TEEKAY SHIPPING (CANADA) LTD.

Moderator: Peter Evensen
November 10, 2011
10:00 am CT

Operator: Welcome to the Teekay Corporation's Third Quarter 2011 Earnings Results Conference Call.

During the call, all participants will be in a listen only mode. Afterwards, you will be invited to participate in the question-and-answer session. At that time if you have a question, participants will be asked the press star one to register for question.

For assistance during the call, please press star zero on your touchtone phone. As a reminder, this call is being recorded.

Now for opening remarks and introductions, I would like to turn the call over to Mr. Peter Evensen, Teekay's President and Chief Executive Officer. Please go ahead.

(Ken): Before Mr. Evensen begins, I would like to direct all participants to her Web site at www.teekay.com, where you'll find a earnings presentation. Mr. Evensen and Mr. Lok will move review this presentation during today's conference call.

Please allow me to remind you that our discussion today contains forward-looking statements, and actual results may differ materially from results projected by those 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 the third quarter 2011 earnings release and earnings presentation available on our Web site.

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

Peter Evensen: Thank you, Ken. Good morning from Vancouver, everyone, and thank you for joining us today for Teekay Corporation's Third Quarter Earnings Call.

I'm enjoying this morning by our CFO, Vince Lok, and for the Q&A session, we also have our Chief Strategy Officer, Kenneth Hvid and our Group Controller, Brian Fortier.

If we begin on slide three of the presentation, I will briefly review some recent highlights for Teekay Corporation and our three daughter companies.

For the third quarter of 2011, Teekay Corporation generated a consolidated $157 million of cash flow from vessel operations, or CFEO, an increase of 18% from the third quarter of 2010. We recorded a consolidated adjusted net loss of 40.6 million, or 58 cents per share in Q3 on a consolidated basis. This was a disappointment.

The profits from our fixed-rate businesses were not enough to make up for the losses from our spot tanker operations, including in chartering of tonnage, which took place in previous years.

While the third quarter the year is usually the weakest quarter on a seasonal basis, it was particularly weak this quarter. In addition, we also looked at our tanker franchise, including the book value of our tanker assets, and after analysis, recorded some non-cash write-downs to goodwill and the book value of some of our M.R. product tankers and older crew tankers.

Despite the weak spot tanker markets, are fixed rate businesses continue to grow, and in the past month we have announced significant acquisitions in both our offshore and LNG businesses. Starting with offshore, Teekay and Teekay Offshore have agreed to acquire three existing FPSO units from Sevan Marine for approximately $790 million, and Teekay will also invest $25 million to acquire a 40% ownership interest in a new net debt-free Sevan. This transaction positions Teekay is one of the top global operators of lease debt PSOs.

Also in October, our daughter company, Teekay LNG Partners, announced that it would form a joint venture with Marubeni Corporation to acquire the Maersk LNG fleet, which is comprised of interests in eight modern LNG carriers, for a total purchase price of approximately $1.4 billion. All talk more about both these transactions in a moment.

Since we reported last during our second quarter earnings release on August 10, we've repurchased approximately 770,000 Teekay Corporation shares at a total cost of approximately $18.5 million, which brings the total amount repurchased to date under our current share repurchase authorization at - to 5.2 million shares, at a total cost of $162 million.

Since our current authorization began in November 2010, we spot back approximately 7% of Teekay Corporation's outstanding shares. For the time being, we have suspended further share buybacks as a result of the need to finance and complete these pending acquisitions.

I three daughter companies have also been active in the third quarter and fourth-quarter to date. Related to its joint venture acquisition of the Maersk LNG fleet with Marubeni, this week Teekay LNG Partners completed a follow-on public equity offering racing net proceeds of approximately $180 million.

Teekay LNG Partners' third quarter distribution of 63 cents per unit is payable on November 14, based on the expected cash flow accretion from the Maersk LNG transaction and the delivery of

LNG and LPG new building his last four months of this year, Teekay LNG management announced it intends to recommend a 7% increase to the Teekay LNG distribution, effective for the first quarter of 2010, which will be payable in May.

Just this morning, Teekay Offshore Partners announced its intention to acquire the Piranema FPSO from Sevan Marine directly for a purchase price of $165 million and concurrently signed inequity private placement agreement, raising net proceeds of approximately $170 million, which will be used to partially finance the purchase.

In October, Teekay Offshore Partners acquired the Scott Spirit building shuttle tanker from Teekay Parent for approximately $116 million, not including entering out under which Teekay Parent may receive an additional $12 million. A quarter, Teekay Offshore declared a distribution of 50 cents per unit is in line with the previous quarter.

Finally, our tactical management at Teekay Tankers fleet continues to provide value along with Teekay sponsorship through our commercial and technical management agreements. Based on Teekay Tankers' high percentage of fixed contract cover, the company was able to declare a relatively healthy dividend of 15 cents per share for the quarter it one of the worst spot tanker markets in 20 years.

And due to two new recently entered time charter out contracts, Teekay Tankers' fixed-rate coverage will increase to 60% for the fourth quarter 2011 and to almost 50% for fiscal 2012, which will enable it to continue paying an attractive dividend while remaining exposed to the spot market. For more in-depth view of the tanker markets, please listen to the Teekay Tankers' conference call later at 1:00 pm Eastern standard Time.

The benefits of a daughter company's structure to be able to facilitate profitable growth in a difficult macro environment where a parent this quarter, and the benefits of our Maersk LNG and Sevan acquisitions will be seen in Teekay in 2012.

Our daughter companies are able to grow through the purchase of new building projects, the purchase of existing and on the water vessels from Teekay Parent as well as through the direct acquisition of third-party assets. And as our daughter companies grow, the receipt of daughter company dividend and general partnership cash flows are becoming an increasingly important source of cash flow for Teekay parent.

In addition to our usual discussion on the results for the recent quarter, today's presentation will largely focus on our significant transactions with Sevan and Maersk LNG.

Turning to slide for the presentation, provide an overview of our pending transaction with Sevan Marine. As we first announced in early October, we've agreed to purchase three existing FPSO units from Sevan Marine, the 2007 built Sevan Piranema, the 2008 built Sevan Hummingbird and the 2009 built Sevan Voyager.

The Piranema FPSO, which is operating under a long-term time charter contract with Petrobras and offshore Brazil, will be acquired by Teekay Offshore Partners for purchase price of $565 million. The contract with Petrobras, which has a firm period ending in March 2018, includes 11 one-year extension options and is expected to generate between 22 and $27 million of CFBO annually on a run rate basis.

The Hummingbird FPSO is currently out parading under a shorter-term time charter contract with (Sentrika) in the North Sea until early September 2012 and will be acquired by Teekay Parent for purchase price of $179 million.

Under this current contract, this FPSO unit will generate run rate CFEO of approximately 25 to $33 million and includes extension options for up to 5-1/2 years.

Finally, the Voyager FPSO is currently undergoing upgrades to prepare the unit for a new five-year time charter plus extension options with E.ON. Teekay Parent has agreed that technical resources to support the upgrade and finance the completion of Voyager's upgrade for an estimated remaining cost of between 110 and $130 million and then will then acquire the Voyager for an additional $324 million once it commences operation in the North Sea of its new contract, which is expected to occur in the third quarter of 2012. Once operating under its new contract, the Voyager FPSO is expected to generate run rate CFBO of approximately $75 million annually.

Under the omnibus agreement between Teekay Parent and Teekay Offshore, both the Hummingbird in the Voyager will become eligible for sale to Teekay Offshore once they're operating under a long-term contract with an initial term of greater than three years. This means we must offer the Voyager to Teekay Offshore within one year of a commencing its longer-term contracts in the third quarter next year. And the Hummingbird will become eligible for sale to Teekay Offshore once we secure it on a new long-term contract.

In addition to the FPSO acquisitions just described, Teekay Parent will also be investing $25 million equal to a 40% ownership position in the new recapitalized Sevan in Teekay will also enter into a cooperation agreement, which would obligate Sevan to offer future offshore projects to Teekay Offshore at fair market value.

Turning to slide five, we highlight a number of key benefits of the Sevan transaction. First, the combination of the three Sevan FPSOs and Teekay's existing offshore businesses places Teekay and Teekay Offshore among the top four operators of leased FPSO solutions globally, and further strengthens our key market positions in the - in North Sea and offshore Brazil. This provides us with an increased profile in these markets and will enhance our ability to win further new business.

Second, we're acquiring a fleet of modern FPSOs at an attractive price. All of the FPSOs have been completed in the past three years and with plenty of useful life ahead. Always pay their fair value for these assets as is, the opportunity exists for Teekay to add value to the fleet that we are acquiring.

In particular, are FPSO project group is assisting Sevan's technical group to complete the upgrade of the Voyager on time and revise budget, and our commercial team needs to find new longer-term employment for the Hummingbird.

Third, this accretive acquisition will add strong fixed-rate cash flows to our business mix, further enhancing our profitability by providing additional insulation from the volatile spot take market.

Fourth, this transaction is a win-win for both Teekay and Sevan in that both Teekay and Sevan benefit from Sevan remaining as a going concern business. The sale of FPSOs to Teekay allows Sevan to recapitalize and become an asset light offshore engineering services and project development business, which, when combined with Teekay's offshore operational expertise and balance sheet strength, creates a powerful offshore focus partnership that will benefit both companies.

Finally, the cooperation agreement with Sevan enhances the pipeline of future offshore growth opportunities, which would benefit Teekay Offshore directly and also Teekay Parent through future general partner cash flow growth.

Turning to slide six, let me review the other important in transaction we recently announced in our LNG business. In October, our daughter company, Teekay LNG Partners, announced it had agreed to acquire A.P. Moller-Maersk's fleet of modern LNG carriers through a newly formed joint venture with Marubeni Corporation for a total purchase price of $1.4 billion. The transaction includes 100% ownership and six LNG carriers and a 26% ownership interest in two additional LNG carriers.

A significant portion of the fleet comes with long-term fixed-rate charters that fit nicely into our existing fleet employment profile. Five of the eight vessels are currently operating under long-term contracts with average remaining durations of 17 years, and all of these have at least 10 years of extension options. The remaining three LNG carriers are currently operating under short-term time charters; however, one has an option to extend for another 18 years, which we expect to be exercised.

Given the strong rate environment in the spot LNG market at the moment, which is now in excess of $120,000 per day, were comfortable with additional risks on the shorter term time charters. However, our medium-term goal will be to secure new long-term contracts for these LNG carriers, and this is more in line with the risk profile of Teekay LNG's business model.

While Teekay LNG and Marubeni will own 52% and 48% of the joint venture on an economic basis, control will be shared equitably. As a result, Teekay LNG will account for his share the joint venture using the equity method, the joint venture will not be consolidated on Teekay LNG's, nor Teekay Corporation's financial statements. After a transition period of approximately six to nine months, Teekay Corporation expects to take over technical management of the vessels.

Based on incremental cash flows from Maersk LNG in the LNG and LPG new buildings that have delivered to Teekay LNG in 2011 today, management expects to recommend a 7% increase to the partnership's quarterly distribution, commencing with the first quarter 2012 distribution. This increase would move Teekay LNG Partners into the 50% split threshold, and that would mean that 50% of any future distribution increases over a level of $.65 per unit will flow to Teekay

Parent as the general partner. As a result, we expect the quarterly GP cash flow to Teekay Parent to increase by approximately $10 million per annum beginning in the - in the first quarter 2012. At this time, we're not in a position to provide guidance on the expected GP accretion from the Sevan transactions.

Turning to slide seven, the Sevan and Maersk LNG transactions will further enhance Teekay's already strong portfolio of forward fixed-rate revenues. These two transactions are expected to provide approximately 1.8 billion of incremental forward fixed-rate revenues, which would bring the total consolidated to $60 billion with an average contract length of almost nine years. We believe this level of fixed-rate contract coverage is unparalleled in our industry and has a quality level that sets Teekay apart from other more spot oriented shipping companies.

With that, turn the call over to Ben's to discuss the company's financial results for the quarter.

Vince Lok: Thanks, Peter and good morning everyone.

Starting with slide eight, I will review our consolidated results for the quarter. In order to present the results on a comparative basis, we have shown an adjusted Q3 income statement against an adjusted Q2 income statement. Later on, I will also provide our outlook for the fourth quarter.

Net revenues decreased by approximately 5 million, mainly due to lower spot tanker rates and fewer vessel days from in-charter vessel deliveries during the quarter, which reduced time charter higher expense by a greater amount, which I will discuss later. These decreases were partially offset by higher projects revenues from our shuttle tanker fleet and delivery of new buildings shuttle tankers and cast carriers during the past two quarters and lower drydock connectivity for LNG fleet in Q3.

As a reminder, a portion of the revenue we earn on the (Foyn Haven) FPSO is dependent on various annual operational performance measures, oil production levels and average oil price for the year. As a result, for accounting purposes, this portion of revenue is typically recognized the fourth quarter of each year.

Based on the results and performance of the (Foyn Haven) FPSO for the first time of the year, 4 million of such revenue was recognized in the third quarter, leaving approximately 25 million of unrecognized revenue at the end of the third quarter to be recognized in the fourth quarter of 2011, provided our operational performance of the average oil price for the year is similar to the performance in the first nine months the year.

Vessel operating expenses decreased by 3 million primarily due to the timing of the expenditures and lower maintenance costs relating to our FPSO fleet. Time charter higher expense decreased by 6 million due to the redelivery of vessels in Q2 and Q3 and an overall decrease in spot in chartering of shuttle tankers. Depreciation and amortization increased by 3 million due to the delivery of the Scott Spirit and a full quarter amortization of the (Carrie) Spirit and the Norgas Unikum.

G&A expenses were 49 million, slightly below are normalized run made of about 50 million per quarter. One not included in the adjusted income statement column, we recorded a non-cash impairment charges of approximately 150 million in Q3, mainly related to certain of our product - smaller product tankers, are older conventional tankers, our equity investment in Skaugen Petrotrans and goodwill related to our conventional tanker business segment. The impairment largely reflects the continued weakness in spot tanker rates after the client and asset values in spot conventional tanker segments as seen during the past several quarters.

It is important to note that these non-cash charges do not affect our operations, our cash flows, liquidity or any of our loan covenant, but they do reflect the fact that current take progressive values have fallen, as I will discuss when we come to the sum of the parts slide.

Continuing down income statement, net interest expense increased lately mainly due to the recent delivery of new buildings. Equity income decreased by 1 million due to decreased earnings from our Skaugen Petrotrans joint venture. Income tax expense was consistent with the prior quarter at about 1 million. Noncontrolling interest expense increased to 37 million as a result of higher adjusted earnings in our daughter entities Teekay LNG and Teekay Offshore.

Looking at the bottom line, adjusted net loss per share was 58 cents in the third quarter compared to 51 cents in the second quarter. Again, most of them in our loss is attributed to their weak spot tanker rates.

Now, turning to slide nine, we have provided some guidance on our consolidated financial results for the fourth quarter of 2011. Net revenues from our fixed-rate fleet in Q4 are expected to increase. We estimate approximately 30,000,000 of the dues shall revenue from the (Foyn Haven) FPSO unit, meeting various annual operational performance measures, oil production levels than the average oil price for the year.

In addition, the expected acquisition of two Sevan FPSO units consumed here to occur at the end of November, a full quarter impact of the delivery of the Norgas Camilla and the delivery of the multigas SO, the Norgas Vision in mid-October, are expected to increase revenues by approximately 12 million in total. These increases are partially offset by the reduction in shuttle tanker project and COA revenues and fixed-rate conventional tankers on the expiration of their time charter contracts.

Net revenues from our spot fleet are expected to decrease despite an increase in the number of revenue days due to the continued weak spot tanker rates expected in the fourth quarter. So far Q4, we have fixed approximately 45% of our spot (Afermax) revenue days at an average rate of $5,000 per day is 33% for spot (Suasmax) revenue days at an average TC-year rate of $12,000 a day.

With the recent rate volatility, combined with various one-off fleet repositioning days, we expect that the full Q4 average (Afermax) rate should be higher than what we have today for the quarter. As a rough rule of thumb, for each $1,000 per day change and spot tanker TC-year rates, it results in a 2-1/2 million change in our consolidated revenues per quarter. Overall, vessel operating expenses in Q4 estimated to increase by about 9 to 11million compared to Q3 as a result of the expected acquisition of the two Sevan FPSO units in late November and increased repairs and maintenance in our FPSO and gas fleets.

Time charter hire expense is expected to increase in Q4 by approximately 2 to 3 million, reflecting the redelivery of in charter vessels during Q3 and Q4 of us bought in chartering activity in our shuttle sector fleet. Depreciation and amortization is expected to increase by 1 million due to the Sevan FPSO units in recent new building deliveries, partially offset by the impact of vessel write-downs incurred in Q3, as previously mentioned.

We expect G&A to be in the range of 51 to 53 million, which includes incremental overhead related to the Sevan FPSOs. Net interest expense is expected to increase by 2 to 3 million due to the recent new building deliveries in the Sevan FPSO units. Income tax expense run rate is expected to be approximately 1 million.

Non-controlling interest expense is expected approximately 30 to 32 million in Q4, reflecting lower expected adjusted earnings in TOO and T&K, partially offset by the Q4 equity offerings completing in TGP and TOO recently.

So overall, we are expecting a stronger fourth quarter compared to the third quarter. Note that we are not expecting the Maersk LNG transaction to close in July 2012, and thus, the expected equity income to increase starting in Q1 2012. We will provide further guidance on this next quarter.

On slide 10, we have provided a breakdown of Teekay's consolidated investment capital by reporting segment as of September 30. The highlighted that, over 85% of our consolidated investment capital is not related to our fixed-rate businesses with only 13% of our investment capital with exposure to the current weak spot tanker market. Upon completion of the Sevan and Maersk LNG transactions, our capital base will shift even further towards offshore and LNG assets, which generate additional fixed-rate cash flows and higher returns.

Turning to slide 11, Teekay Parent and all the Teekay daughter entities are financially well-positioned with substantial liquidity and a strong balance sheet of each. With - over the past few years, Teekay's daughter company structure has been a central part of positioning the company for profitable growth by enabling us to delever our balance sheet and build liquidity so that we can take advantage of attractive investment opportunities, both at Teekay Parent and daughter entity level such as the Sevan and Maersk LNG transactions.

As of September 30, Teekay Corporation had a - had 1.8 billion of total liquidity on a consolidated basis and approximately 700 million at Teekay Parent. Subsequent to September 30 and I are reflected in these figures, were recently raised a further 350 million of equity in Teekay LNG and Teekay Offshore in advance of the Maersk and Sevan transactions.

At our daughter entities, we target the leverage appropriate for the length of stability of the contract portfolio and a check today. It's also important to note that at Teekay Parent, 435 million, are just under half of the 894 million net debt on September 30, is related to warehouse new building installments, which is temporary in nature, as the set will typically transfer with the asset when it is sold to the respective daughter entity.

Turning to slide 12, I will provide some additional details related to our financing plans for the Sevan FPSOs and Maersk LNG fleet. I'll focus on the Sevan transaction first. First of all, the Piranema FPSO will be acquired directly by Teekay Offshore, and therefore, that the headline purchase price of 780 billion is effectively reduced for Teekay Parent by 165 million. Uncover the Piranema FPSO financing in Teekay Offshore in a moment.

The next main consideration from the Teekay Parent perspective is that the acquisition of the remaining two FPSOs is phased in over a period of time. Due to the Voyager upgrade, Teekay Parent will not be purchasing this FPSO unit from Sevan until I commences a charter from E.ON in the third quarter of 2012. In addition, 230 million of the Voyager purchase price is expected to be financed through the assumption of an existing debt facility, which leaves only 94 million to be financed from Teekay's existing liquidity.

For the remaining upgrade work for the Voyager FPSO, which we estimate to be 110 to 130 million, the cost will be phased in over a period of three calendar quarters, and we expect to finance approximately 100 million of this amount with the new debt facility, which leaves only about 100 - sorry, 10 to 30 million to be drawn from existing liquidity.

Finally, upon closing, which we expect to be in the fourth quarter 2011, Teekay Parent will acquire the Hummingbird FPSO for 179 million. We are currently in the process of securing a new debt facility to finance approximately 100 million of the Hummingbird purchase price, leaving 79 million to finance from existing Teekay Parent liquidity.

To summarize, of the approximately 623 million total purchase price for the Hummingbird and Voyager, including upgrade costs for the Voyager, we expect to have approximately 430 million of new or assumed debt facilities in place, leaving 193 million to be drawn from Teekay Parent's liquidity between the current quarter and Q3 of 2012. Once the Voyager commences its long-term contract with E.ON and is eligible for sale to Teekay Offshore, proceeds from the sale would rebuild Teekay Parent's liquidated.

To finance Teekay Offshore's purchase of the Piranema FPSO, we are currently in the process occurred to learn new facility - new debt facility, which will cover about 130 million of the 165 million purchase price. We will then finance the remaining 35 million using a portion of the proceeds from 170 million equity private placement at Teekay Offshore announced earlier today, which will close concurrently with the acquisition of the Piranema FPSO.

Of the remaining 135 million of net proceeds from equity private placement will be available for allocation to other Teekay Offshore acquisitions, including the Scott Spirit shuttle tanker, which was purchased from Teekay Parent in October, and the DG shuttle tanker new buildings, which are scheduled to lover in mid-to-late 2013.

Of the 1.4 billion purchase price for the Maersk LNG carriers, the Teekay LNG-Marubeni joint venture already has a new debt facility commitment of approximately 1.12 billion. Of the 280 million of equity required, Teekay LNG's portion, based on a 52% economic ownership, is 146 million. This amount will be financed using a portion of the net proceeds from the 180 million public equity offering Teekay LNG completed earlier this week.

Similar to the Teekay Offshore financing, the remaining net proceeds from the offering, which totaled approximately 34 million, will be additive to Teekay LNG's available liquidity, which can be used for future acquisitions, including the final Angola LNG carrier scheduled for delivery in January 2012.

I'm slide 13, we have provided enough date to our sum of the parts calculation, which indicates Teekay's current underlying value of just under $40 per share. Our sum of the parts value has decreased from $43 per share we reported in August primarily as a result of lower asset values and our conventional tanker fleet and appreciation of our fleet of three on the water FPSOs, partially offset by an overall increase in the value of our daughter company of equity interest, which mostly relates to Teekay LNG and Teekay Offshore.

Compared to the current Teekay share price of under $27, which is increased by 20% since our second quarter earnings release on August 10, are sum of the parts discount has narrowed to approximately 32% from almost 50% in August. It's important to note, however, the sum of the parts value presented here does not reflect the net present value of the Sevan transaction, nor the expected future increase in Teekay Parent GP cash flows, which will result from both the Sevan and Maersk LNG transactions.

For instance, the Teekay LNG - for Teekay LNG, it is expected - sorry, Teekay LNG is expected to increase its quarterly distributions by approximately 7% as a result of the Maersk LNG transaction in Q1, which will move the Teekay LNG incentive distribution rights is the highest tier, which is 50%.

Accordingly, upon completion of the two transactions, we expect the sum of the parts value to increase, which highlights the compelling value of Teekay shares at current price levels. Although we continue to believe that Teekay share price is negatively affected by the current sentiment in the marketplace towards the conventional tanker sector, the strong growth outlook for offshore and LNG business and the beneficial effect on Teekay Parent's cash flows from its GP and LP interests in Teekay Offshore and Teekay LNG will become interestingly difficult to ignore.

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

Peter Evensen: Thank you, Vince.

To conclude, we're not satisfied that we reported a net loss for the quarter, due mainly to the seasonal lows in an already weak spot tanker market, which masks are growing fixed-rate business and corporate structure that are sources of strength, value accretion of profitability.

Over the past few years, Teekay's daughter company structure has been an important part of positioning the company for profitable growth that we've talked about this quarter and enabling us to de-lever balance sheet and build liquidity.

In the coming quarters, our main focus is going to be on completing the Sevan and Maersk LNG transactions, executing on our existing offshore new building and conversion projects, and above all, improving the profitability of our existing building operations.

Operator, we're now ready to take questions.

Operator: Ladies and gentlemen, if you would like to ask a question, please press start 1 on your touchtone phone. To withdraw your question, press the pound sign. If you are using a speakerphone, please lift your handset before entering your request. We'll pause for a moment to assemble the queue.

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

Michael Webber: Hi good morning, guys. How are you?

Peter Evensen: Fine. How are you?

Michael Webber: Good, good. Obviously, a lot going on here. So I'll try to keep it brief. Maybe starting with Sevan. Peter, and maybe walk us through the timeline for closure here, and you've got to the 30th, and you've got the lock up on the bond vote through that period, and I believe the equity vote on the 14th. I guess, can you walk us through that timeframe - and the timeline and then how the closure of the private placement for TOO impacts that whether you would need to get an extension on my kind of November 30 date.

Peter Evensen: Sure. So if the three FPSOs of the Sevan Piranema is going to be acquired directly by TOO, and we expect that to occur at the end of this month. The really governing feature that is to get the charterer, which is Petrobras, to give their consent. All the money has been raised, and a key part about the private placement is that it'll be funded when we get the acquisition of the Piranema FPSO.

So that - so what we like about the private placement idea is that we don't have to use that money until we get the Piranema. But from the Sevan side, they have their bondholder meeting today, and they have the shareholder meeting next Monday and so we like the fact that that's going to go directly to the - to the Teekay Offshore Partners.

The Hummingbird is going to be bought by the end of the month. We expect things to go to the end of the month. They could move around a little bit, but that's the - that's the timing, and with the cash in place and the seller, Sevan, is putting all of the requisite corporate approvals in place to make that happen.

Michael Webber: Okay. So you guys are still pretty comfortable with the 30th then? There's still a little bit of leeway, but you're pretty comfortable with that date.

Peter Evensen: That's right. And the Voyager, as Vince explained, we're not actually finding yet, but we are funding it, and we have already started funding it. And that's really critically important because what we're thinking - because what happened is that that unit was delayed, and so that we see first oil coming in the third quarter of 2012. We've had discussions with E.ON, which is the operator on that deal. And so to the extent that we can give our technical assistance and money, we now see that those modules are being completed on time and on budget. When you back up and upgrade project, you really have to put in place all the requisite parts. So there's a lot of people spending a lot of time on that upgrade.

Michael Webber: Got you. Got you. That makes sense. I guess just thinking about FPSOs in general, you know the Piranema kind of cut in line a little bit. You still have the (Foyn Haven) there to drop down. You know how should we think about that timing, and I think it's - obviously, it's dependent on - it would seem dependent on putting some debt on the Piranema whenever you finalize that $130 million facility.

And then I guess, more broadly, you know you guys have talked in the past about doing one to two dropdowns a year. Any change of that thought process at all? I think it has the Sevan you know FPSOs kind of fit into that, obviously securing longer-term employment and getting the upgrades done kind of dictate when they'll be available. But can you maybe just talk a little bit about that guideline and specifically the (Foyn Haven) and when we should expect that?

Peter Evensen: Yes. Well, actually, what's happened is, the eligible assets just increase. And so we actually think that's a good thing. Obviously, you have to finance them. But you're right that the (Foyn Haven) is eligible. And so the Piranema cut in line. But that's okay. So we're still looking that good growth Teekay Offshore in 2012, and as you point out, the (Foyn Haven) FPSO is one of the first assets that'll probably be considered.

Michael Webber: Got you. Okay, that's helpful. I guess moving to tankers - and obviously, you know the spot (Affermax) here I think it's a drag on earnings and valuation at this point. Can you talk a little bit about how you think about potentially choppy" shall he? You got about 290 million of liquidity sitting at TNK, and you've talked in the past about you know TNK be innate - being a buying a pair, but you guys might not necessarily be sellers considering our asset values are. Can you - can you just give us an update on what your thought process is there right now?

Peter Evensen: Sure. Well, actually, I think that's changed a little. As Vince said, we had de-levered the balance sheet. So if we sold anything, we didn't have the build liquidity. So I think that, speaking for Teekay Corporation, we're - now that we have some new assets that we put on the books and the GP cash flows that we know are coming in 2012, I expect we would be more of a motivated seller at this time.

Because of the sum of the parts, we actually marked them to market, and since that would last about $3. So from our point of view, we're transparent and marking them to market, which we think people should do. So if we decide to sell them, the good news is we have a pipeline where we can fill them up with more fixed-rate assets.

Michael Webber: Right, right. That's very helpful and encouraging. I guess just stayed on the tankers here. We've got - it looks like you've got, I guess, a third-party charter ends that roll off at some point over the next 12 months. Can you give us an update on the timing of those and when they should hit by quarter?

Peter Evensen: We don't have exactly when they're rolling off, but Vince, you can give some more detail on it.

Vince Lok: Yes, I think we provided some of those details, Mike, in the appendix to our presentation.

Michael Webber: Okay. I can - I can run through them then later.

Vince Lok: I mean we've got a pretty good run rate of about a couple of vessels per quarter over the next several quarters.

Michael Webber: Got you. Okay, that should be pretty easy.

Vince Lok: A key question is, as we - as - we are positive, tanker market turning around, and so the key question will be doing one to charter out, and how do we want to change the mix as it relates to positioning ourselves for rebound?

Michael Webber: Got you. Got you. All right, that makes sense. And I guess one more nugget back in line. But on Maersk LNG, obviously, a pretty big win for you guys, then certainly is pretty considerably your GP cash flows. By our numbers, it seems like you actually have some more room there on the distribution. Can you talk a little bit about, I guess, what you guys are looking for to maybe unlock more? I mean, obviously, you know you did just pump up - in a move that up by 7%, but you know if I look at the three - the three (OND) assets there that are rolling over in the next couple - you know in the next probably couple of quarters, is securing long-term employment on those really what kind of would drive you know kind of more recognition of that potential cash flow?

Peter Evensen: Well, that's right. We have - we - what we've looked at it, we've looked at what we called a long-term sustainable cash flows that you can get on those units. Obviously, we have a kind of backward dated forward curve on LNGs. In other words, if you were to trade it in the short term market, you get 120,000, whereas if you were going to put it longer-term, you'd get closer to 80 to 90,000, depending on the duration. So we have to take the short-term duration and play it up against the longer-term.

The good news is we have a lot of people that want to charter that, and we have to choose the proper duration. So you're right that if we - that if we - if you put in 120,000 versus 80,000 you get to a higher accretion number. But we wanted to give what we thought was the minimum accretion that will get from the project.

Michael Webber: Got you. It sounds good. And I guess, just finally, can you talk a little bit about that interest that you've seen and kind of you know signing those three LNG vessels that roll off over the next couple of quarters - next several quarters and maybe just an idea about you know I guess the volume of interest you're seeing already on this?

Peter Evensen: Yes. Well, first of all, we actually think it'll only end up being too vessels will be spot because we think the Maersk Meridian, they've - because that extension option is below where the current market is, we expect them to extend it, although we had - we don't have definitive - a declaration by the charterer.

Michael Webber: Right.

Peter Evensen: So we have one vessel that's coming due in March 2012, that's the Maersk Methane. And we have a second one, Maersk Magellan, that comes due in the third quarter of 2013. So with the - so we already see interest on that - by charters to lock in the 2013 spot vessel. So that tells you the current strength of the market. I mean there's clear shortage of LNG vessels. But the question that I asked my commercial people is how long will that shortage last, and that will fit into our model.

Just as we do with Teekay tankers, where we don't go all spot, on Teekay LNG, our biases to put in place long-term fixed-rate cash flows. The thing that will - that's consistent with what our investors want, which is stable cash flow. But obviously, Teekay LNG is getting to the point where it can afford to have a certain amount of vessels spot, especially when you see how high the short-term charter rates are.

Michael Webber: Got you. Any idea how far forward you guys will look to fix those assets, or is this a little bit too early?

Peter Evensen: It's too early.

Michael Webber: Got you. Okay, that's all it got. Thanks a lot, guys.

Peter Evensen: Thank you.

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

(Josh Casavon): Good morning. This is (Josh Casavon). Hi. I just wanted to start off with you know maybe what you're seeing in the bank market. You're clearly out there raising capital for different asset classes. And just wondering maybe what you're seeing with regard to just you know who's out there, what type of lenders are these you know present agencies or your traditional bank lenders. Maybe if you could talk on margins and amortization profiles.

Peter Evensen: Sure. We have over 40 banks in our bank group, and so we have a large group of banks to work with. And of course, there are some things in that list that are not quite open at this point in time. But there's still a lot of things that are - that are open for business and lending to their core clients, such as Teekay, the larger clients. In particular, I think they are more willing to lend also to an offshore, in LNG, where you have long-term stable cash flows against those assets relative spot assets.

So we're making very good progress on our financings, and of course, you're seeing the margins higher than they used to be. However, partially offsetting that, you do have lower LIBOR rates and swap rates. So your ((inaudible)) debt cost is not impacted as much overall. So overall, we're making good progress in our financings.

(Josh Casavon): And with regard to amortizations, is that required to be done usually over the contract life for some of these assets or how are lenders thinking about that?

Peter Evensen: Yes - I think in FPSOs, the amortization tends to be a little bit quicker, just given the nature of the asset and the contracts that, given that our intention here is to - for example, in the Hummingbird, to fix it out, longer-term contract. We will need to get to longer-term loan to match against that. So it really depends on the length of the contract. Of course, the - in the LNG business of the Maersk LNG assets, they're very long-term contracts so that would get to longer duration loans against those assets.

(Josh Casavon): And with regard to the Hummingbird, I guess its current fixed portion of those contracts expires in Q3 2012. You know at what point are they required to exercise or declare and option, and you know have you started discussions on whether those options will be declared or whether you might be seeking maybe longer-term new contracts?

Peter Evensen: The short answer is, yes, we have started discussions with (Centrika). It has much more to do with the actual feel that it's operating on, how long they expect to be producing oil on that field. And so we anticipate that it'll come off - that they won't renew all the options, which is why you hear us talking about arranging new employment.

I think with Teekay's operating excellence that we have through our petiole unit, that makes the amount of people that want to charter the Hummingbird much larger than it was when Sevan owned it and was - and people weren't quite sure what the staying power was of Sevan to either operated or to upgrade it. So a big part of these FPSOs is your operational excellence.

(Josh Casavon): Does that this mean that this could be a potential dropdown candidate in 2012 or likely 2013?

Peter Evensen: It all depends when (Centrika) wants to release it. They have - they recently renewed it from March 2012 until September, and so we're in commercial discussions. So I think pending those commercial discussions, then we'll have a better timeframe for when it'll be eligible to be dropped down. And - but if you want to look at what 2012 will look like, clearly, the Voyager will be finished in the third quarter of 2012. It will be on a minimum five-year contract, and then that would be clearly eligible. So we're not sure which comes first.

(Josh Casavon): Thanks for that color. Maybe just switching topics, with regard to the GP interests, you know I just knew guidance is that GDP will surpass 50% profit share split, and TOO is not far away. I guess it's getting close to that 52-1/2 cent split. Have you thought about maybe monetizing the GP units in any way? You know I guess you've been pretty - I guess if got it ((inaudible)) in the past, but now that you're getting to these higher hurdles, have you thought about maybe a spinoff?

Peter Evensen: No, we haven't. From our point of view, we think the GP is a clear try for value up at Teekay. We are not going to be affected by any changes in the GP law. And so because we're incorporated in the Marshall Islands and so for us, we think owning the GPs or having the GPs from two different MLPs, both of which are - have good growth profiles, it's really important.

I think when you look at the MLP universe, a lot of people have been doing you know in market consolidations, whereas, obviously, we've been doing some in market consolidation. But the real story about both Teekay LNG and Teekay Offshore is that the pointed toward strong international energy growth. And so we expect that to continue, and therefore, we expect the GPs to continue to increase value. Then there is anyone who would never, in my opinion, look to monetize the GP when you're just up with the 50% split. This is when it gets interesting.

(Josh Casavon): Thanks for your time.

Peter Evensen: Thank you.

Operator: Your next question comes from Michael Pak from Clarkson Capital Markets. Please go ahead.

Michael Pak: Yes. Hi, everyone. I just had a question on the write-downs of the conventional tankers. Can you talk about the test that is required on that, and do you expect a test for your year-end results in 4Q?

Male: Yes. Hi, Michael. This is - on - under U.S. GAAP, it's in a discounted cash flow analysis, which is the first part of the test. So you have to forecast your projected cash flow for the assets, and if the undiscounted cash flows are below the carrying value, then you'd - then you go to step two, which is marketing it to fair market value. So we typically - are correct. We typically would do these reviews in the year-end accounts. However, we do - we started the workload earlier just given the condition of the spot tanker markets and what we've seen over the past several quarters. It became apparent to us that there was some impairments in some of these, especially in some of the older tankers, just given that they have the - you know a limited remaining life and those assets. So this is essentially our in our way, sort of our year end review, the carrying values.

Michael Pak: Okay, great. So we would not expect any further write-downs pay your rent, I would assume?

Male: Based on the information that we have now and are intended use of the assets, I'm not expecting any further write-downs in fourth quarter.

Michael Pak: Okay great. That's all I had. Good luck the rest of the year, guys.

Male: Thanks.

Operator: Your next question comes from (Fodis Gianacolis) from Morgan Stanley. Please go ahead.

(Fodis Gianacolis): Yes. Hi, guys. Mike just gave me a pass, and I want to follow up a little bit on this question and ask you what kind of flexibility do you have in order to postpone write-downs? And I'm not asking so much about Teekay; I'm asking for other companies that they might be forced to do - take write-downs in the future.

Peter Evensen: Well, it is - it is based on management's forecast of earnings for the assets. So I guess it may differ from company to company, for mention its management, relative to what the book values of the assets are. So there's obviously some subjectivity, but it should be a consistent with the reviews of the market.

(Fodis Gianacolis): Thank you on that. Someone asked about the tanker market. We have seen over the last few days the market tightening. Rates are moving a little bit higher. Inventories, according to refining analysts, they are extremely low in Europe and Asia. Do you think that we can have a rally during this winter months, and if yes, what it will be - what it - what it would drive it and which route do you think that we're going to see higher movement, and how long can it last?

Peter Evensen: Well, that's asking me to get out my crystal ball. But let me give you a better view about where we think it is. We've been consistent that the third quarter was hit - was seasonally weak, but it was hit by a lot of strong headwinds, and if you talk about Libya, if you talk about the strategic petroleum reserve. And really what happened, in our view, is that the time of demand reduced. So while everyone talks about how much oil you would have, the fact of the matter was, because oil prices were in backwardation, you had this drawdown on stocks. And the weather also now is going to be a more positive view. So all the headwinds are switching around to being, I would call them not strong tail winds, but good ones.

For example, we see that Libby is coming back, and therefore you should see more West Africa oil flowing to the east, whereas, what was happening was the West Africa oil was flowing up to take away the Libyan volumes. And so that lead to shorter routes, and so the Chinese were taking more from the AEG. So if things get back a little bit more to normal, Libya comes in and feed the (med), then we're going to get back to that situation we were in, which was that we had surplus oil in the Atlantic, which kept the flow to the Pacific, and that's gave us those longer ton mile demand.

If you want to get excited, you should look and see what happened in the LNG side. On the LNG side you suddenly had a lot more (Hunmile) demand when all those LNG volumes were starting to flow out the Pacific. And therefore, you saw the big jump that can occur. I'm not in the business of saying how long it's going to last, but we do believe that the fourth quarter and the first quarter will be better than the third quarter. To the extent that it gets sustained, I think you have to look and see where sentiment is. I see a lot of owners who, when I are sit - when I sit on our commercial desk, I see a lot of owners who are willing to do private deals or do deals below what the last world scale fixture is.

But those - but that weakness or those (we-cans) can change, and I think they just have to get all the normal things that come in the winter, which is that various delays in the phosphorus. If we get some ice, that's important. But everyone forgets that you - that it takes longer to cross the Atlantic in the winter than it does in the summer. So we see all these seasonal factors helping us.

And so if you ask me where things regress back to the meeting? Yes, I think they will. And I think the third quarter was weak, but the idea that it's just about supplier shifts versus demand for shifts is a completely relevant. It's how the makes changes in terms of the oil cargoes. So if we get more light sweet moving from West Africa to China, for me, that's the number 1 driver.

(Fodis Gianacolis): I understand, though, due to also talk from the safety that your fleet is mainly ((inaudible)) vis-à-vis that the larger vessels where the order book is much bigger. Do share the same view for VLCCs and Swiss (Maxes) that the market is relatively balanced in 2012, even after this winter period it will be a balanced market, or is this view is only limited to (Affermaxes) where we have a very significantly low order book?

Peter Evensen: Yes, I think that - I think that you're absolutely right, that if you look at the amount of ships that are being delivered now and 2011 and 2012, it is - it is hardest on the big deals in on the biggest - and on the Suez (Maxes). And next year, I think they're getting about 60 ships in each category if VLs and Suez (Maxes).

However, the (Affermaxes) looks a little better, and we - I figure commercial guys are pretty good because they moved our ships out to the Pacific, which is more about bread-and-butter run, what we saw in the Caribbean was that there was less oil being imported into the U.S. So even though the (Affermax) has less ships coming into it, it's very important that you position your ships in the right area. So - but the volatility is really pretty amazing to see (Affermaxes) jump up to 50,000 a day in the Med and then basically go back to zero in the space of three weeks.

So the good news is that you're seeing that volatility, and given where we were in the third quarter, it can only really go up. And so I would say were encouraged and we've positioned their fleet in order to take advantage of some of those constant flows.

(Fodis Gianacolis): Thank you very much for this analysis. And very quickly, I understand that this is going to be in effect for the first quarter. Can you remind us how much of the - your operating base in the fourth quarter have already been fixed right now?

Peter Evensen: Sure. Vince, you gave that data.

Vince Lok: Yes. As of now, it's 45% of our (Affermax) stays in about a third of our Suez (Max) stays. You have to remember that (Affermaxes) don't fix as far forward as Suez (Maxes) and VLs. So if we get a bump that helps the (Affermax) rates faster than on Suez (Maxes) or VLs. So it isn't like the fourth quarter's done for us.

(Fodis Gianacolis): Okay. Thank you very much, guys. Thank you.

Vince Lok: Thank you.

Operator: Your next question comes from (Sal Vitale) from (Stern Agee). Please go ahead.

(Sal Vitale): Good morning, gentlemen.

Peter Evensen: Good morning.

(Sal Vitale): Just a quick question on the - on the sum of the parts analysis. I see that you left out the impact - deposit of impact of the two transactions. I guess you mentioned earlier - I just want to make sure I heard this right, that you said the - on the Maribeni transaction that the GP cash flow will rise by about 10 million per year once it's final. Is that correct?

Peter Evensen: That's correct. Based on the 7% distribution growth that management is recommending, we see 10 million coming up to Teekay Parent annually.

(Sal Vitale): Okay. So then just using your methodology, I guess, in your share count, that would amount to close to $3 per share accretion on the NAV side, on the sum of the parts side …

Peter Evensen: If you would put a 20 times multiple on that 10 million, that's 200 million. That's $3 a share.

(Sal Vitale): Okay. And then on the - on the other …

Peter Evensen: I ((inaudible)) but I just want to caution everyone. It hasn't happened yet. So we give the sum of the parts as it exists now.

(Sal Vitale): Understood.

Peter Evensen: … what will happen.

(Sal Vitale): Correct. I understand. And then on the other transaction, on the offshore side, did you - I may have missed this. Did you give any color as to what the GP cash flow will rise by annualized once it's complete?

Peter Evensen: No, you didn't miss it. I didn't give it. And because it's a staged transaction, because all the parts aren't known, we haven't - we don't know what the distribution growth will be at (TOO). We know that there will be growth, but we haven't given it, and therefore we can't compute with the GP value effect is.

(Sal Vitale): Okay. Would it be fair to say just based on some rough back of the envelope calculations I've done that it would be, by order of magnitude, about double that $10 million from the (OMG) transaction?

Peter Evensen: We're not giving any guidance at this time on what it would be.

(Sal Vitale): Okay so you haven't given any guidance as to what the accretive EBITDA impact would be?

Peter Evensen: No, we haven't. We've given what the EBITDA is of the assets, but we have not given guidance on what its financial facts will be on the distribution growth at Teekay Offshore, nor therefore what the effect will be on the GP.

(Sal Vitale): Okay, so they're following up on that, I may have missed that. What was that EBITDA figure that you gave?

Peter Evensen: Yes. On - if you look at the presentation on side four, we give - we talk about the purchase price, that we talk about the annual cash flow that you're getting. So you're seeing that we're taking over those units at six to seven times cash flow.

(Sal Vitale): Okay. And this annual cash flow, that's already, I guess is that the maintenance reserve. Is that already net of the maintenance is reserve?

Peter Evensen: If you're talking about actual maintenance that we do normally, it is not of that.

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

Peter Evensen: Thank you.

Operator: Your next question comes from Adam Duarte from Omega. Please go ahead.

Adam Duarte: Hey, guys. How are you?

Peter Evensen: Good.

Adam Duarte: Good. Given your liquidity and whether stock traded relative to the underlying NAV this quarter in what seemed to be some very accretive acquisitions analysis quarter, curious why you suspended the stock buyback during the quarter. And I guess additionally, what needs to happen in order for you to resume repurchases, and what your best guess for timing on that?

Peter Evensen: Well, we just thought it was prudent given that we have all these various moving parts that were going, that we should suspend the dividend we were - excuse me, suspend the share buyback. We didn't have everything in place on exactly how the Sevan traction - transaction would go. As it happened, we were able to type it out over a longer period of time. And so right now we're going to digest those, and I think that's the best way to go forward.

As we reliquify, as Vince was pointing out on page 12, then that - then that's things we can consider. But it all has to do with how we get an equity finance the projects. I think I feel better about the world now that we've completed the finances that we've done at (TOO) and (TGP), which puts him in a position to affect growth. But the world is an extremely uncertain place, and so I think we benefit from it because we were in a position in order to act on these transactions in a weak macro environment. And I think the stability of Teekay puts us in a really good position. So you have to balance out the ability to get good acquisitions against creating value on the shares outstanding.

But we've got the share count down, which was an important part, and I think that will help reflect the net asset value. But I really feel good about these acquisitions in their ability to generate profits for Teekay Corporation as well as, of course, the GP cash flows. And you can create a lot of value through the GP split, as we pointed out just on the Maersk LNG transaction.

Adam Duarte: Yes. And in terms of resuming repurchases, is that a wait-and-see, or is that they - it sounds like it could potentially be in the first half of next year. Is that right?

Peter Evensen: I'm not getting drawn on it. We just suspended it, but we still have authorization under the existing 200 million. But Vince and the finance team are pretty busy these days. So that's what we're spending our time on. And you know we're working on the profitability of the corporation very much. We're not happy with the profitability. I think everyone in the current market can tighten their belt, and Teekay is clearly one of those companies that's working hard at that. So while we're growing, we're also concentrating on the profitability of the existing operations.

Adam Duarte: And can you help me understand, at TGP, what's the - what's the process and timing for the management recommendation for the distribution increase? And I guess secondly, does that - does the increase change your coverage race use it all at TGP on a pro forma basis?

Peter Evensen: Yes. So the management, when the - when the board approves the Maersk LNG transaction, they went and looked and said how much accretion will there be. As we talked about it on an earlier question, we're comfortably even at if we fix these two spot ships out long-term, we're comfortable that they would give us a 7% distribution increase, and potentially more if we kept them on a spot basis. But let's go to 7%. And that's exactly what any board and management looks like.

When you're looking at a transaction, how much money are you going to be able to make off of it? And so we're in a position to give guidance now that the equity in the debt financing have been completed on those projects, and therefore, although the acquisition doesn't close until the turn of the year, we can already see what it did is given the stability of the cash flows.

Adam Duarte: So is it fair to say that you're, I guess, highly confident that management's recommendation will be approved at the TGP level?

Peter Evensen: No. It's fair to say that management has given a recommendation to the board, which we've done in the past, and management must fill confident in order to make that recommendation.

Adam Duarte: Got it. Thanks. At last one, to foresee any change in your existing dividend level at the Teekay Parent?

Peter Evensen: The board is continued to pay - to approve the dividend each year. I think the good news about Teekay is that we have the stability of cash flow, net cash flows only going to increase over time. So I think that's an important differentiator of Teekay as we look at it. And so the dividend's been at the current level, and even though we've been reporting losses, which covers they said, we're not happy with. But from a cash flow point of view, we're happy with the stability of the cash flow, which goes to the whole integrity of the financial structure.

Adam Duarte: Great. Thank you.

Peter Evensen: Thank you.

Operator: Ladies and gentlemen, as a reminder, if you would like to ask a question, please press star 1. Your next question comes from (John Tusik) from (GCA Advisors). Please go ahead.

(John Tusik): A question for you guys on page 12, the financings that you expect to do here, expect the debt financings for Teekay Parent is 100 million, 100 million and then 230. Some of that ((inaudible)). Do you have an expectation of is that a secured debt or a public debt, or can you just provide us a little more detail on hat?

Peter Evensen: Yes, those are commercial bank loans secured by the assets.

(John Tusik): And part of that is assumed?

Peter Evensen: The 230 million you see in Q3 2012?

(John Tusik): Yes.

Peter Evensen: That would be assuming the existing secured debt facility related to the Voyager.

(John Tusik): Okay.

Peter Evensen: That's in place.

(John Tusik): So then the other ones would be against the Hummingbird, I guess.

Peter Evensen: Essentially, yes.

(John Tusik): Okay. Thank you.

Operator: Ladies and gentlemen, as a reminder, if you would like to ask a question, please press star 1. There are no further questions at this time. Please continue.

Peter Evensen: All right. Thank you very much. We look forward to reporting back next quarter, and you can be assured that we're working hard to execute on these very good growth opportunities that our business development people are put together during the quarter.

Thank you very much.

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