TEEKAY CORP
Form 6-K
May 22, 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: May 14, 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**

**(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 x 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 x

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 x

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

Attached as Exhibit 1 is a copy of an announcement of Teekay Corporation dated May 14, 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: May 14, 2015

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

**TEEKAY CORPORATION**

**4th Floor, Belvedere Building, 69 Pitts Bay Road**

**Hamilton, HM 08, Bermuda**

**EARNINGS RELEASE**

**TEEKAY CORPORATION REPORTS**

**FIRST QUARTER 2015 RESULTS**

**Highlights**

First quarter 2015 total consolidated cash flow from vessel operations(1) of $320.9 million, an increase of 21 percent from the same period of the prior year.

First quarter 2015 adjusted net income attributable to shareholders(2) of $15.7 million, or $0.22 per share, compared to $3.5 million, or $0.05 per share, in the same period of the prior year.

First quarter 2015 Teekay Parent free cash flow(3) of $31.5 million, or $0.43 per share, compared to $21.1 million, or $0.30 per share, in the same period of the prior year.

*Knarr* FPSO unit achieved first oil in mid-March 2015 and commenced its charter contract at partial rate; the sale of the *Knarr* FPSO to Teekay Offshore is expected to be completed in the second quarter of 2015.

Teekay expects to implement its new dividend policy in the second quarter of 2015, with an initial increase of approximately 75 percent to $0.55 per share, or $2.20 per share annualized.

Consolidated liquidity of approximately $1.2 billion as at March 31, 2015, giving pro-forma effect to Teekay Offshore s preferred unit offering completed in April 2015 and Teekay LNG s Norwegian bond offering completed in May 2015.

Hamilton, Bermuda, May 14, 2015 - Teekay Corporation (*Teekay* or *the Company*) (NYSE: TK) today reported adjusted net income attributable to shareholders(2) of $15.7 million, or $0.22 per share, compared to $3.5 million, or $0.05 per share, for the quarters ended March 31, 2015 and 2014, respectively. Adjusted net income attributable to shareholders excludes a number of specific items that had the net effect of increasing the GAAP net loss by

$25.5 million, or $0.35 per share, and $4.0 million, or $0.06 per share, for the quarters ended March 31, 2015 and 2014, respectively, as detailed in *Appendix A* to this release. Including these items, the Company reported, on a GAAP basis, a net loss attributable to shareholders of $9.8 million, or $0.13 per share, compared to $0.5 million, or $0.01 per share, for the quarters ended March 31, 2015 and 2014, respectively. Net revenues[4] for the first quarter of 2015 increased to $520.2 million, compared to $471.5 million for the same period of the prior year.

On April 2, 2015, the Company declared a cash dividend on its common stock of $0.31625 per share for the quarter ended March 31, 2015. The cash dividend was paid on April 30, 2015 to all shareholders of record on April 17, 2015.

Teekay Parent s strong free cash flow in the first quarter was largely due to the expected *Banff* FPSO contract rate step-up effective January 1, 2015 and the *Knarr* FPSO achieving first oil and commencing its charter contract at partial rate with BG in mid-March 2015, which is expected to increase further with a higher contribution from the *Knarr* FPSO in the second quarter of 2015, commented Peter Evensen, Teekay Corporation s President and Chief Executive Officer. Our daughter entities also reported strong results during the quarter with Teekay Offshore and Teekay LNG both posting strong cash flows and distribution coverage and Teekay Tankers achieving the strongest cash flows in the last six years.

We have continued to make steady progress on the *Knarr* FPSO commissioning process, including successfully discharging the FPSO s first cargo to one of Teekay Offshore s shuttle tankers, and are now in the final phase towards reaching full charter rate, Mr. Evensen continued. Subject to the unit completing certain operational tests and commencement of the full charter rate, we expect to complete the sale of the *Knarr* FPSO to Teekay Offshore in the second quarter of 2015.

Mr. Evensen added, We expect to implement the new Teekay Parent dividend policy in the second quarter of 2015 with an initial quarterly dividend increase of approximately 75 percent to $0.55 per share, or $2.20 per share annualized, payable in July 2015, with future increases linked to the growth in the dividend cash flows we receive from our daughter entities. With a robust project pipeline of approximately $6.7 billion of committed growth projects at Teekay Offshore and Teekay LNG and with both partnerships continuing to pursue new growth opportunities, Teekay Parent is expected to achieve strong future free cash flow and dividend growth.



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(1) 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 *Appendix C* and *Appendix E* 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) Adjusted net income attributable to shareholders 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 GAAP and for information about specific items affecting net loss that are typically excluded by securities analysts in their published estimates of the Company s financial results.

(3) Teekay Parent free cash flow is a non-GAAP financial measure used by certain investors to measure the financial performance of companies. Please refer to *Appendix D* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under GAAP.

(4) Net revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see *Appendix E* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under GAAP.



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**Operating Results**

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

| | Three Months Ended March 31, 2015 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| **(in thousands of U.S. dollars)** | **Teekay Offshore** | **Teekay LNG** | **Teekay Tankers** | **Teekay Parent** | **Consolidation Adjustments** | **Teekay Corporation Consolidated** |
| Net revenues[1] | 228,394 | 97,008 | 100,044 | 118,151 | (23,405) | 520,192 |
| Vessel operating expense | (74,034) | (21,634) | (22,441) | (66,094) | | (184,203) |
| Time-charter hire expense | (6,983) | | (15,003) | (28,827) | 25,886 | (24,927) |
| Depreciation and amortization | (53,604) | (23,569) | (13,672) | (21,859) | | (112,704) |
| | | | | | | |
| CFVO - Consolidated[2][3][4] | 127,807 | 72,705 | 53,976 | 3,807 | (27) | 258,268 |
| CFVO - Equity Investments[5] | 8,854 | 46,304 | 4,176 | 3,226 | 27 | 62,587 |
| CFVO - Total | 136,661 | 119,009 | 58,152 | 7,033 | | 320,855 |

| | Three Months Ended March 31, 2014 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| **(in thousands of U.S. dollars)** | **Teekay Offshore** | **Teekay LNG** | **Teekay Tankers** | **Teekay Parent** | **Consolidation Adjustments** | **Teekay Corporation Consolidated** |
| Net revenues[1] | 225,780 | 100,157 | 60,320 | 111,749 | (26,524) | 471,482 |
| Vessel operating expense | (88,130) | (24,256) | (22,794) | (66,006) | | (201,186) |
| Time-charter hire expense | (11,412) | | (1,052) | (31,276) | 27,448 | (16,292) |
| Depreciation and amortization | (48,488) | (24,110) | (12,502) | (18,358) | | (103,458) |
| | | | | | | |
| CFVO - Consolidated[2][3][4] | 108,149 | 71,434 | 33,282 | (5,486) | | 207,379 |
| CFVO - Equity Investments[5] | 7,947 | 48,140 | 1,423 | 141 | | 57,651 |
| CFVO - Total | 116,096 | 119,574 | 34,705 | (5,345) | | 265,030 |

(1) 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 *Appendix E* for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

(2) 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 is a

non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please refer to *Appendix C* and *Appendix E* of this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.

(3) Excludes CFVO 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.

(4) In addition to CFVO from directly owned vessels, Teekay Parent also receives cash dividends and distributions from its daughter public companies. For the three months ended March 31, 2015 and 2014, Teekay Parent received dividends and distributions from Teekay LNG, Teekay Offshore and Teekay Tankers totaling \$45.3 million and \$43.3 million, respectively. The dividends and distributions 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 *Appendix D* to this release for further details.

(5) CFVO Equity Investments represents the Company s proportionate share of CFVO from its equity-accounted vessels and other investments. Please refer to *Appendix E* of this release 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, storage, long-distance towing and offshore installation and maintenance and safety services to the offshore oil industry through its fleet of 63 offshore assets, including shuttle tankers, floating production, storage and offloading (*FPSO*) units, floating storage and offtake (*FSO*) units, units for maintenance and safety (*UMS*), long-distance towing and offshore installation vessels and conventional tankers. Teekay Offshore s interests in these vessels range from 50 to 100 percent. Teekay Offshore also has the right to participate in certain other FPSO and vessel opportunities pursuant to the omnibus agreement with Teekay. Teekay Parent currently owns a 27.3 percent interest in Teekay Offshore (including the 2 percent sole general partner interest).

For the first quarter of 2015, Teekay Offshore s quarterly distribution was $0.5384 per common unit. The cash distribution to be received by Teekay Parent based on its common unit ownership and general partnership interest in Teekay Offshore totaled $18.1 million for the first quarter of 2015, as detailed in *Appendix D* to this release.

Cash flow from vessel operations from Teekay Offshore increased to $136.7 million in the first quarter of 2015, from $116.1 million in the same period of the prior year, primarily due to the acquisition of three long-distance towing and offshore installation vessels during the first quarter of 2015, the delivery of the *Suksan Salamander* FSO unit in August 2014, an increase in the charter rate for the *Cidade de Rio das Ostras* FPSO unit and an overall decrease in operating expenses. These increases were partially offset by lower shuttle tanker revenues as a result of the sale of the *Navion Norvegia* in October 2014 to a 50 percent-owned Teekay Offshore joint venture company for conversion into an FPSO unit, and the sale of the 1997-built *Navion Svenita* in March 2015 to a third party.

In 2015 to-date, Teekay Offshore, through its wholly-owned subsidiary ALP Maritime Services B.V. (*ALP*), has acquired four of the six modern on-the-water long-distance towing and offshore installation vessels which ALP agreed to acquire in October 2014 for approximately $220 million. ALP expects to take delivery of the remaining two vessels during the second quarter of 2015. Including these vessels and ALP s four state-of-the-art long-distance towing and offshore installation newbuildings scheduled to deliver in 2016, ALP will become the world s largest owner and operator of dynamic positioning towing and offshore installation vessels. All ten vessels will be capable of long-distance towing and offshore unit installation and decommissioning of large floating exploration, production and storage units, including FPSO units, floating liquefied natural gas (*FLNG*) units and floating drill rigs.

In August 2014, Teekay Offshore took delivery of its first UMS, the *Arendal Spirit*, which has now arrived in Brazil and is expected to commence its three-year fixed-rate time-charter contract, plus extension options, with Petrobras in June 2015. Teekay Offshore has the option to defer the delivery of the remaining two UMS newbuildings by up to one year. Teekay Offshore intends to secure charter contracts for these two UMS newbuildings prior to their scheduled deliveries.

In early-May 2015, Teekay Offshore was awarded a two-year shuttle tanker contract of affreightment (*CoA*) with EnQuest PLC., which will service the Alma Galia field in the North Sea. The CoA is expected to start-up in July 2015 with the requirement for up to 15 roundtrip voyages per year.

**Teekay LNG Partners L.P.**

Teekay LNG provides liquefied natural gas *(LNG)*, liquefied petroleum gas *(LPG)* and crude oil marine transportation services, generally under long-term, fixed-rate charter contracts, through its interests in 86 liquefied gas and conventional tanker assets, including LNG carriers, LPG carriers and conventional tankers. Teekay LNG s interests in these vessels range from 20 to 100 percent. Teekay Parent currently owns a 33.5 percent interest in Teekay LNG (including the 2 percent sole general partner interest).

For the first quarter of 2015, Teekay LNG  s quarterly distribution was $0.70 per common unit. The cash distribution to be received by Teekay Parent based on its common unit ownership and general partnership interest in Teekay LNG totaled $26.3 million for the first quarter of 2015, as detailed in *Appendix D* to this release.



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Teekay LNG s total cash flow from vessel operations, including cash flows from equity accounted vessels, was $119.0 million in the first quarter of 2015, compared to $119.6 million in the same period of the prior year. The slight decrease was primarily due to the sale of two 2000- and 2001-built conventional tankers and four older Exmar LPG BVBA (*Exmar LPG*) owned LPG carriers in 2014, a grounding incident and related disputed off-hire for the 52 percent-owned *Magellan Spirit* LNG carrier during the first quarter of 2015 and the scheduled expiration of the time-charter contract for the 52 percent-owned *Methane Spirit* LNG carrier in mid-March 2015. These decreases were partially offset by the acquisition of the *Norgas Napa* LPG carrier in late-2014, higher revenues from Exmar LPG as a result of four newbuilding deliveries in 2014 and early-2015 and fewer scheduled drydockings and unscheduled off-hire days compared to the same period of the prior year.

In February 2015, Teekay LNG entered into an agreement with Daewoo Shipbuilding & Marine Engineering Co., Ltd. of South Korea for the construction of one additional 173,400 cubic meter LNG carrier newbuilding, for a total fully built-up cost of approximately $220 million, with options to order up to four additional vessels. This vessel, and any of these optional newbuildings, if exercised, will be constructed with M-type, Electronically Controlled, Gas Injection (*MEGI*) twin engines, which are designed to be significantly more fuel-efficient and have lower emission levels than engines currently used in LNG shipping. Teekay LNG intends to secure long-term contract employment for the ordered vessel prior to its scheduled delivery in the fourth quarter of 2018.

In January 2015, the *Magellan Spirit* LNG carrier, in which Teekay LNG has a 52 percent ownership interest through a joint venture with Marubeni Corporation (the *Teekay LNG-Marubeni Joint Venture*), was involved in a grounding incident. The vessel was subsequently refloated and returned to service with a majority of the costs of the grounding expected to be covered by insurance, less an applicable deductible. As a result of this incident, the charterer claimed 59 days of vessel off-hire during the first quarter of 2015, which in the view of the charterer, permitted the charterer to terminate the charter contract which it claimed to do effective in late-March 2015. The Teekay LNG-Marubeni Joint Venture has disputed both the charterer s aggregate off-hire claims as well as the charterer s ability to terminate the charter contract, which would have otherwise expired in September 2016. The Teekay LNG-Marubeni Joint Venture has obtained legal assistance in resolving this dispute.

In mid-March 2015, the charter contract for the *Methane Spirit* LNG carrier, which is also owned by the Teekay LNG-Marubeni Joint Venture, expired as scheduled.

The Teekay LNG-Marubeni Joint Venture has secured short-term employment, commencing in September 2015, for both the *Magellan Spirit* and the *Methane Spirit* at significantly lower charter rates and continues to seek medium-term to long-term employment.

**Teekay Tankers Ltd.**

Teekay Tankers is an international owner and operator of conventional crude oil and refined product tankers through its fleet of 33 conventional tankers, including direct ownership in Aframax tankers, Suezmax tankers, Long Range 2 (*LR2*) product tankers, Medium-Range (*MR*) product tankers and a 50 percent-owned Very Large Crude Carrier (*VLCC*), and 12 chartered-in conventional tankers. Of these 45 vessels, eight are employed on fixed-rate time-charters, generally ranging from one to three years in initial duration, with the remaining vessels trading in spot tanker pools. In addition, Teekay Tankers owns a minority interest of 9.3 percent in Tanker Investments Ltd. (*TIL*) (OSLO: TIL), which currently owns a fleet of 20 modern tankers, including six Suezmax tankers to be acquired in the second quarter of 2015. Based on its current ownership of Teekay Tankers Class A common stock and its ownership of 100 percent of the outstanding Class B stock, Teekay Parent currently owns a 25.5 percent economic interest in, and has voting control of, Teekay Tankers.

For the first quarter of 2015, Teekay Tankers declared a dividend of $0.03 per share. Based on its ownership of Teekay Tankers Class A and Class B shares, the dividend received by Teekay Parent totaled $0.9 million for the first quarter of 2015.

Cash flow from vessel operations from Teekay Tankers increased to $58.2 million in the first quarter of 2015, from $34.7 million in the same period of the prior year. The increase is primarily due to stronger average spot tanker rates earned in the first quarter of 2015 compared to the same period in the prior year, an increase in fleet size due to the acquisition of four LR2 product tankers and one Aframax tanker in the first quarter of 2015, the addition of ten in-chartered vessels during 2014 and higher equity income as a result of higher earnings from TIL due to stronger average spot tanker rates and commercial and technical management fees earned through Teekay Tankers 50 percent interest in the conventional tanker commercial management and technical management operations acquired from Teekay Parent (*Teekay Operations*) on August 1, 2014.

In the first quarter of 2015, Teekay Tankers completed the acquisition of four LR2 product tankers and one Aframax tanker for an aggregate purchase price of approximately $230 million. Teekay Tankers took delivery of these vessels in February and March 2015. All four LR2 product tankers are currently trading in the Taurus LR2 pool and the Aframax tanker is on voyage charter until vetting inspections are completed for joining the Teekay Aframax RSA.

During the first quarter of 2015, Teekay Tankers secured time charter-in contracts for one additional Aframax tanker and one additional LR2 product tanker, bringing Teekay Tankers total time chartered-in fleet to 12 vessels. The new time charter-in contracts have an average daily rate of $21,250 and firm contract periods of 24 months, with extension options. The time charter-in contract for the Aframax commenced in April 2015 and the LR2 contract is expected to commence in the second quarter of 2015.

**Teekay Parent**

In addition to its equity ownership interests in Teekay Offshore, Teekay LNG and Teekay Tankers, Teekay Parent directly owns four FPSO units (including the *Petrojarl Knarr* (*Knarr*) FPSO unit, which Teekay Offshore has agreed to acquire upon commencement of its charter contract at full rate) and one VLCC vessel. As at May 1, 2015, Teekay Parent also had six chartered-in conventional tankers (including four Aframax tankers owned by Teekay Offshore), two chartered-in LNG carriers owned by Teekay LNG, and three chartered-in FSO units and two shuttle tankers owned by Teekay Offshore.

For the first quarter of 2015, Teekay Parent generated cash flow from vessel operations of $7.0 million, compared to negative cash flow from vessel operations of $5.3 million in the same period of the prior year. The increase in cash flow is primarily due to the *Banff* FPSO unit recommencing operations under its time-charter contract in July 2014 after being off-hire for repairs following damage from a storm event in late-2011, a contract rate step-up for the *Banff* FPSO effective January 1, 2015, the commencement of the *Knarr* FPSO units charter contract at partial rate with BG Norge Limited (*BG*) in mid-March 2015 following the achievement of first oil and higher average spot tanker rates.

In mid-March 2015, the *Knarr* FPSO unit achieved first oil and commenced its charter contract with BG at partial rate. In December 2014, Teekay Offshore s Board of Director s approved the acquisition of the *Knarr* FPSO from Teekay Parent, subject to the unit completing certain operational tests and commencing its charter contract at full rate, which is expected to occur during the second quarter of 2015. Teekay Offshore s purchase price for the *Knarr*, which is based on a fully built-up cost of approximately $1.25 billion, is expected to be financed through the assumption of an existing $780 million long-term debt facility, a combination of vendor financing from, and new Teekay Offshore common units to be issued to, Teekay Parent, and a portion of the approximately $121 million of net proceeds from Teekay Offshore s preferred unit public offering completed in April 2015.

**Fleet List**

The following table summarizes Teekay  s consolidated fleet of 201 vessels as at May 1, 2015, including chartered-in vessels and vessels under construction but excluding vessels managed for third parties:

| | Number of Vessels[1] | | | |
|---|---|---|---|---|
| | **Owned Vessels** | **Chartered-in Vessels** | **Newbuildings / Conversions** | **Total** |
| **Teekay Parent Fleet** [2][3] | | | | |
| Aframax Tankers [4] | | 2 | | 2 |
| VLCC Tanker | 1 | | | 1 |
| FPSO Units | 4 | | | 4 |
| Total Teekay Parent Fleet | 5 | 2 | | 7 |
| **Teekay Offshore Fleet** [5] | 52 | 2 | 9 | 63 |
| **Teekay LNG Fleet** | 56 | 3 | 27 | 86 |
| **Teekay Tankers Fleet** [6] | 33 | 12 | | 45 |
| **Total Teekay Consolidated Fleet** | **146** | **19** | **36** | **201** |

(1) Ownership interests in these vessels range from 20 percent to 100 percent.
(2) Excludes two LNG carriers chartered-in from Teekay LNG.
(3) Excludes two shuttle tankers and three FSO units chartered-in from Teekay Offshore.
(4) Excludes four Aframax tankers chartered-in from Teekay Offshore.
(5) Owned Vessels includes two long-distance towing and offshore installation vessels that Teekay Offshore agreed to acquire in October 2014, which are expected to deliver in the second quarter of 2015.
(6) Chartered-in Vessels includes one chartered-in conventional tanker that is expected to deliver in the second quarter of 2015.



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**Liquidity**

As at March 31, 2015, the Company had consolidated liquidity of $986.0 million (consisting of $684.5 million of cash and cash equivalents and $301.5 million of undrawn revolving credit facilities), of which $266.6 million of liquidity (consisting of $258.7 million cash and cash equivalents and $8.1 million of undrawn revolving credit facilities) is attributable to Teekay Parent. Giving pro-forma effect to the $121 million of net proceeds from Teekay Offshore s preferred unit public offering completed in April 2015 and approximately $130 million of net proceeds from Teekay LNG s Norwegian bond offering completed in May 2015, the Company s consolidated liquidity as at March 31, 2015 was approximately $1.2 billion.

**Availability of 2014 Annual Report**

The Company filed its 2014 Annual Report on Form 20-F with the U.S. Securities and Exchange Commission (*SEC*) on April 29, 2015. Copies of this report are available on Teekay Corporation s website, under SEC Filings , at www.teekay.com. Shareholders may request a printed copy of this Annual Report, including the complete audited financial statements, free of charge by contacting Teekay Corporation s Investor Relations.

**Conference Call**

The Company plans to host a conference call on Thursday, May 14, 2015 at 11:00 a.m. (ET) to discuss its results for the first 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) 505-9587 or (416) 204-9524, if outside North America, and quoting conference ID code 7062529.
- 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 Thursday, May 28, 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 7062529.

**About Teekay**

Teekay Corporation is a portfolio manager and project developer in the marine midstream space that owns a 2 percent general partner interest, all of the outstanding incentive distributions rights 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). In addition, Teekay has a controlling ownership interest in Teekay Tankers Ltd. (NYSE:TNK) and a fleet of directly-owned vessels. The combined Teekay entities manage and operate consolidated assets of over $12 billion, comprised of approximately 200 liquefied gas, offshore, and conventional tanker assets (excluding vessels managed for third parties). With offices in 15 countries and approximately 6,700 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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**- more -**

**TEEKAY CORPORATION**

**SUMMARY CONSOLIDATED STATEMENTS OF INCOME**

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

| | Three Months Ended | | |
|---|---|---|---|
| | **March 31, 2015 (unaudited)** | **December 31, 2014 (unaudited)** | **March 31, 2014 (unaudited)** |
| **REVENUES** (1) | 545,862 | 544,989 | 506,494 |
| Voyage expenses | (25,670) | (25,213) | (35,012) |
| Vessel operating expenses (1)(2) | (184,203) | (200,333) | (201,186) |
| Time-charter hire expense | (24,927) | (24,315) | (16,292) |
| Depreciation and amortization | (112,704) | (109,238) | (103,458) |
| General and administrative (2) | (37,954) | (34,509) | (37,878) |
| Asset impairments (3) | (15,496) | | |
| Gain (loss) on sale of vessels and equipment | 1,643 | 2,839 | (162) |
| Restructuring charges | (9,126) | (6,766) | (639) |
| **Income from vessel operations** | 137,425 | 147,454 | 111,867 |
| Interest expense (2) | (51,346) | (57,334) | (49,333) |
| Interest income (2) | 1,530 | 1,465 | 1,783 |
| Realized and unrealized loss on derivative instruments (2) | (83,386) | (103,304) | (47,248) |
| Equity income (4) | 20,749 | 25,417 | 27,494 |
| Income tax recovery (expense) | 995 | (1,071) | (2,798) |
| Foreign exchange gain (loss) | 17,510 | (3,126) | (894) |
| Other income (loss) | 375 | (6,998) | 8,251 |
| **Net income** | 43,852 | 2,503 | 49,122 |
| Less: Net income attributable to non-controlling interests | (53,616) | (16,159) | (49,610) |
| **Net loss attributable to shareholders of Teekay Corporation** | (9,764) | (13,656) | (488) |
| Loss per common share of Teekay | | | |
| - Basic | ($ 0.13) | ($ 0.19) | ($ 0.01) |
| - Diluted | ($ 0.13) | ($ 0.19) | ($ 0.01) |
| Weighted-average number of common shares outstanding | | | |
| - Basic | 72,549,068 | 72,498,974 | 71,328,577 |

| | | | |
|---|---|---|---|
| - Diluted | 72,549,068 | 72,498,974 | 71,328,577 |

(1) The costs of certain business development and engineering studies relating to North Sea FPSO and FSO projects that the Company pursues are partially reimbursable from customers upon completion. As a result, $1.1 million of revenues and $2.0 million of costs were recognized for the three months ended December 31, 2014.

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



**- more -**

| | Three Months Ended | | |
| --- | --- | --- | --- |
| | **March 31, 2015** | **December 31, 2014** | **March 31, 2014** |
| Realized (losses) gains relating to: | | | |
| Interest rate swaps | (27,889) | (33,072) | (29,490) |
| Termination of interest rate swap agreements | | (2,319) | 1,000 |
| Foreign currency forward contracts | (5,428) | (2,828) | (1,285) |
| | (33,317) | (38,219) | (29,775) |
| Unrealized (losses) gains relating to: | | | |
| Interest rate swaps | (43,660) | (53,111) | (25,398) |
| Foreign currency forward contracts | (6,329) | (14,154) | 3,051 |
| Stock purchase warrants in TIL | (80) | 2,180 | 4,874 |
| | (50,069) | (65,085) | (17,473) |
| Total realized and unrealized losses on non-designated derivative instruments | (83,386) | (103,304) | (47,248) |

(3) The Company recognized asset impairments of $15.5 million for the three months ended March 31, 2015 related to the impairment of two shuttle tankers owned by Teekay Offshore. The impairment for the shuttle tankers was the result of a recent change in the operating plan for one shuttle tanker and the expected sale of the other shuttle tanker.

(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 that the resulting adjusted equity income can be used to evaluate the financial performance of the Company s equity accounted investments. Adjusted equity income is a non-GAAP measure.