

TEEKAY CORP
Form F-3
January 13, 2010

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Registration Statement No. 333-
As filed with the Securities and Exchange Commission on January 13, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TEEKAY CORPORATION

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands

*(State or other jurisdiction of
incorporation or organization)*

4412

*(Primary Standard Industrial
Classification Code Number)*

98-0224774

*(I.R.S. Employer
Identification Number)*

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Hamilton, HM 08, Bermuda

Telephone: (441) 298-2530

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(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Watson, Farley & Williams (New York) LLP

Attention: Daniel C. Rodgers

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Attention: David S. Matheson

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Portland, OR 97209-4128

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Attention: Catherine S. Gallagher

1455 Pennsylvania Avenue, NW

Washington, DC 20004

Approximate date of commencement of proposed sale to the public: January 13, 2010

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered | Proposed maximum offering price per note | Proposed maximum aggregate offering price ⁽¹⁾ | Amount of registration fee |
|--|-------------------------|--|--|----------------------------|
| Senior Notes due 2020 | \$300,000,000 | 100% | \$300,000,000 | \$21,390 |

(1) Estimated solely for the purpose of calculating the registration fee. The registration fee has been calculated in accordance with Rule 457(r) under the Securities Act of 1933.

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This preliminary prospectus relates to an effective registration statement but is not complete and may be changed. This preliminary prospectus is not an offer to sell these notes and is not soliciting an offer to buy these notes in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated January 13, 2010

Preliminary prospectus

Teekay Corporation

\$300,000,000

% Senior Notes due 2020

Interest payable and

We are offering \$300,000,000 aggregate principal amount of % Senior Notes due 2020. The notes will mature on , 2020. Interest on the notes will accrue from , 2010 and be payable on and of each year, commencing on , 2010.

We may redeem some or all of the notes at any time or from time to time at a redemption price that includes a make-whole premium, as described under the caption Description of notes Optional redemption. We may also redeem up to 35% of the notes prior to , 2013 with cash proceeds we receive from certain equity offerings. At your option, we may be required to repurchase the notes in whole or in part upon a change of control triggering event, as described under the caption Description of notes Covenants Repurchase of notes upon a change of control triggering event.

The notes will be our senior unsecured obligations and will rank equally with our other unsecured and unsubordinated debt from time to time outstanding. The notes will not be guaranteed by any of our subsidiaries. The notes will effectively rank behind all of our existing and future secured debt, to the extent of the value of the assets securing such debt. We are a holding company and the notes will effectively rank behind all existing and future debt and other liabilities of our subsidiaries.

Investing in the notes involves risks. You should carefully consider each of the factors described under Risk Factors beginning on page 29 of this prospectus before you invest in the notes.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

| | Public offering price ⁽¹⁾ | Underwriting discount | Proceeds, before expenses, to Teekay |
|----------|--------------------------------------|-----------------------|--------------------------------------|
| Per note | \$ | % | \$ |
| Total | \$ | \$ | \$ |

(1) Plus accrued interest, if any, from _____, 2010.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes to purchasers will be made on or about _____, 2010 in book-entry form through The Depository Trust Company for the account of its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*.

Joint book-running managers

J.P. Morgan

Citi

Deutsche Bank Securities

Co-managers

BNP PARIBAS

DnB NOR Markets

ING Wholesale

Scotia Capital

The date of this prospectus is January _____, 2010.

You should rely only on the information contained in this prospectus and the documents incorporated by reference herein and any related free writing prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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Forward-looking statements

All statements, other than statements of historical fact, included in or incorporated by reference into this prospectus are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements that are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, and the markets in which we operate. In some cases, you can identify the forward-looking statements by the use of words such as may, will, could, should, would, expect, plan, anticipate, intend, forecast, believe, estimate, predict, propose, potential, of these terms or other comparable terminology.

Forward-looking statements in this prospectus or incorporated by reference herein include, among others, statements about the following matters:

our future financial condition or results of operations and future revenues and expenses;

tanker market conditions and fundamentals, including the balance of supply and demand in these markets and spot tanker charter rates and oil production;

offshore, liquefied natural gas (or *LNG*) and liquefied petroleum gas (or *LPG*) market conditions and fundamentals, including the balance of supply and demand in these markets;

our future growth prospects;

our expected benefits from the OMI acquisition;

the sufficiency of our working capital for short-term liquidity requirements;

future capital expenditure commitments and the financing requirements for such commitments;

delivery dates of and financing for newbuildings, and the commencement of service of newbuildings under long-term time-charter contacts;

potential newbuilding order cancellations;

construction and delivery delays in the tanker industry generally;

the future valuation of goodwill;

the adequacy of restricted cash deposits to fund capital lease obligations;

our compliance with covenants under our credit facilities;

our ability to fulfill our debt obligations;

compliance with financing agreements and the expected effect of restrictive covenants in such agreements;

declining market values of our vessels and the effect on our liquidity;

operating expenses, availability of crew and crewing costs, number of off-hire days, drydocking requirements and durations and the adequacy and cost of insurance;

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our ability to capture some of the value from the volatility of the spot tanker market and from market imbalances by utilizing forward freight agreements;

the ability of the counterparties to our derivative contracts to fulfill their contractual obligations;

our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term contracts;

the cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards applicable to our business;

the impact of future regulatory changes or environmental liabilities;

taxation of our company and of distributions to our stockholders;

the expected life-spans of our vessels;

the expected impact of heightened environmental and quality concerns of insurance underwriters, regulators and charterers;

anticipated funds for liquidity needs and the sufficiency of cash flows;

our hedging activities relating to foreign exchange, interest rate, spot market and bunker fuel risks;

the effectiveness of our risk management policies and procedures and the ability of the counterparties to our derivative contracts to fulfill their contractual obligations;

the potential for additional revenue from our *Petrojarl Varg* FPSO contract based on volume of oil produced;

the growth of global oil demand;

the recent economic downturn and financial crisis in the global market, including disruptions in the global credit and stock markets, and potential negative effects of any reoccurrence of such disruptions on our customers' ability to charter our vessels and pay for our services;

our exemption from tax on our U.S. source international transportation income;

results of our discussions with certain customers to adjust the rate under our floating production, storage and offloading contracts;

our ability to competitively pursue new floating production, storage and offloading projects;

our competitive positions in our markets;

our business strategy and other plans and objectives for future operations; and

our ability to pay dividends on our common stock.

These and other forward-looking statements are subject to risks, uncertainties and assumptions, including those risks discussed in Risk Factors below and those risks discussed in other reports we file with the SEC and that are incorporated in this prospectus by reference, including, without limitation, our Annual Report on Form 20-F for the year ended December 31, 2008 and our Report on Form 6-K for the period ended September 30, 2009. The risks, uncertainties and

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assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control.

Forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events affecting us and, therefore, involve a number of risks and uncertainties, including those risks discussed in Risk Factors, and the documents incorporated by reference herein. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the effect of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

Table of Contents**Summary**

The following summary highlights selected information contained elsewhere in this prospectus and the documents incorporated by reference herein and does not contain all the information that you should consider before deciding whether to invest in the notes. For a more complete understanding of Teekay Corporation and this offering of notes, we encourage you to carefully read this entire prospectus and the other documents incorporated by reference herein. Unless otherwise indicated or the context otherwise requires, references in this prospectus to Teekay, we, us and our and similar terms refer to Teekay Corporation and/or one or more of its subsidiaries, except that those terms, when used in this prospectus in connection with the notes described herein, shall mean specifically Teekay Corporation. References in this prospectus to Teekay Parent refer to the assets, liabilities, results of operations and cash flows of Teekay Corporation and its non-publicly traded subsidiaries, which is explained in further detail on page 22 in Summary financial and operating data. Financial and operating data of Teekay Parent are not calculated or presented in accordance with generally accepted accounting principles in the United States (or GAAP). Unless otherwise indicated, all references in this prospectus to dollars and \$ are to, and amounts are presented in, U.S. Dollars, and financial information presented in this prospectus is prepared in accordance with GAAP. References in this prospectus to independent fleet owners or operators mean companies other than private or state controlled entities that operate their own fleets. Unless otherwise indicated, we include as long-term contracts those with an initial term of at least three years.

Overview

We are a leading provider of international crude oil and gas marine transportation services, and transport approximately 10% of the world's seaborne oil, primarily under long-term, fixed-rate contracts. We also offer offshore floating oil production, storage and off-loading services. With an owned and in-chartered fleet of 158 vessels (including 11 newbuildings), offices worldwide and approximately 6,300 seagoing and shore-based employees, we provide comprehensive marine services to the world's leading oil and gas companies, helping them link their upstream energy production to their downstream operations.

We are a market leader in each of the segments in which we operate. We are the third largest independent owner of liquefied natural gas (or LNG) carriers, with a fleet of 19 vessels (including four newbuildings) in addition to six liquefied petroleum gas (or LPG) carriers (including three LPG newbuildings). With a fleet of 39 shuttle tankers (including four newbuildings), we are the world's largest independent owner and operator of shuttle tankers and control over 50% of the worldwide shuttle tanker fleet. We are also one of the largest owners and operators of floating production, storage and off-loading (or FPSO) units in the North Sea, with four owned units currently operating in that region, in addition to a fifth owned FPSO unit operating off the coast of Brazil. During 2009, our FPSO units produced an average of approximately 95,000 barrels of oil per day under long-term contracts. With our fleet of 83 crude oil and petroleum product tankers, we are the largest owner and operator of mid-size conventional oil tankers. For the 12 months ended September 30, 2009, our total fleet generated revenues of approximately \$2.4 billion, net revenues of approximately \$2.0 billion, net loss of approximately \$560.4 million and Adjusted EBITDA of \$617.2 million. Please read Summary financial and operating data for reconciliations of our revenues to net revenues and of our net loss to Adjusted EBITDA.

Our customers include major international oil, energy and utility companies such as BP plc, Chevron Corporation, ConocoPhillips, ExxonMobil Corporation, Petroleo Brasileiro S.A. (or Petrobras), Ras

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Laffan Liquefied Natural Gas Company Ltd. (a joint venture between ExxonMobil Corporation and the Government of Qatar), Repsol YPF S.A., Shell, Statoil ASA, Talisman Energy, Inc. and Total S.A. We believe that customers partner with us for logistically complex projects under long-term, fixed-rate contracts due to our extensive capabilities, diverse service offerings, global operations platform, financial stability and high quality fleet and customer service. As of December 31, 2009, 37 of our contracts with customers exceeded 10 years in duration, excluding options to extend.

Over the past decade, we have transformed from being primarily an owner of ships in the cyclical spot tanker sector to being a diversified supplier of logistics services in the Marine Midstream sector. This transformation has included, among other things:

Our entry into the LNG and LPG shipping sectors and into the offshore oil production, storage and transportation sectors;

The reorganization of certain of our assets through our formation of three publicly-traded subsidiaries, which are focused on growing specific core operating segments and have expanded our investor base and access to the capital markets; and

Expansion of our fixed-rate businesses. For the 12 months ended September 30, 2009, net revenues from fixed-rate contracts with an initial term of at least three years represented 69% of our total net revenues, compared to 41% of total net revenues in 2003. For the 12 months ended September 30, 2009, net revenues from fixed-rate contracts with an initial term of at least one year represented approximately 75% of our total net revenues. As of December 31, 2009, we had under contract a total of approximately \$11.5 billion of forward, fixed-rate revenue, with a weighted-average remaining term of approximately 10.3 years (excluding options to extend).

Our three publicly-traded subsidiaries include: Teekay LNG Partners L.P. (NYSE: TGP) (or *Teekay LNG*), which we formed in 2005 and primarily operates in the LNG and LPG shipping sectors; Teekay Offshore Partners L.P. (NYSE: TOO) (or *Teekay Offshore*), which we formed in 2006 and primarily operates in the offshore oil production, storage and transportation sectors; and Teekay Tankers Ltd. (NYSE: TNK) (or *Teekay Tankers*), which we formed in 2007 and engages in the conventional tanker business. Teekay Parent, which essentially includes all our operations other than those of our publicly-traded subsidiaries, manages substantially all of the vessels in the total Teekay fleet and itself owns or in-charters a fleet of 65 vessels (including eight newbuildings), comprised of 52 conventional tankers, four FPSO units and one floating storage and offtake (or *FSO*) unit.

Through our flexible corporate structure, we have access to the debt and equity capital markets to grow each of our core businesses. Through vessel sales by Teekay Parent to its publicly-traded subsidiaries and public equity financing of such acquisitions by those subsidiaries, Teekay Parent reduced its net debt during the 12 months ended September 30, 2009 by approximately \$300 million. In November 2009, Teekay Parent further reduced its net debt by repaying \$160 million under one of its revolving credit facilities, using funds repaid to it by Teekay Offshore. As our publicly-traded subsidiaries continue to issue equity to finance their growth, structural mechanisms, including Teekay Parent's ownership of the sole general partnership interests in Teekay LNG and Teekay Offshore and its 100% ownership of Teekay Tankers' supervoting Class B shares, provide Teekay Parent with a significant level of control over these entities. Certain of Teekay's officers and directors are also officers and directors of the publicly-traded subsidiaries or, as applicable, their general partners. Please read *Certain relationships and related party transactions. Distributions* Teekay Parent receives from these subsidiaries as well as cash flow generated by assets owned by Teekay Parent have further reduced its debt level. Please see *Organizational structure* for further information about our corporate structure.

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Although our corporate structure includes our three publicly-traded subsidiaries, our operations are divided into the following segments: the liquefied gas segment; the shuttle tanker and FSO segment; the FPSO segment and the conventional tanker segment (which we further divide into the fixed-rate tanker segment and the spot tanker segment).

Our liquefied gas segment includes our LNG and LPG operations, with all delivered vessels currently owned by Teekay LNG. All of our LNG and LPG carriers operate under long-term, fixed-rate time-charter contracts, with an average remaining term of approximately 17.2 years as of December 31, 2009 (excluding options to extend). This fleet totaled 25 carriers, including seven newbuildings on order, as of December 31, 2009.

Our FPSO segment includes five FPSO units, four of which are owned by Teekay Parent and one by Teekay Offshore. All of these units operate under long-term fixed-rate contracts. As of December 31, 2009, the average remaining term for our FPSO contracts was approximately 4.5 years (excluding options to extend).

Our shuttle tanker and FSO segment includes our shuttle tankers and FSO units, all of which generally operate under long-term, fixed-rate contracts. As of December 31, 2009, this fleet consisted of 39 shuttle tankers (including four newbuildings and eight in-chartered vessels), with contracts with an average remaining term of approximately 4.3 years (excluding options to extend), and six FSO units, with contracts with an average remaining term of approximately 4.9 years (excluding options to extend). All of the shuttle tankers and FSO units are owned or operated by Teekay Offshore, except for four Aframax newbuilding shuttle tankers on order and one FSO unit, which are owned by Teekay Parent. Our shuttle tanker fleet, including newbuildings on order, has a total capacity of approximately 4.7 million deadweight tonnes (or *dwt*) and represents more than 50% of the total world shuttle tanker fleet.

Our conventional tanker segment included 73 crude oil tankers and 10 product tankers, representing the world's largest fleet of mid-size conventional oil tankers. Of this fleet, 52 tankers are owned or operated by Teekay Parent and 31 tankers are owned by Teekay Tankers, Teekay LNG or Teekay Offshore. As of December 31, 2009, we had 42 conventional tankers employed on long-term, fixed-rate time charters, with an average remaining term of approximately 4.8 years (excluding options to extend). The remainder of our conventional tanker fleet operated in the spot tanker market as of December 31, 2009.

In our conventional tanker segment, we have developed a flexible commercial operating platform. Certain of our vessels in the spot tanker segment operate pursuant to commercial pooling arrangements which include our and third party vessels and are managed either solely or jointly by us. We believe the size and scope of our commercial pooling arrangements enhance our ability to secure backhaul voyages, which improves pool vessel utilization and generates higher effective time-charter equivalent (or *TCE*) rates per vessel than might otherwise be obtained in the spot market, while providing certain cost efficiencies and a higher overall service level to customers. As of December 31, 2009, an additional 27 tankers controlled by third parties operated in our commercial pools thereby increasing our overall footprint in the conventional tanker sector from 83 to 110 vessels.

Our size, reputation and operational capabilities provide opportunities for us to in-charter third party vessels to our fleet. This flexibility allows us to expand our spot market fleet size or, by not renewing in-charters, reduce the fleet size in response to market conditions. Since the fourth quarter of 2008, we have taken steps to reduce our exposure to the weakening spot tanker market, including redelivering in-chartered vessels, chartering out vessels on fixed-rate

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time-charter contracts and selling certain spot traded vessels. As a result, we reduced our quarterly in-charter hire expense by approximately \$60 million for the quarter ended September 30, 2009 compared to the quarter ended September 30, 2008. Recent initiatives reduced our aggregate quarterly general and administrative and vessel operating expenses by \$24 million, or approximately 11%, for the quarter ended September 30, 2009 compared to the quarter ended September 30, 2008.

Our competitive strengths

Market leadership in all business segments. We are a market leader in each of the segments in which we operate. Teekay LNG is the third largest independent owner of LNG carriers. We are the world's largest independent owner and operator of shuttle tankers and control over 50% of the world shuttle tanker fleet. We are also the largest owner and operator of FPSO units in the North Sea, with four units currently operating in that region, and a fifth FPSO unit operating off the coast of Brazil. In addition, we are the largest owner and operator of mid-sized conventional oil tankers. We believe our position as a market leader in these segments enhances our reputation, which, together with the scale, diversity and quality of our operations, provides us with further opportunities to retain and increase our market position.

Increased operating and financial stability through long-term, fixed-rate contracted revenue. Over the past decade, we have diversified our revenue and cash flow mix beyond the cyclical spot tanker market and significantly increased the amount and proportion of fixed-rate revenue. For the 12 months ended September 30, 2009, approximately 75% of our total net revenue was derived from fixed-rate contracts with an initial term of at least one year. As of December 31, 2009, approximately 83% of our total fleet operating days (on a ship-equivalent basis) for 2010 were subject to fixed-rate contracts with an initial term of at least one year. As of December 31, 2009, we had under contract a total of approximately \$11.5 billion of forward, fixed-rate revenue with a weighted-average remaining term of approximately 10.3 years (excluding options to extend).

Strong credit profile, liquidity position and cash flows. Our focus on fixed-rate contracts has enabled us to secure significant recurring revenue and cash flows. As of September 30, 2009, approximately 79% of our consolidated total debt was being serviced by assets operating under long-term, fixed-rate contracts. After giving effect to (a) this offering and our intended use of the net offering proceeds as described in "Use of proceeds" and (b) the use of \$90 million of net proceeds from Teekay LNG's November 2009 public offering of common units to repay indebtedness under one of its revolving credit facilities, of our \$5.3 billion in consolidated debt as of September 30, 2009 (\$4.6 billion net of restricted cash), approximately \$4.2 billion (\$3.6 billion net of restricted cash) was attributable to our three publicly-traded subsidiaries, of which approximately 83% (93% net of restricted cash) is non-recourse to Teekay Parent. As of December 31, 2009, and after giving effect to this offering and the intended use of the net offering proceeds, we would have had approximately \$2.1 billion of available liquidity, consisting of cash on hand and undrawn revolving credit facilities, with approximately \$1.1 billion of this liquidity at the Teekay Parent level. In addition, credit facilities are currently in place to cover 98% of our current newbuilding capital expenditure commitments. After giving effect to this offering and the intended use of the net offering proceeds, as of December 31, 2009, we would have had scheduled balloon debt repayments of \$150 million, \$265 million, \$0 million and \$388 million in 2010, 2011, 2012 and 2013, respectively. Although we have liquidity and cash flow to support a significant amount of our debt obligations, we generally plan to refinance our credit facilities in advance of their maturities. During the 12 months ended September 30, 2009, Teekay Parent reduced its net debt by approximately

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\$300 million and its newbuilding capital commitments by nearly \$350 million, primarily as a result of vessel sales to its publicly-traded subsidiaries (which were financed partially with equity offerings by each subsidiary), other vessel dispositions and cash flow generated from operations. In November 2009, Teekay Parent further reduced its net debt by repaying \$160 million under one of its revolving credit facilities using funds repaid to it by Teekay Offshore .

Flexible corporate structure with increased access to capital markets. Three of our subsidiaries, Teekay LNG, Teekay Offshore and Teekay Tankers, are publicly-traded entities with structural features that provide Teekay Parent with a significant level of control over them. Our long-term objective is to continue to grow each of these subsidiaries through accretive acquisitions, primarily through vessel sales to them by Teekay Parent, and further reinforce market leadership within each sector in which these subsidiaries operate. Including the initial public offerings of Teekay LNG, Teekay Offshore and Teekay Tankers in May 2005, December 2006 and December 2007, respectively, and subsequent public offerings, we have raised over \$1.3 billion in public equity through these subsidiaries, which they primarily used to fund vessel acquisitions from Teekay Parent. Teekay Parent has used these sales proceeds primarily to prepay debt. In addition, Teekay Parent is entitled to cash distributions on its general and limited partnership interests in Teekay LNG and Teekay Offshore and on its equity interest in Teekay Tankers. Teekay Parent also has certain rights to receive increasing percentages of cash distributions from these entities to the extent per unit or per share distributions increase as a result of accretive acquisitions or otherwise, which may further enhance Teekay Parent's cash flow.

Strong, long-term relationships with high credit quality customers. We have developed strong relationships with our customers, which include major international oil, energy and utility companies such as BP plc, Chevron Corporation, ConocoPhillips, ExxonMobil Corporation, Petrobras, Ras Laffan Liquefied Natural Gas Company Ltd. (a joint venture between ExxonMobil Corporation and the Government of Qatar), Repsol YPF S.A., Shell, Statoil ASA, Talisman Energy, Inc. and Total S.A. We have never experienced a material default by a customer under a long-term, fixed-rate contract. We attribute the strength of our customer relationships, and the opportunity to partner with our customers on many long-term, logistically complex projects, to the diversity and depth of our service offerings, our reputation for consistent delivery of high-quality services and our financial stability. As of December 31, 2009, we had 37 customer contracts with terms exceeding 10 years, excluding options to extend.

Scale, diversity and high quality of service offerings. The size of, and broad range of vessel types in, our fleet of 158 vessels permit us to offer to customers a comprehensive range of midstream logistics services, including ship-based transportation, production and storage options. This has contributed to our playing an increasingly prominent role in our customers' logistics chains by positioning us as a one-stop-shop for these services and providing economies of scale. We believe we are an industry leader in safety and environmental standards. We benefit from higher quality control over commercial and technical management due to our expertise in and ability to perform all significant functions in-house, such as operational and technical support, tanker maintenance, crewing, shipyard supervision, insurance and financial management services.

Experienced management team. The members of Teekay's senior management team have on average more than 20 years of experience in the shipping industry, including an average of approximately 11 years with Teekay. Our executives have experience managing through multiple economic cycles and expertise across commercial, technical, financial and other functional management areas of our business, which helps promote a focused marketing effort, stringent quality and cost controls, and effective operations and safety monitoring.

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Maintain segment leading positions through increased customer adoption of our diversified service offerings and fleet growth. We offer to our customers a one-stop-shop for a comprehensive range of marine midstream logistical services. We have over 30 years experience in the oil tanker business and maintain worldwide operations. Since 2004, we have expanded our service offerings to include ship-based oil production and storage and marine transportation of LNG and LPG. Many of our customers use more than one of the types of major services we offer. By pursuing new customer relationships and leveraging existing relationships, we seek to continue to increase customer adoption of our diversified service offerings. We intend to continue to grow our fleet by pursuing growth opportunities through Teekay Parent and our publicly-traded subsidiaries. We also intend to maintain our leadership positions in the segments in which we operate by leveraging our established reputation for maintaining high standards of performance, reliability and safety.

Maintain a balanced chartering strategy to increase cash flow. We will continue to focus on entering into long-term, fixed-rate contracts with customers and expect that these contracts will continue to generate a substantial majority of our revenues and cash flows. We plan to continue to maintain some of our vessels in the spot market in order to take advantage of ongoing market opportunities. Our size, reputation and operational capabilities also provide opportunities for us to in-charter third party vessels, including vessels that may trade on the spot market. This provides us flexibility in expanding or, by not renewing in-charters, reducing our fleet size, in response to market conditions. In addition, through participating in and managing commercial pools of vessels, we seek to increase returns on our spot fleet and provide additional resources to our customers, without the need for additional capital investments.

Continue to increase cash flows and improve our financial position. We intend to continue to improve our cash flows and financial condition while capitalizing on attractive growth opportunities. As part of this strategy, Teekay Parent intends to continue to offer to sell additional vessels from time to time to its publicly-traded subsidiaries. We anticipate that these transactions, if accepted by the subsidiaries, will help Teekay Parent monetize these assets and reduce its debt level while maintaining operating control of the vessels through existing management agreements. Teekay Parent also has certain rights to receive increasing percentages of cash distributions from these entities to the extent per unit or per share distributions increase as result of accretive acquisitions or otherwise. We also intend to continue the strategy we employed throughout 2009 to increase profitability and cash flows through, among other measures, seeking to recontract certain FPSO units and shuttle tankers at more favorable rates and carefully managing our general and administrative and vessel operating expenses.

Expand offshore and gas operations in high growth regions. We continually monitor expansion opportunities in our existing and in new markets. In particular, we seek to expand our FPSO and FSO and shuttle tanker operations in growing offshore markets in which we currently operate, such as Brazil, the North Sea and Australia, and we intend to pursue opportunities in promising offshore markets where we do not regularly operate, such as the Arctic, Eastern Canada, the Gulf of Mexico, Africa, the Middle East and Southeast Asia. In addition, we seek to capitalize on opportunities emerging from the global expansion of the LNG and LPG sectors by selectively targeting long-term, fixed-rate charters with high credit quality customers.

Continue our focus on maintaining high quality, cost-effective marine operations. Our operational focus is to continue to be an industry leader in safety and risk management, to maintain cost-effective operations, to ensure high quality customer service with a large,

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diversified and well-maintained asset base, and to employ well-trained onshore and offshore staff. We believe achievement of these objectives allows us to deliver superior services to our customers. We apply key performance indicators to facilitate regular monitoring of our operational performance. We intend to continue to maintain all significant operating, commercial, technical and administrative functions in-house to ensure stringent operational and quality control. We believe these strategies will enhance our ability to obtain repeat business from our customers and attract new customers, as well as to operate our fleet with greater efficiencies.

Organizational structure

The following chart depicts our simplified organizational structure as of December 31, 2009. Vessel number information includes owned, in-chartered and newbuildings. Please read Fleet list.

- (1) The partnership is controlled by its general partner. Teekay Corporation indirectly owns a 100% beneficial ownership in the general partner. However, in certain limited cases, approval of a majority of the unitholders of the partnership is required to approve certain actions.
- (2) Teekay Tankers has two classes of shares: Class A common stock and Class B common stock. Teekay Corporation indirectly owns 100% of the Class B shares which have five votes each but aggregate voting power capped at 49%. As a result of Teekay Corporation's ownership of Class A and Class B shares, it currently holds aggregate voting power of 51.6%.
- (3) Includes 48 vessels owned by Teekay Offshore Operating L.P.

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As of December 31, 2009, our total fleet consisted of 158 vessels, including in-chartered vessels and newbuildings on order but excluding vessels we commercially manage for third parties, as summarized in the following table:

| Teekay Corporation fleet list | Owned vessels | Number of vessels Chartered-in | | Total |
|--|--------------------------|---|---------------------|--------------|
| | | vessels | Newbuildings | |
| Teekay Parent fleet⁽¹⁾ | | | | |
| Aframax tankers ⁽²⁾ | 6 | 16 | | 22 |
| Suezmax tankers ⁽³⁾ | 13 | 6 | | 19 |
| VLCC tankers | | 1 | | 1 |
| Product tankers | 8 | 2 | | 10 |
| LNG carriers ⁽⁴⁾ | | | 4 | 4 |
| Shuttle tankers | | | 4 | 4 |
| FPSO units ⁽⁵⁾ | 4 | | | 4 |
| FSO units ⁽⁵⁾ | 1 | | | 1 |
| | | | | |
| Total Teekay Parent fleet | 32 ⁽¹⁰⁾ | 25 | 8 | 65 |
| | | | | |
| Teekay Offshore fleet | | | | |
| Shuttle tankers ⁽⁶⁾ | 27 | 8 | | 35 |
| FSO units ⁽⁷⁾ | 5 | | | 5 |
| FPSO unit | 1 | | | 1 |
| Aframax tankers ⁽⁸⁾ | 11 | | | 11 |
| | | | | |
| Total Teekay Offshore fleet | 44 | 8 | | 52 |
| | | | | |
| Teekay LNG fleet | | | | |
| LNG carriers ⁽⁹⁾ | 15 | | | 15 |
| LPG carriers | 3 | | 3 | 6 |
| Suezmax tankers | 8 | | | 8 |
| | | | | |
| Total Teekay LNG fleet | 26 | | 3 | 29 |

Teekay Tankers fleet

| | | | | |
|--|---------------------------|-----------|-----------|------------|
| Aframax tankers | 9 | | | 9 |
| Suezmax tankers | 3 | | | 3 |
| Total Teekay Tankers fleet | 12 | | | 12 |
| Total Teekay consolidated fleet | 114⁽¹⁰⁾ | 33 | 11 | 158 |

- (1) Excludes the fleet of Teekay Offshore Operating L.P. (or *OPCO*), which is owned 51% by Teekay Offshore and 49% by Teekay Parent. All of *OPCO*'s 48 vessels are included within the Teekay Offshore fleet.
- (2) Excludes nine vessels chartered-in from Teekay Offshore and one vessel chartered-in from Teekay Tankers.
- (3) Includes one Suezmax tanker Teekay Parent has agreed to offer to Teekay Tankers by June 18, 2010.
- (4) Excludes two LNG carriers chartered-in from Teekay LNG. Includes four LNG newbuildings on order in which Teekay Parent's ownership interest is 33%. Teekay Parent has agreed to offer to Teekay LNG its interest in these four vessels and related charter contracts no later than 180 days before the scheduled delivery dates of the vessels, which are between August 2011 and January 2012.

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- (5) Teekay Parent has agreed to offer to Teekay Offshore any FPSO and FSO units that service contracts in excess of three years in duration.
- (6) Includes two shuttle tankers owned directly by Teekay Offshore, including one vessel in which its ownership is 50%. Includes 25 shuttle tankers owned by OPCO (including five vessels in which OPCO's ownership is 50%) and eight vessels chartered-in by OPCO.
- (7) Includes one FSO unit owned directly by Teekay Offshore and four units owned by OPCO, including one FSO unit in which OPCO's ownership is 89%.
- (8) All these vessels are owned by OPCO. Includes two lightering vessels.
- (9) Includes five LNG carriers in which Teekay LNG's ownership is 70% and four LNG carriers in which its ownership is 40%.
- (10) Based on our most recent vessel valuations and current sale and purchase market conditions, we estimate that the fair market values of our owned fleet and of Teekay Parent's owned fleet, on a charter-free basis, are approximately \$7.2 billion and \$2.5 billion, respectively.

Industry overview

The following industry overview highlights recent growth trends and data provided by the International Energy Agency (or the *IEA*), the International Maritime Associates (or the *IMA*) and Clarkson Research Services Limited (or *CRSL*) for the sectors in which we operate. This summary should be read together with the discussion under the caption "Business Industry Overview" included elsewhere in this prospectus.

Liquefied natural gas shipping

The LNG industry continues to grow as natural gas remains one of the world's fastest growing primary energy sources. LNG carriers provide a cost-effective means for transporting natural gas by supercooling it into a liquid form, which reduces its volume to approximately 1/600th of its gaseous state. The IEA estimates that global demand of natural gas will grow from approximately 3,000 billion cubic meters (or *Bcm*) in 2007 to nearly 4,300 Bcm in 2030, representing a compounded annual growth rate (or *CAGR*) of 1.5%. The IEA anticipates that a resumption of economic growth in 2010, the favorable environmental and practical attributes of natural gas over other fossil fuels, and constraints on how quickly low-carbon energy technologies can be commercially developed, are expected to provide growth in demand for natural gas worldwide.

Between 2000 and 2007, the annual amount of LNG shipped internationally increased by a CAGR of 7.3%, from approximately 104 million metric tonnes (or *MMT*) per annum to 170.8 MMT per annum as a result of improvements in liquefaction and regasification technologies, decreases in LNG shipping costs and increases in demand from consuming regions located far from natural gas reserves. In its latest long-term energy outlook published in November 2009, the IEA forecasted that the global natural gas inter-regional trade would grow from 677 Bcm in 2007 to 1,070 Bcm in 2030 (a CAGR of approximately 2%), and that the percentage of this trade represented by LNG would grow from approximately 34% in 2007 to approximately 40% in 2030. Accordingly, global LNG inter-regional trade is expected to grow from 225 Bcm in 2007 to 425 Bcm in 2030 (a CAGR of approximately 3%).

The charts below illustrate the historical and projected volume of global inter-regional natural gas trade and demand for the periods and regions presented.

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World inter-regional natural gas trade

Global natural gas demand

Source: IEA World Energy Outlook, November 2009

LNG carriers are usually chartered to carry LNG pursuant to time-charter contracts, where a vessel is hired for a fixed period of time, typically between 20 and 25 years, and the charter rate is payable to the owner on a monthly basis at a fixed rate. LNG projects require significant capital expenditures and typically involve an integrated chain of dedicated facilities and cooperative activities. Accordingly, the overall success of an LNG project depends to a large extent on long-range planning and coordination of project activities, including marine transportation. As of January 1, 2010, the global LNG fleet consisted of 338 existing carriers and 43 newbuildings on order.

In recent years, niche opportunities for floating regasification and receiving terminals have developed in Brazil, Italy and the Middle East. There has also recently been increased demand for development of floating liquefaction projects and we expect this trend to continue.

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Offshore oil industry

Oil continues to be the world's primary energy source as it has been for a number of decades, with consumption of oil accounting for approximately 35% of global energy consumption. In November 2009, the IEA forecasted that world demand for liquid fuels and other petroleum would grow from approximately 85.0 million barrels per day (or *mb/d*) in 2008 to 105.2 *mb/d* in 2030, representing a CAGR of 1%.

The table below illustrates historical and projected future oil prices for the periods presented in nominal amounts and real amounts (i.e. nominal amounts adjusted for inflation).

Long-term oil price scenarios

Source: IEA World Energy Outlook, November 2009

As reflected in the chart above, the IEA projects oil prices to remain on an upward trend in its reference case, which is based on the assumption of a global economic recovery. The main factors driving upward trend in oil prices are the rising marginal cost of supply and demand growth in countries that are not members of the Organisation for Economic Co-operation and Development (or *OECD*). This trend is also a fundamental driver for offshore oil production.

Offshore oil production, in which oil is obtained from reservoirs beneath the ocean floor, is accounting for an increasing share of total global oil production. In particular, deepwater oil production is one of the fastest growing areas of the global oil industry and is replacing shallow water as the main focus of offshore oil field development. Deepwater oil production, characterized by wells located in water depths greater than 1,000 feet, has developed as conventional land-based or shallow-water reserves become depleted and exploration and production technologies have advanced to make oil extraction from deep water oil discoveries feasible. Shuttle tankers, FSO units and FPSO units are an important part of the supporting infrastructure for deepwater offshore development, as conventional offshore solutions, such as jackups and semi-submersibles, are generally better suited for shallow water oil production. Although the duration of FPSO contracts varies, it typically is between five and 15 years plus extension options. For smaller fields, FPSO units have generally been provided by independent FPSO contractors under life-of-field production contracts, where the contract's duration is for the useful life of the oil field. FPSO unit contracts generally provide for a fixed hire rate that is

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related to the cost of the unit, a fluctuating component based on either the amount of oil produced and processed by the unit, or both.

Brazil is a leading frontier in the offshore market where approximately 85% of oil production currently comes from offshore fields. Brazil's Petrobras has announced plans to double its oil production by 2020 and has started a large investment plan of approximately \$174.4 billion out to 2013.

Based on IMA data, the demand for FPSO units and FSO units is projected to increase over the next few years. The main growth regions for new projects are expected to include Brazil, Africa, Australia and Southeast Asia. In addition to the large projects in these areas, there is a mixture of small and medium-sized projects which provide niche opportunities as well (e.g. harsh weather regions, heavy oil production).

The following table shows the number of offshore projects planned or under study as of November 2009.

**170 projects involving floating production or storage systems are planned or under study
(as of November 2009)**

Source: IMA, November 2009

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The following table reflects forecast FPSO and FSO unit orders through 2014, and related estimated aggregate capital expenditures for those units, based on varying prices for oil per barrel.

**Forecast of FPSO and FSO unit orders through 2014
(including redeployments)**

Source: IMA, March 2009

Conventional oil tankers

Historically the conventional oil tanker industry has been cyclical in nature, experiencing volatility in profitability due to changes in the supply of and demand for tanker capacity, oil and oil products.

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The following charts illustrate spot charter rates, expressed as the quarterly average of daily TCE rates and time-charter (or *TC*) rates (for three-year, time-charter contracts) for double hull Suezmax and Aframax conventional oil tankers, as applicable, from 2007 to 2009. Information for January 2010 is based on average daily rates through January 8, 2010.

Suezmax Spot Charter TCE Rates vs. Three-Year TC Rates

Source: CRSL, January 2010

Aframax Spot Charter TCE Rates vs. Three Year TC Rates

Source: CRSL, January 2010

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2009 tanker market summary. According to CRSL, average Suezmax crude tanker spot market rates were \$28,361 per day in 2009, which was lower than the average spot rate for the five-year period from 2004 through 2008 of \$60,265 per day. Average Aframax crude tanker spot market rates were \$15,780 per day in 2009, which was lower than the average spot rate for the five-year period from 2004 through 2008 of \$42,044 per day. The global economic downturn, which resulted in the steepest oil demand contraction since the early 1980s, coupled with the growth in the global tanker fleet, were the primary causes of the decline in rates in 2009. Since the end of the third quarter of 2009, spot rates have increased as a result of improving economic fundamentals, seasonal factors and the use of tankers for floating storage, which tightened active fleet supply.

2010 tanker market fundamentals.

The table below shows the growth in the global gross domestic product (or *GDP*) versus growth in demand for oil for the periods presented.

Global GDP vs. oil demand growth

Sources: IMF, October 2009

IEA, December 2009

Demand. In October 2009, the IMF estimated that global GDP will grow by 3.1% from 2009 to 2010, after contracting by 1.1% from 2008 to 2009. The global economic recovery is expected to be led to a large extent by energy-intensive Asian economies such as China and India. Vehicle sales in China in 2009 were 46% higher than sales in 2008. The IEA is currently forecasting global oil demand growth of 1.5 mb/d, or 1.7%, in 2010, approximately half of which is expected to come from emerging Asia and OECD North America, which are regions dependent on seaborne oil imports. Non-OPEC supply is estimated to grow by 0.3 mb/d in 2010, with a majority of this growth expected to come from the Former Soviet Union (or *FSU*) and Latin America, which is likely to increase medium-sized tanker demand. If non-OPEC oil supply growth is lower than estimated, that likely would further increase demand for longer-haul Middle East OPEC crude.

Supply. According to CRSL, during 2009, the global tanker fleet grew by 29.6 million deadweight tonnage (or *mdwt*), or 7%, as vessel deliveries totaled 48.2 mdwt and removals were 18.5 mdwt. The pace of tanker scrapping increased in the second half of 2009 in

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anticipation of 2010, which is the International Maritime Organization's mandated phase-out target for single-hull tankers. According to CRSL, as of January 1, 2010, the world tanker orderbook was 132.3 mdwt and there were 38.6 mdwt of existing single-hull tankers in the world fleet. Factors which could dampen tanker fleet supply growth in 2010 include:

higher than expected delivery delays, which is particularly relevant for the Suezmax sector where deliveries in 2009 totaled 7.1 mdwt compared to 10.9 mdwt expected at the beginning of the year;

a well-enforced single-hull tanker phase-out; and

potential tanker newbuilding order cancellations, particularly as tanker deliveries scheduled for 2010 and 2011 are the most expensive units currently on order.

Refinancing transaction

On January 12, 2010, we commenced a tender offer and consent solicitation (or the *Tender Offer*) for our outstanding 8.875% Senior Notes due 2011 (or the *8.875% Senior Notes*), of which \$176.6 million in aggregate principal amount was outstanding as of December 31, 2009. Pursuant to the Tender Offer, we are (1) offering to purchase for cash any and all of the 8.875% Senior Notes validly tendered on or prior to the expiration date of the Tender Offer for a total consideration of up to \$1,078 per \$1,000 principal amount of 8.875% Senior Notes plus accrued and unpaid interest and (2) soliciting consents to certain proposed amendments to the indenture governing the 8.875% Senior Notes. The total consideration includes a tender offer premium of \$60 and a consent payment of \$18, in each case per \$1,000 principal amount of 8.875% Senior Notes. The consent payment will only be paid for tenders made prior to 5:00 p.m., New York City time, on January 26, 2010 (as such date may be extended, the *Consent Payment Deadline*). The Tender Offer is scheduled to expire at 11:59 p.m., New York City time, on February 9, 2010 and is subject to the satisfaction of certain conditions, including our issuing indebtedness having an aggregate principal amount of at least \$300 million in one or more debt financings on terms reasonably satisfactory to us and our receipt of valid tenders and consents from holders of not less than a majority in aggregate principal amount of the 8.875% Senior Notes. If the conditions to the Tender Offer have been satisfied on or prior to the Consent Payment Deadline, we expect to accept for purchase all 8.875% Senior Notes validly tendered and in respect of which consents have been validly delivered on or prior to the Consent Payment Deadline and purchase such 8.875% Senior Notes promptly thereafter.

This offering is not conditioned upon our completion of the Tender Offer. If any condition of the Tender Offer is not satisfied, we are not obligated to accept for purchase, or to pay for, any of the 8.875% Senior Notes tendered and may delay acceptance for payment of any tendered notes, in each case subject to applicable laws. We may also terminate, extend or amend the Tender Offer and may postpone the acceptance for purchase of, and payment for, the 8.875% Senior Notes tendered. This prospectus is not an offer to purchase the 8.875% Senior Notes. The Tender Offer is made only by and pursuant to the terms of an Offer to Purchase and Consent Solicitation Statement and the related Letter of Transmittal, each dated January 12, 2010, as the same may be amended or supplemented.

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Corporate information

The Teekay organization was founded in 1973. Teekay is incorporated under the laws of the Republic of The Marshall Islands and we maintain our principal executive headquarters at 4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda. Our telephone number at such address is (441) 298-2530. Our principal operating office is located at Suite 2000, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2K2. Our telephone number at such address is (604) 683-3529. We maintain a website at <http://www.teekay.com>. The information on our website is not part of this prospectus, and you should rely only on the information contained in this prospectus and the documents we incorporate by reference herein when making a decision as to whether to invest in the notes.

Table of Contents**The offering**

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of notes section of this prospectus contains a more detailed description of the terms and conditions of the notes.

| | |
|-------------------------------|--|
| Issuer | Teekay Corporation |
| Notes offered | \$300 million principal amount of % Senior Notes due 2020. |
| Maturity | , 2020. |
| Issue price | %. |
| Interest payment dates | and of each year, commencing , 2010. |

Ranking The notes will rank equally in right of payment with all of our existing and future senior unsecured debt and senior to our existing and future subordinated debt. The notes will effectively rank behind all of our existing and future secured debt, to the extent of the value of the assets securing such debt.

We are a holding company and the notes will effectively rank behind all existing and future debt and other liabilities of our subsidiaries.

As of September 30, 2009 and after giving effect to (a) this offering and the proposed application of the net offering proceeds to (i) purchase all of the outstanding 8.875% Senior Notes in the Tender Offer and (ii) repay a portion of the borrowings outstanding under one of our revolving credit facilities as described in Use of proceeds, and (b) the use of \$90 million of net proceeds from Teekay LNG's November 2009 public offering of common units to repay indebtedness under one of its revolving credit facilities, we would have had approximately \$5.3 billion of debt on a consolidated basis, of which approximately \$4.8 billion would have been debt of our subsidiaries, all of which is secured by assets of our subsidiaries and approximately \$2.0 billion of which is guaranteed on an unsecured basis by Teekay Corporation (including obligations under capital leases secured by \$470 million of restricted cash deposits). Our consolidated debt as of September 30, 2009 included obligations of our subsidiaries under capital leases secured by \$627 million of restricted cash deposits. Of our consolidated debt, as of September 30, 2009, approximately \$4.2 billion (\$3.6 billion net of restricted cash) was attributable to our three publicly-traded subsidiaries, of which approximately 83% (93% net of restricted cash) is non-recourse to Teekay Parent.

In addition to our consolidated debt, as of September 30, 2009, our total proportionate interest in debt of joint ventures we do not control was \$398 million, of which Teekay Corporation has

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guaranteed \$58.7 million and which otherwise is non-recourse to us.

As of September 30, 2009, and after giving effect to this offering and the proposed application of the net offering proceeds as described in Use of proceeds, Teekay Parent would have had approximately \$1.3 billion of debt, of which \$450 million would have been direct obligations of Teekay Corporation and \$810 million would have been debt secured by assets of subsidiaries within Teekay Parent, all of which is guaranteed by Teekay. Please read Description of notes General.

If less than all of our 8.875% Senior Notes are purchased pursuant to the Tender Offer, Teekay Parent's senior unsecured debt will be higher.

For a more detailed description of our debt and that of Teekay Parent, please read Description of other indebtedness.

Guarantees

The notes will not be guaranteed by any of our subsidiaries.

Additional amounts

All payments with respect to the notes will be made without withholding or deduction for taxes imposed by the Republic of The Marshall Islands or any jurisdiction from or through which payment on the notes is made unless required by law or the interpretation or administration thereof, in which case, subject to certain exceptions, we will pay such additional amounts as may be necessary so that the net amount received by the holders after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction. Please read Description of notes Additional amounts.

Optional redemption

We may redeem all or a portion of the notes at any time before their maturity date at a redemption price equal to the greater of (a) 100% of the principal amount of the notes to be redeemed and (b) the sum of the present value of the remaining scheduled payments of principal and interest discounted to the redemption date at the treasury yield plus 50 basis points. Please read Description of notes Optional redemption.

In addition, prior to _____, 2013, we may redeem up to 35% of the notes with the net proceeds of certain equity offerings at a redemption price equal to _____% of their principal amount plus accrued interest to the date of redemption. Please read Description of notes Redemption with proceeds from equity offerings.

Tax redemption

If we become obligated to pay additional amounts under the notes as a result of changes affecting certain withholding taxes, we may redeem all, but not less than all, of the notes at 100% of their principal amount plus accrued interest to the date of redemption.

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| | |
|---|---|
| | Please read Description of notes Redemption for changes in withholding taxes. |
| Change of control offer | Upon a Change of Control Triggering Event, which requires both a Change of Control and a Rating Decline (as defined herein), we will be obligated to make an offer to purchase all outstanding notes at a redemption price of 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase. Please read Description of notes Covenants Repurchase of notes upon a Change of Control Triggering Event. |
| Certain indenture provisions | The indenture governing the notes will contain covenants limiting our ability to: create liens; or merge, or consolidate or transfer, sell or lease all or substantially all of our assets. These covenants are subject to a number of important limitations and exceptions which are described under the heading Description of notes Covenants. |
| Use of proceeds | We intend to use the net proceeds from the issuance of the notes in this offering to fund the Tender Offer for all of our outstanding 8.875% Senior Notes and to repay a portion of the borrowings outstanding under one of our revolving credit facilities. Please read Use of proceeds. |
| Absence of public market for the notes | The notes will be new securities for which there is no market. There can be no assurance that an active trading market for the notes will develop, or, if it develops, will continue to exist. Although the underwriters have informed us that they currently intend to make a market in the notes, they are not obligated to do so, and any such market making may be discontinued at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. |
| Original issue discount | The notes may be issued with original issue discount for U.S. federal income tax purposes, referred to as <i>OID</i> . If the notes are issued with <i>OID</i> , U.S. holders will be required to include <i>OID</i> in gross income for U.S. federal tax purposes in advance of the receipt of cash attributable to that income, regardless of the holders' method of accounting for U.S. federal income tax purposes. Please read Certain United States federal income tax considerations Tax consequences to U.S. holders Stated interest and <i>OID</i> on the notes. |

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Summary financial and operating data

The following table presents, in each case for the periods and as at the dates indicated, (a) our summary consolidated financial and operating data and (b) certain summary financial and operating data of Teekay Parent.

The summary historical financial and operating data has been prepared on the following basis:

the historical consolidated financial and operating data as at and for the years ended December 31, 2006, 2007 and 2008 are derived from our audited consolidated financial statements and the notes thereto, which are included elsewhere in this prospectus;

the consolidated historical financial and operating data as at and for the nine months ended September 30, 2008 and 2009 are derived from our unaudited interim consolidated financial statements and the notes thereto, which, other than the unaudited interim consolidated balance sheet as at September 30, 2008, are included elsewhere in this prospectus.

Effective January 1, 2009 we adopted:

an amendment to Financial Accounting Standards Board (or *FASB*) Accounting Standards Codification (or *ASC*) 810, *Consolidation*, which requires that non-controlling interests in subsidiaries held by parties other than us be identified, labeled and presented in the consolidated balance sheet within equity, but separate from the stockholders equity. This amendment requires that the amount of consolidated net income (loss) attributable to the stockholders and to the non-controlling interest be clearly identified on the consolidated statements of income (loss). This amendment also requires that distributions from our publicly-traded subsidiaries to non-controlling interests are reflected as a financing cash outflow in our statements of cash flows; and

a new presentation format (the *Derivatives Reclassification*) for gains (losses) from our derivative instruments that are not designated for accounting purposes as cash flow hedges at inception. These gains (losses) are now reported in realized and unrealized gains (losses) on non-designated derivative instruments within our statements of income (loss) rather than being included in revenue, voyage expenses, vessel operating expenses, general and administrative expenses, interest expense, interest income and foreign exchange gain (loss).

FASB ASC 810 is required to be applied retroactively and we adopted the Derivatives Reclassification with retroactive effect. However, throughout this prospectus the adoption of this standard and presentation change are only reflected in:

our unaudited consolidated balance sheet as of September 30, 2009 and related unaudited balance sheet data as of September 30, 2008;

our unaudited consolidated statements of income (loss), comprehensive income (loss) and cash flows for the nine months ended September 30, 2009 and 2008;

our unaudited consolidated financial and operating data as of and for the nine months ended September 30, 2009 and 2008; and

the unaudited historical and as adjusted historical financial and operating data of us on a consolidated basis and of Teekay Parent, in each case for the 12 months ended September 30, 2009.

Other balance sheets, consolidated statements of income (loss), stockholders' equity, cash flows and related financial and operating data as of and for each of the years in the three-year period ended December 31, 2008, or as of or for any other period referenced in this prospectus, have not been adjusted to reflect our adoption of the amendment to ASC 810 and the Derivatives

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Reclassification. The retroactive application of the adoption of the amendments to ASC 810 would have decreased our consolidated net loss by approximately \$9.6 million for the year ended December 31, 2008 and would have increased our consolidated net income by approximately, \$8.9 million and \$6.8 million for the years ended December 31, 2007 and 2006, respectively. There would be no changes to net income resulting from the Derivative Reclassification.

the unaudited consolidated historical financial and operating data for the 12 months ended September 30, 2009 have been prepared by adding the data from our year-ended December 31, 2008 financial statements adjust to reflect the adoption of the amendments to ASC 810 and the Derivatives Reclassification (the Adjusted December 31, 2008 consolidated financial statements) to the data in our unaudited interim consolidated financial statements for the nine months ended September 30, 2009, and subtracting our consolidated results of operations, cash flows and other data for the nine months ended September 30, 2008;

our as adjusted consolidated financial and operating data for the 12 months ended September 30, 2009 has been prepared by adjusting our historical consolidated financial and operating data for such period as prepared in the manner described in the immediately preceding bullet point to give effect to the following (the *Adjustments*): (i) \$91.9 million of net proceeds received from Teekay LNG's public offering of 3.95 million common units in November 2009 and the application of \$90.0 million of the net proceeds thereof to pay down a portion of one of its revolving credit facilities, (ii) Teekay Offshore's borrowing in November 2009 of \$160.0 million under a new revolving credit facility and the use of such funds to pay down a portion of Teekay's revolving credit facilities, (iii) the repurchase of \$17.4 million of our outstanding 8.875% Senior Notes for an aggregate price of \$18.0 million in November 2009 and (iv) this offering and the intended use of the net offering proceeds as described in Use of proceeds, as if such events had occurred on October 1, 2008, and assuming that all remaining outstanding 8.875% Senior Notes are purchased in the Tender Offer and an interest rate of 9.0% on the notes issued in this offering; and

the as adjusted historical financial and operating data of Teekay Parent as at and for the 12 months ended September 30, 2009 have been prepared by subtracting from our historical consolidated financial and operating data for such period, as prepared in a manner described above, the combined historical results of operations, cash flows and other data of our publicly-traded subsidiaries Teekay Offshore, Teekay LNG and Teekay Tankers as at such date and for such period, and adjusting the results by the Adjustments. The historical results of operations and other data of our publicly-traded subsidiaries as at and for the 12 months ended September 30, 2009 have been prepared, for the purposes of preparing the Teekay Parent data described above, by (a) adding the results of operations, cash flows and other data for each such subsidiary as reflected in the Adjusted December 31, 2008 consolidated financial statements to the results of operations, cash flows and other data for each such subsidiary as reflected in its unaudited consolidated financial statements for the nine months ended September 30, 2009, and (b) subtracting the results of operations and other data for each subsidiary as reflected in its adjusted unaudited consolidated financial statements for the nine months ended September 30, 2008. These amounts are further adjusted to subtract the results of operations and cash flows of vessels sold from Teekay Parent to our publicly-traded subsidiaries for periods prior to the date the vessel was sold. The sale of vessels from Teekay Parent to our publicly-traded subsidiaries, both entities under common control, are accounted for by our publicly-traded subsidiaries as if the sale occurred from the date that the acquired vessels were first in control of Teekay Parent and had begun operations. Consequently, as a result of our further adjustment, vessels sold from Teekay Parent to our publicly-listed subsidiaries are reflected in Teekay Parent for the periods prior to the sale of the vessel and are reflected in our publicly-traded subsidiaries for periods subsequent to the sale of the

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vessel. The as adjusted financial and operating data of Teekay Parent reflects transactions with its publicly-traded subsidiaries.

Interim results may not be indicative of full year results, and historical and as adjusted results may not be indicative of future results. Certain historical amounts have been reclassified to conform to the current presentation.

Because we control the general partner of each of Teekay Offshore and Teekay LNG, and because we hold a majority of the voting power of Teekay Tankers, the financial results of these entities are included in Teekay's consolidated financial results. However, Teekay Offshore, Teekay LNG and Teekay Tankers function with capital structures that are independent of each other and us, with each having publicly traded equity.

The table below includes four financial measures – net revenues, EBITDA, Adjusted EBITDA and cash interest expense – which we use in our business and are not calculated or presented in accordance with generally accepted accounting principles in the United States (or *GAAP*). We explain these measures and reconcile them to their most directly comparable financial measures calculated and presented in accordance with GAAP in notes 9, 10 and 13, respectively, for the three years ended December 31, 2006, 2007 and 2008 and the nine month periods ended September 30, 2008 and 2009 in the table below. In addition, the table includes historical and financial operating data of Teekay Parent, which are not calculated or presented in accordance with GAAP and are also reconciled to their most directly comparable financial measures presented in accordance into GAAP.

The following table should be read together with, and is qualified in its entirety by reference to, the historical consolidated financial statements and accompanying notes included or incorporated by reference in this prospectus. This table should also be read together with Management's discussion and analysis of financial condition and results of operations included or incorporated by reference in this prospectus.

| (in thousands, except ratios) | 2006 | Year ended December 31, | | 2008 | 2008 | 2009 | 2009 |
|--|--------------|-------------------------|--------------|--------------|--------------|--------------|-------------|
| | | 2007 | 2008 | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Income statement data: | | | | | | | |
| Revenues ⁽¹⁾ | \$ 2,013,737 | \$ 2,395,507 | \$ 3,193,655 | \$ 2,432,123 | \$ 1,649,392 | \$ 2,446,712 | |
| Operating expenses: | | | | | | | |
| Voyage expenses ⁽¹⁾⁽²⁾ | 522,957 | 527,308 | 758,388 | 572,685 | 225,253 | 410,956 | |
| Vessel operating expenses ⁽¹⁾⁽³⁾ | 248,039 | 447,146 | 654,319 | 469,517 | 437,299 | 607,730 | |
| Time-charter hire expense | 402,168 | 466,481 | 612,123 | 445,444 | 348,243 | 514,888 | |
| Depreciation and amortization | 223,965 | 329,113 | 418,802 | 312,900 | 321,856 | 427,758 | |
| General and administrative expenses ⁽¹⁾ | 181,500 | 231,865 | 244,522 | 184,735 | 156,073 | 211,908 | |
| Gain on sale of vessels and equipment net of write-downs | (1,341) | (16,531) | (60,015) | (39,713) | (10,286) | (30,588) | |
| Goodwill impairment charge ⁽⁴⁾ | | | 334,165 | | | 334,165 | |
| Restructuring charges ⁽⁵⁾ | 8,929 | | 15,629 | 11,180 | 12,017 | 16,466 | |
| Total operating expenses | 1,586,217 | 1,985,382 | 2,977,933 | 1,956,748 | 1,490,455 | 2,493,283 | |

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| | | | | | | |
|---|------------|-----------|--------------|-----------|-----------|-----------|
| Income (loss) from vessel operations | 427,520 | 410,125 | 215,722 | 475,375 | 158,937 | (46,571) |
| Other items: | | | | | | |
| Interest expenses ⁽¹⁾ | (100,089) | (422,433) | (994,966) | (215,139) | (111,505) | (188,962) |
| Interest incomes ⁽¹⁾ | 31,714 | 110,201 | 273,647 | 73,408 | 15,894 | 39,597 |
| Realized and unrealized (loss) gain on non-designated derivative instruments ⁽¹⁾ | | | | (125,542) | 83,066 | (364,307) |
| Other income (loss), net | (40,751) | (28,639) | (10,473) | (10,119) | (1,700) | (9,118) |
| Total other items | (109,126) | (340,871) | (731,792) | (277,392) | (14,245) | (522,790) |
| Net income before non-controlling interests and income taxes | 318,394 | 69,254 | (516,070) | 197,983 | 144,692 | (569,361) |
| Non-controlling interests ⁽⁶⁾ | (6,759) | (8,903) | (9,561) | | | |
| Income tax recovery (expense) | (8,811) | 3,192 | 56,176 | 35,022 | (12,174) | 8,980 |
| Net income (loss) ⁽⁶⁾ | \$ 302,824 | \$ 63,543 | \$ (469,455) | 233,005 | 132,518 | (560,381) |
| Less: Net (income) loss attributable to non-controlling interests ⁽⁶⁾ | | | | (51,587) | (33,902) | 8,124 |

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| | Year ended December 31, | | | Nine months ended | | Twelve months ended |
|---|-------------------------|--------------|--------------|-------------------|--------------------|---------------------|
| | 2006 | 2007 | 2008 | 2008 | September 30, 2009 | September 30, 2009 |
| (in thousands, except ratios) | | | | (unaudited) | (unaudited) | (unaudited) |
| Net income (loss) attributable to stockholders of Teekay Corp. ⁽⁶⁾ | | | | \$ 181,418 | \$ 98,616 | \$ (552,257) |
| Balance sheet data: (at end of period) | | | | | | |
| Cash and cash equivalents | \$ 343,914 | \$ 442,673 | \$ 814,165 | \$ 875,613 | \$ 495,402 | \$ 495,402 |
| Restricted cash ⁽⁷⁾ | 679,992 | 686,196 | 650,556 | 734,704 | 652,938 | 652,938 |
| Total vessels and equipment ⁽⁸⁾ | 5,603,316 | 6,846,875 | 7,267,094 | 7,371,364 | 6,890,768 | 6,890,768 |
| Total assets | 8,110,329 | 10,418,541 | 10,215,001 | 11,700,259 | 9,662,233 | 9,662,233 |
| Total long-term debt | 3,252,677 | 5,263,584 | 4,952,792 | 6,111,837 | 4,518,729 | 4,518,729 |
| Total obligations under capital leases | 853,385 | 857,280 | 817,341 | 852,441 | 824,365 | 824,365 |
| Non-controlling interest ⁽⁶⁾ | 461,887 | 544,339 | 583,938 | 668,563 | 757,167 | 757,167 |
| Total equity (excluding non-controlling interest) ⁽⁶⁾ | 2,519,147 | 2,655,954 | 2,068,467 | | | |
| Total equity (including non-controlling interest) ⁽⁶⁾ | | | | 3,454,341 | 2,955,584 | 2,955,584 |
| Cash flow data: | | | | | | |
| Net cash provided by (used in): | | | | | | |
| Operating activities ⁽⁶⁾ | \$ 520,785 | \$ 255,018 | \$ 431,847 | \$ 317,315 | \$ 298,300 | \$ 504,626 |
| Financing activities ⁽⁶⁾ | 299,256 | 2,114,199 | 767,878 | 945,798 | (400,743) | (670,457) |
| Investing activities | (713,111) | (2,270,458) | (828,233) | (830,173) | (216,320) | (214,380) |
| Other financial data: | | | | | | |
| Net revenues ⁽¹⁾⁽⁹⁾ | \$ 1,490,780 | \$ 1,868,199 | \$ 2,435,267 | \$ 1,859,438 | \$ 1,424,139 | \$ 2,035,756 |
| EBITDA ⁽¹⁰⁾ | 603,975 | 701,696 | 614,490 | 652,614 | 562,159 | 7,762 |
| Adjusted EBITDA ⁽¹⁰⁾ | 630,408 | 660,485 | 882,868 | 686,334 | 420,687 | 617,221 |
| Ratio of earnings to fixed charges ⁽¹¹⁾⁽¹²⁾ | 3.1x | 1.1x | | 1.7x | 1.7x | N/A |
| Capital expenditures: | | | | | | |
| Expenditures for vessels and equipment | \$ (442,470) | \$ (910,304) | \$ (716,765) | \$ (546,334) | \$ (431,607) | \$ (602,038) |
| Expenditures for drydocking | (31,120) | (85,403) | (101,511) | (60,905) | (58,815) | (99,421) |

As adjusted financial data Consolidated:

| | |
|---|-----------|
| EBITDA ⁽¹⁰⁾ | \$ 7,762 |
| Adjusted EBITDA ⁽¹⁰⁾ | 617,221 |
| Cash interest expense ⁽¹³⁾ | 268,170 |
| Cash and cash equivalents | 479,334 |
| Total debt (less restricted cash) ⁽¹⁴⁾ | 4,605,690 |
| Ratio of total debt (less restricted cash) to Adjusted EBITDA ⁽¹⁰⁾⁽¹²⁾⁽¹⁴⁾ | 7.5x |
| Ratio of total debt less total cash to Adjusted EBITDA ⁽¹⁰⁾⁽¹²⁾⁽¹⁴⁾ | 6.7x |
| Ratio of Adjusted EBITDA to cash interest expense ⁽¹⁰⁾⁽¹³⁾ | 2.3x |

As adjusted financial data Teekay Parent:

| | |
|---|--------------|
| EBITDA ⁽¹⁰⁾ | \$ (327,975) |
| Adjusted EBITDA ⁽¹⁰⁾ | 250,846 |
| Cash distributions from public subsidiaries ⁽¹⁵⁾ | 130,106 |
| Cash distributions from OPCO ⁽¹⁶⁾ | 54,427 |
| Cash interest expense ⁽¹³⁾ | 100,961 |
| Cash and cash equivalents | 227,839 |
| Total debt (less restricted cash) ⁽¹⁴⁾⁽¹⁷⁾ | 1,097,256 |
| Ratio of total debt (less restricted cash) to Adjusted EBITDA ⁽¹⁰⁾⁽¹⁴⁾⁽¹⁷⁾ | 4.4x |
| Ratio of total debt less total cash to Adjusted EBITDA ⁽¹⁰⁾⁽¹⁴⁾⁽¹⁷⁾ | 3.5x |
| Ratio of Adjusted EBITDA to cash interest expense ⁽¹⁰⁾⁽¹³⁾ | 2.5x |

(1) If adjusted for the adoption of the Derivatives Reclassification, realized and unrealized gain (loss) on non-designated derivative instruments on the consolidated statement of income (loss) for the years ended December 31, 2008, 2007 and 2006 would be included as a separate line item on the statements of income (loss) rather than in revenue, voyage expenses, vessel operating expenses, general and administrative expenses, interest expense, interest income and foreign exchange gain (loss), respectively.

(2) Voyage expenses are all expenses unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions.

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- (3) Vessel operating expenses include crewing, repairs and maintenance, insurance, stores, lube oils and communication expenses.
- (4) Goodwill impairment charge was from a write-down of goodwill from the Teekay Petrojarl acquisition. Based on an impairment analysis, management concluded that the carrying value of goodwill in the FPSO segment exceeded its fair value by \$334.2 million as of December 31, 2008. As a result, an impairment loss of \$334.2 million has been recognized in our consolidated statement of income (loss) for the year ended December 31, 2008.
- (5) Restructuring charges generally include costs relating to vessel reflaggings, crew changes, office closures, global staffing changes and business unit reorganization.
- (6) If adjusted for the adoption of the FASB ASC 810 amendment, (a) non-controlling interest expense on our consolidated statements of income (loss) for the years ended December 31, 2008, 2007 and 2006 would be included as a component of net income and would be considered a reconciling item from net income to net income attributable to stockholders of Teekay Corp., (b) distributions from our publicly-traded subsidiaries to non-controlling interests would be reflected as a financing cash outflow in our statements of cash flows and (c) non-controlling interest on our balance sheets for the comparable periods would be included as a component of stockholders' equity.
- (7) Substantially all restricted cash deposits relate to Teekay LNG. Under certain capital lease arrangements, Teekay LNG maintains restricted cash deposits that, together with interest earned on the deposits, will equal the remaining scheduled payments it owes under the capital leases. The interest Teekay LNG receives from those deposits is used solely to pay interest associated with the capital leases, and the amount of interest it receives approximates the amount of interest it pays on the capital leases.
- (8) Total vessels and equipment consists of (a) owned vessels, at cost less accumulated depreciation, (b) vessels under capital leases, at cost less accumulated amortization and (c) advances on newbuildings.
- (9) Consistent with general practice in the shipping industry, we use net revenues (or revenues less voyage expenses) as a measure of equating revenues generated from voyage charters to revenues generated from time charters, which assists us in making operating decisions about the deployment of our vessels and their performance. Under time-charter contracts, the charterer typically pays the voyage expenses, whereas under voyage charter contracts the shipowner typically pays the voyage expenses. Some voyage expenses are fixed, and the remainder can be estimated. If we, as the shipowner, pay the voyage expenses, we typically pass the approximate amount of these expenses on to our customers by charging higher rates under the contract or billing the expenses to them. As a result, although voyage revenues from different types of contracts may vary, the net revenues after subtracting voyage expenses, or net revenues, are comparable across the different types of contracts. We principally use net revenues, a non-GAAP financial measure, because it provides more meaningful information than revenues, the most directly comparable GAAP financial measure. Net revenues are also widely used by investors and analysts in the shipping industry for comparing financial performance between companies in the shipping industry to industry averages. The following table reconciles net revenues with revenues.

| Year ended | Nine months ended | Twelve months |
|------------|----------------------|------------------|
|------------|----------------------|------------------|

| (in thousands) | 2006 | 2007 | December 31, 2008 | December 31, 2008 | 2009 (unaudited) | September 30, 2009 (unaudited) | ended September 30, (unaudited) |
|-----------------|--------------|--------------|----------------------|----------------------|---------------------|--------------------------------------|---------------------------------------|
| Revenues | \$ 2,013,737 | \$ 2,395,507 | \$ 3,193,655 | \$ 3,193,655 | \$ 2,432,123 | \$ 1,649,392 | \$ 2,446,712 |
| Voyage expenses | 522,957 | 527,308 | 758,388 | 758,388 | 572,685 | 225,253 | 410,956 |
| Net revenues | \$ 1,490,780 | \$ 1,868,199 | \$ 2,435,267 | \$ 2,435,267 | \$ 1,859,438 | \$ 1,424,139 | \$ 2,035,756 |

- (10) EBITDA represents earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA before restructuring charges, unrealized foreign exchange gain (loss), gain on sale of vessels and equipment net of writedowns, goodwill impairment charge and amortization of in-process revenue contracts, realized losses (gains) on interest rate swaps, share of realized and unrealized losses (gains) on interest rate swaps in non-consolidated joint ventures, unrealized loss (gain) on derivative instruments, and non-controlling interest. EBITDA and Adjusted EBITDA are used as supplemental financial measures by management and by external users of our financial statements, such as investors, as discussed below.

Financial and operating performance. EBITDA and Adjusted EBITDA assist our management and security holders by increasing the comparability of our fundamental performance from period to period and against the fundamental performance of other companies in our industry that provide EBITDA or Adjusted EBITDA-based information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest expense, taxes, depreciation or amortization (or other items in determining Adjusted EBITDA), which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including EBITDA and Adjusted EBITDA as a financial and operating measure benefits security holders in (a) selecting between investing in us and other investment alternatives and (b) monitoring our ongoing financial and operational strength and health in assessing whether to continue to hold our equity, or debt securities, as applicable.

Liquidity. EBITDA and Adjusted EBITDA allow us to assess the ability of assets to generate cash sufficient to service debt, pay dividends and undertake capital expenditures. By eliminating the cash flow effect resulting from our existing capitalization and other items such as drydocking expenditures, working capital changes and foreign currency exchange gains and losses (which may vary significantly from period to period), EBITDA and Adjusted EBITDA provide a consistent measure of our ability to generate cash over the long term. Management uses this information as a significant factor in determining (a) our proper capitalization (including assessing how much debt to incur and whether changes to the capitalization should be made) and (b) whether to undertake material capital expenditures and how to finance them, all in light of our dividend policy. Use of EBITDA and Adjusted EBITDA as liquidity measures also permits security holders to assess the fundamental ability of our business to generate cash sufficient to meet cash needs, including dividends on shares of our common stock and repayments under debt instruments.

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Neither EBITDA nor Adjusted EBITDA should be considered as an alternative to net income, income from vessel operations, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Therefore, EBITDA and Adjusted EBITDA as presented below may not be comparable to similarly titled measures of other companies.

The following table reconciles our historical consolidated EBITDA and Adjusted EBITDA to net income, and our historical consolidated Adjusted EBITDA to net operating cash flow.

| (in thousands) | Historical consolidated | | | | | |
|---|-------------------------|-------------------|-------------------|--------------------|--------------------|---------------------|
| | Year ended December 31, | | | Nine months ended | | Twelve months ended |
| | 2006 | 2007 | 2008 | September 30, 2008 | September 30, 2009 | September 30, 2009 |
| Income statement data: | | | | | | |
| Reconciliation of EBITDA and Adjusted EBITDA to Net income | | | | | | |
| Net income (loss) | \$ 302,824 | \$ 63,543 | \$ (469,455) | \$ 233,005 | \$ 132,518 | \$ (560,381) |
| Income taxes | 8,811 | (3,192) | (56,176) | (35,022) | 12,174 | (8,980) |
| Depreciation and amortization | 223,965 | 329,113 | 418,802 | 312,900 | 321,856 | 427,758 |
| Interest expense, net of interest income | 68,375 | 312,232 | 721,319 | 141,731 | 95,611 | 149,365 |
| EBITDA | \$ 603,975 | \$ 701,696 | \$ 614,490 | \$ 652,614 | \$ 562,159 | \$ 7,762 |
| Restructuring charges | \$ 8,929 | \$ | \$ 15,629 | \$ 11,180 | \$ 12,017 | \$ 16,466 |
| Foreign exchange (gain) loss | 50,416 | 39,912 | (32,348) | (8,323) | 39,900 | 15,992 |
| Gain on sale of vessels and equipment net of writedowns | (1,341) | (16,531) | (60,015) | (39,713) | (10,286) | (30,588) |
| Goodwill impairment charge | | | 334,165 | | | 334,165 |
| Amortization of in-process revenue contracts | (22,404) | (70,979) | (74,425) | (55,733) | (56,719) | (75,411) |
| Unrealized loss (gains) on derivative instruments | (11,912) | (20,850) | 38,724 | 95,366 | (195,048) | 239,869 |
| Realized losses (gains) on interest rate swaps | | | | 28,361 | 91,737 | 101,662 |
| Realized and unrealized losses (gains) on interest rate | | | 32,959 | 2,582 | (23,073) | 7,304 |

swaps in non-consolidated
joint ventures

| | | | |
|---|---------|--------|-------|
| Realized gains (losses) on FX forwards | (4,014) | 18,334 | 4,128 |
| Non-controlling interest | 6,759 | 8,903 | 9,561 |

| | | | | | | |
|------------------------|------------|------------|------------|------------|------------|------------|
| Adjusted EBITDA | \$ 630,408 | \$ 660,485 | \$ 882,868 | \$ 686,334 | \$ 420,687 | \$ 617,221 |
|------------------------|------------|------------|------------|------------|------------|------------|

**Reconciliation of Adjusted
EBITDA to Net operating
cash flow**

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Net operating cash flow | \$ 520,785 | \$ 255,018 | \$ 431,847 | \$ 317,315 | \$ 298,300 | \$ 504,626 |
| Expenditures for drydocking | 31,120 | 85,403 | 101,511 | 60,905 | 58,815 | 99,421 |
| Interest expense, net of interest income | 68,375 | 312,232 | 721,319 | 141,731 | 95,611 | 149,365 |
| Change in non-cash working capital items related to operating activities | (50,360) | 43,871 | 28,816 | 103,055 | (132,802) | (207,041) |
| Gain on sale of marketable securities | 1,422 | 9,577 | 4,576 | 4,576 | | |
| Writedown of marketable securities | | | (20,157) | (13,885) | | (6,272) |
| Writedown of intangible assets | | | (9,748) | | (1,076) | (10,824) |
| Loss on bond repurchase | (375) | (947) | (1,310) | (1,310) | | |
| Equity income (loss) from joint ventures (net of dividends received) | (486) | (11,419) | (30,352) | (7,278) | 26,914 | 3,840 |
| Other net | (5,956) | 28,586 | 17,532 | 48,083 | 2,851 | (27,583) |
| Employee stock compensation | (9,297) | (9,676) | (14,117) | (8,981) | (8,607) | (13,743) |
| Restructuring charges | 8,929 | | 15,629 | 11,180 | 12,017 | 16,466 |
| Unrealized (losses) gains on interest rate swaps and forward contracts | 45,334 | (119,905) | (491,559) | | | |
| Realized (losses) gains on interest rate swaps | | | | 28,361 | 91,737 | 101,662 |
| Realized and unrealized losses (gains) on interest rate swaps in non-consolidated joint ventures | | | 32,959 | 2,582 | (23,073) | 7,304 |
| Realized gains (losses) on FX forwards | (4,014) | 18,334 | 4,128 | | | |
| Distributions from subsidiaries to non-controlling interests | 24,931 | 49,411 | 91,794 | | | |

| | | | | | | |
|------------------------|------------|------------|------------|------------|------------|------------|
| Adjusted EBITDA | \$ 630,408 | \$ 660,485 | \$ 882,868 | \$ 686,334 | \$ 420,687 | \$ 617,221 |
|------------------------|------------|------------|------------|------------|------------|------------|

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The following table reconciles for (a) Teekay on a consolidated basis and (b) Teekay Parent, both individually and with respect to each other, (i) Teekay's consolidated and Teekay Parent's EBITDA and Adjusted EBITDA to net income, each on an historical and as adjusted basis, and (b) Teekay's consolidated and Teekay Parent's Adjusted EBITDA to net operating cash flow, each on an historical and as adjusted basis. Teekay Parent's numbers, which are not calculated or presented in accordance with GAAP, are reconciled to Teekay's consolidated numbers for the twelve months ended September 30, 2009 which are the financial measures most directly comparable to GAAP measures.

The combined historical results of operations and other data of our publicly-traded subsidiaries (Teekay Offshore, Teekay LNG and Teekay Tankers) as at and for the 12 months ended September 30, 2009 has been prepared in the manner described above in this Summary financial and operating data.

| | As adjusted | | | |
|--|---|---------------------|---------------------|---------------------|
| | Twelve months ended September 30, 2009 | | | |
| | (unaudited) | | | |
| | Teekay | Public | | Teekay |
| | consolidated | subsidiaries | Adjustments | Parent |
| (in thousands) | | | | |
| Income statement data: | | | | |
| Reconciliation of EBITDA and Adjusted EBITDA to Net loss | | | | |
| Net Income (loss) | \$ (560,381) | \$ 3,351 | | \$ (563,732) |
| Interest expense, net of interest income | 149,365 | 95,896 | | 53,469 |
| Income taxes | (8,980) | (7,721) | | (1,259) |
| Depreciation and amortization | 427,758 | 244,211 | | 183,547 |
| EBITDA | \$ 7,762 | \$ 335,737 | | \$ (327,975) |
| Cash distributions from public subsidiaries ⁽¹⁵⁾ | \$ | \$ | \$ (130,106) | \$ 130,106 |
| Cash distributions from OPCO ⁽¹⁶⁾ | | | (54,427) | 54,427 |
| Restructuring charge | 16,466 | 7,106 | | 9,360 |
| Foreign exchange (gain) loss | 15,992 | 17,191 | | (1,199) |
| Gain on sale of vessels and equipment net of writedowns | (30,588) | | | (30,588) |
| Goodwill impairment charge | 334,165 | | | 334,165 |
| Amortization of in-process revenue contracts | (75,411) | (421) | | (74,990) |
| Unrealized losses on derivative instruments | 239,869 | 133,793 | | 106,076 |
| Realized losses (gains) on interest rate swaps | 101,662 | 62,882 | | 38,780 |
| Realized losses (gains) on interest rate swaps in joint ventures | 7,304 | (5,380) | | 12,684 |
| Adjusted EBITDA | \$ 617,221 | \$ 550,908 | \$ (184,533) | \$ 250,846 |

Reconciliation of Adjusted EBITDA to Net operating cash flow

| | | | | |
|--|-------------------|-------------------|---------------------|-------------------|
| Net operating cash flow | \$ 504,626 | \$ 421,239 | | \$ 83,387 |
| Expenditures for drydocking | 99,421 | 47,542 | | 51,879 |
| Interest expense, net of interest income | 149,365 | 95,896 | | 53,469 |
| Change in non-cash working capital items related to operating activities | (207,041) | (86,649) | | (120,392) |
| Gain on sale of marketable securities | | | | |
| Writedown of marketable securities | (6,272) | | | (6,272) |
| Writedown of intangible assets | (10,824) | | | (10,824) |
| Loss on bond repurchase | | | | |
| Equity income (net of dividends received) | 3,840 | 11,507 | | (7,667) |
| Other net | (27,583) | (2,865) | | (24,718) |
| Employee stock compensation | (13,743) | (370) | | (13,373) |
| Restructuring charges | 16,466 | 7,106 | | 9,360 |
| Realized losses (gains) on interest rate swaps | 101,662 | 62,882 | | 38,780 |
| Realized losses (gains) on interest rate swaps in joint ventures | 7,304 | (5,380) | | 12,684 |
| Cash distributions from public subsidiaries ⁽¹⁵⁾ | | | (130,106) | 130,106 |
| Cash distributions from OPCO ⁽¹⁶⁾ | | | (54,427) | 54,427 |
| Adjusted EBITDA | \$ 617,221 | \$ 550,908 | \$ (184,533) | \$ 250,846 |

(11) This data is unaudited for all periods presented. For purposes of computing our ratio of earnings to fixed charges on a consolidated basis, earnings is the result of adding (a) pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, (b) fixed charges, (c) amortization of capitalized interest, (d) distributed income of equity investees and subtracting interest capitalized. Fixed charges represent (i) interest expensed and capitalized, (ii) amortized premiums, discounts and capitalized expenses related to indebtedness, and (iii) interest within time charter hire expense. For the year ended December 31, 2008 the ratio of earnings to fixed charges was less than 1.0x. The amount of the deficiency for this period was \$508.1 million.

(12) In addition to our consolidated debt, as of September 30, 2009, our total proportionate interest in debt of joint ventures we do not control was \$398 million, of which Teekay Corporation has guaranteed \$58.7 million and which otherwise is non-recourse to us.

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- (13) Cash interest expense represents total interest expense less interest income and amortization of capitalized loan costs plus capitalized interest and realized losses on interest rate swaps. Management believes that cash interest expense, as a supplemental financial measure, is useful for analyzing the cash flow needs and debt service requirements of Teekay.

The following table reconciles cash interest expense, a non-GAAP financial measure, to interest expense, the most directly comparable GAAP financial measure, for Teekay on both a historical consolidated and as adjusted basis:

| (in thousands) | Teekay consolidated Twelve months ended September 30, 2009 (unaudited) | | |
|--|---|--------------------|------------------------|
| | Historical | Adjustments | As adjusted |
| Interest expense | \$ 188,962 | \$ 9,023 | \$ 197,985 |
| Interest income | (39,597) | | (39,597) |
| Capitalized interest | 15,502 | | 15,502 |
| Realized losses on interest rate swaps | 101,662 | | 101,662 |
| Amortization of capitalized loan costs | (7,382) | | (7,382) |
| Cash interest expense | \$ 259,147 | \$ 9,023 | \$ 268,170 |

The following table reconciles cash interest expense to interest expense of Teekay on a consolidated basis and of Teekay Parent, both individually and with respect to each other, each on an as adjusted basis.

| (in thousands) | Twelve months ended September 30, 2009 (unaudited) | | |
|--|---|---|---|
| | Teekay consolidated, as adjusted | Public subsidiaries, as adjusted | Teekay Parent, as adjusted |
| Interest expense | \$ 197,985 | \$ 137,426 | \$ 60,559 |
| Interest income | (39,597) | (31,658) | (7,939) |
| Capitalized interest | 15,502 | 2,096 | 13,406 |
| Realized losses on interest rate swaps | 101,662 | 62,882 | 38,780 |
| Amortization of capitalized loan costs | (7,382) | (3,537) | (3,845) |

| | | | |
|-----------------------|------------|------------|------------|
| Cash interest expense | \$ 268,170 | \$ 167,209 | \$ 100,961 |
|-----------------------|------------|------------|------------|

- (14) The ratio of total debt (less restricted cash) to Adjusted EBITDA represents total debt less restricted cash as of September 30, 2009 divided by Adjusted EBITDA for the 12 months ended September 30, 2009. The ratio of total debt less total cash to Adjusted EBITDA represents total debt less total cash and restricted cash as of September 30, 2009 divided by Adjusted EBITDA for the 12 months ended September 30, 2009.
- (15) The aggregate amount of cash distributions to Teekay Parent from Teekay Offshore, Teekay LNG and Teekay Tankers for 2006, 2007, 2008 and the nine months ended September 30, 2008 and 2009 was \$43.5 million, \$62.4 million, \$119.1 million, \$81.6 million and \$92.6 million, respectively.
- (16) Includes cash distributions to Teekay Parent based on its 49% ownership interest in OPCO, which is Teekay Offshore's primary operating subsidiary and which had a fleet of 48 vessels as of December 31, 2009. This interest is in addition to Teekay Parent's indirect ownership interest in OPCO through its ownership interest in Teekay Offshore. Teekay Parent received \$54.4 million of distributions from OPCO during the 12 months ended September 30, 2009.
- (17) Teekay Parent guarantees \$737 million (\$268 million net of restricted cash) of indebtedness of Teekay's publicly-traded subsidiaries.

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Risk factors

Investing in the notes involves risks. Before investing in the notes, you should carefully consider all of the information included or incorporated by reference into this prospectus. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations or affect the notes. If any of the risks described below or other risks incorporated by reference into this prospectus were to occur, our business, financial condition or operating results could be materially adversely affected.

Risks related to our ownership interests in Teekay Offshore, Teekay LNG and Teekay Tankers

We are not the only equity holders of Teekay Offshore, Teekay LNG and Teekay Tankers, and the respective partnership agreements of Teekay Offshore and Teekay LNG require them, and Teekay Tankers policy is, to distribute all available cash to their respective equity holders, including public unitholders and stockholders.

Teekay Offshore and Teekay LNG are publicly-traded limited partnerships and Teekay Tankers is a publicly-traded company. As of December 31, 2009, we indirectly owned:

a 40.5% partnership interest in Teekay Offshore (including a 2% general partner interest) and all incentive distribution rights of Teekay Offshore;

a 49.2% partnership interest in Teekay LNG (including a 2% general partner interest) and all incentive distribution rights of Teekay LNG; and

a 42.2% interest in Teekay Tankers (including 1.0 million shares of Class A Common Stock and 12.5 million shares of Class B Common Stock).

The remainder of the outstanding limited partner interests or capital stock in each of Teekay Offshore, Teekay LNG and Teekay Tankers are owned by public unitholders and stockholders. Although Teekay Offshore's and Teekay LNG's respective partnership agreements require them, and Teekay Tankers' policy is, to distribute, on a quarterly basis, 100% of their available cash to their respective unitholders of record and their respective general partners or stockholders of record, as applicable, we are not the only limited partners of Teekay Offshore and Teekay LNG or the only stockholders of Teekay Tankers and, therefore, we receive only our proportionate share of cash distributions from each of Teekay Offshore, Teekay LNG and Teekay Tankers based on our partner interests or stockholdings in each of them. The remainder of the quarterly cash distributions is distributed, pro rata, to the public unitholders or stockholders.

For each of Teekay Offshore, Teekay LNG and Teekay Tankers, available cash is generally all cash on hand at the end of each quarter, after payment of fees and expenses and the establishment of cash reserves by their respective general partners or, in the case of Teekay Tankers, its board of directors. Although we own the general partner of each of Teekay Offshore and Teekay LNG and currently possess voting control of Teekay Tankers, Teekay Offshore's and Teekay LNG's respective general partners and Teekay Tankers' board of directors determine the amount and timing of cash distributions by Teekay Offshore, Teekay LNG and Teekay Tankers, respectively,

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and have broad discretion to establish and make additions to the respective entity's reserves in amounts the general partner or board of directors determines to be necessary or appropriate:

to provide for the proper conduct of partnership business and the businesses of its operating subsidiaries (including reserves for future capital expenditures and for anticipated future credit needs);

for Teekay Offshore and Teekay LNG, to provide funds for distributions to the respective unitholders and the respective general partner for any one or more of the next four calendar quarters; or

to comply with applicable law or any loan or other agreements.

Accordingly, cash distributions we receive on our ownership interests in Teekay Offshore and Teekay LNG may be reduced at any time, or we may not receive any cash distributions from these entities, which would in turn reduce our cash available to service our debt, including the notes.

The amount of cash that Teekay Offshore, Teekay LNG and Teekay Tankers will be able to distribute to its unitholders and stockholders, including Teekay, principally depends upon the amount of cash these entities can generate from their respective businesses.

The amount of cash that Teekay Offshore, Teekay LNG or Teekay Tankers will be able to distribute to its partners or stockholders, including Teekay, each quarter principally depends upon the amount of cash it can generate from its respective business. The amount of cash that Teekay Offshore, Teekay LNG and Teekay Tankers will generate may fluctuate from quarter to quarter based on, among other things, factors described under Risks relating to our business. A significant decline in the results of operations of Teekay Offshore, Teekay LNG or Teekay Tankers could reduce the amount of its distributions to its partners or stockholders, including Teekay.

In addition, the actual amount of cash that Teekay Offshore, Teekay LNG or Teekay Tankers will have available for distribution will depend on other factors, some of which are beyond its control, including:

the level of capital expenditures it makes;

the cost of any acquisitions;

its debt service requirements;

fluctuations in its working capital needs;

restrictions on distributions contained in its debt agreements;

prevailing economic conditions; and

the amount of cash reserves established by its general partner or board of directors in its sole discretion for the proper conduct of its business.

Because of these factors, none of Teekay Offshore, Teekay LNG or Teekay Tankers may have sufficient available cash each quarter to continue paying distributions to their respective partners or stockholders, including us, at their current or historical levels or at all. The amount of cash that Teekay Offshore, Teekay LNG and Teekay Tankers have available for distribution

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depends primarily upon their respective cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by non-cash items. As a result, Teekay Offshore, Teekay LNG or Teekay Tankers may make cash distributions during periods when it records losses and may not make cash distributions during periods when it records profits.

A reduction in Teekay Offshore's or Teekay LNG's distributions will disproportionately affect the amount of cash distributions to which Teekay is currently entitled as the holder of the incentive distribution rights of each partnership.

Teekay's ownership of the incentive distribution rights of Teekay Offshore and Teekay LNG entitles it to receive increasing percentages, up to 50%, of incremental quarterly cash distributions by Teekay Offshore and Teekay LNG. Recent quarterly distributions by each of Teekay Offshore and Teekay LNG have exceeded these thresholds and entitled Teekay to greater percentages of their respective cash distributions, including up to 25% of certain incremental distributions. A decrease in the amount of distributions per unit by Teekay Offshore or Teekay LNG below the incentive distribution rights thresholds would reduce Teekay's percentage of the incremental cash distributions. A decrease in the amount of distributions per unit by Teekay Offshore or Teekay LNG may be caused by a variety of circumstances, including if Teekay Offshore or Teekay LNG generates less cash available for distributions or if the board of directors of their respective general partners determines to create larger reserves in computing cash available for distribution. Even if cash available for distribution remained stable, Teekay Offshore or Teekay LNG may determine to modify the incentive distribution rights to reduce the percentage of incremental cash distributions such incentive distribution rights are entitled to receive.

Teekay will not receive cash distributions on its subordinated units of Teekay Offshore and Teekay LNG if distributions by those entities are less than their respective minimum quarterly distributions.

Teekay holds 9.8 million subordinated units of Teekay Offshore and 7.4 million subordinated units of Teekay LNG. Under the partnership agreements of Teekay Offshore and Teekay LNG, during the applicable subordination period for the subordinated units, the common units of Teekay Offshore or Teekay LNG will have the right to receive distributions of available cash from operating surplus in an amount equal to the minimum quarterly distribution of \$0.35 per quarter for Teekay Offshore (or approximately \$3.4 million per quarter based on the current number of outstanding subordinated units) and \$0.4125 per unit for Teekay LNG (or approximately \$3.0 million per quarter based on the current number of outstanding subordinated units), plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on their subordinated units. Distribution arrearages do not accrue on the subordinated units. Accordingly, Teekay will not receive distributions on its subordinated units of Teekay Offshore and Teekay LNG during the subordination periods if the distributions are less than the respective minimum quarterly distributions. For the year ended December 31, 2008 and the nine months ended September 30, 2009, Teekay received \$16.7 million and \$13.2 million of distributions on its subordinated units from Teekay Offshore and \$26.5 million and \$14.7 million of distributions on its subordinated units from Teekay LNG.

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Each of Teekay Offshore, Teekay LNG and Teekay Tankers have issued significant amounts of additional common units or common shares to finance vessel acquisitions from Teekay, which have reduced Teekay's percentage ownership interest in these entities. In addition, Teekay Offshore, Teekay LNG and Teekay Tankers may issue additional limited partner interests or other equity securities, which may increase the risk that Teekay Offshore, Teekay LNG or Teekay Tankers will not have sufficient available cash to maintain or increase cash distribution levels to its unitholders or stockholders, including Teekay.

Teekay Offshore, Teekay LNG and Teekay Tankers each has discretion to issue additional limited partner interests or other equity securities on the terms and conditions established by its general partner or board of directors, as applicable. Since their respective initial public offerings, each of Teekay Offshore, Teekay LNG and Teekay Tankers has purchased vessels from Teekay and issued additional common units or common shares to the public to finance these acquisitions. Teekay is required to offer to Teekay Offshore, Teekay LNG and Teekay Tankers certain vessels for purchase, and intends to offer additional vessels for purchase from time to time. The issuance by Teekay Offshore, Teekay LNG or Teekay Tankers of additional common units, common shares or other equity securities to third parties to finance these or other vessel acquisitions, or otherwise:

may increase the risk that Teekay Offshore or Teekay LNG will be unable to maintain or increase its quarterly cash distribution per unit, which in turn may reduce the amount of incentive distributions Teekay receives as the holder of incentive distribution rights of such entities; and

will reduce Teekay's ownership interest in Teekay Offshore, Teekay LNG or Teekay Tankers, as applicable, which may reduce the amount of the quarterly cash distributions it receives.

Teekay may sell some or all of its equity interests in Teekay Offshore, Teekay LNG and Teekay Tankers.

Subject to compliance with the terms of the indenture governing the notes that restrict the sale of all or substantially all of Teekay's assets, Teekay may sell some or all of its equity interests in Teekay Offshore, Teekay LNG and Teekay Tankers without the consent of holders of the notes. The indenture will neither limit the consideration Teekay receives nor will it require Teekay to use the proceeds to repay indebtedness or make reinvestments. If Teekay sold its partner and equity interests in Teekay Offshore, Teekay LNG or Teekay Tankers, Teekay would no longer receive distributions in respect of the sold interests, and Teekay's cash available to service its debt, including the notes, may be adversely affected.

Conflicts of interest may arise because the respective boards of directors of the general partners of Teekay Offshore and Teekay LNG have a fiduciary duty to manage the general partners in a manner that is beneficial to their owners, and at the same time, in a manner that is beneficial to the respective unitholders of Teekay Offshore and Teekay LNG.

Teekay owns the respective sole general partners of Teekay Offshore and Teekay LNG. Each of the board of directors of these general partners owes a fiduciary duty to the respective unitholders of Teekay Offshore and Teekay LNG, and not just to Teekay as owner of the general partners. As a result of these potential conflicts, the boards of directors of the general partners of Teekay Offshore and Teekay LNG may favor the interests of the public unitholders of Teekay Offshore or Teekay LNG over the interests of Teekay as the owner of the general partners.

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None of Teekay Offshore, Teekay LNG or Teekay Tankers are subject to the provisions of the indenture governing the notes.

None of Teekay Offshore, Teekay LNG or Teekay Tankers is a guarantor of the notes or party to the indenture governing the notes. Each of these entities may, among other things, sell all or substantially all of its assets or, with respect to Teekay Offshore and Teekay LNG, modify the terms of their respective partnership agreements and incentive distribution rights owned by Teekay, in each case without the consent of holders of the notes.

Risks relating to our business

The cyclical nature of the tanker industry may lead to volatile changes in charter rates, which may adversely affect our earnings.

Historically, the tanker industry has been cyclical, experiencing volatility in profitability due to changes in the supply of, and demand for, tanker capacity and changes in the supply of and demand for oil and oil products. If the tanker market is depressed, our earnings may decrease, particularly with respect to our spot tanker segment (which includes vessels operating under charters with an initial term of less than three years), which accounted for approximately 34%, 43% and 26% of our net revenues during 2007, 2008 and the nine months ended September 30, 2009, respectively. Vessels in our spot tanker segment operating under charters with an initial term of less than one year accounted for approximately 25% of our net revenues during the 12 months ended September 30, 2009. The cyclical nature of the tanker industry may cause significant increases or decreases in the revenue we earn from our vessels and may also cause significant increases or decreases in the value of our vessels. The factors affecting the supply of and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

Factors that influence demand for tanker capacity include:

- demand for oil and oil products;
- supply of oil and oil products;
- regional availability of refining capacity;
- global and regional economic conditions;
- the distance oil and oil products are to be moved by sea; and
- changes in seaborne and other transportation patterns.

Factors that influence the supply of tanker capacity include:

- the number of newbuilding deliveries;
- the scrapping rate of older vessels;
- conversion of tankers to other uses;

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the number of vessels that are out of service; and

environmental concerns and regulations.

Changes in demand for transportation of oil over longer distances and in the supply of tankers to carry that oil may materially affect our revenues, profitability and cash flows.

Changes in the oil and natural gas markets could result in decreased demand for our vessels and services.

Demand for our vessels and services in transporting oil, petroleum products and LNG depend upon world and regional oil and natural gas markets. Any decrease in shipments of oil, petroleum products or LNG in those markets could have a material adverse effect on our business, financial condition and results of operations. Historically, those markets have been volatile as a result of the many conditions and events that affect the price, production and transport of oil, petroleum products and LNG, and competition from alternative energy sources. A slowdown of the U.S. and world economies may result in reduced consumption of oil, petroleum products and natural gas and decreased demand for our vessels and services, which would reduce vessel earnings.

Changes in the spot tanker market may result in significant fluctuations in the utilization of our vessels and our profitability.

During 2007, 2008 and the nine months ended September 30, 2009, we derived approximately 34%, 43% and 26%, respectively, of our net revenues from the vessels in our spot tanker segment (which includes vessels operating under charters with an initial term of less than three years). Vessels in our spot tanker segment operating under charters with an initial term of less than one year accounted for approximately 25% of our net revenues during the 12 months ended September 30, 2009. Our spot tanker segment consists of conventional crude oil tankers and product carriers operating on the spot tanker market or subject to time charters, or contracts of affreightment priced on a spot-market basis or fixed-rate contracts with a term less than three years. Part of our conventional Aframax and Suezmax tanker fleets and our large and medium product tanker fleets are among the vessels included in our spot tanker segment. Our shuttle tankers may also trade in the spot tanker market when not otherwise committed to perform under time-charters or contracts of affreightment. Due to activity in the spot-charter market, declining spot rates in a given period generally will result in corresponding declines in operating results for that period.

The spot-charter market is highly volatile and fluctuates based upon tanker and oil supply and demand. The successful operation of our vessels in the spot-charter market depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. During 2009, there have been periods when spot rates have declined below the operating cost of vessels. Before rebounding somewhat in the fourth quarter of 2009, spot tanker rates declined to multi-year lows in the third quarter of 2009, primarily due to the ongoing effects of reduced global oil demand coupled with tanker fleet growth. Future spot rates may not be sufficient to enable our vessels trading in the spot tanker market to operate profitably or to provide sufficient cash flow to service our debt obligations.

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Reduction in oil produced from offshore oil fields could harm our shuttle tanker and FPSO businesses.

As at December 31, 2009, we had 35 vessels operating in our shuttle tanker fleet and five FPSO units operating in our FPSO fleet. A majority of our shuttle tankers and all of our FPSO units earn revenue that depends upon the volume of oil we transport or the volume of oil produced from offshore oil fields. Oil production levels are affected by several factors, all of which are beyond our control, including:

geologic factors, including general declines in production that occur naturally over time;

the rate of technical developments in extracting oil and related infrastructure and implementation costs; and

operator decisions based on revenue compared to costs from continued operations.

Factors that may affect an operator's decision to initiate or continue production include: changes in oil prices; capital budget limitations; the availability of necessary drilling and other governmental permits; the availability of qualified personnel and equipment; the quality of drilling prospects in the area; and regulatory changes. In addition, the volume of oil we transport may be adversely affected by extended repairs to oil field installations or suspensions of field operations as a result of oil spills, operational difficulties, strikes, employee lockouts or other labor unrest. The rate of oil production at fields we service may decline from existing or future levels, and may be terminated, all of which could harm our business and operating results. In addition, if such a reduction or termination occurs, the spot tanker market rates, if any, in the conventional oil tanker trades at which we may be able to redeploy the affected shuttle tankers may be lower than the rates previously earned by the vessels under contracts of affreightment, which would also harm our business and operating results.

The redeployment risk of FPSO units is high given their lack of alternative uses and significant costs.

FPSO units are specialized vessels that have very limited alternative uses and high fixed costs. In addition, FPSO units typically require substantial capital investments prior to being redeployed to a new field and production service agreement.

Unless extended, certain of our FPSO production service agreements will expire during the next 10 years. Our clients may also terminate certain of our FPSO production service agreements prior to their expiration under specified circumstances. Any idle time prior to the commencement of a new contract or our inability to redeploy the vessels at acceptable rates may have an adverse effect on our business and operating results.

The duration of many of our shuttle tanker and FSO contracts is the life of the relevant oil field or is subject to extension by the field operator or vessel charterer. If the oil field no longer produces oil or is abandoned or the contract term is not extended, we will no longer generate revenue under the related contract and will need to seek to redeploy affected vessels.

Two of our shuttle tanker contracts have a life-of-field duration, which means that the contract continues until oil production at the field ceases. If production terminates for any reason, we no longer will generate revenue under the related contract. Other shuttle tanker and FSO contracts under which our vessels operate are subject to extensions beyond their initial

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term. The likelihood of these contracts being extended may be negatively affected by reductions in oil field reserves, low oil prices generally or other factors. If we are unable to promptly redeploy any affected vessels at rates at least equal to those under the contracts, if at all, our operating results will be harmed. Any potential redeployment may not be under long-term contracts, which may affect the stability of our business and operating results.

Charter rates for conventional oil and product tankers may fluctuate substantially over time and may be lower when we are attempting to recharter conventional oil or product tankers, which could adversely affect our operating results. Any changes in charter rates for LNG or LPG carriers, shuttle tankers or FSO or FPSO units could also adversely affect redeployment opportunities for those vessels.

Our ability to recharter our conventional oil and product tankers following expiration of existing time-charter contracts and the rates payable upon any renewal or replacement charters will depend upon, among other things, the state of the conventional tanker market. Conventional oil and product tanker trades are highly competitive and have experienced significant fluctuations in charter rates based on, among other things, oil, refined petroleum product and vessel demand. For example, an oversupply of conventional oil tankers can significantly reduce their charter rates. There also exists some volatility in charter rates for LNG and LPG carriers, shuttle tankers and FSO and FPSO units, which could also adversely affect redeployment opportunities for those vessels. As of December 31, 2009, we have 23 time-charter contracts covering our conventional tankers two time-charters covering our FPSO units, 10 time-charters covering our shuttle tankers and one time-charter covering an LNG carrier that expire during the next three years.

Over time, the value of our vessels may decline, which could adversely affect our operating results.

Vessel values for oil and product tankers, LNG and LPG carriers and FPSO and FSO units can fluctuate substantially over time due to a number of different factors. Vessel values may decline substantially from existing levels. If operation of a vessel is not profitable, or if we cannot re-deploy a chartered vessel at attractive rates upon charter termination, rather than continue to incur costs to maintain and finance the vessel, we may seek to dispose of it. Our inability to dispose of the vessel at a reasonable value could result in a loss on its sale and adversely affect our results of operations and financial condition. Further, if we determine at any time that a vessel's future useful life and earnings require us to impair its value on our financial statements, we may need to recognize a significant charge against our earnings.

Our growth depends on continued growth in demand for LNG and LPG and LNG and LPG shipping as well as offshore oil transportation, production, processing and storage services.

A significant portion of our growth strategy focuses on continued expansion in the LNG and LPG shipping sectors and on expansion in the shuttle tanker, FSO and FPSO sectors.

Expansion of the LNG and LPG shipping sectors depends on continued growth in world and regional demand for LNG and LPG and LNG and LPG shipping and the supply of LNG and LPG. Demand for LNG and LPG and LNG and LPG shipping could be negatively affected by a number of factors, such as increases in the costs of natural gas derived from LNG relative to the cost of natural gas generally, increases in the production of natural gas in areas linked by pipelines to consuming areas, increases in the price of LNG and LPG relative to other energy sources, the availability of new energy sources, and negative global or regional economic or political

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conditions. Reduced demand for LNG or LPG and LNG or LPG shipping would have a material adverse effect on future growth of our liquefied gas segment, and could harm that segment's results. Growth of the LNG and LPG markets may be limited by infrastructure constraints and community and environmental group resistance to new LNG and LPG infrastructure over concerns about the environment, safety and terrorism. If the LNG or LPG supply chain is disrupted or does not continue to grow, or if a significant LNG or LPG explosion, spill or similar incident occurs, it could have a material adverse effect on growth and could harm our business, results of operations and financial condition.

Expansion of the shuttle tanker, FSO and FPSO sectors depends on continued growth in world and regional demand for these offshore services, which could be negatively affected by a number of factors, such as:

decreases in the actual or projected price of oil, which could lead to a reduction in or termination of production of oil at certain fields we service or a reduction in exploration for or development of new offshore oil fields;

increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;

decreases in the consumption of oil due to increases in its price relative to other energy sources, other factors making consumption of oil less attractive or energy conservation measures;

availability of new, alternative energy sources; and

negative global or regional economic or political conditions, particularly in oil consuming regions, which could reduce energy consumption or its growth.

Reduced demand for offshore marine transportation, production, processing or storage services would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition.

The intense competition in our markets may lead to reduced profitability or expansion opportunities.

Our vessels operate in highly competitive markets. Competition arises primarily from other vessel owners, including major oil companies and independent companies. We also compete with owners of other size vessels. Our market share is insufficient to enforce any degree of pricing discipline in the markets in which we operate and our competitive position may erode in the future. Any new markets that we enter could include participants that have greater financial strength and capital resources than we have. We may not be successful in entering new markets.

One of our objectives is to enter into additional long-term, fixed-rate time charters for our LNG and LPG carriers, shuttle tankers, FSO and FPSO units. The process of obtaining new long-term time charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. We expect substantial competition for providing services for potential LNG, LPG, shuttle tanker, FSO and FPSO projects from a number of experienced companies, including state-sponsored entities and major energy companies. Some of these competitors have greater experience in these markets and greater financial

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resources than do we. We anticipate that an increasing number of marine transportation companies, including many with strong reputations and extensive resources and experience will enter the LNG and LPG transportation, shuttle tanker, FSO and FPSO sectors. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing customers or to obtain new customers on a profitable basis, if at all, which would have a material adverse effect on our business, results of operations and financial condition.

The loss of any key customer or its inability to pay for our services could result in a significant loss of revenue in a given period.

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of customers. One customer accounted for 14%, or \$443.5 million, of our consolidated revenues during 2008 (20% or \$472.3 million 2007 and 15% or \$307.9 million 2006), and 14%, or \$238.1 million, of our consolidated revenues during the nine months ended September 30, 2009. The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer, or the inability of a significant customer to pay for our services, could have a material adverse effect on our business, financial condition and results of operations.

A recurrence of recent adverse economic conditions, including disruptions in the global credit markets, could adversely affect our results of operations.

The recent economic downturn and financial crisis in the global markets produced illiquidity in the capital markets, market volatility, heightened exposure to interest rate and credit risks and reduced access to capital markets in 2008 and the first half of 2009. We may face restricted access to the capital markets or secured debt lenders, such as our revolving credit facilities in the future. The decreased access to such resources could have a material adverse effect on our business, financial condition and results of operations.

Our operations are subject to substantial environmental and other regulations, which may significantly increase our expenses.

Our operations are affected by extensive and changing international, national and local environmental protection laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration, including those governing oil spills, discharges to air and water, and the handling and disposal of hazardous substances and wastes. Many of these requirements are designed to reduce the risk of oil spills and other pollution. In addition, we believe that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will lead to additional regulatory requirements, including enhanced risk assessment and security requirements and greater inspection and safety requirements on vessels. We expect to incur substantial expenses in complying with these and future laws and regulations, including expenses for vessel modifications and changes in operating procedures.

These requirements can affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in, certain ports. Under local, national and

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foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations, in the event that there is a release of petroleum or other hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of or exposure to hazardous materials associated with our operations. In addition, failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations, including, in certain instances, seizure or detention of our vessels. For further information about regulations affecting our business and related requirements on us, please read Business Regulation.

We may be unable to make or realize expected benefits from acquisitions, and implementing our strategy of growth through acquisitions may harm our financial condition and performance.

A principal component of our strategy is to continue to grow by expanding our business both in the geographic areas and markets where we have historically focused as well as into new geographic areas, market segments and services. We may not be successful in expanding our operations and any expansion may not be profitable. Our strategy of growth through acquisitions involves business risks commonly encountered in acquisitions of companies, including:

interruption of, or loss of momentum in, the activities of one or more of an acquired company's businesses and our businesses;

additional demands on members of our senior management while integrating acquired businesses, which would decrease the time they have to manage our existing business, service existing customers and attract new customers;

difficulties in integrating the operations, personnel and business culture of acquired companies;

difficulties of coordinating and managing geographically separate organizations;

adverse effects on relationships with our existing suppliers and customers, and those of the companies acquired;

difficulties entering geographic markets or new market segments in which we have no or limited experience; and

loss of key officers and employees of acquired companies.

Acquisitions may not be profitable to us at the time of their completion and may not generate revenues sufficient to justify our investment. In addition, our acquisition growth strategy exposes us to risks that may harm our results of operations and financial condition, including risks that we may: fail to realize anticipated benefits, such as cost-savings, revenue and cash flow enhancements and earnings accretion; decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions; incur additional indebtedness, which may result in significantly increased interest expense or financial leverage, or issue additional equity securities to finance acquisitions, which may result in significant shareholder dilution; incur or assume unanticipated liabilities, losses or costs associated with the business acquired; or incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

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The strain that growth places upon our systems and management resources may harm our business.

Our growth has placed and will continue to place significant demands on our management, operational and financial resources. As we expand our operations, we must effectively manage and monitor operations, control costs and maintain quality and control in geographically dispersed markets. In addition, our three publicly-traded subsidiaries have increased our complexity and placed additional demands on our management. Our future growth and financial performance will also depend on our ability to recruit, train, manage and motivate our employees to support our expanded operations and continue to improve our customer support, financial controls and information systems.

These efforts may not be successful and may not occur in a timely or efficient manner. Failure to effectively manage our growth and the system and procedural transitions required by expansion in a cost-effective manner could have a material adverse affect on our business.

Our insurance may not be sufficient to cover losses that may occur to our property or as a result of our operations.

The operation of oil and product tankers, LNG and LPG carriers, FSO and FPSO units is inherently risky. Although we carry hull and machinery (marine and war risk) and protection and indemnity insurance, all risks may not be adequately insured against, and any particular claim may not be paid. In addition, we do not generally carry insurance on our vessels covering the loss of revenues resulting from vessel off-hire time based on its cost compared to our off-hire experience. Any significant off-hire time of our vessels could harm our business, operating results and financial condition. Any claims relating to our operations covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. Certain of our insurance coverage is maintained through mutual protection and indemnity associations and as a member of such associations we may be required to make additional payments over and above budgeted premiums if member claims exceed association reserves.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could result in losses that exceed our insurance coverage, which could harm our business, financial condition and operating results. Any uninsured or underinsured loss could harm our business and financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our ships failing to maintain certification with applicable maritime self-regulatory organizations.

Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available may be significantly more expensive than our existing coverage.

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Marine transportation is inherently risky, and an incident involving significant loss of or environmental contamination by any of our vessels could harm our reputation and business.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as:

- marine disaster;
- bad weather;
- mechanical failures;
- grounding, fire, explosions and collisions;
- piracy;
- human error; and
- war and terrorism.

An accident involving any of our vessels could result in any of the following:

- death or injury to persons, loss of property or environmental damage or pollution;
- delays in the delivery of cargo;
- loss of revenues from or termination of charter contracts;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these results could have a material adverse effect on our business, financial condition and operating results.

Our operating results are subject to seasonal fluctuations.

We operate our conventional tankers in markets that have historically exhibited seasonal variations in demand and, therefore, in charter rates. This seasonality may result in quarter-to-quarter volatility in our results of operations. Tanker markets are typically stronger in the winter months as a result of increased oil consumption in the northern hemisphere. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling, which historically has increased oil price volatility and oil trading activities in the winter months. As a result, our revenues have historically been weaker during the fiscal quarters ended June 30 and September 30, and stronger in our fiscal quarters ended March 31 and December 31.

Due to harsh winter weather conditions, oil field operators in the North Sea typically schedule oil platform and other infrastructure repairs and maintenance during the summer months. Because the North Sea is our primary existing offshore oil market, this seasonal repair and maintenance activity contributes to quarter-to-quarter volatility in our results of operations, as oil production typically is lower in the fiscal quarters ended June 30 and September 30 in this

region compared with production in the fiscal quarters ended March 31 and December 31. Because a significant portion of our North Sea shuttle tankers operate under contracts of affreightment, under which revenue is based on the volume of oil transported, the results of

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our shuttle tanker operations in the North Sea under these contracts generally reflect this seasonal production pattern. When we redeploy affected shuttle tankers as conventional oil tankers while platform maintenance and repairs are conducted, the overall financial results for our North Sea shuttle tanker operations may be negatively affected if the rates in the conventional oil tanker markets are lower than the contract of affreightment rates. In addition, we seek to coordinate some of the general drydocking schedule of our fleet with this seasonality, which may result in lower revenues and increased drydocking expenses during the summer months.

We expend substantial sums during construction of newbuildings and the conversion of tankers to FPSOs or FSOs without earning revenue and without assurance that they will be completed.

We are typically required to expend substantial sums as progress payments during construction of a newbuilding, but we do not derive any revenue from the vessel until after its delivery. In addition, under some of our time charters if our delivery of a vessel to a customer is delayed, we may be required to pay liquidated damages in amounts equal to or, under some charters, almost double the hire rate during the delay. For prolonged delays, the customer may terminate the time charter and, in addition to the resulting loss of revenues, we may be responsible for additional substantial liquidated charges.

Substantially all of our newbuilding financing commitments have been pre-arranged. However, if we were unable to obtain financing required to complete payments on any of our newbuilding orders, we could effectively forfeit all or a portion of the progress payments previously made. As of December 31, 2009, we had 11 newbuildings on order with deliveries scheduled between 2010 and 2012. As of December 31, 2009, progress payments made towards these newbuildings, excluding payments made by our joint venture partners, totaled \$283.3 million.

In addition, conversion of tankers to FPSOs and FSOs expose us to a numbers of risks, including lack of shipyard capacity and the difficulty of completing the conversion in a timely and cost effective manner. During conversion of a vessel, we do not earn revenue from it. In addition, conversion projects may not be successful.

We make substantial capital expenditures to expand the size of our fleet. Depending on whether we finance our expenditures through cash from operations or by issuing debt or equity securities, our financial leverage could increase or our stockholders could be diluted.

We regularly evaluate and pursue opportunities to provide the marine transportation requirements for various projects, and we have currently submitted bids to provide transportation solutions for LNG and LPG projects. We may submit additional bids from time to time. The award process relating to LNG and LPG transportation opportunities typically involves various stages and takes several months to complete. If we bid on and are awarded contracts relating to any LNG and LPG project, we will need to incur significant capital expenditures to build the related LNG and LPG carriers.

To fund the remaining portion of existing or future capital expenditures, we will be required to use cash from operations or incur borrowings or raise capital through the sale of debt or additional equity securities. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing

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or offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business, results of operations and financial condition. Even if we are successful in obtaining necessary funds, incurring additional debt may significantly increase our interest expense and financial leverage, which could limit our financial flexibility and ability to pursue other business opportunities. Issuing additional equity securities may result in significant stockholder dilution and would increase the aggregate amount of cash required to pay quarterly dividends.

Exposure to currency exchange rate and interest rate fluctuations results in fluctuations in our cash flows and operating results.

Substantially all of our revenues are earned in U.S. Dollars, although we are paid in Euros, Australian Dollars, Norwegian Kroner and British Pounds under some of our charters. A portion of our operating costs are incurred in currencies other than U.S. Dollars. This partial mismatch in operating revenues and expenses leads to fluctuations in net income due to changes in the value of the U.S. dollar relative to other currencies, in particular the Norwegian Kroner, the Australian Dollar, the Canadian Dollar, the Singapore Dollar, the Japanese Yen, the British Pound and the Euro. We also make payments under two Euro-denominated term loans. If the amount of these and other Euro-denominated obligations exceeds our Euro-denominated revenues, we must convert other currencies, primarily the U.S. Dollar, into Euros. An increase in the strength of the Euro relative to the U.S. Dollar would require us to convert more U.S. Dollars to Euros to satisfy those obligations.

Because we report our operating results in U.S. Dollars, changes in the value of the U.S. Dollar relative to other currencies also result in fluctuations of our reported revenues and earnings. Under U.S. accounting guidelines, all foreign currency-denominated monetary assets and liabilities, such as cash and cash equivalents, accounts receivable, restricted cash, accounts payable, long-term debt and capital lease obligations, are revalued and reported based on the prevailing exchange rate at the end of the period. This revaluation historically has caused us to report significant non-monetary foreign currency exchange gains or losses each period. For 2007 and 2008 and the nine months ended September 30, 2009, we had foreign exchange (losses) gains of \$(39.9) million, \$32.3 million and \$(39.9) million, respectively. The primary source of these gains and losses is our Euro-denominated term loans.

Many seafaring employees are covered by collective bargaining agreements and the failure to renew those agreements or any future labor agreements may disrupt operations and adversely affect our cash flows.

A significant portion of our seafarers are employed under collective bargaining agreements. We may become subject to additional labor agreements in the future. We may suffer to labor disruptions if relationships deteriorate with the seafarers or the unions that represent them. Our collective bargaining agreements may not prevent labor disruptions, particularly when the agreements are being renegotiated. Salaries are typically renegotiated annually or bi-annually for seafarers and annually for onshore operational staff and may increase our cost of operation. Any labor disruptions could harm our operations and could have a material adverse effect on our business, results of operations and financial condition.

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We may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business.

Our success depends in large part on our ability to attract and retain highly skilled and qualified personnel. In crewing our vessels, we require technically skilled employees with specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members is intense. If crew costs increase and we are not able to increase our rates to customers to compensate for any crew cost increases, our financial condition and results of operations may be adversely affected. Any inability we experience in the future to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

Terrorist attacks, piracy, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.

Terrorist attacks, the current conflicts in Iraq and Afghanistan, and other current and future conflicts may adversely affect our business, operating results, financial condition, and ability to raise capital or future growth. Continuing hostilities in the Middle East may lead to additional armed conflicts or to further acts of terrorism and civil disturbance in the United States or elsewhere, which may contribute further to economic instability and disruption of oil, LNG and LPG production and distribution, which could result in reduced demand for our services. In addition, oil, LNG and LPG facilities, shipyards, vessels, pipelines and oil and gas fields could be targets of future terrorist attacks and our vessels could be targets of pirates or hijackers. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance costs, and the inability to transport oil, LNG and LPG to or from certain locations. Terrorist attacks, war, piracy, hijacking or other events beyond our control that adversely affect the distribution, production or transportation of oil, LNG or LPG to be shipped by us could entitle our customers to terminate charter contracts, which could harm our cash flow and our business.

Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea and in the Gulf of Aden off the coast of Somalia. Throughout 2009, the frequency of piracy incidents has increased significantly, particularly in the Gulf of Aden off the coast of Somalia. If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as war risk zones, as the Gulf of Aden temporarily was in May 2008, or Joint War Committee war and strikes listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred to the extent we employ onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

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Our substantial operations outside the United States expose us to political, governmental and economic instability, which could harm our operations.

Because our operations are primarily conducted outside of the United States, they may be affected by economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered. Any disruption caused by these factors could harm our business. In particular, changing laws and policies affecting trade, investment and changes in tax regulations could have a materially adverse effect on our business, cash flow and financial results. As well, we derive a substantial portion of our revenues from shipping oil, LNG and LPG from politically unstable regions. Past political conflicts in these regions, particularly in the Arabian Gulf, have included attacks on ships, mining of waterways and other efforts to disrupt shipping in the area. Future hostilities or other political instability in the Arabian Gulf or other regions where we operate or may operate could have a material adverse effect on the growth of our business, results of operations and financial condition. In addition, tariffs, trade embargoes and other economic sanctions by the United States or other countries against countries in the Middle East, Southeast Asia or elsewhere as a result of terrorist attacks, hostilities or otherwise may limit trading activities with those countries, which could also harm our business. Finally, a government could requisition one or more of our vessels, which is most likely during war or national emergency. Any such requisition would cause a loss of the vessel and could harm our business, cash flow and financial results.

Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one vessel in our fleet for claims relating to another of our ships.

Declining market values of our vessels could adversely affect our liquidity and result in breaches of our financing agreements.

Market values of vessels fluctuate depending upon general economic and market conditions affecting relevant markets and industries and competition from other shipping companies and other modes of transportation. In addition, as vessels become older, they generally decline in value. Declining vessel values of our tankers could adversely affect our liquidity by limiting our ability to raise cash by refinancing vessels. Declining vessel values could also result in a breach of loan covenants and events of default under certain of our credit facilities that require us to maintain certain loan-to-value ratios. If we are unable to pledge additional collateral in the event of a decline in vessel values, the lenders under these facilities could accelerate our debt and foreclose on our vessels pledged as collateral for the loans. As of September 30, 2009, the total outstanding debt under credit facilities with this type of covenant tied to conventional tanker values was \$218 million.

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Tax risks

Changes in the ownership of our stock may cause us and certain of our subsidiaries to be unable to claim an exemption from United States tax on our United States source income.

Changes in the ownership of our stock may cause us to be unable to claim an exemption from U.S. federal income tax under Section 883 of the United States Internal Revenue Code (or the *Code*). If we were not exempt from tax under Section 883 of the Code, we or our subsidiaries that are currently claiming exemptions will be subject to U.S. federal income tax on shipping income attributable to our subsidiaries' transportation of cargoes to or from the U.S. to the extent it is treated as derived from U.S. sources. See *Business Taxation of the Company United States Taxation*. Our subsidiary Teekay Offshore currently is unable to claim this exemption and, as a result, we estimate that it will be subject to less than \$500,000 of U.S. federal income tax annually. To the extent we or our other subsidiaries are subject to U.S. federal income tax on shipping income from U.S. sources, our net income and cash flow will be reduced by the amount of such tax. We cannot give any assurance that future changes and shifts in ownership of our stock will not preclude us or our other subsidiaries from being able to satisfy an exemption under Section 883.

Risks relating to this offering

We have substantial debt levels and may incur additional debt.

We have substantial debt and debt service requirements. Assuming we completed this offering on September 30, 2009, after giving effect to the issuance of the notes and the application of the estimated net proceeds of the offering to repurchase in the Tender Offer our outstanding 8.875% Senior Notes and to prepay certain of our outstanding revolving debt, our consolidated debt and capital lease obligations would have totaled \$5.3 billion and we would have had the capacity to borrow an additional \$1.5 billion under our credit facilities. If less than all of our outstanding 8.875% Senior Notes are tendered and repurchased, the senior unsecured debt of Teekay Parent will be greater. Our consolidated debt and capital lease obligations could increase substantially. The terms of the indenture under which the notes will be issued and, subject to certain limitations, our credit facilities do not prohibit us from incurring additional debt. Accordingly, should our current debt levels increase, the risks related to the notes and our debt generally that we now face could also increase. Our level of debt could have important consequences to us, including:

our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

we will need a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to stockholders;

our debt level may make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our industry or the economy generally; and

our debt level may limit our flexibility in obtaining additional financing, pursuing other business opportunities and responding to changing business and economic conditions.

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Our ability to service our debt will depend on certain financial, business and other factors, many of which are beyond our control.

Our ability to service our debt, including the notes, will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control. In addition, we rely on distributions and other intercompany cash flows from our subsidiaries to repay our obligations. Financing arrangements between some of our subsidiaries and their respective lenders contain restrictions on distributions from such subsidiaries.

If we are unable to generate sufficient cash flow to service our debt service requirements, we may be forced to take actions such as:

- restructuring or refinancing our debt, including the notes;
- seeking additional debt or equity capital;
- seeking bankruptcy protection;
- reducing distributions;
- reducing or delaying our business activities, acquisitions, investments or capital expenditures; or
- selling assets.

Such measures might not be successful and might not enable us to service our debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms. In addition, our credit agreements and the indenture governing the notes may restrict our ability to implement some of these measures.

Financing agreements containing operating and financial restrictions may limit our operating and financial flexibility.

Operating and financial restrictions and covenants in our revolving credit facilities, term loans and in any of our future financing agreements could adversely affect our ability to finance future operations or capital needs or to pursue and expand our business activities. For example, these financing arrangements restrict our ability to:

- pay dividends;
- incur or guarantee indebtedness;
- change our ownership or structure, including through mergers, consolidations, liquidations and dissolutions;
- grant liens on our assets;
- sell, transfer, assign or convey our assets;
- make certain investments; and
- enter into a new line of business.

In addition, the indenture relating to the notes restricts our ability to:

grant liens on our assets;

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transfer, sell, lease or otherwise dispose of all or substantially all of our assets; and

consolidate with, or merge with or into any person.

Please read Description of other indebtedness.

Our ability to comply with covenants and restrictions contained in debt instruments may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, we may fail to comply with these covenants. If we breach any of the restrictions, covenants, ratios or tests in the financing agreements or the indenture relating to the notes, our debt obligations may become immediately due and payable, and the lenders' commitment under our credit facilities, if any, to make further loans may terminate. A default under financing agreements could also result in foreclosure on any of our vessels and other assets securing related loans.

Our subsidiaries conduct all of our operations and own all of our operating assets, and your right to receive payments on the notes is effectively subordinated to the rights of the lenders of our subsidiaries.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. Our only material asset is our ownership of the capital stock of or other ownership interests in our subsidiaries. As a result, our ability to make required payments on the notes depends on the operations of our subsidiaries and our subsidiaries ability to distribute funds to us. To the extent our subsidiaries are unable to distribute, or are restricted from distributing, funds to us, we may be unable to fulfill our obligations under the notes. Our subsidiaries will have no obligation to pay amounts due on the notes, and none of our subsidiaries will guarantee the notes.

The rights of holders of the notes will be structurally subordinated to the rights of our subsidiaries' lenders. A default by a subsidiary under its debt obligations would result in a block on distributions from the affected subsidiary to us. The notes will be effectively junior to all liabilities of our subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As of September 30, 2009, our subsidiaries had \$4.8 billion of outstanding debt and capital lease obligations. In addition, the indenture under which the notes will be issued will permit us and our subsidiaries to incur additional debt without any limitation.

The notes will be unsecured obligations and will be effectively subordinated to our secured debt and secured debt of our subsidiaries.

The notes are unsecured and therefore will be effectively subordinated to any secured debt we or our subsidiaries maintain or may incur to the extent of the value of the assets securing the debt. In the event of a bankruptcy or similar proceeding involving us or a subsidiary, the assets that serve as collateral will be available to satisfy the obligations under any secured debt before any payments are made on the notes. Assuming we completed this offering on September 30, 2009, after giving effect to the issuance of the notes and the application of the estimated net proceeds of the offering, we and our subsidiaries would have had an aggregate of approximately \$4.8 billion of secured debt outstanding. Please read Description of other indebtedness. We and our subsidiaries will continue to have the ability to incur additional secured debt, subject to limitations in our credit facilities.

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We may be unable to raise the funds necessary to finance the change of control offer required by the indenture governing the notes.

Upon the occurrence of a change of control triggering event as described in Description of notes Covenants Repurchase of notes upon a change of control triggering event, we will be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to the date of the purchase. In the event of a change of control triggering event, the total debt represented by the notes could become due and payable. We may not have sufficient financial resources available at the time of any change of control to repurchase the notes. Our failure to repurchase the notes upon a change of control triggering event would cause a default under the indenture relating to the notes. In addition, certain of our credit facilities provide that certain change of control events will constitute a default and, in the event of such a default, the holders of such debt may elect to declare all funds borrowed to be due and payable, together with accrued and unpaid interest. Any future debt facilities may contain similar restrictions and provisions.

An active trading market may not develop for the notes.

The notes will constitute a new issue of securities for which there is no active public trading market. We do not intend to apply for listing of the notes on a securities exchange. Although the underwriters have advised us that they intend to make a market in the notes, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue market-making activities at any time. The liquidity of the trading market in the notes and the market prices quoted for the notes may be adversely affected by changes in the overall market for this type of securities and by changes in our financial performance or prospects or in the performance or prospects for companies in our industries generally. As a consequence, an active trading market may not develop for the notes, you may not be able to sell the notes or, even if you can sell the notes, you may not be able to sell them at a price that would be acceptable to you.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are incorporated under the laws of the Republic of The Marshall Islands and our subsidiaries are incorporated under the laws of The Marshall Islands, Norway, Spain, The Bahamas and certain other countries besides the United States, and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. We have limited operations in the United States. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

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It may not be possible for investors in the notes to enforce U.S. judgments against us.

We are incorporated in the Republic of The Marshall Islands and most of our subsidiaries are organized in countries other than the United States. Substantially all of our assets and those of our subsidiaries are located outside the United States. As a result, it may be difficult or impossible for investors in the notes to enforce judgments upon us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we or our subsidiaries are incorporated or where our or the assets of our subsidiaries are located (1) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws, or (2) would entertain original actions brought against us or our subsidiaries based upon these laws.

If the notes are issued with original issue discount (or *OID*) and you are a U.S. holder, you generally will be required to include the *OID* in income before you receive cash attributable to *OID* on the notes. Additionally, in the event we enter into bankruptcy, you may not have a claim for all or a portion of any unamortized amount of any *OID* on the notes.

The notes may be issued with *OID* for U.S. federal income tax purposes. If the notes are issued with *OID* and if you are a U.S. holder, you generally will be required to accrue *OID* on a current basis as ordinary income before you receive cash attributable to that income regardless of your method of accounting for U.S. federal income tax purposes. For further discussion of the computation and reporting of *OID*, please read Certain United States federal income tax considerations Tax consequences to U.S. holders Stated interest and *OID* on the notes.

Additionally, a bankruptcy court may not allow a claim for all or a portion of any unamortized amount of any *OID* on the notes.

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Use of proceeds

We expect to receive net proceeds from the issuance of the notes in this offering of approximately \$290 million, after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use approximately \$190 million of the net offering proceeds to repurchase in the Tender Offer all of our outstanding 8.875% Senior Notes due July 2011, subject to the tender of such notes in the Tender Offer. We intend to use the remaining net proceeds to repay a portion of our outstanding debt under one of our revolving credit facilities. We commenced the Tender Offer for the 8.875% Senior Notes on January 12, 2010. The revolving credit facility we intend to partially repay has a fluctuating interest rate currently based on the London Interbank Offered Rate (or *LIBOR*) plus 55 basis points and matures on November 28, 2017. We anticipate being able to redraw the amount we repay on the facility in the future for general corporate purposes. Borrowings under the revolving credit facility were incurred primarily for working capital purposes.

If less than all of the outstanding 8.875% Senior Notes are purchased in the Tender Offer, we intend to use the additional net proceeds from this offering not used to repurchase the 8.875% Senior Notes to repay additional debt or for general corporate purposes.

Affiliates of certain of the underwriters are currently lenders under the revolving credit facility we intend to partially repay and, accordingly, will receive a portion of the net proceeds from the sale of the notes in this offering. Please read Underwriting.

Table of Contents**Ratio of earnings to fixed charges**

The following table sets forth the historical ratio of our consolidated earnings to our consolidated fixed charges for the periods indicated.

| | Year ended December 31, | | | | | Nine months ended |
|--|--------------------------------|-------------|-------------|-------------|----------------|---------------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | September 30, 2009 |
| Ratio of earnings to fixed charges ⁽¹⁾⁽²⁾ | 4.1x | 3.8x | 3.1x | 1.1x | ⁽³⁾ | 1.7x |

(1) This data is unaudited for all periods presented. For purposes of computing our ratio of earnings to fixed charges on a consolidated basis, earnings is the result of adding (a) pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, (b) fixed charges, (c) amortization of capitalized interest, and (d) distributed income of equity investees, and subtracting interest capitalized. Fixed charges represent (i) interest expensed and capitalized, (ii) amortized premiums, discounts and capitalized expenses related to indebtedness, and (iii) interest within time-charter hire expense.

(2) As of September 30, 2009, we guaranteed \$58.7 million of debt of joint ventures we do not control.

(3) For the year ended December 31, 2008, the ratio of earnings to fixed charges was less than 1.0x. The amount of the deficiency was \$508.1 million.

Table of Contents**Capitalization**

The following table sets forth our capitalization on a consolidated basis as of September 30, 2009:

on an actual basis;

on an as adjusted basis to give effect to (a) \$91.9 million of net proceeds received from Teekay LNG's public offering of 3.95 million common units in November 2009 and the application of \$90.0 million of the net proceeds thereof to pay down a portion of one of its revolving credit facilities; (b) Teekay Offshore's borrowing in November 2009 of \$160.0 million under a new revolving credit facility and the use of such funds to pay down a portion of Teekay's revolving credit facilities; (c) the repurchase of \$17.4 million of our outstanding 8.875% Senior Notes for an aggregate repurchase price of \$18.0 million in November 2009; and

on an as further adjusted basis to give effect to this offering and the application of the estimated net proceeds, assuming that the notes are not issued with any original issue discount and that all of our outstanding 8.875% Senior Notes are purchased in the Tender Offer, as described under Use of proceeds. If less than all of our outstanding 8.875% Senior Notes are purchased in the Tender Offer, the senior unsecured debt of Teekay Parent will be higher.

You should read this table in conjunction with the sections entitled Use of proceeds, Management's discussion and analysis of financial condition and results of operations and Description of other indebtedness and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

| (in thousands) | As of September 30, 2009 | | |
|--|--------------------------|--------------|-----------------------------|
| | Actual | As adjusted | As further adjusted |
| Cash and cash equivalents | \$ 495,402 | \$ 479,334 | \$ 479,334 ⁽¹⁾ |
| Restricted cash ⁽²⁾ | 652,938 | 652,938 | 652,938 ⁽¹⁾ |
| Total cash and restricted cash | \$ 1,148,340 | \$ 1,132,272 | \$ 1,132,272 |
| Debt: | | | |
| 8.875% Senior Notes due July 2011 | \$ 194,466 | \$ 177,063 | \$ ⁽³⁾ |
| % Senior Notes due January 2020 | | | 300,000 |
| Other debt ⁽⁴⁾ | 4,324,263 | 4,234,263 | 4,134,263 |
| Obligations under capital leases ⁽²⁾⁽⁵⁾ | 824,365 | 824,365 | 824,365 |
| Total debt | \$ 5,343,094 | \$ 5,235,691 | \$ 5,258,628 ⁽¹⁾ |
| Equity: | | | |
| Common stock and additional paid-in capital | 651,884 | 651,884 | 651,884 |
| Retained earnings | 1,563,713 | 1,578,461 | 1,564,837 |
| Non-controlling interest | 757,167 | 833,755 | 833,755 |
| Accumulated other comprehensive loss | (17,180) | (17,180) | (17,180) |

| | | | |
|----------------------|--------------|--------------|--------------|
| Total equity | \$ 2,955,584 | \$ 3,046,920 | \$ 3,033,296 |
| Total capitalization | \$ 8,298,678 | \$ 8,282,611 | \$ 8,291,924 |

(1) The amounts attributable to Teekay Parent for cash and cash equivalents, restricted cash and total debt, respectively, would be \$227.8 million, \$2.4 million and \$1.1 billion.

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The following table reconciles Teekay's consolidated and Teekay Parent's historical cash and cash equivalents, restricted cash and total debt, respectively. Teekay Parent's numbers are reconciled to Teekay consolidated numbers, which are the most directly comparable financial measures calculated and presented in accordance with GAAP.

The as further adjusted data in the following table as of September 30, 2009 for each of Teekay on a consolidated basis, Teekay's publicly-traded subsidiaries (Teekay Offshore, Teekay LNG and Teekay Tankers) and Teekay Parent has been prepared on the bases described in Summary Summary financial and operating data.

| (in thousands) | As of September 30, 2009 (unaudited) | | |
|---------------------------|---|------------------------|------------------|
| | Teekay | Public subsidiaries | Teekay Parent |
| Cash and cash equivalents | \$ 479,334 | \$ 251,495 | \$ 227,839 |
| Restricted cash | 652,938 | 650,517 | 2,421 |
| Total debt | 5,258,628 | 4,158,951 | 1,099,677 |

- (2) Substantially all restricted cash deposits relate to Teekay LNG. Under certain capital lease arrangements, Teekay LNG maintains restricted cash deposits that, together with interest earned on the deposits, will equal the remaining scheduled payments it owes under the capital leases. The interest Teekay LNG receives from those deposits is used solely to pay interest associated with the capital leases, and the amount of interest it receives approximates the amount of interest it pays on the capital leases.
- (3) We intend to use a portion of the net proceeds of this offering to repurchase, in the Tender Offer we are commencing concurrently with this offering, all of our outstanding 8.875% Senior Notes. If less than all of our 8.875% Senior Notes are purchased in the Tender Offer, we intend to use the additional net proceeds from this offering not used to repurchase the 8.875% Senior Notes to repay additional debt or for general corporate purposes.
- (4) The portions of other debt (a) secured by assets of certain of our subsidiaries and (b) guaranteed by us or certain of our subsidiaries are \$4.2 billion, \$4.1 billion and \$4.0 billion, respectively, on an actual, as adjusted and as further adjusted basis.
- (5) A total of \$627 million of these capital lease obligations is both (a) secured by assets (cash collateral) of certain of our subsidiaries and (b) guaranteed by us or certain of our subsidiaries on an actual, as adjusted and as further adjusted basis.

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Selected historical consolidated financial and operating data

The following table presents, in each case for the periods and as at the dates indicated, our selected historical consolidated financial and operating data.

The selected historical financial and operating data has been prepared on the following basis:

the historical financial and operating data as at and for the years ended December 31, 2004 and 2005 are derived from our audited consolidated financial statements and the notes thereto and their subsequent restatement which is contained in our Form 20-F/A for the year ended December 31, 2007 filed with the SEC on April 7, 2009, which are not included or incorporated by reference in this prospectus;

the historical financial and operating data as at and for the years ended December 31, 2006, 2007 and 2008 are derived from our audited consolidated financial statements and the notes thereto, which are included elsewhere in this prospectus; and

the historical financial and operating data as at and for the nine months ended September 30, 2008 and 2009 are derived from our unaudited interim consolidated financial statements and the notes thereto, which, other than the unaudited interim consolidated balance sheet as at September 30, 2008, are included elsewhere in this prospectus.

Effective January 1, 2009 we adopted:

an amendment to FASB ASC 810, *Consolidation*, which requires that non-controlling interests in subsidiaries held by parties other than us be identified, labeled and presented in the consolidated balance sheet within equity, but separate from the stockholders' equity. This amendment requires that the amount of consolidated net income (loss) attributable to the stockholders and to the non-controlling interest be clearly identified on the consolidated statements of income (loss). This amendment also requires that distributions from our publicly-traded subsidiaries to non-controlling interests are reflected as a financing cash outflow in our statements of cash flows; and

a new presentation format (the *Derivatives Reclassification*) for gains (losses) from our derivative instruments that are not designated for accounting purposes as cash flow hedges at inception. These gains (losses) are now reported in realized and unrealized gains (losses) on non-designated derivative instruments within our statements of income (loss) rather than being included in revenue, voyage expenses, vessel operating expenses, general and administrative expenses, interest expense, interest income and foreign exchange gain (loss).

The amendment to FASB ASC 810 is required to be applied retroactively and we adopted the Derivatives Reclassification with retroactive effect. However, throughout this prospectus the adoption of this standard and presentation change are only reflected in:

our unaudited consolidated balance sheet as of September 30, 2009 and related unaudited balance sheet data as of September 30, 2008;

our unaudited consolidated statements of income (loss), comprehensive income (loss) and cash flows for the nine months ended September 30, 2009 and 2008;

our unaudited consolidated financial and operating data as of and for the nine months ended September 30, 2009 and 2008; and

the unaudited historical and as adjusted historical financial and operating data of us on a consolidated basis and of Teekay Parent, in each case for the 12 months ended September 30, 2009.

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Other balance sheets, consolidated statements of income (loss), stockholders' equity, cash flows and related financial and operating data as of and for each of the years in the five-year period ended December 31, 2008, or as of or for any other period referenced in this prospectus, have not been adjusted to reflect our adoption of the amendment to ASC 810 and the Derivatives Reclassification. The retroactive application of the adoption of the amendments to ASC 810 would have decreased our consolidation net loss by approximately \$9.6 million for the year ended December 31, 2008 and would have increased our consolidated net income by approximately \$8.9 million, \$6.8 million, \$13.5 million and \$2.3 million for the years ended December 31, 2007, 2006, 2005 and 2004, respectively. There would be no changes to net income resulting from the Derivative Reclassification.

Interim results may not be indicative of full year results, and historical results may not be indicative of future results. Certain historical amounts have been reclassified to conform to the current presentation.

Because we control the general partner of each of Teekay Offshore and Teekay LNG, and because we hold a majority of the voting power of Teekay Tankers, the financial results of these entities are included in our consolidated financial results. However, Teekay Offshore, Teekay LNG and Teekay Tankers function with capital structures that are independent of each other and us, with each having publicly traded equity.

The table below includes three financial measures, net revenues, EBITDA and Adjusted EBITDA, which we use in our business and are not calculated or presented in accordance with GAAP. We explain these measures and reconcile them to their most directly comparable financial measures calculated and presented in accordance with GAAP in notes 9 and 10, respectively, to the table below.

The following table should be read together with, and is qualified in its entirety by reference to, the historical consolidated financial statements and accompanying notes included or incorporated by reference in this prospectus. This table should be read together with Management's discussion and analysis of financial condition and results of operations included or incorporated by reference in this prospectus.

| | Year ended December 31, | | | | | Nine months ended | |
|--|--------------------------------|--------------|--------------|--------------|--------------|--------------------------|--------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2008 | 2008 |
| (thousands, except ratios) | | | | | | (unaudited) | (unaudited) |
| Income statement data: | | | | | | | |
| Revenues ⁽¹⁾ | \$ 2,217,139 | \$ 1,957,732 | \$ 2,013,737 | \$ 2,395,507 | \$ 3,193,655 | \$ 2,432,123 | \$ 1,649,300 |
| Operating expenses: | | | | | | | |
| Voyage expenses ⁽¹⁾⁽²⁾ | 432,677 | 419,071 | 522,957 | 527,308 | 758,388 | 572,685 | 225,200 |
| Fuel operating expenses ⁽¹⁾⁽³⁾ | 218,947 | 213,911 | 248,039 | 447,146 | 654,319 | 469,517 | 437,200 |
| Time-charter hire expense | 458,731 | 468,190 | 402,168 | 466,481 | 612,123 | 445,444 | 348,200 |
| Depreciation and amortization | 237,498 | 205,529 | 223,965 | 329,113 | 418,802 | 312,900 | 321,800 |
| General and administrative expenses ⁽¹⁾ | 132,934 | 156,402 | 181,500 | 231,865 | 244,522 | 184,735 | 156,000 |
| Gain on sale of vessels and equipment net of write-downs | (79,254) | (139,184) | (1,341) | (16,531) | (60,015) | (39,713) | (10,200) |
| Goodwill impairment charge ⁽⁴⁾ | | | | | 334,165 | | |
| Restructuring charges ⁽⁵⁾ | 1,002 | 2,882 | 8,929 | | 15,629 | 11,180 | 12,000 |

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| | | | | | | | |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| l operating expenses | 1,402,535 | 1,326,801 | 1,586,217 | 1,985,382 | 2,977,933 | 1,956,748 | 1,490,4 |
| me (loss) from vessel | | | | | | | |
| tations | 814,604 | 630,931 | 427,520 | 410,125 | 215,722 | 475,375 | 158,9 |

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| | Year ended December 31, | | | | | Nine months ended | |
|--|-------------------------|------------|------------|------------|------------|-------------------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2008 | September |
| (in thousands, except ratios) | | | | | | (unaudited) | (unaudited) |
| Items: | | | | | | | |
| Expense ⁽¹⁾ | (180,778) | (142,048) | (100,089) | (422,433) | (994,966) | (215,139) | (111,111) |
| Income ⁽¹⁾ | 18,528 | 33,943 | 31,714 | 110,201 | 273,647 | 73,408 | 111,111 |
| Goodwill and unrealized (loss) on non-designated equity instruments ⁽¹⁾ | \$ | \$ | \$ | \$ | \$ | \$ (125,542) | \$ 8,888 |
| Income (loss), net of other items | 75,109 | 54,478 | (40,751) | (28,639) | (10,473) | (10,119) | (111,111) |
| Income before income taxes | (87,141) | (53,627) | (109,126) | (340,871) | (731,792) | (277,392) | (111,111) |
| Income taxes | 727,463 | 577,304 | 318,394 | 69,254 | (516,070) | 197,983 | 144,444 |
| Income taxes attributable to non-controlling interests ⁽⁶⁾ | (2,268) | (13,475) | (6,759) | (8,903) | (9,561) | | |
| Income tax recovery (expense) | (33,464) | 2,787 | (8,811) | 3,192 | 56,176 | 35,022 | (111,111) |
| Income (loss) ⁽⁶⁾ | 691,731 | 566,616 | 302,824 | 63,543 | (469,455) | 233,005 | 133,333 |
| Net (income) loss attributable to non-controlling interests ⁽⁶⁾ | | | | | | (51,587) | (33,333) |
| Income (loss) attributable to holders of Teekay | | | | | | \$ 181,418 | \$ 99,999 |
| Balance sheet data: | | | | | | | |
| End of period: | | | | | | | |
| Cash and cash equivalents | \$ 427,037 | \$ 236,984 | \$ 343,914 | \$ 442,673 | \$ 814,165 | \$ 875,613 | \$ 499,999 |
| Restricted cash ⁽⁷⁾ | 448,812 | 311,084 | 679,992 | 686,196 | 650,556 | 734,704 | 655,555 |
| Vessels and equipment ⁽⁸⁾ | 3,531,287 | 3,721,674 | 5,603,316 | 6,846,875 | 7,267,094 | 7,371,364 | 6,899,999 |
| Assets | 5,503,740 | 5,287,030 | 8,110,329 | 10,418,541 | 10,215,001 | 11,700,259 | 9,666,666 |
| Long-term debt | 2,108,004 | 1,878,743 | 3,252,677 | 5,263,584 | 4,952,792 | 6,111,837 | 4,511,111 |
| Liabilities | | | | | | | |
| Obligations under capital leases | 636,541 | 554,235 | 853,385 | 857,280 | 817,341 | 852,441 | 822,222 |
| Controlling interest ⁽⁶⁾ | 14,724 | 287,432 | 461,887 | 544,339 | 583,938 | 668,563 | 755,555 |
| Equity (excluding controlling interest) ⁽⁶⁾ | 2,237,358 | 2,238,818 | 2,519,147 | 2,655,954 | 2,068,467 | 3,454,341 | 2,955,555 |

equity (including
controlling interest)⁽⁶⁾

Flow data:

Information provided by (used in):

| | | | | | | | |
|-------------------------------------|------------|------------|------------|-------------|------------|------------|-------|
| Operating activities ⁽⁶⁾ | \$ 814,704 | \$ 594,949 | \$ 520,785 | \$ 255,018 | \$ 431,847 | \$ 317,315 | \$ 29 |
| Investing activities ⁽⁶⁾ | (370,403) | (618,309) | 299,256 | 2,114,199 | 767,878 | 945,798 | (40) |
| Financing activities | (309,548) | (166,693) | (713,111) | (2,270,458) | (828,233) | (830,173) | (21) |

Financial data:

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------|
| Revenues ⁽¹⁾⁽⁹⁾ | \$ 1,784,462 | \$ 1,538,661 | \$ 1,490,780 | \$ 1,868,199 | \$ 2,435,267 | \$ 1,859,438 | \$ 1,42 |
| Adjusted EBITDA ⁽¹⁰⁾ | 1,124,943 | 877,463 | 603,975 | 701,696 | 614,490 | 652,614 | 56 |
| Adjusted EBITDA ⁽¹⁰⁾ | 1,096,891 | 707,882 | 630,408 | 660,485 | 882,868 | 686,334 | 42 |
| Free cash flow to fixed asset owners ⁽¹¹⁾ | 4.1x | 3.8x | 3.1x | 1.1x | | 1.7x | |
| Operating expenditures: | | | | | | | |
| Operating expenditures for vessels and equipment | \$ (548,587) | \$ (555,142) | \$ (442,470) | \$ (910,304) | \$ (716,765) | \$ (546,334) | \$ (43 |
| Operating expenditures for drydocking | (32,889) | (20,668) | (31,120) | (85,403) | (101,511) | (60,905) | (5 |

(1) If adjusted for the adoption of the Derivatives Reclassification, realized and unrealized gain (loss) on non-designated derivative instruments on the consolidated statement of income for the years ended December 31, 2008, 2007, 2006, 2005 and 2004 would be

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included as a separate line item on the statements of income (loss) rather than being included in revenue, voyage expenses, vessel operating expenses, general and administrative expenses, interest expense, interest income and foreign exchange gain (loss), respectively.

- (2) Voyage expenses are all expenses unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions.
- (3) Vessel operating expenses include crewing, repairs and maintenance, insurance, stores, lube oils and communication expenses.
- (4) Goodwill impairment charge was from a write-down of goodwill from the Teekay Petrojarl acquisition. Based on an impairment analysis, management concluded that the carrying value of goodwill in the FPSO segment exceeded its fair value by \$334.2 million as of December 31, 2008. As a result, an impairment loss of \$334.2 million has been recognized in our consolidated statement of income loss for the year ended December 31, 2008.
- (5) Restructuring charges generally include costs relating to vessel reflaggings, crew changes, office closures, global staffing, changes and business unit reorganization.
- (6) If adjusted for the adoption of the FASB ASC 810 amendment, (a) non-controlling interest expense on our consolidated statements of income (loss) for the years ended December 31, 2008, 2007, 2006, 2005 and 2004 would be included as a component of net income and would be considered a reconciling item from net income to net income attributable to stockholders of Teekay Corp., (b) distributions from our publicly-traded subsidiaries to non-controlling interests would be reflected as a financing cash outflow in our statements of cash flows and (c) non-controlling interest on our balance sheets for the comparable periods would be included as a component of stockholders' equity.
- (7) Substantially all restricted cash deposits relate to Teekay LNG. Under certain capital lease arrangements, Teekay LNG maintains restricted cash deposits that, together with interest earned on the deposits, will equal the remaining scheduled payments it owes under the capital leases. The interest Teekay LNG receives from those deposits is used solely to pay interest associated with the capital leases, and the amount of interest it receives approximates the amount of interest it pays on the capital leases.
- (8) Total vessels and equipment consists of (a) owned vessels, at cost less accumulated depreciation, (b) vessels under capital leases, at cost less accumulated amortization and (c) advances on newbuildings.
- (9) Consistent with general practice in the shipping industry, we use net revenues (or revenues less voyage expenses) as a measure of equating revenues generated from voyage charters to revenues generated from time charters, which assists us in making operating decisions about the deployment of our vessels and their performance. Under time-charter contracts, the charterer typically pays the voyage expenses, whereas under voyage charter contracts the shipowner typically pays the voyage expenses. Some voyage expenses are fixed, and the remainder can be estimated. If we, as the shipowner, pay the voyage expenses, we typically pass the approximate amount of these expenses on to our customers by charging higher rates under the contract or billing the expenses to them. As a result, although revenues from different types of contracts may vary, the net revenues after subtracting voyage expenses, or net revenues, are comparable across the different types of contracts. We principally use net revenues, a non-GAAP financial measure, because it provides more meaningful information than voyage revenues, the most directly comparable GAAP financial measure. Net revenues are also widely used by investors and analysts in the shipping industry for comparing financial performance between companies in the shipping industry to industry averages. The following table reconciles net revenues with revenues.

| (in thousands) | 2004 | 2005 | Year ended December 31, | 2008 | Nine months ended September 30, 2009 |
|-----------------------|-------------|-------------|--------------------------------|-------------|---|
|-----------------------|-------------|-------------|--------------------------------|-------------|---|