Operator: Welcome to Teekay Corporation's third quarter 2007 earnings release conference call. During the call, 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, participants will be asked to press star one to register for a question. For assistance during the call, please press star zero on your touch-tone phone. As a reminder, this call is being recorded.

Now for opening remarks and introductions, I would like to turn the call over to Mr. Bjorn Moller, Teekay's President and Chief Executive Officer, and Mr. Vince Lok, Teekay's Chief Financial Officer. Please go ahead sir.

(Dave): Before Mr. Moller begins, I would like direct all participants to our Web site at www.teekay.com, where you will find a copy of the third quarter 2007 earnings presentation. Mr. Moller and Mr. Lok will review this presentation during today's conference call.

Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from those projected by those forward-looking statements, as a result of various important factors.
Additional information concerning those factors is contained in our earnings release and the earnings release presentation available on our Web site.

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

Bjorn Moller: Thank you, Dave and good morning ladies and gentlemen. Thanks for joining us on today's Q3 Earnings Call. I'm joined here in Vancouver by our CFO Vince Lok and for the Q&A session, we also have our Chief Strategy Officer, Peter Evensen on the line from London.

I'll begin with the highlights for the quarter, which are shown on slide number three. We generated net income on an operating basis of $22.9 million or $0.31 cents per share, reflecting a weaker tanker spot market in the quarter.

Despite lower spot rates, we still generated good cash flow from vessel operations of $135.5 million thanks to our large fixed rate business contributing $112 million of CFVO. Since we last reported on August second, we repurchased almost 1 million of our shares at an average price of just below $55 a share. This still leaves $44 million remaining under our existing authorization.

And we announced our 5th consecutive annual dividend increase, this time by 16 percent. This brings our annualized dividend payment to $1.05 per share, more then twice the level five years ago. And with a continued growth in our fixed rate long-term businesses and increasing distributions, that TEEKAY receives from its MLPs as a result, we expect to continue to regularly review our dividend policy.

Given that fixed rate CFVO accounted for a record 83 percent of our total CFVO in the quarter, I'll take this opportunity to highlight on slide four just how strong the underlying growth trend is in our long-term fixed rate businesses.
Of course, given the drop in our spot CFVO this quarter, the relative percentage of fixed rate of CFVO was always going to be higher this time, but our fixed rate CFVO is growing not only in relative terms, it’s growing rapidly in absolute terms as well, and is headed for another new record this year.

The nine month annualized figure points to us generating an all-time high of $450 million in fixed rate CFVO this year, an increase of 24 percent from 2006 and a quadrupling since 2002. Looking ahead at our order book, we already have a backlog of 16 vessels, additional vessels scheduled to join our fixed rate fleet in the next three years.

Our levels of fixed rate CFVO are unique in the tanker industry. If you’ll turn to slide five, you'll see two other factors that made our fixed rate business unique – mainly the length and the size of our contracts. As shown at the bottom of the table, the average remaining firm contract period is over 13 years, and our locked in forward revenues have now reached $10 billion.

Looking at the amount of coverage in each of our segments, it's also important to note that 85 percent of our forward fixed rate revenues come from segments other than the conventional tanker business. What that says is that our fixed rate revenues are being generated in addition to our spot tanker business, not at the expense of our spot tanker business.

Next, I'll briefly review each of our business segments. On slide number six, we show the key development in our offshore segment. High oil prices continue to fuel the offshore industry and there's a high level of activity in oil field development with approximately 20 new FPSO projects expected to be awarded in 2008. We also anticipate associated new demand for FSOs and shuttle tankers stemming from the high offshore activity. So we expect our offshore businesses will be very busy going forward.
Brazil continues to be one of our key growth markets. In the quarter, we delivered the final of three shuttle tankers on a long-term charter through Petrobras, the SIRI FPSO conversion is on track and is expected to deliver in Brazil in Q1, and we secured two time charters on two of our smaller first generation shuttle tankers at firm rates averaging over $38,000 a day. One of these charters is an extension of a shuttle tanker already serving in Brazil, while the other vessel is being moved from the North Sea to Brazil.

Turning to slide seven, our gas segment report record revenues and CFVO in the third quarter, on the LNG project in Angola mentioned on our last call, we now expect a final investment decision to be taken by the end of December of this year. Our existing LNG projects remain on track with four large duplex ships due to deliver to RasGas III in the second quarter of 2008, and the first tanker vessel and the first Skaugen LPG vessel to deliver during the second half of 2008.

Turning to the developments in our spot tanker segment on slide number eight, charter rates for medium size crew tankers softened from the previous quarter, mainly due to a seasonal reduction in tanker demand. Teekay's Aframax fleet earned an average of $21,500 a day, while our Suezmax's earned $27,100 a day.

As is generally the case during periods of market weakness, rates for medium size tankers faired relatively better than VLCCs during the quarter because the smaller ships are better able to secure combination and triangulation trades.

Since the middle of October, Aframax and Suezmax rates in the Atlantic have rebounded strongly while rates in the Pacific have begun moving up as well. In his comments, Vince will provide our usual guidance on how the fourth quarter is shaping up so far.

Our product tankers outperformed the market. Our LR2s earned a firm $30,100 a day under contracts of afreightment. Our MR product areas earned $23,300 a day benefiting from high
utilization on combination freights. MR rates have started the fourth quarter a bit weaker, but the Europe-to-US gasoline arbitrage window has recently opened, driving increased movements of cargo transatlantic.

The size of Teekay's conventional tanker fleet increased considerably to 116 vessels this quarter, up from 90 vessels at the end of Q2. The ex-OMI fleet accounted for 21 of these ships, but we also in-chartered four additional Aframax's and one additional MR product tanker in order to increase our exposure to the upcoming winter market.

The 50/50 OMI fleet ((inaudible)) took affect on August second, and integration of the ex-OMI ships and personnel are almost complete. On slide number nine, there were a couple of changes in our fixed rate tanker segment.

Two of the ex-OMI Suezmax's which came with time charters until 2012 were included in our fixed rate fleet, as was an Aframax tanker that commenced a new three year time charter. We also concluded three year time charters on two Aframax's to a major oil company and they're due to commence in Q4.

Turning to the tanker market outlook, slide number 10 provides an updated chart of the seasonal picture for spot Aframax tanker rates. As you can see from the red line, despite a slightly later then normal start, Aframax rates have again started to follow a normal seasonal path and are strengthening as we head into winter.

Slide number 11 highlights some key fundamentals driving the market, on the demand side the IEA is estimating oil demand growth next year of 2.4 percent, which would be the second highest figure since the 1970's, second only to 2004.
OPEC has already announced a production increase from today, November second, and it remains under pressure to add further supply due to high oil prices and recent large inventory drawdowns.

We're seeing normal seasonal factors come into play such as North Sea oil production ramping up after the end of the summer maintenance period, also weather related port and transit delays are becoming a factor across the northern hemisphere.

On the supply side, we've seen a 50 percent drop in new tanker ordering year-to-date compared to last year as shipyards focus on the red hot dry bulk sector. It's almost impossible to find unsold tanker berths in 2010 or earlier, and 2011 is already tightening up considerably, particularly in Korea.

A growing number of tankers, both existing and on order, have been sold for conversion to dry bulk thereby dampening tanker supply growth. And the table on slide 12 provides more information about these dry bulk conversions. Tankers sold for scrap year-to-date have remained at a low level of 2.7 million tonnes, an additional 2.1 million tonnes of tankers have left the fleet for conversion to either offshore or dry cargo.

However, in recent months, sales of existing tankers for conversion to dry bulk ships have shot up by an additional 11.5 million tons or more than three percent of the world tanker fleet. Due to the six month lead time for shipyard conversion space, these ships have not yet been removed from the tanker fleet, but are scheduled to do so over the next six months. Recently, we've also seen reports of approximately 15 newbuilding tanker orders, having been switched to dry cargo.

I'll now hand it over to Vince, to discuss our financials.
Vince Lok: Thanks Bjorn and good morning everyone. Net income for the third quarter was $22.9 million or $0.31 cents per share when excluding the net loss of $5.9 million of other items listed in appendix A of our earnings release. These appendix A items mainly relate to unrealized losses from foreign exchange translation and interest rates swaps, partially offset by $15 million of realized gains and the sale of assets.

Our third quarter results were negatively impacted by the seasonal decline in spot tanker rates, however as Bjorn mentioned spot tanker rates increased in October, and are currently averaging at above third quarter levels.

Before I discuss the operating results, please note that our third quarter results reflect a consolidation of most of the OMI vessels affective August second, which is when the majority of the OMI assets were equally divided between Teekay and Torm.

We continue to own two MR product tankers and two newbuilding handy size product tankers jointly with Torm so these vessels will continue to be equity accounted for until we divide them up in due course.

Looking at our consolidated operating results on slide 14, we generated $136 million in vessel operations or CFVO during the third quarter, which is down 8 percent from the $148 million in the third quarter of last year.

This decrease was primarily the result of lower spot tanker rates, partially offset by the growth of our fixed-rate offshore and LNG businesses. The total CFVO from all of our long-term fixed rate businesses increased by 28 percent to $112 million in the third quarter of 2007, compared to $87 million in the same quarter last year.
The operating segment generated CFVO of $58 million, up $15 million from the third quarter of last year. This increase mainly reflects the acquisition of Teekay Petrojarl in the fourth quarter of 2006, and the consolidation of five 50-percent owned shuttle tankers effective December second, 2006. Also contributing to this increase was the addition of two Brazil shuttle tankers and the FSO Navion Saga.

We took advantage of the seasonal maintenance of the North Sea oil fields during the summer months to complete a total of eight planned drydockings in our shuttle tanker fleet, during the second and third quarters of this year. For the fourth quarter, we only have one planned drydocking in our shuttle tanker fleet, which will allow us to benefit more from the upcoming winter market.

Our fixed rate tanker segment generated CFVO of $24 million, down from $27 million from the same quarter last year. This decrease was primarily due to the low revenues earned from two vessels which are a profit share competent when spot tanker rates exceed certain threshold levels.

This decrease was partially offset by the addition of two OMI Suezmax vessels which are on fixed rate charters through to 2012 and one of our in-chartered Aframax tankers from the spot segment which commenced a three year fixed rate charter during the third quarter.

The CFVO from the liquefied gas segment generated was about $12 million – was up about $12 million from the same quarter last year as a result of the delivery of the three RasGas II LNG carriers. This increase was partially offset by the scheduled drydocking of one of our LNG carriers during the third quarter of 2007.

The CFVO contribution from our spot tanker segment decreased by $36 million over the same quarter last year, primarily due to the reduction in spot tanker rates. An increase in time charter
higher expense and increase in vessel crewman costs, partially offset by an increase in the size of the spot tanker fleet from the OMI acquisition.

Our spot Aframax fleet (per man) average TCE rate of $21,500 per day in the third quarter, which is down from the $34,800 per day earned in the third quarter of 2006. So far in the fourth quarter, we have booked approximately 45 percent of our spot Aframax days at an average TCE rate of $23,000 per day. However, the current spot Aframax rates are averaging higher than this level.

Turning next to slide 15, and reviewing the remaining income statement figures in comparison to the same quarter last year. G&A expenses were $60.9 million compared to $39.8 million in the same quarter last year.

This increase was primarily due to the acquisition of Teekay Petrojarl and OMI, an increase in business-development related costs, expenses related to Teekay Offshore Partners, and the depreciation of the U.S. dollar.

Net interest expense increased to $57.9 million in the third quarter, up from $26.3 million in the same quarter last year mainly due to the acquisition of Teekay Petrojarl and OMI, as well the deliveries of the RasGas II LNG carriers.

Excluding the effect of foreign exchange items, we would have recorded a net income tax recovery of $2 million in the third quarter instead of an income tax expense of $10 million. Minority interest incomes in the third quarter were $3.6 million and relates primarily to the minority interest in the result of Teekay Offshore Partners, Teekay Petrojarl and Teekay LNG Partners. Excluding the foreign exchange items, minority interest in the third quarter would have been an expense of $4.6 million.
Other items net of $12.4 million is mainly comprised of a $7 million gain in the sale of Seagull, the computer based Marine trading company – training company and income from our VOC asset.

Turning next to slide 16, we have presented our September 30th balance sheet and compared it to our June 30th balance sheet. As previously mentioned we consolidated the assets we acquisition from OMI effective August second.

This had the effect, among other things, of increasing current assets, vessels and equipment, and tangible assets and good will, and current liabilities. In addition, we finalized our Teekay Petrojarl purchase price allocation which resulted in the reclassification of certain balance sheet items, including other assets, good will, and minority interest. These changes had no impact on net income or cash flows.

Turning next to slide 17, we are pleased to report that we have recently arranged through a syndicate of banks and for an $800 million ten-year revolving credit facility to refinance most of the OMI vessels we acquired and seven other of our Aframax tankers at very attractive terms.

Through the strong support of our bank, this financing demonstrates Teekay's ability to continue to access competitively priced capital even during difficult financial market conditions. In addition, we have pre-arranged financing in place for all of our newbuildings on order, and this is in addition to the $1.9 billion in total liquidity that we currently have in place.

Finally, our innovative corporate structure not only provides us with a greater access to capital but also a lower cost of capital. Overall, we are well positioned in terms of our current and future financing requirements. I will now turn it over to Bjorn to conclude.

Bjorn Moller: Thank you Vince. I think we are going to just open it up for questions from the people on the lines. So please go ahead.
Operator: Thank you. Ladies and gentlemen, if you would like to ask a question, press star one on your touch-tone phone. To withdraw your question, press the pound sign. If you use a speakerphone, lift your handset before entering your request. Please stand by for your first question.

You first question comes from Jon Chappell, J.P. Morgan. Please go ahead.

Jon Chappell: Thank you. Good morning guys.

Bjorn Moller: Hey Jon.

Jon Chappell: Bjorn or maybe Peter, can you talk a little bit about opportunities in the offshore sector? You mentioned a couple projects and the SIRI one we've known about for a while, but do you see any knew major projects underway or ramping up? And have you had any customers come to you, whether they're traditional FSO customers or people you're maybe more familiar with in your other segments, looking for opportunities for you to new build specialized assets for their project?

Bjorn Moller: Well maybe I can start off answering that question and Peter join in if you have anything to add. Certainly there's no question there's a lot of projects out there. Petrojarl has, was a company that had not really been in the bigger business development for a number of years when we acquired two-thirds stake in them.

The SIRI project as you know is that first new FSO project for a number of years, and its going very well. I had the opportunity to visit the project in Poland a few weeks ago. But, I think the issue right now given the pressures in the offshore industry, its important to stick to our netting.
And I think Petrojarl being at the high end of the market in terms of sophistication, could probably pursue pretty much any project from a skill standpoint, but I think its about picking where can you bring your competitive strengths to bear the best.

And they have been bidding on some projects, but I think, you know, we – it's a matter of really selecting which ones to go for rather than whether there are any projects out there. And certainly on the shuttle side, we're seeing additional inquiries and on the FSO as well, so its really about making sure we build up the capability in Petrojarl so that we can be very credible when we go after these projects.

Jon Chappell: On your (Turner EN) strategy, I saw over the summer you locked in a couple and it was pretty much at the depths of the market, but the charter-in rates were pretty still robust.

When you look at chartering-in and you mentioned, Bjorn in your comments, for the winter up cycle, I mean can you get four to six months charter-in opportunities or do you have to go at least a year? And as you look out further to, you know, the expected phase out of 2010, have you started even longer-term charter-ins of three years or plus?

Bjorn Moller: Well I think very few in-charter opportunities below one year, you might get the odd one, but it really is a minimum 12 months, so that's the minimum term we're pursuing because otherwise you pay up for the short-term.

As far as looking towards 2010, I mean as you know we have a significant newbuilding program and we have about 25 to 30 percent building growth in our newbuilding fleet in terms of value. And we already have a variety of ships in-charter for, you know, multi-year periods. So I think we, you know, we'll continue to play a portfolio game of owned vessels, in-charter vessels, and newbuilding. So I, you know, 2010 is certainly a lot closer then it was.
Jon Chappell: Yes.

Bjorn Moller: But it's not – there's not a lot of chartering activity for 2010, I would say right now.

Jon Chappell: OK. And then one last one for Vince, on the OMI consolidation on August second, when we look at a line item such as D&A, do we assume that OMI had only been in there for two months rather then three, so when we look for a run rate 4Q going forward, it's going to be even a little bit higher?

Vince Lok: That's right. So we have two months of OMI's results consolidated in the third quarter, so again, you'll need to sort of multiply that by three over two in a way.

Jon Chappell: And where was the one month of minority interest? Did that fall into minority interest income?

Vince Lok: That's correct.

Jon Chappell: All right, so we'll just take out of there going forward.

Vince Lok: Well actually for the month of July it was equity accounted for.

Jon Chappell: ... Ventures?

Vince Lok: That's correct.

Jon Chappell: OK. All right thanks Bjorn and Vince.

Doug Mavrinac: Great thank you, good morning. I just had a few questions for you guys with the first couple being on your tanker side of the business. Bjorn, are you guys a little bit surprised that OPEC isn't doing more right now given the price of oil and what inventories are looking like globally? I mean have you seen an increased activity level for maybe November-December loadings?

And maybe kind of following on to that, and maybe more importantly, what sort of expectations do you have for 2008 as it relates to OPEC production, capacity increasing as well as non-OPEC production capacity increasing?

Bjorn Moller: Those are $64 questions, Doug. I guess let me start by saying, you know, as previously announced, we expect to file publically with the SEC during the fourth quarter 2007 registration statement for the (inaudible) Teekay Tankers.

And as a result of this not able to answer questions that either relate to this process and also restricted from expressing opinions about the outlook, so I can't speak to 2008 OPEC. But what I can say, of course, around what's going on currently, is that you know, there's been significant discipline in OPEC and no wonder given what's going on. They obviously have great resolve in maintaining momentum.

But I think that, I can only you know, there are many people following the oil market, we're just one of them. And I think it's incredible what's happening with oil prices. I think that you obviously have to get rid of the (inaudible)) in oil prices to really begin to see refiner's field inventories, but if inventories keep falling the way they are then clearly there's going to be more oil needed.
Doug Mavrinac: All right, got you, got you. OK great. And looking at the third quarter results, your LR2 spots lead did very well during the quarter. Is there anything in particular that you can attribute that strength to?

Bjorn Moller: We have a very strong position in the Atlantic basin for LR2's. The LR2 Atlantic market is smaller then in the Pacific market where most of the ships trade, from the Middle East to Asia. And that's a large market and a competitive market, but we have quite some attractive contracts on the East trades and the Atlantic where we are the biggest operator. So that's really, primarily the reason.

Doug Mavrinac: Ok, got you. And then finally, on your offshore segment, looking at the Gulf of Mexico shuttle tanker business – what sort of opportunities do you see within that market for Teekay going forward?

Bjorn Moller: It's going to be a small niche market. There's OSG, we're awarded a contract recently for PetroBras and I think the question is even though there might be more oil fields coming, the distances are very small in that area. So it's going to be a very small niche, obviously we'll continue to look at opportunities there, but I don't think it's going to grow to be a very large tide pool.

Doug Mavrinac: So there may be more, other areas that would be better suited for Teekay?

Bjorn Moller: Well I think clearly the North Sea where we have, you know, a very, very strong franchise, I think the biggest growth opportunities come from the fact that a lot of new oil is expected in the Northern part of the North Sea where there's little infrastructure.
And if you look at incremental oil in those areas, the ten-mile effect is tremendous. And Brazil of course is the other big area that's growing very rapidly where we've gone from zero to I think 11 shuttle tankers in the last five years.

Doug Mavr: Got you, OK. Perfect. Great thank you very much Bjorn.

Bjorn Moller: Thank you.


Scott Burke: Morning guys.

Bjorn Moller: Hi Scott.

Scott Burke: A couple questions, first of all on the LNG front, there's been some news about some LNGs coming out of the building yards that are having to be laid up because the projects aren't ready yet. I don't think that's the case with any of your LNG vessels, but if that were the case, would it have any impact on the day rate that you receive? Or the days that you operate?

Bjorn Moller: I've seen the reports and I think what's happening is that, particularly in ((inaudible)) there's some delays in developing some of the liquification facilities and the ships were always built on such a schedule so as to be a little bit ahead of the liquification law because you didn't want the liquification to be ready and not have the ship.

It's better to have it the other way around. So there's already a bit of slack built into the construction schedule, and if these delays materialize on liquification it's possible that some ships may get laid up temporarily. Should that occur, there's been no decision on that certainly
involving our ships, but should that occur we would be careful and that would be contractually covered.

Scott Burke: OK so your contract would be safe?

Bjorn Moller: That's right.

Scott Burke: And then on the Aframax side, you know, right now the Aframax roots coming out of the Arabian Gulf really haven't seen the upside that, you know, some of the ones in the Atlantic basin have seen. And just wanted to get a split or how your fleet is currently is split between, you know, kind of the Basin AG areas, and then the Atlantic.

Bjorn Moller: The rule of thumb that we offer is 50/50 split between AG East and carriers off coast. So of course, the numbers move around a little bit and clearly our Suezmax fleet is, you know, predominantly operating in the Atlantic and a lot of our product tankers are operating in the Atlantic so over time that probably is shifting a little bit more towards the Atlantic.

But on the pure Aframax side, we still provide that rule of thumb. I should mention that in the last couple of weeks, rates in the East have picked up as well, although not yet to the level we've seen at the Atlantic. So that is not uncommon for that to, you know, be a little bit out of kill zone and move around to slightly different time.

Scott Burke: And Vince the rate you mentioned earlier, in terms of $22,000 a day so far in the quarter, that includes kind of that 50/50 split?

Vince Lok: That's correct. That's a blending average.
Scott Burke: OK and then one other question about the MLP market, you know, the MLP stuck in general, or MLP units I should say have been weak over the last, I'd say, three or four months including Teekay TOO. Two questions regarding that, first of all, you know, what's the impact on your sum of the parts calculation?

And then second of all, you know, what valuation made in terms of dividend yield would make the MLP market unattractive to, you know, continue to drop investment into it.

Bjorn Moller: Peter would you like to take that?

Peter Evensen: Yes, well I think there has been a repricing of the MLP market, but we are still happy with how Teekay LNG is trading and Teekay Offshore is trading. We've continued to delivered upon our plan of increasing the distributions by a double digit rate, we announced TOO has moved up it's distribution by 10 percent and we announced a more than 10 percent increase in Teekay LNG.

So we're delivering on our plan. There isn't much we can do about where the general market is, but at the present rates with the very competitive dividends that we have, they are still trading as growth MLPs are at a premium to the market. So we would still continue to have an incentive to drop down assets. And that's more over because Teekay is selling at a discount to its sum of the part.

Now for the reasons Bjorn mentioned with Teekay Tankers, we're not going to come out with numbers on where some of the part are. We'll have to wait until the floatation of Teekay tankers – but suffice to say we continue to sell at a discount. So it's still absolutely in our interest to continue upon the plan that we've articulated for growing the distributions of the MLPs, which is to put more assets into them.
Scott Burke: OK thanks a bunch. One final question, in terms of rules on guidance for fourth quarter and 2008, can we still kind of assume the same – I think it was $16,000 a day base for that guidance forecast?

Peter Evensen: Yes Scott, it's because our mix of vessels has changed, has expanded beyond Aframaxes, it is typical to have an accurate rule of thumb from quarter to quarter, but if you wanted to use a rough rule of thumb, the old one probably is a good approximation still.

Scott Burke: Thank you very much.

Peter Evensen: Thank you.

Operator: Thank you. Your next question comes from Justin Fisher, please – I'm sorry of Goldman Sachs, please go ahead.

Justine Fisher: Good morning.

Operator: And it's Justine, I'm sorry.

Justine Fisher: Thank you very much. The first question that I have is regarding OPEC production. I know you can't make forward-looking statements about it, but I was wondering what your opinion was on what we've seen to date. Do you guys think that we've seen the physical evidence of the 500,000 barrel per day increase that OPEC announced? Because one of your competitors this morning, said they don't believe that's materialized.

Bjorn Moller: Well, we are seeing it partly, we're partly seeing it. It's certainly not shown through in its entirety but we're beginning to see the sort of the underlying volume increases. So I'm not sure,
its pretty closed off data so I mean, I guess whether we see it or not, it's a little bit subjective. But we view that it's beginning to show its hand.

Justine Fisher: And if we were looking – I know you can't tell us what you think, but what do you think is the most important tanker demand indicator we can look at going forward? Is it going to be OPEC production or do you think its other factors like North Sea production?

Bjorn Moller: Well I think it depends what horizon you're looking at the market with. If you looking at it …

Justine Fisher: Let's say fourth quarter.

Bjorn Moller: Yes, I think you have to just look at the seasonality that exists in the market and it's been pretty tried and tested that there is more out on the market in the fourth quarter. And you have more port delays, so in other words the demand tends to go up and supply tends to get a little constricted. So the chart we showed of Aframax rates is I'm sure is a very clear seasonal ((inaudible)) and I guess that's the best guide to go by I think.

Justine Fisher: And then also, I know that you guys usually only give the percentage of Aframax days that you have booked for the current quarter, but now that you have a lot more Suezmax tankers, can you give us color as to what you book those at?

Peter Evensen: Yes, as a lot of you know a lot of the OMI Suezmax's are on short-term charter. Those are in the mid-30's. And OMI added to us about three spot Suezmax's. So far we've fixed about 66 percent of those spots in the $25,000 range or so.

Justine Fisher: OK. And then any targets for repaying the OMI related debt?

Vince Lok: You're referring to the old OMI debt?
Justine Fisher: No, just the debt that you have now taken on in order to acquire OMI, are there any targets that you guys have internally as far as repaying the debt associated with that acquisition?

Vince Lok: Well we had just completed a $800 million facility as I mentioned, which refinances a majority of the OMI assets that we acquired, along with seven that are Aframax's, so that's a ten year facility, that's a revolving credit facility.

Justine Fisher: Right, but you said – my impression is that you've drawn on that in order to repay the OMI related debt, right?

Vince Lok: Yes, that facility is in documentation phase so we're expecting to close that in the next month or so.

Justine Fisher: OK, so you can't comment on repaying or amortization or anything like that.

Vince Lok: Yes. So we'll use those proceeds to pay down the short-term facility that we had in place.

Justine Fisher: OK. Thank you.

Bjorn Moller: Thanks Justine.

Operator: Thank you. Your next question comes from Craig Lewis, Credit Suisse. Please go ahead.

Craig Lewis: Good morning. Yes, I have a follow-up question on the offshore business. You know, through the acquisition at Petrojarl it looks like Teekay controls maybe, you know, about four to five percent of the FPSO fleet, you know, there's no doubt about it that there's going to be a significant growth in the FPSO market over the next, say, you know, three, five years. Can we
kind of look at, like, growth potentially doubling in the number of FPSOs in the fleet? I mean is that a reasonable assumption?

Bjorn Moller: Well the forecasts that are being used is that we'll be near doubling of the market in the next four to five years, and of course, I think the view is really that the strength will be on how many the industry can provide rather then how many will be needed.

And of course, with you know, from Petrojarl's standpoint I think if we – I think we've expressed that if we could land one new project a year, that would be the early ambition, and then if we could ramp up from there that would be a great step. So, you know, we think there's a lot of people queuing, there are a lot of customers queuing outside the FPSO companies and we will very deliberately pursue the projects where we have the greatest, I think, skill and strength which is harsh weather, very regulated environment, and high quality operation, and we think they'll quite a lot of projects actually in that area.

Craig Lewis: OK, and being as most of the FPSOs are built in, you know, Japanese or Korean yards, you know, what's the order of – those shipyards pretty much at capacity, I mean what sort of turn around time would there be for an FPSO? I mean is it similar – would it be, you know, a three year turn around?

Bjorn Moller: Well there are two factors to consider there. Firstly, the shipyards assign – they have different parts of their shipyard and you can't switch the entire yard from Aframax tankers to FPSOs. So some slots, even though the bulk ship slots have been sold out, that doesn't automatically follow that the offshore slots are entirely sold out.

But the lead time for new FPSOs is probably, you know, three, three plus years. But a lot of FPSO projects, of course, are not customized or custom built new vessels, they're conversions of existing tanker hulls that are brought in and replace equipment on the deck and convert the
vessel for service. Of course, that also has a finite number of repair and conversion facilities in the world, and those facilities are very, very busy.

One of the key factors determining the lead time is the availability of major equipment components where the supply chain is very stretched. And so, you know, that's obviously been taken into account by all companies looking to develop their oil fields – they are aware of this. But it is a key factor. So I'd say on the conversion side, you're looking at a couple years lead time, and on the new building side, three to four year lead time.

Craig Lewis: OK great. Moving on to China, you know, there's been some talk that, you know, the smaller refineries in China have kind of not been operating as high of utilization that they could of. Do you think the announcement by the Chinese government that they're going to increase fuel prices – you think that sort of increases, you know, these smaller refiner's demand for oil?

Bjorn Moller: I think that's going to hit right in the sweet spot, because they've raised prices. The Chinese government subsides or limits the price of oil in the refined sector, so people are buying subsidized oil, artificially low price oil. Of course, that's managing – that's leading to demand growth at a high level.

But the refiners are prevented from selling their product, they're buying crude very expensively and selling their products cheaply. So now that the government has announced that they're raising prices by 10 percent it's clearly going to help refiners who are struggling and who were running below capacity utilization.

So in that sense, that's going to stimulate crude imports to China, we believe, and its not big enough price increase that it's going to crimp demand. So we think that's probably an elegant move on their part.
Craig Lewis: OK great. And just lastly, I think in the press release there's, you know, about $44 million
left on the buyback. You know, given the filing, the quiet period, will that limit or prevent the
buyback from occurring in Q4?

Vince Lok: No, there's no restriction due to the ITO.

Craig Lewis: OK great. That's all. Thanks.

Bjorn Moller: Yes. Thank you.

Operator: Thank you. Ladies and gentlemen, if there's any additional questions, please press star one
at this time. Your next question comes from Urs Dur with Baird Capital Markets. Please go
ahead.

Urs Dur: Hi gentlemen.

Bjorn Moller: Hi Urs.

Urs Dur: Most of my questions are answered, but Bjorn in the past I think I recall that you guys actually
put a fairly round figure on growth in actual tanker demand crude and product, I don't see it in
here this time. Do you have an outlook for say, a (kegger) over the next three years on the
increase on demand for sea-board transport of crude and product?

Bjorn Moller: Urs, I wish I could comment on that, but as a result of filing the registration statement, we're
not able to answer questions …

Urs Dur: You said that, I apologize for asking then. I heard that, all right sorry. I guess one question, its
sort of a hot topic these days and there's some debate out there in terms of conversions. In fact,
some say that it's quite difficult to just call up your shipyard and say "wow that tanker, I really would like it to be a dry bulk ship." I mean OSG said it yesterday that it was difficult.

How easy is it and what kind of cost might be involved? Have you investigated that – not that you want to go to dry bulk, but have you investigated that and what's your conclusion?

Bjorn Moller: Right. Well two factors on that. On the existing vessels, Chinese company or ((inaudible)) company TMT stepped out and purchased I think 10 vessels in the last couple of weeks and they've gone and booked the shipyard out for two years.

Urs Dur: Right.

Bjorn Moller: And they are clearly taking a very aggressive approach.

Urs Dur: Right.

Bjorn Moller: The cost of converting an existing VLCC is about $30 million and existing Suezmax is about $20 – $25 million. So, you know, it's clearly, it's major project, and the good news is once these ships leave, they don't come back.

Urs Dur: Yes.

Bjorn Moller: But on the newbuilding side, to convert new building berths I think the issue would be the availability of such long-lead items as hatch covers and other equipment. Of course, the shipyards being as busy as they are, they are like straining to just absolutely optimize their production line so anybody coming in saying, you know, can we change something very radically, their first answer is not "sure, what can I do for you?.."
But of course, if you can incentivize them by sharing in the profit, you know, and if you can give them enough lead time, it can be done. But I would agree those few years it isn’t easy.

Urs Dur: OK, now I was just very interested – it’s obviously a very hot topic and you emphasized it and thank you for that. And then, I guess on the FPSO side, and you may have touched upon this, and I may not have heard it, but what kind of speculative ordering are you seeing in the FPSO offshore project market? And do you feel that there’s enough projects out there to warrant the speculation if any that you see?

Bjorn Moller: There are a couple of operators with new concepts mainly that have ordered speculative FPSO, I think you’d probably see about 10 speculative FPSOs or offshore structures of various types out there and not all of which have delivered on order. But that’s out of the total universe of maybe 120. So, you know a relatively small percentage. It’s not unlike the LNG business room.

Urs Dur: All right, all right. Very helpful, thank you very much.

Bjorn Moller: Thank you Urs.

Operator: Thank you. Your next question comes from Martin Roher, MSR Capital Management, please go ahead.

(Martin Roher): Thank you. In the unusual items this past quarter, both Vince and the press release highlighted the Seagull AS and I’m not even aware of what that – that you own something like that. Can you tell us a little more about what that was?

Bjorn Moller: Teekay acquired a Norwegian computer based training company, actually we acquired a small Canadian computer based training company, and then we acquired the industry leader Seagull out of Norway about four years ago. And we had I think some success with that, but in
the end decided that it was not a core business even though there was some opportunity to cross fertilize if you will, between Teekay's business and our training needs versus this company.

Very successful company, and you know, clearly has a great business but it was too small and it was not close enough to our core to warrant the distraction that it represented.

(Martin Roher): So are there any other smaller, non-core assets that may be disposed of in the future?

Bjorn Moller: No, we don't have a lot of those kinds of investments, it was an opportunistic investment which actually worked seen from a small company's standpoint, but as the company has been growing larger and more complex and busy, we've decided to focus on – our management time on more core related activities.

(Martin Roher): Thank you very much, good luck.

Bjorn Moller: Thank you Martin.

Operator: Thank you. Your next question comes from Ole Slorer of Morgan Stanley. Please go ahead.

Ole Slorer: Yes, hi Bjorn.

Bjorn Moller: Hi Ole.

Ole Slorer: This is a follow-up on your comment that you're starting to see oil coming out of the Middle East, ((inaudible)) with Middle Atlantic inventory picture here going over the next few weeks. What exactly are you seeing? Could you elaborate a bit because ((inaudible)) I know 600,000 November for maintenance and Saudis are saying they're going to increase by half a million, at
least they saying they are. So ((inaudible)) any change in the Middle East if the Saudis indeed
did come forward with crude. So could you highlight a little bit more detail for what you're seeing?

Bjorn Moller: Basically, I guess there'll be some UAE maintenance in November of '07, but I guess we
are looking at IEA numbers among other things. I'm sure everybody else is and we're just
detecting, I mean some of it is sort of anecdotal stuff from our charter invests, it'd be difficult to go
into, you know, a very kind of definitive discussion of, you know, you have your finger on the
pulse in the market and you kind of hear a lot of rumblings and fixtures and talk. So it isn't, I
would agree with Genmar it isn't clear cut, but you know, we're certainly seeing activity.

Ole Slorer: Yes, because looking at the latest oil movement data, it looks as if the chartering activity; I
can't really see any change in the pattern. I mean I read the same IEA data as you do, but that's
notoriously unreliable.

Bjorn Moller: Yes, so it's not definitive and I think the issue is that we have no reason to think that OPEC
is not just going to deliver on the extra oil, and …

Ole Slorer: Why do you say that?

Bjorn Moller: Well I think that just generally they just shown a lot of discipline. They've shown discipline
in withdrawing the oil and by – I think they're playing the market with a lot of discipline.

Ole Slorer: Do you think it's discipline rather then ability?

Bjorn Moller: Yes, I mean I think you can certainly have opinions about that, I mean there's allegedly
more spare capacity in the Middle East now then there has been for several years.

Ole Slorer: Okay. Well from the ((inaudible)) I don't really see that, but I hope you're right.
Bjorn Moller: Well I guess – I think, you know, time will show.

Ole Slorer: Thank you.

Operator: Thank you. There are no further questions at this time. I'd like to turn the conference back to you Mr. Moller.

Bjorn Moller: I'd like to thank you all for your participation today, and wish you a great day. Thanks for joining us.

Operator: Ladies and gentlemen, this does conclude your conference call for today; you may now disconnect your line and have a great day.

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