

TEEKAY CORP
Form F-3/A
August 15, 2016
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As filed with the Securities and Exchange Commission on August 15, 2016

Registration Statement No. 333-212787

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

AMENDMENT NO. 1 TO
FORM F-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TEEKAY CORPORATION
(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands
(State or other jurisdiction of
incorporation or organization)

4412
(Primary Standard Industrial
Classification Code Number)
4th Floor, Belvedere Building,

98-0224774
(I.R.S. Employer
Identification Number)

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 10019

(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 to the public: From time to time after this registration statement becomes effective, as determined by market conditions.

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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

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

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

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

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 U.S. Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the 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 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.

SUBJECT TO COMPLETION, DATED AUGUST 15, 2016

PROSPECTUS

12,019,231 Shares

Teekay Corporation

Common Stock

This prospectus relates solely to the offer or resale from time to time of up to 12,019,231 shares of our common stock by the selling shareholders identified in this prospectus. These shares of our common stock were sold to the selling shareholders pursuant to the Share Purchase Agreement, dated May 18, 2016, between us and the selling shareholders in transactions exempt from the registration requirements of the Securities Act of 1933, as amended (or the *Securities Act*). In connection with that purchase agreement, we entered into a registration rights agreement with the selling shareholders. We will not receive any of the proceeds from the sale of these shares by the selling shareholders.

The selling shareholders identified in this prospectus, or their donees, pledgees, transferees or other successors-in-interest, may sell the shares of our common stock at various times and in various types of transactions, including sales in the open market, sales in negotiated transactions and sales by a combination of these methods. The selling shareholders may sell the shares to or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. For additional information on the methods of sale that may be used by the selling shareholders, please read Plan of Distribution.

Our common stock trades on the New York Stock Exchange under the symbol TK. On August 12, 2016, the last reported sale price of our common stock on the New York Stock Exchange was \$6.51 per share.

Investing in our common stock involves a high degree of risk. You should carefully consider the section entitled Forward-Looking Statements beginning on page 2 and each of the factors described under Risk Factors beginning on page 7 of this prospectus before you make an investment in our common stock.

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 on the information contained in this prospectus, any prospectus supplement, the documents incorporated by reference into this prospectus and any free writing prospectus. We have not authorized anyone else to give you different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not offering to sell or seeking offer to buy these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus or any prospectus supplement or any free writing prospectus, as well as the information we previously filed or hereafter file with the U.S. Securities and Exchange Commission (or *SEC*) that is incorporated by reference into this prospectus or any prospectus supplement, is accurate as of any date other than its respective date. We will disclose material changes in our affairs in an amendment to this prospectus, a prospectus supplement or a future filing with the SEC incorporated by reference into this prospectus.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC. The selling shareholders referred to in the prospectus may offer and resell from time to time up to 12,019,231 shares of our common stock. You should read this prospectus together with additional information described below under the headings **Where You Can Find More Information** and **Incorporation of Documents by Reference**.

This prospectus does not cover the issuance of any of our common stock by us to the selling shareholders. We will not receive any proceeds from any sale of our common stock by the selling shareholders. Except for underwriting fees, discounts and selling commissions or similar fees or arrangements, if any, transfer taxes, if any, and the fees and expenses of their own counsel, all of which are to be paid by the selling shareholders, we have agreed to pay the expenses incurred in connection with the registration of the common stock owned by the selling shareholders covered by this prospectus.

Unless otherwise indicated, the term **selling shareholders** as used in this prospectus means the selling shareholders listed under the heading **Selling Shareholders** and their donees, pledgees, transferees and other successors-in-interest. Unless otherwise indicated, references in this prospectus to **Teekay Corporation**, **we**, **us** and **our** and similar terms refer to Teekay Corporation and/or one or more of its subsidiaries, except that those terms, when used in this prospectus in connection with the common stock described herein, shall mean specifically Teekay Corporation.

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 accounting principles generally accepted in the United States (or *GAAP*).

You should read carefully this prospectus, any prospectus supplement, and the additional information described below under the headings **Where You Can Find More Information** and **Incorporation of Documents by Reference**.

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FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, included in or incorporated by reference into this prospectus and any prospectus supplements are forward-looking statements. The Private Securities Litigation Reform Act of 1995, as amended, provides a safe harbor for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. 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, anticipate, intend, forecast, believe, estimate, predict, propose, potential, continue or the negative of other comparable terminology.

Forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events affecting us. Forward-looking statements are subject to risks, uncertainties and assumptions, including those risks discussed in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in our most recent Annual Report on Form 20-F and other reports we file with the SEC and that are incorporated into this prospectus by reference. 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. 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. In addition, 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, and accordingly, you should not place undue reliance on forward-looking statements.

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TEEKAY CORPORATION

We are a leading provider of international crude oil and gas marine transportation services and we also offer offshore oil production, storage and offloading services, primarily under long-term, fixed-rate contracts. Over the past decade, we have undergone a major transformation from being primarily an owner of ships in the cyclical spot tanker business to being a growth-oriented asset manager in the Marine Midstream sector. This transformation has included our expansion into the liquefied natural gas (or *LNG*) and liquefied petroleum gas (or *LPG*) shipping sectors through our publicly-listed subsidiary Teekay LNG Partners L.P. (NYSE: TGP) (or *Teekay LNG*), further growth of our operations in the offshore production, storage and transportation sector through our publicly-listed subsidiary Teekay Offshore Partners L.P. (NYSE: TOO) (or *Teekay Offshore*) and through our 100% ownership interest in Teekay Petrojarl AS, and the continuation of our conventional tanker business through our publicly-listed subsidiary Teekay Tankers Ltd. (NYSE: TNK) (or *Teekay Tankers*). Our organizational structure can be divided into (a) our controlling interests in our publicly-listed subsidiaries, Teekay Offshore, Teekay LNG and Teekay Tankers and (b) Teekay Corporation and its remaining subsidiaries.

Teekay Offshore includes our shuttle tanker operations, floating storage and off-take (or *FSO*) units, one HiLoad DP unit, a majority of our floating production, storage and offloading (or *FPSO*) units, and offshore support which includes Units for Maintenance and Safety (or *UMS*), all of which primarily operate under long-term fixed-rate contracts, and long-distance towing and offshore installation vessels.

Teekay LNG includes all of our LNG and LPG carriers. LNG carriers are usually chartered to carry LNG pursuant to time-charter contracts, where a vessel is hired for a fixed period of time. LPG carriers are mainly chartered to carry LPG on time charters, on contracts of affreightment or spot voyage charters.

Teekay Tankers, including Teekay Tankers' minority investment in Tanker Investments Ltd., includes a substantial majority of our conventional crude oil tankers and product carriers. Our conventional crude oil tankers and product tankers 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. We consider contracts that have an original term of less than one year in duration to be short-term. Certain of our conventional crude oil tankers and product tankers are on fixed-rate time-charter contracts with an initial duration of at least one year. Our conventional Aframax, Suezmax, and large and medium product tankers are among the vessels included in Teekay Tankers.

The Teekay organization was founded in 1973. We are a Republic of The Marshall Islands corporation and maintain our principal executive headquarters at 4th floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda. Our telephone number at such address is (441) 298-2530. Our principal operating office is located at Suite 2000, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2K2. Our telephone number at such address is (604) 683-3529. Our website address is www.teekay.com. The information contained in our website is not part of this prospectus.

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RECENT DEVELOPMENTS

Teekay Corporation

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

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

selling Teekay Corporation'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 Corporation's founder, including Resolute Investments, Inc., Teekay Corporation'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 Corporation had \$31.9 million drawn on this facility, and \$118.1 million undrawn.

As part of completing the financing initiatives both at Teekay Corporation and Teekay Offshore, in June 2016, Teekay Corporation 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 Corporation extended the maturity date for obligations in the amount of \$200 million owed to Teekay Corporation 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 Corporation or its affiliates, including the general partner of Teekay Offshore, will instead be paid in common units of Teekay Offshore. In addition, Teekay Corporation agreed with its lenders that, until Teekay Offshore's Norwegian Kroner bonds maturing 2018 have been repaid, Teekay Corporation will raise equity capital in an amount equal to any dividends paid by Teekay Corporation during that period.

In June 2016, Teekay Corporation 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 Corporation 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 Corporation is formalizing a legal claim against the charter party. Teekay Corporation has secured a short-term charter for the *Polar Spirit* that is expected to commence in August 2016. The *Arctic Spirit* LNG carrier, which Teekay Corporation 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 Corporation under the terms of a promissory note pursuant to which Teekay Offshore will pay Teekay Corporation 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 Corporation, 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, which may cause Teekay Offshore to write off the value of the construction costs to date and potentially incur additional costs associated with the cancellation of the shipbuilding contracts; 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.

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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 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.

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RISK FACTORS

Before investing in our common stock you should carefully consider the following risk factors together with all other information included in this prospectus, including those risks discussed under the caption "Risk Factors" in our latest Annual Report on Form 20-F filed with the SEC, which are incorporated by reference into this prospectus, and information included or incorporated by reference in any applicable prospectus supplement.

If any of these risks were to occur, our business, financial condition, operating results or cash flows could be materially adversely affected. Additional risks and uncertainties known or not known to us or that we deem immaterial may also impair our business, financial condition, operating results or cash flows. In that case, the trading price of our common stock may decline, we might be unable to pay dividends on shares of our common stock and you could lose all or part of your investment. In addition to the following risk factors, please read "Material United States Federal Income Tax Considerations" in this prospectus for a more complete discussion of expected material U.S. federal income tax consequences of owning and disposing of our securities.

Risks Inherent in an Investment in our Common Stock

The price of our common stock after any offering may be volatile, and you could lose a significant part of your investment.

The price of our common stock may fluctuate due to factors such as:

actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;

mergers and strategic alliances in our industry;

market conditions in our industry;

general economic or financial market conditions;

changes in government regulation;

the failure of securities analysts to publish research about us, securities analysts making changes in their financial estimates, or shortfalls in our operating results from levels forecast by securities analysts;

announcements concerning us or our competitors of, among other things, significant contracts, acquisitions or capital commitments;

future sales of our common stock or securities convertible into or exercisable for our common stock; and

the general state of the securities markets.

Our industry has been highly unpredictable and volatile. The market for our common stock may be equally volatile. Consequently, you may not be able to sell the common stock at prices equal to or greater than those paid by you in any offering.

We may issue additional shares of our common stock or other securities without your approval, which would dilute your ownership interests and may depress the market price of our common stock.

We may issue additional shares of our common stock or other equity securities of equal or senior rank to your securities, without shareholder approval, in a number of circumstances.

The issuance by us of additional shares of common stock or other equity securities of equal or senior rank to your securities may have the following effects:

our existing shareholders' proportionate ownership interest in us may decrease;

the amount of cash available for dividends payable on our common stock may decrease;

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the relative voting strength of previously outstanding securities may be diminished; and

the market price of our common stock may decline.

Substantial future sales of shares of our common stock in the public market could cause the price of our common shares to fall.

The market price of our common stock could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of common stock. We have granted registration rights to our largest shareholder, which has the right, subject to certain conditions, to require us to file registration statements covering the sale by it of shares of common stock. Following their sale under an applicable registration statement, any such shares of common stock would become freely tradable. By exercising its registration rights and selling a large number of shares of common stock, this shareholder could cause the price of our common stock to decline.

Our cash flow depends substantially on the ability of our subsidiaries, primarily Teekay Offshore and Teekay LNG, to make distributions to us. The current cash distribution levels of Teekay Offshore and Teekay LNG may have a significant impact on our cash flow. The amount of cash that Teekay Offshore and Teekay LNG will be able to distribute to its unitholders, including Teekay Corporation, principally depends upon the amount of cash these entities can generate from their respective business and the amount of cash reserves established by the boards of directors of the general partners of Teekay Offshore and Teekay LNG, and Teekay Tankers' ability to pay dividends to its shareholders partially depends upon its continued generation of cash. In addition, in connection with recently completed financing initiatives, we agreed that until Teekay Offshore repays amounts outstanding under its Norwegian Kroner bonds, all cash distributions paid by Teekay Offshore to us or our affiliates, including the general partner of Teekay Offshore, will be paid in Teekay Offshore's common units.

The source of our cash flow includes cash distributions from our subsidiaries, primarily Teekay Offshore and Teekay LNG. The amount of cash our subsidiaries can distribute to us principally depends upon the amount of distributions declared by their boards of directors and the amount of cash they generate from their operations.

We, Teekay Offshore and Teekay LNG believe there is currently a dislocation in the capital markets relative to the stability of our businesses. Based on upcoming equity capital requirements for committed growth project and debt refinancing and other obligations, coupled with the uncertainty regarding how long it will take for the energy and capital markets to normalize, we, Teekay Offshore and Teekay LNG believe that it is in the best interests of the securityholders of Teekay Offshore and Teekay LNG to conserve more of their internally generated cash flows to fund future growth projects and to reduce debt levels. Consequently, effective for the quarterly distribution for the fourth quarter of 2015, Teekay Offshore temporarily reduced its quarterly cash distribution per common unit to \$0.11 from \$0.56, Teekay LNG temporarily reduced its quarterly cash distribution per common unit to \$0.14 from \$0.70 and, as a result, we temporarily reduced our quarterly cash dividend per share to \$0.055 from \$0.55. These distribution amounts were maintained for the first and second quarters of 2016. These distribution reductions by Teekay Offshore and Teekay LNG have substantially reduced our cash flows from them, including by currently eliminating any distributions on our incentive distribution rights in such companies.

In addition, 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.

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The actual amount of cash that each of Teekay Offshore, Teekay LNG or Teekay Tankers will have available for distribution or dividends, as applicable, will depend on many factors, some of which are beyond its control, including:

the level of capital expenditures it makes;

the cost of any acquisitions;

its debt service requirements;

fluctuations in its working capital needs;

restrictions on distributions contained in its debt agreements;

prevailing economic and market conditions;

the cost of capital;

limitations under Marshall Islands laws; and

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

Because of these factors, Teekay Offshore, Teekay LNG or Teekay Tankers may not have sufficient available cash each quarter to continue paying distributions or dividends to their respective partners or shareholders, including us, at their current or historical levels or at all. The amount of cash that Teekay Offshore, Teekay LNG and Teekay Tankers have available for distribution or dividends depends primarily upon their respective cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by non-cash items. As a result, Teekay Offshore, Teekay LNG or Teekay Tankers may not make cash distributions or pay cash dividends, as applicable, during periods when it records losses and may not make cash distributions or pay cash dividends, as applicable, during periods when it records profits. Furthermore, until Teekay Offshore repays its Norwegian Kroner bonds maturing in 2018, all distributions paid to us or our affiliates as holders of common units will be paid in common units.

Our ability to pay dividends on our common stock, and the amount of dividends that we pay, partially depends upon the distributions that we receive from Teekay Offshore and Teekay LNG.

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, which was maintained for the first and second quarters of 2016, 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 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.

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We are not the only equity holders of Teekay Offshore and Teekay LNG, and the respective partnership agreements of Teekay Offshore and Teekay LNG require them to distribute all available cash to their respective equity holders, including public unitholders. In addition, in connection with recently completed financing initiatives, we agreed that until Teekay Offshore repays amounts outstanding under its Norwegian Kroner bonds, all cash distributions paid by Teekay Offshore to us or our affiliates, including the general partner of Teekay Offshore, will be paid in common units.

Teekay Offshore and Teekay LNG are publicly-traded limited partnerships. As of March 31, 2016, we indirectly owned:

a 37.0% partnership interest in Teekay Offshore (including a 2% general partner interest) and all incentive distribution rights of Teekay Offshore; and

a 33.1% partnership interest in Teekay LNG (including a 2% general partner interest) and all incentive distribution rights of Teekay LNG).

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

For each of Teekay Offshore and Teekay LNG, available cash is generally all cash on hand at the end of each quarter, after payment of fees and expenses and the establishment of cash reserves by their respective general partners. Although we own the general partner of each of Teekay Offshore and Teekay LNG, Teekay Offshore's and Teekay LNG's respective general partners determine the amount and timing of cash distributions by Teekay Offshore and Teekay LNG, respectively, and have broad discretion to establish and make additions to the respective entity's reserves in amounts the respective general partner determines to be necessary or appropriate:

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

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

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

Accordingly, distributions we receive on our ownership interests in Teekay Offshore and Teekay LNG may be reduced at any time, or we may not receive any distributions from these entities. In addition, until Teekay Offshore repays its Norwegian Kroner bonds maturing in 2018, all distributions paid to us or our affiliates as holders of

common units will be paid in common units.

Teekay Offshore has issued significant amounts of additional common units and other equity securities to finance vessel acquisitions and organic growth projects, to repay or refinance its debt obligations and to fund capital expenditures and estimated funding gaps, and Teekay Offshore expects to issue additional common units or other equity securities in the future. The issuance of additional common units and other equity securities is dilutive to unitholders, including Teekay Corporation, and increases the risk that Teekay Offshore will not have sufficient available cash to maintain or increase cash distribution levels to its unitholders, including Teekay Corporation. As a result, Teekay Offshore may not have sufficient cash from operations to enable it to pay the current level of distributions on its units or to maintain or increase distributions.

In June 2016, Teekay Offshore issued the following equity securities in privately-negotiated transactions:

21,978,022 common units;

4,000,000 Series D Preferred Units and warrants exercisable for 6,750,000 common units;

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8,323,809 common units in consideration for the exchange and cancellation of 1,920,668 Series C Preferred Units; and

8,517,745 Series C-1 Preferred Units in consideration for the exchange and cancellation of the remaining 8,517,745 Series C Preferred Units

Under the terms of the Series C-1 Preferred Units and the Series D Units, for the next eight quarters, Teekay Offshore may, at its discretion, make distributions on such preferred units in cash, common units, or a combination of cash and common units. In addition, 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 (other than with respect to incentive distribution rights) to be paid to us or our affiliates, including the general partner of Teekay Offshore, will instead be paid in common units or from the proceeds of the sale of common units. In connection with extending to January 2019 the maturity date of \$200 million in obligations owing to Teekay Corporation, we modified the terms of the note to provide that one half of the 10.0% per annum interest will be paid in common units or from the proceeds of the sale of common units.

See Recent Developments for a further description of the transactions described above.

Teekay Offshore's recent issuances of additional equity securities have resulted in unitholder dilution and increased the aggregate amount of cash required to maintain Teekay Offshore's quarterly distributions to unitholders, including Teekay Corporation. Issuing additional equity securities in the future may result in further unitholder dilution and further increase the aggregate amount of cash required to maintain quarterly distributions on Teekay Offshore's common units.

Anti-takeover provisions in our organizational documents could make it difficult for our shareholders to replace or remove our current board of directors or have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common stock.

Provisions of our articles of incorporation and our bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include:

Authorizing our board of directors to issue blank check preferred shares without shareholder approval;

Providing for a classified board of directors with staggered, three-year terms;

Prohibiting cumulative voting in the election of directors;

Authorizing the removal of directors only for cause and only upon the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote for those directors;

Prohibiting shareholder action by written consent unless the written consent is signed by all shareholders entitled to vote on the action;

Limiting the persons who may call special meetings of shareholders; and

Establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

We have also adopted a shareholder rights plan pursuant to which our board of directors may cause the substantial dilution of the holdings of any person that attempts to acquire us without the board's prior approval.

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These anti-takeover provisions, including the provisions of our shareholder rights plan, could substantially impede the ability of shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

We are a Marshall Islands corporation, and the Republic of The Marshall Islands does not have a well-developed body of corporate law.

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act. The provisions of the Marshall Islands Business Corporations Act resemble provisions of the corporation laws of some states in the United States. However, there have been few judicial cases in the Republic of The Marshall Islands interpreting the Marshall Islands Business Corporations Act. The rights and fiduciary responsibilities of directors under the laws of the Republic of The Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. While the Marshall Islands Business Corporations Act does specifically incorporate non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, for non-resident corporations such as us, our public shareholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

Because we are a Marshall Islands corporation, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are a Marshall Islands corporation, and all of our assets are located outside of the United States. Our principal executive offices are located, and a majority of our directors and officers are residents outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against our directors or our management in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Republic of The Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or our directors and officers. For more information regarding the relevant laws of the Republic of The Marshall Islands, please read Service of Process and Enforcement of Civil Liabilities.

The prices of our common stock and other securities have been, and are likely to continue to be, volatile. Periods of market volatility may increase the risk of a securities litigation claim, regardless of merit. Teekay Corporation and certain of its officers are named as defendants in a pending securities class action suit relating to our common shares.

Following our December 2015 announcement that our Board of Directors had approved a plan to reduce our quarterly dividend from \$0.55 per share in the third quarter of 2015 to \$0.055 per share commencing with the fourth quarter of 2015 dividend payable in February 2016, a purported class action complaint was filed on March 1, 2016 in the U.S. District Court for the District of Connecticut naming us and certain of our officers as defendants. The complaint includes claims that the defendants violated Section 10(b) of the Securities Exchange Act of 1934, as amended (or the *Exchange Act*), and Securities and Exchange Commission Rule 10b-5 promulgated thereunder. In general, the complaint alleges that the defendants made materially false and misleading statements regarding our dividend and the anticipated amount of our dividend to be paid in future periods, thereby artificially inflating the price of our common stock. The plaintiffs are seeking unspecified monetary damages, including reasonable costs and expenses incurred in this action. We are vigorously defending the action. The amount or range of reasonably possible losses, including defense costs and expenses, to which we are exposed cannot be estimated and the ultimate resolution of this matter and the associated financial impact to us is uncertain at this time. We maintain a Directors and Officers Insurance

policy that provides coverage for claims such as those alleged in the complaint, subject to coverage defenses, policy limits and a self-insured retention. Regardless of the outcome of this action or similar future actions of this type, the defense of such claims may cause us to incur substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

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U.S. tax authorities could treat us as a passive foreign investment company, which could have adverse U.S. federal income tax consequences to U.S. shareholders.

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a passive foreign investment company (or *PFIC*) for such purposes in any taxable year for which either (a) at least 75% of its gross income consists of passive income, or (b) at least 50% of the average value of the entity's assets is attributable to assets that produce or are held for the production of passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. By contrast, income derived from the performance of services does not constitute passive income.

There are legal uncertainties involved in determining whether the income derived from our time-chartering activities constitutes rental income or income derived from the performance of services, including the decision in *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir. 2009), which held that income derived from certain time-chartering activities should be treated as rental income rather than services income for purposes of a foreign sales corporation provision of the U.S. Internal Revenue Code of 1986, as amended (or the *Code*). However, the Internal Revenue Service (or *IRS*) stated in an Action on Decision (AOD 2010-01) that it disagrees with, and will not acquiesce to, the way that the rental versus services framework was applied to the facts in the *Tidewater* decision, and in its discussion stated that the time charters at issue in *Tidewater* would be treated as producing services income for PFIC purposes. The IRS's statement with respect to *Tidewater* cannot be relied upon or otherwise cited as precedent by taxpayers. Consequently, in the absence of any binding legal authority specifically relating to the statutory provisions governing PFICs, there can be no assurance that the IRS or a court would not follow the *Tidewater* decision in interpreting the PFIC provisions of the Code. Nevertheless, based on the current composition of our assets and operations (and those of our subsidiaries), we intend to take the position that we are not now and have never been a PFIC, and our counsel, Perkins Coie LLP, is of the opinion that it is more likely than not we are not a PFIC based on representations we have made to them regarding the composition of our assets, the source of our income and the nature of our activities and operations. No assurance can be given, however, that the opinion of Perkins Coie LLP would be sustained by a court if contested by the IRS, or that we would not constitute a PFIC for any future taxable year if there were to be changes in our assets, income or operations.

If the IRS were to determine that we are or have been a PFIC for any taxable year during which a U.S. Holder (as defined below under Material United States Federal Income Tax Considerations) held stock, such U.S. Holder would face adverse U.S. federal income tax consequences. For a more comprehensive discussion regarding our status as a PFIC and the tax consequences to U.S. Holders if we are treated as a PFIC, please read Material United States Federal Income Tax Considerations United States Federal Income Taxation of U.S. Holders Consequences of Possible PFIC Classification.

We may be subject to taxes, which reduces our cash available for distribution to our shareholders.

We or some of our subsidiaries may be subject to tax in the jurisdictions in which we or our subsidiaries are organized or operate, reducing the amount of our cash available for distribution. In computing our tax obligation in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We cannot assure you that upon review of these positions the applicable authorities will agree with our positions. A successful challenge by a tax authority could result in additional tax imposed on us or our subsidiaries in jurisdictions in which operations are conducted. For example, if Teekay Corporation was not able to meet the criteria specified by Section 883 of the U.S.

Internal Revenue Code, our U.S. source income may become subject to taxation.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of common stock by the selling shareholders under this prospectus and any related prospectus supplement. Please read [Selling Shareholders](#).

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CAPITALIZATION

The following table sets forth our capitalization on a consolidated basis as of March 31, 2016:

on an actual basis; and

on an as adjusted basis to give effect to the following, as if the following transactions (the Adjustments) occurred on March 31, 2016:

- (a) use of \$88.4 million of proceeds to repay amounts outstanding under a credit facility concurrently with sale of the Suezmax tanker Bermuda Spirit in April 2016 and the Suezmax tanker Hamilton Spirit in May 2016;
- (b) use of \$18.0 million in cash to prepay a portion of the existing debt facility for the Shoshone Spirit VLCC and a six-month extension to November 2016 of repayment of the remaining \$50.0 million outstanding;
- (c) the completion and concurrent drawdown in April 2016 of a new \$35.0 million tranche on an existing debt facility secured by two shuttle tankers in Teekay Offshore;
- (d) the issuance of \$100 million of common shares of Teekay Corporation at a price of \$8.32 per common share in June 2016 resulting in the receipt of approximately \$96.2 million of proceeds net of offering costs;
- (e) the issuance of \$100 million of common units of Teekay Offshore at a price of \$4.55 per common unit in June 2016 and the concurrent receipt of \$2.0 million from Teekay Corporation to maintain its 2% general partner interest resulting in the receipt by Teekay Offshore of approximately \$97.3 million of proceeds net of offering costs;
- (f) the issuance by Teekay Offshore of 4.0 million 10.5% Series D Preferred Units, warrants to purchase 4.5 million common units with an exercise price of \$4.55 per common unit and warrants to purchase 2.25 million common units with an exercise price of \$6.05 per common unit, for net proceeds of \$71.3 million (excluding \$26 million from Teekay Corporation and net of offering costs), of which \$61.2 million is estimated to be allocable to the Series D Preferred Units and \$10.1 million to the warrants;
- (g) the refinancing of Teekay Offshore's existing debt facility for the Petrojarl Varg FPSO, whereby the facility size was reduced from \$100 million to \$75 million and a \$25 million repayment was made;

- (h) the amendment of one of Teekay Corporation's revolving credit facilities 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 Corporation which if completed on March 31, 2016 would have had the impact of increasing the amount available to borrow by \$114.1 million; and

- (i) the conversion in June 2016 of 1,920,668 Series C Preferred Units of Teekay Offshore, with a carrying value of \$46.4 million, to 8,323,809 Common Units of Teekay Offshore and the exchange of 8,517,745 Series C Preferred Units of Teekay Offshore for 8,517,745 Series C-1 Preferred Units of Teekay Offshore.

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The data in the table is derived from, and should be read in conjunction with, our historical financial statements, including accompanying notes, and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations from our Report on Form 6-K for the three months ended March 31, 2016, which is incorporated by reference herein.

	As of March 31, 2016	
	(in thousands)	
	Actual	As adjusted
Cash and cash equivalents ⁽¹⁾	\$ 658,158	\$ 915,490
Restricted cash	134,124	134,124
Total cash and restricted cash	\$ 792,282	\$ 1,049,614
Debt:		
8.5% Senior Notes due January 2020	\$ 592,657	\$ 592,657
Other debt ⁽²⁾	6,712,933	6,617,063
Obligations under capital leases	231,881	231,881
Less unamortized discount and debt issuance costs	(100,043)	(100,043)
Total Debt⁽¹⁾	\$ 7,437,428	\$ 7,341,558
Redeemable non-controlling interest	254,631	269,344
Equity		
Common stock and additional paid-in capital	\$ 778,080	\$ 874,243
Retained earnings	106,215	106,215
Non-controlling interest	2,751,911	2,905,898
Accumulated other comprehensive loss	(22,760)	(22,760)
Total Equity	\$ 3,613,536	\$ 3,863,686
Total Capitalization:	\$ 11,305,595	\$ 11,474,588

(1) The amounts attributable to Teekay Corporation for cash and cash equivalents and total debt, respectively, would be \$190.0 million and \$820.5 million.

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

As of March 31, 2016