TEEKAY CORPORATION

Moderator: Arthur Coady
June 4, 2009
9:00 am CT

Operator: Welcome to the Teekay Corporation's Fourth Quarter and Fiscal Year 2008 Earnings Release conference call.

During the call, all participants will be in listen only mode. Afterwards, you will be invited to participate in a question and answer session. At that time if you have a question, you will need to press star 1 to register your question and for operator assistance at any time, please press star 0 on your touch tone phone. As a reminder, this call is being recorded.

And 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.

Arthur Coady: 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 2008 earnings presentation. Mr. Moller and Mr. Lok will review this presentation during today's conference call.

Please allow me to remind you that our presentation and comments today contain forward looking statements. Actual results may differ materially from the results projected by those forward looking statements. Additional information containing factors that could cause actual results to materially differ from those projected in the forward looking statements is contained in the fourth quarter and fiscal 2008 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, Art and good morning everyone. Thank you very much for joining us on our earnings call today.

I am pleased to finally be able to report on Teekay Corporation's fourth quarter and annual 2008 results, which were delayed due to the now completed accounting restatement process. Our team continues to work diligently to catch up to our normal reporting schedule and we anticipate being back on track by the time we report our second quarter of 2009 earnings in August. I'm joined today by our CFO, (Vince) Lok, and our Chief Strategy Officer, Peter Evensen. For the Q&A session, we also have our Corporate Controller, Brian Fortier available.

Turning to slide 3 of the presentation, which is posted on our Web site, Teekay earned adjusted net income of $53.2 million or 73 cents per share for the fourth quarter of 2008, more than doubling our adjusted net income from the fourth quarter of 2007 of 31 cents per share. The company generated cash flow from vessel operations or CFVO of $199 million in the quarter, 71% of which came from our fixed rate segments.

Looking at 2008 overall, it turned out to be an exceptional year for tanker rates providing strong operating earnings for Teekay. Our adjusted net income for 2008 was $285 million or $3.95 per share and CFVO was $888 million. On an unadjusted basis, we recorded a large net loss, due mainly to a goodwill impairment charge and an interest rate swap mark to market loss, both non cash in nature.

Turning to slide 4 and looking at the highlights in the fourth quarter and into 2009, we have been taking steps to both strengthen our financial position and reduce the risk profile of the company. Steps we have taken to improve our financial profile include a number of profitable sales of spot assets. We moved quickly to take advantage of windows of opportunity in an otherwise quiet sale and purchase market to divest spot assets at relatively high prices.

From the beginning of October 2008 through today, asset sales have generated $107 million in gains and over $380 million in proceeds which have been used to pay down debt. In the first quarter of 2009, we took advantage of the reopening of equity markets to complete a $70 million follow on equity offering at one of our daughter companies, Teekay LNG Partners, and we have been actively negotiating new debt facilities and extending the maturities on some of our existing debt facilities to further increase our financial flexibility and these efforts are ongoing.

We have reduced the spot exposure of our conventional fleet over the last 9 months. In addition to the vessel sales I've just mentioned, we out-chartered an additional ten vessels from our spot segment for an average duration of just over 2 years. Eight of these charters involve Aframax tankers at an average rate of over $27,000 per day, a rate level that looks very attractive in today's market. We stopped (in-chartering) vessels and are allowing our existing in-charters to roll off at the end of their contracts. As a result, during the second half of 2009, there will be a sharp reduction in our spot traded Aframax tonnage.

We have also acted decisively to shift Teekay's focus towards making our current businesses more profitable and away from growth, which has been our bias for the last few years. This begins with managing costs. We have made significant progress on a variety of company-wide cost reduction initiatives, which have so far resulted in a 20% decrease in our run rate overhead expenses beginning in the fourth quarter of 2008. I am pleased that the Teekay Board this week declared the regular quarterly cash dividend of 31.625 cents per share for the second quarter of 2009, 1 month ahead of schedule. Our dividend is underpinned by our strong financial position and business model with its substantial fixed rate cash flows. As usual, the second quarter dividend will be payable near the end of July.

Turning now to slide 5, we are seeing positive developments in a number of our businesses despite the direction of the global economy. We have highlighted four areas on this slide. Firstly, we have been successful in renewing expiring charters at improved rates. For example, in our recent contract extension with Talisman Energy for the Varg FPSO. Commencing July 1, 2009, the Varg FPSO will operate under a renewed contract for 4 years with options for up to an additional 9 years generating significantly higher cash flow and with the prospect of further increases in operating cash flow if, as we expect, nearby fields are tied back to the FPSO in the future. Also in recent shuttle tanker contract renewals, we have achieved rate increases of some 10% to 15% above expiring rate levels and this illustrates the attractive market fundamentals in our shuttle tanker niche.

Secondly, we have also secured a number of profitable new contracts for our existing fleet. We are now finalizing a new fixed rate contract to convert a 23 year-old shuttle tanker into a floating storage and off-take or FSO vessel to be employed for a period of 8 years. The incremental investment will be approximately $25 million and the charter is expected to generate approximately $7 million to $8 million per year in CFVO for the next 8 years. This is a good example of value creation as this vessel was approaching the end of its useful life as a shuttle tanker, but will now be earning significant cash flow until one well beyond the age of 30. Also the previously mentioned (out charter) of ten of our spot traded conventional tankers at attractive rates locks in over $210 million of future revenues.

The third area to highlight is that we're delivering on previously secured projects on budget thanks in large part to the dedication and professionalism of our busy project execution teams. In the first half of 2009, construction was completed on two LNG carriers which have commenced 20-year fixed rate time charters carrying gas from the Tangu project in Indonesia.

In April, the first of our five LPG carrier new buildings commenced its 15 year fixed rate out-charter to (Scowgen). In January, we took delivery of two Suezmax new (buildings) for our spot fleet and just last week, we took delivery of two further Suezmax new (buildings) and one of these ships has been out-chartered on a 12-year fixed rate contract in the low 30,000s per day. That vessel will be joined by a sister new building due to deliver in late June which has a similar fixed rate charter.

Our market footprint has grown substantially since the start of 2009 with the expansion of the Gemini Suezmax pool. The addition of frontline Suezmaxes, as well as a number of other vessels, has increased the pool fleet from 19 to 45 vessels. Over the next 12 months, we expect the pool partners to add another seven Suezmaxes as more new buildings deliver. All pool participants are benefiting from enhanced chartering opportunities and greater economies of scale.

Finally, our daughter company structure continues to function well and provide value. Year to date, we have raised $70 million in equity capital in Teekay LNG Partners or TGP which has been used to reduce debt from vessels acquired earlier by TGP from Teekay. All our daughter companies continue to pay their expected cash distributions to their shareholders, including Teekay. TGP and Teekay Offshore Partners are paying stable quarterly distributions while the full dividend payout model of Teekay Tankers on the back of a strong tanker market paid out a dividend of $3.39 per share for 2008. Teekay's large percentage ownership in its daughters continues to generate significant cash flows to the parent company.

Turning to slide 6. We have highlighted the key fundamentals we see impacting the tanker market for 2009 and 2010. Through the first half of 2009, we've seen a substantial decline in spot tanker rates and the outlook for the rest of the year is challenging. The economic downturn has led to shrinking global oil demand and consequently to OPEC cutbacks of over 3 million barrels a day, which has translated into reduced tanker demand. We expect tanker demand to remain subdued for the rest of 2009 as historically OPEC has held back production whenever global oil inventories have got out of line as is the case today.

In the short term, the play on the oil price (per) has led to a reported 100 million barrels of oil currently being stored in vessels adding temporary tanker demand on the margin. On the supply side, the tanker fleet has been growing with new deliveries exceeding a low level of scrapping year to date. Should today's low spot rates continue for a few more quarters, we would expect scrapping to rise substantially and delays and in some cases, cancellations of new building deliveries from greenfield yards should moderate near term fleet growth, particularly for Suezmaxes where 35% of the order book is with new shipyards. But as I said, overall, 2009 looks to be a difficult year for spot tankers.

Looking into 2010, though, a number of elements could set the stage for an emerging tanker market recovery. The impact of global economic stimulus packages in major economies coupled with energy prices that are well below the levels that led to demand destruction should lead to a rebound in oil demand growth next year. And just as there's been a large negative (ton mile) effect from OPEC cuts over the past year, any reinstatement of (ton mile) incentive OPEC output to meet returning oil demand would result in significant growth in tanker demand.

Two-thousand-ten tanker supply growth should be restrained by the IMO targeted single hull tanker phase out and by more new building cancellations. A large number of orders for 2010 delivery were placed at peak prices and are now out of the money. These ships will face difficulties in obtaining acceptable debt financing. In recent weeks, we have seen some encouraging signs in the market environment, including greater than expected inventory draw downs in the U.S., higher oil prices and increases in crude imports to China. Though it's too early to call the turning point in the market, we see reason for optimism that the tanker market should improve next year.

With the near term weak tanker market outlook in mind, turning to slide 7, I wanted to provide more color on our efforts to reduce spot market exposure in 2009. At the start of this call, I mentioned that approximately 71% of Teekay's Q4 cash flows were from our defined fixed rate segments, including our liquefied gas, offshore and long term fixed rate conventional tanker businesses. What we refer to as our spot segment has thus already been reduced over time to less than 1/3 of our total cash flows even in the high spot market in Q4.

Two-thousand-and-nine Teekay's true spot exposure is set to come down even further. Consider that within our spot segment we include not only vessels trading in the single voyage spot market, but also any vessels trading on out-charters with original periods of less than 3 years. In Q4, about $7 million of CFVO from our so called spot segment actually came from vessels earning fixed rates under out-charters for periods around 1 year. With the additional ten vessels we have recently out-chartered since Q4, over 20% of our spot segment days are, in fact, locked in for 2009.

Furthermore as you can see from the graph on the left of the slide, the size of our (in-charter) Aframax fleet trading spot, which is shown in blue, is expected to fall by nearly 50% during the second half of this year. As shown in the small table below the graph, as our in-charters run off, we expect to see a reduction in our average (in-charter) rates and thus, a reduction in our cash flow breakeven rate. Looking at our spot segments Suezmax fleet, on the right hand side, which is still quite a bit smaller than our Aframax fleet, we have very few in-charters.

With our strategic focus in our spot segment tanker fleet having been mainly on Suezmax, our own Suezmax fleet will continue to expand through 2009 with a delivery of four Suezmax new buildings. In the blue shaded table on this slide, we have provide TCE guidance for Q1 and Q2 of 2009. During Q1, our spot traded Suezmaxes earned approximately $40,000 a day and our Aframaxes approximately $25,000 a day. Q2 to date, we have booked roughly 70% of our spot operating days at an average rate of $25,000 and $15,000 per day respectively for Suezmaxes and Aframaxes.

Current spot charter rates are below these levels, in particular for our Aframaxes trading in the Indo Pacific, which has seen weaker rates so far in 2009. In contrast, the average rate earned in Q2 to date by our Suezmax and Aframax vessels trading under fixed rate out-charters inside our spot segment are over $33,000 and $30,000 a day respectively.

Summing up, we believe our active management of Teekay's spot market exposure so far during this downturn has proven to be highly successful. I will now hand it over to (Vince) to discuss our financial results.

Vincent Lok: Thanks, Bjorn and good morning everyone.

As Bjorn mentioned, Teekay's adjusted net income for the fourth quarter was $53.2 million. However, on a GAAP basis, we reported a net loss for the quarter of $661 million. The difference between the GAAP net loss and the adjusted net income was mainly a result of two large non cash items that occurred during the fourth quarter, a goodwill impairment charge and an unrealized mark to market loss relating to our interest rate swaps on which we currently do not apply hedge accounting treatment. I will speak to both of these items later in the presentation. In the fourth quarter, we generated strong cash flow from operations with higher CFVO in all of our segments compared to the same quarter last year.

Turning to slide 8, to compare our operating results on an apples to apples basis, we have shown an adjusted Q4 income statement and against an adjusted Q3 income statement, both of which exclude the items listed in appendix A of our earnings releases. (Invoice) revenues declined by $52 million in the fourth quarter mainly due to lower spot TCU rates earned in our spot segments. Vessel operating expenses were comparable to the previous quarter. Time charter hire expense increased by $9 million over the third quarter mainly due to new in-charters that commenced part way through Q3 partially offset by the sale of the swift tanker pool during the fourth quarter. We expect time charter hire expense to decline commencing in the first quarter of 2009 as our spot in-charter contracts begin to roll off.

Depreciation and amortization decreased by about $2 million mainly as a result of revisions to book values of our FPSO units upon finalization of the purchase price allocation for the remaining shares of Teekay Petrojarl. G&A expenses declined by $13 million from the prior quarter as a result of our cost reduction initiatives, which I'll speak to in a few minutes. In addition, the fourth quarter figure also includes a $7 million reduction relating to the true up of year end accruals for performance based bonuses.

Interest expense increased over the prior quarter by over $6 million mainly as a result of carrying a higher than normal level of cash balances instead of paying down our revolvers. We have been gradually reducing our cash balances by paying down our revolvers during the second quarter of 2009. Equity income for the fourth quarter mainly reflects the equity pick up from our 40% interest in the four RasGas 3 LNG carriers. Minority interest expense declined by $7 million from the Q3 period primarily reflecting lower net income in Teekay Tankers and Teekay Offshore in Q4.

Income tax recovery decreased from the prior quarter by $3 million mainly as a result of increased tax accruals in Norway and Spain. Overall, adjusted net income per share was 73 cents for the fourth quarter compared to $1.29 in the third quarter, but more than double compared to the 31 cents in the fourth quarter of 2007.

Now turning to slide 9. As with many other companies that have made acquisitions in recent years, the significant decline in the stock market and an increase in market discount rates resulted in Teekay recording a goodwill impairment charge of $330 million relating to Teekay

Petrojarl. We also recorded a vessel impairment charge of $50 million relating to the carrying value of some of our older vessels. However, this was more than offset by $61 million in gains from vessel sales in the fourth quarter.

It is important to note that these are non cash charges for accounting purposes. They have no impact on our operations, current or future cash flows, liquidity or covenants on any of our loan facilities. This also does not change our expected future upside from contract renewals on our existing FPSOs as demonstrated by the recent contract renewal on the Varg FPSO on improved terms. Although we are not required to take this impairment charge – although we are required to take this impairment charge for accounting purposes, we continue to have a positive outlook on the long term fundamentals of our FPSO business.

Turning to slide 10. I would like to spend a moment discussing the substantial non cash mark to market loss on interest rate swaps which had a big impact on our income statement in the fourth quarter. Since we are not currently applying hedge accounting to our interest rate swaps, the mark to market changes in their fair value are shown as unrealized gains or losses on our income statement each quarter.

During the fourth quarter of 2008, we saw an unusually large drop in swap rates. For example, the U.S. 10-year swap rate fell over 190 basis points between September 30 and December 31. This large decline in swap rates resulted in an exceptionally high mark to market loss recorded on our income statement for the quarter. Over time, we expect to see these losses reverse and swap rates increase. Already in 2009 to date, the U.S. 10-year swap rate has gained over 130 basis points. We continue to use interest rate swaps to economically hedge or fix our interest costs, particularly to match our long term fixed rate revenues.

If we hold our interest rate swaps from inception to maturity, as we intend to do, all of the cumulative mark to market gains and losses will eventually net to zero at maturity. The change in the fair value would only be realized if we were to unwind our interest rate swaps before maturity. Because these gains and losses are non cash, they have no impact on our actual cash interest costs or any of our loan covenants. In addition, there are a no margin or cash collateral requirements relating to our swaps

In future quarters, you can routinely expect to see mark to market gains and losses recorded on our income statement. Provided rates remain less volatile, we should not expect to see the exceptionally large figure we saw in the fourth quarter. As they unrealized and non cash, they will continue to be excluded from our adjusted non GAAP net earnings and EPS figures as detailed in appendix A to our earnings reports.

Turning to slide 11. We have taken significant steps to reduce our G&A expenses. Since reaching a peak in the second quarter of 2008, we have reduced our G&A run rate by approximately 20% or over $10 million per quarter. Most of this has come from reductions in headcount, rationalization of some of our offices and other corporate wide cost savings initiatives. We had to take some difficult decisions, but the outcome is a more nimble and efficient organization with a greater focus on cost containment while retaining the ability to undertake new projects.

We continue to look at ways to trim costs to maintain and even enhance our margins. Over the next few quarters, we expect our quarterly G&A run rate to be in the range of $55 million to $57 million. As I mentioned earlier, the fourth quarter G&A figure is lower than the new run rate because it includes a true up of performance based bonus accruals at year end which reduced the fourth quarter amount by about $7 million.

Turning to slide 12. I would like to conclude with a brief overview of Teekay's financial position. As of December 31, 2008, we had approximately $1.9 billion in liquidity in the form of cash and undrawn revolver lines and this amount is slightly higher today. So far in 2009, our liquidity has been enhanced through $200 million in vessel sales and a $70 million follow on equity offering at Teekay LNG Partners, the proceeds of which have been used to pay down our loans and revolvers.

In addition to our current liquidity, our policy of arranging debt financing at the time of ordering a new building means that we have additional credit facilities in place for another $1.1 billion or approximately 96% of our future cap ex commitments. As we discussed on our November 25 presentation, we have a covenant like debt portfolio with very few (hull) value covenants and we continue to have no concerns about the covenants on our existing facilities.

We have no significant balloon debt repayments until 2011 and we have been active, even in the current difficult bank market, negotiating maturity extensions on a few of our facilities. As an example of our progress in this area, just last week we were able to extend the final balloon payment on a $400 million revolver by 2 years pushing it out from 2011 through to 2013. We are currently working on extending more of the remaining 2011 balloon repayments.

So overall, Teekay remains well positioned financially. However, we plan to take steps to further improve our financial strengths and flexibility going forward. I will now turn the call back to Bjorn to conclude.

Bjorn Moller: Thank you, (Vince).

On today's call, we have described a number of steps we have taken to optimize existing businesses and to reduce risk and we've recapped the major steps on slide 13. At a time when tanker rates are hovering near the lowest for the year, Teekay's business model is making it possible for us to renew fixed rate contracts at higher rates, land new long term fixed rate business and reduce our spot market exposure. At the same time, we are aggressively cutting

G&A costs, improving our credit profile through both debt reduction and extension of debt maturities and focusing on increasing our already substantial liquidity position.

The foundations of our flexible business model were laid several years ago when we decided to build out our fixed rate project management business that today delivers strong, stable operating cash flows and positions Teekay to withstand and ultimately prosper from cyclical downturns.

Turning finally to slide 14, I'll close by extending an invitation to investors and analysts to join us in just over 2 weeks on June 23, 2009 when we'll be hosting our 2009 investment meeting in New York. At that time, we plan to go through a more detailed presentation on the Teekay group of companies, covering the financial position and market outlook for each of our businesses. The event will be webcast live for all interested current or prospective investors.

Thank you very much and I'd like to open it up to questions.

Operator: Thank you, sir. Ladies and gentlemen, if you do have any questions, please press star then 1 on your touch tone phone and also remember if you're using a speakerphone, it is preferable to lift the handset before entering your request. Please go ahead and press star 1 now if you do have any questions.

And our first question will be from Jon Chappell of JPMorgan. Please go ahead.

Jon Chappell: Thank you. Good morning.

Bjorn Moller: Hey, Jonathan.

Jon Chappell: Bjorn, can you provide a little bit more detail on the six spot asset sales and year to date 2009 specifically what type of asset class, the age profile of the ships and then without giving us a specific number that you achieved per sale, just roughly an estimate of what those asset sales were, vis-a-vis last published asset prices of last summer – early fall?

Bjorn Moller: Right. The transactions I think took place late last year and extending up to as recently as May. We sold one Suezmax for just under $100 million, that was a fairly new vessel, right around mid December, I think. We have sold a couple of LR2 product tankers which were average 3 years old, sold for like $58 million a piece and those ships are, in fact, returning to commercial management with Teekay, so we'll continue to have the benefit of those vessels.

We sold an older Aframax at a very good number, in the mid 30s for a ‘94 built vessel which involved a 4-year charter back. And so, essentially, it's been a bit of a cross section, but I would say it's been opportunistic and ideally, tried to stay away from the crown jewels, but we've sold some very nice vessels, but we also, I think, got some excellent value for them and at some point in the future, I think those will be able to be replaced by Teekay in some sort of form at a lower price.

Jon Chappell: OK. And as you look at the outlook that you gave for the tanker market, ‘09 versus 2010 and then the way that your fleet is developing with the charter ends rolling off in the second half of this year, what's your strategy for the next 9 to 12 months as far as potentially either chartering in more vessels as we enter what you expect to be a better 2010 versus maybe using the liquidity on your balance sheet to actually add to your ownership?

Bjorn Moller: I think we will take a very sort of conservative approach. We will maintain our options. I guess one of the beauties of our model where we have the pools, we can be relevant in the market even without owning a large spot fleet, but we also have the reputation as an active time charter of vessels. We, at times, have been one of the most active participants so we have name recognition. If we enter the market, I think we will be able to attract tonnage, but that isn't our plan in the near term. I think we'd like to see the market turn and if we don't catch the asset bottom, we're OK with that. We'd rather be conservative and focus on improving our credit profile.

Jon Chappell: OK. And then finally, with the Varg signed to its extension and looks like it's most likely to go to (TOO) at some point later this year, what's the timing of the contract renewals and/or extensions for the other FPSOs in the Petrojarl plain?

Bjorn Moller: We are under current discussion on a couple of units, so we have a few – a couple of units that are expected to finish at the end of 2010 or early 2011. There's already significant interest being shown in those units by perspective customers and we are also looking at improving the profitability on a couple of other contracts that have longer durations, but where we may have opportunities to enhance the margins through cooperative discussions with customers. So I think we're positive that on the fact that there will be some positive news to come out in the foreseeable time.

Jon Chappell: OK. Great. Thanks a lot, Bjorn.

Bjorn Moller: Yes.

Operator: Thank you. Our next question will be from Greg Lewis of Credit Suisse. Please go ahead.

Greg Lewis: Yes. Thank you and good morning.

Bjorn Moller: Hello, Greg.

Greg Lewis: Can I just follow up on John's previous question regarding the FPSOs? I mean clearly you state in your presentation that you remain pretty positive on this sector. Going forward, I mean have you seen the opportunities to bid on new projects? Or at this point, we're just sort of focused on operating the existing FPSO fleet?

Bjorn Moller: Greg, on the – the primary focus is on maximizing what we have, first of all. And we have bid on projects in the last 12 or 18 months, but we have been disciplined in the sense that while we clearly made the cut, in terms of the customer's requirements, technically, we were not willing to compete at the levels contracts were being awarded and as you've seen, a number of other players in the industry have come out and announced significant cost overruns.

I think there was a bit of an euphoria for a while that you had to grow at all costs. We've stayed away from that because we had the outside potential from our existing contracts maturing and having a renewal opportunity and instead of competing in a head to head kind of commoditized tender for $1 billion FPSO, we have some niche vessels that we are the harsh weather leader. Our ships are operating in zones where the proven operation is really recognized by the customers and you get preferential treatment within reason.

So we expect that the rate of returns – rates of return in the FPSO business are going to gradually improve and we're prepared to wait for that. So we have lots to do to execute on the franchise we have, but we're well-positioned whenever we decide that the value is there. And I think we expect a lot of FPSO business coming and this is forecast for quite a few units on an annual basis going forward especially now that oil prices look to have a bit of firmer ground.

Greg Lewis: OK. But given the long lead times as those projects develop, we shouldn't expect anything in say the next 2 years.

Bjorn Moller: I wouldn't be drawn on that. I mean there are other opportunities if you have a strong operating reputation and customer connection and there's the potential of smaller operators that may have less flexibility that could get squeezed. We may be able to provide – play a role in some of those restructuring opportunities. So I would say – I don't want to be conclusive on that, but we are not – we haven't announced any new projects and we are mainly focused at this time on redeploying our existing assets. That's the best guidance I can give you.

Greg Lewis: OK. Great. Just shifting gears a little bit to the chartered in fleet. I mean clearly it sounds like you're going to have multiple vessels rolling off chartered in contracts through this year. When we look at the existing chartered in fleet based on the press release from today, how much of that, of the existing chartered in fleet, should we expect to be rolled off by the end of this year?

Bjorn Moller: Well, I think you can take it pretty – it's pretty likely that the decline will – I mean the contracts – what we've shown on the slide is essentially what's rolling off and so I guess if your question is, are we going to renew some of the vessels rolling off? I would – it would depend on what happens to time charter rates. If good vessels we are operating are willing to get to consider staying with Teekay at a very different rate level, we would not rule that out, but I think our base assumption is that we're going to turn a lot of these ships back and just be opportunistic and wait on the sidelines. We have sufficient tonnage to meet our fleet program without having to extend or in-charter new vessels. So be fairly opportunistic, but with a bent to be conservative.

Greg Lewis: OK. Great and then just my last question on the balance sheet – you have remaining around $200 million of goodwill. What is that related to? And is it possible that we're going to see further writedowns in Q1?

Vincent Lok: Hi, Greg. This is (Vince). About $130 million of the $200 relates to our shuttle tanker business and the remaining part relates a little bit to the OMI acquisition, as well as to our LNG business, about $35 million each of that. We've conducted thorough impairment tests of all of our goodwill as of December 31. I can't say conclusively, but I don't expect any impairment charges in goodwill in the Q1 period.

Greg Lewis: OK. Thank you very much.

Vincent Lok: OK.

Bjorn Moller: Thanks, Greg.

Operator: Thank you. Our next question will now be from Daniel Burke of Clarkson Johnson Rice.

Daniel Burke: Good morning, guys.

Bjorn Moller: Hi, Daniel.

Daniel Burke: Bjorn, I appreciate the detail on the spot Aframax – spot Suezmax fleet. I've got a question on your large product tanker segment. It looked like in Q4 the vessel count there was 15 or 16. Looks like on today's fleet list that that vessel count is down to about 11. You mentioned you sold a couple of product carriers. Can you catch us up with the evolution of your fleet there? Maybe how you're thinking about exposure to the product carrier segment on a go forward basis? And maybe more specifically address what level of spot exposure you carry there?

Bjorn Moller: Yes. I'm not sure where you're getting the 15 – 16 number from. I think that maybe with the classification of the MRs and the – the MRs, which are 45,000 tonners and LR2s, which are 100,000. We kind of bundle those together as large product tankers. I guess the market reality is that MRs are very distinct from the LR2. The LR2 fleet, including vessels we are managing commercially, is around ten vessels.

Two of the vessels we're managing commercially were previously owned by us that sold in April and delivered in May and so, I'd say we are looking at the opportunity to build our footprint in the large product tanker market from commercial management and potentially creating a pool. And the MR that's an area we have de-emphasized. We acquired eight medium sized product tankers in the OMI deal where we really primarily were after their Suezmax tankers, but we agreed to take on eight product tankers from OMI. We were very quick to turn around and sold the four Handymaxes at a very big number. We sold one MR at a very big number. We chartered two MRs out to ConocoPhillips for 5 years at good rates so and we have one vessel running on time charter for 1 year. So that's a segment we're essentially exiting and have done so in a very timely fashion. The LR2 is the segment that I think we're in to stay and we are building our footprint.

Daniel Burke: Great. Thank you and had a follow up question pretty specific to slide 7. Appreciate the disclosure on the in-charter fleet. Just as a clarifying question, it looks like you are listing here your in-chartered vessels trading spot. I presume you've also got some in-chartered vessels that would be also doubly counted in the out-chartered vessel category. Leaving that aside, I guess the clarifying point I wanted to make is your average in-charter rate that you disclosed on the slide it would apply to all Aframaxes and all Suezmaxes in those portfolios?

Bjorn Moller: Yes. I think you can assume that.

Daniel Burke: OK. Great. Thanks for your help.

Bjorn Moller: Thanks very much.

Operator: Thank you. Ladies and gentlemen, if there are any additional questions, please press star then 1 on your touch tone phone. And our next question will be from Urs Dur of Lazard Capital Market. Please go ahead.

Urs Dur: Good morning, guys. Thank you very much. Actually, my questions have been asked. Very informative. Thank you.

Bjorn Moller: Thanks, Urs.

Operator: Thank you. As a reminder, ladies and gentlemen, if you do have any additional questions, please press star 1 now on your touch tone phone.

And currently, sir, we have no other questions registered.

Bjorn Moller: OK. Well, thank you very much for your patience in waiting for these results so long. We look forward to catching up on our earnings announcements and talk to you hopefully either in New York in 2 weeks time or if not, then next quarter. Have a great day.

Operator: Thank you. Ladies and gentlemen, this does conclude your conference call for today. Once again, thank you for participating and at this time, we do ask that you please disconnect your lines. Have yourself a great day.

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