TEEKAY CORP
Form F-4/A
July 28, 2016
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As filed with the Securities and Exchange Commission on July 28, 2016

Registration Statement No. 333-211069

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2 to

FORM F-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

TEEKAY CORPORATION

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands	**4412**	**98-0224774**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

4th Floor, Belvedere Building

69 Pitts Bay Road

Hamilton HM 08, Bermuda

Telephone: (441) 298-2530

Fax: (441) 292-3931

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

Watson Farley & Williams LLP

Attention: Daniel C. Rodgers

250 West 55th Street

New York, New York 10036

(212) 922-2200

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

Copy to:

David S. Matheson

Perkins Coie LLP

1120 N.W. Couch Street, Tenth Floor

Portland, OR 97209-4128

(503) 727-2008

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement and the satisfaction or waiver of all other conditions to the exchange offer described herein.

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

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

Subject to completion, dated July 28, 2016

Teekay Corporation

Offer to Exchange All Outstanding, Unregistered

$200,000,000 8.5% Senior Notes due 2020 (CUSIP Nos. 87900YAB9 and

Y8564WAC7)

For New, Registered

8.5% Senior Notes due 2020 (CUSIP No. 87900YAA1)

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, all of the $200,000,000 aggregate principal amount of our outstanding, unregistered 8.5% Senior Notes due 2020 (CUSIP No. 87900YAB9 and Y8564WAC7) (or the *original notes*) issued on November 16, 2015 for new, registered 8.5% Senior Notes due 2020 (CUSIP No. 87900YAA1) (or the *exchange notes*), which are an additional issuance of and will be fully fungible with our outstanding 8.5% Senior Notes due 2020 in an aggregate principal amount of $450,000,000 that were issued on January 27, 2010 (or the *January 27 notes*). The exchange notes being offered hereby will have the same CUSIP number assigned to the January 27 notes and will vote together as one series with the January 27 notes and any original notes that remain outstanding after closing of the exchange offer. We refer to the January 27 notes, the original notes and the exchange notes collectively as the notes.

Material terms of the exchange offer

The exchange offer expires at 5:00 p.m., New York City time, on , 2016, unless we extend it.

All outstanding original notes that are validly tendered and not validly withdrawn will be exchanged.

You may withdraw your tender of original notes any time before the exchange offer expires.

The terms of the exchange notes are substantially identical to those of the original notes, except that the exchange notes will not have securities law transfer restrictions and the registration rights relating to the original notes and the exchange notes will not provide for the payment of additional interest under circumstances relating to the timing of the exchange offer.

If you are eligible to participate in the exchange offer and do not tender your original notes, your original notes will continue to accrue interest, but you will not have further exchange or registration rights and will continue to hold original notes subject to restrictions on transfer.

No established trading market for the exchange notes currently exists. The notes will not be listed on any securities exchange or included in any automated quotation system.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal for the exchange offer states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended (or the *Securities Act*). This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that for a period of 180 days beginning when the exchange notes are issued to make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of distribution.

See Risk factors beginning on page 21 for a discussion of risk factors that you should consider before deciding to exchange your original notes for exchange notes.

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

The date of this prospectus is , 2016.

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You should rely only upon the information contained in this prospectus or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any state or jurisdiction where the offer or sale of such securities is not permitted. You should assume that information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide you without charge upon your request, a copy of any documents that we incorporate by reference, other than exhibits to those documents that are not specifically incorporated by reference into those documents. You may request a copy of a document, at no cost, by request directed to us at the following address or telephone number:

Teekay Corporation

4th Floor, Belvedere Building

69 Pitts Bay Road

Hamilton, HM 08, Bermuda

Attention: Corporate Secretary

Telephone: (441) 298-2530

TO ENSURE TIMELY DELIVERY, YOU MUST REQUEST THE INFORMATION NO LATER THAN FIVE BUSINESS DAYS BEFORE THE COMPLETION OF THE EXCHANGE OFFER. THEREFORE, YOU MUST MAKE ANY REQUEST ON OR BEFORE , 2016.

Glossary of terms

We have included below the definitions for certain terms used in this prospectus:

Adjusted EBITDA	Adjusted EBITDA represents EBITDA before restructuring charges, unrealized foreign exchange gain (loss), loss on notes repurchased, asset impairments, loan loss provisions, net gain (loss) on sale of vessels and equipment, amortization of in-process revenue contracts, unrealized losses (gains) on derivative instruments, realized losses (gains) on interest rate swaps and interest rate swap amendments and terminations, write-down of equity-accounted-for investments and share of the above items in non-consolidated joint ventures.
Aframax tanker	An oil tanker generally between 80,000 and 120,000 dwt in size. Certain external statistical compilations define an Aframax tanker slightly differently, some as high as 125,000 dwt and others as low at 70,000 dwt. External data used in this prospectus has been adjusted so that the definition is consistent throughout.
Bareboat charter	A charter in which the customer (the charterer) pays a fixed daily rate for a fixed period of time for the full use of the vessel and becomes responsible for all crewing, management and navigation of the vessel and the expenses therefor.
Bunker fuel	Any hydrocarbon mineral oil used or intended to be used for the operation or propulsion of a ship.
Charter	The hiring of a vessel, or use of its carrying capacity, for either (1) a specified period of time or (2) a specific voyage or set of voyages.
Chartered in	Vessels to which the operator has access pursuant to a charter. Also commonly referred to as in-chartered vessels.
Charterer	The party that charters a vessel.
Commercial management	Management of the employment of a vessel, including marketing the vessel for hire under time charters or under voyage charters in the spot market.

Contract of affreightment	A contract where the vessel operator commits to be available to transport the quantity of cargo requested by the customer from time to time over a specified trade route within a given period of time.
Deepwater	Water with depths of more than 1,000 feet.
DP	Dynamic positioning.
Drydock	A dock that may be drained of water to allow for the inspection and repair of a ship s hull.
Dwt	Deadweight, a measure of oil tanker carrying capacity, usually in tonnes, based upon weight of cargo and other items necessary to submerge the vessel to its maximum permitted draft.

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EBITDA	Earnings before interest, taxes, depreciation and amortization.
FPSO unit	Floating production, storage and offloading unit. An FPSO unit is a type of floating tank system designed to process and store crude oil. An FPSO unit typically has onboard the capability to carry out the oil separation process, obviating the need for such facilities to be located on the fixed platform. The processed oil is periodically offloaded onto shuttle tankers or ocean-going barges for transport to shore.
FSO unit	Floating storage and offtake unit. An FSO unit is an oil tanker that has been moored in an oil field and modified to store oil.
GAAP	Accounting principles generally accepted in the United States.
Hire rate	The agreed sum or rate to be paid by the customer for the use of the vessel.
Lightering	Conveying cargo with another vessel known as a lighter from a ship to shore or vessel.
Liquefaction	The process of liquefying natural gas.
LNG	Liquefied natural gas.
LNG carrier	A tank ship designed for transporting liquefied natural gas.
Long-term charter	A charter for a term three years or more.
LPG	Liquefied petroleum gas.
LPG carrier	A tank ship designed for transporting liquefied petroleum gas.
LR2 tanker	Long range 2 product tanker.
MR tanker	Medium range product tanker.

Net revenue	Revenues less voyage expenses.
Newbuilding	A new vessel under construction.
OECD	Organisation for Economic co-operation and Development.
Off-hire	The time during which a vessel is not available for service.
Pooling arrangement	Arrangements that enable participating vessels to combine their revenues. Pools are administered by a pool manager that secures employment for the participating vessels.
Product tanker	A vessel designed to carry a variety of liquid products varying from crude oil to clean or refined petroleum products, acids and other chemicals, as well as edible oils. The tanks are coated to prevent product contamination and hull corrosion. The vessel may have

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	equipment designed for the loading and unloading of cargoes with a high viscosity.
Scrapping	The process by which a vessel is stripped of equipment and broken up, generally for reprocessing of its steel.
Short-term charter	A charter for a term less than three years.
Shuttle tanker	A dynamically-positioned vessel generally between 80,000 and 150,000 dwt in size that contains sophisticated equipment designed to transport oil from offshore production platforms, FPSO units or FSO units to onshore storage and refinery facilities, often in harsh weather conditions.
Spot market	The market for chartering a vessel for single voyages.
Suezmax tanker	A vessel with capacity ranging from 120,000 dwt to 200,000 dwt. The term is derived from the maximum length, breadth and draft of a vessel capable of passing fully loaded through the Suez Canal.
Teekay Parent	Teekay Parent includes all the assets, liabilities, results of operations and cash flows from Teekay Corporation and its non-publicly-traded subsidiaries.
Time charter	A charter in which the customer pays for the use of a vessel s cargo capacity for a specified period of time. The shipowner provides the vessel with crew, stores and provisions, ready in all aspects to load cargo and proceed on a voyage as directed by the customer. The customer usually pays for bunkering and all voyage-related expenses, including canal tolls and port charges.
Towage vessels	Long-distance towing and offshore installation vessels that are used for the towage, station-keeping, installation and decommissioning of large floating objects such as exploration, production and storage units, including FPSO units, floating liquefied natural gas (or *FLNG*) units and floating drill rigs.
UMS	Unit for maintenance and safety. Also referred to as a floating accommodation unit, or FAU.

VLCC tanker	Very large crude carriers.
Voyage charter	A charter in which the customer pays for the use of a vessel s cargo capacity for one, or sometimes more than one, voyage between specified ports. Under this type of charter, the shipowner pays all the operating costs of the vessel (including bunker fuel, canal and port charges, pilotage, towage and vessel s agency) while payment for cargo handling charges are subject of agreement between the parties. Freight is generally paid per unit of cargo, such as a ton, based on an agreed quantity, or as a lump sum irrespective of the quantity loaded.

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Forward-looking statements

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

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

- our growth strategy, growth prospects and objectives for future operations;
- our future financial condition and results of operations and our future revenues, expenses and capital expenditures, and our expected financial flexibility to pursue capital expenditures, acquisitions and other expansion opportunities;
- our dividend policy and the distribution and dividend policies of our publicly-listed subsidiaries, Teekay Offshore Partners L.P., Teekay LNG Partners L.P. and Teekay Tankers, including the temporary nature of current reduced distribution levels for Teekay Offshore Partners L.P. and Teekay LNG Partners L.P.;
- our long-term plans for Teekay Parent (representing Teekay Corporation and its subsidiaries other than its three publicly-traded subsidiaries) to become an exclusive asset manager and project developer, including through the anticipated sale of its remaining floating production, storage and offloading (or *FPSO*) units over the next several years and to use the net proceeds to repay debt, with the related objective of ultimately becoming net debt free and for its publicly-traded subsidiaries to directly own all operating assets and to directly participate in mergers and acquisitions and organic growth opportunities;
- offshore, liquefied natural gas (or *LNG*), liquefied petroleum gas (or *LPG*) and tanker market conditions and fundamentals, including the balance of supply and demand in these markets and spot tanker charter rates and oil production in the tanker market;
- the relative size of the newbuilding orderbooks and the pace of future newbuilding orders in the liquefied gas, offshore and tanker industries generally;
- repayment of deferred charter hire for the two LNG carriers relating to the Yemen LNG project;

our ability to maximize the use of our vessels, including the redeployment or disposition of vessels no longer under long-term charter;

our chartering strategy, including the ability of Teekay Tankers Ltd. to take advantage of spot market opportunities, and the stability of our cash flows;

our retention and expansion of market share, level of business with existing and new customers and ability to enter into new markets, including adjacent business areas;

expected costs, capabilities, delivery dates of and financing for newbuildings, acquisitions and conversions;

the exercise of options to order additional newbuilding vessels, and the chartering of any such vessels;

the impact of the recent ship-to-ship transfer business acquisition on Teekay Tankers Ltd. s cash flows and fleet utilization;

the ability of Tanker Investments Ltd. (or *TIL*) to benefit from the cyclical tanker market;

our ability to obtain charter contracts for newbuildings or other vessels;

expected financing for our transportation joint venture relating to the LNG project located on the Yamal Peninsula in Northern Russia;

the future valuation or impairment of goodwill;

our expectations as to any impairment of our vessels;

future debt refinancings and our ability to fulfill our debt obligations;

the impact from a decline in the market value of the securities pledged as collateral for one of our revolving credit facilities;

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

the ability of OOG-TK Libra & Co KG to drawdown on its $804 million long-term loan facility for the new FPSO unit conversion for the Libra field;

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

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

expected uses of proceeds from vessel or securities transactions, including the use of net proceeds from the offering of the original notes;

the timing and amount of dividends distributed by our equity accounted joint ventures;

our expectations regarding whether the U.K. taxing authority can successfully challenge the tax benefits available under certain of our former and current leasing arrangements, and the potential financial exposure to us if such a challenge is successful;

the exercise of any counterparty s rights to terminate a lease, or to obligate us to purchase a leased vessel, or failure to exercise such rights, including the rights under the leases and charters for two of Teekay LNG Partners L.P. s Suezmax tankers;

the impact of recent and future regulatory changes or environmental liabilities;

the results of our charter contract negotiations related to the *Piranema Spirit* FPSO unit;

the expected resolution of legal claims against us, including potential tax challenges to lease transactions, securities claims and the results of our discussions with Sevan Marine ASA (or *Sevan*) regarding Teekay Offshore Partners L.P. s acquisition of Logitel Offshore Pte Ltd;

the impact of future changes in the demand and price of oil;

the ability of Teekay Offshore Partners L.P. to grow its long-distance ocean towage and offshore installation services business;

features and performance of next generation HiLoad dynamic positioning (or *DP*) units and Teekay Offshore Partner L.P. s ability to successfully secure a contract for the HiLoad DP unit;

our hedging activities relating to foreign exchange, interest rate and spot market risks; 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 Securities and Exchange Commission (or *SEC*) and that are incorporated in this prospectus by reference, including, without

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limitation, our Annual Report on Form 20-F for the year ended December 31, 2015. The risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control.

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

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

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Summary

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

Overview

We are a leading growth-oriented asset manager and project developer in the marine midstream sector. We provide to the world s leading oil and gas companies a comprehensive set of services, including international crude oil and gas marine transportation, offshore oil production, storage and offloading and other services. We provide these services primarily under long-term, fixed-rate contracts.

On a combined basis, we had consolidated assets of approximately $12.9 billion as of March 31, 2016. As of March 31, 2016, our fleet was comprised of 217 liquefied gas, offshore, and conventional tanker assets (including newbuilding and chartered-in vessels but excluding vessels managed for third parties). We have offices in 15 countries and approximately 7,100 seagoing and shore-based employees. We are the world s third largest independent owner of liquefied natural gas (or *LNG*) carriers, the world s largest independent owner and operator of shuttle tankers and one of the largest independent owners and operators of floating production, storage and offloading (or *FPSO*) units and mid-sized conventional oil tankers. For the year ended December 31, 2015, we generated revenues of approximately $2.4 billion, net revenues of approximately $2.3 billion, net income of $405.5 million and Adjusted EBITDA of $1.4 billion. Net revenues and Adjusted EBITDA are non-GAAP measures. Please read Summary financial and operating data for descriptions of these measures and reconciliations of our revenues to net revenues and of our net loss to Adjusted EBITDA.

Our organizational structure can be divided into (a) Teekay Corporation and its non-publicly traded subsidiaries, which includes their legacy fleet of directly-owned vessels and is collectively referred to herein as *Teekay Parent*, and (b) our controlling interests in our publicly-listed subsidiaries, Teekay LNG Partners L.P. (NYSE: TGP) (or *Teekay LNG*), Teekay Offshore Partners L.P. (NYSE: TOO) (or *Teekay Offshore*), and Teekay Tankers Ltd. (NYSE: TNK) (or *Teekay Tankers*), which are referred to herein as the *Daughter Companies*. We have general and limited partnership interests in Teekay Offshore and Teekay LNG, and a controlling ownership interest in Teekay Tankers. These entities are described below:

Teekay Parent currently owns one conventional tanker, three floating production, storage and offloading (or *FPSO*) units and a minority investment in TIL.

Teekay LNG primarily operates in the LNG and LPG shipping sectors and includes all of our LNG and LPG carriers. LNG carriers are usually chartered to carry LNG pursuant to long-term time-charter contracts and LPG carriers are mainly chartered to carry LPG on time-charters, contracts of affreightment or spot voyage charters.

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Teekay Offshore primarily operates in the offshore oil production, storage and transportation sectors and includes our shuttle tankers, floating storage and off-take (or *FSO*) units, one HiLoad DP unit, a majority of our FPSO units, our units for maintenance and safety (or *UMS*) and our long-distance towing and offshore installation vessels. A substantial majority of these vessels operate under long-term contracts.

Teekay Tankers engages in the conventional tanker business and includes a substantial majority of our conventional crude oil and product tankers, which operate primarily in the spot-tanker market or are subject to time-charters or contracts of affreightment that are priced on a spot-market basis or are short-term, fixed-rate contracts.

Although our corporate structure includes our three publicly-traded subsidiaries, we have four primary lines of business, which consist of liquefied gas carriers, offshore logistics (shuttle tankers, FSO units, UMSs, long-distance towing and offshore installation vessels and the HiLoad DP unit), offshore production (FPSO units), and conventional tankers.

Our customers include major international oil, energy and utility companies such as: BP plc, Canadian Natural Resources Limited, Centrica plc, Chevron Corporation, Petroleo Brasileiro S.A. (or *Petrobras*), Premier Oil plc, Ras Laffan Liquefied Natural Gas Company Limited, Royal Dutch Shell plc and Statoil ASA. We believe that customers partner with us for logistically complex projects under long-term, fixed-rate contracts due to our extensive capabilities, diverse service offerings, global operations platform, financial stability and high-quality fleet and customer service. As we evaluate new business opportunities in the liquefied gas and offshore markets, we seek to enter into contracts that have an initial term of at least five years.

Teekay Parent

Teekay Parent directly owns three FPSO units and one conventional tanker and also in-charters a number of vessels.

Over the past 10 years, Teekay Parent has undergone a major transformation from primarily being an owner of ships in the cyclical spot tanker business to an asset manager and project developer. We intend to (a) continue to reduce debt of Teekay Parent by completing the sales of its remaining three FPSO units and one conventional tanker to its Daughter Companies or third parties over the next several years and using the net proceeds to repay debt and (b) seek, in the future, to grow the distributions of Teekay Offshore and Teekay LNG following their recent temporary reductions. We also intend that Teekay Parent ultimately becomes net debt free (that is, its cash and cash equivalents will exceed its debt levels) and that the Daughter Companies eventually will hold all of the direct ownership interests in our operating assets and will directly pursue their own merger and acquisition and organic growth opportunities.

Teekay LNG

The vessels in Teekay LNG primarily compete in the LNG and LPG markets. Teekay LNG s fleet includes 88 vessels. As of March 31, 2016, Teekay LNG had ownership interests ranging from 20% to 100% in 30 LNG carriers, as well as 20 additional newbuilding LNG carriers on order. In addition, as of March 31, 2016, Teekay LNG had full ownership of six LPG carriers and 50% ownership, through its joint venture agreement with Exmar NV, in another 15 LPG carriers and six newbuilding LPG carriers on order, and three chartered-in LPG carriers.

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Teekay Offshore

Teekay Offshore Offshore logistics

Shuttle tankers

Teekay Offshore s shuttle tankers are primarily subject to long-term, fixed-rate time-charter contracts or bareboat charter contracts for a specific offshore oil field (where a vessel is hired for a fixed period of time) or under contracts of affreightment for various fields. As of March 31, 2016, Teekay Offshore had ownership interests ranging from 50% to 100% in 32 shuttle tankers (including the HiLoad DP unit), and chartered-in three shuttle tankers.

FSO units

Teekay Offshore s FSO units are generally placed on long-term, fixed-rate time-charters or bareboat charters as an integrated part of the field development plan.

As of March 31, 2016, Teekay Offshore had ownership interests in seven FSO units (including one unit currently under conversion).

Towage vessels

Teekay Offshore is the sole provider of long-distance towing and offshore installation vessels with DP2 capability. We expect that Teekay Offshore s towage vessels will operate on time-charter or voyage-charter towage contracts when they deliver.

As of March 31, 2016, Teekay Offshore had 100% ownership interests in 10 long-distance towage vessels (including four newbuildings scheduled to deliver in 2016 and 2017 and six vessels that delivered in the first half of 2015).

UMSs

Units for maintenance and safety are used primarily for offshore accommodation, storage and support for maintenance and modification projects on existing offshore installations, or during the installation and decommissioning of large floating exploration, production and storage units, including FPSO units, floating liquefied natural gas (or *FLNG*) units and floating drill rigs. Teekay Offshore s UMS is available for world-wide operations, excluding operations within the Norwegian Continental Shelf, and includes DP3 systems that are capable of operating in deep water and harsh weather environments.

Teekay Offshore has a 100% interest in one UMS unit that delivered in February 2015. In June 2016, Teekay Offshore cancelled the delivery of two UMSs.

Teekay Offshore Offshore production

FPSO units

FPSO units are typically used as production facilities to develop marginal oil fields or deepwater areas remote from existing pipeline infrastructure. Traditionally for large field developments, major oil companies have owned and operated new, custom-built FPSO units. FPSO units for smaller fields have generally been provided by independent FPSO contractors under life-of-field production contracts, where the contract s duration is for the useful life of the oil field. As of March 31, 2016, Teekay Offshore had ownership interests in eight FPSO units (including one unit under conversion and one unit undergoing upgrades).

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Teekay Tankers

Teekay Tankers conventional crude oil tankers and product carriers primarily operate in the spot-tanker market or are subject to time-charters or contracts of affreightment that are priced on a spot-market basis or are short-term, fixed-rate contracts, although some of its tankers are on fixed-rate contracts with an initial duration of at least one year. Most of Teekay Tankers conventional tankers operate pursuant to pooling or revenue sharing commercial management arrangements, each of which is solely managed by us.

Teekay Tankers vessels compete primarily in the Aframax and Suezmax tanker markets. Many major oil companies and other oil trading companies, the primary charterers of our vessels, also operate their own vessels and transport their own oil and oil for third-party charterers in direct competition with independent owners and operators. Teekay Tankers competes principally with other owners in the spot-charter market through the global tanker charter market.

As of March 31, 2016, Teekay Tankers fleet included 58 owned and chartered-in tankers (excluding six ship-to-ship transfer support vessels Teekay Tankers acquired in July 2015).

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Organizational structure

The following chart depicts our simplified organizational structure as of March 31, 2016.

(1) The partnership is controlled by its general partner. Teekay Corporation indirectly owns a 100% beneficial ownership in the general partner. However, in certain limited cases, approval of a majority of the unitholders of the partnership is required to approve certain actions.

(2) Teekay Tankers has two classes of shares: Class A common stock and Class B common stock. Teekay Corporation indirectly owns 100% of the Class B shares which have five votes each but aggregate voting power capped at 49%. As a result of Teekay Corporation s ownership of Class A and Class B shares, it holds aggregate voting power of 53.5% as of March 31, 2016.

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Fleet list

As of March 31, 2016, our total fleet consisted of 217 vessels, including in-chartered vessels and newbuildings on order but excluding vessels we commercially manage for third parties, as summarized in the following table. The ownership interests of Teekay and the Daughter Companies in these vessels, other than chartered-in vessels, range from 20% to 100%.

	Number of vessels			
	Owned vessels	Chartered-in vessels	Newbuildings, conversions or upgrades	Total
Teekay Parent(1)				
FPSO units	3			3
VLCC tanker	1			1
Aframax tankers(2)		2		2
Total Teekay Parent fleet	4	2		6
Teekay Offshore fleet				
Shuttle tankers	29	3	3	35
FPSO units	6		2	8
FSO units	6		1	7
UMS	1		2	3
Towage vessels	6		4	10
Aframax tankers		2		2
Total Teekay Offshore fleet	48	5	12	65
Teekay LNG fleet				
LNG carriers	30		20	50
LPG carriers	21	3	6	30
Suezmax tankers	7			7
MR tankers	1			1
Total Teekay LNG fleet	59	3	26	88
Teekay Tankers fleet(3)				
Aframax tankers	14	10		24
Suezmax tankers	22			22
LR2 tankers	7	2		9
MR tankers	2			2
VLCC tanker	1			1
Total Teekay Tankers fleet	46	12		58

Total Teekay consolidated fleet	**157**	**22**	**38**	**217**

(1) Excludes two LNG carriers chartered-in from Teekay LNG and two shuttle tankers and three FSO units chartered-in from Teekay Offshore.
(2) Excludes one vessel chartered-in from Teekay Tankers.
(3) Excludes six ship-to-ship transfer support vessels acquired in July 2015.

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Recent developments

Teekay Parent

In addition to a series of financing initiatives at Teekay Offshore (as described below), in May and June 2016, Teekay Parent completed various initiatives to increase its financial strength and flexibility, including:

- refinancing three existing debt facilities, including $150 million relating to Teekay Parent s equity margin revolving credit facility, $150 million of an existing revolving credit facility relating to Teekay Parent s three directly-owned FPSO units, and $50 million of an existing debt facility relating to the *Shoshone Spirit* VLCC;

- selling Teekay Parent s 50% interest in three Infield Support Vessel Tugs for Royal Dutch Shell s Prelude floating liquefied natural gas (*FLNG*) unit; and

- issuing $100 million of common shares at a price of $8.32 per share to a group of institutional investors and two entities established by Teekay Parent s founder, including Resolute Investments, Inc., Teekay Parent s largest shareholder.

Teekay s equity margin revolving credit facility is secured by common units of Teekay Offshore and Teekay LNG and shares of Class A common stock of Teekay Tankers that are owned by Teekay. In June 2016, Teekay amended the facility by further reducing its aggregate potential maximum borrowings from $300 million to $150 million, extending its maturity date from January 2018 to December 2018 and amending the loan-to-value ratio that determines the amount available to borrow based on the value of the common units of Teekay Offshore and Teekay LNG and the shares of Class A common stock of Teekay Tankers that are pledged as collateral. The amendment resulted in an increase in the loan-to-value ratio which increased the availability under the facility from approximately $34 million to $150 million as of June 30, 2016. As of June 30, 2016, Teekay Parent had $31.9 million drawn on this facility, and $118.1 million undrawn.

As part of completing the financing initiatives both at Teekay Parent and Teekay Offshore, in June 2016, Teekay Parent entered into guarantee arrangements relating to Teekay Offshore up to a maximum of $500 million. The guarantees cover amounts owing under certain existing interest rate swaps which have put option termination rights that were extended to February 2019; a new loan for Teekay Offshore s East Coast Canada shuttle tanker project during the construction period for three newbuilding shuttle tankers delivering in 2017 and 2018; and certain existing cross currency swaps related to two of Teekay Offshore s Norwegian Kroner bonds for which the maturity dates were extended out to the end of 2018 (as described below). In addition, Teekay Parent extended the maturity date for obligations in the amount of $200 million owed to Teekay Parent by Teekay Offshore from July 2016 to January 2019 under the terms of a promissory note with an interest rate of 10.0% per annum and agreed with Teekay Offshore that, until Teekay Offshore s Norwegian Kroner bonds maturing 2018 have been repaid, all cash distributions to be paid to Teekay Parent or its affiliates, including the general partner of Teekay Offshore, will instead be paid in common units of Teekay Offshore. In addition, Teekay Parent agreed with its lenders that, until Teekay Offshore s Norwegian Kroner bonds maturing 2018 have been repaid, Teekay Parent will raise equity capital in an amount equal to any dividends paid by Teekay Parent during that period.

In June 2016, Teekay Parent reached an agreement to sell the *Shoshone Spirit* VLCC, which is expected to be delivered to the third party between August and November 2016.

The charterer of the *Polar Spirit* LNG carrier, which Teekay Parent has chartered-in from Teekay LNG under a time charter contract did not pay hire for the vessel in December 2015 or January 2016. Teekay Parent is formalizing a legal claim against the charter party. Teekay Parent has secured a short-term charter for the *Polar Spirit* that is expected to commence in August 2016. The *Artic Spirit* LNG carrier, which Teekay Parent has also chartered-in from Teekay LNG under a time charter contract, is currently unchartered and is laid up.

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Teekay LNG

During February and March 2016, Centrofin Management Inc. (Centrofin), the charterer for both the Bermuda Spirit and Hamilton Spirit Suezmax tankers, exercised its option under the charter contracts to purchase both the *Bermuda Spirit* and *Hamilton Spirit.* As a result of Centrofin s acquisition of the *Bermuda Spirit* and *Hamilton Spirit,* Teekay LNG recorded a $27.4 million loss on the sale of these vessels and associated charter contracts in the first quarter of 2016. The *Bermuda Spirit* was sold in April 2016 and the *Hamilton Spirit* was sold in May 2016. The total proceeds of $94.3 million from the sales were primarily used to repay existing term loans associated with these vessels, which loan balances totaled $88.3 million as at March 31, 2016.

In February 2016, Teekay LNG took delivery of its first MEGI LNG carrier newbuilding on order, which commenced its five-year charter contract with a subsidiary of Cheniere Energy, Inc. in February 2016. Teekay LNG s second MEGI LNG carrier newbuilding delivered in July 2016 and is expected to commence its five-year charter contract with a subsidiary of Cheniere Energy, Inc. in August 2016. Also in February 2016, Teekay LNG secured a 10-year, $360 million long-term lease facility, which was used to finance both vessels.

In February and June 2016, Teekay LNG s Exmar LPG joint venture took delivery of the sixth and seventh of its 12 LPG carrier newbuildings, which commenced charter contracts with an international energy company based in Norway in February and June 2016, respectively.

Teekay Offshore

Between April and June 2016, Teekay Offshore completed a series of financing initiatives to fund its unfunded capital expenditures and upcoming debt maturities, including:

- obtaining additional bank financing, including a $250 million debt facility for the three East Coast of Canada newbuilding shuttle tankers, a $40 million debt facility for six un-mortgaged vessels, and a new $35 million tranche added to an existing debt facility secured by two shuttle tankers;

- refinancing $75 million of an existing revolving credit facility relating to the *Petrojarl Varg* FPSO unit;

- extending the majority of the principal maturity payments to late-2018 for two of Teekay Offshore s existing Norwegian Kroner senior unsecured bonds, previously due in January 2017 and January 2018;

- extending to January 2019 the maturity date of $200 million in obligations owing to Teekay Parent under the terms of a promissory note pursuant to which Teekay Offshore will pay Teekay Parent interest at a rate of 10.0% per annum, one half of which will be paid in cash, and the other half of which will be paid in common units or from the proceeds of the sale of equity securities;

- issuing $200 million of equity, including $100 million of its 10.5% Series D Cumulative Convertible Perpetual Preferred Units (or *Series D Preferred Units*) with a two-year payment-in-kind option to be settled in common units plus 4.5 million warrants with an exercise price of $4.55 per common unit and 2.25 million warrants with an exercise price of $6.05 per common unit to a group of investors, including $26 million to Teekay Parent, and $100 million of common units at a price of $4.55 per unit to a group of investors;

- cancelling the delivery of the two remaining UMS newbuildings; and

- amending the terms of certain interest rate swaps to defer the counterparties early termination options and extend the existing cross currency swaps related to two of Teekay Offshore s Norwegian Kroner bonds that have been extended.

As part of completing the financing initiatives, Teekay Offshore secured a payment-in-kind option by agreeing to convert $46 million of face value of the $250 million of the outstanding Series C Preferred Units (or *Series C Preferred Units*) for approximately 8.3 million common units, and the remaining $204 million of outstanding

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Series C Preferred Units for approximately 8.5 million of the partnership s newly issued 8.60% Series C-1 Cumulative Convertible Preferred Units (or *Series C-1 Preferred Units*) that include a two-year payment-in-kind option.

In April 2016, during the process to lift off the gangway connecting the *Arendal Spirit* to the P48 FPSO, the gangway of the *Arendal Spirit* suffered damage. The gangway has now been replaced and undergone extensive testing and the unit recommenced its charter contract in early-July 2016.

Teekay Offshore completed the sale of four conventional tankers for aggregate sales proceeds of approximately $130 million. The first two conventional tankers, the *SPT Explorer* and *Navigator Spirit*, were sold to Teekay Tankers in mid-December 2015 and the two remaining conventional tankers, the *Kilimanjaro Spirit* and *Fuji Spirit*, were sold to a third party in March 2016.

Teekay Tankers

In January 2016, Teekay Tankers completed a new five-year $900 million long-term debt facility. The new facility includes term loan and revolving credit facility components which were used to refinance 36 of Teekay Tankers existing vessels, including 17 vessels acquired during 2015 that were secured by Teekay Tankers two bridge loan facilities that matured in early-2016, and Teekay Tankers main corporate revolving credit facility which would have otherwise expired in 2017.

Corporate information

The Teekay organization was founded in 1973. Teekay is a Marshall Islands corporation and we maintain our principal executive office at 4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda. Our telephone number at such address is (441) 298-2530. We maintain a website at *www.teekay.com*. The information on our website is not part of this prospectus, and you should rely only on the information contained in this prospectus and the documents we incorporate by reference herein when making a decision as to whether to invest in the exchange notes.

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The exchange offer

The following is a brief description of the material terms of the exchange offer. We are offering to exchange the original notes for the exchange notes. The terms of the exchange notes offered in the exchange offer are substantially identical to the terms of the original notes, except that the exchange notes will be registered under the Securities Act and certain transfer restrictions, registration rights and additional interest provisions relating to the original notes do not apply to the exchange notes. For a more complete description, see The exchange offer and Description of notes.

Original notes	$200,000,000 aggregate principal amount of 8.5% Senior Notes due 2020 (CUSIP Nos 87900YAB9 and Y8564WAC7).
	The original notes were issued in transactions exempt from registration under the Securities Act and are subject to transfer restrictions.
Exchange notes	$200,000,000 aggregate principal amount of 8.5% Senior Notes due 2020 (CUSIP No. 87900YAA1).
The exchange offer	We are offering to exchange $1,000 principal amount of the exchange notes for each $1,000 principal amount of your original notes. Original notes tendered in the exchange offer must be in minimum denominations of $2,000 principal amount and any integral multiples of $1,000 in excess thereof. In order for us to exchange your original notes, you must validly tender them to us and we must accept them. For procedures for tendering, see The exchange offer Procedures for tendering original notes.
Expiration date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2016, unless we extend it.
Acceptance of original notes and delivery of exchange notes	We will accept for exchange any and all original notes that are validly tendered in the exchange offer and not withdrawn before the exchange offer expires. The exchange notes will be delivered promptly following the exchange offer.
Withdrawal rights	You may withdraw your tender of original notes at any time before the exchange offer expires.
Conditions of the exchange offer	Our obligation to consummate the exchange offer is not subject to any conditions, other than that the exchange offer does not violate any applicable law or SEC staff interpretation. See The exchange

offer Conditions. We reserve the right to terminate or amend the exchange offer at any time prior to the expiration date if, among other things, there shall have been proposed, adopted or enacted any law, statute, rule, regulation or SEC staff interpretation which, in our judgment, could reasonably be expected to materially impair our ability to proceed with the exchange offer.

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Consequences of failure to exchange	If you are eligible to participate in the exchange offer and you do not tender your original notes, then your original notes will continue to accrue interest, but you will not have further exchange or registration rights and you will continue to hold original notes subject to restrictions on transfer.
Federal income tax consequences	The exchange of original notes for exchange notes will not be a taxable event for federal income tax purposes. See Certain United States federal income tax considerations.
Use of proceeds	We will not receive any proceeds from the exchange offer.
Accounting treatment	We will not recognize any gain or loss on the exchange of notes. See The exchange offer Accounting treatment.
Exchange agent	The Bank of New York Mellon Trust Company, N.A. is the exchange agent. See The exchange offer Exchange agent.
Resales of exchange notes	Based on interpretations by the staff of the SEC set forth in no-action letters issued to other parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act if: you are not our affiliate within the meaning of Rule 405 under the Securities Act; you are acquiring the exchange notes in the ordinary course of your business; you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution (within the meaning of the Securities Act) of the exchange notes; and you are not acting on behalf of any person who could not truthfully make the foregoing representations.

If you are an affiliate of ours, or are engaging in or intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, then:

- you may not rely on the applicable interpretations of the staff of the SEC;

- you will not be permitted to tender original notes in the exchange offer; and

- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the original notes.

Each participating broker-dealer that receives exchange notes for its own account under the exchange offer in exchange for original notes that were acquired by the broker-dealer as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes.

Any broker-dealer that acquired original notes from us may not rely on the applicable interpretations of the staff of the SEC and must comply with registration and prospectus delivery requirements of the Securities Act (including being named as a selling security holder) in connection with any resales of the original notes or the exchange notes.

See The exchange offer Procedures for tendering original notes and Plan of distribution.

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The exchange notes

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

Issuer	Teekay Corporation
Notes offered	Up to $200 million aggregate principal amount of 8.5% Senior Notes due 2020 (or the *exchange notes*).
	The exchange notes are an additional issuance of and will be fully fungible with our outstanding 8.5% Senior Notes due 2020 that were issued on January 27, 2010 in an aggregate original principal amount of $450 million (or the *January 27 notes*). The new notes will have the same CUSIP number assigned to the January 27 notes and will vote together as one series with the January 27 notes and any original notes that remain outstanding after closing of the exchange offer. Unless otherwise specifically indicated or the context otherwise requires, the term notes refers to the January 27 notes, the original notes and the exchange notes.
Maturity	January 15, 2020
Interest payment dates	January 15 and July 15 of each year, commencing July 15, 2016.
Guarantees	The exchange notes will not be guaranteed by any of our subsidiaries.
Ranking	The exchange notes will rank equally in right of payment with all of our existing and future senior unsecured debt and senior to our existing and future subordinated debt. The exchange notes will effectively rank behind all of our existing and future secured debt, to the extent of the value of the assets securing such debt.
	We are a holding company and the exchange notes will effectively rank behind all existing and future debt and other liabilities of our subsidiaries.

As of March 31, 2016, and after giving effect to the Adjustments (as defined in Capitalization), (i) we would have had approximately $7.4 billion of the principal amount of debt on a consolidated basis, of which approximately $6.8 billion would have been the principal amount of debt of our subsidiaries (all but $0.9 billion of which is secured by assets of our subsidiaries and approximately $0.8 billion of which is guaranteed on an unsecured basis by Teekay Corporation) and (ii) we would have had the capacity to borrow an additional $307.3 million under our credit facilities, all of which would be secured. Of such pro forma consolidated debt of $7.4 billion as of March 31, 2016, approximately $6.6 billion is attributable to our three publicly-traded subsidiaries, of which approximately $0.5 billion is guaranteed by Teekay Corporation.

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In addition to our consolidated debt, as of March 31, 2016, our total proportionate interest in debt of joint ventures we do not control was $1.4 billion, of which our publicly-traded subsidiaries have guaranteed $0.5 billion and the remaining $0.9 billion has limited recourse to Teekay LNG and Teekay Offshore.

As of March 31, 2016, and after giving effect to the Adjustments (as defined in Capitalization) that relate to Teekay Parent, Teekay Parent would have had approximately $837.3 million of principal amount of debt, of which $592.6 million would have been direct obligations of Teekay Corporation and $244.7 million would have been debt secured by assets of subsidiaries within Teekay Parent, all of which is guaranteed by Teekay Corporation. Please read Description of notes General.

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

Additional amounts

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

Optional redemption

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

Tax redemption

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

Change of control offer	Upon a Change of Control Triggering Event, which requires both a Change of Control and a Rating Decline (as defined herein), we will be obligated to make an offer to purchase all outstanding notes at a redemption price of 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase. Please read

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Description of notes Covenants Repurchase of notes upon a Change of Control Triggering Event.

Certain indenture provisions

The indenture governing the exchange notes contains covenants limiting our ability to:

- create liens; and
- merge, or consolidate or transfer, sell or lease all or substantially all of our assets.

These covenants are subject to a number of important limitations and exceptions which are described under the heading Description of notes Covenants.

Absence of a public market

The exchange notes are new securities and there is currently no established market for the exchange notes. Accordingly, we cannot assure the development or liquidity of any market for the exchange notes. Although the initial purchasers of the original notes have advised us that they currently intend to make a market in the exchange notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the exchange notes without notice. We do not intend to apply for a listing of the exchange notes on any securities exchange or for the inclusion of the exchange notes on any automated dealer quotation system.

Risk factors

You should refer to the section entitled Risk factors beginning on page 22 of this prospectus for a discussion of material risks that you should carefully consider before deciding to invest in the exchange notes.

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Summary financial and operating data

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

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

- our historical consolidated financial and operating data as of and for the years ended December 31, 2013, 2014 and 2015 are derived from our audited consolidated financial statements and the notes thereto, which are included or incorporated by reference in this prospectus; and

- our historical consolidated financial and operating data as of and for the years ended December 31, 2011 and 2012 are derived from our audited consolidated financial statements and the notes thereto, which are not included in this prospectus.

- our historical consolidated financial and operating data as of and for the three months ended March 31, 2015 and 2016 are derived from our unaudited interim consolidated financial statements and the notes thereto, which, other than the unaudited interim consolidated balance sheet as of March 31, 2015, are included or incorporated by reference in this prospectus.

Interim results may not be indicative of full year results, and historical and as adjusted results may not be indicative of future results.

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

The table below includes three financial measures net revenues, EBITDA and Adjusted EBITDA which we use in our business and are not calculated or presented in accordance with GAAP. We explain these measures and reconcile them to their most directly comparable financial measures calculated and presented in accordance with GAAP in notes 5 and 6, respectively, for the five years ended December 31, 2011, 2012, 2013, 2014 and 2015 and the three-month periods ended March 31, 2015 and 2016 in the table below.

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 incorporated by reference in this prospectus. This table should also be read together with Management s discussion and analysis of financial condition and results of operations included in our Annual Report on Form 20-F for the year ended December 31, 2015 and our Report on Form 6-K for the period ended March 31, 2016, which is incorporated by reference in this prospectus.

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(in thousands)	Year ended December 31 2011	2012	2013	2014	2015	Three Months Ended March 31, 2015 (unaudited)	2016 (unaudited)
Income statement data:							
Revenues	$ 1,976,022	$ 1,980,771	$ 1,830,085	$ 1,993,920	$ 2,450,382	$ 545,862	$ 641,108
Voyage expenses(1)	(176,614)	(138,283)	(112,218)	(127,847)	(115,787)	(25,670)	(31,590)
Vessel operating expenses(2)	(749,939)	(813,326)	(806,152)	(809,319)	(844,039)	(184,203)	(215,861)
Time-charter hire expense	(214,179)	(130,739)	(103,646)	(67,219)	(138,548)	(24,927)	(39,603)
Depreciation and amortization	(428,608)	(455,898)	(431,086)	(422,904)	(509,500)	(112,704)	(144,157)
General and administrative expenses	(173,604)	(144,296)	(140,958)	(140,917)	(133,184)	(37,954)	(32,967)
Asset impairments	(155,288)	(432,196)	(167,605)	(4,759)	(71,641)	(15,496)	
Loan loss recoveries (provisions)		(1,886)	(748)	2,521			
Net gain (loss) on sale of vessels, equipment and other assets	4,229	(6,975)	1,995	13,509	1,466	1,643	(27,619)
Bargain purchase gain	68,535						
Goodwill impairment charge	(36,652)						
Restructuring charges	(5,490)	(7,565)	(6,921)	(9,826)	(14,017)	(9,126)	(13,986)
Income (loss) from vessel operations	108,412	(150,393)	62,746	427,159	625,132	137,425	135,325
Interest expense	(137,604)	(167,615)	(181,396)	(208,529)	(242,469)	(51,346)	(72,203)
Interest income	10,078	6,159	9,708	6,827	5,988	1,530	1,322
Realized and unrealized (loss) gain on non-designated derivative instruments	(342,722)	(80,352)	18,414	(231,675)	(102,200)	(83,386)	(107,621)
Equity income	(35,309)	79,211	136,538	128,114	102,871	20,749	15,417
	12,654	(12,898)	(13,304)	13,431	(2,195)	17,510	(10,514)

Foreign exchange gain (loss)							
Other (loss) income	12,360	366	5,646	(1,152)	1,566	375	150
Net income (loss) before income taxes	(372,131)	(325,522)	38,352	134,175	388,693	42,857	(38,124)
Income tax (expense) recovery	(4,290)	14,406	(2,872)	(10,173)	16,767	995	(1,076)
Net income (loss)	(376,421)	(311,116)	35,480	124,002	405,460	43,852	(39,200)
Less: Net (income) loss attributable to non-controlling interests	17,805	150,936	(150,218)	(178,759)	(323,309)	(53,616)	(9,584)
Net income (loss) attributable to shareholders of Teekay Corporation	$ (358,616)	$ (160,180)	$ (114,738)	$ (54,757)	$ 82,151	$ (9,764)	$ (48,784)
Per Common Share Data:							
Basic income (loss) attributable to shareholders of Teekay Corporation	(5.11)	(2.31)	(1.63)	(0.76)	1.13	(0.13)	(0.67)
Diluted income (loss) attributable to shareholders of Teekay Corporation	(5.11)	(2.31)	(1.63)	(0.76)	1.12	(0.13)	(0..67)
Cash dividends declared	1.2650	1.2650	1.2650	1.2650	1.7325	0.3163	0.0550
Balance sheet data: (at end of period)							
Cash and cash equivalents	$ 692,127	$ 639,491	$ 614,660	$ 806,904	$ 678,392	$ 684,511	$ 658,158
Restricted cash(3)	500,154	533,819	502,732	119,351	176,437	155,790	134,124
Vessels and equipment(4)	7,890,761	7,321,058	7,351,144	8,106,247	9,366,593	8,682,813	9,300,819
Total assets(5)	11,091,230	10,959,125	11,506,393	11,779,690	13,061,248	12,219,308	12,903,234

Total long-term debt(5)	5,397,926	5,507,341	6,060,162	6,651,976	7,384,086	7,034,277	7,205,547
Obligations under capital leases	647,047	637,574	598,329	63,550	59,127	62,456	231,881
Capital stock and additional paid-in capital	660,917	681,933	713,760	770,759	775,018	772,177	778,080
Non-controlling interest	1,863,798	1,876,085	2,071,262	2,290,305	2,782,049	2,283,434	2,751,911
Total equity	3,303,794	3,191,474	3,203,050	3,388,633	3,701,074	3,350,190	3,613,536
Number of outstanding shares of common stock	68,732,341	69,704,188	70,729,399	72,500,502	72,711,371	72,682,366	72,813,524
Cash flow data:							
Net cash provided by (used in):							
Operating activities	$ 107,193	$ 288,936	$ 292,584	$ 446,317	$ 770,391	$ 181,668	$ 147,395
Financing activities	976,645	299,671	866,577	726,761	924,457	371,056	(230,884)
Investing activities	(1,171,459)	(641,243)	(1,183,992)	(980,834)	(1,823,278)	(675,117)	63,255
Other financial data:							
Net revenues(6)	$ 1,799,408	$ 1,842,488	$ 1,717,867	$ 1,866,073	$ 2,334,595	$ 520,192	$ 609,518
EBITDA(7)	184,003	291,832	641,126	758,781	1,134,674	205,377	176,914
Adjusted EBITDA(7)	686,795	830,676	817,382	1,037,284	1,415,586	329,143	364,537
Total debt to total capitalization(8)	64.7%	65.9%	67.5%	66.5%	66.8%	67.9%	67.3%
Net debt to total net capitalization(9)	59.5%	60.9%	63.4%	63.1%	64.0%	65.1%	64.8%
Ratio of earnings to fixed charges(10)(11)					2.3x	1.9x	
Expenditures for vessels and equipment	$ 755,045	$ 523,597	$ 753,755	$ 994,931	$ 1,795,901	$ 665,091	$ 178,480
Expenditures for drydocking	55,620	35,023	72,205	74,379	68,380	6,754	5,761

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

(2) Vessel operating expenses include crewing, repairs and maintenance, insurance, stores, lube oils and communication expenses.

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(3) Prior to December 31, 2014, substantially all restricted cash deposits related to Teekay LNG. Under certain capital lease arrangements, Teekay LNG maintained restricted cash deposits that, together with interest earned on the deposits, equaled the remaining scheduled payments it owes under the capital leases. The interest Teekay LNG received from those deposits was used solely to pay interest associated with the capital leases, and the amount of interest it received approximated the amount of interest it paid on the capital leases.

(4) Total vessels and equipment consists of (a) owned vessels, at cost less accumulated depreciation, (b) vessels under capital leases, at cost less accumulated amortization and (c) advances on newbuildings.

(5) Prior to the adoption of Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (or ASU 2015-03), all debt issuance costs were presented as other non-current assets in our consolidated balance sheets. With the adoption of ASU 2015-03, we present debt issuance costs related to a debt liability as a direct deduction from the carrying amount of that debt liability in our consolidated balance sheets. As a result of adopting ASU 2015-03, total assets and total debt (including capital lease obligations) decreased by $46.4 million (December 31, 2011), $42.9 million (December 31, 2012), $49.3 million (December 31, 2013), $84.5 million (December 31, 2014), $91.7 million (December 31, 2015) and $84.2 million (March 31, 2016).

(6) Consistent with general practice in the shipping industry, we use net revenues (or revenues less voyage expenses) as a measure of equating revenues generated from voyage charters to revenues generated from time charters, which assists us in making operating decisions about the deployment of our vessels and their performance. Under time-charter contracts, the charterer typically pays the voyage expenses, whereas under voyage charter contracts the shipowner typically pays the voyage expenses. Some voyage expenses are fixed, and the remainder can be estimated. If we, as the shipowner, pay the voyage expenses, we typically pass the approximate amount of these expenses on to our customers by charging higher rates under the contract or billing the expenses to them. As a result, although voyage revenues from different types of contracts may vary, the net revenues after subtracting voyage expenses, or net revenues, are comparable across the different types of contracts. We principally use net revenues, a non-GAAP financial measure, because it provides more meaningful information than revenues, the most directly comparable GAAP financial measure. Net revenues are also widely used by investors and analysts in the shipping industry for comparing financial performance between companies in the shipping industry to industry averages. The following table reconciles net revenues with revenues.

	Year ended December 31,					Three months ended March 31,	
						2015	2016
(in thousands)	**2011**	**2012**	**2013**	**2014**	**2015**	**(unaudited)**	**(unaudited)**
Revenues	$ 1,976,022	$ 1,980,771	$ 1,830,085	$ 1,993,920	$ 2,450,382	$ 545,862	$ 641,108
Voyage expenses	(176,614)	(138,283)	(112,218)	(127,847)	(115,787)	(25,670)	(31,590)
Net revenues	$ 1,799,408	$ 1,842,488	$ 1,717,867	$ 1,866,073	2,334,595	$ 520,192	$ 609,518

(7) EBITDA represents earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA before restructuring charges, unrealized foreign exchange gain (loss), loss on notes repurchased, asset impairments, loan loss provisions, net gain (loss) on sale of vessels and equipment, amortization of in-process revenue contracts, unrealized losses (gains) on derivative instruments, realized losses (gains) on interest rate swaps and interest rate swap amendments and terminations, write-down of equity-accounted-for investments and share of the above items in non-consolidated joint ventures. EBITDA and Adjusted EBITDA are used as supplemental financial measures by management and by external users of our financial statements, such as investors, as discussed below.

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

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

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

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

	Year ended December 31,					Three Months Ended March 31,	
(in thousands)	2011	2012	2013	2014	2015	2015 (unaudited)	2016 (unaudited)
Income statement data:							
Reconciliation of EBITDA and Adjusted EBITDA to net income (loss)							
Net income (loss)	$ (376,421)	$ (311,116)	$ 35,480	$ 124,002	$ 405,460	$ 43,852	$ (39,200)
Income tax expense (recovery)	4,290	(14,406)	2,872	10,173	(16,797)	(995)	1,076
Depreciation and amortization	428,608	455,898	431,086	422,904	509,500	112,704	144,157
Interest expense, net of interest income	127,526	161,456	171,688	201,702	236,481	49,816	70,881
EBITDA	$ 184,003	$ 291,832	$ 641,126	$ 758,781	$ 1,134,674	$ 205,377	$ 176,914
Restructuring charges	5,490	$ 7,565	$ 6,921	$ 9,826	$ 14,017	$ 9,126	$ 13,986
Foreign exchange (gain) loss	(12,654)	12,898	13,304	(13,431)	2,195	(17,510)	10,514
Loss on notes repurchased				7,699			
Asset impairments, loan loss provisions and net loss (gain) on sale of vessels and equipment	151,059	441,057	166,358	(11,271)	70,175	13,853	27,619
Goodwill impairment charge	36,652						
Bargain purchase gain	(68,535)						
Amortization of in-process revenue contracts	(46,436)	(72,933)	(61,700)	(40,939)	(30,085)	(4,904)	(7,667)
Unrealized losses (gains) on derivative instruments	70,822	(29,658)	(178,731)	100,496	(38,319)	50,069	71,305
Realized losses on interest rate swaps	132,931	123,277	122,439	125,424	108,036	27,889	23,180
Realized losses (gains) on interest rate swap	149,666		35,985	1,319	10,876		8,140

amendments and terminations							
Write-down of equity-accounted for investments	19,411	1,767					
Items related to non-consolidated joint ventures(a)	64,386	54,871	71,680	99,380	144,017	45,243	40,546
Adjusted EBITDA	$ 686,795	$ 830,676	$ 817,382	$ 1,037,284	$ 1,415,586	$ 329,143	$ 364,537
Reconciliation of Adjusted EBITDA to net operating cash flow							
Net operating cash flow	$ 107,193	$ 288,936	$ 292,584	$ 446,317	$ 770,309	$ 181,668	$ 147,395
Expenditures for drydocking	55,620	35,023	72,205	74,379	68,380	6,754	5,761
Interest expense, net of interest income	127,526	161,456	171,688	201,702	236,481	49,816	70,881
Change in non-cash working capital items related to operating activities	84,347	115,209	(64,184)	(60,631)	12,291	33,206	21,675
Equity (loss) income, net of dividends received	(31,376)	65,639	121,144	94,726	(3,203)	(24,716)	15,417
Other (loss) income	(8,988)	(21,300)	(13,080)	44,842	54,382	157	17,556
Restructuring charges	5,490	7,565	6,921	9,826	14,017	9,126	13,986
Realized losses on interest rate swaps	132,931	123,277	122,439	125,424	108,036	27,889	23,180
Realized losses on interest rate swap amendments and terminations	149,666		35,985	1,319	10,876		8,140
Items related to non-consolidated joint ventures(a)	64,386	54,871	71,680	99,380	144,017	45,243	40,546
Adjusted EBITDA	$ 686,795	$ 830,676	$ 817,382	$ 1,037,284	$ 1,415,586	$ 329,143	$ 364,537

(a) Equity income from non-consolidated joint ventures is adjusted for income tax expense (recovery), depreciation and amortization, interest expense, net of interest income, foreign exchange loss (gain), amortization of in-process revenue contracts, and unrealized and realized (gains) losses on derivative instruments

(8) Total capitalization represents total debt and total equity.

(9) Net debt represents total debt less cash, cash equivalents and restricted cash. Total net capitalization represents net debt and total equity.

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(10) This data is unaudited for all periods presented. For purposes of computing our ratio of earnings to fixed charges on a consolidated basis, earnings is the result of adding (a) pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, (b) fixed charges, (c) amortization of capitalized interest, (d) distributed income of equity investees and subtracting (a) interest capitalized and (b) preference security dividends of subsidiaries. Fixed charges represent (i) interest expensed and capitalized, (ii) amortized premiums, discounts and capitalized expenses related to indebtedness, and (iii) interest within time charter hire expense. For the years ended December 31, 2011, 2012, 2013 and 2014 and the three months ended March 31, 2016 the ratio of earnings to fixed charges was less than 1.0x. The amount of the deficiency for these periods was $325.0 million, $418.9 million, $99.5 million, $19.2 million and $79.6 million, respectively. These amounts were impacted by significant non-cash charges, including asset impairments of $155.3 million, $432.2 million and $167.6 million for the years ended December 31, 2011, 2012 and 2013, respectively, as well as unrealized losses (gains) on derivative instruments, excluding cross currency swaps, of $70.8 million, ($29.7) million, ($178.7) million and $100.5 million for the years ended December 31, 2011, 2012, 2013 and 2014, respectively. In addition, the amount for the three months ended March 31, 2016 was affected by a $27.6 million loss on sale of vessels and a $81.1 million unrealized loss from interest rate swaps.

(11) In addition to our consolidated debt, as of March 31, 2016, our total proportionate interest in debt of joint ventures we do not control was $1.4 billion, of which our publicly-traded subsidiaries have guaranteed $0.5 billion and the remaining $0.9 billion has limited recourse to Teekay LNG and Teekay Offshore.

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Risk factors

Each of the risks described below should be carefully considered, together with all of the other information contained or incorporated by reference in this prospectus, before making an investment decision with respect to participating in the exchange offer. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations or affect the exchange notes. If any of the risks described below or other risks incorporated by reference into this prospectus were to occur, our business, financial condition or operating results could be materially adversely affected.

Risks relating to the exchange offer and the exchange notes

You may have difficulty selling the original notes that you do not exchange.

If you do not exchange your original notes for the exchange notes offered in the exchange offer, then you will continue to be subject to the restrictions on transfer of your original notes. Those transfer restrictions are described in the first supplemental indenture dated as of November 16, 2015 to the indenture dated as of January 27, 2010, between Teekay and The Bank of New York Mellon Trust Company, N.A., as trustee, governing the original notes and in the legend contained on the original notes, and arose because we originally issued the original notes under exemptions from, and in transactions not subject to, the registration requirements of the Securities Act.

In general, you may offer or sell your original notes only if they are registered under the Securities Act and applicable state securities laws, or if they are offered and sold under an exemption from those requirements. We do not intend to register the original notes under the Securities Act.

If a large number of original notes are exchanged for exchange notes issued in the exchange offer, then it may be more difficult for you to sell your unexchanged original notes. In addition, if you do not exchange your original notes in the exchange offer, then you will no longer be entitled to have those original notes registered under the Securities Act.

See The exchange offer Consequences of failure to exchange original notes for a discussion of the possible consequences of failing to exchange your original notes.

You must carefully follow the required procedures to exchange your original notes; late deliveries of original notes and other required documents could prevent you from exchanging your original notes.

The exchange notes will be issued in exchange for original notes only after timely receipt by the exchange agent of a duly executed letter of transmittal (or an agent s message (as defined under The exchange offer Procedures for tendering original notes)) and all other required documents. Therefore, if you wish to tender your original notes, you must allow sufficient time to ensure timely delivery. Neither we nor the exchange agent has any duty to notify you of defects or irregularities with respect to tenders of original notes for exchange or to waive any defect if you fail to follow the proper procedure. Any holder of original notes who tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. Each broker-dealer that receives exchange notes for its own account in exchange for original notes that were acquired in market-making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes.

We cannot assure you that an active trading market will develop for the exchange notes.

We do not intend to apply for listing of the exchange notes on any securities exchange or to arrange for quotation on any interdealer quotation system. In addition, the liquidity of the trading market in the exchange notes, and the

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market price quoted for the exchange notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. In addition, such market-making activities will be subject to limits imposed by the United States federal securities laws. As a result, we cannot assure you that an active trading market will develop for the exchange notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the exchange notes may be adversely affected. In that case you may not be able to sell your exchange notes at a particular time or you may not be able to sell your exchange notes at a favorable price.

If you are a broker-dealer, your ability to transfer the exchange notes may be restricted.

A broker-dealer that purchased original notes for its own account as part of market-making or trading activities must comply with the prospectus delivery requirements of the Securities Act when it sells the exchange notes. Our obligation to make this prospectus available to broker-dealers is limited. Consequently, we cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their exchange notes.

We have substantial debt levels and may incur additional debt.

As of March 31, 2016, after giving effect to the Adjustments (as defined in Capitalization), the principal amount of our consolidated debt would have totaled $7.4 billion and we would have had the capacity to borrow an additional $307.3 million under our credit facilities. In addition to our consolidated debt, as of March 31, 2016, our total proportionate interest in debt of joint ventures we do not control was $1.4 billion, of which our publicly-traded subsidiaries have guaranteed $0.5 billion, and the remaining $0.9 billion has limited recourse to Teekay LNG and Teekay Offshore. Our consolidated debt, capital lease obligations and joint venture debt could increase substantially. The terms of the indenture governing the exchange notes and, subject to certain limitations, our credit facilities do not prohibit us from incurring additional debt. Accordingly, should our current debt levels increase, the risks related to the exchange notes and our debt generally that we now face could also increase. Our level of debt could have important consequences to us, including:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms, if at all;
- we will need to use a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to shareholders;
- our debt level may make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our industry or the economy generally; and
- our debt level may limit our flexibility in obtaining additional financing, pursuing other business opportunities and responding to changing business and economic conditions.

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

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

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

- seeking to restructure our debt, including the exchange notes;

- seeking additional debt or equity capital;

selling additional assets or equity interests in certain assets or joint ventures;

further reducing cash distributions;

reducing, delaying or cancelling our business activities, acquisitions, investments or capital expenditures; and

seeking bankruptcy protection.

Such measures might not be successful, and additional debt or equity capital may not be available on acceptable terms or enable us to service our debt. Some of such measures may adversely affect our business or reputation. In addition, our credit agreements and the indenture governing the exchange notes may restrict our ability to implement some of these measures.

Use of cash from operations for capital purposes will reduce cash available to service our debt. The ability of us and our Daughter Companies to obtain bank financing or to access the capital markets for future offerings may be limited by our and their financial condition at the time of any such financing or offering as well as by adverse market conditions in general. Even if our Daughter Companies are successful in obtaining necessary funds, the terms of such financings could limit their ability to pay cash dividends or distributions to security holders, including us, or operate their businesses as currently conducted. In addition, incurring additional debt may significantly increase interest expense and financial leverage, and issuing additional equity securities may result in significant equityholder dilution and would increase the aggregate amount of cash required to maintain quarterly dividends and distributions.

Our dividend policy and the current cash distribution levels of Teekay Offshore and Teekay LNG may limit cash available to service the notes or to repay them at maturity.

In September 2014, we announced the adoption of a new dividend policy and our intention is to distribute to our shareholders a majority of the cash flows we receive from ownership of our publicly-traded subsidiaries. The new dividend policy commenced with the dividend for the quarter ended June 30, 2015. Our quarterly dividend payment is primarily based on the cash flow contributions from our general partnership and limited partnership interests in Teekay Offshore and Teekay LNG, together with other dividends received, after deductions for our corporate general and administrative expenses and any reserves determined to be required by our board of directors, including reserves to service our debt.

On December 16, 2015, we announced temporary reductions to our quarterly dividends, commencing with the dividend relating to the fourth quarter of 2015. The dividend reduction was in response to announcements by Teekay Offshore and Teekay LNG that they were temporarily reducing their quarterly cash distributions and retaining a significant portion of the internally generated cash flows as reserves to fund the equity capital requirements of their future growth projects and reduce debt levels, with the intention for the foreseeable future to reduce the need to raise equity capital at prohibitively dilutive and costly rates given current depressed market conditions generally in the energy and master limited partnership capital markets. In June 2016, we agreed with Teekay Offshore that, until Teekay Offshore s Norwegian Kroner bonds maturing in 2018 have been repaid, all cash distributions to be paid to us or our affiliates, including the general partner of Teekay Offshore, will instead be paid in common units.

The primary liquidity needs for us and the Daughter Companies in the next few years are to make payments for existing, committed capital expenditures and to make scheduled repayments of debt, in addition to paying debt service costs, quarterly dividends or distributions on equity, operating expenses and dry docking expenditures and funding general working capital requirements. We anticipate that our and our Daughter Companies primary sources of funds in the next few years will be cash flows from operations, bank debt and proceeds from the sale of certain assets.

Our dividend policy may limit the amount of cash we have available to service the exchange notes at any given time or to repay them at maturity.

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

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

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

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

- grant liens on our assets;
- transfer, sell, lease or otherwise dispose of all or substantially all of our assets; and
- consolidate with, or merge with or into any person.

Please read Description of other indebtedness.

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

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

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. Our only material asset is our ownership of the capital stock of or other ownership interests in our subsidiaries. As a result, our ability to make required payments on the exchange notes depends on the operations of our subsidiaries and our subsidiaries ability to distribute funds to us. To the extent our subsidiaries are unable to or elect not to distribute, or are restricted from distributing, funds to us, we may be unable to fulfill our obligations under the exchange notes. Our subsidiaries will have no obligation to pay amounts due on the exchange notes, and none of our subsidiaries will guarantee the exchange notes.

The rights of holders of the exchange notes are structurally subordinated to the rights of our subsidiaries creditors. A default by a subsidiary under its debt obligations would result in a block on distributions from the affected subsidiary to us. The exchange notes are effectively junior to all liabilities of our subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As of March 31, 2016, our subsidiaries had $6.7 billion in principal amount of

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outstanding debt and capital lease obligations and approximately $193.2 million of undrawn borrowing capacity. In addition, the indenture relating to the exchange notes permits us and our subsidiaries to incur additional debt without any limitation.

The exchange notes are unsecured obligations and effectively subordinated to our secured debt and secured debt of our subsidiaries.

The exchange notes are unsecured and therefore are effectively subordinated to any secured debt we or our subsidiaries maintain or may incur to the extent of the value of the assets securing the debt. In the event of a bankruptcy or similar proceeding involving us or a subsidiary, the assets that serve as collateral will be available to satisfy the obligations under any secured debt before any payments are made on the exchange notes. As of March 31, 2016, after giving effect to the Adjustments (as defined in Capitalization), we and our subsidiaries would have had an aggregate of approximately $5.9 billion of secured debt outstanding and approximately $307.3 million of undrawn borrowing c