

TEEKAY CORP
Form FWP
January 15, 2010

Issuer Free Writing Prospectus filed pursuant to Rule 433
supplementing the Preliminary Prospectus dated January 15, 2010
Registration No. 333-164315
January 15, 2010

Teekay Corporation
Pricing Supplement

Pricing Supplement dated January 15, 2010 to Preliminary Prospectus dated January 15, 2010 of Teekay Corporation (or *Teekay*). This Pricing Supplement is qualified in its entirety by reference to the Preliminary Prospectus. The information in this Pricing Supplement supplements the Preliminary Prospectus and supersedes the information in the Preliminary Prospectus to the extent it is inconsistent with the information in the Preliminary Prospectus. Capitalized terms used in this Pricing Supplement but not defined have the meanings given them in the Preliminary Prospectus.

| | |
|---|--|
| Issuer: | Teekay Corporation |
| Title of Security: | 8.500% Senior Notes due 2020 |
| Aggregate Principal Amount: | \$450,000,000 |
| Maturity: | January 15, 2020 |
| Public Offering Price: | 99.181%, plus accrued interest, if any, from January 27, 2010 |
| Coupon: | 8.500% |
| Yield to maturity: | 8.625% |
| Spread to Benchmark Treasury: | +492 basis points |
| Benchmark Treasury: | UST 3.625% due 8/15/2019 |
| Interest Payment Dates: | January 15 and July 15 of each year, beginning on July 15, 2010 |
| Record Dates: | January 1 and July 1 |
| Optional Redemption: | Teekay may redeem all or a portion of the 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 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 accrued interest to the date of redemption. |
| Optional Redemption with Equity Proceeds: | Prior to January 15, 2013, Teekay may redeem up to 35% of the notes |

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with the net proceeds of certain equity offerings at a redemption price equal to 108.5% of their principal amount plus accrued interest to the date of redemption.

Change of Control Triggering Event: 101% of the principal amount, plus accrued and unpaid interest, if any.

Gross Proceeds: \$446,314,500

Underwriting Discount: 1.736% per note, \$7,810,504 in the aggregate

Net Proceeds to Issuer before Expenses: \$438,503,996

Approximate Net Proceeds to Issuer after Estimated Expenses: \$437,000,000

Use of Proceeds: Fund the tender offer for all of Teekay's outstanding 8.875% Senior Notes due 2011, of which \$176.6 million in aggregate principal amount was outstanding as of December 31, 2009, and to repay (a) all of the \$150.0 million of debt outstanding under one of Teekay's term loans and (b) a portion of the borrowings outstanding under one of Teekay's revolving credit facilities.

Trade Date: January 15, 2010

Settlement Date: January 27, 2010 (T+7)

Ratings: B1/BB¹

Joint Book-Running Managers: J.P. Morgan Securities Inc.
Citigroup Global Markets Inc.
Deutsche Bank Securities Inc.

Co-Managers: BNP Paribas Securities Corp.
DnB NOR Markets, Inc.
ING Financial Markets LLC
Scotia Capital (USA) Inc.

| Allocation: | Underwriters | Principal Amount |
|-------------|-------------------------------|------------------|
| | J.P. Morgan Securities Inc. | \$ 270,000,000 |
| | Citigroup Global Markets Inc. | \$ 90,000,000 |
| | Deutsche Bank Securities Inc. | \$ 54,000,000 |
| | BNP Paribas Securities Corp. | \$ 9,000,000 |
| | DnB NOR Markets, Inc. | \$ 9,000,000 |
| | ING Financial Markets LLC | \$ 9,000,000 |
| | Scotia Capital (USA) Inc. | \$ 9,000,000 |

Denominations: \$2,000 and integral multiples of \$1,000

CUSIP/ISIN Numbers: CUSIP: 87900YAA1 ISIN: US87900YAA10

Listing: None

Form of Offering: SEC Registered (Registration No. 333-164315)

Additional Information:

The as adjusted financial data appearing on page 24 of the Preliminary Prospectus will be updated to reflect the following changes (\$ in thousands, except ratios):

| As adjusted financial data Consolidated: | | As adjusted financial data Teekay Parent: | |
|---|-------------|---|--------------|
| EBITDA ⁽¹⁰⁾ | \$ 7,762 | EBITDA ⁽¹⁰⁾ | \$ (327,975) |
| Adjusted EBITDA ⁽¹⁰⁾ | \$ 617,221 | Adjusted EBITDA ⁽¹⁰⁾ | \$ 250,846 |
| Cash interest expense ⁽¹³⁾ | \$ 276,122 | Cash distributions from public subsidiaries ⁽¹⁵⁾ | \$ 130,106 |
| Cash and cash equivalents | \$ 479,334 | Cash distributions from OPCO ⁽¹⁶⁾ | \$ 54,427 |
| Total debt (less restricted cash) ⁽¹⁴⁾ | \$4,605,004 | Cash interest expense ⁽¹³⁾ | \$ 108,913 |
| Ratio of total debt (less restricted cash) to Adjusted EBITDA ⁽¹⁰⁾⁽¹²⁾⁽¹⁴⁾ | 7.5x | Cash and cash equivalents | \$ 227,839 |
| Ratio of total debt less total cash to Adjusted EBITDA ⁽¹⁰⁾⁽¹²⁾⁽¹⁴⁾ | 6.7x | Total debt (less restricted cash) ⁽¹⁴⁾⁽¹⁷⁾ | \$ 1,096,570 |
| | 2.2x | | 4.4x |

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| | | |
|---|---|------|
| Ratio of Adjusted EBITDA to cash interest expense ⁽¹⁰⁾⁽¹³⁾ | Ratio of total debt (less restricted cash) to Adjusted EBITDA ⁽¹⁰⁾⁽¹⁴⁾⁽¹⁷⁾ | |
| | Ratio of total debt less total cash to Adjusted EBITDA ⁽¹⁰⁾⁽¹⁴⁾⁽¹⁷⁾ | 3.5x |
| | Ratio of Adjusted EBITDA to cash interest expense ⁽¹⁰⁾⁽¹³⁾ | 2.3x |

The table appearing on page 27 of the Preliminary Prospectus is updated to reflect the following changes:

- ¹ A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

| (in thousands) | As adjusted | | | |
|--|---|------------------------|---------------------|---------------------|
| | Twelve months ended September 30, 2009 (unaudited) | | | |
| | Teekay consolidated | Public subsidiaries | Adjustments | Teekay Parent |
| Income statement data: | | | | |
| Reconciliation of EBITDA and Adjusted EBITDA to Net loss | | | | |
| Net Income (loss) | \$ (578,505) | \$ (6,521) | | \$ (571,984) |
| Interest expense, net of interest income | 167,489 | 105,768 | | 61,721 |
| Income taxes | (8,980) | (7,721) | | (1,259) |
| Depreciation and amortization | 427,758 | 244,211 | | 183,547 |
| EBITDA | \$ 7,762 | \$ 335,737 | | \$ (327,975) |
| Cash distributions from public subsidiaries(15) | \$ | \$ | \$ (130,106) | \$ 130,106 |
| Cash distributions from OPCO(16) | | | (54,427) | 54,427 |
| Restructuring charge | 16,466 | 7,106 | | 9,360 |
| Foreign exchange (gain) loss | 15,992 | 17,191 | | (1,199) |
| Gain on sale of vessels and equipment net of writedowns | (30,588) | | | (30,588) |
| Goodwill impairment charge | 334,165 | | | 334,165 |
| Amortization of in-process revenue contracts | (75,411) | (421) | | (74,990) |
| Unrealized losses on derivative instruments | 239,869 | 133,793 | | 106,076 |
| Realized losses (gains) on interest rate swaps | 101,662 | 62,882 | | 38,780 |
| Realized losses (gains) on interest rate swaps in joint ventures | 7,304 | (5,380) | | 12,684 |
| Adjusted EBITDA | \$ 617,221 | \$ 550,908 | \$ (184,533) | \$ 250,846 |
| Reconciliation of Adjusted EBITDA to Net operating cash flow | | | | |
| Net operating cash flow | \$ 486,502 | \$ 411,367 | | \$ 75,135 |
| Expenditures for drydocking | 99,421 | 47,542 | | 51,879 |
| Interest expense, net of interest income | 167,489 | 105,768 | | 61,721 |
| Change in non-cash working capital items related to operating activities | (207,041) | (86,649) | | (120,392) |
| Gain on sale of marketable securities | | | | |
| Writedown of marketable securities | (6,272) | | | (6,272) |
| Writedown of intangible assets | (10,824) | | | (10,824) |
| Loss on bond repurchase | | | | |
| Equity income (net of dividends received) | 3,840 | 11,507 | | (7,667) |
| Other net | (27,583) | (2,865) | | (24,718) |
| Employee stock compensation | (13,743) | (370) | | (13,373) |
| Restructuring charges | 16,466 | 7,106 | | 9,360 |
| Realized losses (gains) on interest rate swaps | 101,662 | 62,882 | | 38,780 |
| | 7,304 | (5,380) | | 12,684 |

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| | | | | |
|--|------------|------------|--------------|------------|
| Realized losses (gains) on interest rate swaps in joint ventures | | | | |
| Cash distributions from public subsidiaries(15) | | | \$ (130,106) | \$ 130,106 |
| Cash distributions from OPCO(16) | | | (54,427) | 54,427 |
| Adjusted EBITDA | \$ 617,221 | \$ 550,908 | \$ (184,533) | \$ 250,846 |

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The tables appearing on page 28 of the Preliminary Prospectus will be updated to reflect the following changes: The following table reconciles cash interest expense, a non-GAAP financial measure, to interest expense, the most directly comparable GAAP financial measure, for Teekay on both a historical consolidated and as adjusted basis:

| (in thousands) | Historical | Adjustments | Teekay consolidated Twelve months ended September 30, 2009 (unaudited) As adjusted | |
|--|------------|-------------|---|----------|
| | | | | |
| Interest expense | \$ 188,962 | \$ 16,975 | \$ | 205,937 |
| Interest income | (39,597) | | | (39,597) |
| Capitalized interest | 15,502 | | | 15,502 |
| Realized losses on interest rate swaps | 101,662 | | | 101,662 |
| Amortization of capitalized loan costs | (7,382) | | | (7,382) |
| Cash interest expense | \$ 259,147 | \$ 16,975 | \$ | 276,122 |

The following table reconciles cash interest expense to interest expense of Teekay on a consolidated basis and of Teekay Parent, both individually and with respect to each other, each on an as adjusted basis.

| (in thousands) | Twelve months ended September 30, 2009 (unaudited) | | |
|--|--|---|----------------------------------|
| | Teekay consolidated, as adjusted | Public subsidiaries, as adjusted | Teekay Parent, as adjusted |
| Interest expense | \$ 205,937 | \$ 137,426 | \$ 68,511 |
| Interest income | (39,597) | (31,658) | (7,939) |
| Capitalized interest | 15,502 | 2,096 | 13,406 |
| Realized losses on interest rate swaps | 101,662 | 62,882 | 38,780 |
| Amortization of capitalized loan costs | (7,382) | (3,537) | (3,845) |
| Cash interest expense | \$ 276,122 | \$ 167,209 | \$ 108,913 |

The Capitalization section on page 53 of the Preliminary Prospectus will be updated to reflect the following changes (\$ in thousands):

| | |
|--|-------------------------------|
| As further adjusted 8.500% Senior Notes due January 2020 | \$450,000 ⁽⁴⁾ |
| As further adjusted Other debt | \$3,987,263 |
| As further adjusted Retained earnings | \$1,564,837 |
| As further adjusted Total debt | \$5,261,628 ⁽¹⁾⁽⁴⁾ |

(4)The recorded amount of the notes will be reduced by approximately \$3.7 million to reflect the issue price of the notes.

Other information (including net proceeds of the offering and other financial information) presented in the Preliminary Prospectus is deemed to have changed to the extent affected by the information contained and changes described herein.

FREE WRITING PROSPECTUS LEGEND

TEEKAY CORPORATION HAS FILED A REGISTRATION STATEMENT (INCLUDING A PROSPECTUS) WITH THE SECURITIES AND EXCHANGE COMMISSION (OR THE SEC) FOR THE OFFERING TO WHICH THIS COMMUNICATION RELATES. BEFORE YOU INVEST, YOU SHOULD READ THE PROSPECTUS IN THAT REGISTRATION STATEMENT AND OTHER DOCUMENTS TEEKAY CORPORATION HAS FILED WITH THE SEC FOR MORE COMPLETE INFORMATION ABOUT TEEKAY CORPORATION AND THIS OFFERING. YOU MAY GET THESE DOCUMENTS FOR FREE BY VISITING THE SEC WEB SITE AT WWW.SEC.GOV. ALTERNATIVELY, TEEKAY CORPORATION, THE UNDERWRITERS OR ANY DEALER PARTICIPATING IN THE OFFERING WILL ARRANGE TO SEND YOU THE PROSPECTUS IF YOU REQUEST THEM FROM: J.P. MORGAN SECURITIES INC., 4 CHASE METROTECH CENTER, CS LEVEL, BROOKLYN, NY 11425, ATTENTION: PROSPECTUS LIBRARY (TEL: 718-242-8002 OR 866-430-0686); CITI, ATTN: PROSPECTUS DEPT., BROOKLYN ARMY TERMINAL, 140 58TH STREET, 8TH FLOOR, BROOKLYN, NY, 11220, TEL: (800) 831-9146; OR DEUTSCHE BANK SECURITIES INC., 100 PLAZA ONE, JERSEY CITY, NJ 07311, ATTENTION: PROSPECTUS DEPARTMENT, TELEPHONE: (800) 503-4611. ANY DISCLAIMERS OR OTHER NOTICES THAT MAY APPEAR BELOW ARE NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMERS OR OTHER NOTICES WERE AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT VIA BLOOMBERG OR ANOTHER EMAIL SYSTEM.