TEEKAY TANKERS LTD.
Form 6-K
June 01, 2010

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2010
Commission file number 1- 33867
TEEKAY TANKERS LTD.

(Exact name of Registrant as specified in its charter)

4th floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40- F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes o No þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes o No þ

TEEKAY TANKERS LTD.
REPORT ON FORM 6-K FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010
INDEX

Table of Contents

TEEKAY TANKERS LTD.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended March 31, 2010 $	Three Months Ended March 31, 2009 $ (note 2)
REVENUES		
Time charter revenues ($2.9 million and $3.5 million for 2010 and 2009, respectively, from affiliates) *(note 8d)*	17,945	19,372
Net pool revenues from affiliates *(note 8g)*	9,045	15,076
Total revenues	26,990	34,448
OPERATING EXPENSES		
Voyage expenses ($0.6 million and $0.6 million for 2010 and 2009, respectively, from related parties) *(note 8e and 8g)*	1,012	580
Vessel operating expenses ($4.7 million and $4.6 million for 2010 and 2009, respectively, from related parties) *(note 8e and 8f)*	8,391	8,504
Depreciation and amortization	7,392	7,031
General and administrative ($1.0 million and $1.3 million for 2010 and 2009, respectively, from related parties) *(note 8b and 8e)*	1,479	1,527
Total operating expenses	18,274	17,642
Income from vessel operations	8,716	16,806
OTHER ITEMS		
Interest expense ($nil and $0.4 million for 2010 and 2009, respectively, from related parties) *(note 8b)*	(993)	(2,165)
Interest income	13	22
Realized and unrealized (loss) gain on interest rate swap *(note 6)*	(2,658)	944
Other income net	2	34
Total other items	(3,636)	(1,165)
Net income	5,080	15,641
Per common share amounts:		
Basic and diluted earnings *(note 9)*	0.16	0.57
Cash dividends declared	0.26	0.72
Weighted-average number of Class A and Class B common shares outstanding Basic and diluted *(note 9)*	32,000,000	25,000,000

The accompanying notes are an integral part of the consolidated financial statements.

3

Table of Contents

TEEKAY TANKERS LTD.
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

	As at March 31, 2010 $	As at December 31, 2009 $
ASSETS		
Current		
Cash and cash equivalents	12,152	10,432
Pool receivables from affiliates, net *(note 8g)*	6,412	10,427
Accounts receivable	63	90
Due from affiliates *(notes 8c and 8f)*	5,937	223
Prepaid expenses	2,400	2,057
Vessel held for sale *(note 11)*	16,725	
Other current assets	129	268
Total current assets	43,818	23,497
Vessels and equipment		
At cost, less accumulated depreciation of $125.4 million (2009 - $135.7 million)	483,549	506,309
Non-current amounts due from affiliates *(notes 8c and 8g)*	1,561	1,561
Other non-current assets	1,580	1,835
Goodwill	6,761	6,761
Total assets	537,269	539,963
LIABILITIES AND STOCKHOLDERS EQUITY		
Current		
Accounts payable	2,812	2,043
Accrued liabilities ($1.5 million and $1.7 million for 2010 and 2009, respectively, to related parties) *(note 8f)*	6,198	7,718
Current portion of long-term debt *(note 5)*	3,600	3,600
Current portion of derivative instrument *(note 6)*	3,965	3,865
Deferred revenue	2,912	3,572
Due to affiliates *(notes 8c and 8f)*	2,167	569
Other current liabilities	277	277
Total current liabilities	21,931	21,644
Long-term debt *(note 5)*	300,728	301,628
Derivative instrument *(note 6)*	11,261	10,028

Other long-term liabilities	323	392
Total liabilities	334,243	333,692
Stockholders Equity		
Common stock and additional paid-in capital (300 million shares authorized; 19.5 million Class A and 12.5 million Class B shares issued and outstanding as of March 31, 2010 and December 31, 2009) (*note 7)*	246,753	246,753
Accumulated deficit	(43,727)	(40,482)
Total stockholders equity	203,026	206,271
Total liabilities and stockholders equity	537,269	539,963

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

TEEKAY TANKERS LTD.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Three Months Ended March 31 2010 $	Three Months Ended March 31, 2009 $ (note 2)
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net income	5,080	15,641
Non-cash items:		
Depreciation and amortization	7,392	7,031
Unrealized loss (gain) on derivative instrument	1,333	(2,382)
Other	184	
Change in non-cash working capital items related to operating activities	(1,689)	18,485
Expenditures for drydocking	(229)	
Net operating cash flow	12,071	38,775
FINANCING ACTIVITIES		
Repayments of long-term debt	(900)	(900)
Prepayments of long-term debt		(10,000)
Repayment of pushed-down debt of Dropdown Predecessor		(1,096)
Return of capital to the Parent from Dropdown Predecessor		(11,673)
Other financing activities	(3)	
Net advances from (to) affiliates		(535)
Cash dividends paid	(8,320)	(18,000)
Net financing cash flow	(9,223)	(42,204)
INVESTING ACTIVITIES		
Expenditures for vessels and equipment	(1,128)	(857)
Net investing cash flow	(1,128)	(857)
Increase (decrease) in cash and cash equivalents	1,720	(4,286)
Cash and cash equivalents, beginning of the period	10,432	26,698

Cash and cash equivalents, end of the period	12,152	22,412

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

TEEKAY TANKERS LTD.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

1. Basis of Presentation

The unaudited interim consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (or *GAAP*). These financial statements include the accounts of Teekay Tankers Ltd., its wholly owned subsidiaries and the Dropdown Predecessor, as defined in Note 2 (collectively the *Company*). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain information and footnote disclosures required by GAAP for complete annual financial statements have been omitted and, therefore, these interim financial statements should be read in conjunction with the Company s audited consolidated financial statements filed on Form 20-F for the year ended December 31, 2009. In the opinion of management, these interim unaudited consolidated financial statements reflect all adjustments, of a normal recurring nature, necessary to present fairly, in all material respects, the Company s consolidated financial position, results of operations, and cash flows for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of those for a full fiscal year. Significant intercompany balances and transactions have been eliminated upon consolidation. Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period as quantified in Note 8e.

2. Dropdown Predecessor

The Company accounts for the acquisition of interests in vessels from Teekay Corporation (or *Teekay*) as a transfer of a business between entities under common control. The method of accounting for such transfers is similar to the pooling of interests method of accounting. Under this method, the carrying amount of net assets recognized in the balance sheets of each combining entity are carried forward to the balance sheet of the combined entity, and no other assets or liabilities are recognized as a result of the combination. The proceeds paid by the Company over or under Teekay s historical cost in the vessels is accounted for as a return of capital to or contribution of capital from Teekay. In addition, transfers of net assets between entities under common control are accounted for as if the transfer occurred from the date that the Company and the acquired vessels were both under the common control of Teekay and had begun operations. As a result, the Company s financial statements prior to the date the interests in these vessels were actually acquired by the Company are recast to include the results of these vessels operated during the periods under common control of Teekay.

On June 24, 2009, the Company acquired from Teekay its subsidiary Ashkini Spirit L.L.C, which owns a Suezmax-class tanker, the *Ashkini Spirit*. This transaction was accounted for as a reorganization between entities under common control. As a result, the Company s consolidated statements of income for the three months ended March 31, 2009 and cash flows for the three months ended March 31, 2009 reflect the *Ashkini Spirit* and its related operations (referred to herein as the *Dropdown Predecessor*) as if the Company had acquired the vessel on August 1, 2007, when it began operations under the ownership of Teekay.

The effect of adjusting the Company s financial statements to account for these common control exchanges increased the Company s: goodwill by $2.1 million and vessels and equipment by $91.6 million as of August 1, 2007; and revenue and net income for the three months ended March 31, 2009 by $3.9 million and $1.5 million, respectively.

The accompanying consolidated financial statements include the financial position, results of operations and cash flows of the Dropdown Predecessor. In the preparation of these consolidated financial statements, general and administrative expenses and interest expense were not identifiable as relating solely to the specific vessel. General and administrative expenses (consisting primarily of salaries, share-based compensation, and other employee-related costs, office rent, legal and professional fees, and travel and entertainment) were allocated based on the Dropdown Predecessor s proportionate share of Teekay Corporation s total ship-operating (calendar) days for the period presented. During the three months ended March 31, 2009, $0.4 million of interest expense and $0.2 of general and administrative expenses were attributable to the Dropdown Predecessor, respectively. Management believes these allocations reasonably present the interest expense and the general and administrative expenses of the Dropdown Predecessor. Estimates have been made when allocating expenses from Teekay Corporation to the Dropdown Predecessor and such estimates may not be reflective of actual results.

3. Adoption of New Accounting Pronouncements

In January 2009, the Company adopted an amendment to FASB ASC 810, *Consolidations* that eliminates certain exceptions to consolidating qualifying special-purpose entities, contains new criteria for determining the primary beneficiary, and increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. This amendment also contains a new requirement that any term, transaction, or arrangement that does not have a substantive effect on an entity s status as a variable interest entity, a company s power over a variable interest entity, or a company s obligation to absorb losses or its right to receive benefits of an entity must be disregarded. The elimination of the qualifying special-purpose entity concept and its consolidation exceptions means more entities will be subject to consolidation assessments and reassessments. During February 2010, the scope of the revised standard was modified to indefinitely exclude certain entities from the requirement to be assessed for consolidation. The adoption of this amendment did not have a material impact on the Company s consolidated financial statements.

Table of Contents

TEEKAY TANKERS LTD.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

4. Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents The fair value of the Company s cash and cash equivalents approximates its carrying amounts reported in the consolidated balance sheets.

Non-current amounts due from affiliates The fair value of the non-current amounts due from affiliates approximates their carrying amounts reported in the accompanying consolidated balance sheets.

Long-term debt The fair value of the Company s fixed-rate and variable-rate long-term debt is based on quoted market prices or estimated using discounted cash flow analyses, based on rates currently available for debt with similar terms and remaining maturities and the current credit worthiness of the Company.

Derivative instruments The fair value of the Company s interest rate swap agreement is the estimated amount that the Company would receive or pay to terminate the agreement at the reporting date, taking into account current interest rates and the current credit worthiness of both the Company and the swap counterparty. The estimated amount is the present value of future cash flows. The inputs used to determine the future cash flows include the fixed interest rate of the swap, and market interest rates.

The Company categorizes its fair value estimates using a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The estimated fair value of the Company s financial instruments and categorization using the fair value hierarchy for those assets and liabilities that are measured at fair value on a recurring basis is as follows:

		March 31, 2010	
	Fair Value Hierarchy Level(1)	Carrying Amount Asset/ (Liability) $	Fair Value Asset/ (Liability) $
Cash and cash equivalents		12,152	12,152
Non-current amounts due from affiliates		1,561	1,561
Long-term debt		(304,328)	(265,961)
Derivative instrument			
Interest rate swap agreement	Level 2	(15,226)	(15,226)

(1) The fair value hierarchy level is only applicable to each item on the consolidated balance sheets

that is recorded
at fair value on
a recurring
basis.

The Company has determined that there are no non-financial assets and liabilities carried at fair value at March 31, 2010.

5. Long-Term Debt

	March 31, 2010 $	**December 31, 2009 $**
Revolving Credit Facility due 2017	277,328	277,328
Term Loan due through 2017	27,000	27,900
	304,328	305,228
Less current portion	3,600	3,600
Total	300,728	301,628

The Company and Teekay Corporation are parties to a revolving credit facility (or the *Revolver*). The Company is a borrower under Tranche A of the Revolver (or the *Tranche A Revolver*) and certain 100%-owned subsidiaries of Teekay Corporation are borrowers under Tranche B of the Revolver (or the *Tranche B Revolver*). If any borrower under the Tranche B Revolver is acquired by the Company, the borrowings and amount available under the Tranche B Revolver that are related to the acquired entity will be added to the Tranche A Revolver, upon certain conditions being met.

TEEKAY TANKERS LTD.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

5. Long-Term Debt (Cont d)

As of March 31, 2010, the Tranche A Revolver provided for borrowings of up to $401.0 million, of which $123.7 million was undrawn. The total amount available under the Tranche A Revolver reduces by a semi-annual amount of $22.1 million commencing in late 2012, and the Tranche A Revolver matures in 2017. The Tranche A Revolver may be prepaid at any time in amounts of not less than $5.0 million. Interest payments are based on LIBOR plus a margin of 0.60%. As at March 31, 2010, the weighted-average interest rate on the Revolver was 0.89% (December 31, 2009 0.86%). The Tranche A Revolver is collateralized by first-priority mortgages granted on ten of the Company s vessels, together with other related security, and includes a guarantee from the Company for all outstanding amounts. The Tranche A Revolver requires that the Company and certain of its subsidiaries maintain liquidity (cash, cash equivalents and undrawn committed revolving credit lines with more than six months to maturity) of minimum of $35.0 million and at least 5.0% of the Company s total debt. As at March 31, 2010, the Company was in compliance with all its covenants on the Tranche A Revolver.

As at March 31, 2010, the Company had one term loan outstanding in the amount of $27.0 million. This term loan bears interest at a fixed-rate of 4.06%, requires quarterly principal payments of $0.9 million, and is collateralized by first-priority mortgages on two of the Company s vessels, together with certain other related security. The term loan is guaranteed by Teekay Corporation. The term loan requires that the Company and certain of its subsidiaries maintain a minimum hull coverage ratio of 105% of the total outstanding balance for the facility period. As at March 31, 2010, the Company was in compliance with all its covenants on its term loan.

The aggregate annual long-term debt principal repayments required to be made by the Company under the Tranche A Revolver and term loan subsequent to March 31, 2010 are $2.7 million (remaining 2010), $3.6 million (2011), $3.6 million (2012), $3.6 million (2013), $3.6 million (2014) and $287.2 million (thereafter).

The weighted-average effective interest rate on the Company s long-term debt as at March 31, 2010 was 1.17% (December 31, 2009 1.16%). This rate does not reflect the effect of the interest rate swap (see Note 6).

6. Derivative Instruments

The Company uses derivatives in accordance with its overall risk management policies. The Company enters into interest rate swaps which exchange a receipt of floating interest for a payment of fixed interest to reduce the Company s exposure to interest rate variability on its outstanding floating-rate debt. The Company has not designated, for accounting purposes, its interest rate swap as a cash flow hedge of its U.S. Dollar LIBOR-denominated borrowings.

Realized and unrealized (losses) gains relating to the Company s interest rate swap have been reported in realized and unrealized (losses) gains on interest rate swap in the consolidated statements of income. During the three months ended March 31, 2010, the Company recognized realized and unrealized losses of $1.3 million and $1.3 million, respectively, relating to its interest rate swap. During the three months ended March 31, 2009, the Company recognized realized and unrealized (losses) gains of $(1.4) million and $2.4 million, respectively, relating to its interest rate swap.

The following summarizes the Company s derivative position as at March 31, 2010:

	Interest Rate Index	Principal Amount $	Fair Value / Carrying Amount Asset / (Liability) $	Weighted-Average Remaining Term (Years)	Fixed Interest Rate (%)(1)
LIBOR-Based Debt:					
U.S. Dollar-denominated interest rate swap	USD LIBOR 3M	100,000	(15,226)	7.5	5.55

(1) Excludes the margin the Company pays on its variable-rate debt, which as of March 31, 2010 was 0.6%.

The Company is potentially exposed to credit loss in the event of non-performance by the counterparty to the interest rate swap agreement in the event that the fair value results in an asset being recorded. In order to minimize counterparty risk, the Company only enters into derivative transactions with counterparties that are rated A- or better by Standard & Poor s or A3 or better by Moody s at the time transactions are entered into.

7. Capital Stock

On June 24, 2009, the Company completed a follow-on public offering of 7.0 million Class A common shares at a price of $9.80 per share, for gross proceeds of $68.6 million. The Company used the net offering proceeds of $65.5 million to acquire a 2003-built Suezmax tanker, the *Ashkini Spirit*, from Teekay Corporation for $57.0 million.

As at March 31, 2010 and December 31, 2009, the Company had reserved under its 2007 Long-Term Incentive Plan a total of 1,000,000 shares of Class A common stock for issuance pursuant to awards to be granted. To date, the Company has satisfied awards under the plan through open market purchases and deliveries to the grantees, rather than issuing shares from authorized capital. For the three months ended March 31, 2010 and 2009, 19,371 and 28,178 shares of Class A common stock were granted and delivered to non-management Directors as part of the Directors annual compensation, respectively. As at March 31, 2010 and December 31, 2009, a total of 60,802 shares and 41,431 shares of Class A common stock have been granted under the plan and delivered to non-management Directors, respectively, as part of the Directors annual compensation since the commencement of the plan in December 2007.

Table of Contents

TEEKAY TANKERS LTD.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

8. Related Party Transactions

a. On June 24, 2009, the Company acquired a double-hull Suezmax tanker, the 2003-built *Ashkini Spirit* from Teekay Corporation for a total cost of $57.0 million, excluding $0.7 million for working capital assumed. As described in Note 2, the acquisition was accounted for as a reorganization of entities under common control and accounted for on a basis similar to pooling of interest basis. The acquisition was funded using net proceeds of a follow-on public offering of 7.0 million Class A common shares at $9.80 per share in June 2009. No debt was assumed as a result of the acquisition and the amount available to be drawn on the Company s revolving credit facility increased by $58.0 million. A contribution of capital from Teekay Corporation of $31.9 million, representing the excess of the historical book value of the vessel over the purchase price, was recorded on the date of acquisition of the vessel.

b. During the three months ended March 31, 2009, $0.2 million of general and administrative expenses and $0.4 million of interest expenses attributable to the operations of the Dropdown Predecessor were incurred by Teekay Corporation and have been allocated to the Company.

c. The amounts due to and from affiliates at March 31, 2010 and 2009, are without interest or stated terms of repayment.

d. During the three months ended March 31, 2010 and 2009, $2.9 million and $3.5 million, respectively, of revenues were earned from Teekay Corporation as a result of the Company chartering out the *Nassau Spirit* to Teekay Corporation under a fixed-rate time-charter contract. In August 2009, the Company exercised its option to extend the time-charter contract by one year. The time-charter contract for the *Nassau Spirit* will now expire in August 2010.

e. Pursuant to a long-term management agreement with Teekay Tankers Management Services Ltd., a wholly owned subsidiary of Teekay Corporation (the *Manager*), the Company incurred total management fees of $1.4 million for both of the three months ended March 31, 2010 and 2009, respectively, for commercial, technical, strategic, administrative services and performance fees. The commercial services portion of the management fee of $0.2 million and $0.2 million for the three months ended March 31, 2010 and 2009, respectively, have been recorded as voyage expenses. A portion of the technical management fee that represents crew training costs are recorded in vessel operating expenses in the amounts of $0.2 million and $0.1 million for the three months ended March 31, 2010 and 2009, respectively. Crew training costs were previously recorded in general and administrative expenses in the prior year and have been reclassified to vessel operating expenses for comparative purposes in the consolidated statements of income. The remainder of the management fees is included in general and administrative expenses and for the three months ended March 31, 2010 and 2009, are $1.0 million and $1.1 million, respectively.

   The Company s executive officers are employees of Teekay Corporation or other subsidiaries thereof, and their compensation (other than any awards under the Company s long-term incentive plan described in Note 7) is set and paid by Teekay Corporation or such other subsidiaries. The Company reimburses Teekay Corporation for time spent by its executive officers on the Company s management matters through the strategic portion of the management fee. The strategic management fee reimbursement for the three months ended March 31, 2010 and 2009 was $0.3 million, and $0.3 million, respectively.

   The management agreement provides for payment to the Manager of a performance fee in certain circumstances. If Gross Cash Available for Distribution for a given fiscal year exceeds $3.20 per share of the Company s weighted average outstanding common stock (or the *Incentive Threshold*), the Company is generally required to pay a performance fee equal to 20% of all Gross Cash Available for Distribution for such year in excess of the Incentive Threshold. The Company did not incur any performance fees for the three months ended March 31, 2010 and 2009. *Cash Available for Distribution* represents net income plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-offs or other non-recurring items, less unrealized gains from derivatives and net income attributable to the historical results of vessels acquired by the Company from Teekay Corporation, prior to their acquisition by us, for the period when these vessels were owned and operated by Teekay Corporation. *Gross Cash Available for Distribution* represents Cash Available for Distribution without giving effect to any deductions for performance fees and reduced by the amount of any reserves the Company s board of directors may establish during the applicable fiscal period that have not already reduced the Cash Available for Distribution. Reserves applicable for the three months ended March 31, 2010 included a $1.2 million drydocking and capital upgrades reserve, and a $0.9 million reserve for loan principal repayment. Reserves for the three months ended March 31, 2009 included a $2.0 million drydocking reserve and a $0.9 million reserve for loan principal repayment.

f. In addition to the management fees as defined in the long-term management agreement with the Manager as described in Note 8e, the Manager also provides the Company with all usual and customary crew management services in respect of the Company s vessels which are recorded in vessel operating expenses on the consolidated statements of income. For the three months ended March 31, 2010 and 2009, the Company incurred $4.5 million and $4.5 million, respectively, for crewing and manning costs, of which $1.5 million and $1.7 million was payable to the Manager as at March 31, 2010 and December 31, 2009, respectively, and included in accrued liabilities on the consolidated balance sheets.

The Manager is also responsible for the daily operational activities of the Company s vessels. The Manager collects revenues and remits payments for expenses incurred by the vessels for various voyages. As a result of these transactions, the balance due from the Manager was $5.9 million and $0.2 million as at March 31, 2010 and December 31, 2009, respectively and the balance due to the Manager was $1.2 million and $nil as at March 31, 2010 and December 31, 2009, respectively.

The Company has recorded a payable of $0.9 million and $0.6 million as at March 31, 2010 and December 31, 2009, respectively, for uncertain taxes that the Company may be subject to pay through an allocation from pooling arrangements in which certain vessels of the Company participate. The payable is recorded in due to affiliates on the consolidated balance sheets.

TEEKAY TANKERS LTD.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Cont d)
(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

8. Related Party Transactions (Cont d)

g. Pursuant to pooling arrangements managed by Teekay Chartering Limited (Aframax Tanker Pool) and Gemini Tankers LLC (Suezmax Tanker Pool), both wholly owned subsidiaries of Teekay Corporation (collectively the *Pool Managers*), the Company incurred pool management fees during the three months ended March 31, 2010 and 2009 of $0.4 million and $0.4 million, respectively, with respect to Company vessels that participate in the pooling arrangements. The Pool Managers provide commercial services to the pool participants and administer the pools in exchange for a fee currently equal to 1.25% of the gross revenues attributable to each pool participant s vessels and a fixed amount per vessel per day which ranges from $275 (for the Suezmax tanker pool) to $350 (for the Aframax tanker pool). Voyage revenues and voyage expenses of the Company s vessels operating in these pool arrangements are pooled with the voyage revenues and voyage expenses of other pool participants. The resulting net pool revenues, calculated on a time charter equivalent basis, are allocated to the pool participants according to an agreed formula. The Company accounts for the net allocation from the pools as voyage revenues in net pool revenues from affiliates on the consolidated statements of income. For the three months ended March 31, 2010 and 2009, the Company s allocation from the pools was net of $6.2 million and $4.1 million, respectively, of voyage expense. The pool receivable from affiliates as at March 31, 2010 and December 31, 2009 was $6.4 million and $10.4 million, respectively.

As at March 31, 2010 and December 31, 2009, the Company had advanced $1.6 million and $1.6 million, respectively, to the Pool Managers for working capital purposes. The Company may be required to advance additional working capital funds from time to time. Working capital advances will be returned to the Company when a vessel no longer participates in the applicable pool, less any set-offs for outstanding liabilities or contingencies. These advances are without interest or stated terms of repayment.

9. Earnings Per Share

The net income available for common stockholders and earnings per common share presented in the table below excludes the results of operations of the Dropdown Predecessor.

	Three Months Ended	
	March 31, 2010	**March 31,2009**
	$	**$**
Net income	5,080	15,641
Less: Net income attributable to the Dropdown Predecessor		1,508
Net income available for common stockholders	5,080	14,133
Weighted-average number of common shares	32,000,000	25,000,000
Common shares and common share equivalents outstanding	32,000,000	25,000,000