

TEEKAY CORP
Form 6-K
September 14, 2010

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2010

Commission file number 1-12874

TEEKAY CORPORATION

(Exact name of Registrant as specified in its charter)

4th Floor, Belvedere Building

69 Pitts Bay Road

Hamilton, HM 08 Bermuda

(Address of principal executive office)

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

Form 20-F ☐ Form 40-F ☐

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

Yes ☐ No ☐

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

Yes ☐ No ☐

TEEKAY CORPORATION AND SUBSIDIARIES
REPORT ON FORM 6-K FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010
INDEX

	PAGE
<u>PART I: FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Unaudited Consolidated Statements of Income (Loss)</u> <u>for the three and six months ended June 30, 2010 and 2009</u>	3
<u>Unaudited Consolidated Balance Sheets</u> <u>as at June 30, 2010 and December 31, 2009</u>	4
<u>Unaudited Consolidated Statements of Cash Flows</u> <u>for the six months ended June 30, 2010 and 2009</u>	5
<u>Unaudited Consolidated Statement of Changes in Total Equity</u> <u>for the six months ended June 30, 2010</u>	6
<u>Unaudited Consolidated Statements of Comprehensive Income (Loss)</u> <u>for the three and six months ended June 30, 2010 and 2009</u>	7
<u>Notes to the Unaudited Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	42
<u>PART II: OTHER INFORMATION</u>	45
<u>SIGNATURES</u>	46

Table of Contents**ITEM 1 FINANCIAL STATEMENTS**

TEEKAY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands of U. S. dollars, except share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2010	2009	2010	2009
	\$	\$	\$	\$
REVENUES	544,947	532,473	1,109,484	1,149,024
OPERATING EXPENSES				
Voyage expenses	66,367	62,925	138,917	153,594
Vessel operating expenses (<i>note 16</i>)	150,792	144,004	305,327	296,764
Time-charter hire expense	68,106	116,451	139,019	253,279
Depreciation and amortization	111,234	108,192	219,464	214,745
General and administrative (<i>note 16</i>)	50,256	49,220	98,347	96,928
Loss (gain) on sale of vessels and equipment net of write-downs (<i>note 13</i>)	22	(11,083)	782	(10,125)
Restructuring charge (<i>note 3</i>)	4,195	5,003	7,978	10,561
Total operating expenses	450,972	474,712	909,834	1,015,746
Income from vessel operations	93,975	57,761	199,650	133,278
OTHER ITEMS				
Interest expense	(33,926)	(37,280)	(66,078)	(81,470)
Interest income	2,209	5,023	6,483	11,701
Realized and unrealized (loss) gain on non-designated derivative instruments (<i>note 16</i>)	(219,225)	157,485	(307,072)	204,730
Equity (loss) income from joint ventures (<i>note 11b</i>)	(21,827)	27,380	(24,493)	38,802
Foreign exchange gain (loss) (<i>notes 8 and 16</i>)	27,488	(25,165)	56,514	(13,853)
Loss on bond repurchase (<i>note 8</i>)	(537)		(12,645)	
Other income (<i>note 14</i>)	1,277	3,823	3,699	6,481
Net (loss) income before income taxes	(150,566)	189,027	(143,942)	299,669
Income tax recovery (expense) (<i>note 18</i>)	5,147	4,598	12,454	(1,270)
Net (loss) income	(145,419)	193,625	(131,488)	298,399
Less: Net income attributable to non-controlling interests	(7,729)	(34,266)	(35,662)	(57,535)
Net (loss) income attributable to stockholders of Teekay Corporation	(153,148)	159,359	(167,150)	240,864

Per common share of Teekay Corporation (note 17)

Basic (loss) earnings attributable to stockholders of Teekay Corporation	(2.10)	2.20	(2.29)	3.32
Diluted (loss) earnings attributable to stockholders of Teekay Corporation	(2.10)	2.19	(2.29)	3.30
Cash dividends declared	0.3163	0.3163	0.6325	0.6325

Weighted average number of common shares**outstanding (note 17)**

Basic	72,961,471	72,535,899	72,875,508	72,526,101
Diluted	72,961,471	72,798,023	72,875,508	72,887,474

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Table of Contents

TEEKAY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars, except share and per share amounts)

	As at June 30, 2010 \$	As at December 31, 2009 \$
ASSETS		
Current		
Cash and cash equivalents (<i>note 8</i>)	641,467	422,510
Restricted cash (<i>note 9</i>)	33,601	36,068
Accounts receivable, including non-trade of \$21,744 (2009 \$19,521)	247,844	234,676
Vessels held for sale (<i>note 13</i>)		10,250
Net investment in direct financing leases (<i>note 4</i>)	27,313	27,210
Prepaid expenses	96,556	96,549
Current portion of derivative assets (<i>note 16</i>)	18,139	29,996
Advances to joint venture partner	6,900	
Other assets	8,509	7,119
Total current assets	1,080,329	864,378
Restricted cash non-current (<i>note 9</i>)	564,265	579,243
Vessels and equipment (<i>note 8</i>)		
At cost, less accumulated depreciation of \$1,836,848 (2009 \$1,673,380)	5,655,150	5,793,864
Vessels under capital leases, at cost, less accumulated amortization of \$155,186 (2009 \$138,569) (<i>note 9</i>)	891,748	903,521
Advances on newbuilding contracts (<i>notes 11a and 11b</i>)	215,407	138,212
Total vessels and equipment	6,762,305	6,835,597
Net investment in direct financing leases non-current (<i>note 4</i>)	475,479	485,202
Marketable securities	13,831	18,904
Loans to joint ventures, bearing interest between 4.4% to 6.5%	19,022	21,998
Derivative assets (<i>note 16</i>)	75,762	18,119
Deferred income tax asset (<i>note 18</i>)	16,529	6,516
Investment in joint ventures (<i>note 11b</i>)	126,623	139,790
Other non-current assets	123,734	130,624
Intangible assets net (<i>note 6</i>)	200,181	213,870
Goodwill	203,191	203,191
Total assets	9,661,251	9,517,432
LIABILITIES AND EQUITY		
Current		
Accounts payable	47,776	57,242
Accrued liabilities (<i>note 16</i>)	285,503	280,947
Current portion of derivative liabilities (<i>note 16</i>)	147,089	136,454
Current portion of long-term debt (<i>note 8</i>)	284,556	231,209
Current obligation under capital leases (<i>note 9</i>)	39,568	41,016

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Current portion of in-process revenue contracts (<i>note 6</i>)	46,945	56,758
Loan from joint venture partners	30	1,294
Total current liabilities	851,467	804,920
Long-term debt, including amounts due to joint venture partners of \$13,500 (2009 \$16,410) (<i>note 8</i>)	4,083,874	4,187,962
Long-term obligation under capital leases (<i>note 9</i>)	725,922	743,254
Derivative liabilities (<i>note 16</i>)	504,433	223,025
Deferred income tax liability (<i>note 18</i>)		11,628
Asset retirement obligation	21,238	22,092
In-process revenue contracts (<i>note 6</i>)	172,591	187,602
Other long-term liabilities	230,681	241,279
Total liabilities	6,590,206	6,421,762
Commitments and contingencies (<i>notes 4, 9, 11 and 16</i>)		
Redeemable non-controlling interest (<i>note 11d</i>)	42,676	
Equity		
Common stock and additional paid-in capital (\$0.001 par value; 725,000,000 shares authorized; 72,978,460 shares outstanding (2009 72,694,345); 73,477,660 shares issued (2009 73,193,545)) (<i>note 10</i>)	672,820	656,193
Retained earnings	1,398,106	1,585,431
Non-controlling interest	978,942	855,580
Accumulated other comprehensive loss (<i>note 15</i>)	(21,499)	(1,534)
Total equity	3,028,369	3,095,670
Total liabilities and equity	9,661,251	9,517,432

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Table of Contents

TEEKAY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Six Months Ended June 30,	
	2010	2009
	\$	\$
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net (loss) income	(131,488)	298,399
Non-cash items:		
Depreciation and amortization	219,464	214,745
Amortization of in-process revenue contracts	(24,824)	(37,769)
Loss (gain) on sale of vessels and equipment	261	(27,634)
Write-down of intangible assets and other		1,076
Write-down of vessels and equipment	521	16,433
Loss on repurchase of bonds	12,645	
Equity loss (income), net of dividends received	24,493	(35,860)
Income tax (recovery) expense	(12,454)	1,270
Employee stock option compensation	8,110	6,059
Foreign exchange and other	(53,761)	7,920
Unrealized loss (gain) on derivative instruments	227,402	(271,471)
Change in operating assets and liabilities (<i>note 7</i>)	(25,983)	82,343
Expenditures for drydocking	(24,072)	(26,243)
Net operating cash flow	220,314	229,268
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt (<i>note 8</i>)	845,106	297,224
Debt issuance costs	(12,538)	(664)
Scheduled repayments of long-term debt	(107,077)	(137,777)
Prepayments of long-term debt	(741,898)	(632,910)
Repayments of capital lease obligations	(1,759)	(4,617)
Proceeds from loans from joint venture partner	591	
Repayment of loans from joint venture partner	(1,264)	(4,973)
(Increase) decrease in restricted cash	(1,769)	5,805
Net proceeds from issuance of Teekay LNG Partners L.P. units		67,095
Net proceeds from issuance of Teekay Offshore Partners L.P. units (<i>note 5</i>)	94,491	
Net proceeds from issuance of Teekay Tankers Ltd. shares (<i>note 5</i>)	103,036	65,556
Issuance of Common Stock upon exercise of stock options	2,437	160
Distribution from subsidiaries to non-controlling interests	(73,736)	(53,093)
Cash dividends paid	(46,058)	(45,861)
Net financing cash flow	59,562	(444,055)

INVESTING ACTIVITIES

Expenditures for vessels and equipment	(92,428)	(344,888)
Proceeds from sale of vessels and equipment	27,591	198,837
Investment in joint ventures	(306)	(7,522)
Advances to joint ventures and joint venture partner	(4,868)	(1,420)
Investment in direct financing lease assets	(4,199)	
Direct financing lease payments received	13,819	3,251
Other investing activities	(528)	25,035

Net investing cash flow	(60,919)	(126,707)
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Increase (decrease) in cash and cash equivalents	218,957	(341,494)
Cash and cash equivalents, beginning of the period	422,510	814,165

Cash and cash equivalents, end of the period	641,467	472,671
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Supplemental cash flow information (*note 7*)

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Table of Contents

TEEKAY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY
(in thousands of U.S. dollars)

	Common Thousands Stock and of		TOTAL EQUITY Accumulated Other			
	Common Shares Outstanding #	Additional Paid-in Capital \$	Retained Earnings \$	Comprehensive Income (Loss) \$	Non- controlling Interest \$	Total \$
Balance as at December 31, 2009	72,694	656,193	1,585,431	(1,534)	855,580	3,095,670
Net (loss) income			(167,150)		35,662	(131,488)
Other comprehensive income (loss):						
Unrealized loss on marketable securities				(5,073)		(5,073)
Pension adjustments, net of taxes				413		413
Unrealized net loss on qualifying cash flow hedging instruments <i>(note 16)</i>				(16,742)	(3,200)	(19,942)
Realized net loss on qualifying cash flow hedging instruments <i>(note 16)</i>				1,437	460	1,897
Comprehensive income (loss)					32,922	(154,193)
Dividends declared			(46,077)		(73,736)	(119,813)
Reinvested dividends	2	19				19
Exercise of stock options and other	282	2,437				2,437
Employee stock option compensation and other <i>(note 10)</i>		14,171				14,171
Dilution gain on equity offerings of Teekay Offshore and Teekay Tankers <i>(note 5)</i>			31,078			31,078
Dilution loss on initiation of majority owned subsidiary <i>(note 11d)</i>			(5,176)		(2,256)	(7,432)
Addition of non-controlling interest from share and unit issuances and other					166,432	166,432
Balance as at June 30, 2010	72,978	672,820	1,398,106	(21,499)	978,942	3,028,369

Table of Contents

TEEKAY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands of U.S. dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
	\$	\$	\$	\$
Net (loss) income	(145,419)	193,625	(131,488)	298,399
Other comprehensive (loss) income:				
Unrealized (loss) gain on marketable securities	(3,296)	3,531	(5,073)	1,090
Pension adjustments, net of taxes	64	437	413	874
Unrealized (loss) gain on qualifying cash flow hedging instruments	(16,002)	21,047	(19,942)	20,930
Realized loss on qualifying cash flow hedging instruments	884	5,943	1,897	18,687
Other comprehensive (loss) income	(18,350)	30,958	(22,705)	41,581
Comprehensive (loss) income	(163,769)	224,583	(154,193)	339,980
Less: Comprehensive income attributable to non-controlling interests	(5,446)	(37,020)	(32,922)	(62,246)
Comprehensive (loss) income attributable to stockholders of Teekay Corporation	(169,215)	187,563	(187,115)	277,734

Table of Contents

TEEKAY CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(all tabular amounts stated in thousands of U.S. dollars, except share data)

1. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited interim consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (or *GAAP*). They include the accounts of Teekay Corporation (or *Teekay*), which is incorporated under the laws of the Republic of the Marshall Islands, and its wholly-owned or controlled subsidiaries (collectively, the *Company*). Certain information and footnote disclosures required by GAAP for complete annual financial statements have been omitted and, therefore, it is suggested that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended December 31, 2009, included in the Company's Annual Report on Form 20-F. In the opinion of management, these unaudited financial statements reflect all adjustments, of a normal recurring nature, necessary to present fairly, in all material respects, the Company's consolidated financial position, results of operations, and cash flows for the interim periods presented. The results of operations for the three and six months ended June 30, 2010, are not necessarily indicative of those for a full fiscal year. Significant intercompany balances and transactions have been eliminated upon consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Given the current credit markets, it is possible that the amounts recorded as derivative assets and liabilities could vary by material amounts.

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current period, primarily relating to the reclassification of unrecognized tax benefits of \$40.9 million at December 31, 2009 from accrued liabilities to other long-term liabilities in the consolidated balance sheets, and certain crew training expenses of \$3.5 million and \$6.9 million, respectively, for the three and six months ended June 30, 2009 from general and administrative expenses to vessel operating expenses in the consolidated statements of income (loss).

Adoption of New Accounting Pronouncements