Operator: Ladies and gentlemen, thank you for standing by and welcome to the Teekay Shipping Corporation third quarter 2005 earnings release conference call.

During the presentation, all participants will be in a listen-only mode. Afterwards, you will be invited to participate in a question-and-answer session. At that time if you have a question, you will need to press star one on your touch-tone telephone. As a reminder, this conference is being recorded.

Now for opening remarks and introductions, I would now like to turn the conference over to Mr. Bjorn Moller of Teekay Shipping Corporation. Mr. Moller, please go ahead, sir.

Scott Gayton: Before Mr. Moller begins and before I read the forward-looking statements, I would like to direct all participants to our Web site at www.teekay.com where you will find a copy of the third quarter 2005 earnings presentation. Mr. Moller and Mr. Evensen will review this presentation during today’s conference call.

I will now read the forward-looking statements. Please allow me to remind you the various remarks we may make about future expectations, plans and prospects for the company and the
shipping industry constitute forward-looking statements for purposes of the Safe Harbor provision under Private Securities Litigation Reform Act of 1995.

Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in our most recent annual report on Form 20-F dated December 31st, 2004 on file with the SEC.

I will now turn it over to Mr. Moller to begin.

Bjorn Moller: Thanks, Scott, and good morning ladies and gentlemen. Thanks for joining us. I’m pleased to report to you on our results for the third quarter, and let me begin with the highlights on slide number three.

We recorded net income of $42.7 million or 52 cents per share. Our Aframax fleet earned $24,850 to date, reflecting a seasonal dip in rates, but still representing a good rate level from a historical viewpoint.

In October, we saw a strong rebound in tanker rates, setting the stage for a break from winter market.

During the quarter, Teekay was awarded two major long-term LNG projects in Qatar and Indonesia.

Yesterday, we announced plans to sell to Teekay LNG Partners the three Suezmax tankers we have on long-term charter for Conoco-Philips.

We increased our annual dividend by 51 percent to 83 cents a share, linked to the predictable and growing dividends we receive from Teekay LNG Partners, and we continued our aggressive
share repurchase program, which has seen us buyback more than 14 percent of our shares over the past year.

This morning, I will review the market and the key developments in each of our business segments, and Peter Evensen will discuss our financials before we open it up to questions.

I'll start the market overview by highlighting the development in tanker rates. Slide number four is the weekly plots from Aframax rate for 2004 and 2005 year-to-date. It shows that charter rates this year have followed a typical seasonal pattern with a weaker market during the spring and summer quarters.

As the red line shows, this same seasonality has now led to rates rebounding strongly in the fourth quarter with October rates more than twice the average in the third quarter, and you can see that we are now tracking towards last year’s market where Clarkson Aframax rates averaged over $80,000 a day in the fourth quarter.

What’s unusual about this year is that due to the particular effects of the recent hurricanes, the Aframax segment is leading the current upturn in the tanker market with Aframax rates, at times, exceeding those of larger ships during September and October, whereas in 2004, it was the VLCCs that led the market upturn.

However, as always, these short-term differences tend to quickly even out, and we’re now seeing all of the major segments moving upwards in concert.

On slide number five, we look at what’s driving rates upwards this quarter. As we’ve seen in the past, the tanker market tends to thrive whenever disruptions occur, and over the past two months, the three major events listed on this slide have helped kick start the turnaround.
Firstly, hurricanes Katrina and Rita caused an increase in (ten mile) tanker demand in a number of ways. For example, through cross-trading of different grades of crude oil over longer distances, higher U.S. crude oil and product imports to replace the loss of domestic production, increased oil flows into and out of Asian refineries in response to global product requirements, and some tankers being tied up for storage purposes.

Secondly, there was a series of port delays affecting available tanker supply, which included hurricanes caused port delays and led to diversion of cargos to alternative destinations. A French port strike in late September, which tied up 30 tankers. And the beginning of the season where transit delays occur through the (Bothro) Straits due to nighttime sailing restrictions.

And the third event was that high natural gas prices have caused some industrial users to switch fuel to oil instead of gas, thereby driving up tanker demand.

However, we know that from the past, unless it is supported by healthy market fundamentals, the impact of such events tend to be very short-lived. And fortunately, fundamentals are indeed in very solid condition right now for the reasons outlined on the bottom or slide number five, namely the continued good economic growth in the U.S. and China, the principal drivers of global oil demand growth, entering the season of peak global energy consumption, OPEC oil production running at an all time high, North Sea production having returned to normal levels after the end of the maintenance season, and while scrapping remained low, an increasing number of tankers exiting the (access) fleet permanently to serve on offshore oil fields, and a fourth quarter world fleet utilization projected to be close to 90 percent, a figure which represents full utilization. Certainly the rate spike we’ve already seen confirms the high utilization this quarter.

On our July call, we predicted a good winter market based on how we saw market fundamentals stacking up at that time. Now that we are getting an additional boost from market dislocations,
things look even better, and we appear to be in for another winter of exceptionally high tanker rates.

Looking at the tanker market outlook for 2006 on slide number six, we expect market fundamentals to remain finely balanced for the year as a whole. Tanker demand growth looks promising based on the positive economic outlook from the (IMF) and the projections of about average oil demand growth by the (IEA). The necessary production increases are, indeed, expected to met by a combination of OPEC and non-OPEC oil. We expect the high demand for product tankers to continue due to refinery bottlenecks.

On the tanker supply side, Clarkson is projecting a slow down in new tanker deliveries compared to this year. We expect to see a continued exit of ships for use in offshore in addition to some scrapping.

And on top of the changes in physical supply, we expect the effective supply to become strained by the widening discrimination against older single hull tonnage. This is especially true for Aframaxes and smaller size ships which have more frequent port calls.

Overall we believe that the stage is set for a continued tight tanker market next year with rates remaining above their historical average. We expect to see the usual volatility through the seasons, but we view the risk as being to the outside, in particular in the event of further unexpected supply chain disruptions.

Turning next to the developments in our main business segments, I'll start with our spot tanker segment on slide number seven. Our spot Aframax earnings averaged $24,850 a day, moving down from $34,000, $34,500 a day last quarter, in line with changes in the open market.
Our Suezmax fleet earnings dropped to $24,600 per day, down from 42 and a half thousand last quarter. The decline was mostly due to the weaker market, although we did slightly under perform the benchmark because of the $3,000 a day drag effect of an out of the money fixed rate contract.

Our spot crude oil fleet declined by three ships through the sale of one single hulled tanker and the redelivery of two (inch other) tankers at the end of their contract.

Subsequent to the end of the quarter, we agreed to sell our remaining single hull Aframax spot tanker for delivery in the current quarter, and after the delivery of that vessel, our owned spot tanker fleet will be 100 percent double hulled.

On slide number eight, the employment of our growing fleet of large and medium range product tankers consists of a combination of spot trading and fixed rate contract (of a freightment). Our spot trading ships benefited from the strong rise in spot rate that occurred in the aftermath of hurricane Katrina. On a blended basis, this part of our fleet earned $27,350 a day in the third quarter. And during the quarter, we continued to grow our precision in the product tanker sector with the delivery of another LR2 Newbuilding. We also (in) chartered one (MR) product tanker and redelivered another vessel in (inch other) vessel.

In October, we declared an option to convert an existing Aframax Newbuilding order to LR2 specifications, bringing our order book of large product tankers to three units.

Next, I’ll cover our fixed rate tanker segment on slide number nine. Cash flow from vessel operations was 59.6 million in the quarter, down from the previous quarter as we entered the traditionally weakest quarter in the utilization of our shuttle tanker fleet due to seasonal oil field maintenance, however, one time factors in an off sea cost us 12 cents per share in the quarter as well. Peter will describe these variances during his comments.
We expect shuttle utilization and revenues to recover in Q4 in line with peak seasonal oil production. In terms of new business, a highlight in the quarter was our first ever shuttle tanker contract to serve an offshore platform in deep water Gulf of Mexico. While expected to last only a couple of months, this charter is expected to demonstrate that dynamically positioned shuttle tankers provide greater flexibility in the aftermath of the hurricane than sub-sea pipelines, which is the current preferred off take solution. This charter underscored the growing potential for expanding our shuttle tanker franchise outside of the North Sea.

You will recall that last quarter we secured our first ever shuttle tanker contract in Australia.

During the quarter, we sold a surplus 1981 built (pana max) shuttle tanker for an offshore project, with the vessel having subsequently delivered to its new owners in October.

During the quarter a Suezmax Newbuilding joined the fleet and commenced a long-term fixed rate charter.

And finally, we announced yesterday the intention to sell to Teekay LNG Partners three Suezmaxes currently serving on long-term fixed rate charters for Conoco-Philips. The driver behind this transaction remains the same as the initial floatation of Teekay LNG, namely to place assets that product long-term stable cash flows in the hands of those investors who most highly value these asset characteristics.

On slide number 10, the cash flow from operations, vessel operations our LNG segment was 17.7 million, unchanged from the previous quarter.

During the quarter we secured two major new strategic LNG projects. On July 27th, we announced that we had been awarded 20 year fixed rate contracts covering two 155,000 cubic
meter ships of the tanker LNG project in Indonesia with Teekay holding 70 percent interest in the ships.

On August the 2nd, we announced that we had been awarded 25 year fixed rate contracts for four 217,000 cubic meter ships for the (rave gas three) project in Qatar with Teekay holding at 40 percent interest in the ships.

Teekay currently receives approximately 10 million in quota distributions from Teekay LNG. This amount is expected to grow steadily as Teekay LNG acquires accretive projects.

Before I hand it over to Peter, given the current positive outlook for the market and for all of Teekay’s business segments, let me take you through how we think about the use of our strong cash flow and how this fits in to our overall strategy.

Over the past couple of years, we have steered clear of buying historically high priced (secca collapses) which we felt offered inferior risk reward characteristics over their investment life. During the current high cycle, we have nevertheless been able to upgrade our spot fleet to an all double hull configuration. We have done this by gradually selling our single hull ships at high prices, taking delivery of Newbuildings ordered during the low and mid-cycles and maintaining an access in charter strategy.

While in retrospect, we may have adopted this view a little too early in the cycle, directionally we remain comfortable with the overall strategy.

Most other companies in the tanker sector relay entirely on the ups and downs of the spot market. As we’ve described in the past, our mix or fixed rate businesses and our significant operating leverage towards the spot tanker market provide us with the flexibility at any given time to direct our cash to where we see the best risk adjusted returns.
Over the past couple of years, we’ve chosen to use our cash on a combination of profitable fixed rate projects, debt reduction and the return of capital to shareholders. During this time, we have built the world’s fifth largest independent LNG shipping franchise, we have brought our debt to the low end of our target range, we have almost doubled our regular dividend payment, and we have repurchased 14 percent of our shares. We intend to continue our strategy of strict capital discipline, but we remain ready to reinvest in our spot tanker business at the appropriate time.

The listing of Teekay LNG has confirmed that investors value stable, profitable businesses at a much higher cash flow multiple than cyclical businesses. Teekay is today being valued as a purely cyclical business, while, in fact, fixed rate businesses make up the majority of our activities.

On slide number 11, we show our updated sum of the part calculation. As shown on the left, our fixed rate tanker segment is worth $27 a share based on the 10 times multiple of the expected normalized (CFEO). In the middle, you’ll see the $8 (60) per share relating to the current market value of ownership in Teekay LNG and the $3 per share from our other assets. The value of these three components alone add up to $38.50, or roughly the level where Teekay shares have been trading in recent weeks.

What this means is that when Teekay shares trade at $38.50, investors are effectively ascribing zero value to our industry leading spot tanker franchise. With Teekay shares representing such a compelling investment, I’m sure you can see why we continue to aggressively buy back our shares.

I’ll now hand it over to Peter to discuss our financials.
Peter Evensen: Thank you. I would like to remind you that when discussing Teekay Shipping’s result for the quarter that the consolidated balance sheet and income statement of Teekay continues to include 100 percent of Teekay LNG in each individual line item of our statement.

The 22 percent public interest in Teekay LNG is reflected in the Teekay statements as minority interests on both the balance sheet and income statement.

As Bjorn indicated, our net income this quarter was 42.7 million or 52 cents per share, which includes a number of items that, on a net basis, had the effect of increasing net income by 8.1 million or 10 cents per share. Excluding these items, net income would have been 34.6 million or 42 cents per share for the quarter, which is slightly above the consensus estimates.

Looking at the operating results for each of our segments on slide 12 of the presentation, overall, cash flow from vessel operations for the third quarter decreased to 106 million from 206 million in the third quarter of 2004. The contribution from our spot tanker segment decreased to 28.7 million compared to 129.5 million in the third quarter of 2004. This decrease was due primarily to a decline in spot tanker rates, a 23 percent net decline in revenue days resulting from the sale of our older single hull vessels during the past 12 months, including one spot trading vessel sold in the current quarter, which was only partially offset by the delivery of Newbuilding.

Our spot Aframax fleet earned an average TCE rate of 24,800 per day in the third quarter of 2005, down from 31,700 per day earned in the same period last year.

Our fixed rate tanker segment generated 59.6 million in cash flow from vessel operations during the third quarter compared to 63.6 million in the third quarter of 2004. The decrease was primarily due to lower utilization of the shuttle tanker fleet because of longer than normal seasonal maintenance of offshore oil facilities and the delayed start up of certain fields in the North Sea as well as waiting time incurred in the redeployment of two shuttle tankers and some
sub-sea equipment. Given the higher than normal seasonal drop in utilization, we took the
opportunity to perform additional maintenance on our shuttle tankers.

For the fourth quarter, we expect the cash flow from vessel operations for the fixed rate tanker
segment to rebound and return to a level similar to what we saw in the second quarter in the low
$70 million range.

Our fixed rate LNG segment generated 17.7 million in cash flow from vessel operations during
the third quarter compared to 12.9 million in the third quarter of 2004. This increase was mainly
due to the delivery of one LNG Newbuilding in December of last year.

Turning next to slide 13 and reviewing the remaining income statement figures in comparison to
the third quarter of 2004. The results for the third quarter of 2005 included a gain of 8.6 million
from the sale of an older vessel. General and administrative expenses were 40.6 million
compared to 29.1 million in the third quarter of 2004. This increase is primarily the results of the
appreciation of non-U.S. dollar currencies, higher accruals for performance based bonuses, and
the additional cost associated with Teekay LNG Partners. We currently expect G&A expenses to
run at this level for the remainder of the year.

Net interest expense decreased to 21.3 million in the quarter from 29.3 million in the third quarter
of 2004, primarily due to the reduction in interest expense from the repayment of debts over the
past 12 months and the settlement of interest rate swaps in connection with the IPO of Teekay
LNG.

We recognize the net income tax recover at two million this quarter compared to an income tax
expense of 8.1 million in the third quarter of 2004 due primarily to the corporate reorganization of
some of our shuttle tank operations earlier this year, as well as the tax shields from interest
expense deductions from inner-company loans within Teekay LNG’s Corporate structure.
Other losses this quarter included foreign exchange gains of 2.8 million, net of the minority interest share of these gains, primarily resulting from the foreign currency translation gains relating to the company’s Euro denominated debt. In addition, we incurred a loss of 1.3 million from the repurchase of 8.3 million of our 8.875 percent bonds. We recorded minority interest expense at 5.4 million and miscellaneous income of 2.7 million.

Turning to slide 14, we have presented our September 30th, 2005 balance sheet and compared it with the June 30th, 2005 balance sheet.

Advanced on Newbuilding contracts has increased 77 million from 260 million at June 30th to 337 million at September 30th, primarily due to further advances made on Newbuildings, partially offset by a reduction due to the delivery of two Newbuildings during the third quarter. Minority interest has increased 58 million to 219 million at September 30th from 161 million at March, at June 30th. This increase is primarily the results of the net proceeds we received from the equity from our joint venture partners towards the construction of our LNG carriers.

Treating the mandatory exchangeable preferred issue as equity and net of restricted cash, net debt to capitalization was 38 percent at the end of the quarter, an increase from 34 percent at the end of the prior quarter. This increase is primarily due to the payment of Newbuilding installments and our share repurchase.

As a reminder, please note that the interest expense associated with the debt relating to our advances on Newbuilding contracts, which was 337 million as of September 30th, is capitalized and not expensed in the income statement.

Our total liquidity at September 30th was over $1.1 billion.
Turning next to slide 15, since November of 2004, we have announced a series of three share repurchase programs authorized by our board. To date we have successfully repurchased 11.8 million shares at a cost of 505 million in connection with those programs. If the remaining share repurchase authorization of approximately 98 million is completed at an average price of $39.44, which was Teekay’s closing stock price on November 1st, we will have repurchased over 17 percent, or 604 million of our outstanding shares since November 2004 when our first share repurchase was announced.

When you also consider the $60 million of dividends we will have paid over the same period, we will have returned $665 million to our shareholders over a 12 month period. The execution of our share repurchase program not only reflects the strength of our balance sheet and the strong cash flows, but also demonstrates our strong view of the underlying value in our stock price.

In addition, on September 13th, we announced a 51 percent increase in our quarterly dividend, bringing it to 20.75 cents per share per quarter, representing the third consecutive annual increase in our dividend. This reflects the growth of our business segments, the stability of our cash flow, and the success of the IPO of Teekay LNG Partners, from which Teekay is receiving regular cash distribution.

As we’ve indicated earlier, we will continue to review our dividend in light of future increase in cash distributions Teekay may receive from Teekay LNG and the growth in our other business segments.

We’ve also been repurchasing our highest cost debt, our 8.875 percent bonds. For the nine months ending September 30th, we have repurchased 65 million of the $350 million that was outstanding at the beginning of 2005.
Turning next to slide 16, we retain significant operating leverage in our spot tanker segment. Our EPS rule of thumb is unchanged. Our next income breakeven, Aframax TCE rate for the fourth quarter is estimated to be approximately $15,000 a day. As a result of the share repurchases over the past six months, our operating leverage has increased from 5.5 cents to six cents per share per quarter. This means for every 1,000 per day increase in Aframax rates, our earnings per share increase by approximately six cents per quarter.

Looking at the fourth quarter, rates have gradually increased as Bjorn mentioned, and we’ve fixed approximately 50 percent of our (spot voyage days) at an average Aframax TCE of approximately 37,000 per day. However, current Aframax spot rates are in the range of 50 to $80,000 per day.

In addition – excuse me – Teekay has agreed to sell to Teekay LNG three Suezmax class crude oil tankers and related long-term fixed rate charters for an aggregate price $180 million. These vessels have an average age of two years. Teekay LNG intends to finance the acquisition with the net proceeds of a proposed public offering of its common unit, together with a combination of borrowings under its revolving credit facility and cash balances. Teekay LNG has filed a registration statement with the U.S. Securities and Exchange Commission for the public offering and the acquisition of the vessels will take place upon the completion of the offering.

As part of Teekay LNG, these three vessels will continue to be consolidated within Teekay’s financial results. However, interest expense will decline by an amount roughly equal to the increase in minority interest expense related to Teekay LNG.

I will now turn the mike over to Bjorn to conclude.

Bjorn Moller: Thanks, Peter, and thanks so much for listening in, and we’ll hand it over to you for your questions now.
Operator: Thank you. Our question-and-answer session will be conducted electronically. If you do have a question or comment at this time, we do ask that you please signal us by pressing the star key followed by the digit one on your touch-tone telephone. Once again that is star one on your touch-tone telephone at this time. We do ask those participants who are using speakerphones to please make sure that your mute function is turned off so that your signal can reach your equipment. And we ask that anyone who is using a hands free phone or a speakerphone, once again, to please pick up the handset when asking your question. And we’ll pause for a moment to assemble our roster.

Our first question will come from Jonathan Chappell with JP Morgan.

Jonathan Chappell: Thanks, good morning, guys. Bjorn, everyone things that Teekay is a crude carrier Aframax player, but you have a lot of time chartered in product tankers. Can you talk a little bit about the market for chartering in further product tankers? Is it financial feasible right now given the way that the spot market’s moved? And also can you help us think about your spot market versus time charter exposure on a large product versus a small product tankers?

Bjorn Moller: Sure, well I think, you know, clearly that the strategy, as you can see on the numbers of our product tankers as it has grown over the last two years, it’s been a sort of organic growth approach. Once we acquired Navion, we built on that base. And using the various customer relationships we have, and we’ve ordered as a total of four LR2s, one of which was delivered this last quarter.

And the in charter market, of course, became quite frosty here after the hurricanes, so we actually had chartered in several ships earlier this year at rates that were quite (full) that we felt, but nonetheless represented reasonable value. It turned out they were very good value, but of course it also meant that owner (time shot ideas) jumped quite a bit. So I’d say the window is shot right now for anything that makes a lot of sense. And, but I think, you know, we have to
consider that it’s another element of following our customers, that we offer them the product transportation. So this is a future growth area for us.

Jonathan Chappell: Of the nine large and medium product tankers and the 11 small product tankers that you have in your vessel breakdown in the press release, how many of those 20 extend through 2006? And what’s the spot market exposure of those 20 vessels?

Bjorn Moller: Well we have a segment of a sizable fleet of smaller ships where the, you know, the smaller segment of in charter, that’s relatively long, that life charters, say three to five year average. The larger segments, we own a few of the ships, but most of them are, on in charters ranging from the one year to there’s the odd kind of six, seven year charter in there of an LR2. But it’s a relatively short, you know, short charter strategy.

Jonathan Chappell: OK. And then finally, given the pace that you’ve been buying back your stock, it seems that this 98 million that’s remaining on the authorization should be completed by year-end. When is the next board meeting, or could you authorize another share repurchase without a formal board get together?

Bjorn Moller: We have frequent contact with our board, and they are certainly available if we ever felt a need to consult them. But you know, we, I think, have demonstrated our, you know, our focus on shareholder value. And if we see that is the way to proceed then we’ll act on it.

Jonathan Chappell: OK, thanks Bjorn.

Operator: We’ll go next to Harvey Stober with Dahlman Rose.

Harvey Stober: Yes, the first question is a comment on slide six regarding refining bottlenecks as persisting in the short-term. What are you seeing in that? Is that, you know, most people are
looking at that as sort of the stop gap or the problem in the whole sector for an extended period of time that may restrict usage of crude oil. What are you seeing more specifically behind that?

Bjorn Moller: Well what we’ve seen, according to our data, is that you had about 30 percent of the U.S. refining capacity shut in immediately following the hurricane situation, and you had about 20 percent of U.S. crude oil production. Out of those short, out of those outages, it looks like, something like 80 percent of the refineries are back up, 80 percent of the refineries that were affected. So (a growth in) small percentage remains, whereas on the crude oil side, only about a third of the outages are back on stream. And what this means is, in our view, that there will be an increased movement of crude oil imports to the U.S. because of that shortfall, so that’s very positive for the crude oil (10 mile) demand.

However, because of the consistent need for imports of products to backfill that remaining gap, as well as, you know, the general growth in product demand and the fact that there isn’t any particular spare refining capacity, you know, you are going to see a lot of product moving from various locations, including further field locations than you’ve seen in the past for some foreseeable future.

Harvey Stober: OK. Then on the inventory side, crude oil inventories in the U.S. sector, obviously it’s not the whole world, have approached or exceeded 10-year highs by certain measures. How, obviously some of these dislocations have been as the result of the hurricane, but are you seeing any changing demand patterns as a result of that near-term? Or are there dislocations that you see will be reversed to offset any potential weakness?

Bjorn Moller: I think the (fleet), the driver of pricing of oil has been product need not crude oil inventories, so I think crude oil has ((inaudible)) by any stretch, it simply gets a bottleneck on refining. So, you know, I feel that obviously there’s been some temporary reduction in regional demand for product in the U.S., but that isn’t, I think, part of the fundamental picture. In fact, we expect the
recovery in the gulf region will be, you know, stimulative to the economy in general in the U.S.
and therefore to product demand long-term.

Harvey Stober: OK, thank you very much.

Operator: We’ll go next to John Woodbury with Independence Capital.

John Woodbury: Hey guys. I just needed to get my hands around a couple of numbers. Is it reasonable to look at your, some of the parts page and say that, you know, in one sense one could say that your net (gut) would be the combination of 627 and 279 because if you sell down your ownership stake – not to imply that you would – you wouldn’t be consolidating any of the debt at Teekay LNG. Is that correct?

Male: That is correct, yes.

John Woodbury: OK. And so if I take the aggregate value of those two properties, I guess that gets to about 950. So in effect, one could say that you’re a net cash company at this point, if you look at it that way.

Male: No because we have 900 million of net debt.

John Woodbury: OK. But you also have a publicly monetized value that’s, you know, close to that amount.

Male: Yes, so we have 900 million of net debt, and we have on the …

John Woodbury: … 950.
Male: … $700 million …

John Woodbury: … and then other assets, OK.

Male: Yes, that’s correct.

John Woodbury: And I guess what I want to do is sort of just get a sense for your appetite to continue to repurchase shares. I would assume that you’re probably close to, you know, you may or may not want to complete the two and a half, but I guess that would get you about 80 million shares, and the family, I think, has about 32. Is there a point in time when you really say, OK, we’ve bought enough stock?

Bjorn Moller: I think that we look at the options that are available to us, which is to acquire assets that have a good risk reward profile on the investments. We obviously are focused on, you know, not investing if we don’t think it’s a reasonable risk return profile, and then we’ll return capital to shareholders if we have excess capital. I think the best guidance I can give you is, you know, we expect there will be lots of growth opportunity in Teekay and our various segments over time, and we’ll stand ready to act with our deep liquidity. But we’re not, as you’ve seen, we have no intention of sitting back and hording the money if there’s no direct investment opportunity for them.

John Woodbury: Now the sale of the Suezmax, that’s doesn’t have any, that’s not going to take your net debt down? You’re just going to be taking in 180 million of cash, is that right?

Male: Actually that will, we will, Teekay shipping will receive 180 million, so on the sum of the parts valuation it will have that effect, but on a consolidated basis, it will not.
John Woodbury: Sure. But there’s not, you’re just getting – I mean if I think about the transaction the right way, you’re selling 100, you’re receiving cash of 180. There’s no debt that you’re also reducing on your balance sheet.

Male: Well the equity offering will of course, the equity offering in Teekay LNG of approximately 120 million will, of course, increase, or decrease the total debt.

John Woodbury: Sure. So I should take the 950 of the next debt that I would use, taking the spot in the fixed, and reduce that by 180?

Male: Yes, by approximately 60.

John Woodbury: OK, well thanks.

Male: Thank you.

Operator: We’ll hear next from Philippe Lanier with Banc of America Securities.

Philippe Lanier: Yes, good morning. A couple of questions, first of all, just on the U.S. Gulf market, as I understood it, part of the tightness there is that some of the Venezuelan and Mexican crudes were being shipped across the Atlantic as opposed to the U.S. refineries, and now that Pascagoula should be up and running soon and some of the other refineries, are you already seeing a shift back to the normal trade of those crudes to the U.S.?

Bjorn Moller: Yes, we are seeing kind of the emergence of that, but it still is disrupted somewhat, and it is, obviously, as you point out, those particular types of crude oil, which are normally very short haul. Any relocation or any re-destination of that crude is quite accretive to ton mile demand, especially since other refineries are importing lighter crude from West Africa at a greater pace to
backfill because some of the less sophisticated refineries, of course, now have sort of a heyday, an ability to process more while other refineries are down. So yes, those events are still ongoing, but it is, you know, presumably a temporary thing.

Philippe Lanier:  Great. And then secondary question still is in the gulf, and I recognize that some of your contracts are confidential, but could you give a little bit more light as to that shuttle tanker business you were talking about and how long it might last?

Bjorn Moller:  It will probably be two to four months. It involves, you know, using our dynamically positioned shuttle tankers to take oil off the platform instead of it being piped ashore. Interestingly, it wasn't the pipelines that were damaged, it was the shore tanks out of commission due to flooding and electricity outages. So I guess it’s interesting that even if a pipeline isn’t damaged, it doesn’t afford the flexibility of handling the oil because it’s part of an integrated chain, whereas a shuttle tanker is a discreet unit that can, you know, redirect and move and avert bad weather and, you know, move oil into new locations. So it’s quite an interesting test ground really for us to demonstrate that.

Philippe Lanier: And it’s at the similar pricing to your regular business?

Bjorn Moller: It is. It’s our shuttle business, yes.

Philippe Lanier: All right. And then just one third question, just very detailed on the model. I noticed that you guys don’t specifically break out a minority interest line related to your ownership of Teekay LNG. The way I’m doing it is I’m calculating something around two million. Is that correct? And is that reported in the other line?

Peter Evensen: You’re calculating two million for?
Philippe Lanier: For the third quarter. It’s somewhere between two and two and a half million.

Peter Evensen: Yes, it would be more closer to three to four million.

Philippe Lanier: And is that a component of the other line. Is that where it’s buried?

Peter Evensen: Yes.

Philippe Lanier: OK, great thank you.

Operator: We’ll hear next from Justin Yagerman with Wachovia Securities.

Justin Yagerman: Hey, good morning, gentlemen.

Male: Hey, Justin.

Justin Yagerman: I wanted to just get – is the in charter market, right now, becoming more competitive as more people are looking to kind of diversify their asset exposure?

Bjorn Moller: Are you referring to any particular market or in general?

Justin Yagerman: Just in general. I mean what are you seeing in terms of the competitive landscape and the different markets that you participate in?

Bjorn Moller: Well I guess the, a characteristic of the in charter, (fine charter) market is that it obviously moves less dramatically than the spot market, but it certainly kind of tends to, it trends in the same direction. So when you have a real surge in rates, as we’ve seen here in the fourth quarter, of course, it immediately galvanizes people’s view on how much the ship should be worth as they
charter them out. So we are seeing, you know, some firmness in that area. But then again, it didn’t go down …

Justin Yagerman: What currently, I mean when you look out over the next, I guess, 12 months of so, what’s your asset value outlook in the crude market and maybe in the product market as well?

Bjorn Moller: In terms of vessel values, we expect to see continued firmness as there are very few willing sellers out there. The shipyards continue to be very busy, so you’re not going to see a significant erosion, we believe, in the price of new ships, but even if you were to see that, that’s a cost for delivery three years hence. So people who want to acquire assets for more prompt delivery, you’re going to pay into the current strong market. So I see quite firm asset values going forward.

Justin Yagerman: OK, and then just kind of a technical question, in terms of the joint ventures that are relating to the LNG ships for tanker and (raz guz three), are those currently held in as part of Teekay Shipping or part of Teekay LNG?

Peter Evensen: Those are held as part of Teekay Shipping. They, Teekay LNG, they will be offered to Teekay LNG to purchase.

Bjorn Moller: And if they accept, then the effectiveness will occur when the ships complete their construction and deliver ready to enter into their contracts in 2007 and eight.

Justin Yagerman: So I guess that would be a similar transaction to what we’re seeing right now on the Suezmax, on the Suezmaxes that are going to Teekay LNG?

Peter Evensen: That’s correct.
Justin Yagerman: OK, and so it would be probably another source of some cash in the door for your guys?

Peter Evensen: Yes.

Justin Yagerman: I guess with those kinds of opportunities out there and with the liquidity that you have right now, is it an attractive time to kind of consolidate more market share than you have in your different asset classes? Or are you looking at other asset classes to get into and kind of how do you think about that going forward?

Bjorn Moller: I guess the discipline is about trying to avoid paying at the top of the cycle for cyclical assets. I mean buying assets that are employed on long-term fixed rate contracts, theoretically you can buy them at any point during the cycle if you can link up the price of the vessel with the value of the contract. Of course, there’s a bit of variation on that front as well, but it’s less sensitive. It’s more on the spot five assets where, I guess, we have held back acquiring what we think are historically high priced spot assets in the last 12 months, and you know, we see those asset prices being still quite high. But we will continue to monitor that, you know, relative to our local, our view of the market and asset prices.

Justin Yagerman: I mean, but are you comfortable with your competitive position in those spot areas where you compete?

Bjorn Moller: We think so. Our flexible in charter strategy, we’ve been able to keep our fleet numbers up. They have fallen, as you’ve seen, but I guess we certainly are very active whenever a window opens for us to take exposure in the in charter market where we can afford to be a bit more aggressive than when it comes to buying assets. So through our in charter strategy, you know, we will expect to continue our fleet to be a significant size in the spot market, and certainly we have a significant customer base to service, and we’ll make sure we keep doing that.
Justin Yagerman: Thank you very much.

Operator: We'll go next to John Kartsonas with Citigroup.

John Kartsonas: Yes, good morning. A couple of questions. First of all, in your guidance (in your) ((inaudible)) I guess is very similar to the second quarter guidance, and if you apply it to this quarter, you breakeven levels looks like closer to 18,000. Where is the discrepancy there? What am I missing?

Male: Well we see closer to 15,000 when we're looking at it. What's happened is that we've time chartered in more ships, so that's raise the breakeven, and we sold some other vessels. But on the other hand, we've repurchased shares. The issue, if you're moving to 18,000 (will in fact) the fixed rate segment was abnormally low this quarter, which is why we had – if you look at it on a quarterly basis – a higher breakeven this third quarter.

John Kartsonas: Fair enough. Also on the sale of the three Suezmaxes, obviously these vessels, you know, if you put them in the market they can get a higher price. How did you set up the 180 million sales price?

Male: Well the, obviously if the ships were on a charter free basis, they would be worth more, but these vessels are subject to 10-year charters at a lower charter rate, and that actually is holding down the value of them because they, well, that gives a defined cash flow, so on a discounted cash flow basis, you would see this is what the vessels are worth.

John Kartsonas: OK, so for the remaining vessels that you have, the conventional tankers, you would take the same approach to value these assets?
Male: If we were looking at them on a …

John Kartsonas: … on …

Male: … level, yes. But that isn’t necessarily, I mean, when we look at our fixed rate segment, we value it on a multiple of cash flow, as you see in the sum of the parts, and that takes into account all the charter contracts, yes.

John Kartsonas: I see. And finally your cash flow statement on your cash flow for investments and your financing, you have a negative 93 million from investing activities and a positive 61 million on financing activities. What exactly is in these numbers, especially on the investing activities?

Peter Evensen: That’s the amounts that we have put into our – in terms of investing, that’s the amounts that we’ve put into our LNG Newbuilding installment, for example, on (RG3) and tanker that, we look at that. That’s the amount.

John Kartsonas: OK, so it’s like regular (comp tax)?

Peter Evensen: Yes. OK. OK, thank you very much.

Male: Thank you.

Operator: Charles Kornblith with Spencer Capital has our next question.

Charles Kornblith: Hi, good morning, gentlemen.

Male: Good morning.
Charles Kornblith: Quick question, on the three Suezmaxes, what is the locked in free cash flow per year for those ships that you sold for 180?

Male: I would refer you to the SEC document, or the F1 that’s been filed with the SEC. We’re somewhat constrained with how we can talk about that transaction, so I would refer you to the F1 document, which is on sec.gov.

Charles Kornblith: OK, is the number in the SEC docs?

Male: Yes.

Charles Kornblith: Oh OK. I mean one of the questions I wanted to ask was, you know, what cash flow multiple those were sold for, if you could touch on that and if it was different from what you’re valuing the fixed rate business at 10 times that, kind of explain how you think about that. And also, are there any other opportunities to sell more of your fixed rate Suezmaxes to Teekay LNG?

Peter Evensen: Yes, well when you look at the F1, I think you will find that there’s a continuity and a consistency in how we’re looking at the valuation of those. And there are other opportunities, but Teekay LNG Partners is called Teekay LNG because it’s going to expand in the LNG field, and as Bjorn mentioned, there are a number of projects coming in, in 2007, 2008, 2009, so Teekay LNG has its plate full with LNG projects.

Charles Kornblith: Yes, I guess, I was actually surprised to see this transaction. Why did you sell these three ships then if the plate is full in terms of LNG opportunities?

Male: Well I think that the board felt that when they looked at it, for the same reason that there are five Suezmax tankers already in Teekay LNG, which is that that provides a source of stable cash flow, the same long-term cash flows which Teekay LNG has, and that provides us cash flow which will
help Teekay LNG take on more projects of, more LNG projects. So that’s what the five LNG – excuse me – five Suezmax tankers are presently doing in Teekay LNG and being supplemented with three more that will provide more firepower.

Charles Kornblith: OK, thanks. And then referring to the sum of the parts valuation, are there any other balance sheet assets? You referred to investing in the LNG Newbuilds that would be reflected on the Teekay balance sheet. Is that reflected in the other assets?

Male: Sorry, could you repeat the question?

Charles Kornblith: Sure, the investments in the LNG Newbuilds that Teekay is currently doing that are on the balance sheet, is that reflected in your sum of the parts valuation under other assets? Or is it not reflected in the sum of the parts valuation?

Peter Evensen: That is not reflected. When we look at it, it would be in the net debt, but it’s not reflected. When you look at the increase, for example, some of our Newbuildings are worth more than what we have invested in them due to the general rise in tanker values. We haven’t put that in the sum of the parts.

Charles Kornblith: OK, great, thank you.

Operator: Our next question will come from Stephen Errico with Locust Wood Capital.

Stephen Errico: Hi. Thank you very much. The gentlemen before me asked several of the questions I was going to ask, but I did read the S1, and I get an idea of the incremental cash flow from the Suezmaxes that will go to the LNG partnership. By my calculation, and what no one seems to talk about, and you guys as well in your sum of the parts, is the value of your general partnership
interest. And if I do my math correctly, doesn’t this deal get you guys pretty close to the first incentive break point allocation for your general partnership interest in Teekay LNG?

Peter Evensen: Well that’s your opinion. I’m not at liberty to discuss that due to the pending public offering of shares.

Stephen Errico: OK. My second question is, everyone on this call seems a lot focused on the spot business, but as you say, you know, the fixed rate business, you know, could be worth as much as $28 a share, but the market is clearly not valuing it at that level. What’s to keep you from putting more of your fixed rate assets either into Teekay LNG partners or perhaps setting up another MLP like structure, like double hull tankers, which just came public, to get the, you know, the 10 multiple that you guys are talking about because, also on the flip side is because you own this GP interest, you get a double benefit, not only do we get to revalue those assets at a higher level, but we actually get to keep a significant portion of those cash flows through our general partnership interest. And I wanted to get your thoughts on that.

Peter Evensen: Well I think you bring up a good point that in our sum of the parts valuation we haven’t put any valuation for the general partner interest going forward. To go to your biggest point, we have elected right now, as Bjorn said, as part of our strategy to close this gap, to repurchase shares, you have the sale of these three vessels, speaking from Teekay’s point of view. So there isn’t anything that would prevent us from closing this gap if investors don’t close it for us by having recognized the values that we’ve pointed out and seeing that we are aggressively repurchasing our shares, which is a vote that the board is saying that they’re not happy with this gap.

Stephen Errico: Peter, if the market did not close that gap for you – this is a hypothetical – would the, would the title of Teekay LNG, being that it’s got LNG in the title, keep you from putting other non-LNG fixed rate business in there to where it could become a much larger percentage? Or would
you feel obligated to start, you know, to perhaps create a new structure? And then a follow up question which relates to – I just assume you’re having a hard time finding better investments than your own stock right now on the spot market because in effect you’re buying a spot business for free. And I just kind of, I think I know the answer to that, but I just want to hear you acknowledge that because I sense a tone that you might be more interested in buying assets, and that’s a tone I haven’t heard, you know, in previous calls.

Bjorn Moller: Well I think to answer your first question, I guess you’re suggesting something that is speculative at this point, what we might do if we don’t, you know, manage to close that gap. So why don’t we deal with that if we get to that bridge? I think we’re demonstrating a significant focus on shareholder value creation and I think that’s the main message on this call and from our actions. And certainly, we do believe Teekay is very compelling value, and we think it’s a great deal and we’re excited that we’re buying the stock back.

Stephen Errico: Thank you.

Operator: Our next question will come from Josh Donfeld with Canyon Capital.

Josh Donfeld: Hey guys. Sort of following up on the same, on the same train of thought as the rest of the last couple of calls, you know, if, let’s say hypothetically you’re buying this, you know, if you’re buying these companies at, you know, at nine times EBITDA, you’d be adding, you know, 20 million of, 20 million of EBITDA to the MLP and about 44 cents per share of distributable cash. And if you sort of capitalized that at the, you know, the five and a half, six percent cap rate that MLP has been trading out, you know, you can make an argument that the MLP shares are worth, you know, 37 or 38 bucks. And Teekay owns, you know, 77 percent of those. Any, you know, any comment on that? I guess you can’t really talk about that, though, based upon sort of your answers to the last few questions.
Peter Evensen: Well thanks for your analysis, Josh, but as you point out, I cannot comment upon that.

Josh Donfeld: OK.

Peter Evensen: Due to the offering.

Josh Donfeld: Great, and then, you know, the other question I would ask is, you know, if you look at this Conoco, these Conoco charters are, you know, below, you know, obviously below market because you’re selling the ships for below a charter free price. If, you know, what opportunities might there be for you to put out your Aframaxes, you know, at rates that charters would view as attractive? And due to the kind of low cost of equity at the MLP, sort of give a charter an attractive rate for a long period of time, and then dump it into the MLP for, you know, an opportunity to take advantage of the cost of equity arbitrage, and are you looking at deals like that right now?

Bjorn Moller: Well we look at that kind of deal all the time, if we have invested $4 billion in fixed rate business and whether you can take an existing, I mean I think the beauty of our business model is we haven’t actually taken our spot assets and put them in long-term charters. We’ve built up fixed rate business in addition to our significant spot business. We intend to be in the spot tanker market, and we intend to build on our fixed rate portfolio.

Josh Donfeld: Right …

Bjorn Moller: … so it’s not an either or.

Josh Donfeld: Right, so you’re saying you have the flexibility both to sort of charter in or charter out your spot or your existing fixed vessels, and there’s really, you know, nothing preventing you from doing, you know, more of these deals other than finding the optimal ones?
Bjorn Moller: Exactly. We have the fixed rate business, which has a growth momentum. We have our spot tanker business, which is the leading franchise, and also we are an established in charter of tonnage, unlike most of our competitors, so I think we have a lot more element to our strategy and much more texture and a way to work in the cycle.

Josh Donfeld: Should we expect to sort of see the pace of these kinds of deals, you know, accelerating where you really leverage the (track) of cost of equity at (TGC) to kind of, you know, accelerate sort of value illumination?

Peter Evensen: Well I think the, as Bjorn said, the listing of Teekay LNG partners has really highlighted this difference of valuation, and Teekay is always searching for where we can get the lowest cost of capital because we have this commercial management organization which turns up a lot of long-term projects.

Josh Donfeld: OK.

Peter Evensen: So absolutely we are looking for where we can find the lowest cost of debt, the lowest cost of equity. I would say – to go to your point on the fixed rate tanker segment, that some of, when you're doing some of these long-term deals, you find that the rates are lower than where the present spot market is. But it's up to Teekay to decide, do we want to take greater rollover risk. And if, and since some of our fixed rate tanker segments are below the market, you can expect that when they have contract rollovers, we can pick up higher cash flows than what we presently have on those.

Josh Donfeld: Right, and then you just put them in at a more optimal time to the lower cost of equity structure.
Peter Evensen: Potentially.

Josh Donfeld: Right. Yes, and I’d like to reiterate my view that it looks like that, just you know, kind of gets you passed the 15 percent splits, which, you know, in my view is really great, and congratulations.

Male: Thanks for your analysis.

Josh Donfeld: Talk to you guys soon.

Male: Thank you.

Josh Donfeld: Good-bye.

Operator: We’ll hear next from Jordan Alliger with Deutsche Bank.

(Sal Vitale): Good morning, this is actually (Sal Vitale) for Jordan Alliger. I have two quick questions.

One, was the number of dry dock days in your Aframax spot rate fleet, was that higher than what you expected for the third quarter?

Male: No. It was, it was there or thereabouts. As I said, we dry docked a few more than what, you know, what we had actually planned on.

(Sal Vitale): OK. And what would be your expectation for the number of dry dock days in the spot fleet for, say, fourth quarter and into ’06? Do you have any sense for that at this point?

Male: I think we’re dry docking one, so it’ll be quite low.
(Sal Vitale): One vessel in fourth quarter?

Male: Yes.

(Sal Vitale): OK. And do you have any sense for what the first and second quarter of ’06 would be at this point?

Male: If you hold on one second, let me …

(Sal Vitale): Sure.

Male: It’ll be about two.

(Sal Vitale): OK, two per quarter, correct?

Male: No, two …

(Sal Vitale): Oh. OK, that’s fine.

Male: … two overall because we have a relatively new fleet now.

(Sal Vitale): OK. And I may have missed this earlier, sorry if I, if you already gave this information. But you said, what percentage of the days for fourth quarter are booked at, was that – forget the rate that you indicated.

Male: That was 50 percent at 37,000 a day.

(Sal Vitale): Fifty percent at 37,000 per day. OK.
Male: But I also added that the present market …

(Sal Vitale): Is at 50 to 80, you said, right?

Male: Yes, 50 to 80.

(Sal Vitale): Fifty to 80. OK. And just a big picture question regarding oil demand growth for 2006, you know, you indicated 2.1 percent for ’06. You know, is there a level of oil demand growth that (should) start to concern you regarding pressure on tanker rates for next year?

Male: In which direction?

(Sal Vitale): Well downward pressure on tanker rates? Do you think that, say, one and a half percent growth rather than 2.1 percent growth would – I mean what kind of repercussions do you think that would have for, say, Aframax spot rates next year?

Bjorn Moller: I think what you are seeing is that, you know, there’s an overlay of, you know, volatility that makes that kind of movement, that subtle movement in oil demand growth. It may not necessarily, you know, get to influence the market that accurately. You have the distance factor that’s changing around, and you have a lot of events. So we think that, you know, there’s a fairly solid set of fundamentals for next year, and with a bias to the upside as we indicated.

(Sal Vitale): OK. Thank you very much.

Operator: And just as a final reminder to our phone audience that if you do have a question or comment please press star one at this time. And we’ll go next to Walter Lovato with Passport Capital.
Walter Lovato: Morning. I just want to congratulate you on following through and being methodical and aggressive on the share repurchase program and adding to the, sort of good analysis presented by some of the previous callers. I think that if you can buy back your own spot vessels at 20 million bucks a vessel, that’s probably the best consolidation opportunity you have out there. And that doesn’t preclude you from doing all the other, sort of operations, which could take advantage of the lower cost of capital.

Male: Thanks, Walter, I agree with you.

Walter Lovato: So I think it’s, I think it’s awesome. One very different question. How much or how significant is the sort of switching out of vessels into sort of (SPFOs)? I mean how big is that and how real is it and do you think that will continue?

Male: It’s been fairly meaningful, and it’s certainly a pace that I don’t recall seeing in the past. We’ve seen that 4.2 million tons of ships being deleted, and I think more than half of those have gone to offshore projects. So I guess Clarkson is reporting it in a little bit of a lumpy fashion because there’s an issue of classification when the ship was sold to the project versus when it actually left the active trading fleet. Sometimes there’s a lead time. But, you know, this is, you know, a not insignificant amount of ships, with all being, you know, 20 plus ships this year.

Walter Lovato: And do you expect that, sort of this pace could continue then sort of because of sort of fundamental demand on the sort of offshore …

Male: Yes, the combination of the amount of offshore and the distance from shore that the, you know, the depth of water in which they’re operating, and the high price making the (inspirational) marginal field more profitable, which of course, the more marginal, the less it makes sense to put in place the pipeline infrastructure. It really lends itself to floating production and storage.
Walter Lovato: Great. Thank you very much.

Operator: We'll go next to Brandi Shaw with Beekman Capital.

Brandi Shaw: Hi, guys. Great quarter. Most of my questions have been answered, but I have a follow up on to see if you can comment or give a little bit more clarity on the out of the money long-term charter that caused the drag down and what kind of expectations we should or shouldn't have for those events going forward?

Male: Yes, it's a charter we've talked briefly about on past calls. It's a fixed rate (CUA) contract (refreightment) which we entered into at the same time as we entered into in charter for tonnage, so the contract was and is profitable. It's just that the average rate that's being yielded by that contract is well below the current market. Because our fleet is quite small in the Suezmax segment is having, you know, a noticeable impact. So is something like 1.5 ships per year equivalent. So it simply is a (paired of) match trade bringing revenues in and employing ships at profits, but when you average it into our overall fleet, it drags down results when the charter market is where it is.

Brandi Shaw: OK, thank you.

Male: Great.

Operator: And gentlemen, there are no further questions at this time.

Bjorn Moller: Great. Thanks so much, and thanks for joining us. And we'll talk to you early in the New Year. Enjoy your day.
Operator: And that does conclude today’s teleconference. We would like to thank everyone for their participation and wish everyone a great day. And now at this time, you may disconnect.

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