



TEEKAY



2013

SUSTAINABILITY REPORT

BRINGING ENERGY TO THE WORLD WITH TEEKAY SPIRIT





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**OUR VISION
IS TO BRING
ENERGY TO THE
WORLD WITH
TEEKAY SPIRIT**

**VOYAGEUR
SPIRIT
NASSAU**



ABOUT TEEKAY

Welcome to Teekay's 2013 Sustainability Report. This is a snapshot of our ongoing focus and commitment to sustainable practices.

Sustainability is a core value at Teekay, and that means we consider our impact on the environment in each decision we make. For us, success is more than financial metrics. We evaluate our performance according to the health, safety and success of our employees, and our impact on the environment. In short, we measure our performance according to People, Planet and Profit.

About Teekay

Teekay provides a vital link in the global energy supply chain. We bring energy where it is needed — anywhere in the world — to power the global economy and to improve people's lives.

Teekay Corporation is an operational leader and project developer in the marine midstream space. With 25 offices in 16 countries and approximately 6600 seagoing and shore-based employees, we provide a comprehensive set of marine services to the world's leading oil and gas companies. Our reputation for safety, quality and innovation has earned us a position as a trusted partner.

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 diversified service provider in the marine midstream sector.

To fund growth, we developed a corporate structure of publicly traded entities including Teekay Corporation (NYSE: TK) and its three daughter subsidiaries: Teekay LNG Partners L.P. (NYSE: TGP), Teekay Offshore Partners L.P. (NYSE: TOO) and Teekay Tankers Ltd. (NYSE: TNK).

Today, Teekay is focused on three strategic drivers:

- 1. Asset Manager:** allocating capital to business and projects to achieve the highest risk-adjusted rate of return on investment to both Teekay Parent and daughter companies.
- 2. Project Developer:** delivering major projects on time and on budget, identifying and commercializing viable new lines of business.
- 3. Operational Leader:** delivering strong operations and safety performance with a focus on cost efficiency and profitability.



IN 2013, TEEKAY CELEBRATED ITS 40TH ANNIVERSARY

To mark this milestone, we launched “Teekay: The First 40 Years”, a book that traces the history of our company since our founder, Torben Karlshøj, started Teekay as a small tanker operation. The book also pays tribute to the men and women who have made Teekay’s growth possible through loyal, enthusiastic and visionary service ashore and at sea.

To read our book online, please visit our website at www.teekay.com

Teekay 2013 at a Glance

Total Staff: 6,600



Sea Staff: 5,700



Shore Staff: 900

Fatalities:



0 (down from 1 in 2012)

Lost Time Injuries:



3* (down from 15 in 2012)

Greenhouse Gas Emissions:



5,086,750 metric tonnes

Assets (thousands):



USD 11,555,701

Revenue (thousands):



USD 1,830,085

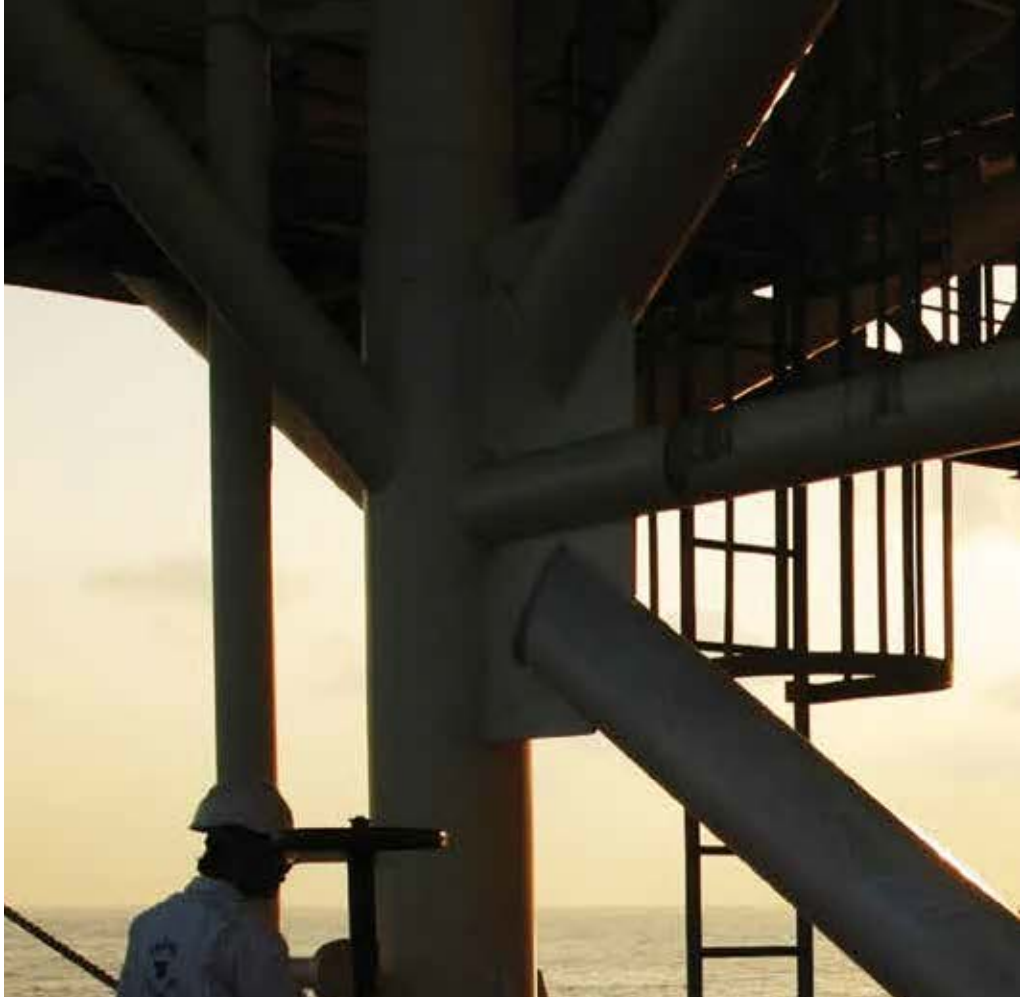
Number of Vessels: 171

Shuttle Tanker and FSO Segment:	41
FPSO Segment:	10
Liquefied Gas Segment:	67
Spot Tanker Segment:	26
Fixed Rate Tanker Segment:	27

New York Stock Exchange Listings:

Teekay Corporation	TK (listed 1995)
Teekay LNG Partners	TGP (listed 2005)
Teekay Offshore Partners	TOO (listed 2006)
Teekay Tankers	TNK (listed 2007)

*All Lost Time Injuries occurred in the Shuttle fleet.



Message From the CEO

When I think about sustainability, I think of the definition employees developed for our core SPIRIT values. The “S” in SPIRIT stands for Safety and Sustainability.

“ We put safety first. No compromises. We look after each other and make sure everyone gets home safely. We consider people, planet and profit in all of our decisions and actions. We contribute to a sustainable business, environment and community.

This Sustainability Report shares how we are delivering on that mandate. In 2013, Teekay had another amazing year of business—as we celebrated our 40-year anniversary, we also celebrated the safest year in our history in terms of Lost Time Injury (LTI) with zero fatalities and three LTIs.

We received the NAMEPA 2013 Marine Environment Protection Award for our efforts to preserve the marine environment, our commitment to high-quality operational standards and constantly delivering on our promise as a team.

We delivered new vessels into our fleet and placed orders for new units that will get us closer to our strategic objectives. In Teekay Offshore, we delivered four newbuilding shuttle tankers and are building two floating storage and offtake (FSO) projects. Teekay LNG secured time-charter contracts for two highly fuel-efficient LNG carriers to be delivered in 2016 and ordered three additional LNG carriers with industry-leading technology that will positively impact our environmental footprint in the future. We also began oil production on a new field—with first oil of the *Voyageur Spirit*—that will bring long-term profitable growth for Teekay, as will many of the portfolio investment decisions that we regularly take to ensure Teekay is financially secure and successful in the long-term.

More importantly for me, as I traveled the world and met with colleagues in offices and onboard our fleet, was the display of Teekay Spirit I saw from our boardrooms to our messrooms, from Singapore to Brazil to London, in the North Sea and on the Pacific Ocean. I am incredibly lucky and proud to lead the Teekay team, who devotes enormous effort towards upholding the Teekay name as a respected symbol of quality and as a protector of the environment. In the following pages, I hope you will appreciate that unrelenting Teekay focus on being the best and living by our SPIRIT values.

— Peter Evensen, President and Chief Executive Officer

A photograph of an offshore oil rig deck at sunset. Several workers in white protective suits and hard hats are visible. The deck is wet, reflecting the golden light of the setting sun. Large industrial structures and pipes are silhouetted against the bright sky. The overall mood is one of industriousness and safety.

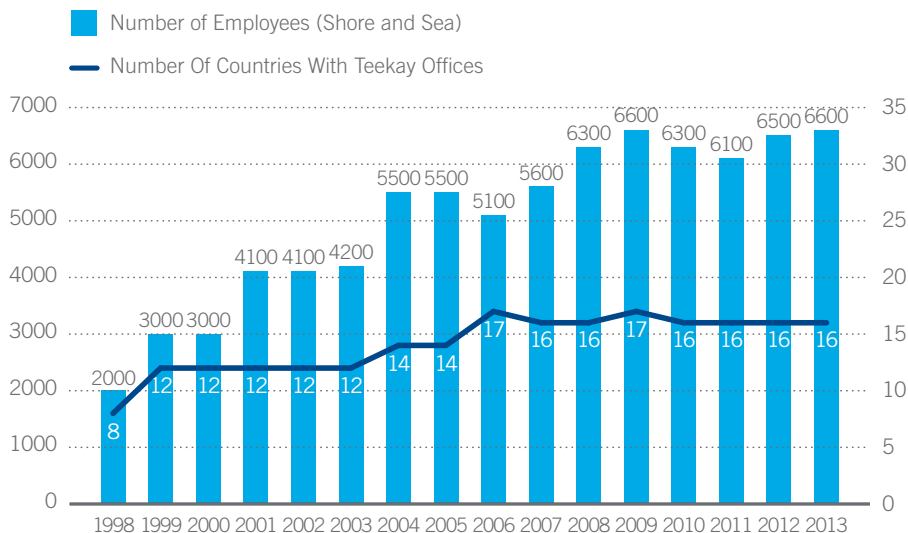
**OUR SPIRIT
VALUES OF SAFETY,
SUSTAINABILITY,
PASSION, INTEGRITY,
RELIABILITY,
INNOVATION AND
TEAMWORK GUIDE
US EVERYDAY.**

PEOPLE

Teekay's greatest asset is undoubtedly its world-class people. We've grown from approximately 25 employees worldwide in 1985 to more than 5,700 sea staff and 900 shore staff in 2013.


No matter how our people join us, they all provide us with valuable ideas and perspectives, and show Teekay Spirit in everything they do.

Growth In Number Of Employees And Teekay Offices



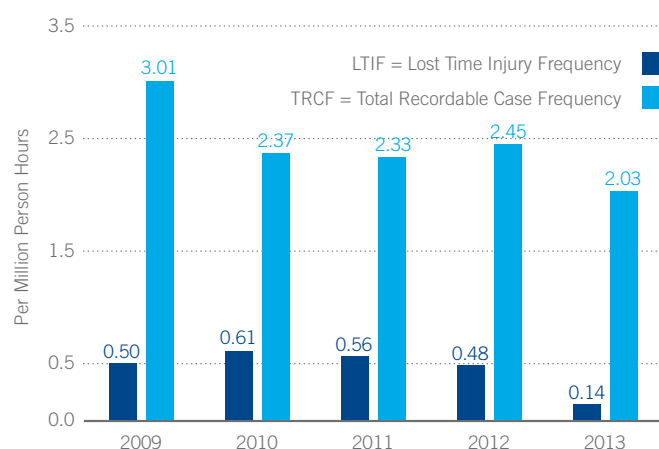


**WE RELY ON OUR
PEOPLE TO ENSURE
OUR SHIPS DELIVER
THEIR CARGOS SAFELY
AND PROVIDE SERVICE
THAT MEETS TEEKAY'S
HIGH STANDARDS FOR
OUR CUSTOMERS.**

A seafarer wearing a white hard hat with "CARGO OPERATIONS" written on it, safety glasses, and a white uniform is speaking into a handheld radio. The background shows a clear blue sky and parts of a ship's structure, including a large white cylindrical tank.

**WE HAVE A STRONG
FOCUS ON RETAINING
OUR STAFF. FOR THE
PAST FIVE YEARS,
VOLUNTARY ATTRITION
OF SEAFARERS HAS
COMPARED FAVORABLY
WITH GENERAL
INDUSTRY.**

All Fleet LTIF/TRCF

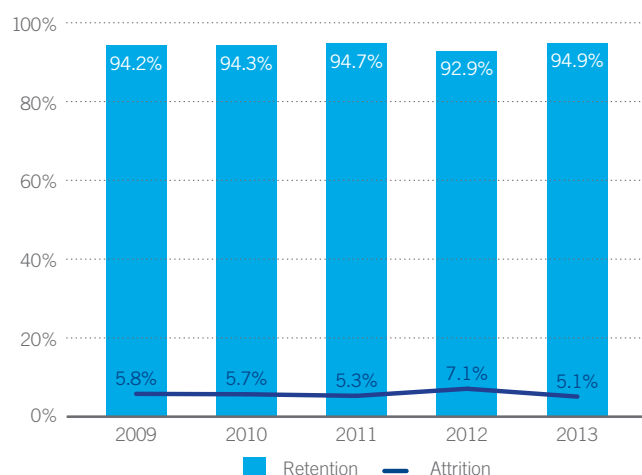


Health and Safety

Teekay seeks continuous improvement in health and safety across the company. We have a goal of zero injuries to personnel and zero harm to the environment.

In 2013, Teekay incurred three lost time injuries in the shuttle fleet and zero lost time injuries in the other fleets — down from 15 in 2012 — and no fatalities. It was the safest year in Teekay's history in terms of lost time injuries.

5-Year "All Fleet" Seafarer Attrition/Retention



Attracting and Retaining Staff

At Teekay, we directly employ our seafarers. We recognize that employee engagement and company loyalty are key elements that make us an employer of choice. Being an employer of choice allows us to attract and retain quality talent, which enhances company performance. Our continued success is also linked to maintaining an effective partnership with our employees — and with labor organizations — based on mutual respect and clearly defined responsibilities.

Operational Leadership

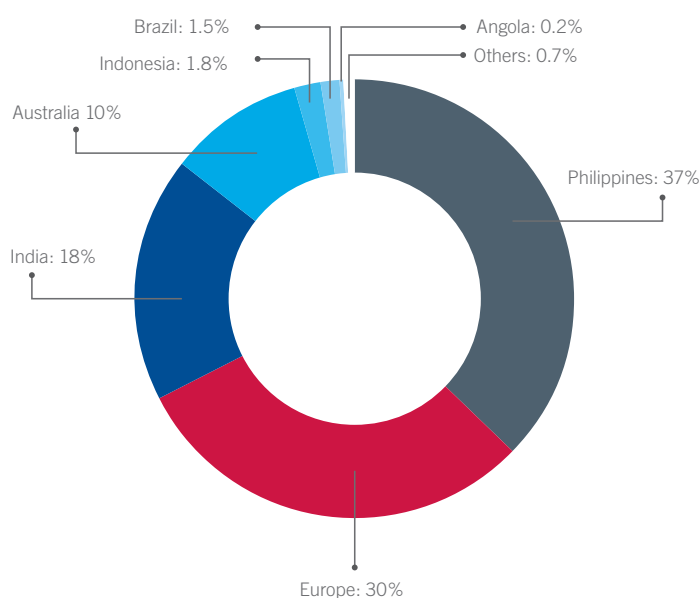
Operational excellence has always been among Teekay's core strengths. Our commitment to operational excellence is reflected in our focus on providing safe, sustainable, reliable service to our customers, which has made us an operational leader in our industry and given us our enviable reputation.

We rely on our people to ensure our ships deliver their cargos safely and provide service that meets Teekay's high standards for our customers.

Teekay employees have been given extensive training in Operational Leadership to wholeheartedly embrace a series of responsibilities and commitments including:

- Being accountable for our own safety and for our colleagues' safety;
- Making safety behaviors a key component in consideration for employee promotion;
- Ensuring we use risk management tools effectively; and
- Being responsive to our customer needs for both high quality and cost efficiency.

All Fleet Nationality Groups (End Of 2013)



ASSISTING OUR COLLEAGUES IN THE PHILLIPINES

On November 8, 2013, 200 families of Teekay's Filipino crew and shore employees were impacted after Super Typhoon Yolanda barreled through the Visayas region. Some families were left with damaged houses, some lost the land that provided their livelihoods and many lost their hard-earned possessions.

Teekay Philippines made an extraordinary effort to reach out and locate members of each family. Miraculously, all of our employees and their loved ones emerged safe and sound.

A global donation campaign was undertaken by Teekay offices and vessels. The support from our employees, Teekay Corporation and Kattegat Limited, the sponsor company of the Teekay Foundation, was overwhelming.

In an incredible outpouring of support for our colleagues, Teekay raised over \$200,000, which was given to affected families as assistance.



SUPPORTING THE VANCOUVER AQUARIUM MARINE MAMMAL RESCUE CENTRE

In 2013, Teekay became a key partner with the Vancouver Aquarium Marine Mammal Rescue Centre to aid in the rescue, rehabilitation and release of over 100 marine mammals a year back into their natural habitat. One of the beneficiaries was Levi, a harbor porpoise who was found stranded near Vancouver Island in British Columbia, Canada. Levi had a serious lung infection but with the help of a veterinary team at the Vancouver Aquarium Rescue Centre, he was fully treated and released back into his natural habitat five months later.

Photo credit: Vancouver Aquarium



**IN 2013, TEEKAY
CONTRIBUTED OVER
USD \$440,000
GLOBALLY TO VARIOUS
ORGANIZATIONS**



Teekay's Corporate Social Responsibility

Teekay recognizes the importance of giving back to the communities in which we live and work. We partner with charitable organizations that embody Teekay's SPIRIT values in education, environment and health. Our program encourages Teekay employees to support selected charities by offering their time to organizations in their local community. Teekay also offers financial donations to various organizations and encourages employees to do the same.

Donations

Some of the initiatives and organizations assisted by Teekay were:

- The children's village in Keila, Estonia, to provide the children living there with a safe environment that they can learn and grow up in;
- The Iselin Health Care Center on Mindoro, Philippines, to cover the cost of running the Iselin Center. This includes salaries to the three midwives running the birth clinic and the health care programs in the small villages in the neighborhood;
- Shoe4Africa in Sub-Saharan, Africa, to help with the construction of the first public children's hospital;
- Seafarers UK in London, UK, to look after the welfare needs of seafarers, ex-seafarers and their dependants;
- Food from the Heart in Singapore to support their mission of alleviating hunger through a food distribution program; and
- AVOSOS in Aracaju, Brazil, to support children with cancer.

Other organizations Teekay supported in 2013 include the Greater Vancouver Food Bank, Junior Achievement of BC, Society for Prevention of Cruelty to Animals in Trondheim and Birse & Ballogie Community Council in Aberdeen.

Seafarer Day 2013

June 25 is the International Maritime Organization (IMO) celebration of Day of the Seafarer. In 2013, the celebration's theme was "Faces of the Sea" and because Teekay is proud to have some of the most talented seafarers in the world, we celebrated them too.

We collected photos from our fleet and showcased our seafarers on our social media channels. There was an incredible amount of engagement between our seafarers and everyone around the world showing appreciation for their work.

You can see photos using the hashtag #TeekaySPIRIT on Instagram. Follow us on Facebook and Twitter at @TeekayCorp for all our current news and seafarer stories.

PLANET

Running a sustainable company requires us to operate in a way that ensures our planet thrives.

We have committed to environmental sustainability by implementing environmentally sound initiatives in our offices, having staff everywhere pledge to use environmentally friendly practices and using technology to continually lessen our vessels' impact on the environment.

All our vessels are operated under our Safety Management System, in compliance with the International Safety Management Code, the International Standards Organization's 9001 for Quality Assurance, ISO 14001 for Environment Management Systems, Occupational Health and Safety Advisory Services 18001 and new Maritime Labour Convention 2006.

Teekay is ISO14001 certified and focuses on using best practices and technologies to avoid spills, reduce emissions, conserve energy and minimize waste.

Our Commitments

Teekay supports environmental sustainability programs by ensuring we meet and exceed environmental requirements. Our Health, Safety, Environment, Quality and Security policy supports this by setting commitments for zero oil spills and minimizing the impact of our operations on the environment.

Although we are proud of our environmental achievements, we recognize that there is always room to do more, and we strive to be innovators and leaders in environmental sustainability.

Through responsible safety and environmental practices, Teekay ensures that we not only comply with legislation, but we go above and beyond compliance to further reduce our environmental footprint.



**“OUR ENVIRONMENT -
OUR RESPONSIBILITY”
IS A PHILOSOPHY
THAT DRIVES STAFF
AT SEA AND ASHORE
IN KEEPING THE
ENVIRONMENT A
TOP PRIORITY.**



Environmental Strategy

In 2008, Teekay launched its first environmental strategy. From 2008 to 2012, this strategy, through the implementation of annual environmental objectives and targets, resulted in significant improvement to our environmental impact. In 2013, we recognized that we must continue to evolve to meet new legislative challenges and customer expectations.

To continue Teekay's journey towards environmental sustainability, we launched the Teekay Environmental Strategy for 2013 to 2018. The strategy aims to deliver the following business benefits:

- **Innovation** – benefits from new technologies aimed at sustainable business practices and reducing costs.
- **Operational effectiveness** - improvements and innovation in Teekay's practices and processes as a direct result of being more responsible and sustainable, creating more effective operations and higher levels of efficiency.
- **Risk management** – benefits resulting from sustainability efforts that improve Teekay's ability to identify and reduce exposure to risk, and prepare for and manage risk better.
- **Employee and future workforce** – benefits from responsible business practice that affects the working life of employees, and the ability to attract and hold on to talent. This includes employee motivation, productivity, recruitment, satisfaction, retention, engagement and loyalty.
- **Brand value and reputation** – benefits realized from responsible business that improve the value of Teekay's brand and/or the reputation of the brand or organization.

The action plan that guides Teekay's Environmental Strategy (2013-2018) is the annual Environmental Leadership Program (ELP). The ELP offers flexibility for each fleet to develop specific objectives and targets to achieve our Environmental Strategy.

ELP audits are conducted by trained Quality Assurance Training Officers (QATOs), who go onboard each vessel yearly to verify implementation of Teekay environmental programs and procedures. The QATOs also provide training and verify the effectiveness of initiatives while evaluating the ship's performance.

The program's vision, "Environment as a driver for innovation," ensures we identify and plan for legislative changes that affect the environment.

Recycling of Vessels

Teekay prides itself in maintaining a high quality modern fleet. As a part of its ongoing business, Teekay routinely renews its fleet and sells its older vessels to third parties. These vessels are sold 'on the water' as fully operational vessels on industry standard terms that are routinely used for the sale of second hand vessels, such as the standard BIMCO "SALEFORM 1993" or "SALEFORM 2012" prepared by the Norwegian Shipbrokers Association. Teekay is continually assessing how the company can best ensure it plays a responsible role in the value chain – building, operating and recycling vessels in a safe and environmentally friendly way.

An aerial photograph of three large red and white LNG carriers sailing in formation on a blue sea. The ships are viewed from a high angle, showing their complex deck structures and masts. The text is overlaid on the right side of the image.

TEEKAY IS THE FIRST SHIP OWNER TO ORDER A MEGI PROPELLED LNG CARRIER

Next Generation of LNG Carriers

Teekay has taken a lead in being the first ship owner to order a Main Engine Gas Injection (MEGI) propelled Liquefied Natural Gas (LNG) carrier. In December 2012, Teekay LNG announced the ordering of these two LNG MEGI-engine carriers and soon after, these vessels entered into two, five-year time-charter contracts with Cheniere Marketing, LLC.

Being the most environmentally friendly technology available, the MEGI engines reduce fuel consumption by 30 percent. This is a revolution in its own right within the LNG industry, burning 30 tonnes per day less gas at 19.5 knots than the most modern Dual Fuel Diesel Electric LNG ship.

As a result of this initiative, Teekay was shortlisted in the Lloyd's List Global Awards for 2013 in the Technological Innovation Award category.



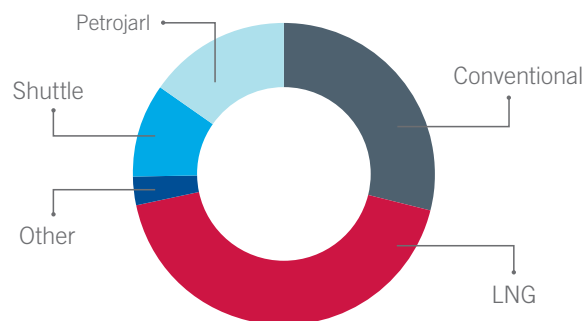
Environmental Impacts

Sustainability involves a commitment to responsible environmental practices, and an innovative approach to technology use and project development. As a result of our focus on environmental sustainability, Teekay has introduced many initiatives to reduce our emissions and discharges to air, sea and land.

2013 Levels

GHG Emissions: In 2013, Teekay emitted 5,086,750 metric tonnes of greenhouse gases. We had an increase in carbon dioxide from 12.62 grams per tonne-mile in 2012 to 16.51 grams in 2013, mainly due to increased vessel usage in an improving market. Sulphur oxide emissions were 20,831 metric tonnes. In 2013 Teekay purchased 17,911 kg of refrigerant gas, including 1,195 kg of ozone depleting refrigerant types. Nitrogen oxide emissions were 75,821. Each fleet is responsible for environmental reports for their own review performance.

Greenhouse Gas Emission By Fleet



Discharges to Water: In 2013, Teekay vessels discharged 75,569 cubic meters of bilge, slop and soot water to sea. Our FPSO vessels discharged 36 cubic meters of oil in produced water in 2013, which is more than a 60% reduction since 2010.

Spills: 175 million metric tonnes of cargo were carried on Teekay vessels in 2013. The total cargo lost to sea was 68 liters and to atmosphere (vented gas cargo and refrigerant) was 0.6 metric tonnes.

Waste: In 2013, Teekay vessels generated 11,186 cubic meters of solid waste. More than 64 percent of that was sent to shore facilities for disposal or recycling. Approximately 30 percent was incinerated on-board, with the remaining five percent disposed of at sea in accordance with MARPOL (the International Convention for the Prevention of Pollution from Ships).

The average per vessel at sea disposal in 2013 was 0.32 m3 and 0.38 m3 including bulk carrier cargo residues.

Our 2014 goal is to maintain zero sea waste disposals through the year, which aligns with new MARPOL legislative requirements.

Teekay Petrojarl: Green Teams

Teekay Petrojarl has introduced environmental Green Teams across our entire fleet. Tankers and Floating Production Storage and Offloading (FPSO) units are encouraged to assemble at least one green team to meet regularly. Their main responsibility is to assess and improve the environmental performance of their vessel.

On-shore Efforts: Green 15

Teekay has a shore based environmental program known as Green 15 in place. This program ensures our commitment to the environment is matched in our office activities. Green 15 is an annual plan for our offices to reduce their environmental impact, and includes a checklist of 15 items, which are revised annually to encourage continuous improvement.

Some of these commitments include:

- Increasing the waste diversion rate by raising awareness about recycling programs;
- Reducing energy impact through energy generation building programs – lights and HVAC off at programmed times;
- Reducing carbon emissions by encouraging use of public transit, car-pooling and cycling;
- Ensuring new office equipment is ENERGY STAR or equivalent rated;
- Equipping all kitchens with dishes and utensils to discourage the use of disposable dishes and utensils;
- Implementing battery and light bulb recycling to reduce toxic emissions;
- Challenging staff to reduce printing and copying amounts;
- Being active in local environmental efforts; and
- Encouraging staff to reduce the environmental impact of their overseas travel.



NAMEPA's 2013 Marine Environment Protection Corporate Award

On September 3, 2013, the North American Marine Environment Protection Association (NAMEPA) announced Teekay Corporation as the recipient of NAMEPA's 2013 Marine Environment Protection Corporate Award.

"We are honored to receive the 2013 Marine Environment Protection Corporate Award," said CEO Peter Evensen. "Safety and sustainability are core values at Teekay and it ensures the long-term health and success of our people, our business and the surroundings we work in."

The award is given as part of the North American World Maritime Day conference to recognize individuals or organizations that work to preserve the marine environment.

2013 Chamber of Shipping America Environmental Achievement Awards

On November 13, 2013, Teekay was named a recipient of the 2013 Chamber of Shipping America Environmental Achievement Awards. The awards recognize dedication to environmental excellence.

To be eligible for the Environmental Achievement Awards, a vessel must have a minimum two-year period of zero reportable spills, zero U.S. Coast Guard citations for violations of MARPOL, zero port state citations for violations of MARPOL and zero violations of state or local pollution regulations. Among the recipients named at the 2013 ceremony, vessels had an average 6.9 years operating without incident.



A full-page background image showing an offshore oil platform at sunset. A worker in a red protective suit and white hard hat stands on a metal platform, looking out over the ocean. The sky is a mix of orange and yellow, and the water reflects the low sun. The platform's complex steel structure, including railings and pipes, is visible in the foreground and middle ground.

TEEKAY RECEIVED THE 2013 NAMEPA MARINE ENVIRONMENT PROTECTION CORPORATE AWARD

PROFIT

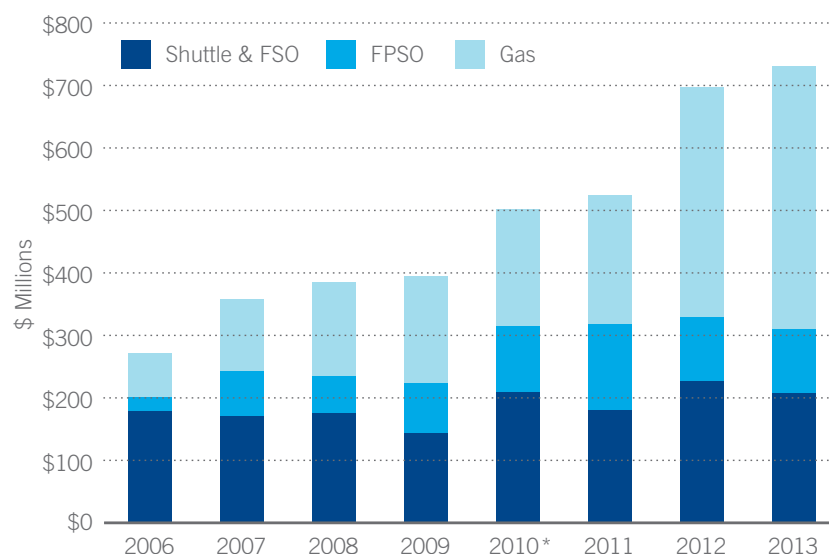
During 2013, Teekay's financial management objectives focused on three key areas:

- Executing on our sustainable growth strategy
- Financial strength and access to capital
- Improving profitability

With approximately \$1.6 billion in new gas and offshore growth projects completed in 2013, we have once again increased and further diversified our fixed-rate cash flows. Our fixed-rate cash flows in our gas and offshore businesses increased in 2013

through recent LNG and LPG carrier acquisitions and recently delivered FPSO and shuttle tanker newbuilding and conversion projects. During the year, our gas and offshore businesses generated total cash flow from vessel operations, or CFVO¹, of \$731 million, up 5 percent from the 2012 cash flows. In addition, these two businesses now make up approximately 87 percent of our total assets, up from 67 percent in 2006. Conversely, the more volatile spot tanker business only represented 5 percent of our total assets at the end of 2013, compared to 20 percent in 2006.

Growing Gas and Offshore Fixed-Rate Cash Flows



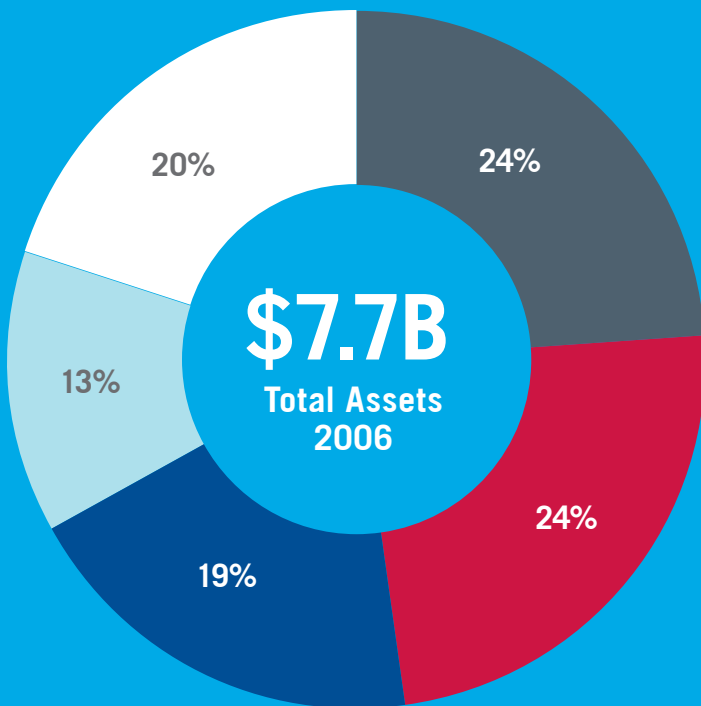
Note: Annual fixed-rate CFVO represents earnings from vessels that are consolidated on the company's consolidated financial statements and earnings on a pro rata basis from its equity-accounted vessels and other investments.

* Excludes \$59 million of catch-up payments related to prior periods under the amended Foinaven FPSO contract.

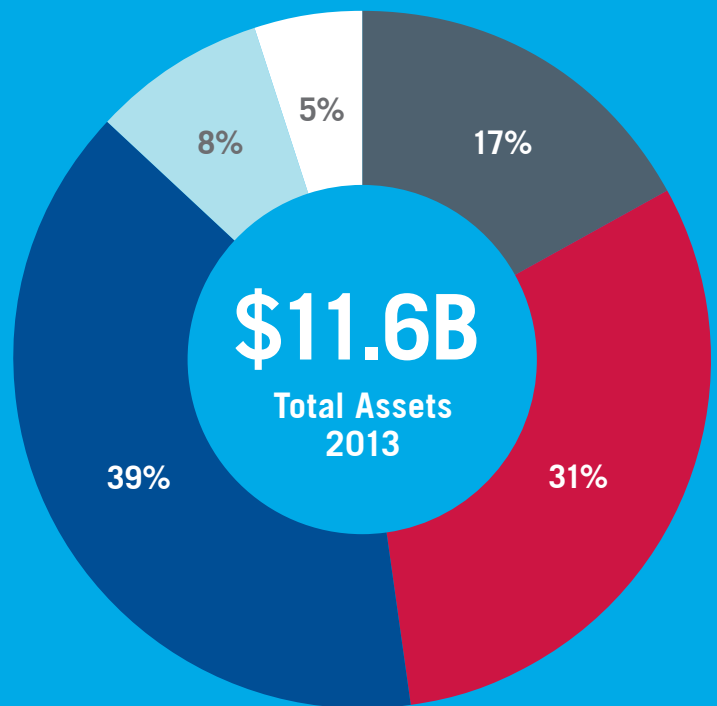
¹ Cash flow from vessel operations (CFVO) represents income from vessel operations before depreciation and amortization expense, amortization of in-process revenue contracts, vessel write downs, gains and losses on the sale of vessels, adjustments for direct financing leases to a cash basis, and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. CFVO represents CFVO from vessels that are consolidated and vessels that are equity accounted for on the Company's financial statements. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's Website at www.teekay.com for a reconciliation of this non-GAAP measure as used above to the most directly comparable GAAP financial measure.

Diversified Business Model

As At December 31, 2006



As At December 31, 2013



Shuttle Tanker
And FSO

FPSO

Liquefied
Gas

Fixed-Rate
Conventional
Tanker

Spot-Rate
Conventional
Tanker

Looking Ahead

With a pipeline of approximately \$5 billion in new growth projects across the Teekay Group, primarily in our gas and offshore businesses, delivering through to 2020, we are expecting further fixed-rate cash flow growth over the next several years. In addition, we continue to migrate our operating assets from the parent company (Teekay Parent) to our publicly-traded daughter entities, Teekay LNG Partners L.P., Teekay Offshore Partners L.P. and Teekay Tankers Ltd. (the Daughter Entities) which enable us to monetize the value of these assets and further strengthen our balance sheet.

Through a combination of asset sales from Teekay Parent to the Daughter Entities and, increasingly, direct acquisitions and organic growth projects by our Daughter Entities, Teekay Parent has benefited from growing dividend cash flows it receives from its Daughter Entities, particularly the incentive distribution right cash flows from Teekay Parent's general partner interests in Teekay LNG and Teekay Offshore. Through the sale of assets to the Daughter Entities, Teekay Parent has increased its financial strength, in the form of lower net debt and increased liquidity.

With the significant growth in gas and offshore investments, the ability to finance this growth is an important priority and during 2013, we took further steps to diversify our sources of capital. During the year, Teekay Parent and its Daughter Entities completed a total of 18 debt and equity financings, raising approximately \$3.5 billion. Specific examples of how Teekay diversified its sources of capital included:

- In April 2013, we completed our first issuance of perpetual preferred units at Teekay Offshore, raising approximately \$150 million of equity proceeds; and

- During 2013, Teekay Offshore and Teekay LNG completed the first ever shuttle tanker and LNG carrier U.S. Private Placement project bonds raising combined proceeds of approximately \$370 million at low fixed interest rate levels.

The chart in the next page illustrates the various sources of capital that the Teekay Group has been able to access since 2009.

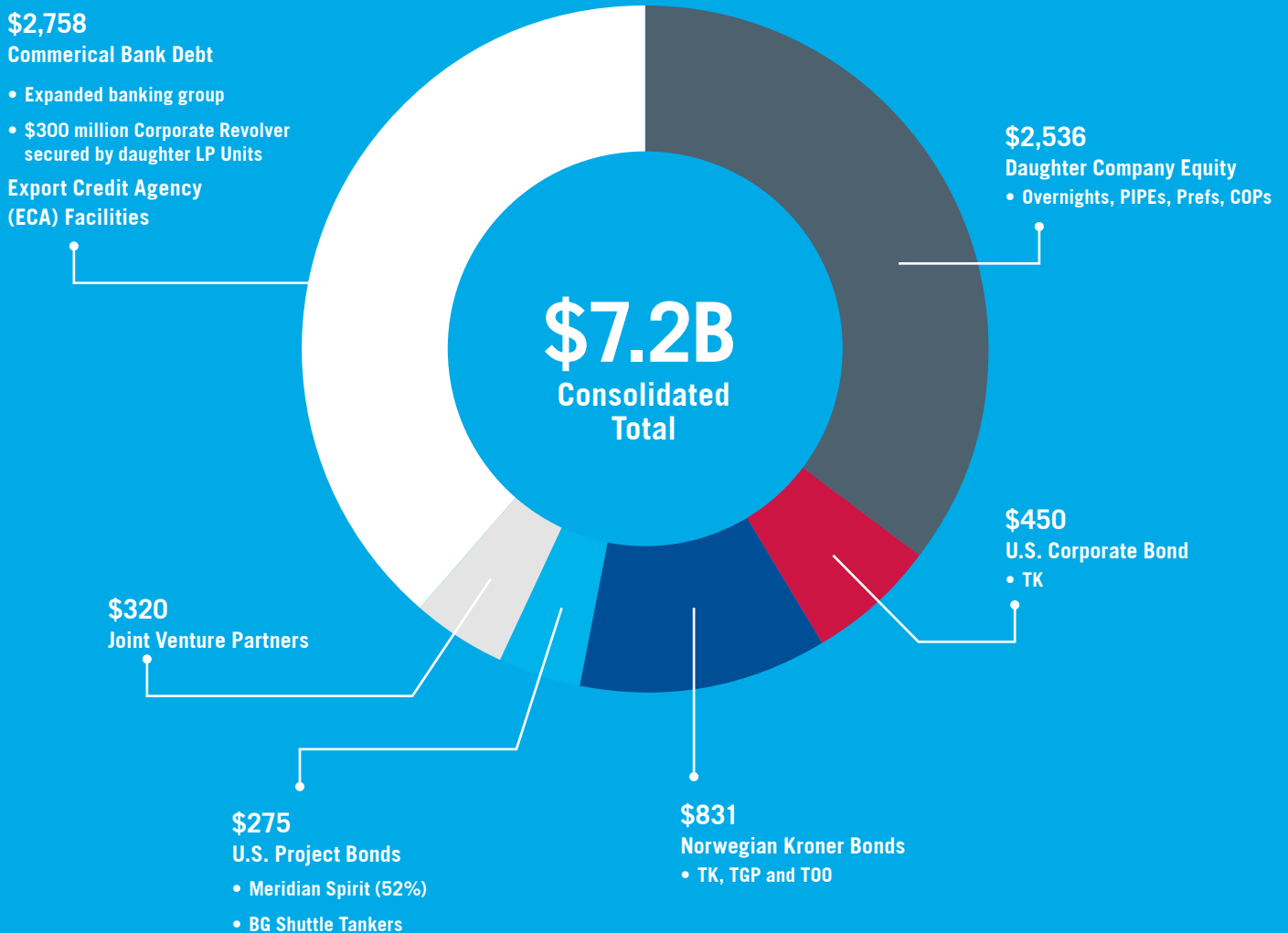
Lastly, in 2013, we experienced higher tanker supply growth relative to demand resulting in another year of weak spot tanker rates, which when combined with certain temporary operational issues experienced with some of our FPSO units, including the Banff FPSO, Foinaven FPSO and Voyageur Spirit FPSO, resulted in another year of recording a net loss for Teekay on a consolidated basis. In 2013, we recorded an adjusted net loss¹ of \$79.9 million, or \$1.13 per share. Looking ahead, with an overarching goal of returning Teekay to sustainable profitability, we expect to return to profitability in 2014 primarily due to the following:

- Continuing to re-deliver spot conventional tankers employed on loss-making time-chartered in contracts;
- Returning our FPSO units back to full production;
- Adding profitable growth, including the *Salamander FSO*, the *HiLoad DP* unit, the *Petrojarl Knarr FPSO* and a full year contribution from our shuttle tanker newbuilding program; and
- Improving conventional spot tanker rates.

¹ Adjusted net (loss) income attributable to stockholders of Teekay is a non-GAAP financial measure which adjusts for a number of specific items that are typically excluded by securities analysts in their published estimates of the Company's financial results. Adjusted net (loss) income attributable to the stockholders of Teekay is intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP. Please refer to Appendix A of the Teekay Corporation Fourth Quarter and Fiscal 2013 Earnings Release, which can be found on the Company's website www.teekay.com, for a reconciliation of this non-GAAP measure, as referenced above, to the most directly comparable financial measure under United States generally accepted accounting principles (GAAP).

Teekay Corporation Sources of Capital

(December 31, 2008 - Present • \$ Millions)



PERFORMANCE SUMMARY

	Unit	2011	2012	2013
PEOPLE				
Total staff	Persons	6,500	6,500	6,600
Sea staff		5,500	5,600	5,700
Shore staff		1,000	900	900
Total Recordable Case Frequency ¹	Per million person-hours	2.33	2.45	2.03
Total Recordable Injury Frequency ²	Per million person-hours	5.87	4.58	2.40
Lost Time Injuries ³	Number	16	15	3 ⁴
Fatalities	Number	1	1	0
PLANET				
Greenhouse Gas Emissions	Metric tonnes CO2-eq.	5,178,226	4,498,030	5,086,750
Sulphur Dioxide Emissions	Metric tonnes	52,544	43,230	20,831
Nitrogen Oxide Emissions	Metric tonnes	99,129	66,361	76,379
Spill volume	Litres	4,010	1,791	68
Spills above 1 barrel (159 L)	Number	3	4	0
Spills below 1 barrel (159 L)	Number	12	10	9
Operational Discharges to Sea	Cubic metres	100,273	45,420	75,605
Oil in produced water from FPSOs	Cubic metres	55	43	36
Solid Waste Disposal at Sea Per Vessel ⁵	Cubic metres	2.8	0.12	0.32
Total Vessel Waste Generated	Cubic metres	12,789	12,758	11,186
Disposed to shore facilities		4,773	5,300	9,402
Incinerated onboard		3,114	3,723	3,441
Disposed at sea		990	894	502
PROFIT				
Total Assets	USD (thousands)	11,137,677	11,002,025	11,555,701
Revenues	USD (thousands)	1,976,022	1,980,771	1,830,085
Cash Flow from Vessel Operations	USD (thousands)	632,489	684,687	819,307
Adjusted Net Income (loss)	USD (thousands)	(103,096)	(54,862)	(79,886)
Total Equity	USD (thousands)	3,303,794	3,191,474	3,203,050
Net Debt (net of cash and restricted cash)	USD (thousands)	4,899,139	3,814,179	5,590,407
Our Fleet	Number of vessels ⁶	151	146	171
Shuttle Tanker and FSO Segment		45	43	41
FPSO Segment		9	10	10
Liquefied Gas Segment		26	34	67
Spot Tanker Segment		32	26	26
Fixed Rate Tanker Segment		39	33	27

¹ Excludes Teekay Petrojarl. Sum of lost time injuries, restricted work cases, and medical treatment cases per unit of exposure hours.

² Data is for Teekay Petrojarl only, which uses a slightly different measure.

³ Sum of fatalities, permanent total disabilities, permanent partial disabilities and lost workday cases.

⁴ In 2013, only three lost time injuries incurred in the shuttle fleet and zero lost time injuries in the other fleets.

⁵ MARPOL approved category 2, 3 and 4 wastes only and excluding bulk carrier cargo residues.

⁶ As of year-end, including chartered-in vessels and newbuildings on order, but excluding vessels managed for third parties.



BRINGING ENERGY TO THE WORLD WITH TEEKAY SPIRIT

About This Report

This report includes the entities over which Teekay has direct operational control (meaning Teekay has the authority to implement our operating policies on the entity or asset). This includes assets over which Teekay Corporation, Teekay LNG, Teekay Offshore or Teekay Tankers have operational control. Further information is also provided in Teekay Petrojarl's separate 2013 Sustainability Report available at <http://www.teekay.com/business/sustainability/Sustainability-Reports/>.

We have applied the principle of materiality to decide what to include in this report. We include information that could reasonably be considered to affect Teekay's decisions, and to affect our partners and our stakeholders. In determining what information is material, we consulted with staff across Teekay's global offices.



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