



TEEKAY

TEEKAY CORPORATION THIRD QUARTER 2014 EARNINGS PRESENTATION

November 6, 2014

Forward Looking Statements

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: future growth opportunities and market conditions; the timing for implementation of the Company's new dividend policy, the amount of the initial dividend increase from the current level, and expected increases over the three years following the initial dividend increase; the anticipated sale of the *Petrojarl Knarr* FPSO unit to Teekay Offshore, including the sale price, the anticipated commencement of the *Petrojarl Knarr* FPSO charter contract in the fourth quarter of 2014, and the timing and certainty of Teekay Parent completing the sale; the dividend contributions of any future projects awarded to the Company's daughter companies; expected growth of Teekay Offshore and Teekay LNG and its impact on Teekay Parent; the total cost and timing for the delivery of newbuilding and conversion projects and the commencement of associated time-charter contracts; the timing and certainty of Teekay Offshore's joint venture with Odebrecht finalizing the contract for the Libra FPSO project with Petrobras; the timing, certainty and purchase price of pending and future Teekay Offshore and Teekay LNG vessel acquisitions; the timing and certainty of the charterer resolving the subsea issues relating to the Foinaven field and revenues generated from the *Foinaven* FPSO; and the estimated results for the Company for the fourth quarter of 2014. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in production of or demand for oil, petroleum products, LNG and LPG, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil or demand for shuttle tankers, FSO and FPSO units; decreases in oil production by, or increased operating expenses for, FPSO units; fluctuations in global oil prices; trends in prevailing charter rates for shuttle tanker and FPSO contract renewals; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts or complete existing contract negotiations; delays in commencement of operations of FPSO and FSO units at designated fields; changes in the Company's expenses; the Company and its publicly-traded subsidiaries' future capital expenditure requirements and the inability to secure financing for such requirements; the amount of future distributions by the Company's daughter companies to the Company; the amount of Teekay Parent and daughter subsidiary expenses; failure by Teekay Offshore's joint venture with Odebrecht to complete final contract negotiations with Petrobras for the Libra FPSO project; potential delays in the commencement of operations of the *Petrojarl Knarr* FPSO unit and potential failure of the FPSO unit to be sold to Teekay Offshore; the inability to successfully complete the operational testing of the Hi-Load DP unit and achieve final acceptance of the unit from Petrobras; failure by Teekay Offshore and Teekay LNG to complete its vessel acquisitions; the inability of the Company to complete vessel sale transactions to its public-traded subsidiaries or to third parties, including obtaining Board of Directors and Conflicts Committee approvals; failure of the respective Board of Directors of the general partners of Teekay Offshore and Teekay LNG to approve future distribution increases; failure by the charterer to resolve the subsea issues relating to the Foinaven field; conditions in the United States capital markets; and other factors discussed in Teekay's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2013. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.



Recent Highlights

Teekay Corporation (Parent)

- Generated \$252 million of total CFVO¹ in Q3-14, an increase of 29 percent from Q3-13
- Reported Q3-14 consolidated adjusted net loss² of \$12.6m, or \$0.17 per share, compared to Q3-13 consolidated adjusted net loss² of \$36.0m, or \$0.51 per share
- Announced new dividend policy
 - Intend to increase dividend to **\$2.20 - \$2.30** (annualized)
 - Upon completion of Knarr FPSO dropdown³
 - Expect to further grow the dividend by ~20% per annum
- Offered Knarr FPSO for sale to Teekay Offshore

1) Total cash flow from vessel operations (CFVO) is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Includes both CFVO from vessels that are consolidated and CFVO from vessels that are equity-accounted for on the Company's financial statements. Please see appendices in the Q3-14 earnings release for a reconciliation of this non-GAAP measure as used in this presentation to the most directly comparable GAAP financial measure.

2) See Appendix A of the Q3-14 earnings release for a reconciliation of this non-GAAP measure to the most directly comparable financial measure under GAAP.

3) Expected implementation in Q1-15, subject to successful contract start-up and dropdown of Knarr FPSO to Teekay Offshore.



Recent Highlights

Teekay LNG Partners

- Declared Q3-14 distribution of \$0.6918 per unit – **\$25.3m to Teekay Parent**
- Agreed to acquire and bareboat charter-back one LPG carrier from I.M. Skaugen for \$27 million
- Exmar LPG JV took delivery of the third of 12 mid-size LPG carrier newbuildings; sold one LPG vessel for an \$8 million gain
- Bidding on several LNG and FSRU projects for start-up in 2017 onwards

Teekay Offshore Partners

- Declared Q3-14 distribution of \$0.5384 per unit – **\$17.7m to Teekay Parent**
- 50/50 JV with Odebrecht signed letter of intent for the Libra FPSO project in Brazil – **TOO's investment ~\$0.5 billion**
- ALP agreed to acquire 6 on-the-water towing and anchor handling vessels – **TOO's investment \$220 million**
- Salamander FSO commenced charter in Aug-2014
- Bidding on several offshore projects with start-up in 2017 onwards

Teekay Tankers Ltd.

- Declared Q3-14 dividend of \$0.03 per share – **\$0.8m to Teekay Parent**
- Generated Q3-14 CAD¹ of \$0.19 per share
- Secured two new charter-in contracts
- Invested \$10 million in additional shares of Tanker Investments Ltd. increasing ownership to over 9%



1) Cash Available for Distribution (CAD) represents net income (loss), plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-offs of other non-recurring items, less unrealized gains from derivatives. Please see appendices in the Teekay Tankers Q2-14 earnings release for a reconciliation of this non-GAAP measure as used in this presentation to the most directly comparable GAAP financial measure.

Knarr FPSO Status Update

- Arrived in Norway in September and currently being towed to field
- Mooring and riser installation scheduled for November and targeting first oil in December (weather dependent)
- Offered the unit for sale to Teekay Offshore for fully built-up cost of ~\$1.16 billion; currently being reviewed by Teekay Offshore's Conflicts Committee
- Expected to generate annual DCF* of approximately \$70 million

* Distributable Cash Flow is a non-GAAP measure used by certain investors to measure the financial performance of Teekay Offshore and other master limited partnerships

Consolidated Adjusted Statements of (Loss) Income

Q3-14 vs. Q2-14

(\$'000's, except per share amounts)	Q3-14 Adjusted	Q2-14 Adjusted	Comments
Net revenues	456,000	418,815	Increase mainly related to Banff FPSO returning to operations in July, higher revenues from the Voyageur and Foinaven FPSO units, higher spot tanker rates and additional in-charters, start-up of Salamander FSO and \$7m increase in reimbursable costs (with corresponding increase in vessel opex).
Vessel operating expenses	(205,814)	(196,724)	Increase primarily due to \$7m increase in reimburseable opex and Banff FPSO returning to operations in July.
Time charter hire expense	(16,899)	(9,714)	Additional in-charters in TNK.
Depreciation and amortization	(106,835)	(103,373)	Amortization of upgrade costs for Banff FPSO returning to operations in July
General and administrative	(32,010)	(35,619)	Lower corporate expenses
Income from vessel operations	94,442	73,385	
Net interest expense	(78,241)	(78,311)	
Equity Income	25,702	27,489	Lower income from Exmar LPG and Itajai JVs
Income tax expense	(3,111)	(3,193)	
Other - net	(532)	(734)	
Net income	38,260	18,636	
Less: Net income attributable to non-controlling interest	(50,839)	(38,730)	Higher adjusted earnings in TNK, TGP & TOO
Net loss attributable to shareholders of Teekay Corp.	(12,579)	(20,094)	
Fully diluted loss per share	(0.17)	(0.28)	



Q4 2014 Outlook – Teekay Consolidated

Income Statement Item	Q4 2014 Outlook
Net Revenues	<p><u>Fixed-Rate Fleet (expected changes from Q3-14):</u></p> <ul style="list-style-type: none"> • \$20m - 23m increase from Foinaven FPSO due to Q4 recognition of the annual operational and oil price tariff revenue for 2014 • \$9m increase from Knarr FPSO assuming achievement of first oil on December 15th • \$2m increase from a full quarter of Banff FPSO operations • \$4m decrease due to conventional tanker sales and out-charter redeliveries • \$2m decrease due to the Hummingbird Sprit FPSO as a result of lower oil price tariff <p><u>Spot-Rate Fleet (expected changes from Q3-14):</u></p> <ul style="list-style-type: none"> • 560 additional net revenue days from TNK in-charters and out-charter redeliveries • Approximately 42% and 49% of Q4-14 spot revenue days for Aframaxes and Suezmaxes, respectively, fixed at \$18,000/day and \$17,200/day but current spot rates are significantly higher
Vessel Operating Expenses (OPEX)	<ul style="list-style-type: none"> • Relatively consistent with Q3-14 as increases from the Knarr FPSO are expected to offset decreases from Foinaven and Banff FPSOs
Time-charter Hire Expense	<ul style="list-style-type: none"> • \$6m increase due to additional TNK in-charters delivering during Q3-14 and Q4-14
Depreciation & Amortization	<ul style="list-style-type: none"> • \$4m increase primarily due to Knarr FPSO and additional drydock amortization
General & Administrative	<ul style="list-style-type: none"> • Expected range of \$33m - \$34m
Net Interest Expense	<ul style="list-style-type: none"> • \$4m increase over Q3-14 primarily due to the Knarr FPSO and TOO revolver financings
Equity Income	<ul style="list-style-type: none"> • \$2m increase over Q3-14
Income Tax Expense	<ul style="list-style-type: none"> • Consistent with Q3-14 at \$3m
Non-controlling Interest Expense	<ul style="list-style-type: none"> • Expected range: \$55m to \$57m, increase primarily due to higher expected income in TNK



Teekay Parent Free Cash Flow

Q3-14 vs. Q2-14

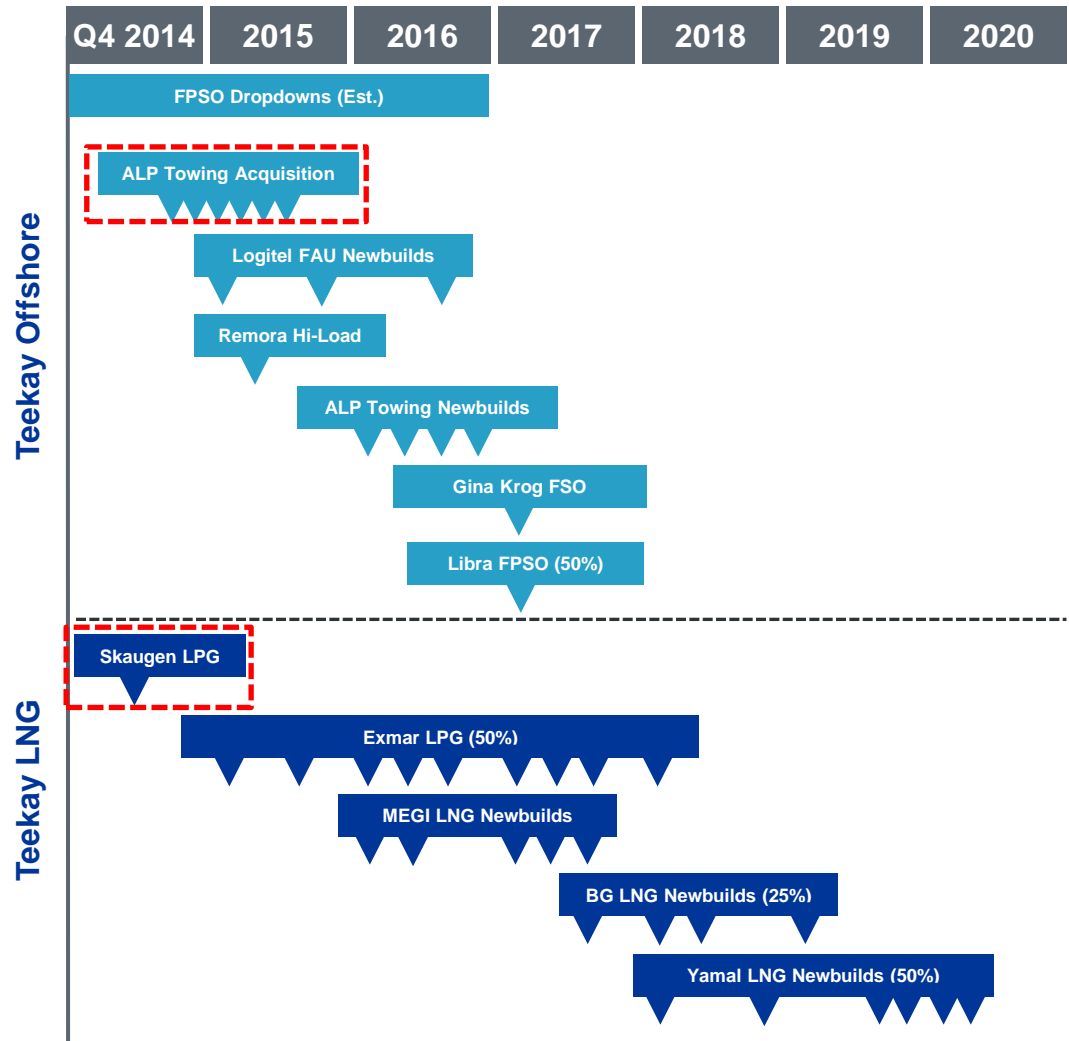
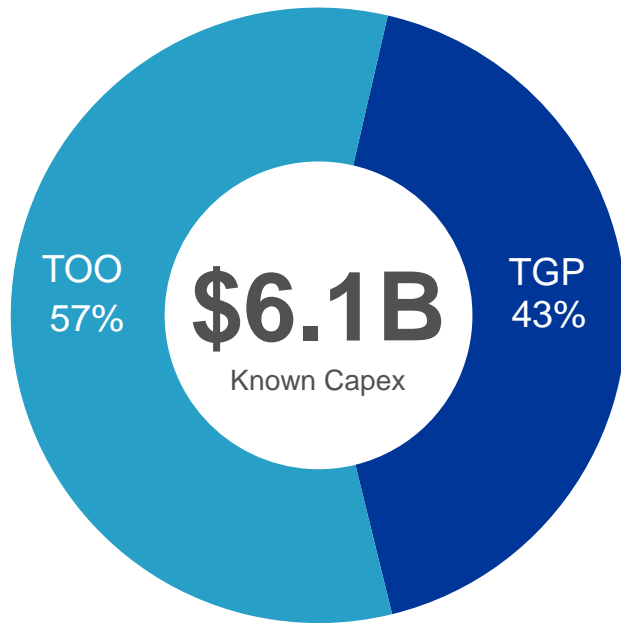
(\$'000's, except per share amounts)

OPCO	Q3-14	Q2-14
CFVO	(9,170)	(19,915)
Net Interest expense	(13,000)	(15,015)
Dry-docking expense	(2,673)	(378)
Teekay Parent OPCO Cash Flow	(24,843)	(35,308)
GPCO	Q3-14	Q2-14
LP Distributions	30,258	30,258
GP Distributions	12,763	12,763
Other dividends	756	629
Total Daughter Distributions	43,777	43,650
Less:		
Corporate G&A	(4,068)	(3,362)
Teekay Parent GPCO Cash Flow	39,709	40,288
Teekay Parent Free Cash Flow	14,866	4,980
Teekay Parent FCF per share	0.21	0.07
Teekay weighted average outstanding shares	72,393,072	72,036,526



Significant Growth at MLPs

Currently over \$6 billion of known accretive growth will support future dividend increases



Appendix

Committed Known Growth Capex

(in Millions)*		2014	2015	2016	2017	2018	2019	2020	Total
Offshore Production									
	FPSO (incl. Dropdowns)	\$1,160	\$450	\$485	-	-	-	-	\$2,095
Offshore Logistics									
Teekay Offshore	Shuttles (incl. Hi-Load)	-	\$60	-	-	-	-	-	\$60
	FSO	-	-	-	\$280	-	-	-	\$280
	Towage	-	\$220	\$260	-	-	-	-	\$480
	FAU	-	\$400	\$200	-	-	-	-	\$600
Teekay LNG	LNG	-	-	\$420	\$725	\$475	\$400	\$350	\$2,370
	LPG	\$27	\$44	\$67	\$67	\$22	-	-	\$227
	Total backlog	\$1,187	\$949	\$1,172	\$1,557	\$497	\$400	\$350	\$6,112



* Project Capex included in the period in which the vessel or unit is delivered and does not represent timing of cash installments payments

Consolidated Adjusted Statement of Income (Loss)

Q3-14

Three Months Ended
September 30, 2014

(in thousands of US dollars, except per share amounts)

	As Reported	Appendix A Items (1)	Reclass for Realized Gains/ Losses on Derivatives (2)	As Adjusted
Revenues	490,183	-	-	490,183
Voyage expenses	(34,183)	-	-	(34,183)
Net revenues	456,000	-	-	456,000
Vessel operating expenses	(206,085)	280	(9)	(205,814)
Time charter hire expense	(16,899)	-	-	(16,899)
Depreciation and amortization	(106,835)	-	-	(106,835)
General and administrative expenses	(31,585)	-	(425)	(32,010)
Asset impairments	(4,759)	4,759	-	-
Gain on sale of vessels	1,217	(1,217)	-	-
Restructuring charges	(2,665)	2,665	-	-
Income from vessel operations	88,389	6,487	(434)	94,442
Interest expense	(52,206)	-	(28,821)	(81,027)
Interest income	2,786	-	-	2,786
Realized and unrealized loss on derivative instruments	(5,792)	(22,582)	28,374	-
Equity income	39,932	(14,230)	-	25,702
Income tax expense	(3,111)	-	-	(3,111)
Foreign exchange gain	19,497	(20,378)	881	-
Other - net	(1,670)	1,138	-	(532)
Net income	87,825	(49,565)	-	38,260
Less: Net income attributable to non-controlling interest	(85,451)	34,612	-	(50,839)
NET INCOME (LOSS) ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	2,374	(14,953)	-	(12,579)
Fully diluted loss per share	0.03			(0.17)



1 See slide 13 to this presentation for description of Appendix A items.

2 Please refer to footnotes (2) and (5) to the Summary Consolidated Statements of Income (Loss) in the Q3-14 earnings release.

Appendix A Item Descriptions

Q3-14

(in thousands of US dollars)	Q3 - 2014	
	<u>Appendix A Items</u>	<u>Explanation of Items</u>
Revenues	-	
Voyage expenses	-	
Net revenues	-	
Vessel operating expense	280	Pre-operational costs incurred in respect of Knarr FPSO unit
Time charter hire expense	-	
Depreciation and amortization	-	
General and administrative	-	
Asset impairments	4,759	Impairment charge on one older shuttle tanker
Gain on sale of vessels and equipment	(1,217)	Sale of office building
Restructuring charges	2,665	Restructuring costs related to marine operations, and crew redundancy accrual relating to sale of Huelva Spirit
Income from vessel operations	6,487	
Interest expense	-	
Interest income	-	
Realized and unrealized loss on derivative instruments	(22,582)	Unrealized gains on derivative instruments and realized interest rate swap losses incurred in respect of Knarr FPSO unit during the pre-operational phase
Equity income	(14,230)	Unrealized gains on derivative instruments in joint ventures and gain on sale of vessels in joint venture
Income tax (expense) recovery	-	
Foreign exchange gain	(20,378)	Foreign exchange gains
Other - net	1,138	Loss on debt extinguishment and Logitel contingent consideration
Net	(49,565)	
Less: Net income attributable to non-controlling interests	34,612	Non-controlling interest on applicable items noted above
AMOUNTS ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	<u>(14,953)</u>	



Consolidated Adjusted Statement of (Loss) Income

Q2-14

Three Months Ended

June 30, 2014

(in thousands of US dollars, except per share amounts)

	As Reported	Appendix A Items (1)	Reclass for	As Adjusted
			Realized Gains/ Losses on Derivatives (2)	
Revenues	452,254	-	-	452,254
Voyage expenses	(33,439)	-	-	(33,439)
Net revenues	418,815	-	-	418,815
Vessel operating expenses	(201,714)	4,906	84	(196,724)
Time charter hire expense	(9,714)	-	-	(9,714)
Depreciation and amortization	(103,373)	-	-	(103,373)
General and administrative	(36,945)	1,300	26	(35,619)
Asset impairment and recoveries	2,521	(2,521)	-	-
Gain on sale of vessels	9,615	(9,615)	-	-
Restructuring charges	244	(244)	-	-
Income from vessel operations	79,449	(6,174)	110	73,385
Interest expense	(49,656)	-	(29,448)	(79,104)
Interest income	793	-	-	793
Realized and unrealized loss on derivative instruments	(75,331)	46,136	29,195	-
Equity income	35,271	(7,782)	-	27,489
Income tax expense	(3,193)	-	-	(3,193)
Foreign exchange loss	(2,046)	1,903	143	-
Other - net	(734)	-	-	(734)
Total other items	(94,896)	40,257	(110)	(54,749)
Net (loss) income	(15,447)	34,083	-	18,636
Less: Net income attributable to non-controlling interest	(27,540)	(11,190)	-	(38,730)
NET (LOSS) INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	(42,987)	22,893	-	(20,094)
Fully diluted (loss) income per share	(0.60)			(0.28)



1 See slide 15 to this presentation for description of Appendix A items.

2 Please refer to footnotes (2) and (4) to the Summary Consolidated Statements of (Loss) Income in the Q2-14 earnings release.

Appendix A Item Descriptions

Q2-14

(in thousands of US dollars)

	Q2 - 2014	
	Appendix A Items	Explanation of Items
NET VOYAGE REVENUES		
Revenues	-	
Voyage expenses	-	
Net revenues	-	
OPERATING EXPENSES		
Vessel operating expense	(4,906)	Pre-operational costs incurred in respect of Knarr FPSO unit
Time charter hire expense	-	
Depreciation and amortization	-	
General and administrative	(1,300)	Non-recurring item
Loan loss recoveries	2,521	Recovery of receivable from a FEED study
Gain on sale of vessels	9,615	Sale of two conventional tankers to TIL and adjustment to loss on sale of four conventional tankers in Q1
Restructuring charges	244	Restructuring costs related to marine operations, and reversal of accrual relating to shuttle tanker operations restructuring
Total operating expenses	6,174	
Income from vessel operations	(6,174)	
OTHER ITEMS		
Interest expense	-	
Interest income	-	
Realized and unrealized loss on derivative instruments	46,136	Unrealized losses on derivative instruments and realized interest rate swap losses incurred in respect of Knarr FPSO unit during the pre-operational phase
Equity income	(7,782)	Unrealized losses on derivative instruments in joint ventures and gain on sale of vessels in joint venture
Income tax expense	-	
Foreign exchange loss	1,903	Foreign exchange losses
Other - net	-	
Total other items	40,257	
Net	34,083	
Less: Amount attributable to non-controlling interest	(11,190)	Non-controlling interest on applicable items noted above
AMOUNTS ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	22,893	



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BRINGING ENERGY TO THE WORLD