TEEKAY CORP
Form 6-K
May 01, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Date of Report: May 1, 2019

Commission file number 1-12874

TEEKAY CORPORATION

(Translation of registrant s name into English)

4th Floor

Belvedere Building

69 Pitts Bay Road

Hamilton, HM08 Bermuda

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40- F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes No

THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE FOLLOWING REGISTRATION STATEMENTS OF THE REGISTRANT:

REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 33-97746) FILED WITH THE SEC ON OCTOBER 4, 1995;

REGISTRATION STATEMENT ON FORM S-8 (NO. 333-42434) FILED WITH THE SEC ON JULY 28, 2000;

REGISTRATION STATEMENT ON FORM S-8 (NO. 333-119564) FILED WITH THE SEC ON OCTOBER 6, 2004;

REGISTRATION STATEMENT ON FORM S-8 (NO. 333-147683) FILED WITH THE SEC ON NOVEMBER 28, 2007;

REGISTRATION STATEMENT ON FORM S-8 (NO. 333-166523) FILED WITH THE SEC ON MAY 5, 20

REGISTRATION STATEMENT ON FORM S-8 (NO. 333-187142) FILED WITH THE SEC ON MARCH 8, 2013;

REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-212787) FILED WITH THE SEC ON JULY 29, 2016, AS AMENDED;

REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-213213) FILED WITH THE SEC ON AUGUST 19, 2016;

REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-221806) FILED WITH THE SEC ON NOVEMBER 29, 2017, AS AMENDED; AND

REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-231003) FILED WITH THE SEC ON APRIL 24, 2019.

Item 1 Information Contained in this Form 6-K Report

Explanatory Note

On April 24, 2019, Teekay Corporation, a Republic of the Marshall Islands corporation (the Company), filed a Form 6-K with the SEC, announcing, among other things, a proposed $300 million private offering of senior secured notes and a tender offer for the Company s 8.5% Senior Unsecured Notes due 2020, as well as disclosing additional information in connection therewith. This Form 6-K is being filed to report certain changes to the offering and the Company s business related to:

The Company s entry into a definitive agreement to sell to Brookfield Business Partners L.P. together with its institutional partners (collectively Brookfield) all of the Company s remaining interests in Teekay Offshore Partners L.P. (Teekay Offshore) for a total of $100 million in cash. These interests include the Company s 49% ownership interest in Teekay Offshore s general partner, 56,587,484 common units of Teekay Offshore, warrants to purchase additional common units (which currently are not exercisable), and a $25 million loan receivable from Teekay Offshore (the Teekay Offshore Sale); and

The aggregate principal amount of notes offered and the terms thereof.

This Report on Form 6-K will be deemed to modify and supersede the information set forth in the Report on Form 6-K filed on April 24, 2019.

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Entry into a Material Definitive Agreement.

Securities and Loan Purchase Agreement

On April 29, 2019, the Company, Teekay Finance Limited, a Bermuda corporation (Teekay Finance), Teekay Holdings Limited, a Bermuda corporation (Teekay Holdings) and Teekay Shipping Limited, a Bermuda corporation (Teekay Shipping and, collectively with the Company, Teekay Finance and Teekay Holdings, the Sellers) and Brookfield TK TOLP L.P., a Bermuda limited partnership (Brookfield TOLP) and Brookfield TK TOGP L.P., a Bermuda limited partnership (Brookfield TOGP and, together with Brookfield TOLP, the Buyers), entered into a Securities and Loan Purchase Agreement (the Purchase Agreement). Under the Purchase Agreement, subject to the terms and conditions set forth therein, in exchange for aggregate consideration of $100,000,000 in cash, the Sellers will sell, transfer and assign to the Buyers, and the Buyers shall purchase from the Sellers, all of the Sellers collective right, title and interest in and to (i) 56,587,484 common units representing limited partnership interests in Teekay Offshore, (ii) 49.0% of the outstanding limited liability company interests in Teekay Offshore GP L.L.C., a Republic of the Marshall Islands limited liability company, (iii) warrants to purchase 15,500,000 common units representing limited partnership interests in Teekay Offshore, issued in connection with the 2017 transaction between Teekay Offshore and Brookfield, (iv) warrants to purchase 1,755,000 common units representing limited partnership interests in Teekay Offshore, issued pursuant to that Warrant Agreement, dated as of June 29, 2016, between Teekay Offshore and Computershare Inc. and Computershare Trust Company, N.A. (as Warrant Agent) and (v) the Company s interests under that Credit Agreement, dated as of March 31, 2018, between Teekay Offshore, Brookfield TOLP, as administrative agent, and Brookfield TOLP and the Company, as lenders.

The Purchase Agreement contains certain customary representations, warranties and covenants of the Sellers and Buyers. The Purchase Agreement provides that the Master Services Agreement, dated as of September 25, 2017, by and among the Company, Teekay Offshore and Brookfield TOLP, and the related service contracts, will continue during the 18-month period following the closing of the Teekay Offshore Sale (the Closing) other than in the case of certain events of default under such service contracts. In addition, the Trademark License Agreement, dated as of September 25, 2017, by and between the Company and Teekay Offshore, shall not be amended, terminated or otherwise modified as a result of the consummation of the Teekay Offshore Sale.

The Closing of the transaction is subject to the satisfaction or waiver of specified closing conditions, including, among other things, the removal of encumbrances under the Company s equity margin revolving credit facility and the absence of a material adverse effect on Teekay Offshore. Following the Closing, the Sellers will hold no remaining equity or debt interest in Teekay Offshore.

Press Release

Attached as Exhibit 99.1 is a press release of Teekay Corporation, dated April 29, 2019, announcing entry into the Purchase Agreement.

Note Offering

We are making certain modifications to our previously announced offering of $300 million in aggregate principal amount of senior secured notes due 2024 as follows. Subject to market conditions, we intend to offer $250 million in aggregate principal amount of senior secured notes due 2022 (the Notes) in a private placement to eligible purchasers under Rule 144A and Regulation S of the U.S. Securities Act of 1933, as amended (the Securities Act) (the Offering). The Notes will be guaranteed on a senior secured basis by certain of Teekay s subsidiaries and initially be secured by first-priority liens on two of Teekay s floating production, storage and offloading (FPSO) units, a pledge of the equity interests of the Teekay subsidiary that owns all of Teekay s common units of Teekay LNG Partners L.P. and all of Teekay s Class A common shares of Teekay Tankers Ltd., and a pledge of the equity interests in the Teekay subsidiaries that own three of its FPSO units.

We expect to receive net proceeds from the issuance of the Notes in the Offering of approximately $240.4 million, after deducting the initial purchasers discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from the Offering to partially fund the tender offer (the Tender Offer) that was announced on April 24, 2019, to purchase any and all of our outstanding 8.5% Senior Notes due 2020 (the 2020 Notes) and any fees and expenses thereof. We also intend to fund the Tender Offer with the $100 million of proceeds from the Teekay Offshore Sale, with up to $160 million of existing cash and the remainder, if any, with borrowings under Teekay Parent s equity margin revolving credit facility (which is secured by common units of Teekay LNG and shares of Class A common stock of Teekay Tankers that are owned by Teekay Parent) (the Margin Loan Agreement). The Offering is conditioned upon the receipt of consents of at least a majority of the aggregate principal amount of the outstanding 2020 Notes and the effectiveness of certain proposed amendments (the Proposed Amendments) to the indenture governing the 2020 Notes (which will eliminate substantially all of the restrictive covenants and certain events of default and related provisions). The Tender Offer is conditioned on, among other things, (i) the successful completion of the Offering, on terms satisfactory to us, and that net proceeds to us from the Offering, available existing cash and borrowings under the Margin Loan Agreement are sufficient to fund the maximum aggregate payments for 2020 Notes tendered in the Tender Offer (assuming the tender of all outstanding 2020 Notes prior to the Early Tender and Consent Date (as defined below)) and related expenses and (ii) the tender of greater than $400.0 million in aggregate principal amount of 2020 Notes prior to the Early Tender and Consent Date. We may waive the conditions to the Tender Offer in our sole discretion. To the extent the net proceeds of the Offering exceed the amount needed, in addition to other sources of capital described above, to fund the Tender Offer, we may use the remaining net proceeds from the Offering for general corporate purposes, which may include the repayment of indebtedness.

As of April 1, 2019, the aggregate principal amount of our 2020 Notes outstanding was approximately $497.7 million.

The indenture that will govern the Notes will contain covenants that, among other things, include restrictions on our and the guarantors ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem our equity interests;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make investments;
- sell assets;
- incur liens, including the granting of any lien on any of the Note collateral, or further pledging any of the Note collateral as security, subject to permitted liens;

- enter into transactions with affiliates; and

- consolidate, merge or sell all or substantially all of our assets.

The indenture that will govern the Notes will also provide that under specific circumstances we may be required to use all or a portion of the net proceeds from sales of our FPSO units, sales of Class B common stock of Teekay Tankers, or sales of any equity interests in Teekay Finance Limited, in each case consummated prior to a specified non-call date, to purchase Notes at a price equal to (i) in the case of a sale of any equity interests of Teekay Finance Limited, 100% of the aggregate principal amount of the Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date and (ii) in the case of the sale of an FPSO unit or sales of our Class B common stock of Teekay Tankers, (a) 103% of the aggregate principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to, but excluding the repurchase date, with respect to the portion of the proceeds used to redeem the amount of Notes accepted by the Note holders in excess of $150.0 million and (b) 100% of the aggregate principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to, but excluding the repurchase date, with respect to the amount of the proceeds in excess of the portion of the proceeds specified in clause (a). To the extent any such sale generates proceeds which are required to be applied pursuant to both clause (ii)(a) and clause (ii)(b) of the preceding sentence, the Company will make a separate offer with respect to each of clause (ii)(a) and clause (ii)(b). The indenture will further provide that, we may be required under certain circumstances to offer to use all or a portion of the net proceeds of certain asset sales (other than a sale of an FPSO unit, shares of Class B common stock of Teekay Tankers or any equity interests of Teekay Finance Limited prior to a specified non-call date) to purchase the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the repurchase date. In addition, the indenture will require us to comply with certain financial covenants.

Included in this Report on Form 6-K is selected financial and other information of the Company.

Unless otherwise indicated, references in this Form 6-K to Teekay, the Company, we, us and our and similar refer to Teekay Corporation and/or its subsidiaries, except that those terms, when used in this Form 6-K in connection with the Notes, shall mean specifically Teekay Corporation. References in this Form 6-K to (a) Teekay LNG refer to Teekay LNG Partners L.P. (NYSE: TGP), a subsidiary of Teekay Corporation, (b) Teekay Tankers refer to Teekay Tankers Ltd. (NYSE: TNK), a subsidiary of Teekay Corporation, (c) Teekay Parent refer to Teekay Corporation and its remaining subsidiaries and (d) Teekay Offshore refer to Teekay Offshore Partners L.P. (NYSE: TOO), an entity which since September 25, 2017 is no longer consolidated with Teekay Corporation, for which Teekay Corporation now accounts using the equity method and all of Teekay Corporation s interests in which it has now agreed to sell to Brookfield for a total of $100 million.

Unless otherwise indicated, all references in this Report on Form 6-K to dollars and $ are to, and amounts are presented in, U.S. dollars. Teekay prepares its financial statements in accordance with United States generally accepted accounting principles (GAAP). References in this Report on Form 6-K 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.

Forward-looking statements

All statements, other than statements of historical fact, included in this Report on Form 6-K 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, expe anticipate, intend, forecast, believe, estimate, predict, propose, potential, continue or the negativ other comparable terminology.

Forward-looking statements in this Report on Form 6-K include, among others, statements about consummation of the Offering and the Tender Offer and the results of the Consent Solicitation; anticipated funding of the Tender Offer, including potential borrowings under our Margin Loan Agreement (as described below); potential sales of shares of Teekay common stock under the Continuous Offering Program; our future financial condition and results of operations; our dividend policy and our payment of or our ability to pay any cash dividends on our shares of common stock, and the distribution and dividend policies of Teekay LNG and Teekay Tankers; our plans for Teekay Parent not to have a direct ownership in any conventional tankers and FPSO units, and increase its free cash flow, reduce its net debt and delever its balance sheet; the ability of Teekay LNG and Teekay Tankers to delever their balance sheets; expected deliveries of the LNG newbuilding vessels in connection with Teekay LNG s receiving and regasification terminal in Bahrain which will be owned and operated by a new joint venture, in which Teekay LNG will hold a 30% ownership interest; the duration of shutdowns for vessels, including the *Foinaven* FPSO unit, for maintenance or drydocking, and related expenses and reduced revenue; our future growth prospects; the future valuation or potential impairment of our assets, including our FPSO units; the realization of contracted, forward fixed-rate revenues; compliance with financing agreements and the expected effect of restrictive covenants in such agreements; consummation of the sale of all of our remaining interests in Teekay Offshore Partners L.P. to Brookfield and the related impairment loss we expect to recognize; and our business strategy and other plans and objectives for future operations.

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, including, without limitation, our Annual Report on Form 20-F for the year ended December 31, 2018 (2018 Annual Report). 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.

Our business strategy

Our primary business strategies include the following:

Providing Superior, Cost-Effective Marine Operations By Maintaining High Reliability, Safety, Environmental and Quality Standards. 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, diversified and well-maintained asset base, and to employ well-trained onshore and offshore staff. We believe achieving these objectives allows us to deliver superior services to our customers. We intend to continue to maintain significant operating, commercial, technical and administrative functions internally 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.

Pursuing a Chartering Strategy Focused on Long-Term Contracts with Upside Tanker Exposure. We intend to seek to increase cash flow by continuing to leverage our recognized brand, operational capabilities and internal expertise to pursue a balanced mix of charters with new and existing customers. We intend to support Teekay LNG in its continued focus on entering into long-term, fixed-rate contracts with creditworthy customers, which contracts we expect could generate additional cash flows to Teekay LNG and potential increased cash distributions to Teekay Parent. We also expect that Teekay Tankers will continue to take advantage of ongoing spot market opportunities through direct employment of its tankers in the spot market and through participating in and managing commercial pools of vessels. Teekay Tankers size, reputation and operational capabilities also provide opportunities for it to in-charter third party vessels, including vessels that may trade on the spot market. This provides Teekay Tankers flexibility in expanding or, by not renewing in-charters, reducing its fleet size in response to market conditions. We expect that these activities could result in significant future cash flows to Teekay Tankers and potential increased cash dividends to Teekay Parent to the extent the tanker market improves.

Continuing to Delever Our Balance Sheet as We Increase Cash Flows and Improve Our Financial Position Through Asset Sales. Teekay LNG has taken delivery of a significant portion of its recent growth projects, substantially all of which have long-term contracted cash flows with strong counterparties. Teekay LNG and Teekay Tankers anticipate that potential cash flow from market improvements, if any, and expected cash flow from recent growth projects of Teekay LNG will permit them to delever their respective balance sheets. Teekay Parent intends to continue to reduce its debt level through repayments using net proceeds from the potential sale of its FPSO units or other assets in the future and Teekay Parent cash flow growth from Teekay LNG s anticipated common unit distribution increase of 36% in 2019 and further potential distribution or dividend increases by Teekay LNG and Teekay Tankers in the future.

Focusing on Prudent Capital Allocation to Maximize Value and Disciplined, Sustainable Growth. We believe that our customers value our ability to offer a comprehensive range of marine midstream logistical services through diverse and worldwide operations. Since 2004, we have expanded our service offerings to include marine transportation of LNG and LPG and ship-based oil production and storage. Many of our customers use more than one of our major services offerings. By pursuing new customer relationships and leveraging existing relationships, we seek to continue to grow our existing businesses and increase customer adoption of diversified service offerings in a disciplined, sustainable manner.

Continuing to Successfully Execute on Built-In Growth Opportunities. Teekay LNG s four remaining LNG carrier newbuildings and its joint venture regasification terminal in Bahrain are scheduled to deliver in the second half of 2019 and are all fully financed. These vessels and projects have fixed-rate contracts with initial contract terms of between 20 and 26 years. If, as expected, these vessels are delivered to and accepted by their charterers and these projects are completed on a timely basis, we believe these existing growth projects, together with other recently delivered growth projects, will significantly increase Teekay LNG s cash flows and continue to strengthen customer relationships and Teekay LNG s market positions.

Our competitive strengths

We believe that we are well-positioned to execute our business strategies based on the following competitive strengths:

Market Leadership in All Major Business Segments. We are a market leader in each of the major segments in which we and it operate. Teekay LNG is the third largest independent owner of LNG carriers. Teekay Tankers is one of the world s largest owners and operators of mid-sized crude tankers. We believe that the diversity and high-quality nature of our operations have contributed significantly to achieving these leadership positions in these segments. Given our scale, reputation for successfully developing logistically complex projects and operational excellence, we believe we are well-positioned to pursue further opportunities.

Long-Term Contracted Revenue from a Diverse Set of Established, Creditworthy Customers. Over the last two decades, we have diversified the source of our revenues and cash flows beyond the cyclical spot tanker market and significantly increased the amount and proportion of our take-or-pay fixed-rate contracted revenue. Cash flows generated by Teekay LNG are supported by large portfolios of medium- to long-term contracts with established, creditworthy customers. As of January 1, 2019, we and our equity-accounted investments, (excluding Teekay Offshore) had approximately $10.7 billion of contracted, forward fixed-rate revenue, and the revenue-weighted average remaining term of all of our and our equity-accounted investments (excluding Teekay Offshore) existing contracts was approximately 10.8 years (excluding spot market contracts and options to extend). In addition, we have developed strong relationships with our customers, which include major energy and utility companies, major oil traders, large oil and LNG consumers and petroleum product producers, government agencies, and various other entities that depend upon our essential marine transportation and production services as part of their production and logistics chain. Significant customers include BP plc, Canadian Natural Resources Limited, Chevron Corporation, Exxon Mobil Corporation, Naturgy Energy Group SA, Ras Laffan Liquefied Natural Gas Company Limited and Royal Dutch Shell plc.

Improved Teekay Parent Free Cash Flow. Teekay Parent s free cash flow significantly improved in 2018 compared to 2017, primarily due to high cash flows from its three FPSO units, which benefited from the commencement of contract renewals secured in 2017 on the *Petrojarl Banff* and *Sevan Hummingbird* FPSO units that provided upside exposure to strong oil prices and production, and from less shutdown time during 2018. We anticipate that cash flow from the FPSO units will be lower in 2019. We also anticipate lower general and administrative expenses for Teekay Parent as a result of cost-reduction initiatives and lower interest expense due to lower overall indebtedness following the repayment of secured debt and the repurchase of $95 million of our 2020 Notes since the beginning of 2018, the Offering and the Tender Offer. We believe Teekay LNG s leading market position, substantial portfolio of long-term fixed-rate contracts and contracted newbuilding vessels will continue to provide stable and growing cash flow. We expect Teekay LNG s cash flows to grow as a result of the delivery and start-up during 2019 of its remaining four newbuildings and the Bahrain regasification project, which we expect will help to delever its balance sheet. As previously announced, Teekay LNG anticipates increasing its quarterly cash distributions on its common units by 36% commencing with the distribution payment to be made in May 2019, which would increase Teekay Parent s free cash flow due to its ownership of Teekay LNG common units and Teekay LNG s general partner. With an expected stronger balance sheet and expected growing cash flows, we anticipate that Teekay LNG would have increased future distribution capacity that, if paid out in cash distributions, would further improve Teekay Parent s free cash flow. Additional cash flow and distributions could be generated (a) Teekay LNG if vessels currently earning rates that are below mid-cycle or existing rates are rechartered at higher rates or (b) Teekay Tankers if tanker spot rates increase.

Strengthening Financial Positions. Since the beginning of 2018, Teekay Parent, Teekay LNG and Teekay Tankers have undertaken a number of initiatives to strengthen their balance sheets and liquidity positions. During this period, we have raised an aggregate of approximately $1.8 billion from debt and equity issuances, debt financings and refinancings and capital lease transactions, including $410 million at Teekay Parent, $1.1 billion at Teekay LNG and $289 million at Teekay Tankers. Our 2017 transaction with Brookfield significantly improved Teekay Parent s balance sheet and liquidity position and removed all of Teekay Parent s guarantees of Teekay Offshore s liabilities. Teekay Parent repaid all of its secured debt and reduced the aggregate outstanding principal amount of the 2020 Notes by approximately $95 million using a portion of the proceeds from the common stock and convertible note offerings in January 2018. We expect Teekay LNG s balance sheet will naturally delever as growth projects ramp up or deliver and commence their respective charter contracts. Delevering could also occur if vessels are rechartered at higher rates or, for Teekay Tankers, tanker spot rates increase. Teekay Parent also has the ability to further delever its balance sheet by repaying debt with net proceeds from the expected sale of its interests in Teekay Offshore for total cash proceeds of $100 million, which is expected to be completed in early to mid-May 2019 and the potential sale of Teekay Parent s FPSO units or other assets in the future. Teekay Parent may also repay indebtedness with proceeds from anticipated sales of its common stock under the Equity Distribution Agreement with Citigroup Global Markets Inc. (Citigroup) that the Company recently entered into, pursuant to which the Company may sell from time to time through Citigroup, as the Company s sales agent, shares of common stock having an aggregate offering price of up to $63 million by means of ordinary brokers transactions on the New York Stock Exchange at market prices, in block transactions or as otherwise agreed by the Company and Citigroup (the Continuous Offering Program).

Breadth and High Quality of Service Offerings that are Critical to Our Customers Production and Logistics Chains. The size, quality and breadth of our fleet of approximately 155 vessels permit us to offer to customers a comprehensive range of marine midstream logistics services, including ship-based transportation, production, storage and other options. This has contributed to our prominent role in our customers logistics chains by positioning us as a provider of a comprehensive range of services and providing economies of scale. As a key, integrated partner in complex and capital-intensive energy projects, Teekay LNG often works closely with customers to build and operate assets to required design specifications and enter into long-term contracts with them before a vessel order is placed, resulting in a more sustainable business model and cash flow profile. 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 our ability to perform, significant functions internally, such as operational and technical support, vessel maintenance, crewing, shipyard supervision, insurance and financial management services.

Experienced Management Team. The members of our senior management team have on average approximately 28 years of experience in the shipping industry, including an average of approximately 19 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.

We can provide no assurance that we will be able to implement our strategies or utilize our strengths as described above. For a further discussion of the risks we face, please read Risk factors below and those risks discussed in other reports we file with the SEC, including, without limitation, our 2018 Annual Report.

Summary financial and operating data

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

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

our historical consolidated financial and operating data as of December 31, 2017 and 2018, and for the years ended December 31, 2016, 2017 and 2018 are derived from our audited consolidated financial statements and the notes thereto, which are included in our 2018 Annual Report;

our historical consolidated balance sheet data as of December 31, 2016 is derived from our audited consolidated financial statements and the notes thereto, which are included in our Annual Report on Form 20-F for the year ended December 31, 2016;

our As Further Adjusted consolidated financial and operating data as of and for the years ended December 31, 2017 and 2018 have been prepared by adjusting our historical consolidated financial and operating data for such periods to give effect to the following post-period events (the Adjustments), as if such events had occurred on January 1, 2017 (excluding in all instances adjustments for potential changes to interest expense, gain or losses on the repurchase of notes or change in the loss on deconsolidation that may occur as a result of these transactions being recorded as of January 1, 2017) and assuming that all outstanding 2020 Notes are tendered in the Tender Offer as of May 7, 2019 (the Early Tender and Consent Date):

the completion of the Brookfield Transaction (for a definition of this term and a description of the related transactions, please see Note 4 to our consolidated financial statements for the year ended December 31, 2018 included in our 2018 Annual Report) and the completion of the Teekay Offshore Sale for proceeds of $100 million;

the repurchase of $10.9 million aggregate principal amount of 2020 Notes that occurred during January and February 2019 for $10.8 million;

our borrowing of approximately $13.4 million under the Margin Loan Agreement to fund the Tender Offer;

the Offering; and

the use of the net proceeds from the issuance of the Notes in the Offering, together with the $100 million of proceeds from the Teekay Offshore Sale, $160 million of existing cash and the anticipated borrowings under the Margin Loan Agreement, to fund the Tender Offer; and the As Further Adjusted financial and operating data of Teekay Parent as of and for the years ended December 31, 2017 and 2018 have been prepared by subtracting from our historical consolidated financial and operating data for such periods, as prepared in the manner described above, the combined historical results of operations, cash flows and other data of Teekay LNG, Teekay Tankers and Teekay Offshore as of such dates and for such periods, except where otherwise noted, and adjusting the results for the Adjustments, to the extent applicable, as if such events had occurred on January 1, 2017 and assuming that all outstanding 2020 Notes are tendered in the Tender Offer as of the Early Tender and Consent Date to determine results for Teekay Parent.

As further adjusted results may not be indicative of future results. The as further adjusted financial and operating data for us and Teekay Parent assume the completion of the Adjustments (except for the Brookfield Transaction, which was completed on September 25, 2017) in the amounts assumed. Completion of any of the Adjustments that are not yet completed are subject to conditions, risks and uncertainties and there can be no assurance that any of such Adjustments will be completed in the amounts assumed, or at all.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (ASU 2014-09). ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 became effective for Teekay on January 1, 2018. We adopted ASU 2014-09 as a cumulative-effect adjustment as of the date of adoption. As such, periods prior to January 1, 2018 were not retroactively adjusted. The impact to our historical consolidated financial position as of December 31, 2018 and our historical consolidated results of operation for the year ended December 31, 2018 was as follows:

We previously presented the net allocation for our vessels participating in revenue sharing arrangements (RSAs) as revenues. We have determined that we are the principal in voyages our vessels perform that are included in the RSAs. As such, the revenue from those voyages is presented in revenues and the difference between this amount and our net allocation from the RSA is presented as voyage expenses. This had the effect of increasing both revenues and voyage expenses for the year ended December 31, 2018 by $292.6 million. There was no cumulative impact to opening equity as of January 1, 2018.

We manage vessels owned by our equity-accounted investments and third parties. Upon the adoption of ASU 2014-09, costs incurred by us for our seafarers are presented as vessel operating expenses and the reimbursement of such expenses are presented as revenue, instead of such amounts being presented on a net basis. This had the effect of increasing both revenues and vessel operating expenses for the year ended December 31, 2018 by $82.9 million. There was no cumulative impact to opening equity as of January 1, 2018.

We previously presented all accrued revenue as a component of accounts receivable. We have determined that if the right to such consideration is conditioned upon something other than the passage of time, such accrued revenue should be presented apart from accounts receivable. This had the effect of increasing prepaid expenses and other and decreasing accounts receivable by $20.2 million as of December 31, 2018. There was no cumulative impact to opening equity as of January 1, 2018.

In certain cases, we incur pre-operational costs that relate directly to a specific customer contract, that generate or enhance our resources that will be used in satisfying performance obligations in the future, whereby such costs are expected to be recovered via the customer contract. Such costs are now deferred and amortized over the duration of the customer contract. We previously expensed such costs as incurred unless the costs were directly reimbursable by the contract or if they were related to the mobilization of offshore assets to an oil field. This change had the effect of increasing other non-current assets by $3.5 million, investments in and advances to equity-accounted joint ventures by $2.2 million and total equity by $5.7 million as of December 31, 2018. This change did not have a material effect on our consolidated statement of loss for the year ended December 31, 2018. The cumulative increase to opening equity as of January 1, 2018 was $4.1 million.

Because we control the general partner of 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 LNG and Teekay Tankers function with capital structures that are independent of each other and us, with each having publicly-traded equity.

On September 25, 2017, Teekay, Teekay Offshore and Brookfield finalized a transaction which resulted in the deconsolidation of Teekay Offshore as of that date. We have accounted for our equity investment in Teekay Offshore using the equity method since September 25, 2017. This change in accounting method for our equity investment in

Teekay Offshore has resulted in Teekay s proportionate share of Teekay Offshore s net profit or loss being reflected in net (loss) income from September 25, 2017. Prior to such date, each line item within our consolidated statement of (loss) income that comprises net (loss) income includes the results of Teekay Offshore on a 100% basis.

The table below includes four financial measures net revenues, net debt, EBITDA and Adjusted EBITDA which we use in our business and are not calculated or presented in accordance with GAAP. We explain these measures, including such measures as further adjusted to reflect the Adjustments, and reconcile them to their most directly comparable financial measures calculated and presented in accordance with GAAP in the notes to the table below for the periods indicated 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 with GAAP.

The following table should be read together with, and is qualified in its entirety by reference to, our historical consolidated financial statements and accompanying notes included in our 2018 Annual Report. This table should also be read together with the section entitled Management s discussion and analysis of financial condition and results of operations in our 2018 Annual Report.

	Years ended December 31,		
(in thousands)	**2016**	**2017**	**2018**
Income statement data (2017 and 2018 amounts reflect the deconsolidation of Teekay Offshore on September 25, 2017)**:**			
Revenues	$ 2,328,569	$ 1,880,332	$ 1,707,758
Voyage expenses(1)	(138,339)	(153,766)	(388,887)
Vessel operating expenses(2)	(825,024)	(731,150)	(637,474)
Time-charter hire expense	(150,145)	(120,893)	(86,458)
Depreciation and amortization	(571,825)	(485,829)	(276,307)
General and administrative expenses	(119,889)	(106,150)	(96,555)
Write-down and loss on sales of vessels	(112,246)	(270,743)	(53,693)
Restructuring charges	(26,811)	(5,101)	(4,065)
Income (loss) from vessel operations	384,290	6,700	164,319
Interest expense	(282,966)	(268,400)	(254,126)
Interest income	4,821	6,290	8,525
Realized and unrealized (losses) gains on non-designated derivative instruments	(35,091)	(38,854)	(14,852)
Equity income (loss)	85,639	(37,344)	61,054
Foreign exchange gain (loss)	(6,548)	(26,463)	6,140
Loss on deconsolidation of Teekay Offshore		(104,788)	(7,070)
Other loss	(39,013)	(53,981)	(2,013)
Income (loss) before income taxes	111,132	(516,840)	(38,023)
Income tax expense	(24,468)	(12,232)	(19,724)
Net (loss) income	86,664	(529,072)	(57,747)
Net loss (income) attributable to non-controlling interests	(209,846)	365,796	(21,490)
Net loss attributable to the shareholders of Teekay Corporation	$ (123,182)	$ (163,276)	$ (79,237)
Balance sheet data: (2017 and 2018 amounts reflect the deconsolidation of Teekay Offshore on September 25, 2017)			
Cash and cash equivalents	$ 567,994	$ 445,452	$ 424,169

Restricted cash	237,248	106,722	81,470

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(in thousands)	Years ended December 31, 2016	2017	2018
Vessels and equipment	$ 9,138,886	$ 5,208,544	$ 5,517,133
Total assets	12,814,752	8,092,437	8,391,670
Total debt (including obligations related to capital leases)	7,032,385	4,578,162	4,993,368
Non-controlling interest	3,189,928	2,102,465	2,058,037
Total equity	4,089,293	2,879,656	2,867,028
Cash flow data (2017 and 2018 amounts reflect the deconsolidation of Teekay Offshore on September 25, 2017)**:**			
Net cash provided by (used in):			
Operating activities	$ 676,546	$ 544,264	$ 182,135
Financing activities	(195,610)	284,309	434,786
Investing activities	(530,523)	(1,081,641)	(663,456)
Other financial data (2017 and 2018 amounts reflect the deconsolidation of Teekay Offshore on September 25, 2017)**:**			
Net revenues(3)	$ 2,190,230	$ 1,726,566	$ 1,318,871
EBITDA(4)	961,102	231,099	483,885
Adjusted EBITDA(4)	1,241,857	893,145	745,076
Undrawn revolving credit facilities	444,439	461,421	300,549
Expenditures for vessels and equipment	648,326	1,054,052	693,792
Expenditures for drydocking	45,964	50,899	44,690
As Further Adjusted Financial data Teekay consolidated			
Net revenues(3)		$ 1,032,888	$ 1,318,171
EBITDA(4)		(100,109)	491,302
Adjusted EBITDA(4)		498,410	645,213
Cash and cash equivalents (at end of period)(5)(11)		364,653	253,370
Undrawn revolving credit facilities(11)		331,387	266,919
Total debt (including obligations related to capital leases) (at end of period)(6)(7)(8)(11)		4,415,820	4,741,026
Net debt(9)		3,944,445	4,406,186
As Further Adjusted Financial data Teekay Parent			
Net revenues(3)		$ 301,873	$ 450,817
EBITDA(4)		(360,252)	28,391
Adjusted EBITDA(4)		(17,654)	47,077
Cash and cash equivalents (at end of period)(5)(11)		48,973	49,439
Undrawn revolving credit facilities(10)(11)		53,333	79,548
Total debt (including obligations related to capital leases) (at end of period)(6)(8)(11)		505,069	361,999
Net debt(9)		448,839	310,530

(1) Voyage expenses are all expenses unique to a particular voyage, including any fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. Voyage expenses are typically paid by the customer under time charters and FPSO contracts and by us under voyage charters.

(2) Under all types of charters and contracts for our vessels, except for bareboat charters, we are responsible for vessel operating expenses, which include crewing, repairs and maintenance, insurance, stores, lube oils and communication expenses. The two largest components of our vessel operating expenses are crew costs and repairs and maintenance.

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(3) Net revenues is a non-GAAP financial measure. Consistent with general practice in the shipping industry, we use net revenues (defined as 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 charters, the charterer pays the voyage expenses, which 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, whereas under voyage-charter contracts the ship-owner pays these expenses. Some voyage expenses are fixed, and the remainder can be estimated. If we, as the ship-owner, 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, which we call net revenues, are comparable across the different types of contracts. We principally use net revenues because it provides more meaningful information to us 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 and to industry averages. Net revenues should not be considered as an alternative to revenues or any other measure of financial performance in accordance with GAAP. Net revenues is adjusted for expenses that we classify as voyage expenses and, therefore, may not be comparable to similarly titled measures of other companies. The following table reconciles net revenues and net revenues as further adjusted with revenues.

	Years ended December 31,		
(in thousands of U.S. Dollars)	**2016**	**2017**	**2018**
Revenues	$ 2,328,569	$ 1,880,332	$ 1,707,758
Voyage expenses	(138,339)	(153,766)	(388,887)
Net revenues	$ 2,190,230	$ 1,726,566	$ 1,318,871
Net voyage revenues of Teekay Offshore (January 1, 2017 to September 25, 2017)		(693,678)	
Net revenues As Further Adjusted		$ 1,032,888	$ 1,318,871

The following table reconciles net revenues for Teekay Parent as further adjusted with revenues.

	Years ended December 31,	
(in thousands of U.S. Dollars)	**2017**	**2018**
Revenues(a)	$ 303,566	$ 451,659
Voyage expenses	(1,693)	(842)
Net revenues As Further Adjusted	$ 301,873	$ 450,817

(a) Teekay manages vessels owned by its equity-accounted investments and third parties. Subsequent to the adoption of ASU 2014-09, costs incurred by Teekay Parent for its seafarers are presented as vessel operating expenses and the reimbursement of such expenses is presented as revenue, instead of such amounts being presented on a net basis. This had the effect of increasing both revenues and vessel operating expenses of Teekay Parent for the year ended December 31, 2018 by $82.9 million.

(4)

EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA represents earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA before foreign exchange (gain) loss, items included in other loss, asset impairments, loan loss provisions and net loss on sale of vessels, equipment and other operating assets, amortization of in-process revenue contracts, unrealized (gains) on derivative instruments, realized losses on interest rate swaps, loss on deconsolidation of Teekay Offshore, gain on sale of equity-accounted investments, write-downs related to equity-accounted investments, and our share of the above items in non-consolidated joint ventures which are accounted for using the equity method of accounting. EBITDA and Adjusted EBITDA are used as supplemental financial performance measures by management and by external users of our financial statements, such as investors. 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 benefit 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 order to assess whether to continue to hold our equity, or debt securities, as applicable.

Neither EBITDA nor Adjusted EBITDA should be considered as an alternative to net income, operating income or any other measure of financial performance 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 by us may not be comparable to similarly titled measures of other companies.

EBITDA As Further Adjusted and Adjusted EBITDA As Further Adjusted consist of EBITDA and Adjusted EBITDA, as applicable, as adjusted further to give effect to the Adjustments, as if such events had occurred on January 1, 2017. In addition, As Further Adjusted EBITDA for Teekay Parent for the years ended December 31, 2018 and 2017 includes $15.0 million and $22.0 million, respectively, of distributions received from Teekay LNG and Teekay Tankers for such periods.

The following table reconciles our historical consolidated EBITDA, EBITDA As Further Adjusted, Adjusted EBITDA and Adjusted EBITDA As Further Adjusted to net (loss) income.

	Year Ended December 31, 2016	Year Ended December 31, 2017		
(in thousands)	Teekay Consolidated	Teekay Consolidated	Less: Teekay Offshore	Teekay Consolidated as Further Adjusted
Income statement data:				
Net income (loss)	$ 86,664	$ (529,072)	$ 288	$ (529,360)
Interest expense, net of interest income	278,145	262,110	107,577	154,533
Income tax expense (recovery)	24,468	12,232	3,939	8,293
Depreciation and amortization	571,825	485,829	219,404	266,425
EBITDA	$ 961,102	$ 231,099	$ 331,208	$ (100,109)
Foreign exchange (gain) loss(a)	6,548	26,463	10,149	16,314
Items included in other loss(b)(c)	42,401	48,750		48,750
Asset impairments, loan loss provisions and net loss on sale of vessels and equipment	112,246	270,743	1,500	269,243
Amortization of in-process revenue contracts	(28,109)	(26,958)	(9,323)	(17,635)
Unrealized gains on derivative instruments	(69,401)	(13,634)	(1,760)	(11,874)
Realized losses on interest rate swaps	95,460	54,531	31,335	23,196
Loss on deconsolidation of Teekay Offshore		104,788		104,788
Gain on sale of equity-accounted investments(d)				
Write-downs related to equity- accounted investments	2,357	46,168		46,168
Adjustments relating to equity income(e)	119,253	151,195	31,626	119,569
Adjusted EBITDA	$ 1,241,857	$ 893,145	$ 394,735	$ 498,410

	Year Ended December 31, 2018		
	Teekay Consolidated	Less: Teekay Offshore	Teekay Consolidated as Further Adjusted
Income statement data:			
Net income (loss)	$ (57,747)	$ (7,417)	$ (50,330)
Interest expense, net of interest income	245,601		245,601
Income tax expense (recovery)	19,724		19,724
Depreciation and amortization	276,307		276,307
EBITDA	483,885	(7,417)	491,302
Foreign exchange (gain) loss(a)	(6,140)		(6,140)
Items included in other loss(b)(c)	2,372		2,372
	53,693		53,693

Asset impairments, loan loss provisions and net loss on sale of vessels and equipment			
Amortization of in-process revenue contracts	(14,890)		(14,890)
Unrealized gains on derivative instruments	(12,590)		(12,590)
Realized losses on interest rate swaps	27,579		27,579
Loss on deconsolidation of Teekay Offshore	7,070		7,070
Gain on sale of equity-accounted investments(d)	(21,576)		(21,576)
Write-downs related to equity- accounted investments			
Adjustments relating to equity income(e)	225,673	107,280	118,393
Adjusted EBITDA	$ 745,076	$ 99,863	$ 645,213

(a) Foreign exchange (gain) loss includes the unrealized gain of $21.2 million in 2018 (2017 gain of $82.7 million, 2016 gain of $75.0 million) on cross currency swaps.

(b) In June 2016, as part of its financing initiatives, Teekay Offshore canceled the construction contracts for its two units for maintenance and safety (UMS) newbuildings. As a result, Teekay Offshore accrued for potential damages resulting from the cancellations and reversed contingent liabilities previously recorded that related to the delivery of the UMS newbuildings. This net loss provision of $23.4 million for the year ended December 31, 2016 is reported in other loss in our consolidated statements of income as of that date. The newbuilding contracts are held in Teekay Offshore s separate subsidiaries and obligations of these subsidiaries are non-recourse to Teekay Offshore.

(c) We hold cost-accounted investments at cost. During 2016, we recorded a write-down of an investment of $19.0 million. This investment was subsequently sold in 2017, resulting in a gain on sale of cost-accounted investment of $1.3 million. During 2017, we recognized an additional tax indemnification guarantee liability of $50.0 million related to capital leases of Teekay LNG s investment in Teekay Nakilat Corporation.

(d) Our results for 2018 include a gain on the sale of Teekay Parent s 43.5% stake in Magnora ASA in November 2018, a gain on the sale of a 2% ownership interest in Teekay Offshore s general partner to Brookfield in July 2018, a loss on the sale of Teekay Parent s investment in KT Maritime (Pty) Ltd. and a gain on the sale of Teekay LNG s 50% ownership interest in one of its joint ventures with Exmar NV.

(e) Adjustments relating to equity income, which is a non-GAAP measure, should not be considered as an alternative to equity income or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjustments relating to equity income exclude some, but not all, items that affect equity income and these measures may vary among other companies. Therefore, adjustments relating to equity income as presented herein may not be comparable to similarly titled measures of other companies. When using Adjusted EBITDA as a measure of liquidity, it should be noted that this measure includes the Adjusted EBITDA from our equity-accounted for investments. Consequently, the cash flow generated by our equity-accounted for investments may not be available for use by us in the period generated. We do not have control over the operations, nor do we have any legal claim to the revenue and expenses of our equity-accounted for investments. Equity income from equity-accounted investments is adjusted for depreciation and amortization, interest expense, net of interest income, income tax expense (recovery), amortization of in-process revenue contracts, foreign currency exchange loss (gain), realized and unrealized loss (gain) on derivative instruments and certain other items. Adjustments relating to equity income from our equity-accounted investments are as follows:

	Years Ended December 31,		
(in thousands of U.S. Dollars)	**2016**	**2017**	**2018**
Depreciation and amortization	$ 69,781	$ 82,513	$ 115,370
Interest expense, net of interest income	45,584	63,189	101,344
Income tax expense (recovery)	724	503	3,209
Amortization of in-process revenue contracts	(5,482)	(4,307)	(8,799)
Foreign currency exchange loss (gain)	132	366	716
Asset impairments and net loss (gain) on sale of vessels, equipment and other operating assets	4,763	5,479	16,277
Realized and unrealized loss (gain) on derivative instruments	3,075	3,452	(4,785)
Loss on debt repurchase			2,341
Other	676		
Adjustments relating to equity income	$ 119,253	$ 151,195	$ 225,673

The following table reconciles for (a) Teekay on a consolidated basis and (b) Teekay Parent, both individually and with respect to each other, EBITDA and Adjusted EBITDA to net income (loss), each on an historical and as further adjusted basis giving effect to the Adjustments. Teekay Parent s numbers, which are not calculated or presented in accordance with GAAP, are reconciled to Teekay s consolidated numbers for the years ended December 31, 2018 and 2017.

The combined historical results of operations and other data of Teekay LNG, Teekay Tankers and Teekay Offshore as of and for the years ended December 31, 2018 and 2017 have been prepared in the manner described above in this Summary financial and operating data. The combined historical results of operations and other data of those entities include Teekay Offshore on a consolidated basis for periods prior to September 25, 2017 and using the equity method for periods on or after September 25, 2017. Consequently, EBITDA of Teekay Parent for the years ended December 31, 2018 and 2017 does not include equity income, our proportionate share of the EBITDA of Teekay LNG, Teekay Tankers or Teekay Offshore nor any distributions received from those entities for such periods. However, Adjusted EBITDA for Teekay Parent for the years ended December 31, 2018 and 2017 includes $15.0 million and $22.0 million, respectively, of distributions received from Teekay LNG and Teekay Tankers for such periods.

				As Further Adjusted for the Adjustments
	Year ended December 31, 2018			
(in thousands)	Teekay consolidated	Teekay LNG, Teekay Tankers and Teekay Offshore	Cash Distributions from Teekay LNG and Teekay Tankers	Teekay Parent
Income statement data:				
Net income (loss)	$ (57,747)	$ 17,700	$	$ (75,447)
Interest expense, net of interest income	245,601	182,277		63,324
Income tax expense (recovery)	19,724	12,625		7,099
Depreciation and amortization	276,307	242,892		33,415
EBITDA	$ 483,885	$ 455,494		28,391
Cash distributions from Teekay LNG and Teekay Tankers			(15,027)	15,027
Foreign exchange (gain) loss(a)	(6,140)	(2,104)		(4,036)
Items included in other loss (income)	2,372	600		1,772
Asset impairments, loan loss provisions and net loss (gain) on sale of vessels and equipment	53,693	53,693		
Amortization of in-process revenue contracts	(14,890)	(8,957)		(5,933)
Unrealized losses (gains) on derivative instruments	(12,590)	(30,712)		18,122
Realized losses on interest rate swaps	27,579	26,019		1,560
Loss on deconsolidation of Teekay Offshore	7,070			7,070

Gain on sale of equity-accounted investments	(21,576)	(5,563)		(16,013)
Items related to non-consolidated joint ventures	225,673	224,556		1,117
Adjusted EBITDA	$ 745,076	$ 713,026	$ (15,027)	$ 47,077

(in thousands)	Teekay consolidated	Teekay LNG, Teekay Tankers and Teekay Offshore	Cash Distributions from Teekay LNG and Teekay Tankers	Teekay Parent
	Year ended December 31, 2017			As Further Adjusted for the Adjustments
Income statement data:				
Net income (loss)	$ (529,072)	$ (60,135)	$	$ (468,937)
Interest expense, net of interest income	262,110	215,986		46,124
Income tax expense (recovery)	12,232	10,070		2,162
Depreciation and amortization	485,829	425,431		60,398
EBITDA	$ 231,099	$ 591,351	$	$ (360,252)
Cash distributions from Teekay LNG and Teekay Tankers			(22,003)	22,003
Foreign exchange (gain) loss(a)	26,463	37,052		(10,589)
Items included in other loss (income)	48,750	50,000		(1,250)
Asset impairments, loan loss provisions and net loss (gain) on sale of vessels and equipment	270,743	65,086		205,657
Amortization of in-process revenue contracts	(26,958)	(21,025)		(5,933)
Unrealized losses (gains) on derivative instruments	(13,634)	(16,145)		2,511
Realized losses on interest rate swaps	54,531	51,586		2,945
Loss on deconsolidation of Teekay Offshore	104,788			104,788
Write-downs related to equity-accounted investments	46,168	26,724		19,444
Items related to non-consolidated joint ventures	151,195	148,173		3,022
Adjusted EBITDA	$ 893,145	$ 932,802	$ (22,003)	$ (17,654)

(5) Cash and cash equivalents of Teekay on a consolidated basis and of Teekay Parent have both been adjusted to reflect the Adjustments as of January 1, 2017, including (a) the use of $10.8 million to repurchase a principal amount of $10.9 million aggregate principal amount of the 2020 Notes that occurred during January and February 2019; and (b) proceeds of $100 million from the Teekay Offshore Sale, our anticipated borrowing of approximately $13.4 million under the Margin Loan Agreement, the estimated net proceeds of $240.4 million from the issuance of the Notes in the Offering, along with $160.0 million of existing cash to fund the Tender Offer assuming full participation in the Tender Offer as of the Early Tender and Consent Date. Completion of any of the Adjustments (except for the Brookfield Transaction, which was completed on September 25, 2017) is subject to conditions, risks and uncertainties and there can be no assurance that any of such Adjustments will be completed in the amounts assumed, or at all.

(6) Total debt of Teekay on a consolidated basis and of Teekay Parent has been adjusted to reflect the occurrence of the Adjustments as of January 1, 2017, including (a) the repurchase of all $508.6 million in aggregate principal amount of the outstanding 2020 Notes as of December 31, 2018, including the repurchase of $10.9 million of the

2020 Notes during January and February 2019 and the Tender Offer, (b) our anticipated borrowing of approximately $13.4 million under the Margin Loan Agreement, and (c) estimated net proceeds of $240.4 million from the issuance of the Notes in the Offering. Completion of any of the Adjustments that are not yet completed is subject to conditions, risks and uncertainties and there can be no assurance that any of such Adjustments will be completed in the amounts assumed, or at all.

(7) In addition to our consolidated debt, as of December 31, 2018, our total proportionate interest in debt of joint ventures, excluding Teekay Offshore, we do not control was $1.8 billion, of which Teekay Tankers or Teekay LNG has guaranteed $0.9 billion and the remaining $0.9 billion of which has limited recourse to Teekay LNG.

(8) As of December 31, 2018, Teekay guaranteed $166.4 million of indebtedness of its publicly-traded subsidiaries.

(9) Net debt is a non-GAAP financial measure. Net debt represents total debt less cash, cash equivalents and restricted cash, adjusted to reflect the occurrence of the Adjustments as of January 1, 2017. The following table reconciles net debt, as further adjusted to total debt of Teekay on a consolidated basis and of Teekay Parent, both individually and with respect to each other.

(in thousands)	As at December 31, 2017 Teekay Corporation Consolidated	Teekay LNG and Teekay Tankers	Teekay Parent	As at December 31, 2018 Teekay Corporation Consolidated	Teekay LNG and Teekay Tankers	Teekay Parent
Total debt	$ 4,578,162	$ 3,910,751	$ 667,411	$ 4,993,368	$ 4,379,027	$ 614,341
Less: cash and cash equivalents	(445,452)	(315,680)				