TEEKAY CORPORATION

Moderator: Bjorn Moller
February 28, 2008
10:00 a.m. CT

Operator: Good morning, ladies and gentlemen. Welcome to Teekay Corporation's fourth quarter, year-end 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 any assistance during the call, please press star zero on your touch-tone phone.

As a reminder, this call is being recorded. The date is Thursday, February 28th, 2008.

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 also Mr. Vince Lok, Teekay's chief financial officer. Please go ahead, sir.

(Dave): 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 fourth quarter and fiscal 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 these forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in our earnings release and the earnings release presentation available on our Web site.

I'll now turn it over to Mr. Moller to begin.

Bjorn Moller: Thanks, (Dave), and good morning, ladies and gentlemen. Thanks for joining us for our fourth quarter earnings call. Besides Vince Lok, we're also joined here for the Q&A session today by our chief strategy officer, Peter Evensen.

I'd like to start with the highlights for the quarter, shown on slide number three. We earned net income, on an operating basis, of $23 million or 31 cents per share. This figure reflects the weak tanker spot market experience for most of the quarter prior to the big rate spike towards year end.

We generated cash flow from vessel operations, or CFVO, of $138.4 million, of which our fixed rate businesses contributed more than 80 percent.

The successful initial public offering of Teekay Tankers Limited in December of 2007 was a major highlight. Teekay Tankers provides a pure play opportunity for investors to co-invest with Teekay in the conventional tanker business.

Another highlight was ConocoPhillips selecting Teekay for a strategic, multi-vessel transaction in which Teekay took over six Aframax tankers and time-chartered a number of tankers out to ConocoPhillips.

In Q4, we also acquired two specialized LNG carriers from a ConocoPhillips Marathon Oil joint venture. And we completed the construction of the Siri FPSO in Poland in December. The unit has since been relocated to Brazil where it has delivered on its contract to Petrobras.

On slide number four, for all of 2007, we earned operating net income of $197.5 million or $2.65 per share. And we generated $622 million of CFVO, 73 percent of which came from our fixed rate businesses.

We generated record revenues of $2.4 billion, and our assets reached 10 billion, a compounded annual growth rate in our asset base of 26 percent since 2000.

In addition to the Q4 highlights I mentioned before, other highlights for 2007 include our acquisition of 50 percent of OMI Corporation, which gave us their large Suezmax franchise as well as an increased product tanker fleet. Winning new long-term (LNG) contracts in Angola, the ordering of four sophisticated new buildings for our shuttle tanker franchise and the repurchase of 2.5 million shares as well as our fifth consecutive annual dividend increase, this time by 16 percent.

Next, I'll briefly review each of our business segments, starting with our offshore segment on slide five. In December, Teekay (Petrojarl) completed the construction phase of the Siri FPSO in Poland, achieved in a remarkably short period of only 15 months from contract signing to completion. Siri is the first new FPSO completed by Teekay (Petrojarl) in over 10 years and represents the successful restart of their business development activities, the key reason for Teekay acquiring this franchise.

As I mentioned, the FPSO unit has been relocated to Brazil where it commenced its charter to Petrobras on February, 1st. The Siri FPSO represents a world first in the offshore space as it undertakes the challenge of producing heavy oil of 12.6 (API). For this reason, this is a very high profile project in Brazil and in other areas with large offshore research of heavy oil. The Siri FPSO positions Teekay for future opportunities in Brazil, the world's most exciting frontier for offshore oil and gas, where Petrobras recently announced (mega) discoveries on the (2P) and (2peter) fields. Teekay is already well represented in Brazil as the leading provider of shuttle tankers.

Teekay (Petrojarl) is getting underway with discussions regarding renewal on some of its existing FPSO units, and we expect to have more news in the coming quarters.

In terms of new FPSO business, Teekay is being selective by bidding only on projects that play to its strengths. While some FPSO providers have, in our opinion, been bidding very aggressively recently, we believe it is prudent to take a more conservative approach in today's challenging environment where project delays and cost overruns can be expensive.

As we show on slide six, there are nevertheless a lot of opportunities for Teekay to expand its FPSO business. Offshore activity continues to climb due to high oil pries. Increased deep water drilling sets the stage for future FPSO demand, and the projected pace of FPSO demand growth is rising, as you can see from the chart. Between 107 and 127 floating production units will be needed over the next five years. Some of these will be redeployments of existing units, but most will be new units. And Teekay is actively pursuing selected projects.

With a trend towards deep water production, our core strengths of operating in harsh weather environments and utilizing dynamic positioning technology will increasingly come into play.

Offshore activity is also expected to create associated demand growth for (FSO) and shuttle tankers. As the only one-stop provider of offshore production, storage and shuttle services, Teekay is well positioned to benefit from the strong offshore market.

Turning to slide seven, it was generally a quiet Q4 in the gas market, but Teekay completed a couple of growth transactions nonetheless. We were selected by Kenai LNG, a ConocoPhillips-Marathon Oil joint venture, as the preferred buyer for two 1993 built, 88,000 cubic meter LNG carriers for $115 million per vessel. These vessels have served on the Alaska/Japan route since delivery and have special features, including (eye strengthening) and self-supporting prismatic or so-called SPB cargo tanks. We have time chartered the vessels back to the sellers until 2009 with options to extend further.

This is our first acquisition of existing LNG assets since the launch of Teekay LNG Partners. It diversifies our LNG portfolio and gives us tonnage with which to pursue specialized projects in the future.

During the quarter, we also finalized the Angola LNG transaction where Teekay has a 33 percent interest in four ships on long-term charter starting in 2011.

For 2008, we expect a total of six gas new buildings to deliver into our fleet. Four of these are for (rest), for the (rest gas 3) project, and the photo on the slide shows an event never seen before, namely the world's first ever quadruple LNG ship naming ceremony, which took place in Korea earlier this month on what was a very special day for Teekay.

On slide eight, one of the key dynamics of the gas market these days is the number of major liquefaction projects that have been delayed or postponed due to increases in cost and bottlenecks. However, it looks like most of these projects will eventually come to fruition, thereby restoring the growth trend in LNG shipping demand.

We are seeing growing customer interest in innovative LNG solutions such as floating liquefaction aboard LNG vessels, re-gasification et cetera. It is worth noting that the specialized SPB cargo containment system around two recently acquired Kenai LGN ships make them uniquely suited for some of these innovative LNG projects.

We are also seeing compressed natural gas, or CNG projects, inching closer to commercialization. May I remind you that Teekay is involved in developing projects in these, in this area?

So we see ongoing opportunities for Teekay to leverage its marine midstream capabilities in the gas sector.

Turning to the developments in our spot tanker segment of slide nine, charter rates were relatively weak throughout much of the quarter as all inventory draw downs caused the winter market to stop later than usual.

Teekay's Suezmax fleet earned 33,000 a day while our Aframaxes earned an average of 24,200 a day, beating our (Clarkson's) rule of thumb.

Our (LR2) product tankers out performed the open market with (a TC) of 24,400, while our MR product tankers generated 18,800 a day.

The size of Teekay's conventional tanker fleet increased further to 128 vessels at the end of February, up from 116 vessels at the end of Q3. This was the result of seven (in) charters and the six ConocoPhillips Aframaxes joining the fleet.

We are expecting Teekay's Q1 Suezmax results to be well below market benchmarks as a result of specific one-time circumstances in connection with the change in ownership and technical management from OMI to Teekay. Whenever vessels change technical management, it is standard practice for all companies to automatically rescind the vetting approvals that are a prerequisite for charter eligibility. The oil companies must perform a physical vessel inspection before they reinstate vetting approval.

For Suezmax tankers operating in the medium to long-haul trades, it can take weeks and occasionally months before these inspections can be practically arranged. A number of the vetting renewals for the former OMI vessels took place during Q4, and, until the approvals were finally reinstated late in the quarter, the trading flexibility of these ships was quite restricted, leading to significantly greater than normal idle time for our Suezmax fleet in December and January, which meant we lost revenue days during the brief but dramatic rate spike. Consequently, our Suezmax fleet is trailing market benchmarks for the current quarter, and, during his comments, Vince will provide guidance on our Q1 TCE figures.

On slide 10, we provide more background on the two major events in Teekay's conventional tanker business in the quarter. Teekay was proud to be selected by ConocoPhillips for a multi-vessel, strategic transaction. Teekay acquired six Aframax tankers and time chartered two of these ships back to ConocoPhillips for five years. At the same time, we also time chartered one VLCC and two MR product tankers to ConocoPhillips for periods between three and five years.

We believe the key success factor in our securing this strategic transaction with this major oil company were track record for quality and service and our ability to support ConocoPhillips' ongoing shipping needs across a broad spectrum of segments.

The second major development was the IPO of Teekay Tankers, which was completed in December. We are excited by the successful launch of this third carve out from the Teekay parent, which was very well received by investors in an otherwise challenging financial market.

Teekay Tankers was created to allow Teekay to grow its spot tanker business over time. We believe that the pure play, full payout dividend model will serve to enhance the value of our conventional tanker franchise while allowing us to maintain control over this core part of our business. Teekay Tankers declared its first dividend of 11.5 cents for the 14-day (stock) period in December.

Slide 11 highlights the positive outlook for tanker demand fundamentals. (GDP) growth and (other main) growth, are mainly being driven by energy intensive, non-(OACD) countries, which show no real signs of a slow down despite high oil prices. The (IEA's) latest estimate of 1.9 percent oil demand growth in 2008 represents the highest growth since 2004.

In addition to benefiting from overall ton mile demand growth, medium size tankers can expect to benefit from non-OPEC supply growth mainly in the form of Soviet Union and Brazil.

The planned start up of 1.4 million barrels a day of new refinery capacity in Asia this year is expected to create additional long-haul ton mile demand both from the inbound crude movements and the outbound product exports. And with the average ton mile factor on the rise in this manner, we project tanker demand growth somewhere in the region of 5 percent this year.

Turning to the tanker supply side, the table on slide 12 shows projected fleet growth numbers for each of the main crude tanker size segments. Net fleet growth is projected to be between 3 and 5 percent for the three segments. This assumes though that only the number of ships in the confirmed removals column leave the fleet. This figure comprises ships reported sold for conversion but not yet removed, plus tankers mandated for phase out in 2008 under (IMO) rules.

However, in our view, there is good reason to expect additional removals and, thus, lower net fleet growth in 2008. In particular, the oil spill in Korea from a single hull VLCC late last year has led to that country's and leading charters in the region to announce accelerated bans on the use of single hull ships, in some cases, as early as from the end of this year. With scrap metal prices above $600 a ton, we would expect to see increased voluntary scraping. And there is, there are anecdotal reports of slippage in the delivery time of new buildings under construction in new yards, mainly in China. So all told, net tanker supply growth could end up being very restricted this year. And based on this outlook for demand and supply, we expect the tanker market to remain finely balanced again this year, subject to the usual seasonality.

I'll now hand it over to Vince to discuss our financials. Vince?

Vince Lok: Thanks Bjorn, and good morning, everyone.

Net income in the fourth quarter was 23 million or 31 cents per share when excluding the items listed in (the 10XA) of our earnings release, which relates mainly to unrealized losses from foreign exchange translation and interest rate swaps.

The fourth quarter results were negatively impacted by weaker spot tanker rates and higher than normal vessel operating expenses in our shuttle tanker fleet. However, our spot tanker rates strengthened significantly near the end of the fourth quarter, which will have a positive impact to our first quarter results.

Looking at our segment offering results on slide 14, we generated 138 million in cash flow from vessel operations, or CFVO, during the fourth quarter compared to 161 million in the fourth quarter of last year. The offshore segment CFVO declined by 7 million from the fourth quarter of 2006, mainly reflecting higher vessel operating costs, partially offset by the consolidation of five 50 percent owned shuttle tankers effective December 1st, 2006 and the addition of two Brazil operating shuttle tankers and one (episode) during 2007.

Approximately 20 percent of the increase in vessel operating cost was due to the increase in fleet size. The remainder of the increase was due to a combination of higher accrued costs, including

1.5 million in one-time bonuses, an increase in repair and maintenance work and the impact of foreign exchange rate changes.

In the fourth quarter, we incurred a number of unexpected repairs in our shuttle tanker fleet totaling about $2 million, which we consider to be of a non-recurring nature.

Our new Siri FPSO commenced its charter in Brazil on February 1st, 2008. As a result of the addition of the Siri FPSO and expected lower operating cost in the shuttle tanker fleet, we estimate that the CFVO from this segment will increase to approximately 60 million in the first quarter.

CFVO from the fixed rate tanker segment decreased by 2 million primarily due to higher operating expenses and lower profit share revenue from two vessels. This decrease was partially offset by three vessels added to this segment in the previous quarter.

For the first quarter, we expect CFVO from the fixed rate tanker segment to increase to approximately 26 million as a result of the addition of the two Aframax tankers on charter to ConocoPhillips, and the addition of one Aframax tanker from the spot segment which has been chartered out for a period of three years.

We had a strong quarter in the liquefied gas segment, generating record high CFVO of 35 million, which is up 15 million from the same quarter last year. The increase was a result of the addition of the three RasGas II LNG carriers and the acquisition of the two Kenai LNG carriers in December 2007.

We expect the CFVO to increase to approximately 39 million in the first quarter due to the inclusion of the Kenai vessels for a full quarter. The CFVO contribution from our spot tanker segment decreased by 29 million compared to the same quarter last year, primarily due to the reduction in spot tanker rates, an increase in time charter hire expense and an increase in vessel accruing costs. This is partially offset by an increase in the size of the spot tanker fleet resulting from the OMI acquisition and the delivery of new buildings.

Our spot Aframax fleet earned an average TCE of $24,200 per day in the fourth quarter, and so far, in the first quarter of 2008, we have booked approximately 75 percent of our spot Aframax days at an average TCE rate of $37,000 per day. And 80 percent of our spot Suezmax days at an average TCE of $40,000 per day.

Turning next to slide 15 and reviewing the remaining income statement figures in comparison to the same quarter last year. G&A expenses were 60.1 million compared to 56.4 million in the same quarter last year. This increase was primarily due to the acquisition of OMI, the addition of Teekay Offshore Partners and Teekay Tankers and the depreciation of the U.S. dollar.

The increase to net interest expense was mainly related to the acquisition of OMI as well as the deliveries of the RasGas II LNG carriers.

The income tax recovery in the fourth quarter of 2007 was larger than usual as the result of year-end adjustments to the deferred income tax provisions. Excluding the effect of changes to foreign exchange rates, we expect our tax recovery to average around 3 to 5 million per quarter in 2008.

We incurred a larger than normal equity loss of 7 million in the fourth quarter of 2007 mainly due to non-recurring items such as one time retention bonuses to some of the ex-OMI employees.

We expect our equity income or loss to be fairly minimal in the first quarter.

Excluding the minority interest portion of the items in appendix (A), minority interest expense in the fourth quarter would have been 7.1 million. This will likely increase in the (first) quarter as a result of recognizing the minority interest expense relating to Teekay Tankers for a full quarter versus only 14 days in the fourth quarter.

Turning next to slide 16, we have presented our December 31st balance sheet and compared it to the September 30th balance sheet. Vessels and equipment increased by 224 million, primarily due to the purchase of the two Kenai LGN carriers.

Our net debt to capitalization will remain virtually unchanged from the last quarter at 59 percent as the proceeds from the Teekay Tankers IPO was offset by the purchase of the Kenai LNG vessels.

Except for the Kenai and Angola LNG vessels, we have prearranged financings in place for all of our new buildings on order. We are close to securing debt financing for the Kenai vessels and are working with our joint venture partners in securing financing for the Angola LNG vessels.

I will now turn it over to Bjorn to conclude.

Bjorn Moller: Thank you, Vince. As we show on slide 17, with the IPO of Teekay Tankers, our platform is now complete. We've created three vehicles, each providing a focused investment opportunity for a specific part of our business. Teekay LNG for investors looking for long-term, fixed rate contracts of more than 10 years duration and targeting steady distribution growth. Teekay offshore for investors seeking a fixed rate contract with a medium term of three to 10 years, implying slightly greater volatility and also targeting more aggressive distribution growth. And Teekay Tankers for investors looking for exposure to the spot and short-term charter business with a full, variable dividend payout.

Teekay's 2008 new building delivery pipeline, shown on slide 18, consists of 12 vessels across various segments. Eight of these ships have long-term charters. They're all suitable for drop down and all have financings in place that can be transferred to subsidiaries, as Vince mentioned. This list excludes the Siri FPSO and the Kenai LNG ships, so we have significant built in grown in 2008.

Slide 19 updates the sum of the parts. Calculation for Teekay Corporation, which post TNK stands at just over $69 per share. At our current share price of around $46, we're trading at a one third discount to the sum of the parts.

And turning to slide 20, we will focus on closing this value gap primarily through a strategy of drop downs from Teekay Corporation to each of our subsidiaries. This should generate increased general partner fees from the MLPs, and in the case of Teekay Tankers performance fees, and it should lead to an increase in the price of limited partner units and Teekay Tanker share value respectively. In turn, Teekay Corporation should benefit from a combination of increased free cash flow coming out from the subsidiaries and an increase in our sum of the parts valuation from the improved underlying value of the daughter companies.

Later this year, when we have progressed the drop downs, we plan to evaluate our strategy with regard to further return of capital to Teekay Corporation shareholders. We're pleased with Teekay's central position in the global energy supply chain, and we're excited about our ability to create shareholder value through our business platform.

Thank you for listening this morning, and we're happy to take your questions.

Operator: Ladies and gentlemen, if you would like to ask a question, you may do so, again, by pressing star one on your touch-tone phone. The first question is going to be coming to us from Doug Mavrinac from Jefferies. Please go ahead.

Doug Mavrinac: Great. Thank you. Good morning, all. I just had a few questions. First, regarding the ConocoPhillips transactions, was the charter back component of the transaction a strategic decision on Teekay's part to provide you guys a stable cash flow over the next five years and not take on additional stock market exposure? Or was it a stipulation of the transaction? If you can share that.

Bjorn Moller: That was a stipulation on the part of ConocoPhillips.

Doug Mavrinac: OK. So it isn't necessarily a statement of your view necessarily on the market?

Bjorn Moller: No. But I think we took on net spot exposure. I think that's, in itself, a statement. But, of course, what's more important is that we have created an increased strategic tie with one of the fastest growing companies in the industry. So it's very exciting strategically, but, in addition, it provides us additional – or probably a wash overall when you think of the ships we chartered out and the ships we took on.

Doug Mavrinac: Right, right. But you did get (longer the steel), so maybe we can read into that a little bit.

OK. And then second, you just chartered one of your VLCC to ConocoPhillips as well, expanding that partnership. And when looking at the VLCC profile, VLCC fleet profile this year, on one of your slides, it appears there's likely to be limited growth in this particular asset class. And we know the VLCC asset class has outperformed the other asset classes in recent weeks. My question is, would the VLCC asset class be a sector you all would be interested in expanding after your expansion in the Suezmax asset class with the OMI transaction? And secondly, do you believe the recent disconnect between the performance of the VLCC asset class and the Suezmaxes and Aframaxes can continue?

Bjorn Moller: We made, I think, a significant statement of our intention to replenish our presence in the crude market when we acquired OMI last year. And that fit very well with our strategy in the medium sized tanker space. And we don't have any current plans to enter the VLCC market. We accept that this, it has good dynamics, but we see good dynamics for the overall crude market. And on your point about the spreads, there can be some periods where they disconnect, but generally it is a fungible market and certainly see the smaller vessels always benefiting from strong markets for the large vessels. Not always true the other way around, but it's very consistent that the smaller vessels do benefit even if, with a lag at times, when big ships have good markets.

Doug Mavrinac: OK, great and then just a couple more questions. First, can you guys remind us of how many additional assets can be dropped from Teekay Corporation to one of the MLPs and/or Teekay Tankers? And what considerations do you all have when deciding when and how many additional assets to drop down?

Peter Evensen: Doug, we have a multitude of assets that we can drop down. Basically all the forward LNGs on the gas side are eligible to go into Teekay LNG. And, on the offshore side, we're waiting until we have re-contracted some of the FPSOs before we look at putting them into Teekay offshore. But we still have approximately 75 percent of our shuttle tanker franchise that is outside of Teekay offshore, and there's another 39 vessels of the Teekay, of the Teekay which are eligible to go into Teekay Tankers. So that's many years of profitable drop downs in our view.

Doug Mavrinac: OK, great. That handled both of them, Peter, thank you very much and thanks Bjorn.

Bjorn Moller: Thank you, Doug.

Operator: Thank you. The next question will come from Jonathan Chappell of JPMorgan. Please go ahead.

Jonathan Chappell: Thank you. Bjorn, it sounds like the Siri project could be the start of something pretty big down in Brazil. Can you talk about the growth potential there, elaborate a little bit on the slide in the presentation? Do you see more FPSO potential? Do you see more shuttle tanker potential or both?

Also, kind of what's visible from fields that have already been found there versus what you think the potential may be? And then, finally, just what's your capacity with those types of assets to meet the demand that you see in the Brazilian market?

Bjorn Moller: Yes, no, I was in Brazil earlier this month, and I can tell you that it's palpable how excited the people are down there. And we had a chance to meet with all the top brass of Petrobras, and they're extremely focused on the rapid development of the (2P) field, which is like anywhere from 8 billion to 28 billion, depending on who you listen to, of barrels equivalent. They're looking at fast tracking. In fact, we might have opportunities to help them because of our specialized involvement in the heavy oil sector now. So I've seen estimates for FPSO demand in the next several years jumped by at least 10 units based on the (2P) field alone. So it's a bonanza down there. And I think we are really well placed.

So in terms of our capacity, you know, that's what we are in the process of ramping up. And we're strengthening the team. I'm extremely pleased with the way the Siri project went. And I would say if we can do one project a year in the next one or two years, and then a couple of projects the year thereafter, that would be a natural ramp up. But, of course, a project isn't always a project. Some of these projects are huge, and some of them are more moderate. So I think what's so impressive about (Petrojarl) is the quality of the engineering and the operational excellence that they have. And that's a great marketing tool. They're the pioneers in the FPSO business with 20, 25 years of experience. And they have just unbelievable up time statistics on what they do.

So, and of course then the shuttle business is a great adjunct to the growth in offshore in Brazil and elsewhere where, you know, we have $500 million worth of shuttle tankers coming in, and where we have other vessels with shuttle features in our fleet (and long these) items on order so that we can step up our investment or our involvement, rather, in shuttle. So this is a very exciting area for Teekay.

Jonathan Chappell: So it sounds like there's a lot of potential future drop downs to TOO.

To follow up on the drop down issue, is there a potential area you're a little bit more focused on that you think maybe the projects are a little bit more lined up for sooner than later drop downs possible in TOO? And also, what's the financing capability of your subsidiaries to take assets from the Teekay Corp, and how much of it is reliant on successful equity issuances as you look at the '08 schedule?

Peter Evensen: Well, we like all our daughters. So there isn't one daughter that we like more than the other, and I don't want to give specific guidance on the timing except to say that we plan to grow all three. In the case of all the vessels, all the three daughters, we've created them so that they do not have to do follow on equity offerings in order to grow. All of them have un-drawn, or un-drawn revolving credits, which can give them liquidity. And so that's not our preferred alternative. Our preferred alternative is to do follow on offerings. So we were happy to see that the MLP space re-opened this week with two large overnight issues on the follow on side. So that would be our preferred way in order to grow. But as Bjorn said, in his speech, we're committed toward growing each of the daughters this year.

Jonathan Chappell: OK. My final one is for Vince. What are the capital commitments, and what financing have you arranged for those commitments for the ConocoPhillips transaction?

Vince Lok: Yes, the ConocoPhillips we purchased two out of the six ships and the other four vessels are on sort of medium to long-term (there vote ins).

In terms of the two ships we purchased, we just used the, our existing cash and revolvers to finance that. But we will be looking at some long-term financing for those in the near-term.

Jonathan Chappell: OK. Thanks, everybody.

Male: Thanks.

Operator: OK. The next question will come from Omar Nokta of Dahlman Rose. Please go ahead.

Omar Nokta: Thank you. Good morning.

Male: Hi, Omar.

Omar Nokta: Hi. I just want to get your thinking on buybacks. Bjorn, you said earlier that later on this year would be the timing for that. It seems that at least one of your competitors out there is holding back a bit to see how the credit markets shake out. Is that a similar position you're in where you're waiting for cash from asset sales in these drop downs rather than tapping into your liquidity that's available now?

Bjorn Moller: Well, I would say basically we will plan to finish the existing buyback authority before the Q1 conference call, especially at these attractive prices. And, you know, we feel that the average price of $50 at which we purchased during the quarter is still an attractive price.

But, as we execute on our 2008 strategy of growing our subsidiaries by dropping down assets, as I mentioned, we'll be reevaluating our share buyback plans and dividend policy. You know, the parent, you know, could end up becoming debt free on a net basis. So we'll look at, we'll look at that, and I think the drop downs will really create a lot of optionality for us. We continue to say, or we've always said we have several uses for our cash. One is accretive and attractive growth opportunities. One is repayment of debt, and the third one is return of cap to shareholders. And so we typically have done, I think, a good mix of all of those, but we won't hesitate to return capital if we don't think we can use it profitably.

Omar Nokta: Great. I just want to see, is there any other ways of exposing the value that's in Teekay because obviously you trade at a 33 percent discount? You have all your different spinoffs aligned for the value, but it just seems that your shares are continuing to lag. Now how do you feel about that? Is there something else you can do? Or is it just we simply wait until the drop downs take place?

Peter Evensen: I think we have a good strategy in place for 2008 in order to create value, as we said. Obviously, there's other things you can do, but we've established a good investor base with our daughters, and we've been very pleased with the type of investors that have moved into the Teekay ownership space. And so I think we have a different model, which is that we're more of an asset manager and we're creating a long, longer-term value. I think the more interesting thing about the whole corporate structure is that it will increase the return on invested capital up in Teekay Corporation as we start to get more of the general partner incentives come up.

So as we create projects, the return on invested capital, which has always been the hard part about doing long-term projects, which is that you have a low return on invested capital in the first few years. By having these daughter companies, we won't suffer from that up at Teekay Corporations. So one of our plans, going forward, which is the next step, is to try to show Teekay Corporation as a stand alone company. And if we do that, I think investors will start to see the whole power of it, which is that as we consolidate up, of course we look like we have a high dept to capital level. But as we achieve this strategy, you'll start to see the free cash flow up at Teekay

Corporation on a stand alone basis. And I think when investors start to focus in on the free cash flow, on the higher return on invested capital that will come up at Teekay Corporation, then they'll see that we actually are a different animal than your normal (passive intensive) shipping company.

Omar Nokta: OK, and do you see that happening over the next quarter, being able to illuminate Teekay as a stand alone in your financial?

Peter Evensen: Yes. We're working actively in order to try to re-change our earnings statements in order to try to look at that. I'm not sure – our goal is to achieve it in the next quarter, which will be easier on all of you guys because it hasn't been lost on us. We have listened to both investors as well as to you analysts who have talked to us about the face that it's hard to analyze Teekay. So our next step isn't just to illuminate the value of the assets, it's also to make it a little bit more transparent. So I think if we can achieve that – in other words, move around the segments, make it closer to the corporate structure – if we can achieve that, I think it'll be easier for investors to analyze us and then all the things that I just talked about will become more apparent.

Omar Nokta: OK, great. And just switching gears, just when – could you clarify the vetting issue on the Suezmaxes? You know I thought that when you consolidated OMI's vessels that you had taken on the technical management team and that you wouldn't have to go through a vetting process.

Bjorn Moller: No, that's not the case. We – OMI took over the marine operations side of OMI, so TORM – TORM, I apologize …

Male: TORM.

Bjorn Moller: … TORM took over the part of OMI's marine operations, which remain in India, whereas in Teekay we've decided to incorporate and to integrate the OMI fleet into the Teekay fleet. And I think simply we underestimated, you know, the trading flexibility that we lost during this transition. So this was done gradually, leading in through the fourth quarter. And just a slightly longer voyage (path on) these vessels meant that it wasn't as practical to get these inspections done. Then, of course, missing the spike on a number of vessels really shows up very quickly on the bottom line. So that's sort of a one-time event. That's behind us. The ships are now fully in the Teekay system and fully vetted and approved, so we look forward.

Omar Nokta: OK. And could you – with the guidance that you gave, is there a percentage utilization that you could give us for the quarter on the Suezmaxes?

Bjorn Moller: I don't have that number here, but I guess the utilization shows up in the TCE, so I guess that's the one to focus on. But there was a lot of idle time on some ships, so I guess that's – once you, once you get into that situation then, you know, you don't earn revenue. So …

Omar Nokta: All right. I'll just follow up …

Bjorn Moller: … numbers …

Omar Nokta: … I can follow up offline just to get the data if that's possible.

Bjorn Moller: OK.

Omar Nokta: All right, thank you.

Operator: And the next question will come from Scott Burk of Bear Stearns. Please go ahead.

Scott Burk: Hi. Just a few follow up questions. First of all, wanted to know what percentage of your spot fleet is covered by your (FFA) activity for the next, you know, for the next year.

Vincent Lok: Relating to the Suezmax suite, it's roughly about 3.5 vessel equivalents for the Suezmax.

Scott Burk: Oh, so just the vessels left over from OMI's charters …

Vincent Lok: ((inaudible))

Scott Burk: … activity. OK. So no active trading beyond that in the (FFA) market for the Aframaxs?

Vincent Lok: We do have some active trading in the (FFA) market. I don't think it's that material, but we have been doing some trading and hedging over the past year.

Scott Burk: OK. And then just a final follow up, I missed – you mentioned minority interest for the first quarter. I think you said it was going to be $7 million. Could you just restate that?

Vincent Lok: I was saying that $7 million is the minority interest in the fourth quarter if you exclude the appendix (A) items.

Scott Burk: OK.

Vincent Lok: And, in the first quarter, that number will likely increase because we have a full quarter of minority interest relating to Teekay Tankers whereas in the fourth quarter there was only 14 days of that. So that $7 million will likely increase in the first quarter.

Scott Burk: OK, and then your – you did mention also that the cash flow from vessel operations in the offshore segment going up to 60 million in the first quarter. How much of that is driven by, you know, a revenue increase versus expense, you know, decrease? I guess my question is was a lot of the downside in the fourth quarter driven by one time expense items or was it just the fact that you had some of those, you know, some shuttle tankers offline?

Vincent Lok: Well the offshore segment will include the Siri FPSO for a couple of months. So there's additional cash flow coming from that unit. And if you back out some of the non-recurring operating expenses in the fourth quarter, roughly about 3.5 million, that's sort of the difference there.

Scott Burk: OK. Thank you very much.

Operator: Next question will come from Justine Fisher of Goldman Sachs. Please go ahead.

Justine Fisher: Good morning.

Male: Hi there, (Justine).

Justine Fisher: The first question that I just have is a clarification on that Suezmax rate. So obviously the idle time during the quarter you said would be reflected in the TCE. But, Vince, the 40,000 a day rate that you gave, that's before taking into account additional idle time?

Male: No, that's all in. That's net of idle time.

Justine Fisher: OK.

Male: And I think the market, the (Clarkson) benchmarks are higher than that. That's what Bjorn was referring to.

Justine Fisher: OK. All right. Thanks. And then the second question is about your short-term debt maturities in 2008. I know that you had a big revolver, a balloon payment in ’06, and I believe you had another one in ’08. Can you clarify what portion of your short-term debt is that revolver payment? Or maybe I’m totally off into something else.

Male: Actually that related to a bridge facility we had in connection with the OMI transaction, which has subsequently been refinanced when we did the Teekay Tankers IPO. So that’s been termed out.

Justine Fisher: OK. Do you expect short-term debt, I guess, for the next four quarter periods going forward, once that payment is made, to be kind of 250 million to 300 million that it’s previously been? Or are there any other large payments that you’d have to make like in ’09 or 2010?

Vincent Lok: We do have 150 of that bridge facility still in the current portion right now because we paid off the majority of that purchase facility, but there’s still 150 outstanding that’s due sort of mid-2008.

Justine Fisher: And you guys will refinance that this year?

Vincent Lok: That’s right.

Justine Fisher: OK. And then a question on just the number of Aframaxes chartered in there. There looked like there were 10 new Aframaxes chartered in for the fourth quarter in the fleet list on – at least in the fleet list on this press release versus the third quarter. Can you tell us the duration of those charters, like how long can we expect you to have those 10 additional Aframaxes in the fleet?

Bjorn Moller: Well six of those vessels relate to the ConocoPhillips transaction.

Justine Fisher: All right, OK.

Bjorn Moller: So those are long-term in charters. And two, the four in charters and their two owned vessels, so four of them – I guess we bought two of the vessels and chartered in four. So those are long-term. But the typical tenor of our in chartering activity is one to two years.

Justine Fisher: OK. And then the last question I have is for Peter. I was wondering if you could go over the mechanics of the asset drop downs on the balance sheet and the cash flow statement just so that we can get a good idea of how those will be affected. And I know that you consolidate the results of the MLPs into Teekay Corp still, so if you drop an asset down, I guess you'd get cash for that asset and maybe pay down debt. But on a consolidated basis, does it make – will it make any difference?

Peter Evensen: If we drop down existing assets – first of fall, they'll be transferred in at Teekay's existing book values even if the purchase price is different than that because they are part of the consolidated Teekay Group. If we, if Teekay takes – I guess it depends on whether the MLP or Teekay Tankers issues equity, then that would change the capital structure on a consolidated basis. And, of course, depending on whether Teekay subscribes to the units, that could change the minority interest expense figure.

But if you look at sort of consolidated EBITDA, that doesn't change. It's primarily interest expense and minority interest expense would change accordingly.

Justine Fisher: And so the, and the total debt level would only change if the, if the MLP issued equity, and therefore that would decline. But if they issued debt instead of equity, then the total debt on the balance sheet for Teekay Corp would be the same?

Peter Evensen: That's correct.

Justine Fisher: OK, and then, sorry, last question. Any plans to repay significant amounts of debt this year. I mean your debt to EBITDA, even if we take out restricted cash, is now around five times? Any plans to repay some of these big facilities that you guys have taken on to finance fleet expansion?

Peter Evensen: Yes, we have taken on, you know, a sizable amount of debt with the OMI acquisition. And as Bjorn mentioned, we're focusing on our plan to execute drop downs into our subsidiary companies, and those companies may issue additional equity. So that's part of our plan for 2008, to pay down debt, but also look at the alternative uses for that capital.

Bjorn Moller: But I guess it's worth noting that with 80 percent of our cash flow coming from fixed rate business, I mean our stability is unique in the industry, so while we certainly want to watch the overall debt level, that dynamic is also worth bearing in mind.

Justine Fisher: OK, thanks a lot.

Operator: Next question will come from (Greg Lewis) of Credit Suisse. Please go ahead.

(Greg Lewis): Thank you and good morning. My first question, I guess, is a follow up to the ConocoPhillips transaction. Are you able to provide any details regarding the rates involved?

Bjorn Moller: We can't give any details, but I guess if you look at what the (Clarksons) of this world provide as rates for various periods of time charter of different types of vessel, it's pretty much market related.

(Greg Lewis): OK, great and then actually a follow up to that. I guess the last time Teekay sort of did the vessel by vessel breakdown of chartered in rates, was probably about a year ago. Is there any plans to sort of re-release those types of numbers?

Male: Not at this, not at this stage. I think, you know, the mix changes quite a bit from quarter-to-quarter, and I think as you see changes in the fleets, you can probably just assume that there is sort of (done it) market rates based on the terms that we entered into.

(Greg Lewis): OK, I guess …

Bjorn Moller: … rule of thumb guidance, but I guess we didn't provide it this quarter, but that gives you kind of the aggregate outcome of those in chartering, of that in chartering portfolio. So we'll provide that on a regular basis.

(Greg Lewis): OK. I guess and then shifting gears to the FPSO business. I guess on slide five you talk about your strengths in the FPSO market. Is that more function of region? Is that more a function of, you know, pretty much, you want to do business in the north, say, in Brazil? Or is, I'm I – is there something else with that?

Male: I would say that our FPSO business is focused in on more complex FPSO solutions rather than simpler FPSO solutions. So you haven't seen us in more benign waters like Africa or in certain areas of Asia. But we're pleased with the deep water opportunities that are available in places like Brazil. I think you could see things in other areas that go to harsh environments. And the kind of complexity that you see on the existing (Petrojarl) assets goes well in the North Sea or in eastern Canada or eventually farther up toward the Arctic side of things.

So that's where our competitive advantage is, and that's where we're focusing in on the tenders. So there's more complex value added projects.

(Greg Lewis): OK thank you.

Bjorn Moller: Thanks, (Greg).

Operator: Next question will come from John Kartsonas of Citigroup. Please go ahead.

John Kartsonas: Yes, hi. Vince, can you give us the guidance on the cost side for '08 if you have some numbers, G&A, depreciation, (charter in)?

Vince Lok: I think the, if you look at vessel operating expenses, the levels that you say in the fourth quarter is a pretty good indication, subject to, of course, changes in the fleet, which we will have some new buildings delivered during 2008, if we're looking at sort of first quarter. The fourth quarter is a pretty good indication although I think in the offshore segment, as I mentioned earlier, that will – we expect that to come down a little bit because of the unusual nature or non-recurring nature of some of the expenses we've seen.

In terms of G&A, I think just with some general inflationary increases and the addition of additional vessels, the G&A level will increase a little bit from where we are currently on a run rate basis, sort of in the low 60s per quarter.

John Kartsonas: Would you annualize it for the year?

Vince Lok: Yes, so …

John Kartsonas: OK, so …

Vince Lok: … that's low 60s per quarter.

John Kartsonas: OK and depreciation?

Vince Lok: Depreciation, I don't have a full year figure, but if you – of course there's going to be fleet changes happening each quarter along the way. But if you look at the first quarter, we're looking at a total depreciation of roughly just under $100 million.

John Kartsonas: OK. Second, on your debt, how much of that is (swapped), or how much do you have free at this point, or, you know, floating?

Vince Lok: Pretty much all of our debt is fixed …

John Kartsonas: OK.

Vince Lok: … on (swaps) at varying …

John Kartsonas: Do you have an average rate for that approximately?

Vince Lok: Our all in debt costs, with the spreads, is about 6 percent.

John Kartsonas: Six percent, OK. OK. Also, on the rule of thumb, is that still something that you can use as a rough guidance for the quarter or has it changed?

Vince Lok: Yes, it's fairly difficult to have an accurate rule of thumb given the diverse range of ships that we have in our spot tanker fleet, as well as the fact that, you know, spot rates don't necessarily – not all the vessel classes sort of trade in tandem in a particular quarter. If you're looking for a rough rule of thumb, I think it would be the previous one we had. I think the net income breakeven probably has increased given the rising cost and the fact that we're in chartering at higher rates given the current market. So the next income breakeven is probably closer to $18,000, $19,000 a day. The operating leverage of 6 cents per quarter above the net income breakeven for $1,000 is probably around the same.

John Kartsonas: And finally, have you done any calculation of what is the (MPP) of your operating leases? I'm trying to see – obviously we've had one of your competitors, a credit rating change, and that was part of the reason. How do you calculate what your all in liabilities (to clap) based on the operating leases?

Peter Evensen: That, you could only do that if you went against (MRX) curves, and we're not sure (MRX) curves are actually quite reflective of that. So we don't give out any of that kind of data.

John Kartsonas: But these are like time chartering vessels, why would you use (MRX)?

Male: Are you referring to the debt calculation?

John Kartsonas: Yes, like how much of the ((inaudible)), you know, operating the time chartering vessels?

Male: We haven't done that calculation.

John Kartsonas: OK. Do you have the outstanding amount?

Male: Yes, we would, you could see that in the notes of the financial statements …

John Kartsonas: OK.

Male: … quarter-to-quarter.

John Kartsonas: OK. Thank you very much.

Bjorn Moller: Thanks, John.

Operator: Our next question comes from Charles Kornblith of Spencer Capital. Please go ahead, sir.

Charles Kornblith: Hey, good morning.

Male: Hello.

Charles Kornblith: Hi. A quick question for you. It obviously helps quite a bit to have a premium currency for your daughters to help them grow at the rates that you've put out to the market. I guess my question is, what tools do you have at your disposal to hopefully get the market to recognize the value proposition of your daughters, and to help, you know, lower your cost of equity for future growth?

Peter Evensen: Well I think we've given pretty much guidance on the two MLPs about what kind of distribution growth we want to have. So that, so people have seen that the Teekay LNG wants to, aims to grow its distribution by at least 10 percent. Teekay Offshore wants to grow its distributions by 15 percent. And on TNK, we're waiting for the first quarter dividends so people can really see the real power of the free cash flow that's being returned to their shareholders. And I think when they start to see that, Teekay Tankers will regain its footing. So we're basically letting our performance show investors that we're delivering on what we said we were going to deliver on.

Bjorn Moller: I think there was an element that, I guess, in hindsight, we probably should have been more aggressive in doing drop downs in TOO last year, and I guess we missed the window. And so that was, you know, probably there's a bit of – there's an element of show me, please attitude out there. And, of course, that's what we intend to do this year. We intend to show you.

Charles Kornblith: Very good. So looking at offshore and LNG, given what your current cost of equity is in the market, do you feel confident you can grow at the 10 and 15 percent that you've put out there this year?

Male: Yes.

Charles Kornblith: Terrific. Another question for you, can you just review for us what the impacts of changing currency valuations are and how you manage that through the (FX) program?

Vincent Lok: Yes, we have a regular hedging program in place. For example, we've hedged out – we entered into hedges last year on our Norwegian kroner expense, and that goes all the way through to the end of 2008. And then we've extended that through 2009. So in each of our currencies – our biggest one is Norwegian kroner I would say as well as euro expenses. But we do have many ships, for example, in our Spanish fleet where we incur euro expenses, but that's offset by fewer revenues, so there's a natural hedge in place for that. So our biggest exposure is Norwegian kroner, which we have hedged for 2008.

Charles Kornblith: All right. Well I guess the last question for you then, I guess this is more of a philosophical argument. But I'm looking at your sum of the parts analysis right now, and I see that you use an implied EBITDA from Teekay Offshore (to value your op co) interest. Remind us why you feel it's appropriate to use the implied EBITDA multiple when it comes time to drop down (op co) interest you have to take a haircut on it.

Peter Evensen: Well how we feel is that any haircut that would be taken in an (op co) drop down would be made up with the value of the general partner that would increase. So you need to have, you need to have a basic benchmark for it, so we feel that those things will cancel each other out.

Vincent Lok: As well as the increase in the (LP) units as well.

Charles Kornblith: Do you feel that way regardless of the multiple that you drop down (op co) at?

Peter Evensen: Well, if you took a haircut in dropping down certain assets, it should be made up in the (GP) value and the (LP) unit accretion. (It isn't) going to be exactly one to one …

Charles Kornblith: Right.

Peter Evensen: … but that's, I mean that's the best benchmark you can come out with.

Charles Kornblith: Terrific. Well thanks, guys.

Male: Thanks.

Operator: Next question will come from Stephen Errico of Locust Wood Capital. Please go ahead.

Stephen Errico: Thank you. Most of my questions have been answered. I just wondered if you could get a little bit more specific on the size. I mean, I know what the drop down is going to be over the next couple of years, but if you could just put a range around what you feel is realistic in terms of hundreds of millions of dollars that you could drop down this year into the daughters that would be helpful.

Peter Evensen: Steve, hi. I don't think I'm going to get drawn on that. That's a function of where the market is. As I said, we were comforted that we saw the opening up of the MLP market big time with the follow on offerings, so we're going to be aggressive, but we're going to look at what the market will bear. We don't want to create too much of an expectation, but we will time it out in order to get the best value. Right?

Stephen Errico: Right.

Peter Evensen: It isn't just a question of how fast you can do it. It's doing it in the right way and in the proper way. And I think we have a good mark on how the markets are both listening to bankers as well as our own views.

Stephen Errico: Great, thank you very much.

Male: Thank you.

Operator: Next question comes from (Daniel Burke) of (Johnson Rice). Please go ahead.

(Daniel Burke): Thank you all. I have just a few specific questions left. First of all, with regard to the equity value of the in charter fleet, Peter, based upon what I think you mentioned earlier, am I to assume you used the (MRX) forward curves at the end of year 2007 to determine the value that shows up in your sum of the parts?

Peter Evensen: No. I mean it's a rather small part of that. We have our own view of what we think those values are. What I was trying to say is that it isn't too significant amount of our sum of the parts, so we don't go out and say that it's worth X amount or try to make it worth more.

I think the – and the other thing that we do is we don't sit around and say, well, Teekay's premium will be X amount over any (MRX) curve. It's just a way for people to get an idea of what the value of our in charter activity could be.

(Daniel Burke): OK. I understand. And then last question, I was curious if you could address maybe the timing you would hear indications from both ConocoPhillips and Marathon on the LNG side and, I guess, Petrobras on the (series) side given that, as it stands right now, I guess you've got, you know, potentially some remarketing risk on Siri and on the LNG carriers that you've purchased.

Bjorn Moller: We see this as a remarketing opportunity, I can assure you. And the Siri project is a two or three year project. And, but I think – it's in Brazil, but no FPSO has ever left Brazil to take up service elsewhere. That's a country where, you know, they can't get FPSOs fast enough, so we think that's a great opportunity for us.

On the – similarly on the Kenai LNG, we think the prospects are good that we're going to be employed at least until 2011. But, again, we think with these many specialized and innovative LNG projects that customers are looking at, you know, we almost, you know, we almost can't wait to get the ships so that we can pursue these projects. Of course there's a lead time of those projects, so it's good that we have a fixed rate employment in the meantime. So we were very excited about the fact that unlike this sort of 20, 25 year model on the LNG, which didn't give us a lot of opportunity to pursue projects, we're now getting into the project business. So that's a great development.

(Daniel Burke): OK, great. Thanks for those two answers.

Operator: Thank you. Ladies and gentlemen, once again, if you would like to ask a question, please press star, one on your touch-tone phone now. The next question is going to come to us from (Urs Der) of (Lazard Capital Markets). Please go ahead.

(Urs Der): Hi, guys. Everything's really been asked, but I'm interested a bit in vessel op ex going forward. You have a lot of fixed rate stuff, but op ex isn't fixed rate. I was wondering how you plan to manage that going forward, what potential hurdles you see, and also, Vince, if you could just capture very quickly, or maybe offline later, again, what the increases were in the fourth quarter, some of it for the larger fleet. But you mentioned some other items. I'd love to talk about that too.

Vince Lok: OK, did you want to – were you referring to the increase in the fourth quarter …

(Urs Der): Yes, fourth quarter, but also how you guys view it as a corporation going forward with a lot of fixed revenue going forward, which is fantastic, but how are op ex going to be managed going forward?

Bjorn Moller: Well I think – let me offer the comment on the fixed rate contracts. We have a variety of escalation provisions …

(Urs Der): Right.

Bjorn Moller: … and (fall through) on different contracts. So …

(Urs Der): OK.

Bjorn Moller: … I think on some contracts it's fair to say that the built in escalation provisions are probably on the lower end of what we're experiencing on through cost increases for example, and so we think there are some humps to get over here and there. But on the whole, you know, we feel that this manageable.

Vince Lok: We also, and, you know, a large number of our fixed rate business is variable charter out as well. So there's no operating cost risk there.

(Urs Der): Right, right, OK. And then how do you look at crew and cost, for instance, going forward? I mean how does one approach it? What do you see as a hurdle on the horizon? Is it just continuously going to go up, or …

Bjorn Moller: Well, there's pressure. There's no question, the world's fleet, the world's shipping fleet is growing, and the high end of the shipping fleet – there's the sort of complex tankers, LNG, offshore, that's also growing. Teekay has always been at the high end of its, of the cost range because we're catering to the most quality conscious customers. So, in a way, you know, we are already paying up for crew whereas it's maybe more people who are at the lower end that would experience some tightness as well. But we're also diversifying our crew sources gradually, so we think Teekay is a very effective company to work for, and we have, you know, very good crews. So we're just making sure that we stay competitive.

(Urs Der): Good, thanks.

Operator: The next question will come from (Steven Williams) of (Simmons). Please go ahead.

(Steven Williams): Yes, hi. Just a quick question on the two new LNG vessels. Can you just be a little bit more specific about how the specialized characteristics you mentioned associated with these vessels actually give you an advantage with whatever specialized LNG applications you think they do such as floating (re-gas), floating liquefaction, whatever, and how rare this is in the existing LNG fleet?

Bjorn Moller: Right. So these are self-supporting prismatic or SPB tanks unique. These are the only ships in the world that have this feature. And unlike a membrane in an LNG carrier, the membrane doesn't have its own strength. It just relies on the hull strength to support it where as these are fully self-sustaining tanks inside a hull. And what that does, it mean that the forces of sloshing, when you are offshore with a partial loaded, partially loaded tank, typically a membrane LNG cannot withstand those sloshing pressures. And, therefore, it's very difficult to have transaction offshore where you are either partially filling or partially emptying a vessel. These vessels have no such restrictions, and there are, there's one Norwegian Company, (Flex LNG), that's been out ordering speculative new buildings with SPB tanks because exactly of the liquefaction and other offshore applications. But we already get this in these vessels.

(Steve Williams): OK. And have you got any feel for exactly what application you'd really think these would be useful?

Bjorn Moller: Well, we have a range of ideas, and it's about which ideas gain traction. I think there's a lot of talk about floating liquefaction, but nobody has actually signed up yet. So, but, you know, we think these ships are not likely to come free until 2011, so we have a couple of years in which to develop projects.

(Steve Williams): OK, that's great, thank you.

Bjorn Moller: Thank you.

Operator: Thank you. There are no further questions at this time. Mr. Moller, please go ahead.

Bjorn Moller: Well I just want to say that it's interesting that we talk about the supply and demand for the tanker space this year, and, this week alone, we've seen five Aframaxes and two VLCCs sold for conversion to (drive) offshore. So I think this tightness in the market is real. And we're pretty optimistic for this year. So thanks for joining us today, and we look forward to talking to you. And if you would like to hear more about the tanker market, we are hosting a conference call, the first quarter conference call for Teekay Tankers at 1:00 PM eastern standard time today. Thank you very much.

Operator: Ladies and gentlemen, this will conclude the conference call for today. You may now disconnect your lines and have a great day.

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