Operator: Welcome to Teekay Corporation's third quarter 2010 earnings results 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 1 to register for a question.

For assistance during the call, please press star 0 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. Please go ahead, sir.

(Kent): Before Mr. Moller begins, 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 earnings presentation. Mr. Moller and Mr. Moller and Mr. Lok will review this presentation during today's call.

Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from results projected by those forward-looking statements. Additional information, concerning that could cause actual results to materially differ from those in
the forward-looking statements in contained in the third quarter earnings release, and earnings presentation available on our Web site.

I will now turn the call over to Mr. Moller to begin.

Bjorn Moller: Thank you, (Kent) and good morning everyone. Thank you very much for joining us for this morning's earnings call.

Having provided an extensive update on our business at our Investor Day just 2 weeks ago, today's presentation will be somewhat abbreviated from our regular quarterly call. If you haven't already done so, I would invite you to visit our Web site where you will be able to access the Investor Day presentations for Teekay Corporation, and each of its daughter companies, as well as the archive sound recording of the entire event.

I am joined today by our CFO, Vince Lok. For the Q&A session, we also have Teekay Corporation's Chief Strategy Officer and CEO-Elect, Peter Evensen, as well as our corporate controller, Brian Fortier.

Turning to slide 3 of the presentation, which is posted on our Web site, I will briefly review some of Teekay Corporations' recent highlights. For the third quarter we reported an adjusted net loss of $53.3 million, or 73 cents per share.

As for our guidance last quarter, our Q3 results were negatively impacted by the combined effect of a very weak spot to (spot) tanker market, and a higher than usual level of scheduled maintenance downtime in our offshore business, which resulted in lower revenues and higher costs from this part of our business. I'll talk more about each of these factors in a few moments.
Despite these adverse factors, we generated $134 million of cash flow from vessel operations, or (CFBO) in the third quarter, approximately 20% more than in the same quarter last year. Teekay is enjoying significant positive momentum in its offshore business development. And this was exemplified when in October we signed a 9-year contract with Petrobras to provide an FPSO for the Tiro and Sidon offshore oil fields in the Brazil’s Santos Basin.

The unit is scheduled to deliver in the second quarter of 2012. Our unique daughter company structure continues to serve us well. Over the last few weeks we have completed a total of $394 million of asset dropdowns to two of our daughter companies, Teekay Offshore and Teekay Tankers. And in addition, Teekay LNG Partners just closed on an acquisition from a third party.

We're using the proceeds from these dropdowns to further deleverage the Teekay parent balance sheet, pro forma for the recent dropdowns, Teekay parent net debt has been further reduced to $247 million or approximately 11% of net debt to total capitalization. This is down from 555 million or 21% at the end of the second quarter.

With Teekay parent capable of achieving its net debt free target by 2011, our focus has shifted towards creating greater shareholder value by reallocating available capital towards a combination of higher return growth investments, and return of capital to shareholders. Reflecting our belief that the share price of Teekay Corporation represents compelling value, we've recently announced our intention to commence repurchasing shares of our existing $200 million share repurchase authorization.

Turning to slide 4 of the presentation, after a stronger than expected first half of 2010, (spot) tanker rates weakened significantly in the third quarter. Directionally, this was consistent with normal seasonality and demand. But this year, it was compounded by increased tanker supply caused by the unwinding of floating storage contracts and new building deliveries.
Teekay's third quarter (spot) Aframax pool rate averaged $13,800 per day. And our spots Suezmax pool rate averaged $18,700 a day. For the fourth quarter so far, spot market weakness has persisted. Based on 30% of days booked for Q4, our spot Aframax pool bookings have averaged $10,000 per day. And our spot Suezmax pool bookings approximately $13,000 per day.

However, shown in the chart, on the left side of the slide, bottom left, the winter market spikes in recent years have not occurred until late in the fourth quarter. And this suggests that there still is time for a winter rally to occur this year. Over the past week we have seen what might be the beginning of such a rally, initially centered on a rapidly strengthening of the (VLCC) market in the Middle East as a result of an increase in fixtures.

Teekay Parent has over 20 owned and in-chartered tankers exposed to the spot market. So an increase in spot tanker rates could still have a meaningful impact on our Q4 earnings. I remind you, for every $1000 a day increase in average Q4 spot tanker rates, TK parent would generate an additional $2.8 million of (CFBO).

On slide 5 I wanted to spend a moment discussing the higher than usual concentration of scheduled maintenance in our offshore business, which had a temporary but material impact on our third quarter results. At various times during the quarter, four of our five operating FPSOs were on periodic shutdown, the equivalent of a vessel (dry dock) for conventional tankers, except that the work takes place at the offshore site.

This maintenance work is important to ensure that our fleet can continue to be operated safely and at optimal production levels. But it results in temporarily lower revenues and higher operating expenses.
As a result, FPSO revenues were down by approximately $10 million in Q3 compared to Q2. And shutdown for ((inaudible)) and 48 days of unpaid off-hire, during which time we were not earning our base time charter rate, and a further 22 days off hire on a reduced base time charter rate. And this compares to only 8 days of unpaid shutdowns in Q3 2009.

In addition, we saw a reduction in all production related tariff revenue under certain of the FPSO contracts in connection with these shutdowns. The (point) of an FPSO had a relatively lengthy shutdown which in addition to routine maintenance, included elements of unscheduled sub-C work by the customer, and life extension work related to the recent contract amendment for this unit.

As with vessel (dry docks), FPSO shutdowns generally result in an increase in maintenance activities, as certain required maintenance can only be performed when the FPSO is not producing. And this resulted in $5 million of additional FPSO OPEX in the third quarter compared to the previous quarter.

As part of the general (North Sea) maintenance season, we typically experience lower fleet utilization in our shuttle tankers during summer. As a result, revenues from our shuttle tanker businesses were down in Q3 by approximately $4 million from the prior quarter. Maintenance related OPEX for shuttle fleet was up only slightly quarter-on-quarter. In Q4, production and utilization in our offshore fleet has returned to normal levels, and it is worth noting that there are no shutdowns scheduled in our FPSO fleet in 2011.

On the next three slides, our briefly recap the many positive developments that have taken place in our three daughter companies over the past couple of months, developments, which will ultimately benefit Teekay Parent through increased cash distributions.
Turning to slide 6, Teekay Offshore has made considerable progress in signing new contracts and improving the profitability of existing contracts. In August, Teekay Offshore through its 51% owned subsidiary OPCO signed a new master agreement with Statoil which converts an existing volume based contract of affreightment to time charters were initially seven vessels, including three of the four new building shuttle tankers warehoused by Teekay Parent.

In October, Teekay offshore required the ((inaudible)) FPSO, previously known as the (Syria) PSO. And OPCO acquired the first of the three shuttle new buildings for gross proceeds of $286 million to Teekay Parent. The partnership also agreed to acquire the second and third charter new buildings when their time charter contracts (to start) or commence in January and July 2011 respectively.

In August, Teekay Offshore also signed new time charters with Petrobras for two shuttle tankers, which were freed up as a result of the shuttle new buildings entering the North Sea trade. In addition, the contracts for two other shuttle tankers remain servicing the hydrant field in the North Sea were renewed at improved rates. In addition, the previously mentioned Tiro/Sidon project in Brazil, which will be warehoused at Teekay Parent during the conversion phase at (Jerome) shipyard, will be offered to Teekay Offshore in due course.

Each of these transactions is expected to increase Teekay Offshore’s distributable cash flow.

Turning to slide 7, Teekay LNG partners recently agreed to acquire a 50% interest in two modern LNG carriers, the Excalibur and the Excelsior from Belgium company Exmar on equity purchase price of $70 million, in the assumption of approximately $100 million of (pro rata) debt. The 2005 built Exelsior is also equipped as a floating storage and (re-cash) unit, and is currently serving in this specialized capacity in Argentina.

The vessels come with existing charters with 12 and 15 years remaining. And in an update from what was reported in our earnings release, I am pleased to report that this transaction closed
yesterday, November the 4th. Earlier today, Teekay LNG also completed the sale of one of its LPG carriers, the 2000-built Dania Spirit to a third party buyer for proceeds of $21.5 million, resulting in a $4.3 million gain that will be recorded in the fourth quarter.

These transactions will result in a net increase to Teekay LNG's distributable cash flow. Teekay Tankers has also been active. Turning to slide 8 of the presentation, in October Teekay Tankers agreed to acquire the 2003 built Suezmax tanker, Iskmati Spirit. And the 2004-built Aframax tanker, Esther Spirit from Teekay Parent at a total cost of $107.5 million.

This transaction is expected to close next week. In October, Teekay Tankers entered into a 50/50 joint venture with Asian ship owner Wah Kwong, to acquire a VLCC new building scheduled to deliver in April 2013. Upon delivery, the vessel will be charted to a major Chinese company for a period of 5 years. This is Teekay Tanker's first direct investment in VLCC tonnage.

In July Teekay Tankers used a portion of its liquidity to invest $150 million in first priority mortgage loans secured by two VLCC new buildings. The investment provides an average annual yield of 10% over the 3-year investment period.

In August, Teekay Tankers sold the oldest vessel in its fleet, the 1995-built Aframax Tanker Sotra Spirit for $17 million. Despite the weak spot tanker market in the third quarter, Teekay tanker's fixed rate coverage enabled the company to declare an attractive Q3 dividend of 31 cents per share, which is only slightly down from the last quarter, despite the significant drop in average spot tanker rates.

With the continued volatility in the spot tanker market, Teekay tankers remains well covered with approximately 70% of days logged in under fixed rate contracts for Q4 and approximately 50% for 2011.
Having reviewed the positive momentum in our daughter companies, it is instructive to review and revisit the sum of the parts table on slide 9. The accretive growth in daughter – in the daughter companies benefits Teekay parent. Not only through the increase in (cast) distributions it receives, but also through the growing value of its equity ownership in the daughter companies.

As shown on the bottom right, the value of our equity ownership has increased by $278 million or $3.81 – at $3.81 per share of additional underlying value just since the end of June. As shown in the top half of the table, there is still 1.75 billion of assets residing at the parent. As we continue to drop down shipping and offshore assets from Teekay Parent to our daughters, the equity value should continue to increase, further raising the sum of the parts value.

The dropdowns also serve to illuminate the true value of Teekay parent's assets and should serve to narrow the gap between Teekay share price and the sum of its parts. With Teekay shares still trading at a significant discount to the sum of the parts, we believe they represent compelling value. And for this reason, we recently announced our intention to commence repurchasing shares under our existing $200 million repurchase authorization.

With that, I will turn the call over to Vince to discuss our financial results.

Vincent Lok: Okay. Thanks, Bjorn, and good morning to everyone. Turning to slide 10, I will review our consolidated operating results for the quarter.

In order to present the results on a comparative basis, we have shown an adjusted Q3 income statement against an adjusted Q2 income statement, which excludes the items listed in Appendix A of our earnings release. And it reallocates realized gains and losses from derivatives to their respective income statement line items. I will provide our outlook for the fourth quarter a little bit later on.
Net revenues decreased by 35 million, primarily due to lower average spot tanker rates and a higher than usual level of scheduled maintenance in our offshore business in Q3. As Bjorn mentioned, revenues from our FPSO and shuttle tanker fleets declined by a total of 14 million from Q2 as a result of planned shut downs to four out our five FPSO units in Q3, and North Seas (field) maintenance during the summer months, which affected our shuttle tanker fleet.

Overall, this decline was in line with our expectations as indicated during our Q2 earnings call. Although we normally experience lower revenues during the second and third quarters of each year, due to seasonal maintenance in our offshore fleet, we'll be experience during this third quarter was quite unusual. With such a high number of FPSO shutdowns in the same quarter, let alone in the same year.

The good news is that our FPSO and shuttle tanker fleets are back up and running at a high level of utilization now, when all production levels are generally the highest, which is during the fourth and first quarters of the year. (Vessel) operating expenses increased by 10 million in Q3, mainly due to the maintenance costs associated with the planned FPSO shutdowns, as well as the timing of certain accruing and related travel costs.

The increase in the FPSO and shuttle tanker maintenance costs in Q3 was less than what we had originally anticipated, which was positive, although some of these expenditures have been deferred to 2011, and a little bit into Q4.

Time charter hire expense decreased from the previous quarter by about 11 million, mainly due to the redelivery of three in-charter conventional tankers in the third quarter, and the full impact of two in-charter vessels that we delivered in the second quarter, as well as less spot in chartering activity in the shuttle tanker fleet. Depreciation and amortization is in line with the prior quarter,
as the addition of the shuttle tanker (Edmonson) Spirit was partially offset by the sale of two older conventional tankers during Q3.

G&A expenses decreased by 2 million to 47 million, due to the lower performance space bonus accruals, and the timing of certain expenses. Our normalized G&A in the first 9 months of 2010 is running about 11 million below the first 9 months to 2009. So we have been able to achieve further cost savings in addition to what we realized in 2009.

Net interest expense decreased by 2 million compared to the prior quarter, primarily due to an increase in interest income from higher average cash balances during Q3. It should be noted that the interest income from Teekay Tankers’ 115 million investment and the DLCC term loans has been recorded in revenues.

Income tax recovery was 2.7 million in the third quarter, which is in line with expectations. Non-controlling interest expense decreased by two points to 3 million due to lower third quarter adjusted earnings in Teekay Tankers and Teekay Offshore. Partially offset by the Q3 equity offerings of Teekay Offshore and Teekay LNG?

Looking at the bottom line, adjusted debt loss for share was 73 cents in the third quarter compared to an adjusted net loss of 36 cents in the second quarter with the majority of this difference coming from lower average spot TCU rates and the higher than normal – higher than normal level of scheduled maintenance in our offshore fleet.

Now turning to slide 11, we have provided some guidance for some of the more significant changes happening in our fourth quarter, most of which points to a stronger quarter compared to the third quarter. With the completion of the (SESO) shutdowns and North Sea field maintenance, debt revenues for our FPSO and shuttle tanker fleets are expected to increase by approximately 15 to 17 million in Q4 compared to Q3.
In addition, we have fewer scheduled dry (dockings) in Q4, which we estimate will provide an additional 4 million in revenue compared to Q3. For your reference, we have provided our detailed dry docking schedule for 2010 and 2011 in the Appendix to this presentation.

As a reminder, a large portion of the incremental cash flow relating to the Foinahaven FPSO contract amendment is recognized in the fourth quarter of each year, since it is based on various annual operating performance measures, oil production levels, and the average oil price for the year.

As a result, based on the performance of the unit, and the average oil price during the first 9 months of the year, we estimate that an additional 15 to 17 million will be recognized from this unit in Q4. And just to be clear, this is an amount that is in addition to the 15 to 17 million increase mentioned above relating to the return of the offshore fleet to normal production levels in Q4.

The new real (Disosterous) FPSO contract extension becomes effective in December or early 2011, at which time the charter rate will increase by about $20,000 per day. We should also expect higher revenues resulting from the new shuttle tanker contract amendments that took effect on September 1 as a result of the new building – as well as the new building shuttle tanker that (connects) its new time charter with ((inaudible)) in early October.

The second new building shuttle tanker is scheduled to commence its time charter in January of 2011. Lastly, although our fourth quarter spot rates have averaged below the third quarter averages so far, there is still the potential for winter market rally as Bjorn discussed earlier. On a consolidated basis, as a rule of thumb, every $1000 per day increase in average spot tanker rates results in about 3.2 million in additional revenues.
Looking at vessel operating expenses, they are expected to decrease by approximately 3 million to 5 million in Q4, as a result of the high level of FPSO maintenance activity we experience in Q3, partially offset by changes to the fleet size.

Time charter hire expense is expected to decrease by – in Q4 by approximately 5 million, reflecting the full quarter effect of the Q3 redeliveries, as well as the redelivery of an in-chartered shuttle tanker in Q4. We have an additional six external in charter vessels redelivering in 2011, which is expected to reduce our time charter hire expense in 2011 by approximately 80 million compared to 2010, which includes the full year (effect) of the 2010 redeliveries.

The appreciation and amortization is expected to increase by about 3 million in Q4 due to the delivery of two new building shuttle tankers during Q3 and Q4 2010, and the amortization of dry docking expenditures that were incurred in Q2 and Q3. G&A expenses are expected to be about 50 million in Q4. Net interest expense is expected to decline in Q4 by about 2 million as a result of the reduction in net debt. Income tax recovery in Q4 is expected to be consistent with Q3.

Non-controlling interest expense expected to increase to approximately 32 to 34 million in Q4 as a result of the recent equity offerings and associated drop downs completed in our daughter companies, as well as higher expected operating earnings in Teekay Offshore in Q4, and the recently completed Exmar acquisition in Teekay LNG.

On that note, equity income is also expected to increase slightly in Q4 as a result of Teekay LNG's 50% interest in the two Exmar vessels during November and December. So overall, the fourth quarter results were expected to be stronger for the various reasons outlined above.

Turning to slide 12 of the presentation, this provides a summary of the progress we have made since the beginning of the year with respect to deleveraging the Teekay Parent balance sheet. While our Q3 earnings release shows Teekay Parent net debt of 624 million, this does not take
into account the net debt reduction from our recent dropdowns to Teekay Offshore and Teekay tankers. Pro forma for these transactions, Teekay Parent's net debt now stands at only 247 million, which represents a net debt to capitalization ratio of only 11%.

Since the start of 2010, net debt has reduced by approximately 630 million. And this includes the incremental CAPEX related to progress payments on our existing new buildings. Our recent dropdowns have also had a positive impact on liquidity at Teekay Parent which is increased from 1.3 billion to 1.4 billion on a pro forma basis with an additional 900 million of liquidity in our three daughter companies.

As you can see, we have built up a strong liquidity position and are capable of being net debt free at Teekay parent very soon. In addition, as we discussed at our recent Investor Day, we expect to generate a significant amount of available cash flow over the next couple of years as we continue to drop down assets to our daughter companies. This combined with our existing financial strength provides Teekay with the optionality to take advantage of attractive investment opportunities and/or return capital to shareholders.

With that, I'll turn the call back to Bjorn to conclude.

Bjorn Moller: Thank you, Vince. At our recent Investor Day, we highlighted that Teekay's financially strong and strategically well positioned as a world leader in each of its businesses. We also described that we have made significant progress on our strategic priorities over the past year. We are focused on creating shareholder value going forward and in particular through our disciplined users of the significant capital becoming available at Teekay Parent.

Operator, we are now available for questions.
Operator: Thank you. Ladies and gentlemen, if you would like to ask a question, press star 1 on your touch-tone phone. To withdraw your question press the pound sign. If you use a speakerphone, list your handset before entering your request. Please stand by for your first question.

Your first question comes from Michael Webber from Wells Fargo. Please go ahead.

Michael Webber: Hey, good morning guys, how are you?

Male: Good. Good. Thanks.

Michael Webber: Just a quick question I guess on dividends. You know the stocks actually reacted you know very well post Investor Day and buy backs. And when you think about ways to kind of expedite value recognition for Teekay shareholders you know obviously the dividend increase is kind of the next thing that comes to mind.

Can you kind of lay out your framework as far as how you'll think about approaching an eventual dividend increase, and whether or not that is something you would maybe do concurrently with buybacks, or potentially after. Can you just kind of lay out your current thought process there.

Bjorn Moller: Right. The – I think the approach that the Teekay board is adopting is that you know if we – we would like to make sure that we sustain Teekay Corporation dividend with stable cash flows that support it. And so therefore I think you should be looking to the MLP distributions that are stable and growing as the underpinning of the Teekay Corporation dividends.

Whereas, I think you should view some of the ad hock capital availability that comes about as a result of dropdowns or third party asset sales as capital that might be available to use for share repurchase. So I think the situation we have now is we have significant available capital coming
up to Teekay – coming out of Teekay Parent. And so the stock buyback I think is the most appropriate way to return capital to shareholders.

The dividend as we've increased the distribution of the daughters, the drop downs that are accretive or increased the distribution of the daughters, and that will in turn allow the Teekay board to consider whether dividends should be increased.

Michael Webber: Got you. That makes sense. It kind of leads me to my next question you know. The dividend right now is covered I think about a – I think 112% to 114% by those (MLP) distributions. And you know you mentioned that's kind of the barometer for looking at dividends going forward. You know the – there is a fixed component I guess to the (TNK) distribution. Is there ever a scenario where those cash flows would factor into your dividend discussions, or are they still kind of too variable with 1 to 2 year contracts?

Bjorn Moller: I would say it is part of a bigger picture. And they are not covered more than the chartering strategy of Teekay Tankers is spot or a combination of spot and fixed rate 1 to 3 years in duration.

Michael Webber: Right.

Bjorn Moller: They – at the outer end of that do have some stability. So it is part of an overall consideration. Of course, the other factors that weigh into that decision as well.

Michael Webber: Okay great. I guess just one final question and I'll turn it over. Kind of more of a kind of a macro question. But you know when we had you know (QE2) come and go and you know driving crew prices higher and that trade is getting I guess a little more crowded at this point. But you know the inflationary implications down the road kind of pose an interesting scenario for
floating storage with you know future inflation potentially driving you know possibly some contango in the curve.

You know in your conversations with charters, and within your FSO business, is this an idea that has really had any traction, or is kind of yet to kind of grab hold? And I guess what are your thoughts on I guess the 2011 you know floating storage trade in general considering what a big part you know what a big role it's played in tankers over the last you know 18 months.

Bjorn Moller: Yes. We follow that closely. I would say that we are seeing good all-demand growth at the moment. We are seeing – although some inventories in some locations are relatively high, the absence of the reduction in floating storage means that there is no buffer. And for that reason we might see firming of oil prices. And that's going to be I think the enemy of contango and floating storage.

Michael Webber: Yes.

Bjorn Moller: So as long as you have the good oil demand and strong oil prices, and a flat curve then we're not going to see return to floating storage. So you would have to see some of – like a lot of oil coming onto the market, and the oil price being forced down in the early – in the near months.

So that could happen, because I mean I think if these oil prices, OPEC may be interested in pumping more oil. So it's possible that that could reignite the contango. So we watch that very closely.

Michael Webber: Okay. Thanks a lot for the time guys. Appreciate it.

Jon Chappell: Thanks. Just a couple of quick ones this morning. Vince, a couple questions on your slide 11. You gave us the impact of the (Rio) rate increase about 20,000 a day. Is there any way to quantify what we should be looking for on the shuttle tankers with the contract amendment?

Vincent Lok: Yes. We don't – because part of that includes the other two new buildings that are delivering in 2011.

Jon Chappell: Yes.

Vincent Lok: I won't see the full impact of that in Q4 yet. So it's more of a gradual increase as the new buildings delivery. Roughly, I would say it's about 2 to 2-1/2 million for the fourth quarter.

Jon Chappell: Okay. That's helpful. And then also on the completion of the North Sea field maintenance and FPSO shutdowns, as I think about where we attribute that in your model. Is that mostly at the Teekay Parent level? Or is some of that in the Teekay Offshore model as well? That 15 to 17 million sequential increase?

Vincent Lok: A portion of that will be in Teekay Offshore relating to the (VARG) FPSO.

Jon Chappell: Okay.

Vincent Lok: And not too much of it relating to the (Siri). So I would say a portion would go to the (VARG). Probably in the neighborhood of about you know 3 to 4 million of that amount.

Jon Chappell: Okay. That's great. And I guess I didn't hear if Peter was there or not. But I read a question – read an article earlier this week on a shortage of transportation capacity for LNG in the back half of this year, the fourth quarter of this year. And the implications that could have on (Sea Born) trade, that commodity.
First of all, is that true? I know that TGP has significant long-term fixed rate contracts. I wouldn't expect there to be any near-term benefit from a temporary shortage of transportation capacity. But is that – is it just temporary or is there a longer-term trend there, and is there some opportunities for Teekay LNG to benefit from that?

Vincent Lok: I think that calling it a shortage is a little too extreme. We have – we're going from an oversupply situation to a situation in which we’re getting better balance between the amount of vessels that are available versus the amount of cargo. So we're seeing a gradual improvement in the LNG market. But we're not back to the point where we were before where you can start to talk about a shortage of ships. But basically there is more gas coming out onto the market as more of these (liquefaction) plans ramp up.

Jon Chappell: Yes.

Vincent Lok: So it is steady improvement in the market, but nothing that I would label a shortage.

Jon Chappell: Okay. And then finally, if my memory serves me correctly, Teekay has been aggressive with share buybacks in its history. Most of them were kind of program trading. Is there going to be more control I guess over the day-to-day activity, and kind of the point of this question is, what is the sensitivity going to be around price? I am guessing that when the board approves this new commencement, the stock was maybe 5 or $6 lower than where it is today.

So are we just going to see continued involvement in the market? Or is there going to be some sensitivity to price as you complete that program?

Bjorn Moller: I think we'll manage that in a tactical way. And I guess it will be as we progress through the user authorization, we'll also have some data points of other projects and then other investment
opportunities to come along. So I can't give you a lot of guidance. But we will be managing it tactically is the best thing I can say.

Jon Chappel: Okay. Understood. Thanks, Bjorn thanks Vince and Peter.

Operator: Thank you. Your next question comes from (Fotish Giamacalus) from Morgan Stanley. Please go ahead.

(Fotish Giamacalus): Yes good morning, guys. It seems that the market has really appreciated the strategy of focusing increasingly on the (inaudible) sector. But I want to ask you about your outlook for Tankers. You mentioned in your press release about the lack of cargos going east from Atlantic base and the decline in (ton miles) demand. Do you see any evidence that this might be changing, and the western trade is growing?

Bjorn Moller: I would say that there is I think there is a lot of opportunistic approach on the part of China in particular. So they are very astute and they obviously stepped in and took a big swap of the LCCs in the Middle East market when the rates were low and they kind of moved the market overnight.

Similarly, depending on how OPEC is pricing its crude with its discounts, they will react to that. I think fundamentally we do expect to see a growing trade from the Atlantic to the east. I think that speaks – that's supported by the investments that China is making in Brazil for example. The strategic relations they're building with Venezuela.

And they're involvement in Africa in general. So I would say first of all, just to clarify, I don't think there is a reduction in (ton miles). I think there was just a reduction in the growth rate in (ton miles) because of course any role of – in important in China it will drive additional (ton miles). The question is how much.
So we believe that this was a kind of a shift that was ad hoc in nature rather than fundamental in the last quarter.

(Fotish Giamacalus): A little bit on the short-term. We have seen the last couple of days the rates ((inaudible)) Far East after the spike earlier during the week. They have lost about $10,000. Is there something going on here? Is there any turning point that you foresee? We know that now this is the big season and a lot of the charters are fixing the December contracts in advance.

Bjorn Moller: I believe there is a – the usual (charting proposition) between owners and charterers. I think the charterers are obviously trying to dampen the enthusiasm that occurred. And the owners are trying to keep it up. And so having had such a weak period of rates, I guess you can't blame some owners for being willing to take a little bit less than 45,000 a day just to get coverage.

But so it is a bit of a seesaw battle right now. I don't think it is easy to predict the way it's going to. I believe – we're certainly hopeful that we'll see that the activity level which is quite good is going to ultimately reflect in the Atlantic basin also seems like increases in rates. So it is – it is on an ((inaudible)) I would say right now.

(Fotish Giamacalus): And in terms of your strategy, do you foresee that there might be opportunities for expanding again on the tanker sector next year because now I see that the fleet, the tanker fleet out of the115 vessels that you are controlling; only 17 they are tankers (on the) Parent level.

Bjorn Moller: Yes.

(Fotish Giamacalus): Do you see that there might be an opportunity over expanding again during next year?
Bjorn Moller: I believe two comments. Firstly, I think there will be opportunities in the next 1 to 2 years for people who have strong balance sheets to be opportunistic in the market. Secondly, the Teekay groups intended strategy for involvement and growth in the commercial tanker sector is through Teekay Tankers, its subsidiary T&K. And so T&K is growing. And T&K has a strategy to continue to grow. So I guess Teekay will continue its involvement in the sector in various ways, including T&K.

(Fotish Giamacalus): Thank you.

Bjorn Moller: Thank you.


Urs Dur: Good morning.

Male: Hi, Urs.

Urs Dur: Hi. Almost everything answered for me. The move in the oil price here hasn't really steepened contango much. But still, with the quantitative easing, I guess more in a macro question, the higher oil prices have to benefit the long-term investment in the offshore space and make it more viable. Are there any near-term impacts beyond the ones that are in your presentation of what you see maybe next quarter of next year for the development of your shell tanker and other offshore business that you might be able to identify?

And is that a target growth area?
Bjorn Moller: We see good momentum both in shuttle tankers and in floating production and floating storage for that matter. So I think it is a good time to be exposed to that sector and we feel that Teekay is extremely well positioned.

So clearly the higher oil price is going to be stimulative to two things. Firstly, the expiration of new oil, which may take 5 to 7 to 10 years before it starts getting produced. But also of course, the life of fields that when production volumes reach low levels that the end of the (field's) life they are going to continue longer at the higher the oil price.

So that is very good for demand. I think it's best to refer you to maybe some of the slides we used in the Investor Day.

Urs Dur: Sure.

Bjorn Moller: Where there is a fairly extensive discussion. But I certainly feel the benefit of the strong oil prices is coming, playing to our position. I guess also the longer our existing FPSO stay on field, the longer and the more tariff revenue we receive. And we also on the ((inaudible)) FPSO have a price related oil tariff. So we are exposed to the outside in that sense as well.

Urs Dur: Great.

Bjorn Moller: (So that's) positive for Teekay.

Urs Dur: No I – that presentation in front of me as well. I just wanted to take an opportunity to ask you again. Since so much has changed, frankly, since October 20 amazingly enough. Really, that's all I wanted to hear about. Thank you very much.

Bjorn Moller: Thank you.
Operator: Thank you. Your next question comes from Gregory Lewis of Credit Suisse. Please go ahead.

Gregory Lewis: Yes thank you and good morning. You know I guess my first question is related to, you had made some moves in the LNG segment. I mean you know you picked up those interests in the Exmar vessels. And you sold the (Dania Spirit). I mean in terms of thinking about this sale of the (Dania Spirit), was that more of like a vessel swap? Is that how we should be thinking about that?

Vincent Lok: I think you should look upon it that we had a vessel, and we got a very good price from someone who approached us. And so we were able to record a substantial gain on it. It wasn't that accretive to our distributable cash flow. So when we weighed up the future net present value versus selling it today, it just made a lot of sense to sell it today.

Gregory Lewis: Okay. So when we're – okay. So in other words, when I look at your existing LNG fleet, and – or should I say your gas fleet. I mean you know you have at this point now it looks like you have two LPG vessels on the water. I mean should we think about maybe these vessels also leaving the fleet you know over the next say few quarters?

Vincent Lok: No. Because the other LPG vessels that we have, they are all 15-year charters, so this one was on a shorter charter. And the charter had some options to extend. And so when we looked at it, we just felt that this was the right time to sell it in its life cycle, which is the same thing that we're doing at Teekay Tankers as it relates to some of our older ships, if we can get premium prices, who'd rather take the money and look for other investments where we can get a higher return.
Gregory Lewis: Okay sure. And just given the variability, it doesn't probably make sense to be in an MLP structure in the pricing. Okay. And then just my other question is you know when you know you do a good job of laying out the cash flows of the daughter companies, and the parent as well. In terms of you know when we look at the parent company, and we see the negative cash flow that is – or cash flow from you know operating vessels that the parent is generating, as I you know as I sort of sort of down the asset classes, are there a handful of assets that are just really dragging that cash flow negative?

Vincent Lok: Yes. If you look at the existing assets of the parent right now, we still do have two FPSOs that are – that have under the water contract below market contracts substantially. So that is dragging. But we are working on improving those contracts.

Gregory Lewis: Sure.

Vincent Lok: You know they will be up for renewal over the next several years. The other part of it is the conventional business, which you know we still have some in-charters both external charters as well as internal charters from Teekay Offshore. So that – you know they have based on you know current spot tanker rates, they are a drag on EBITDA. So we would expect – we would need a recovery in spot tanker rates to see an improvement there.

Gregory Lewis: Okay. So it's primarily the FPSO and the in-chartered vessels that are driving that negative. So then when we think about vessels being dropped down into the daughters, I am assuming if they are negative cash flows, those assets can't be dropped into the daughters, is that the right way to think about it? Or not really?

Vincent Lok: Well in terms of the two FPSOs that is – I would say that is correct. But we still have other assets that are generating positive cash flow such as the Foinaven FPSO. We also have 49% of
OPCO remaining that could be dropped down to Teekay Offshore. And conventional tankers would be dropped down at fair market value like we did with the ((inaudible)).


Vincent Lok: Yes.


Scott Burk: Hi. Good morning, guys. A little bit of a follow-up question to Greg's about the FPSOs being dropped down to Teekay Offshore. Just wondered, how many assets do you eventually want to keep at the Teekay Parent level? And then how quickly can you drop down that remaining 49% of Teekay OPCO down to TOO?

Bjorn Moller: Well I ((inaudible)) charter answer. Maybe Vince and Peter can chime in. I guess the intention would be to continue to drop down assets that can provide value in daughter companies. And internals (would) be beneficial to the parent in the form of increased cash flow from the daughters and increased value in our ownership of the daughters.

The purpose of Teekay will then be to continue to secure new projects to warehouse them, and that's we layed out on Investor Day. The warehousing is a temporary use of capital. And then there are more strategic uses of capital. And if large opportunities come along or new projects that fit a little bit outside the box of the daughter companies.

So I guess essentially most of what you see upstairs at the parent will eventually be eligible for dropdown. That's certainly the plan.
Male: I think that is the key with what Bjorn is saying. Is that they are eligible. It is with the existing assets upstairs, it is Teekay Corporation's desire to sell. And likewise, down at the daughter company the daughter companies have their choice of either buying from Teekay at fair market value, or we go outside and look at third party acquisitions.

And whenever I am evaluating any acquisition, I always look and see is there a third party transaction. So there is a constant weighing up of what is the best transaction for the daughter companies as it relates to getting accretive growth.

Scott Burk: Okay. And one follow-up to that in terms of warehousing projects at the parent level. It seems like that the VLCC that you are doing the joint venture with, Teekay Tankers, seems like that might be a better or might be a warehouse type project. In other words, you are going to have new building (inaudible)) complete there.

How did you make the decision to put that into T&K as opposed to actually do that project at the Teekay level?

Male: I think from our point-of-view, we're looking for the daughter companies to be able to warehouse more of their projects on their own. So for example, we – Teekay LNG partners has over $500 million in liquidity. And because Teekay Tankers had substantial liquidity itself, and the – it could borrow under its lines and capitalize the interest. So it will have no negative effect on the partnerships dividends. Or excuse me, on Teekay Tankers dividends. So it just made sense to do it downstairs.

Scott Burk: Okay. All right. And then Vince, one question for you on the guidance, or I guess two questions. First of all, can you just clarify if the guidance that you gave there? Is that's for changes in revenue compared to third quarter just for Teekay Corporation. In other words, do we
need to deduct from those you know changes like the 4 million or whatever that would be going to
– more directly to Teekay Offshore?

Vincent Lok: This is on a consolidated basis?

Scott Burk: Yes.

Vincent Lok: So you have portion of these in some cases would apply to the daughters. So the guidance
is on a consolidated basis to be clear.

Scott Burk: Okay. All right. That's what I thought and then one more question about the cash flow vessel
operations for every $1000 increase in spot tanker rates. Is that compared to the third quarter
day rates? Or should we – I assume that's compared to third quarter day rates, not the day rates
that you mentioned that you've locked in for the 30% Aframax data so far.

Vincent Lok: It's not compared to any particular quarter. It's just the rule of thumb for every $1000
change it's about 3.2 million. So that – and so that is – that's just the sensitivity on a quarterly
basis.

Scott Burk: Okay. Very good. All right. Thank you.

Bjorn Moller: Thank you.

Operator: Thank you. Your next question comes from Justine Fisher of Goldman Sachs. Please go
ahead.

Justine Fisher: Good morning.
Bjorn Moller: Hi, Justine.

Justine Fisher: I have one follow-up question to Greg first. So just to clarify, it seems as though if you did drop additional conventional tankers from Teekay Parent to Teekay Tankers, it wouldn't be the chartered in tankers, right? It would only be owned tankers that you drop down.

Male: That is correct.

Justine Fisher: And so in that case, it seems as though historically chartering in vessels has afforded the company significant flexibility. And I know that this is a consistent point that you guys made not necessarily in 2010, but in years before that, that it allowed you to gain additional control in the market without having to go out and acquire vessels at prices that you thought were too hot.

It seems that at the moment the company is looking to wind down the chartered-in fleet. They are obviously lost making vessels. But let's say over the next sort of 1 to 3 years, if Teekay as a group wants to retain exposure to the chartering market. Is that going to happen via growth at the parent, or would you consider chartering in vessels directly to Teekay Tankers? Or is chartering not something that you guys are going to be focused on?

Male: Yes, that's a good question. One that we will discuss as said opportunity comes along. We have been in unloading exposure mode in the last 2 or 3 years since T&K really gained traction. And so we now have reached a bottom in the market of some sort whether we bump along in that market for a while, there will be some trading opportunities.

I think the main thing is that the expertise resides inside the Teekay Group to do that. So far the mantra has been that Teekay Tankers was in the business of acquiring vessels and acquiring steel and maintaining a spot presence or chartering them out. However, the potential for trading in T&K is something that could be developed. We have the pools, which of course provide us
with lots of flexibility and the size of our fleet. And it's possible that you might do some trading inside the pools as well.

So there are a number of options, Justine. I don't think we have fully debated that idea. And we probably will work on that.

Justine Fisher: Okay and then just a question on CAPEX and delivery. I think you guys usually include a schedule of what the remaining payments are. And I believe as of the 2Q SEC filings, you had another 180 million payment to make in 2011. Can you just give us an update on the remaining new build related payments that you have for the remainder of 2010 and then 2011 and '12?

Male: Hi, Justine. Yes, we have actually included a table in our earnings release on that.

Justine Fisher: I missed it.

Male: It's below the liquidity line.

Justine Fisher: Okay. I'll go back and look. I'll go back and look.

Male: This is -- just a -- it's for your reference. The 2010 fourth quarter is about 182 you know 2011. It's about 550 million, which includes the recent tariffs that (inaudible) project. So you can find the details in the earnings release.

Justine Fisher: Okay. Apologies for asking that. I'll go back. And then just one other question going back to the issue of the vessels that parent versus the daughter companies. Obviously the vessels of the daughter companies are not losing money on a grand scale now. But it does seem as though because of the different dividend structure at Teekay Corp., that the company is at
least more comfortable keeping loss making vessels at the parent, rather than dropping them down to the daughters, as you mentioned with you know the FPSOs that are still underwater.

In the future, if there were vessels at the daughter companies that were lost making on let's say a two quarter basis, would you consider ever selling them back up to the parent just because it wouldn't have a significant effect on the dividend there?

Male: Let me answer that. Justine, that isn't our policy. Our policy down at the (MLP) is that we put these vessels on a long-term contract. So any contract interruption is the responsibility of the (MLP). We aren't doing trading between the companies. If the daughter companies wish to purchase assets, that's a decision they make that they want to do it because it is a transaction that will create value.

You are not going to find us moving assets up and down based upon whatever their short-term prospects are. And so I want to reiterate that it's a two-sided decision. If Teekay wants to sell an existing asset, you – there is a meeting of the board at the daughter company, and they will consider whether that transaction is an accretive transaction for the daughter company.

And if they don't consider it that way then they won't buy it.

Justine Fisher: Okay great. Thanks very much.

Operator: Thank you. Your next question comes from Justin Yagerman of Deutsche Bank. Please go ahead.

(Joshua Catsaphone): Hey guys, this is (Joshua Catsaphone) for Justin. Just an opportunity to I guess keep this short. I just want to go back to potential offshore investments. You guys never mentioned that there were higher risk adjusted returns in the offshore sector. So you
think that these opportunities will be lasting long-term? Or is this something you need to kind of act quickly on and to deploy a lot of capital in the near-term?

Male: There is. We see a strong demand growth. We see a limited number of suppliers. We see a consolidation of the supplier side. And therefore we expect this would be a positive trend that will last multiple years.

(Joshua Catsaphone): Great. Thanks. And just one more question. With regard to your goal of reaching or of $0 of net debt or actually going below, would that prevent you from making large scale acquisitions or pretty large investments? Or would you consider maybe delaying that goal (inaudible)) opportunity?

Male: We have indicated a direction of wanting to be in a position to reach that goal. Now that we have it within our sights, it doesn't necessarily mean that that is the optimal capital structure, Teekay. And so therefore we are looking at all alternatives. Continue to repay debt, investment of stock buyback. And I think you know we will find that the best use of our capital will probably be with some stock buyback and some new investment.

(Joshua Catsaphone): Good. Thank you.

Male: Thank you.

Operator: Thank you. Your next question comes from (Herman Hilden) of (RS Patole Market). Please go ahead.

(Herman Hilden): Hi. Good morning, guys. I just have a quick question on the FPSO side. Could you give us any comments on the market dynamics in terms of how many competitors you see on the project that you are (tendering) for, and also what regions you are targeting currently?
Bjorn Moller: We are focused on niche markets in Brazil and the North Sea which are the areas of greatest strength of Teekay Petrojarl, (IPSO) subsidiary.

(Herman Hilden): Yes.

Bjorn Moller: And we see about ten competitors in the market of which there are probably three in what we characterize as the top tier size wise. And then there are three more companies in the next size, including us.

(Herman Hilden): Can you also comment on the – how you see your pricing power compared to previous (tenders)?

Bjorn Moller: I don't think there is a pricing power. But I think there is a skill set that is very desirable in our offshore organization. And we I think their customers are willing to recognize that. It comes from the operational reputation. It comes from the technical knowhow, and the strength of our balance sheet. So I think we are well positioned competitively.

(Herman Hilden): And then lastly also, I mean do you see any projects getting larger? Or do you still kind of target the mid range FPSOs?

Bjorn Moller: Well we've looked at some of the big what I would call commoditized projects in the billion-and-a-half investment category. And I think we feel that that's probably not going to be our core business. Our core business will be in the niche projects, the small to medium sized (subtle) projects. And that is where we have also gained the most traction, I find.

(Herman Hilden): Okay. Well thank you very much.
Bjorn Moller: Thank you.

(Herman Hilden): Thank you.

Operator: Thank you. Your next question comes from (Sal Vetal) of Sterne Agee. Please go ahead.

(Sal Vetal): Good morning. I just have a couple of quick questions on the LNG side. I see in the press release here that there was a – the (Dania Spirit) was sold. And it will be completed by the middle of November. What should we be looking at? What is the quarterly revenue contribution from that vessel, just from modeling purposes?

Bjorn Moller: Hi. I don't that figure in front of me. But it is not material to the distributable cash flow.

(Sal Vetal): Okay.

Bjorn Moller: It is one of the reasons that we sold it. So it doesn't detract from our distributable cash flow after we looked at the net expenses.

(Sal Vetal): Okay. And then just on the overall – excuse me – on the overall conventional tanker side on the – in LNG and TPG. What should we be looking at? That was about $23 million. I am sorry, $24.8 million in 3Q. Is that a good run rate to use going forward?

Male: Vince do you want to take that?

Vincent Lok: Sure. Are you referring to the – was that the (GGP) …

(Sal Vetal): (PGP) conventional tanker side, the $24.8 million revenue.
Vincent Lok: Yes. That's a – that's a fairly stable fleet with six (rate) contracts. So apart from you know changing – you know quarterly schedule dry dockings, it's a pretty good run rate. We did have some dry dockings in Q3. So in Q4 it should be a little bit better.

(Sal Vetal): Okay. What was – just you know ballpark. What was the revenue impact of those dry dockings?

Vincent Lok: It's about $1 million.

(Sal Vetal): Okay, $1 million. And then just the last question on the (skogen) new buildings …

Vincent Lok: Yes.

(Sal Vetal): … that are deliverable in 2011 if I am reading this right. Have you provided what the rates are going to be on that? What the revenue contribution will be from that?

Vincent Lok: No, we haven't.

(Sal Vetal): Okay. Okay thank you.

Vincent Lok: Thanks a lot.

Operator: Thank you. There are no further questions at this time.

Bjorn Moller: Okay. Well thanks for joining us this morning. And let's hope for a good winter market.

   And I wish you a very good weekend. Thanks for listening. Bye-bye.
Operator: Ladies and gentlemen, this does conclude the conference call for today. You may now disconnect your line and have a great day.

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