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

# EARNINGS RELEASE

## TEEKAY CORPORATION
## REPORTS FIRST QUARTER RESULTS

**Highlights**

- First quarter 2009 cash flow from vessel operations of $153.5 million
- First quarter 2009 adjusted net income of $10.9 million, or $0.15 per share (excluding specific items which increased net income by $70.6 million, or $0.97 per share)
- Current liquidity at the end of the first quarter of over $2.0 billion; $2.9 billion in consolidated total liquidity including pre-arranged newbuilding financing

Hamilton, Bermuda, July 28, 2009 - Teekay Corporation (*Teekay* or *the Company*) (NYSE: TK) today reported adjusted net income(1) of $10.9 million, or $0.15 per share, for the quarter ended March 31, 2009, compared to adjusted net income of $60.7 million, or $0.83 per share, for the same period of the prior year. Adjusted net income excludes a number of specific items which had the net effect of increasing net income by $70.6 million (or $0.97 per share) for the three months ended March 31, 2009 and decreasing net income by $165.9 million (or $2.28 per share) for the three months ended March 31, 2008, as detailed in *Appendix A* to this release. Including these items, the Company reported net income attributable to the stockholders of Teekay, on a GAAP basis, of $81.5 million(2), or $1.12 per share, for the quarter ended March 31, 2009, compared to a net loss attributable to the stockholders of Teekay, on a GAAP basis, of $105.1 million(2), or $1.45 per share, for the same period of the prior year. Net revenues(3) for the first quarter of 2009 were $525.9 million compared to $571.0 million for the same period of the prior year.

On June 4, 2009, the Company declared a cash dividend on its common stock of $0.31625 per share for the quarter ended June 30, 2009. The cash dividend was paid on July 24, 2009, to all shareholders of record on July 10, 2009.

"The current weak spot tanker market highlights the value of Teekay's business model of building industry-leading franchises within our Marine Midstream platform, which generate long-term, stable cash flows," commented Bjorn Moller, Teekay Corporation's President and Chief Executive Officer. "As well, we have taken additional measures over the past several months to further strengthen our position," continued Mr. Moller. "We have reduced our exposure to the spot tanker market by selling and chartering out a number of our spot vessels and allowing our existing in-charters to expire. Significant progress has also been made on company-wide initiatives to reduce overhead and vessel operating expenses, which combined with our rapidly declining in-chartered fleet will reduce our cash flow breakeven levels. Recently, two of our daughter companies were able to raise a total of $139 million of equity capital and we successfully extended a portion of our 2011 debt maturities, both of which give us additional financial flexibility. Although we have over $2.0 billion in consolidated liquidity and a fully-financed newbuilding program, a key focus for the company is to further enhance our financial flexibility through deleveraging and building on our already significant liquidity position."

(1) Adjusted net income is a non-GAAP financial measure. Please refer to *Appendix A* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under United States generally accepted accounting principles (*GAAP*) and information about specific items affecting net income which are typically excluded by securities analysts in their published estimates of the Company's financial results.
(2) Effective January 1, 2009, Teekay adopted Statement of Financial Accounting Standards No. 160 (*SFAS 160*), "Non-controlling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51." SFAS 160 amended the accounting and reporting for non-controlling interest, which is now classified as a component of equity. SFAS 160 requires retrospective adoption of the presentation and disclosure requirements for existing non-controlling interests. All other requirements of SFAS 160 are applied prospectively.
(3) Net revenues represents revenues less voyage expenses. Net revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's web site at www.teekay.com for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under United States GAAP.

## Operating Results

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

| | Three Months Ended March 31, 2009 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| (in thousands of U.S. dollars) | Teekay Offshore Partners LP | Teekay LNG Partners LP | Teekay Tankers Ltd. | Teekay Parent | Consolidation Adjustments | Teekay Corporation Consolidated |
| Net revenues[1] | 158,612 | 75,155 | 29,924 | 305,993 | (43,802) | 525,882 |
| Vessel operating expenses[1] | 50,734 | 18,741 | 7,678 | 72,175 | - | 149,328 |
| Time-charter hire Expense | 32,145 | - | - | 148,485 | (43,802) | 136,828 |
| Depreciation and Amortization | 34,531 | 19,326 | 5,955 | 46,741 | - | 106,553 |
| Cash flow from vessel operations[2] | 57,033 | 49,213 | 20,828 | 26,397 | - | 153,471 |
| Net debt[3] | 1,406,417 | 1,366,728 | 295,516 | 1,140,227 | - | 4,208,888 |

| | Three Months Ended March 31, 2008 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| (in thousands of U.S. dollars) | Teekay Offshore Partners LP[4] | Teekay LNG Partners LP[4] | Teekay Tankers Ltd.[4] | Teekay Parent | Consolidation Adjustments | Teekay Corporation Consolidated |
| Net revenues[1] | 152,409 | 65,727 | 26,575 | 380,836 | (54,593) | 570,954 |
| Vessel operating expenses[1] | 41,931 | 15,400 | 5,580 | 85,524 | - | 148,435 |
| Time-charter hire Expense | 33,646 | - | - | 165,867 | (54,593) | 144,920 |
| Depreciation and Amortization | 32,546 | 16,072 | 3,489 | 45,600 | - | 97,707 |
| Cash flow from vessel operations[2] | 61,864 | 46,367 | 19,674 | 62,913 | - | 190,818 |
| Net debt[3] | 1,421,632 | 1,912,884 | 103,723 | 1,754,889 | - | 5,193,128 |

(1) Commencing in the quarter ended March 31, 2009, and applied retroactively, the gains and losses related to non-designated derivative instruments have been reclassified to a separate line item in the Statements of Income (Loss) and are no longer included in the amounts above.
(2) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense, vessel/goodwill write-downs, gains or losses on the sale of vessels and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's web site at www.teekay.com for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable GAAP financial measure.
(3) Net debt represents current and long-term debt less cash and, if applicable, current and long-term restricted cash.
(4) Excludes the historical results of assets acquired from Teekay Parent for the periods prior to their acquisition by Teekay Offshore, Teekay LNG and Teekay Tankers as those results are included in the historical results for Teekay Parent.

**Teekay Offshore Partners L.P.**

Teekay Offshore is an international provider of marine transportation and storage services to the offshore oil industry. Through its 51 percent ownership interest in Teekay Offshore Operating L.P. (*OPCO*), Teekay Offshore operates a fleet of 33 shuttle tankers (including eight chartered-in vessels), four Floating Storage and Offtake (*FSO*) units, nine double-hull conventional oil tankers and two lightering vessels. Teekay Offshore also has direct ownership interests in two shuttle tankers and one FSO unit and has the right to participate in certain Floating Production, Storage and Offloading (*FPSO*) opportunities. Teekay Parent directly owns the remaining 49 percent interest in OPCO, as well as a 49.99 percent interest in Teekay Offshore (including the two percent General Partner interest).

Cash flow from vessel operations from Teekay Offshore decreased to $57.0 million in the first quarter of 2009, from $61.9 million in the same period of the prior year, primarily due to an increase in vessel operating costs related to its shuttle tanker operations and $2.2 million of restructuring costs associated with the re-flagging of certain Norwegian-flagged shuttle tankers in order to reduce future crewing costs. These cost increases were partially offset by contributions from two Aframax lightering vessels acquired in the second quarter of 2008.

**Teekay LNG Partners L.P.**

Teekay LNG provides liquefied natural gas (LNG), liquefied petroleum gas (LPG) and crude oil marine transportation services under long-term, fixed-rate time-charter contracts with major energy and utility companies through its current fleet of thirteen LNG carriers, two LPG carriers and eight Suezmax crude oil tankers. In addition, Teekay LNG expects to acquire two newbuilding LNG carriers from Teekay Parent during the third quarter of 2009 and take delivery of four newbuilding LPG carriers in late-2009 and 2010. Teekay Parent currently owns a 53 percent interest in Teekay LNG (including the two percent General Partner interest).

Cash flow from vessel operations from Teekay LNG during the first quarter of 2009 increased to $49.2 million from $46.4 million in the same period of the prior year. This increase was primarily due to the acquisition of the two Kenai LNG carriers from Teekay Parent in April 2008. This increase was partially offset by a reduction in revenue on five Suezmax tankers whereby their daily charter rates are adjusted for changes in LIBOR (offset by a corresponding reduction in interest expense relating to these vessels), as well as $2.0 million of restructuring costs incurred in the first quarter of 2009 to transfer certain ship management functions from Teekay LNG's Spain office to a subsidiary of Teekay Parent.

On March 30, 2009, Teekay LNG completed a follow-on equity offering of four million common units, raising gross proceeds of $70.4 million. Proceeds were used to repay amounts drawn under Teekay LNG's revolving credit facilities.

Subsequent to the first quarter of 2009, Teekay LNG took delivery of the first of five LPG carriers from subsidiaries of IM Skaugen ASA (*Skaugen*). Upon their delivery, the vessels will commence service under 15-year fixed-rate charters to Skaugen.

**Teekay Tankers Ltd.**

Teekay Tankers was formed in December 2007 by Teekay Parent as part of its strategy to expand its conventional oil tanker business. Teekay Tankers currently owns a fleet of nine double-hull Aframax tankers and three double-hull Suezmax tankers. Teekay Parent currently owns a 42.2 percent interest in Teekay Tankers (including 100 percent of the Class B common shares).

Cash flow from vessel operations from Teekay Tankers increased to $20.8 million in the first quarter of 2009, from $19.7 million in the same period of the prior year, primarily due to an increase in the size of the fleet, partially offset by a decrease in spot tanker rates in the first quarter of 2009 compared to the same period of the prior year.

On June 24, 2009, Teekay Tankers acquired a 2003-built Suezmax tanker (the *Ashkini Spirit*) from Teekay Parent for $57.0 million. To finance this acquisition, Teekay Tankers issued seven million Class A common shares, raising gross proceeds of $68.6 million. Proceeds in excess of the purchase price were used to repay a portion of debt outstanding under Teekay Tankers' revolving credit facility.

**Teekay Parent**

In addition to its equity ownership interests in Teekay Offshore, Teekay LNG and Teekay Tankers, Teekay Corporation directly owns a substantial fleet of vessels at the 'Parent' company level. As at July 1, 2009, this included 28 conventional tankers (including two Suezmax newbuildings under construction), five FPSOs primarily through its wholly-owned subsidiary, Teekay Petrojarl AS (*Teekay Petrojarl*), two newbuilding LNG carriers expected to be acquired by Teekay LNG in the third quarter of 2009, a 33 percent interest in four newbuilding LNG carriers under construction and five shuttle tankers (including four Aframax shuttle tanker newbuildings under construction). In addition, as at July 1, 2009, Teekay Parent had 46 chartered-in conventional tankers (including 10 vessels owned by its subsidiaries) and two chartered-in LNG carriers owned by Teekay LNG.

Cash flow from vessel operations from Teekay Parent decreased to $26.4 million in the first quarter of 2009, from $62.9 million in the same period of the prior year, primarily due to a decrease in average spot tanker rates and higher operating expenses in the first quarter of 2009, partially offset by higher cash flow from the FPSO fleet and lower general and administrative expenses as a result of cost reduction initiatives.

On June 24, 2009, Teekay Parent sold a 2003-built Suezmax tanker (the *Ashkini Spirit*) to Teekay Tankers for $57.0 million. A portion of the proceeds were used to repay drawn amounts under Teekay Parent's revolving credit facilities.

## Tanker Market

Average spot rates for crude oil tankers have declined in the first half of 2009, primarily due to three main factors:

- Global oil demand has contracted as a result of the economic downturn with the International Energy Agency (*IEA*) forecasting a decline of 2.5 million barrels per day (*mb/d*) in 2009;
- OPEC has announced production cuts of 4.2 mb/d since September 2008, which has reduced the amount of oil available for transportation; and
- The tanker fleet has grown at an above-average pace in the first half of 2009 with net growth of 18.2 million deadweight tonnes (*mdwt*), or 4.5 percent, since the start of the year.

Seasonal factors such as oil refinery maintenance and the onset of the North Sea oil field maintenance season have further affected crude oil tanker demand in the second quarter of 2009. The removal of up to 40 Very Large Crude Carriers (*VLCCs*) from the world tanker fleet for use as floating storage has helped tighten active fleet supply to some extent and was one of the reasons for the run-up in crude tanker rates during June 2009.

As of July 10, 2009, the IEA projected global oil demand to average 83.3 mb/d for 2009 which represents a 2.5 mb/d, or 2.9 percent, decline from 2008. The IEA projects that oil demand will recover in 2010 to 85.2 mb/d, an increase of 1.4 mb/d, or 1.7 percent, based on a recovery in the global economy.

The world tanker orderbook for the remainder of 2009 and 2010 is larger than in previous years, which could lead to continued above-average fleet growth. However, delays at new greenfield shipyards, a potential increase in order cancellations as a result of the global credit crunch and an acceleration of single-hull tanker removals ahead of the 2010 IMO phase-out target could moderate tanker fleet growth in the coming quarters.

**Teekay's Spot Tanker Fleet Performance**

The following table highlights the consolidated operating performance of the Company's conventional spot tanker pools and period out-charters with an initial term of between one and three years, measured in net revenues per revenue day or time-charter equivalent (*TCE*) rates:

| | Three Months Ended | | |
|---|---|---|---|
| | **March 31, 2009** | **December 31, 2008** | **March 31, 2008** |
| Gemini Suezmax Pool average spot TCE rate(1) | $42,188 | $47,173 | $43,255 |
| Average Suezmax time-charter rate (2)(3) | $35,906 | $29,083 | $28,138 |
| Teekay Aframax Pool average spot TCE rate (1)(4) | $25,200 | $32,890 | $35,671 |
| Average Aframax time-charter rate (2) | $32,944 | $32,196 | $31,759 |
| Taurus LRII Pool average spot TCE rate (1) | $26,228 | $48,309 | $29,546 |
| Average LRII time-charter rate (2) | $25,628 | $30,264 | $31,986 |
| MR product tanker average spot TCE rate (1) | $17,929 | $22,350 | $22,632 |
| Average MR product tanker time-charter rate (2) | $21,374 | $26,405 | $19,471 |

(1) Average spot rates include short-term time-charters and fixed-rate contracts of affreightment that are under a year in duration and third-party vessels trading in their respective pools but exclude vessels greater than 15 years old.

(2) Average time-charter rates include realized gains and losses of synthetic time-charters and forward freight agreements (*FFAs*), short-term time-charters, and fixed-rate contracts of affreightment that are between one and three years in duration.

(3) Average Suezmax time-charter rates exclude the cost of spot in-chartering vessels for contract of affreightment cargoes.

(4) Including items outside of the pool (vessels greater than 15 years old and realized results of bunker hedging and FFAs) the average Teekay Aframax spot TCE rate was $25,541 per day, $32,482 per day and $35,120 per day during the three months ended March 31, 2009, December 31, 2008 and March 31, 2008, respectively.

**Fleet List**

As at July 1, 2009, Teekay's consolidated fleet consisted of 170 vessels, including chartered-in vessels and newbuildings under construction but excluding vessels managed for third parties, as summarized in the following table:

| | Number of Vessels (1) | | | |
|---|---|---|---|---|
| | Owned Vessels | Chartered-in Vessels | Newbuildings | Total |
| **Teekay Offshore Fleet** | | | | |
| Shuttle Tankers (2) | 27 | 8 | - | 35 |
| FSO Units (3) | 5 | - | - | 5 |
| Aframax Tankers | 11 | - | - | 11 |
| Total Teekay Offshore Fleet | 43 | 8 | - | 51 |
| **Teekay LNG Fleet** | | | | |
| LNG Carriers | 13 | - | - | 13 |
| LPG Carriers | 2 | - | 4 | 6 |
| Suezmax Tankers | 8 | - | - | 8 |
| Total Teekay LNG Fleet | 23 | - | 4 | 27 |
| **Teekay Tankers Fleet** | | | | |
| Aframax Tankers | 9 | - | - | 9 |
| Suezmax Tankers | 3 | - | - | 3 |
| Total Teekay Tankers Fleet | 12 | - | - | 12 |
| **Teekay Parent Fleet** | | | | |
| Aframax Tankers (4) | 7 | 24 | - | 31 |
| Suezmax Tankers | 11 | 7 | 2 | 20 |
| VLCC Tankers | - | 1 | - | 1 |
| Large Product Tankers | 8 | 4 | - | 12 |
| LNG Carriers (5) | 2 | - | 4 | 6 |
| Shuttle Tankers | 1 | - | 4 | 5 |
| FPSO Units | 5 | - | - | 5 |
| Total Teekay Parent Fleet | 34 | 36 | 10 | 80 |
| **Total Teekay Consolidated Fleet** | **112** | **44** | **14** | **170** |

(1) Excludes vessels managed on behalf of third parties.
(2) Includes six shuttle tankers in which Teekay Offshore's ownership is 50 percent.
(3) Includes one FSO in which Teekay Offshore's ownership is 89 percent.
(4) Excludes nine vessels chartered-in from Teekay Offshore Partners and one vessel chartered-in from Teekay Tankers.
(5) Excludes two LNG carriers chartered-in from Teekay LNG.

During the first quarter of 2009, Teekay Parent sold and delivered one newbuilding Handymax product tanker for total proceeds of $50.5 million and completed the sale and four-year lease-back of one Aframax tanker for $32.7 million. The total gain related to the sale of these vessels was approximately $16.5 million.

Subsequent to the first quarter of 2009, Teekay Parent sold and delivered two LR product tankers for proceeds of $113.7 million. The total gain related to the sale of these vessels was approximately $29.7 million. In July 2009, Teekay Parent entered into an agreement to sell one of its older Aframax tankers for $16.4 million, which is expected to be delivered in the fall of 2009.

**Liquidity and Capital Expenditures**

As of March 31, 2009, Teekay had current consolidated liquidity of over $2.0 billion, consisting of $770.5 million cash and $1,254.7 million of undrawn revolving credit facilities. In addition, the Company has pre-arranged newbuilding financing of $900 million, bringing total consolidated liquidity to approximately $2.9 billion.

The Company's remaining capital commitments relating to its portion of newbuildings were as follows as at March 31, 2009:

| (in millions) | **2009** | **2010** | **2011** | **2012** | **Total** |
|---|---|---|---|---|---|
| Teekay Offshore | - | - | - | - | - |
| Teekay LNG | $162 | $43 | - | - | $205 |
| Teekay Tankers | - | - | - | - | - |
| Teekay Parent | 132 | 270 | $320 | $45 | 767 |
| Total Teekay Corporation Consolidated | $294 | $313 | $320 | $45 | $972 |

As indicated above, the Company had total capital expenditure commitments of approximately $972 million remaining as at March 31, 2009, of which $900 million has pre-arranged financing, leaving only $72 million to be funded from operating cash flow or other sources.

**About Teekay**

Teekay Corporation transports more than 10 percent of the world's seaborne oil, has built a significant presence in the liquefied natural gas shipping sector through its publicly-listed subsidiary, Teekay LNG Partners L.P. (NYSE: TGP), is further growing its operations in the offshore oil production, storage and transportation sector through its publicly-listed subsidiary, Teekay Offshore Partners L.P. (NYSE: TOO), and continues to expand its conventional tanker business through its publicly-listed subsidiary, Teekay Tankers Ltd. (NYSE: TNK). With a fleet of 170 vessels, offices in 17 countries and approximately 6,800 seagoing and shore-based employees, Teekay provides a comprehensive set of marine services to the world's leading oil and gas companies, helping them seamlessly link their upstream energy production to their downstream processing operations. Teekay's reputation for safety, quality and innovation has earned it a position with its customers as The Marine Midstream Company.

Teekay's common stock is listed on the New York Stock Exchange where it trades under the symbol "TK".

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## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

| | Three Months Ended | | |
|---|---|---|---|
| | **March 31, 2009 (unaudited)** | **December 31, 2008 (unaudited)** | **March 31, 2008 (unaudited)** |
| **REVENUES** [1] | 616,551 | 797,320 | 740,415 |
| **OPERATING EXPENSES** | | | |
| Voyage expenses [1] | 90,669 | 185,703 | 169,461 |
| Vessel operating expenses [1][2] | 149,328 | 170,431 | 148,435 |
| Time-charter hire expense | 136,828 | 166,645 | 144,920 |
| Depreciation and amortization | 106,553 | 105,902 | 97,707 |
| General and administrative [1][2] | 51,140 | 55,835 | 69,065 |
| Gain on sale of vessels and equipment, net of write-downs | (118) | (20,302) | (496) |
| Goodwill impairment | - | 330,517 | - |
| Restructuring charges | 5,558 | 4,449 | 1,500 |
| | 539,958 | 999,180 | 630,592 |
| **Income (loss) from vessel operations** | 76,593 | (201,860) | 109,823 |
| **OTHER ITEMS** | | | |
| Interest expense [1] | (43,767) | (77,457) | (88,706) |
| Interest income [1] | 6,678 | 23,703 | 33,890 |
| Realized and unrealized gain (loss) on derivative instruments [1] | 46,822 | (447,373) | (151,211) |
| Income tax (expense) recovery | (5,868) | 23,132 | (2,483) |
| Equity income (loss) from joint ventures [1] | 11,422 | (25,305) | (3,609) |
| Foreign exchange gain (loss) | 11,312 | 23,908 | (33,581) |
| Other – net [3] | 1,582 | (11,647) | 4,188 |
| Net income (loss) [4] | 104,774 | (692,899) | (131,689) |
| Less: Net (income) loss attributable to non-controlling interests | (23,269) | 42,026 | 26,560 |
| **Net income (loss) attributable to stockholders of Teekay** | **81,505** | **(650,873)** | **(105,129)** |
| Earnings (loss) per common share of Teekay | | | |
| - Basic | $1.12 | ($8.98) | ($1.45) |
| - Diluted | $1.12 | ($8.98) | ($1.45) |
| Weighted-average number of common shares outstanding | | | |
| - Basic | 72,516,193 | 72,467,924 | 72,644,397 |
| - Diluted | 72,745,781 | 72,467,924 | 72,644,397 |

(1) Commencing in 2009, and applied retroactively, the realized and unrealized gains and losses related to derivative instruments that are not designated as hedges for accounting purposes have been reclassified to a separate line item in the statements of income (loss). The realized gains (losses) relate to the amounts the Company actually paid to settle such derivative instruments and the unrealized gains (losses) relate to the change in fair value of such derivative instruments, as detailed in the table below:

| | Three Months Ended | | |
|---|---|---|---|
| | **March 31, 2009** | **December 31, 2008** | **March 31, 2008** |
| Realized gains (losses) relating to: | | | |
| Interest rate swaps | (21,310) | (9,925) | (1,716) |
| Foreign currency forward contracts | | | |
| Vessel operating expenses | (3,438) | (1,216) | 5,170 |
| General and administrative | (2,059) | (1,171) | 3,650 |
| Voyage expenses and other | - | (526) | 4,896 |
| Bunkers and FFAs | (2,289) | (7,623) | (5,289) |
| | (29,096) | (20,461) | 6,711 |
| Unrealized gains (losses) relating to: | | | |
| Interest rate swaps | 62,975 | (432,066) | (165,107) |
| Foreign currency forward contracts | 6,751 | (13,753) | (1,879) |
| Bunkers, FFAs and other | 6,192 | 18,907 | 9,064 |
| | 75,918 | (426,912) | (157,922) |
| Total realized and unrealized gains (losses) on non-designated derivative instruments | 46,822 | (447,373) | (151,211) |

In addition, equity income (loss) from joint ventures includes net unrealized gains from non-designated interest rate swaps held within the joint ventures of $7.8 million for the three months ended March 31, 2009, an unrealized loss of $30.4 million for the three months ended December 31, 2008, and $nil for the three months ended March 31, 2008.

(2) The Company has entered into foreign currency forward contracts, which are economic hedges of vessel operating expenses and general and administrative expenses. Certain of these forward contracts have been designated as cash flow hedges pursuant to United States GAAP. Unrealized gains (losses) arising from hedge ineffectiveness from such forward contracts are reflected in vessel operating expenses and general and administrative expenses in the above Statements of Income (Loss), as detailed in the table below:

| | Three Months Ended | | |
|---|---|---|---|
| | **March 31, 2009** | **December 31, 2008** | **March 31, 2008** |
| Vessel operating expenses | (223) | (9,015) | (635) |
| General and administrative | 1,997 | (4,667) | (415) |

(3) Other – net includes intangible impairments of $1.1 million, $9.7 million and $nil for the three months ended March 31, 2009, December 31, 2008 and March 31, 2008, respectively.

(4) Commencing in 2009, and applied retroactively, in accordance with SFAS 160, the Company's net income (loss) includes income (loss) attributable to non-controlling interests.

## TEEKAY CORPORATION
## SUMMARY CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

| | As at March 31, 2009 (unaudited) | As at December 31, 2008 (unaudited) |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 770,450 | 814,165 |
| Other current assets | 320,820 | 438,829 |
| Restricted cash – current | 31,984 | 35,841 |
| Restricted cash – long-term | 603,694 | 614,715 |
| Vessels held for sale | - | 69,649 |
| Vessels and equipment | 6,792,372 | 6,713,392 |
| Advances on newbuilding contracts | 343,846 | 553,702 |
| Derivative assets | 127,203 | 167,326 |
| Investment in joint ventures | 112,365 | 103,956 |
| Investment in direct financing leases | 278,204 | 79,508 |
| Other assets | 155,094 | 155,959 |
| Intangible assets | 255,166 | 264,768 |
| Goodwill | 203,191 | 203,191 |
| **Total Assets** | 9,994,389 | 10,215,001 |
| **LIABILITIES AND EQUITY** | | |
| Accounts payable and accrued liabilities | 296,453 | 374,724 |
| Other current liabilities | 23,443 | 22,255 |
| Current portion of long-term debt | 361,013 | 392,659 |
| Long-term debt | 5,254,003 | 5,377,474 |
| Derivative liabilities | 711,777 | 843,265 |
| In process revenue contracts | 302,076 | 317,865 |
| Other long-term liabilities | 254,583 | 234,354 |
| Equity: | | |
| Non-controlling interests | 653,526 | 583,938 |
| Stockholders of Teekay | 2,137,515 | 2,068,467 |
| **Total Liabilities and Equity** | 9,994,389 | 10,215,001 |

## TEEKAY CORPORATION

## SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2009 (unaudited) | 2008 (unaudited) |
| Cash and cash equivalents provided by (used for) | | |
| **OPERATING ACTIVITIES** | | |
| **Net operating cash flow** | 110,678 | 72,993 |
| **FINANCING ACTIVITIES** | | |
| Net proceeds from long-term debt | 183,728 | 561,918 |
| Scheduled repayments of long-term debt | (51,057) | (24,438) |
| Prepayments of long-term debt | (261,250) | (232,111) |
| Increase in restricted cash | 6,734 | 2,651 |
| Repurchase of common stock | - | (20,512) |
| Net proceeds from the public offering of Teekay LNG | 68,524 | - |
| Cash dividends paid | (22,928) | (20,013) |
| Other | 1,885 | (566) |
| **Net financing cash flow** | (74,364) | 266,929 |
| **INVESTING ACTIVITIES** | | |
| Expenditures for vessels and equipment | (171,303) | (292,917) |
| Proceeds from sale of vessels and equipment | 83,405 | 36,630 |
| Purchase of marketable securities | - | (520) |
| Proceeds from sale of marketable securities | - | 7,283 |
| Advances from (loans to) joint ventures | 273 | (3,085) |
| Other | 7,596 | 25,687 |
| **Net investing cash flow** | (80,029) | (226,922) |
| **(Decrease) increase in cash and cash equivalents** | (43,715) | 113,000 |
| Cash and cash equivalents, beginning of the period | 814,165 | 442,673 |
| **Cash and cash equivalents, end of the period** | 770,450 | 555,673 |

# TEEKAY CORPORATION

## APPENDIX A – SPECIFIC ITEMS AFFECTING NET INCOME

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

Set forth below is a reconciliation of the Company's unaudited adjusted net income, a non-GAAP financial measure, to net income (loss) as determined in accordance with GAAP, adjusted for some of the significant items of income and expense that affected the Company's net income (loss) for the three months ended March 31, 2009 and 2008, all of which items are typically excluded by securities analysts in their published estimates of the Company's financial results:

| | Three Months Ended March 31, 2009 (unaudited) | | Three Months Ended March 31, 2008 (unaudited) | |
|---|---|---|---|---|
| | $ | $ Per Share(1) | $ | $ Per Share(1) |
| Net income (loss) – GAAP basis | 104,774 | | (131,689) | |
| Adjust for: Net (income) loss attributable to non-controlling interests | (23,269) | | 26,560 | |
| **Net income (loss) attributable to stockholders of Teekay** | **81,505** | **1.12** | **(105,129)** | **(1.45)** |
| Add (subtract) specific items affecting net income: | | | | |
| Unrealized (gains) losses from derivative instruments (2) | (85,490) | (1.18) | 157,009 | 2.16 |
| Foreign currency exchange (gains) losses (3) | (11,312) | (0.16) | 33,581 | 0.46 |
| Deferred income tax expense on unrealized foreign exchange gains (4) | 8,364 | 0.12 | 8,396 | 0.12 |
| Restructuring charge (5) | 5,558 | 0.08 | - | - |
| Gain on sale of vessels and equipment | (118) | 0.00 | (496) | (0.01) |
| Net effect from non-cash changes in purchase price allocation for the acquisition of 50 percent of OMI Corporation (6) | - | - | 3,944 | 0.05 |
| Other (7) | 1,508 | 0.02 | 2,581 | 0.04 |
| Non-controlling interests' share of items above | 10,933 | 0.15 | (39,141) | (0.54) |
| Total adjustments | (70,557) | (0.97) | 165,874 | 2.28 |
| **Adjusted net income** | **10,948** | **0.15** | **60,745** | **0.83** |

(1) Fully diluted per share amounts.

(2) Reflects the unrealized gains or losses relating to the change in the mark-to-market value of derivative instruments that are not designated as hedges for accounting purposes, including those included in equity income (loss) from joint ventures, and the ineffective portion of foreign currency forward contracts designated as hedges for accounting purposes.

(3) Foreign currency exchange (gains) losses primarily relate to the Company's debt denominated in Euros and deferred tax liability denominated in Norwegian Kroner. Nearly all of the Company's foreign currency exchange gains and losses are unrealized.

(4) Primarily due to deferred income tax related to unrealized foreign exchange gains and losses.

(5) Restructuring charges relate to the reorganization of certain of the Company's operational functions and the re-flagging of certain of the Company's shuttle tankers.

(6) Primarily relates to changes in amortization of intangible assets as a result of adjustments to the purchase price allocation of OMI Corporation.

(7) Primarily relates to gains and losses on bond repurchases (8.875% Notes due 2011), non-recurring adjustments to tax accruals, impairment of intangible assets and settlement of a previous claim against OMI Corporation.

**TEEKAY CORPORATION**
**APPENDIX B – SUPPLEMENTAL FINANCIAL INFORMATION**
**SUMMARY BALANCE SHEET AS AT MARCH 31, 2009**
(in thousands of U.S. dollars)
(unaudited)

| | Teekay Offshore | Teekay LNG | Teekay Tankers | Teekay Petrojarl | Teekay Standalone | Consolidation Adjustments | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and cash equivalents | 147,837 | 200,960 | 22,412 | 38,936 | 360,305 | - | 770,450 |
| Other current assets | 58,402 | 16,348 | 9,240 | 50,321 | 186,509 | - | 320,820 |
| Restricted cash (current & non-current) | - | 632,215 | - | 3,019 | 444 | - | 635,678 |
| Vessels and equipment | 1,680,279 | 1,989,536 | 428,721 | 1,294,442 | 1,399,394 | - | 6,792,372 |
| Advances on newbuilding contracts | - | 54,871 | - | - | 288,975 | - | 343,846 |
| Derivative assets | - | 121,318 | - | - | 5,885 | - | 127,203 |
| Investment in joint ventures | - | 68,167 | - | - | 44,198 | - | 112,365 |
| Investment in direct financing leases | 73,122 | 204,292 | - | - | 790 | - | 278,204 |
| Other assets | 11,190 | 26,300 | 3,367 | 17,892 | 96,345 | - | 155,094 |
| Advances to affiliates | 11,221 | 9,980 | 4,433 | - | (25,634) | - | - |
| Equity investment in subsidiaries | - | - | - | - | 1,154,959 | (1,154,959) | - |
| Intangibles and goodwill | 170,139 | 175,153 | 4,670 | 999 | 107,396 | - | 458,357 |
| **TOTAL ASSETS** | 2,152,190 | 3,499,140 | 472,843 | 1,405,609 | 3,619,566 | (1,154,959) | 9,994,389 |
| **LIABILITIES AND EQUITY** | | | | | | | |
| Accounts payable and accrued liabilities | 57,944 | 46,593 | 13,442 | 37,449 | 141,025 | - | 296,453 |
| Other current liabilities | 22,207 | 1,236 | - | - | - | - | 23,443 |
| Advances from affiliates | 11,714 | 92,668 | 1,388 | 117,159 | (222,929) | - | - |
| Current portion of long-term debt | 118,598 | 202,166 | 3,600 | 12,100 | 24,549 | - | 361,013 |
| Long-term debt | 1,435,656 | 1,997,737 | 314,328 | 355,934 | 1,150,348 | - | 5,254,003 |
| Derivative liabilities | 154,565 | 224,929 | 20,543 | 45,373 | 266,367 | - | 711,777 |
| In-process revenue contracts | - | - | 935 | 298,182 | 2,959 | - | 302,076 |
| Other long-term liabilities | 38,051 | 56,591 | - | 40,209 | 119,732 | - | 254,583 |
| Equity: | | | | | | | |
| Non-controlling interests (1) | 36,417 | 1,256 | - | 860 | - | 614,993 | 653,526 |
| Equity attributable to stockholders/ unitholders of publicly-listed entities | 277,038 | 875,964 | 118,607 | 498,343 | 2,137,515 | (1,769,952) | 2,137,515 |
| **TOTAL LIABILITIES AND EQUITY** | 2,152,190 | 3,499,140 | 472,843 | 1,405,609 | 3,619,566 | (1,154,959) | 9,994,389 |
| **NET DEBT** (2) | 1,406,417 | 1,366,728 | 295,516 | 326,079 | 814,148 | - | 4,208,888 |

(1) Non-controlling interests in the Teekay Offshore and Teekay LNG columns represent the joint venture partners' share of the joint venture net assets. Non-controlling interest in the Consolidation Adjustments column represents the public's share of the net assets of Teekay's publicly-traded subsidiaries. Commencing in 2009, in accordance with SFAS 160, non-controlling interest is included as a component of equity.
(2) Net debt represents current and long-term debt less cash and, if applicable, current and long-term restricted cash.

**TEEKAY CORPORATION**
**APPENDIX B – SUPPLEMENTAL FINANCIAL INFORMATION**
**SUMMARY STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2009**
(in thousands of U.S. dollars)
(unaudited)

| | Teekay Offshore | Teekay LNG | Teekay Tankers | Teekay Petrojarl | Teekay Standalone | Consolidation Adjustments | Total |
|---|---|---|---|---|---|---|---|
| Voyage revenues | 183,425 | 75,673 | 30,504 | 93,739 | 283,417 | (50,207) | 616,551 |
| Voyage expenses | 24,813 | 518 | 580 | - | 71,163 | (6,405) | 90,669 |
| Vessel operating expenses | 50,734 | 18,741 | 7,678 | 42,778 | 29,397 | - | 149,328 |
| Time-charter hire expense | 32,145 | - | - | 5,823 | 142,662 | (43,802) | 136,828 |
| Depreciation and amortization | 34,531 | 19,326 | 5,955 | 25,779 | 20,962 | - | 106,553 |
| General and administrative | 11,922 | 3,555 | 1,418 | 9,786 | 24,459 | - | 51,140 |
| Gain on sale of vessels and equipment, net of write-downs | - | - | - | - | (118) | - | (118) |
| Restructuring charge | 2,201 | 1,951 | - | - | 1,406 | - | 5,558 |
| Total operating expenses | 156,346 | 44,091 | 15,631 | 84,166 | 289,931 | (50,207) | 539,958 |
| Income from vessel operations | 27,079 | 31,582 | 14,873 | 9,573 | (6,514) | - | 76,593 |
| Net interest expense | (9,742) | (13,144) | (1,718) | (3,721) | (8,764) | - | (37,089) |
| Realized and unrealized gain (loss) on derivative instruments | 17,584 | (16,236) | 944 | (395) | 44,925 | - | 46,822 |
| Income tax (expense) recovery | (4,138) | 250 | - | (48) | (1,932) | - | (5,868) |
| Equity income (loss) from joint ventures | - | 3,873 | - | (310) | 7,859 | - | 11,422 |
| Equity in earnings of subsidiaries (1) | - | - | - | - | 51,600 | (51,600) | - |
| Foreign exchange gain (loss) | (2,248) | 20,428 | 34 | (2,307) | (4,595) | - | 11,312 |
| Other – net | 3,081 | (81) | - | (344) | (1,074) | - | 1,582 |
| Net income | 31,616 | 26,672 | 14,133 | 2,448 | 81,505 | (51,600) | 104,774 |
| Less: Net (income) loss attributable to non-controlling interests (2) | (1,222) | 1,695 | - | (32) | - | (23,710) | (23,269) |
| **Net income attributable to stockholders/ unitholders of publicly-listed entities** | **30,394** | **28,367** | **14,133** | **2,416** | **81,505** | **(75,310)** | **81,505** |
| **CASH FLOW FROM VESSEL OPERATIONS (3)** | 57,033 | 49,213 | 20,828 | 15,834 | 10,563 | - | 153,471 |

(1) Teekay Corporation's proportionate share of the net earnings of its publicly-traded subsidiaries.

(2) Net (income) loss attributable to non-controlling interests in the Teekay Offshore and Teekay LNG columns represent the joint venture partners' share of the net income (loss) of the respective joint ventures. Net (income) loss attributable to non-controlling interest in the Consolidation Adjustments column represents the public's share of the net income (loss) of Teekay's publicly-traded subsidiaries. Commencing in 2009, in accordance with SFAS 160, the Company's net income (loss) includes income (loss) attributable to non-controlling interests.

(3) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense, vessel/goodwill write-downs, gains or losses on the sale of vessels and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's web site at www.teekay.com for a reconciliation of this non-GAAP financial measure as used in this release to the most directly comparable GAAP financial measure.

## FORWARD LOOKING STATEMENTS

This release contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: tanker market fundamentals, including the balance of supply and demand in the tanker market, and spot tanker charter rates; the Company's financial position, including the stability of its cash flows, its liquidity position and the expected decline in its cash flow breakeven levels; the Company's future capital expenditure commitments and the financing requirements for such commitments; and the Company's plan to deleverage its balance sheet and build further liquidity. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in production of or demand for oil, petroleum products, LNG and LPG, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil or demand for shuttle tankers, FSOs and FPSOs; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; changes affecting the offshore tanker market; shipyard production delays; changes in the Company's expenses; the Company's future capital expenditure requirements; 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, 2008. 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.



**- end -**