  | 0.01                           | 5,419  | 0.08                           |
| Asset impairments/net loss on vessel sales                                  | 5,812  | 0.08                           | 9,405  | 0.13                           |
| Adjustments to pension accruals and stock-based compensation <sup>(5)</sup> |  |                                | 18,102   | 0.25                           |
| Upfront payments related to interest rate swap resets                       |  |                                | 92,672   | 1.30                           |
| Other <sup>(6)</sup>  | (2,598)  | (0.04)                         | (6,232)  | (0.09)                         |
| Non-controlling interests - share of items above                            | (40,431)   | (0.57)                         | (29,215)   | (0.41)                         |
| Total adjustments   | 60,197   | 0.85                           | 61,981   | 0.87                           |
| <b>Adjusted net loss attributable to stockholders of Teekay</b>             | <b>(36,255)</b>                                    | <b>(0.51)</b>                  | <b>(64,128)</b>                                  | <b>(0.90)</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. A substantial majority of the Company's foreign currency exchange gains and losses are unrealized.
- (4) Restructuring charges relate to crew changes, reflagging of certain vessels, and global staffing changes.
- (5) Relates to one-time pension retirement payment to the Company's former President and Chief Executive Officer and accelerated timing of accounting recognition of stock-based compensation expense.
- (6) Relates to non-recurring adjustments to tax accruals.

## TEEKAY CORPORATION

## APPENDIX B SUPPLEMENTAL FINANCIAL INFORMATION

## SUMMARY BALANCE SHEET AS AT JUNE 30, 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   | 179,462            | 114,916          | 18,554            | 352,805          |                              | 665,737           |
| Other current assets  | 135,266            | 15,783           | 22,551            | 383,906          |                              | 557,506           |
| Restricted cash (current & non-current)                                     |                    | 526,705          |                   | 4,659            |                              | 531,364           |
| Vessels held for sale   | 14,961             |                  |                   |                  |                              | 14,961            |
| Vessels and equipment   | 2,446,287          | 1,980,370        | 1,275,672         | 1,494,930        |                              | 7,197,259         |
| Advances on newbuilding contracts   | 69,163             |                  |                   | 375,010          |                              | 444,173           |
| Derivative assets   | 4,457              | 162,472          |                   | 772              |                              | 167,701           |
| Investment in equity accounted investees                                    |                    | 374,320          | 3,148             | 66,018           | (7,000)                      | 436,486           |
| Investment in direct financing leases                                       | 41,177             | 406,549          |                   | 20               |                              | 447,746           |
| Investment in term loans  |                    |                  | 117,347           | 70,000           |                              | 187,347           |
| Other assets  | 30,369             | 39,387           | 13,742            | 126,276          |                              | 209,774           |
| Advances to affiliates  | 7,848              | 24,362           | 20,702            | (52,912)         |                              |                   |
| Equity investment in subsidiaries   |                    |                  |                   | 495,728          | (495,728)                    |                   |
| Intangibles and goodwill  | 145,698            | 145,482          |                   | 4,041            |                              | 295,221           |
| <b>TOTAL ASSETS</b>   | <b>3,074,688</b>   | <b>3,790,346</b> | <b>1,471,716</b>  | <b>3,321,253</b> | <b>(502,728)</b>             | <b>11,155,275</b> |
| <b>LIABILITIES AND EQUITY</b>   |                    |                  |                   |                  |                              |                   |
| Accounts payable and accrued liabilities                                    | 91,606             | 53,131           | 16,558            | 220,833          |                              | 382,128           |
| Advances from affiliates  | 45,820             | 27,288           | 10,070            | (83,178)         |                              |                   |
| Current portion of long-term debt   | 261,272            | 255,748          | 25,246            | 256,562          |                              | 798,828           |
| Long-term debt  | 1,734,169          | 1,920,250        | 700,853           | 872,368          |                              | 5,227,640         |
| Long-term debt variable interest entity                                     |                    |                  |                   | 230,450          |                              | 230,450           |
| Derivative liabilities  | 310,088            | 326,347          | 35,470            | 57,039           |                              | 728,944           |
| In-process revenue contracts  | 120,463            |                  |                   | 152,270          |                              | 272,733           |
| Other long-term liabilities   | 26,739             | 106,231          | 4,009             | 82,514           |                              | 219,493           |
| Redeemable non-controlling interest   | 36,356             |                  |                   |                  |                              | 36,356            |
| Equity:   |                    |                  |                   |                  |                              |                   |
| Non-controlling interests <sup>(1)</sup>                                    | 40,384             | 29,712           |                   | 193,102          | 1,656,212                    | 1,919,410         |
| Equity attributable to stockholders/unitholders of publicly-listed entities | 407,791            | 1,071,639        | 679,510           | 1,339,293        | (2,158,940)                  | 1,339,293         |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>3,074,688</b>   | <b>3,790,346</b> | <b>1,471,716</b>  | <b>3,321,253</b> | <b>(502,728)</b>             | <b>11,155,275</b> |
| <b>NET DEBT <sup>(2)</sup></b>  | <b>1,815,979</b>   | <b>1,534,377</b> | <b>707,545</b>    | <b>1,001,916</b> |                              | <b>5,059,817</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 JUNE 30, 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  | 251,151            | 96,354        | 51,040            | 132,870          | (49,504)                     | 481,911         |
| Voyage expenses   | 37,800             | 242           | 107               | 1,567            | (540)                        | 39,176          |
| Vessel operating expenses   | 70,080             | 20,104        | 20,922            | 61,250           |                              | 172,356         |
| Time-charter hire expense   | 12,969             |               | 644               | 68,059           | (50,181)                     | 31,491          |
| Depreciation and amortization   | 50,003             | 24,673        | 18,047            | 22,345           |                              | 115,068         |
| General and administrative  | 18,689             | 6,506         | 4,402             | 19,963           | 1,217                        | 50,777          |
| Loss on sale of vessels and equipment   | 3,269              |               |                   |                  |                              | 3,269           |
| Restructuring charges   |                    |               |                   | 1,525            |                              | 1,525           |
| Total operating expenses  | 192,810            | 51,525        | 44,122            | 174,709          | (49,504)                     | 413,662         |
| Income (loss) from vessel operations  | 58,341             | 44,829        | 6,918             | (41,839)         |                              | 68,249          |
| Net interest expense  | (12,368)           | (12,785)      | (6,643)           | (9,266)          |                              | (41,062)        |
| Realized and unrealized (loss) gain on derivative instruments                                 | (60,317)           | (18,145)      | (3,895)           | (12,241)         |                              | (94,598)        |
| Income tax recovery (expense)   | 1,946              | (133)         |                   | 36               |                              | 1,849           |
| Equity income (loss)  |                    | 11,086        |                   | (5,795)          |                              | 5,291           |
| Equity in earnings of subsidiaries <sup>(1)</sup>   |                    |               |                   | 15,771           | (15,771)                     |                 |
| Foreign exchange gain   | 888                | 13,927        |                   | 3,020            |                              | 17,835          |
| Other net   | (119)              | 481           | (703)             | 430              |                              | 89              |
| Net (loss) income   | (11,629)           | 39,260        | (4,323)           | (49,884)         | (15,771)                     | (42,347)        |
| Less: Net (income) loss attributable to non-controlling interests <sup>(2)</sup>              | (499)              | (1,572)       |                   | 2,610            | (5,466)                      | (4,927)         |
| <b>Net (loss) income attributable to stockholders/unitholders of publicly-listed entities</b> | <b>(12,128)</b>    | <b>37,688</b> | <b>(4,323)</b>    | <b>(47,274)</b>  | <b>(21,237)</b>              | <b>(47,274)</b> |
| <b>CFVO Consolidated</b> <sup>(3)(4)</sup>  | 109,812            | 70,999        | 15,448            | (24,445)         |                              | 171,814         |
| <b>CFVO Equity Investments</b> <sup>(5)</sup>   |                    | 38,035        |                   | (1,441)          |                              | 36,594          |
| <b>CFVO Total</b>   | 109,812            | 109,034       | 15,448            | (25,886)         |                              | 208,408         |

(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, adjustments for direct financing leases on a cash basis, 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

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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 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 publicly-traded subsidiaries. For the three months ended June 30, 2012, Teekay Parent received cash dividends and distributions from these subsidiaries totaling \$39.2 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. 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.

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## TEEKAY CORPORATION

## APPENDIX B SUPPLEMENTAL FINANCIAL INFORMATION

## SUMMARY STATEMENT OF INCOME (LOSS) FOR THE SIX MONTHS ENDED JUNE 30, 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  | 495,749            | 195,570        | 105,902           | 267,245                        | (86,991)                     | 977,475         |
| Voyage expenses   | 74,281             | 585            | 1,429             | 2,098                          | (580)                        | 77,813          |
| Vessel operating expenses   | 141,087            | 40,635         | 42,071            | 115,764                        |                              | 339,557         |
| Time-charter hire expense   | 26,586             |                | 2,305             | 134,241                        | (87,662)                     | 75,470          |
| Depreciation and amortization   | 99,614             | 49,306         | 36,038            | 44,724                         |                              | 229,682         |
| General and administrative  | 38,825             | 13,622         | 7,748             | 35,738                         | 8,217                        | 104,150         |
| Loss (gain) on sale of vessels and equipment/asset<br>impairments                                 | 3,269              |                |                   | (197)                          |                              | 3,072           |
| Restructuring charges   |                    |                |                   | 1,525                          |                              | 1,525           |
| <b>Total operating expenses</b>   | <b>383,662</b>     | <b>104,148</b> | <b>89,591</b>     | <b>333,893</b>                 | <b>(80,025)</b>              | <b>831,269</b>  |
| Income (loss) from vessel operations  | 112,087            | 91,422         | 16,311            | (66,648)                       | (6,966)                      | 146,206         |
| Net interest expense  | (24,932)           | (24,651)       | (14,194)          | (17,539)                       |                              | (81,316)        |
| Realized and unrealized loss on derivative instruments  | (44,078)           | (34,048)       | (4,974)           | (6,683)                        |                              | (89,783)        |
| Income tax recovery   | 461                | 128            |                   | 4,828                          |                              | 5,417           |
| Equity income (loss)  |                    | 28,134         |                   | (5,199)                        |                              | 22,935          |
| Equity in earnings of subsidiaries <sup>(1)</sup>   |                    |                |                   | 38,907                         | (38,907)                     |                 |
| Foreign exchange (loss) gain  | (1,870)            | 4,259          |                   | (378)                          |                              | 2,011           |
| Other net   | 1,306              | 695            | (979)             | 1,410                          |                              | 2,432           |
| Net income (loss)   | 42,974             | 65,939         | (3,836)           | (51,302)                       | (45,873)                     | 7,902           |
| Less: Net (income) loss attributable to non-controlling<br>interests <sup>(2)</sup>               | (2,468)            | (3,520)        |                   | 5,094                          | (53,216)                     | (54,110)        |
| <b>Net income (loss) attributable to<br/>stockholders/unitholders of publicly-listed entities</b> | <b>40,506</b>      | <b>62,419</b>  | <b>(3,836)</b>    | <b>(46,208)</b>                | <b>(99,089)</b>              | <b>(46,208)</b> |
| <b>CFVO Consolidated <sup>(3)(4)</sup></b>  | <b>211,895</b>     | <b>143,666</b> | <b>32,228</b>     | <b>(31,009)</b>                | <b>(7,000)</b>               | <b>349,780</b>  |
| <b>CFVO Equity Investments <sup>(5)</sup></b>   |                    | <b>64,221</b>  |                   | <b>(2,066)</b>                 |                              | <b>62,155</b>   |
| <b>CFVO Total</b>   | <b>211,895</b>     | <b>207,887</b> | <b>32,228</b>     | <b>(33,075) <sup>(4)</sup></b> | <b>(7,000)</b>               | <b>411,935</b>  |

(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 represents income from vessel operations before depreciation and amortization expense, vessel/goodwill write-downs, gains or losses on the sale of vessels, adjustments for direct financing leases on a cash basis, and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. Cash flow from

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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 website 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 publicly-traded subsidiaries. For the six months ended June 30, 2012, Teekay Parent received cash dividends and distributions from these subsidiaries totaling \$78.5 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. 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 measure.

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## TEEKAY CORPORATION

## APPENDIX C SUPPLEMENTAL FINANCIAL INFORMATION

## TEEKAY PARENT SUMMARY OPERATING RESULTS

## FOR THE THREE MONTHS ENDED JUNE 30, 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 (loss) 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.

|                                      | Owned<br>Conventional<br>Tankers | In-Chartered<br>Conventional<br>Tankers <sup>(1)</sup> | FPSOs   | Other <sup>(2)</sup> | Teekay<br>Parent<br>Total |
|--------------------------------------|----------------------------------|--|---------|----------------------|---------------------------|
| Revenues                             | 7,713                            | 30,330   | 80,002  | 14,825               | 132,870                   |
| Voyage expenses                      | 740                              | 924  |         | (97)                 | 1,567                     |
| Vessel operating expenses            | 1,963                            | 3,931  | 54,368  | 988                  | 61,250                    |
| Time-charter hire expense            |                                  | 51,753   | 5,367   | 10,939               | 68,059                    |
| Depreciation and amortization        | 2,566                            |  | 19,779  |                      | 22,345                    |
| General and administrative           | 728                              | 1,860  | 9,464   | 7,911                | 19,963                    |
| Restructuring charges                |                                  |  |         | 1,525                | 1,525                     |
| Total operating expenses             | 5,997                            | 58,468   | 88,978  | 21,266               | 174,709                   |
| Income (loss) from vessel operations | 1,716                            | (28,138)   | (8,976) | (6,441)              | (41,839)                  |

**Reconciliation of income (loss) from vessel operations to cash flow from vessel operations**

|  |               |                 |                |                |                 |
|--|---------------|-----------------|----------------|----------------|-----------------|
| Income (loss) from vessel operations   | 1,716         | (28,138)        | (8,976)        | (6,441)        | (41,839)        |
| Depreciation and amortization  | 2,566         |                 | 19,779         |                | 22,345          |
| Amortization of in process revenue contracts and other   | (69)          |                 | (14,167)       |                | (14,236)        |
| Unrealized (gains) losses from the change in fair value of designated foreign exchange forward contracts       | (51)          |                 | 103            |                | 52              |
| Realized (losses) gains from the settlements of non-designated foreign exchange forward contracts/bunkers/FFAs | (340)         |                 | 56             |                | (284)           |
| Dropdown predecessor cash flow <sup>(3)</sup>  | 9,517         |                 |                |                | 9,517           |
| <b>CASH FLOW FROM VESSEL OPERATIONS<sup>(4)</sup></b>  | <b>13,339</b> | <b>(28,138)</b> | <b>(3,205)</b> | <b>(6,441)</b> | <b>(24,445)</b> |

(1) Time-charter hire expense includes one-time \$14.7 million charter termination fee paid to Teekay Offshore.

(2) Results of two chartered-in LNG carriers owned by Teekay LNG and one chartered-in FSO unit owned by Teekay Offshore and interest income received from an investment in term loan.

(3) Represents cash flow from vessel operations (CFVO) relating to assets owned by Teekay Parent prior to their acquisition by Teekay Tankers. These historical financial results are now included in the historical financial results of Teekay Tankers and therefore excluded

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from the above income (loss) from vessel operations for Teekay Parent.

- (4) Excludes CFVO from 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 SIX MONTHS ENDED JUNE 30, 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.

|  | Owned<br>Conventional<br>Tankers | In-Chartered<br>Conventional<br>Tankers <sup>(1)</sup> | FPSOs          | Other <sup>(2)</sup> | Teekay<br>Parent<br>Total |
|--|----------------------------------|--|----------------|----------------------|---------------------------|
| Revenues   | 15,910                           | 70,713   | 150,910        | 29,712               | 267,245                   |
| Voyage expenses  | 518                              | 1,924  |                | (344)                | 2,098                     |
| Vessel operating expenses  | 4,806                            | 8,865  | 100,443        | 1,650                | 115,764                   |
| Time-charter hire expense  |                                  | 101,752  | 10,613         | 21,876               | 134,241                   |
| Depreciation and amortization  | 6,070                            |  | 38,654         |                      | 44,724                    |
| General and administrative   | 1,456                            | 4,044  | 18,928         | 11,310               | 35,738                    |
| Asset impairments/net (gain) loss on vessel sales  | (197)                            |  |                |                      | (197)                     |
| Restructuring charges  |                                  |  |                | 1,525                | 1,525                     |
| <b>Total operating expenses</b>  | <b>12,653</b>                    | <b>116,585</b>   | <b>168,638</b> | <b>36,017</b>        | <b>333,893</b>            |
| Income (Loss) from vessel operations   | 3,257                            | (45,872)   | (17,728)       | (6,305)              | (66,648)                  |
| <b>Reconciliation of (loss) income from vessel operations to cash flow from vessel operations</b>        |                                  |  |                |                      |                           |
| (Loss) income from vessel operations   | 3,257                            | (45,872)   | (17,728)       | (6,305)              | (66,648)                  |
| Depreciation and amortization  | 6,070                            |  | 38,654         |                      | 44,724                    |
| Asset impairments/net (gain) loss on vessel sales  | (197)                            |  |                |                      | (197)                     |
| Amortization of in process revenue contracts and other   | (138)                            |  | (28,782)       |                      | (28,920)                  |
| Unrealized (gains) losses from the change in fair value of designated foreign exchange forward contracts | (87)                             |  | 177            |                      | 90                        |
| Realized gains from the settlements of non-designated foreign exchange forward contracts/bunkers/FFAs    | (374)                            |  | 161            |                      | (213)                     |
| Dropdown predecessor cash flow <sup>(3)</sup>  | 20,155                           |  |                |                      | 20,155                    |
| <b>CASH FLOW FROM VESSEL OPERATIONS<sup>(4)</sup></b>  | <b>28,686</b>                    | <b>(45,872)</b>  | <b>(7,518)</b> | <b>(6,305)</b>       | <b>(31,009)</b>           |

(1) Time-charter hire expense includes one-time \$14.7 million charter termination fee paid to Teekay Offshore.

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

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- (3) Represents cash flow from vessel operations (CFVO) relating to assets owned by Teekay Parent prior to their acquisition by Teekay Tankers. These historical financial results are now included in the historical financial results of Teekay Tankers and therefore excluded from the above income (loss) from vessel operations for Teekay Parent.
- (4) Excludes CFVO from the Company's proportionate share of CFVO from its equity accounted vessels and other investments.

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## 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 June 30, 2012, March 31, 2012, December 31, 2011, September 30, 2011, and June 30, 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 June 30, 2012 to the most directly comparable financial measure under GAAP please refer to *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 March 31, 2012, December 31, 2011, September 30, 2011, and June 30, 2011, please see the Company's website 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.

|  | June 30,<br>2012 | March 31,<br>2012 | Three Months Ended   |                       | June 30,<br>2011 |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
|  |                  |                   | December 31,<br>2011 | September 30,<br>2011 |                  |
| Teekay Parent cash flow from vessel operations <sup>(1)</sup>                  |                  |                   |                      |                       |                  |
| Owned Conventional Tankers   | 13,339           | 15,347            | 18,090               | 13,690                | 17,488           |
| In-Chartered Conventional Tankers <sup>(2)</sup>                               | (28,138)         | (17,734)          | (34,957)             | (30,966)              | (25,684)         |
| FPSOs  | (3,205)          | (4,313)           | 35,044               | (5,501)               | (5,264)          |
| Other  | (6,441)          | 136               | (13,073)             | (9,959)               | (13,966)         |
| Total  | (24,445)         | (6,564)           | 5,104                | (32,736)              | (27,425)         |
| Daughter company distributions to Teekay Parent <sup>(3)</sup>                 |                  |                   |                      |                       |                  |
| Common shares/units <sup>(4)</sup>   |                  |                   |                      |                       |                  |
| Teekay LNG Partners  | 17,016           | 17,016            | 15,881               | 15,881                | 15,881           |
| Teekay Offshore Partners   | 11,461           | 11,461            | 11,181               | 11,181                | 11,181           |
| Teekay Tankers Ltd. <sup>(5)</sup>   | 2,307            | 2,578             | 1,772                | 2,417                 | 3,384            |
| Total  | 30,784           | 31,055            | 28,834               | 29,479                | 30,446           |
| General partner interest   |                  |                   |                      |                       |                  |
| Teekay LNG Partners  | 5,524            | 5,524             | 3,470                | 3,176                 | 3,176            |
| Teekay Offshore Partners   | 2,849            | 2,782             | 2,488                | 2,237                 | 2,237            |
| Total  | 8,373            | 8,306             | 5,958                | 5,413                 | 5,413            |
| <b>Total Teekay Parent cash flow before interest and dry dock expenditures</b> | <b>14,712</b>    | <b>32,797</b>     | <b>39,896</b>        | <b>2,156</b>          | <b>8,434</b>     |
| Less:  |                  |                   |                      |                       |                  |
| Net interest expense <sup>(6)</sup>  | (19,269)         | (19,504)          | (17,280)             | (16,920)              | (18,012)         |
| Dry dock expenditures  | (129)            | (124)             | (3,659)              | (1,811)               | (3,040)          |
| <b>TOTAL TEEKAY PARENT FREE CASH FLOW</b>                                      | <b>(4,686)</b>   | <b>13,169</b>     | <b>18,957</b>        | <b>(16,575)</b>       | <b>(12,618)</b>  |

(1) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense, vessel/goodwill write-downs, gains or losses on the sale of vessels, adjustments for direct financing leases on a cash basis, and unrealized gains and losses

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relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Further details for the quarter ended June 30, 2012, including a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure, please refer to *Appendix C* to this release; for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure for the quarters ended March 31, 2012 and December 31, September 30 and June 30, 2011, please refer to the Company's website at [www.teekay.com](http://www.teekay.com).

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- (2) Includes one-time charter termination fee of \$14.7 million paid to Teekay Offshore during the three months ended June 30, 2012.
- (3) Cash dividend and distribution cash flows are shown on an accrual basis for dividends and distributions declared for the respective period.
- (4) 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:

|  | Three Months Ended   |                      |                      |                       |                      |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|
|  | June 30,<br>2012     | March 31,<br>2012    | December 31,<br>2011 | September 30,<br>2011 | June 30,<br>2011     |
| Teekay LNG Partners                          |                      |                      |                      |                       |                      |
| Distribution per common unit                 | \$ 0.675             | \$ 0.675             | \$ 0.630             | \$ 0.630              | \$ 0.630             |
| Common units owned by 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>\$ 17,015,585</b> | <b>\$ 15,881,213</b> | <b>\$ 15,881,213</b>  | <b>\$ 15,881,213</b> |
| Teekay Offshore Partners                     |                      |                      |                      |                       |                      |
| Distribution per common unit                 | \$ 0.5125            | \$ 0.5125            | \$ 0.500             | \$ 0.500              | \$ 0.500             |
| Common units owned by 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>\$ 11,460,942</b> | <b>\$ 11,181,407</b> | <b>\$ 11,181,407</b>  | <b>\$ 11,181,407</b> |
| Teekay Tankers Ltd.                          |                      |                      |                      |                       |                      |
| Dividend per share                           | \$ 0.11              | \$ 0.16              | \$ 0.11              | \$ 0.15               | \$ 0.21              |
| Shares owned by Teekay Parent <sup>(3)</sup> | 20,976,530           | 16,112,244           | 16,112,244           | 16,112,244            | 16,112,244           |
| <b>Total dividend</b>                        | <b>\$ 2,307,418</b>  | <b>\$ 2,577,959</b>  | <b>\$ 1,772,347</b>  | <b>\$ 2,416,837</b>   | <b>\$ 3,383,571</b>  |

- (5) Includes Class A and Class B shareholdings.
- (6) Net interest expense includes realized gains and losses on interest rate swaps. For the three months ended June 30, 2012, net interest expense includes \$6.3 million related to 13 conventional tankers prior to their sale to Teekay Tankers in June 2012. For the three months ended September 30, 2011, net interest expense excludes a realized loss of \$34.4 million related to early termination of an interest rate swap agreement.

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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 estimated cost and timing of delivery of FPSO and shuttle tanker newbuildings/conversions in progress and the effect on the Company's future cash flows and profitability; the estimated timing of commencement of new charter contracts upon delivery of FPSO and shuttle tanker newbuildings/conversions in progress; the potential sale of the *Voyageur Spirit* FPSO from Teekay Parent to Teekay Offshore; the impact on Teekay Parent's cash flows from its GP and LP ownership interests in Teekay LNG and Teekay Offshore resulting from acquisitions and delivery of assets by Teekay LNG and Teekay Offshore; the estimated timing for the completion of the Company's takeover of technical management of the MALT LNG Carriers; the expected timing of the commencement of the new charter contract for the *Magellan Spirit* LNG carrier; expected timing of redeliveries of vessels chartered-in by Teekay Parent; expected timing for commencement of cost savings related to the Company's ship management joint venture with Anglo-Eastern; the Company's future capital expenditure commitments and the debt financings that the Company expects to obtain for its remaining unfinanced capital expenditure commitments; and fundamentals of the offshore and LNG industries and the Company's ability to complete future growth projects and acquisitions. 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; 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; factors impeding the expected transfer of technical management of the MALT LNG Carriers; factors impeding or preventing the establishment of the Company's ship management joint venture with Anglo-Eastern; 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 such statement is based.