

TEEKAY CORP
Form 6-K
November 05, 2015

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: November 5, 2015
Commission file number 1- 12874

TEEKAY CORPORATION
(Exact name of Registrant as specified in its charter)

4th Floor, Belvedere Building
69 Pitts Bay Road
Hamilton, HM 08, Bermuda

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(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 1 is a copy of an announcement of Teekay Corporation dated November 5, 2015.

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: November 5, 2015

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

TEEKAY CORPORATION REPORTS

THIRD QUARTER 2015 RESULTS

Highlights

Third quarter 2015 total Teekay Parent free cash flow of \$59.8 million, or \$0.82 per share, up 21 percent from \$49.5 million, or \$0.68 per share, in the second quarter of 2015.

Declared third quarter 2015 cash dividend of \$0.55 per share.

On July 1, 2015, completed the dropdown sale of the *Knarr* FPSO to Teekay Offshore for \$1.26 billion resulting in a reduction in Teekay Parent's net debt by approximately \$0.9 billion.

Hamilton, Bermuda, November 5, 2015 Teekay Corporation (*Teekay or the Company*) (NYSE:TK) today reported financial and operating results for the third quarter of 2015. These results include the Company's three publicly-listed subsidiaries (Teekay Offshore Partners L.P. (*Teekay Offshore*) (NYSE:TOO), Teekay LNG Partners L.P. (*Teekay LNG*) (NYSE:TGP), and Teekay Tankers Ltd. (*Teekay Tankers*) (NYSE:TNK)) (collectively, the *Daughter Entities*), all of which are consolidated in the Company's financial statements, and all remaining subsidiaries of the Company are referred to in this release as Teekay Parent. Please refer to the third quarter earnings releases of Teekay LNG, Teekay Offshore and Teekay Tankers, which are available on the Company's website at www.teekay.com, for additional information on their respective results.

Summary Financial Information

| (in thousands of U.S. dollars, except per share amounts) | Three Months Ended | | |
|---|--------------------|---------------|--------------------|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 |
| TEEKAY PARENT | | | |
| Teekay Parent GPCO Cash Flow ⁽¹⁾ | 53,797 | 41,155 | 39,709 |
| Teekay Parent OPCO Cash Flow ⁽¹⁾ | 6,029 | 8,308 | (24,843) |
| Total Teekay Parent Free Cash Flow ⁽¹⁾ | 59,826 | 49,463 | 14,866 |
| Total Teekay Parent Free Cash Flow per share ⁽¹⁾ | 0.82 | 0.68 | 0.21 |
| Declared Dividend per share | 0.55 | 0.55 | 0.31625 |
| TEEKAY CORPORATION CONSOLIDATED | | | |
| Cash Flow from Vessel Operations (<i>CFVO</i>) ⁽¹⁾ | 341,342 | 352,201 | 251,519 |
| Adjusted Net Income (Loss) ⁽¹⁾ | 2,833 | 19,706 | (12,579) |
| Adjusted Net Income (Loss) per share ⁽¹⁾ | 0.04 | 0.27 | (0.17) |
| GAAP Net (Loss) Income | (12,235) | 65,912 | 2,374 |
| GAAP Net (Loss) Income per share | (0.17) | 0.91 | 0.03 |

(1) These are non-GAAP measures. Please refer to "Definitions and Non-GAAP Measures" on Page 5 and the Appendices to this release for definitions of these terms and reconciliations of these non-GAAP financial

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measures as used in this release to the most directly comparable financial measures under United States generally accepted accounting principles (*GAAP*). Please refer to Page 7 for a summary of Teekay Parent Free Cash Flow.

Teekay Corporation Investor Relations Tel: +1 604 844-6654 www.teekay.com

4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda

CEO Commentary

Teekay Parent's free cash flow for the third quarter increased by 21 percent over the prior quarter to \$59.8 million, or \$0.82 per share, as our general partner and limited partner cash flows benefited from the dropdown of the *Knarr* FPSO and the associated four percent distribution increase declared by Teekay Offshore, resulting in a strong coverage ratio of 1.49x for the quarter, commented Peter Evensen, Teekay Corporation's President and Chief Executive Officer. In addition, the *Knarr* dropdown allowed us to increase Teekay Parent's dividend by approximately 75 percent in the second quarter of 2015 and helped reduce Teekay Parent's net debt by approximately \$900 million to \$652 million at September 30, 2015, which further strengthens Teekay Parent's balance sheet.

Teekay Parent's free cash flow is supported primarily by the stable and growing cash flows received from our two master limited partnerships, Mr. Evensen continued. Teekay LNG's and Teekay Offshore's diversified portfolios of long-term fee-based contracts, which total approximately \$11.3 billion and \$8.2 billion, respectively, of forward revenues, are not directly-linked to commodity prices and service our customers' oil production and oil and gas transportation needs.

Summary of Results

Teekay Parent

Teekay Parent GPCO Cash Flow, which includes distributions and dividends received on an accrual basis from Teekay's publicly-listed subsidiaries less Teekay Parent's corporate general and administrative expenses, increased to \$53.8 million for the quarter ended September 30, 2015, compared to \$41.2 million for the quarter ended June 30, 2015. The distributions and dividends received from Teekay's publicly-listed subsidiaries for the quarter ended September 30, 2015 increased to \$57.4 million, compared to \$45.3 million for the quarter ended June 30, 2015, primarily due to Teekay Parent's \$300 million investment in Teekay Offshore common units in connection with the sale of the *Petrojarl Knarr (Knarr)* FPSO to Teekay Offshore in early-July and Teekay Offshore's four percent cash distribution increase for the third quarter of 2015.

Teekay Parent OPCO Cash Flow, which includes cash flow attributable to assets directly-owned by, or chartered-in to, Teekay Parent, net of interest expense and drydock expenditures, decreased to \$6.0 million for the quarter ended September 30, 2015, from \$8.3 million for the quarter ended June 30, 2015. The decrease is primarily due to the sale of the *Knarr* FPSO to Teekay Offshore in early-July, partially offset by business development fees received from Teekay Offshore in connection with transactions involving the *Knarr* FPSO, Units for Maintenance and Safety (*UMS*) and towage vessels.

Total Teekay Parent Free Cash Flow, which is the total of GPCO and OPCO cash flows, was \$59.8 million during the third quarter of 2015, compared to \$49.5 million in the second quarter of 2015. Please refer to Page 7 of this release for additional information about Teekay Parent Free Cash Flow.

On October 5, 2015, the Company declared a cash dividend on its common stock of \$0.55 per share for the quarter ended September 30, 2015. The cash dividend is payable on November 19, 2015 to all shareholders of record on October 16, 2015.

- more -

Teekay Corporation Consolidated

The Company's consolidated cash flow from vessel operations (*CFVO*) decreased to \$341.3 million for the quarter ended September 30, 2015, compared to \$352.2 million for the quarter ended June 30, 2015, primarily due to the scheduled maintenance of the *Foinaven* FPSO, a seasonal decrease in shuttle tanker utilization, lower towage fleet utilization, and lower average spot tanker rates.

The Company's consolidated adjusted net income decreased to \$2.8 million, or \$0.04 per share, during the quarter ended September 30, 2015, compared to \$19.7 million, or \$0.27 per share, for the quarter ended June 30, 2015.

On a GAAP basis, the Company's consolidated net loss was \$12.2 million, or \$0.17 per share, for the quarter ended September 30, 2015, compared to net income of \$65.9 million, or \$0.91 per share, for the quarter ended June 30, 2015.

Summary Results of Daughter Entities

Teekay Offshore Partners

Teekay Offshore's distributable cash flow during the quarter ended September 30, 2015 was relatively consistent with the quarter ended June 30, 2015. The higher contributions from the acquisition of the *Knarr* FPSO in early-July 2015 and the commencement of operations of the *Arendal Spirit* UMS in early-June 2015 and a full quarter contribution from the start-up of Teekay Offshore's shuttle tanker operations in the East Coast of Canada were offset by the scheduled expiration of certain shuttle tanker charter contracts, a temporary shut-down of the *Piranema Spirit* FPSO for unscheduled repairs completed during the quarter, a seasonal decrease in shuttle tanker utilization and lower towage fleet utilization. Please refer to Teekay Offshore's third quarter 2015 earnings release for additional information on the financial results for this entity.

Teekay LNG Partners

Teekay LNG's distributable cash flow decreased during the quarter ended September 30, 2015, compared to the quarter ended June 30, 2015, primarily due to the effect of a one-time cumulative catch-up payment by the charterer in the second quarter of 2015 upon finalization of the amended charter contracts for four liquefied natural gas (*LNG*) carriers in Teekay LNG's Angola LNG joint venture, higher off-hire for scheduled drydockings and lower revenue days for two 52-percent owned LNG carriers, the *Methane Spirit* and *Magellan Spirit*, currently operating on short-term contracts. Please refer to Teekay LNG's third quarter 2015 earnings release for additional information on the financial results for this entity.

Teekay Tankers

Teekay Tankers' free cash flow during the quarter ended September 30, 2015 was relatively consistent with the quarter ended June 30, 2015. Please refer to Teekay Tankers' third quarter 2015 earnings release for additional information on the financial results for this entity.

- more -

Recent Transactions

Teekay Parent

On July 1, 2015, Teekay Parent completed the dropdown sale of the *Knarr* FPSO to Teekay Offshore for a fully built-up cost of approximately \$1.26 billion. Teekay Offshore fully financed the acquisition through the assumption of an existing \$745 million long-term debt facility, the issuance of \$300 million of common units to Teekay Parent, and the issuance of \$250 million of convertible preferred units in a private placement to a group of institutional investors.

Teekay Offshore

On June 1, 2015, Teekay Offshore commenced 15-year contracts, plus extension options, with a group of companies (including Chevron Canada, Exxon Mobil, Husky Energy, Mosbacher Operating Ltd., Murphy Oil, Nalcor Energy, Statoil and Suncor Energy) to provide shuttle tanker services on the East Coast of Canada. These contracts were initially serviced by three third-party owned shuttle tankers that were operating on the East Coast of Canada, which were in-chartered by Teekay Offshore. One of these vessels was subsequently replaced by one of Teekay Offshore's existing shuttle tankers, the *Navion Hispania*, during the third quarter of 2015. In connection with entering the 15-year contracts for this project, in early-June 2015, Teekay Offshore entered into shipbuilding contracts to construct three Suezmax-size, dynamic positioning 2 (DP2) shuttle tanker newbuildings with a South Korean shipyard for a fully built-up cost of approximately \$370 million, with an option to order one additional vessel should a fourth vessel be required. The three ordered vessels are expected to be delivered in the fourth quarter of 2017 through the first half of 2018.

Teekay LNG

In September 2015, Teekay LNG's Exmar LPG joint venture took delivery of the fifth of its 12 LPG carrier newbuildings, which recently commenced its 10-year charter contract with Potash Corporation.

Teekay Tankers

In early-August 2015, Teekay Tankers agreed to acquire 12 modern Suezmax tankers from Principal Maritime Tankers (*Principal Maritime*) for an aggregate purchase price of approximately \$662 million. The 12 vessels have an average age of 5.5 years, which reduces the average age of Teekay Tankers' fleet by 1.2 years. Teekay Tankers took delivery of all 12 vessels between mid-August and mid-October 2015, with nine vessels trading in the spot tanker market and the remaining three vessels trading under short-term fixed rate contracts which expire between December 2015 and February 2016. Eight of the 12 vessels are expected to complete drydockings by early-December 2015, which include fuel-efficiency modifications.

In late-July 2015, Teekay Tankers acquired SPT Inc. (*SPT*) from Teekay Parent and I.M. Skaugen SE for a purchase price of \$45.5 million. SPT provides a full suite of ship-to-ship (*STS*) transfer services in the oil, gas and dry bulk industries. SPT owns and operates a fleet of six STS support vessels and has one chartered-in Aframax tanker, the *SPT Explorer*.

Liquidity

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As at September 30, 2015, Teekay Parent had total liquidity of \$303.9 million and, on a consolidated basis, Teekay Corporation had total liquidity of approximately \$1.0 billion (consisting of \$789.7 million of cash and cash equivalents and \$231.9 million of undrawn revolving credit facilities).

4

- more -

Definitions and Non-GAAP Measures

This release includes various financial measures that are non-GAAP financial measures as defined under the rules of the U.S. Securities and Exchange Commission. These non-GAAP financial measures, which include Cash Flow From Vessel Operations, Adjusted Net Income, Teekay Parent Free Cash Flow, and Net Interest Expense, are intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP. In addition, these measures do not have standardized meanings, and may not be comparable to similar measures presented by other companies. The Company believes that certain investors use this information to evaluate the Company's financial performance.

Teekay Parent Financial Measures

Teekay Parent Free Cash Flow represents the sum of (a) distributions received as a result of ownership interests in its publicly-traded subsidiaries (Teekay LNG, Teekay Offshore, and Teekay Tankers) net of Teekay Parent's corporate general and administrative expenditures in the respective period (collectively, *GPCO*) plus (b) CFVO attributed to Teekay Parent's directly-owned and chartered-in assets, less net interest expense and drydock expenditures in the respective period (collectively, *OPCO*). Net interest expense includes interest expense, interest income and realized gains and losses on interest rate swaps. Please refer to Page 7 and *Appendices B, C and D* of this release for further details and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures reflected in the Company's consolidated financial statements.

Consolidated Financial Measures

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 or losses on the sale of vessels and adjustments for direct financing leases to a cash basis, but includes realized gains or losses on the settlement of foreign currency forward contracts and a derivative charter contract. *CFVO Consolidated* represents CFVO from vessels that are consolidated on the Company's financial statements. *CFVO Equity Investments* represents the Company's proportionate share of CFVO from its equity-accounted vessels and other investments. CFVO is a non-GAAP financial measure used by certain investors to measure the financial performance of companies. Please refer to *Appendices C and D* of this release for reconciliations of these non-GAAP measures to the most directly comparable GAAP measures reflected in the Company's consolidated financial statements.

Adjusted net income excludes from net income items of income or loss that are typically excluded by securities analysts in their published estimates of the Company's financial results. The Company believes that certain investors use this information to evaluate the Company's financial performance. Please refer to *Appendix A* of this release for a reconciliation of this non-GAAP measure to the most directly comparable GAAP measure reflected in the Company's consolidated financial statements.

Conference Call

The Company plans to host a conference call on Friday, November 6, 2015 at 11:00 a.m. (ET) to discuss its results for the third quarter of 2015. An accompanying investor presentation will be available on Teekay's website at 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) 499-4035 or (416) 204-9269, if outside North America, and quoting conference ID code 9463483.

By accessing the webcast, which will be available on Teekay's website at 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 Friday, November 20, 2015. 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 9463483.

About Teekay

Teekay Corporation operates in the marine midstream space through its ownership of the general partners and a portion of the outstanding limited partner interests in Teekay LNG Partners L.P. (NYSE:TGP) and Teekay Offshore Partners L.P. (NYSE:TOO). The general partners own all of the outstanding incentive distribution rights. In addition, Teekay has a controlling ownership interest in Teekay Tankers Ltd. (NYSE:TNK) and directly owns a fleet of vessels. The combined Teekay entities manage and operate consolidated assets of over \$13 billion, comprised of over 215 liquefied gas, offshore, and conventional tanker assets. With offices in 15 countries and approximately 7,100 seagoing and shore-based employees, Teekay provides a comprehensive set of marine services to the world's leading oil and gas companies.

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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Website: www.teekay.com

- more -

Teekay Parent Free Cash Flow

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

(unaudited)

| | Three Months Ended | | | | |
|--|-----------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2015 | June 30, 2015 | March 31, 2015 | December 31, 2014 | September 30, 2014 |
| TEEKAY PARENT GPCO CASH FLOW | | | | | |
| Daughter entities distributions to Teekay Parent ⁽¹⁾ | | | | | |
| Limited Partner interests ⁽²⁾ | | | | | |
| Teekay LNG Partners | 17,646 | 17,646 | 17,646 | 17,646 | 17,439 |
| Teekay Offshore Partners | 21,399 | 12,819 | 12,819 | 12,819 | 12,819 |
| General partner interests | | | | | |
| Teekay LNG Partners | 8,761 | 8,684 | 8,653 | 8,650 | 7,883 |
| Teekay Offshore Partners | 8,407 | 5,264 | 5,264 | 5,262 | 4,880 |
| Other Dividends | | | | | |
| Teekay Tankers ⁽²⁾⁽³⁾ | 1,212 | 881 | 881 | 881 | 756 |
| Total Daughter Distributions | 57,425 | 45,294 | 45,263 | 45,258 | 43,777 |
| Less: | | | | | |
| Corporate general and administrative expenses | (3,628) | (4,139) | (6,889) | (3,767) | (4,068) |
| Total Parent GPCO Cash Flow | 53,797 | 41,155 | 38,374 | 41,491 | 39,709 |

TEEKAY PARENT OPCO CASH FLOWTeekay Parent cash flow from vessel operations ⁽⁴⁾

| | | | | | |
|-----------------------------------|---------|---------|---------|---------|----------|
| Owned Conventional Tankers | 2,422 | 4,628 | 4,291 | 1,549 | 277 |
| In-Chartered Conventional Tankers | (1,385) | (1,501) | (2,476) | (5,067) | (4,441) |
| FPSOs | (4,071) | 31,698 | 7,487 | 18,077 | (10,027) |
| Other ⁽⁵⁾⁽⁶⁾ | 22,765 | 2,326 | 1,381 | 7,679 | 5,021 |
| Total ⁽⁷⁾ | 19,731 | 37,151 | 10,683 | 22,238 | (9,170) |
| Less: | | | | | |

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| | | | | | |
|---|---------------|---------------|----------------|---------------|-----------------|
| Net interest expense ⁽⁸⁾ | (13,656) | (28,635) | (17,534) | (15,056) | (13,000) |
| Dry docking expenditures | (46) | (208) | | (3,652) | (2,673) |
| Teekay Parent OPCO Cash Flow | 6,029 | 8,308 | (6,851) | 3,530 | (24,843) |
| TOTAL TEEKAY PARENT FREE CASH FLOW | 59,826 | 49,463 | 31,523 | 45,021 | 14,866 |
| Total Teekay Parent Free Cash Flow per share | 0.82 | 0.68 | 0.43 | 0.62 | 0.21 |
| Declared dividend per share | 0.55 | 0.55 | 0.31625 | 0.31625 | 0.31625 |
| Coverage Ratio ⁽⁹⁾ | 1.49x | 1.24x | 1.36x | 1.96x | 0.66x |
| Weighted-average number of common shares Basic | 72,706,285 | 72,697,121 | 72,549,068 | 72,498,974 | 72,393,072 |

(1) Cash dividend and distribution cash flows are shown on an accrual basis for dividends and distributions declared for the respective period.

7

- more -

- (2) Common share/unit dividend/distribution cash flows to Teekay Parent are based on Teekay Parent's ownership on the ex-dividend date for the respective publicly-traded subsidiary and period as follows:

| | Three Months Ended | | | | |
|--|-----------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2015 | June 30, 2015 | March 31, 2015 | December 31, 2014 | September 30, 2014 |
| Teekay LNG Partners | | | | | |
| Distribution per common unit | \$ 0.7000 | \$ 0.7000 | \$ 0.7000 | \$ 0.7000 | \$ 0.6918 |
| Common units owned by Teekay Parent | 25,208,274 | 25,208,274 | 25,208,274 | 25,208,274 | 25,208,274 |
| Total distribution | \$ 17,645,792 | \$ 17,645,792 | \$ 17,645,792 | \$ 17,645,792 | \$ 17,439,084 |
| Teekay Offshore Partners | | | | | |
| Distribution per common unit | \$ 0.5600 | \$ 0.5384 | \$ 0.5384 | \$ 0.5384 | \$ 0.5384 |
| Common units owned by Teekay Parent | 38,211,772 | 23,809,468 | 23,809,468 | 23,809,468 | 23,809,468 |
| Total distribution | \$ 21,398,592 | \$ 12,819,018 | \$ 12,819,018 | \$ 12,819,018 | \$ 12,819,018 |
| Teekay Tankers Ltd. | | | | | |
| Dividend per share | \$ 0.03 | \$ 0.03 | \$ 0.03 | \$ 0.03 | \$ 0.03 |
| Shares owned by Teekay Parent ⁽³⁾ | 40,387,231 | 29,364,141 | 29,364,141 | 29,364,141 | 25,197,475 |
| Total dividend | \$ 1,211,617 | \$ 880,924 | \$ 880,924 | \$ 880,924 | \$ 755,924 |

- (3) Includes Class A and Class B shareholdings.
- (4) Please refer to *Appendix C* for additional financial information on Teekay Parent's cash flow from vessel operations.
- (5) Includes \$0.7 million, \$1.0 million \$0.5 million and \$0.8 million for the three months ended September 30, 2015, June 30, 2015, December 31, 2014 and September 30, 2014, respectively, relating to 50 percent of the CFVO from Teekay Parent's conventional tanker commercial management and technical management operations (*Tanker Operations*). Teekay Tankers owns the remaining 50% of the Tanker Operations.
- (6) Includes \$3.2 million of fees earned from managing vessel transactions for Tanker Investment Ltd.'s (*TIL*) and \$13.9 million of business development fees received from Teekay Offshore in connection with the *Knarr* FPSO, UMS and towage transactions for the three months ended September 30, 2015.
- (7) Excludes corporate general and administrative expenses relating to GPCO.
- (8) Excludes realized losses on an interest rate swap related to the debt facility secured by the *Knarr* FPSO unit up to commencement of operations on March 9, 2015 of \$3.3 million, \$5.3 million and \$4.1 million for the three months ended March 31, 2015, December 31, 2014 and September 30, 2014, respectively. Please see *Appendix D* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.
- (9) Coverage ratio is calculated by dividing the Teekay Parent free cash flow per share by the declared dividend per share.

- more -

Teekay Corporation**Summary Consolidated Statements of (Loss) Income**

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

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | September 30, 2015 (unaudited) | June 30, 2015 (unaudited) | September 30, 2014 (unaudited) | September 30, 2015 (unaudited) | September 30, 2014 (unaudited) |
| Revenues | 611,617 | 592,797 | 490,183 | 1,750,276 | 1,448,931 |
| Voyage expenses | (29,935) | (23,890) | (34,183) | (79,495) | (102,634) |
| Vessel operating expenses | (213,656) | (201,370) | (206,086) | (599,229) | (608,986) |
| Time-charter hire expense | (43,021) | (30,333) | (16,898) | (98,281) | (42,904) |
| Depreciation and amortization | (130,812) | (128,199) | (106,835) | (371,715) | (313,666) |
| General and administrative expenses | (29,022) | (33,730) | (31,585) | (100,706) | (106,408) |
| Asset impairments ⁽¹⁾ | | (500) | (4,759) | (15,996) | (4,759) |
| Loan loss recoveries ⁽²⁾ | | | | | 2,521 |
| Gain on sale of vessels and equipment | | | 1,217 | 1,643 | 10,670 |
| Restructuring (charges) reversals | (3,994) | 742 | (2,665) | (12,378) | (3,060) |
| Income from vessel operations | 161,177 | 175,517 | 88,389 | 474,119 | 279,705 |
| Interest expense | (62,450) | (62,388) | (52,206) | (176,184) | (151,195) |
| Interest income | 2,161 | 1,199 | 2,786 | 4,890 | 5,362 |
| Realized and unrealized (loss) gain on derivative instruments ⁽³⁾ | (109,667) | 63,752 | (5,792) | (129,301) | (128,371) |
| Equity income ⁽⁴⁾ | 14,995 | 39,901 | 39,932 | 75,645 | 102,697 |
| Income tax expense | (2,450) | (752) | (3,111) | (2,207) | (9,102) |
| Foreign exchange (loss) gain | (20,218) | (1,604) | 19,497 | (4,312) | 16,557 |
| Other net | (164) | (389) | (1,671) | (178) | 5,846 |
| Net (loss) income | (16,616) | 215,236 | 87,824 | 242,472 | 121,499 |
| Less: Net loss (income) attributable to non-controlling interests | 4,381 | (149,324) | (85,450) | (198,559) | (162,600) |
| Net (loss) income attributable to shareholders | (12,235) | 65,912 | 2,374 | 43,913 | (41,101) |

of Teekay Corporation(Loss) income per common
share of Teekay

| | | | | | | | | | | |
|---------|----|--------|----|------|----|------|----|------|----|--------|
| Basic | \$ | (0.17) | \$ | 0.91 | \$ | 0.03 | \$ | 0.60 | \$ | (0.57) |
| Diluted | \$ | (0.17) | \$ | 0.90 | \$ | 0.03 | \$ | 0.60 | \$ | (0.57) |

Weighted-average number of
common shares outstanding

| | | | | | |
|---------|------------|------------|------------|------------|------------|
| Basic | 72,706,285 | 72,697,121 | 72,393,072 | 72,651,401 | 71,925,307 |
| Diluted | 72,706,285 | 73,477,680 | 73,736,393 | 73,293,113 | 71,925,307 |

- (1) The Company recognized asset impairments of \$0.5 million for the three months ended June 30, 2015 relating to the expiration of one of Teekay Offshore's UMS newbuilding options. The Company recognized asset impairments of \$15.5 million for the nine months ended September 30, 2015 related to the impairment of two shuttle tankers owned by Teekay Offshore. The impairment for the shuttle tankers was the result of a change in the operating plan for one shuttle tanker and the expected sale of the other shuttle tanker. The Company recognized asset impairments of \$4.8 million for the three and nine months ended September 30, 2014 related to the impairment of one 1990s-built shuttle tanker owned by Teekay Offshore.
- (2) The Company recovered \$2.5 million during the nine months ended September 30, 2014 related to a receivable for an FPSO front-end engineering and design study (*FEED*) completed in 2013, which was previously provided for.

9

- more -

- (3) Realized and unrealized (losses) gains 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 (losses) gains relate to the amounts the Company actually received or paid to settle such derivative instruments and the unrealized (losses) gains relate to the change in fair value of such derivative instruments, as detailed in the table below:

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|---------------|--------------------|--------------------|--------------------|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Realized (losses) gains relating to: | | | | | |
| Interest rate swaps | (26,858) | (27,205) | (32,106) | (81,952) | (92,352) |
| Termination of interest rate swap agreements | (10,876) | | | (10,876) | 1,000 |
| Foreign currency forward contracts | (6,250) | (4,232) | (434) | (15,910) | (1,608) |
| | (43,984) | (31,437) | (32,540) | (108,738) | (92,960) |
| Unrealized (losses) gains relating to: | | | | | |
| Interest rate swaps | (60,682) | 83,986 | 31,560 | (20,356) | (32,934) |
| Foreign currency forward contracts | (4,792) | 9,386 | (3,897) | (1,735) | (2,772) |
| Stock purchase warrants | (209) | 1,817 | (915) | 1,528 | 295 |
| | (65,683) | 95,189 | 26,748 | (20,563) | (35,411) |
| Total realized and unrealized (losses) gains on non-designated derivative instruments | (109,667) | 63,752 | (5,792) | (129,301) | (128,371) |

- (4) The Company's proportionate share of items within equity income as identified in *Appendix A* of this release is detailed in the table below. By excluding these items from equity income, the Company believes the resulting adjusted equity income is a normalized amount that can be used to evaluate the financial performance of the Company's equity accounted investments. Adjusted equity income is a non-GAAP measure.

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|---------------|--------------------|--------------------|--------------------|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Equity income | 14,995 | 39,901 | 39,932 | 75,645 | 102,697 |
| Proportionate share of unrealized losses (gains) on derivative instruments | 13,568 | (15,423) | (6,113) | 567 | (3,214) |
| Dilution gain on share issuance by TIL | | | | | (4,108) |
| Other ⁽ⁱ⁾ | (8,700) | (1,365) | (8,117) | (5,277) | (16,923) |
| | 19,863 | 23,113 | 25,702 | 70,935 | 78,452 |

Equity income adjusted for items in
Appendix A

- (i) Includes the gain on sale of SPT subsidiaries to Teekay Tankers in the ship-to-ship transfer joint venture for the three and nine months ended September 30, 2015. Includes unrealized foreign exchange losses and restructuring charges in Sevan Marine AS and cumulative cost pass-through adjustments in Teekay LNG's Angola LNG project for the three months ended June 30, 2015 and nine months ended September 30, 2015. Includes net gains on sale of vessels in Teekay LNG's Exmar LPG BVBA joint venture for the nine months ended September 30, 2014.

10

- more -

Teekay Corporation**Summary Consolidated Balance Sheets**

(in thousands of U.S. dollars)

| | As at September 30, 2015 (unaudited) | As at June 30, 2015 (unaudited) | As at December 31 2014 (unaudited) |
|--|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents Teekay Parent | 303,889 | 275,048 | 232,330 |
| Cash and cash equivalents Teekay LNG | 154,173 | 106,991 | 159,639 |
| Cash and cash equivalents Teekay Offshore | 251,058 | 242,764 | 252,138 |
| Cash and cash equivalents Teekay Tankers | 80,579 | 83,082 | 162,797 |
| Other current assets | 466,754 | 481,697 | 473,872 |
| Restricted cash Teekay Parent | 30,961 | 27,514 | 26,594 |
| Restricted cash Teekay LNG | 70,196 | 55,222 | 45,997 |
| Restricted cash Teekay Offshore | 49,350 | 73,700 | 46,760 |
| Restricted cash Teekay Tankers | 915 | | |
| Assets held for sale ⁽¹⁾ | 15,092 | 5,000 | |
| Vessels and equipment Teekay Parent | 764,135 | 2,115,665 | 809,184 |
| Vessels and equipment Teekay LNG | 1,696,281 | 1,712,341 | 1,751,583 |
| Vessels and equipment Teekay Offshore | 4,579,915 | 3,274,888 | 3,010,689 |
| Vessels and equipment Teekay Tankers | 1,589,297 | 1,035,311 | 828,291 |
| Advances on newbuilding contracts and conversion costs | 726,265 | 629,266 | 1,706,500 |
| Derivative assets | 14,422 | 18,464 | 14,415 |
| Investment in equity accounted investees | 876,383 | 890,351 | 873,421 |
| Investment in direct financing leases | 690,437 | 693,532 | 704,953 |
| Other assets | 491,499 | 511,373 | 501,812 |
| Intangible assets | 117,474 | 89,228 | 94,666 |
| Goodwill | 168,571 | 168,571 | 168,571 |
| Total assets | 13,137,646 | 12,490,008 | 11,864,212 |
| LIABILITIES AND EQUITY | | | |
| Accounts payable and accrued liabilities | 470,687 | 444,967 | 480,049 |
| Current portion of long-term debt Teekay Parent | 346,768 | 226,714 | 196,926 |
| Current portion of long-term debt Teekay LNG | 230,677 | 215,985 | 161,657 |
| Current portion of long-term debt Teekay Offshore | 469,002 | 466,952 | 258,014 |
| Current portion of long-term debt Teekay Tankers | 477,013 | 144,453 | 41,959 |
| Long-term debt Teekay Parent | 639,617 | 1,621,277 | 1,523,362 |

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| | | | |
|---|-------------------|-------------------|-------------------|
| Long-term debt Teekay LNG | 1,824,410 | 1,805,778 | 1,826,017 |
| Long-term debt Teekay Offshore | 2,910,917 | 2,195,010 | 2,178,009 |
| Long-term debt Teekay Tankers | 545,042 | 530,219 | 614,104 |
| Derivative liabilities | 761,396 | 627,217 | 626,139 |
| In-process revenue contracts | 157,969 | 161,798 | 173,412 |
| Other long-term liabilities | 394,961 | 404,332 | 383,089 |
| Redeemable non-controlling interest | 260,298 | 10,481 | 12,842 |
| Equity: Non-controlling interests | 2,745,323 | 2,520,361 | 2,290,305 |
| Shareholders of Teekay | 903,566 | 1,114,464 | 1,098,328 |
| Total liabilities and equity | 13,137,646 | 12,490,008 | 11,864,212 |
| Net Debt Teekay Parent ⁽¹⁾ | 651,535 | 1,545,429 | 1,461,364 |
| Net Debt Teekay LNG ⁽¹⁾ | 1,830,718 | 1,859,550 | 1,782,038 |
| Net Debt Teekay Offshore ⁽²⁾ | 3,079,511 | 2,345,498 | 2,137,125 |
| Net Debt Teekay Tankers ⁽²⁾ | 940,561 | 591,590 | 493,266 |

- (1) In connection with the expected sale of a conventional tanker by Teekay Tankers, the vessel and related equipment of \$10.1 million were classified as Assets held for sale as at September 30, 2015. In connection with the expected sale of an older shuttle tanker by Teekay Offshore, the vessel and related equipment of \$5.0 million were classified as Assets held for sale as at September 30, 2015 and June 30, 2015.
- (2) Net debt is a non-GAAP measure and represents current and long-term debt less cash and cash equivalents and, if applicable, restricted cash.

Teekay Corporation**Summary Consolidated Statements of Cash Flows**

(in thousands of U.S. dollars)

| | Nine Months Ended September 30 | |
|---|---|--------------------|
| | 2015 | 2014 |
| | (unaudited) | (unaudited) |
| Cash and cash equivalents provided by (used for) | | |
| OPERATING ACTIVITIES | | |
| Net operating cash flow | 633,555 | 291,163 |
| FINANCING ACTIVITIES | | |
| Net proceeds from long-term debt | 1,754,394 | 2,095,834 |
| Prepayments of long-term debt | (465,199) | (786,890) |
| Scheduled repayments of long-term debt | (542,855) | (691,861) |
| Decrease in restricted cash | (31,592) | (565) |
| Net proceeds from equity issuances of subsidiaries | 560,019 | 145,228 |
| Equity contribution by joint venture partner | 5,500 | 26,267 |
| Issuance of common stock upon exercise of stock options | 1,164 | 53,544 |
| Distribution from subsidiaries to non-controlling interests | (257,369) | (245,852) |
| Cash dividends paid | (85,896) | (68,077) |
| Other | (6,987) | (4,658) |
| Net financing cash flow | 931,179 | 522,970 |
| INVESTING ACTIVITIES | | |
| Expenditures for vessels and equipment | (1,571,520) | (732,889) |
| Proceeds from sale of vessels and equipment | 8,918 | 167,274 |
| Purchase of SPT | (46,961) | |
| Investment in equity accounted investments | (34,528) | (64,509) |
| Repayments from (advances to) equity accounted investees | 54,334 | (88,483) |
| Investment in CVI Ocean Transportation II Inc. | | (25,000) |
| Other | 7,818 | 20,710 |
| Net investing cash flow | (1,581,939) | (722,897) |
| (Decrease) increase in cash and cash equivalents | (17,205) | 91,236 |
| Cash and cash equivalents, beginning of the period | 806,904 | 614,660 |
| Cash and cash equivalents, end of the period | 789,699 | 705,896 |

12

- more -

Teekay Corporation**Appendix A Specific Items Affecting Net (Loss) Income**

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

| | Three Months Ended | | | | | |
|--|---------------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|
| | September 30, 2015 | | June 30, 2015 | | September 30, 2014 | |
| | (unaudited) | | (unaudited) | | (unaudited) | |
| | \$ Per | | \$ Per | | \$ Per | |
| | \$ | Share ⁽¹⁾ | \$ | Share ⁽¹⁾ | \$ | Share ⁽¹⁾ |
| Net (loss) income GAAP basis | (16,616) | | 215,236 | | 87,824 | |
| Adjust for: Net loss (income) attributable to non-controlling interests | 4,381 | | (149,324) | | (85,450) | |
| Net (loss) income attributable to shareholders of Teekay | (12,235) | (0.17) | 65,912 | 0.91 | 2,374 | 0.03 |
| Add (subtract) specific items affecting net income: | | | | | | |
| Unrealized losses (gains) from derivative instruments ⁽²⁾ | 80,311 | 1.10 | (110,612) | (1.52) | (32,861) | (0.45) |
| Foreign exchange loss (gains) ⁽³⁾ | 14,594 | 0.20 | (2,167) | (0.03) | (20,378) | (0.28) |
| Net gain on sale of vessels ⁽⁴⁾ | (8,700) | (0.12) | | | (9,334) | (0.13) |
| Asset impairments ⁽⁵⁾ | | | 500 | 0.01 | 4,759 | 0.07 |
| Restructuring charges ⁽⁶⁾ | 484 | 0.01 | 137 | | 2,665 | 0.04 |
| Pre-operational costs ⁽⁷⁾ | 426 | 0.01 | 857 | 0.01 | 4,446 | 0.06 |
| Other ⁽⁸⁾ | 4,042 | 0.06 | (682) | (0.01) | 1,138 | 0.02 |
| Non-controlling interests share of items above ⁽⁹⁾ | (76,089) | (1.05) | 65,761 | 0.90 | 34,612 | 0.47 |
| Total adjustments | 15,068 | 0.21 | (46,206) | (0.64) | (14,953) | (0.20) |
| Adjusted net income (loss) attributable to shareholders of Teekay | 2,833 | 0.04 | 19,706 | 0.27 | (12,579) | (0.17) |

(1) Basic per share amounts.

(2) Reflects the unrealized losses (gains) 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 from joint ventures.

(3) Foreign currency exchange losses (gains) primarily relate to the Company's debt denominated in Euros and Norwegian Kroner (NOK) in addition to the unrealized losses (gains) on cross currency swaps used to

- economically hedge the principal and interest on the NOK bonds. Nearly all of the Company's foreign currency exchange gains and losses are unrealized.
- (4) Includes the Company's share of the gain on sale of the SPT subsidiaries to Teekay Tankers in the ship-to-ship transfer joint venture, the gain on sale of vessels in Teekay LNG's Exmar LPG BVBA joint venture and net gain on the sale of an office building.
 - (5) Includes the impairment relating to the expiration of one of Teekay Offshore's UMS newbuilding options for the three months ended June 30, 2015 and the impairment of a shuttle tanker for the three months ended September 30, 2014.
 - (6) Restructuring charges primarily relate to crew redundancy costs.
 - (7) Includes realized losses on currency forward contracts related to projects during their pre-operational phases for the three months ended September 30, 2015 and June 30, 2015. Includes pre-operational costs and realized losses on interest rate swaps for the *Petrojarl Knarr* FPSO for the three months ended September 30, 2014.
 - (8) Other for the three months ended September 30, 2015 primarily relates to a realized loss on termination of an interest rate swap and a net deferred tax recovery related to the acquisition of the *Knarr* FPSO by Teekay Offshore. Other for the three months ended June 30, 2015 primarily relates to a write-down of an investment and unrealized foreign exchange and restructuring charges in Sevan Marine AS. Other for the three months ended September 30, 2014 primarily relates to contingent consideration and loss on bond repurchase.
 - (9) Items affecting net income include items from the Company's wholly-owned subsidiaries, its consolidated non-wholly-owned subsidiaries and its proportionate share of items from equity accounted for investments. The specific items affecting net income are analyzed to determine whether any of the amounts originated from a consolidated non-wholly-owned subsidiary. Each amount that originates from a consolidated non-wholly-owned subsidiary is multiplied by the non-controlling interests' percentage share in this subsidiary to arrive at the non-controlling interests' share of the amount. The amount identified as Non-controlling interests' share of items above in the table above is the cumulative amount of the non-controlling interests' proportionate share of items listed in the table.

Teekay Corporation

Appendix B Supplemental Financial Information

Summary Statement of Loss for the Three Months Ended September 30, 2015

(in thousands of U.S. dollars)

(unaudited)

| | Teekay Offshore | Teekay LNG | Teekay Tankers | Teekay Parent | Consolidation Adjustments ⁽¹⁾ | Total |
|---|--------------------|---------------|-------------------|------------------|---|-----------------|
| Revenues | 314,054 | 98,415 | 125,369 | 98,500 | (24,721) | 611,617 |
| Voyage expenses | (28,166) | (240) | (2,588) | (301) | 1,360 | (29,935) |
| Vessel operating expenses | (95,172) | (24,319) | (33,574) | (60,591) | | (213,656) |
| Time-charter hire expense | (18,893) | | (22,600) | (27,104) | 25,576 | (43,021) |
| Depreciation and amortization | (72,827) | (22,473) | (17,399) | (18,113) | | (130,812) |
| General and administrative expenses | (27,321) | (5,676) | (4,138) | 8,860 | (747) | (29,022) |
| Restructuring charges | (157) | (3,510) | (327) | | | (3,994) |
| Income from vessel operations | 71,518 | 42,197 | 44,743 | 1,251 | 1,468 | 161,177 |
| Interest expense | (33,645) | (11,175) | (3,903) | (16,750) | 3,023 | (62,450) |
| Interest income | 153 | 617 | 28 | 4,386 | (3,023) | 2,161 |
| Realized and unrealized losses on derivative instruments | (77,102) | (26,835) | (1,031) | (4,699) | | (109,667) |
| Equity (loss) income | (7,052) | 13,523 | 2,762 | 7,401 | (1,639) | 14,995 |
| Equity in earnings of subsidiaries ⁽²⁾ | | | | 4,609 | (4,609) | |
| Income tax recovery (expense) | 5,465 | (258) | (1,341) | (6,316) | | (2,450) |
| Foreign exchange (loss) gain | (10,257) | (8,153) | (45) | (1,955) | 192 | (20,218) |
| Other net | (373) | 393 | | (162) | (22) | (164) |
| Net (loss) income | (51,293) | 10,309 | 41,213 | (12,235) | (4,610) | (16,616) |
| Less: Net (income) loss attributable to non-controlling interests ⁽³⁾ | (3,446) | (2,811) | | | 10,638 | 4,381 |
| Net (loss) income attributable to shareholders/unitholders of publicly-listed entities | (54,739) | 7,498 | 41,213 | (12,235) | 6,028 | (12,235) |

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- (1) Consolidation Adjustments column includes adjustments which eliminate transactions between subsidiaries Teekay Offshore, Teekay LNG and Teekay Tankers and Teekay Parent and results from Tanker Operations.
- (2) Teekay Corporation's proportionate share of the net earnings of its publicly-traded subsidiaries.
- (3) Net income attributable to non-controlling interests in the Teekay Offshore and Teekay LNG columns represent the joint venture partners' share of the net income or loss of their respective joint ventures. Net income attributable to non-controlling interest in the Consolidation Adjustments column represents the public's share of the net income of Teekay's publicly-traded subsidiaries.

14

- more -

Teekay Corporation

Appendix C Supplemental Financial Information

Teekay Parent Summary Operating Results

For the three months ended September 30, 2015

(in thousands of U.S. dollars)

(unaudited)

| | Owned Conventional Tankers | In-Chartered Conventional Tankers | FPSOs | Other ⁽¹⁾ | Corporate G&A | Teekay Parent Total |
|---|----------------------------------|---|----------------|----------------------|------------------|------------------------|
| Revenues | 3,338 | 12,898 | 61,568 | 20,696 | | 98,500 |
| Voyage expenses | | (116) | (9) | (176) | | (301) |
| Vessel operating expenses | (813) | (3,726) | (51,875) | (4,177) | | (60,591) |
| Time-charter hire expense | | (9,988) | (7,335) | (9,781) | | (27,104) |
| Depreciation and amortization | (713) | | (17,610) | 210 | | (18,113) |
| General and administrative expenses | (103) | (453) | (2,751) | 1,875 | (3,628) | (5,060) |
| Business development fees from daughter | | | | 13,920 | | 13,920 |
| Income (loss) from vessel operations | 1,709 | (1,385) | (18,012) | 22,567 | (3,628) | 1,251 |
| Reconciliation of income (loss) from vessel operations to cash flow from vessel operations | | | | | | |
| Income (loss) from vessel operations | 1,709 | (1,385) | (18,012) | 22,567 | (3,628) | 1,251 |
| Depreciation and amortization | 713 | | 17,610 | (210) | | 18,113 |
| Amortization of in-process revenue contracts and other | | | (1,483) | (326) | | (1,809) |
| Realized losses from the settlements of non-designated derivative instruments | | | (2,186) | | | (2,186) |
| CFVO Consolidated⁽²⁾ | 2,422 | (1,385) | (4,071) | 22,031 | (3,628) | 15,369 |
| CFVO Equity⁽³⁾ | 1,655 | | (2,177) | 734 | | 212 |
| CFVO Total | 4,077 | (1,385) | (6,248) | 22,765 | (3,628) | 15,581 |

- (1) Includes the results of two chartered-in LNG carriers owned by Teekay LNG and two chartered-in FSO units owned by Teekay Offshore, fees of \$3.2 million earned from managing TIL's vessel transactions included in revenues and \$13.9 million of business development fees received from Teekay Offshore in connection with the *Knarr* FPSO, UMS and towage transactions.
- (2) In addition to the CFVO generated by its directly owned and chartered-in assets, Teekay Parent also receives cash dividends and distributions from its publicly-traded subsidiaries. For the three months ended September 30, 2015, Teekay Parent received cash dividends from these subsidiaries totaling \$57.4 million. The distributions and dividends received by Teekay Parent include, among others, those made with respect to its general partner interests in Teekay Offshore and Teekay LNG. Please refer to Teekay Parent's free cash flow summary on Page 7 of this release for further details.
- (3) Please see *Appendix D* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

15

- more -

Teekay Corporation**Appendix D Reconciliation of Non-GAAP Financial Measures****Cash Flow from Vessel Operations Consolidated**

(in thousands of U.S. dollars)

(unaudited)

| | Three Months Ended | | |
|--|-------------------------------|--------------------------|-------------------------------|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 |
| Income from vessel operations | 161,177 | 175,517 | 88,389 |
| Depreciation and amortization | 130,812 | 128,199 | 106,835 |
| Amortization of in process revenue contracts and other | (6,777) | (13,570) | (11,783) |
| Realized losses from the settlements of non-designated derivative instruments | (5,824) | (4,019) | (434) |
| Asset impairments, net of gain on sale of vessels and equipment | | 500 | 3,542 |
| Cash flow from time-charter contracts, net of revenue accounted for as direct finance leases | 6,620 | 5,676 | 5,527 |
| Cash flow from vessel operations Consolidated | 286,008 | 292,303 | 192,076 |
| Cash flow from vessel operations Equity Accounted Vessels (see <i>Appendix D</i>) | 55,334 | 59,898 | 59,443 |
| Cash flow from vessel operations Total | 341,342 | 352,201 | 251,519 |

16

- more -

Teekay Corporation**Appendix D Reconciliation of Non-GAAP Financial Measures****Cash Flow from Vessel Operations – Equity Accounted Vessels**

(in thousands of U.S. dollars)

(unaudited)

| | September 30, 2015 | | Three Months Ended June 30, 2015 | | September 30, 2014 | |
|--|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------|-------------------------------------|
| | At 100% | Company's Portion ⁽¹⁾ | At 100% | Company's Portion ⁽¹⁾ | At 100% | Company's Portion ⁽²⁾ |
| Revenues | 244,551 | 98,043 | 260,425 | 106,817 | 325,092 | 144,385 |
| Vessel and other operating expenses | (108,402) | (42,720) | (109,073) | (46,119) | (191,731) | (84,074) |
| Depreciation and amortization | (38,840) | (16,378) | (36,284) | (15,971) | (35,993) | (16,212) |
| Gain on sale of vessels | 16,822 | 8,410 | | | 16,234 | 8,117 |
| Income from vessel operations of equity accounted vessels | 114,131 | 47,355 | 115,068 | 44,727 | 113,602 | 52,216 |
| Interest expense | (30,715) | (12,539) | (27,273) | (11,122) | (25,758) | (11,102) |
| Realized and unrealized (loss) gain on derivative instruments | (43,485) | (17,874) | 22,497 | 9,483 | 526 | 260 |
| Other – net | (173) | 86 | (2,405) | (958) | 133 | 214 |
| Net income of equity accounted vessels | 39,758 | 17,028 | 107,887 | 42,130 | 88,503 | 41,588 |
| Pro forma equity loss from Tanker Operations | | (2,033) | | (2,229) | | (1,656) |
| Equity income of equity accounted vessels | 39,758 | 14,995 | 107,887 | 39,901 | 88,503 | 39,932 |
| Income from vessel operations of equity accounted vessels | 114,131 | 47,355 | 115,068 | 44,727 | 113,602 | 52,216 |
| Depreciation and amortization | 38,840 | 16,378 | 36,284 | 15,971 | 35,993 | 16,212 |
| Gain on sale of vessels | (16,822) | (8,410) | | | (16,234) | (8,117) |
| Cash flow from time-charter contracts net of revenue accounted for as direct finance lease | 8,551 | 3,102 | 8,296 | 3,010 | 7,520 | 2,719 |
| Amortization of in-process revenue contracts and other | (3,176) | (1,623) | (3,719) | (1,894) | (4,047) | (2,057) |

| | | | | | | |
|---|----------------|---------------|----------------|---------------|----------------|---------------|
| Cash flow from vessel operations of equity accounted vessels ⁽³⁾ | 141,524 | 56,802 | 155,929 | 61,814 | 136,834 | 60,973 |
| Pro forma CFVO from Tanker Operations ⁽⁴⁾ | | (1,468) | | (1,916) | | (1,530) |
| Cash flow from vessel operations of equity accounted vessels⁽³⁾ | 141,524 | 55,334 | 155,929 | 59,898 | 136,834 | 59,443 |

- (1) The Company's proportionate share of its equity accounted vessels and other investments ranges from 16 percent to 52 percent.
- (2) The Company's proportionate share of its equity accounted vessels and other investments ranges from 13 percent to 52 percent.
- (3) CFVO from equity accounted vessels represents the Company's proportionate share of CFVO from its equity accounted vessels and other investments.
- (4) Pro forma CFVO from Tanker Operations represents the Company's 100 percent CFVO from Tanker Operations as Teekay Parent and Teekay Tankers each account for their 50 percent interest in Tanker Operations as an equity-accounted investment. Upon consolidation of Teekay Tankers into Teekay, the results of Tanker Operations are accounted for on a consolidated basis.

17

- more -

Teekay Corporation**Appendix D Reconciliation of Non-GAAP Financial Measures****Cash Flow from Vessel Operations Teekay Parent**

(in thousands of U.S. dollars)

(unaudited)

**Three Months Ended June 30, 2015
(unaudited)**

| | Owned Conventional Tankers | In-chartered Unconventional Tankers | FPSOs | Other | Corporate G&A | Teekay Parent Total |
|--|---|--|---------------|--------------|------------------------------|--------------------------------|
| Teekay Parent income (loss) from vessel operations | 3,915 | (1,501) | 8,677 | 1,480 | (4,139) | 8,432 |
| Depreciation and amortization | 713 | | 35,298 | (112) | | 35,899 |
| Amortization of in-process revenue contracts and other | | | (10,619) | | | (10,619) |
| Realized losses from the settlements of non-designated foreign currency derivative instruments | | | (1,658) | | | (1,658) |
| Cash flow from vessel operations Teekay Parent | 4,628 | (1,501) | 31,698 | 1,368 | (4,139) | 32,054 |

**Three Months Ended March 31, 2015
(unaudited)**

| | Owned Conventional Tankers | In-chartered Unconventional Tankers | FPSOs | Other | Corporate G&A | Teekay Parent Total |
|--|---|--|--------------|--------------|------------------------------|--------------------------------|
| Teekay Parent income (loss) from vessel operations | 3,578 | (2,476) | (8,139) | 937 | (6,889) | (12,989) |
| Depreciation and amortization | 713 | | 21,259 | (113) | | 21,859 |
| Amortization of in-process revenue contracts and other | | | (3,457) | 570 | | (2,887) |
| Realized losses from the settlements of non-designated foreign currency derivative instruments | | | (2,176) | | | (2,176) |

| | | | | | | |
|---|--------------|----------------|----------------|--------------|----------------|--------------|
| Cash flow from vessel operations | | | | | | |
| Teekay Parent | 4,291 | (2,476) | (7,487) | 1,394 | (6,889) | 3,807 |

18

- more -

Three Months Ended December 31, 2014
(unaudited)

| | Owned Conventional Tankers | In-chartered Conventional Tankers | FPSOs | Other | Corporate G&A | Teekay Parent Total |
|--|---|--|---------------|--------------|------------------------------|--------------------------------|
| Teekay Parent income (loss) from vessel operations | 836 | (5,067) | 4,381 | 7,272 | (3,767) | 3,655 |
| Depreciation and amortization | 713 | | 20,854 | (113) | | 21,454 |
| Loss on sale of vessels and equipment | | | 282 | | | 282 |
| Amortization of in-process revenue contracts and other | | | (5,943) | | | (5,943) |
| Realized losses from the settlements of non-designated foreign currency derivative instruments | | | (1,497) | | | (1,497) |
| Cash flow from vessel operations | | | | | | |
| Teekay Parent | 1,549 | (5,067) | 18,077 | 7,159 | (3,767) | 17,951 |

Three Months Ended September 30, 2014
(unaudited)

| | Owned Conventional Tankers | In-chartered Conventional Tankers | FPSOs | Other | Corporate G&A | Teekay Parent Total |
|--|---|--|-----------------|--------------|------------------------------|------------------------------------|
| Teekay Parent (loss) income from vessel operations | (447) | (4,441) | (23,208) | 12,083 | (4,068) | (20,081) |
| Depreciation and amortization | 713 | | 21,145 | (542) | | 21,316 |
| Gain on sale of vessels and equipment | | | (1,217) | (7,285) | | (8,802) |
| Amortization of in-process revenue contracts and other | | | (6,580) | | | (6,580) |
| Realized gains (losses) from the settlements of non-designated foreign currency derivative instruments | 11 | | (167) | | | (156) |
| Cash flow from vessel operations | | | | | | |
| Teekay Parent | 277 | (4,441) | (10,027) | 4,256 | (4,068) | (14,003) |

Teekay Corporation**Appendix D Reconciliation of Non-GAAP Financial Measures****Net Interest Expense Teekay Parent**

(in thousands of U.S. dollars)

(unaudited)

| | Three Months Ended | | | | |
|---|-------------------------------|--------------------------|---------------------------|------------------------------|-------------------------------|
| | September 30, 2015 | June 30, 2015 | March 31, 2015 | December 31, 2014 | September 30, 2014 |
| Interest expense | (62,450) | (62,388) | (51,346) | (57,334) | (52,206) |
| Interest income | 2,161 | 1,199 | 1,530 | 1,465 | 2,786 |
| Net interest expense consolidated | (60,289) | (61,189) | (49,816) | (55,869) | (49,420) |
| Less: | | | | | |
| Non-Teekay Parent net interest expense | (47,925) | (38,215) | (34,753) | (42,279) | (37,944) |
| Net interest expense consolidated | (12,364) | (22,974) | (15,063) | (13,590) | (11,476) |
| Add: | | | | | |
| Teekay Parent realized losses on interest rate swaps ⁽¹⁾ | (1,292) | (5,661) | (2,471) | (1,466) | (1,524) |
| Net interest expense Teekay Parent | (13,656) | (28,635) | (17,534) | (15,056) | (13,000) |

(1) Realized losses on interest rate swaps exclude realized losses of \$3.3 million, \$5.3 million and \$4.1 million for the three months ended March 31, 2015, December 31, 2014 and September 30, 2014, respectively, on the interest rate swap related to the debt facility secured by the *Knarr* FPSO unit up to commencement of operations on March 9, 2015.

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: the stability and growth of Teekay Parent free cash flow; the stability and growth of Teekay LNG and Teekay Offshore's cash flows; Teekay LNG and Teekay Offshore's expected future revenues; the total cost and timing for the delivery of newbuilding projects and timing of commencement of associated time-charter contracts; and vessel drydocks, including the timing and the number of vessels to be drydocked. 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 newbuilding orders or greater or less than anticipated rates of vessel 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, FPSOs, UMS, and towage vessels; changes in oil production and the impact on the Company's tankers and offshore units; fluctuations in global oil prices; trends in prevailing charter rates for the Company's vessels and offshore unit 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; delays in commencement of operations of FPSO and FSO units at designated fields; changes in the Company's expenses; the Company and its publicly-traded subsidiaries future capital expenditure requirements and the inability to secure financing for such requirements; the amount of future cash distributions by the Company's daughter entities to the Company; failure of the respective Board of Directors of the general partners of Teekay Offshore and Teekay LNG to approve future cash distribution increases; 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, 2014 and Form 6-K for the quarter ended June 30, 2015. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.