TEEKAY TANKERS LTD.
Form 6-K
May 28, 2008

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, 2008

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	X	Form 40- F

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 No X

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 No X

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No X

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-_______

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TEEKAY TANKERS LTD.

REPORT ON FORM 6-K FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008

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ITEM 1 - FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Teekay Tankers Ltd.

We have reviewed the consolidated balance sheet of Teekay Tankers Ltd. (successor to Teekay Tankers Predecessor) (or the Company) as of March 31, 2008, the related consolidated statements of income for the three months ended March 31, 2008 and 2007, and the related consolidated statements of cash flows for the three months ended March 31, 2008 and 2007. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with United States generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2007, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended (not presented herein), and in our report dated March 11, 2008, except for Note 14, as to which the date is April 7, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2007, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Vancouver, Canada,	/s/ ERNST & YOUNG LLP
May 13, 2008	Chartered Accountants

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

	Three Months Ended March 31, 2008 $	Three Months Ended March 31, 2007 $
REVENUES		
Time charter revenues ($3.0 million and $2.6 million for 2008 and 2007, respectively, from related parties) (note 6d)	13,302	7,869
Pool revenues (note 6f)	12,518	-
Voyage charter revenues	851	31,986
	26,671	39,855
OPERATING EXPENSES		
Voyage expenses (note 6f)	96	10,742
Vessel operating expenses	5,580	4,943
Depreciation and amortization	3,489	3,904
General and administrative expenses ($1.1 million and $3.2 million for 2008 and 2007, respectively, from related parties) (notes 6a, 6b and 6e)	1,321	3,255
Total operating expenses	10,486	22,844
Income from vessel operations	16,185	17,011
OTHER ITEMS		
Interest expense ($nil and $0.6 million for 2008 and 2007, respectively, from related parties) (note 6c)	(2,206)	(1,527)
Interest income	65	-
Other (expense) income – net	(6)	1
Total other items	(2,147)	(1,526)
Net income	14,038	15,485
Per common share amounts:		
• Basic and diluted earnings (note 8)	0.56	1.03
• Cash dividends declared	0.115	-
Weighted-average number of common shares outstanding:		
• Basic and diluted (note 8)	25,000,000	15,000,000

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

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

	As at March 31, 2008 $	As at December 31, 2007 $
ASSETS		
Current		
Cash and cash equivalents	44,477	34,839
Due from Teekay Pool, net (note 6f)	6,160	1,600
Accounts receivable (including $250 and $2,404 for 2008 and 2007, respectively, from related parties)	5,173	2,494
Prepaid expenses	1,735	2,078
Other assets	121	10
Total current assets	57,666	41,021
Vessels and equipment (note 3)		
At cost, less accumulated depreciation of $81,449 (2007 - $79,723)	265,406	267,729
Due from Teekay Pool (note 6f)	1,000	-
Other non-current assets	1,731	1,574
Total assets	325,803	310,324
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable	1,467	787
Accrued liabilities	3,972	3,828
Current portion of long-term debt (note 3)	3,600	3,600
Current portion of derivative instruments (note 4)	2,305	894
Due to affiliates (note 6c)	3,943	-
Total current liabilities	15,287	9,109
Long-term debt (note 3)	144,600	145,500
Derivative instruments (note 4)	10,809	6,921
Total liabilities	170,696	161,530
Commitments and contingencies (note 3)		
Stockholders' equity		
Common stock and additional paid-in capital (300 million shares authorized; 12.5 million Class A and 12.5 million Class B shares issued and outstanding as of March 31, 2008 and December 31, 2007) (note 5)	181,333	180,915
Deficit	(21,870)	(33,033)
Accumulated other comprehensive (loss) income	(4,356)	912
Total stockholders' equity	155,107	148,794

Total liabilities and stockholders' equity	325,803	310,324

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

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Three Months Ended March 31, 2008 $	Three Months Ended March 31, 2007 $
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net income	14,038	15,485
Non-cash items:		
Depreciation and amortization	3,489	3,904
Debt issuance cost amortization	63	62
Other - net	32	-
Change in non-cash working capital items related to operating activities	(1,931)	4,207
Expenditures for drydocking	(1,058)	-
Net operating cash flow	14,633	23,658
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	80,564
Debt issuance costs	(220)	-
Scheduled repayments of long-term debt	(900)	(900)
Prepayments of long-term debt	-	(65,458)
Share issuance costs	(892)	-
Cash dividends paid	(2,875)	-
Net advances to affiliates	-	(319)
Return of capital	-	(37,440)
Net financing cash flow	(4,887)	(23,553)
INVESTING ACTIVITIES		
Expenditures for vessels and equipment	(108)	(105)
Net investing cash flow	(108)	(105)
Increase in cash and cash equivalents	9,638	-
Cash and cash equivalents, beginning of the period	34,839	-
Cash and cash equivalents, end of the period	44,477	-

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

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
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 and Nature of Operations

During October 2007, Teekay Corporation formed Teekay Tankers Ltd., a Marshall Islands corporation (the Company), to acquire from Teekay Corporation a fleet of nine double-hull Aframax-class oil tankers. Prior to the closing of the Company's initial public offering (or IPO) on December 18, 2007, a subsidiary of Teekay Corporation transferred nine wholly owned subsidiaries to the Company, each of which owns one Aframax-class oil tanker, in exchange for 12,500,000 shares of the Company's Class B common stock, 2,500,000 shares of the Company's Class A common stock and a non-interest bearing promissory note.

The results of the operations and financial position prior to the IPO are collectively referred to as Teekay Tankers Predecessor or the Predecessor. The accounts of the Predecessor consist of the nine wholly owned subsidiaries transferred to the Company and any other transactions specifically attributable to the nine vessels that were incurred in Teekay Corporation or any of its other subsidiaries that were not transferred to the Company. These transfers represent a reorganization of entities under common control and have been recorded at historical cost. The combined carve-out financial statements for the periods prior to December 18, 2007, reflect the combined carve-out financial position, results of operations and cash flows of the Predecessor. All references in these financial statements to "consolidated financial statements" refer to consolidated financial statements for the periods subsequent to December 17, 2007 and combined carve-out financial statements for periods prior to December 18, 2007, respectively.

Teekay Corporation uses a centralized treasury system and, as a result, the cash and cash equivalents attributable to the Predecessor's vessels before the IPO were co-mingled with other funds in accounts that were owned by companies other than Teekay Tankers Ltd. or the nine wholly owned subsidiaries historically included in the Predecessor and transferred to the Company. Consequently, for periods preceding the IPO, any cash transactions made on behalf of the nine wholly owned subsidiaries are reflected as increases or decreases of advances from affiliates, and any cash transactions attributable to vessels that were made by other Teekay subsidiaries are reflected as increases or decreases in owner's equity.

Two of the Predecessor's wholly owned subsidiaries were capitalized in part with non-interest bearing loans from Teekay Corporation and its subsidiaries. Generally, these intercompany loans were used to finance the acquisition of the vessels. For periods preceding the IPO, interest expense includes the allocation of interest to the Predecessor from Teekay Corporation and its subsidiaries based upon the weighted-average outstanding balance of these intercompany loans and the weighted-average interest rate outstanding on Teekay Corporation's loan facilities that were used to finance these intercompany loans. In addition, the combined carve-out financial statements reflect interest on external loans of the two wholly owned subsidiaries and other external loans that are directly attributable to the two vessels.

In the preparation of the combined carve-out financial statements, general and administrative expenses were not identifiable as relating solely to the vessels. General and administrative expenses consist primarily of salaries and other employee-related costs, office rent, legal and professional fees, and travel and entertainment. For periods preceding the IPO, general and administrative expenses of Teekay Corporation have been apportioned to Teekay Corporation's spot tanker segment and fixed-rate tanker segment, which includes, among other vessels, the Predecessor's nine vessels, based on estimated use of corporate resources. The resulting amounts were partially allocated to the Predecessor, for each of the periods preceding the IPO, based on its proportionate share of the total ship-operating (calendar) days of Teekay Corporation's spot tanker segment and fixed-rate tanker segment.

Management believes this allocation reasonably presents the general and administrative expenses of the Predecessor.

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles. Significant intercompany balances and transactions have been eliminated upon consolidation or combination. The preparation of financial statements in conformity with United States generally accepted accounting principles 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. In addition, estimates have been made when allocating expenses from Teekay Corporation to the Predecessor and such estimates may not be reflective of actual results after the Company's IPO.

Certain information and footnote disclosures required by United States generally accepted accounting principles 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 for the year ended December 31, 2007. In the opinion of management, these interim 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 three months ended March 31, 2008 are not necessarily indicative of those for a full fiscal year.

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current period.

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
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)

2. Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements (SFAS No. 157). In accordance with the Financial Accounting Standards Board (FASB) Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2), the Company will defer the adoption of SFAS No. 157 for its nonfinancial assets and nonfinancial liabilities, except those items recognized or disclosed at fair value on an annual or more frequently recurring basis, until January 1, 2009. The adoption of SFAS No. 157 did not have a material impact on the Company's fair value measurements.

SFAS No. 157 clarifies the definition of fair value, prescribes methods for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and expands disclosures about the use of fair value measurements. 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 following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	Fair Value at March 31, 2008 Asset / (Liability) $	Level 1 $	Level 2 $	Level 3 $
Interest rate swap agreement (1)	(13,114)	-	(13,114)	-

(1) 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 the swap counterparties. The estimated amount is the present value of future cash flows.

3. Long-Term Debt

	March 31, 2008 $	December 31, 2007 $

USD-denominated Revolving Credit Facility due 2017	114,000	114,000
USD-denominated Term Loan due through 2017	34,200	35,100
	148,200	149,100
Less current portion	3,600	3,600
Total	144,600	145,500

As of March 31, 2008, the Company had one long-term revolving credit facility (or the Revolver) available, which, as at such date, provided for borrowings of up to $229.0 million, of which $115.0 million was undrawn (see Note 9). The total amount available under the Revolver reduces by a semi-annual amount of $12.6 million commencing in 2012. Interest payments are based on LIBOR plus a margin of 0.60%. As at March 31, 2008, the interest rate on the Revolver was 3.54%. The Revolver is collateralized by first-priority mortgages granted on seven of the Company's vessels, together with other related collateral, and includes a guarantee from the Company for all outstanding amounts. The 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 at least $35.0 million and 5.0% of the Company's total debt.

As at March 31, 2008, the Company had one term loan outstanding in the amount of $34.2 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-preferred mortgages on two of the Company's vessels, together with certain other related collateral. The term loan is guaranteed by Teekay Corporation.

The aggregate annual long-term debt principal repayments required to be made by the Company under the Revolver and term loan subsequent to March 31, 2008 are $2.7 million (remainder of 2008), $3.6 million (2009), $3.6 million (2010), $3.6 million (2011), $3.6 million (2012) and $131.1 million (thereafter).

The weighted-average effective interest rate on the Company's long-term debt as at March 31, 2008 was 3.66% (December 31, 2007 – 5.34%). This rate does not reflect the effect of the interest rate swap the Company has used to hedge certain of its floating rate debt (see Note 4).

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
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. Derivative Instruments and Hedging Activities

The Company uses derivatives only for hedging purposes. 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 had one interest rate swap outstanding at March 31, 2008 and December 31, 2007. The swap matures in 2017 and the Company has designated the swap as a cash flow hedge of its USD LIBOR denominated borrowings. The net gain or loss on the swap from the date of designation as a hedging instrument has been reported in a separate component of accumulated other comprehensive income and in the accompanying consolidated balance sheets to the extent the hedge is effective. The amount recorded in accumulated other comprehensive income (loss) will subsequently be reclassified into earnings in the same period as the hedged items affect earnings.

The Company recorded a net loss of $0.1 million during the three months ended March 31, 2008 due to ineffectiveness in the cash flow hedge. There was no significant gain or loss excluded from the assessment of effectiveness of the cash flow hedge.

As at March 31, 2008, the Company estimated, based on current interest rates, that it will reclassify approximately $2.0 million of net loss on derivative instruments from accumulated other comprehensive income to income by March 31, 2009 due to the payment of interest expense associated with the floating-rate debt. No amounts have been recorded in earnings due to discontinuance of cash flow hedge accounting. The interest flows and any hedge ineffectiveness on interest rate swaps are recorded within interest expense in the consolidated statements of income.

The following summarizes the Company's derivative position as at March 31, 2008:

	Interest Rate Index	Principal Amount $	Fair Value / Carrying Amount of Liability $	Weighted-Average Remaining Term (years)	Fixed Interest Rate (%) (1)
LIBOR-Based Debt:					
U.S. Dollar-denominated interest rate swap (1)	USD LIBOR 3M	100,000	(13,318)	9.5	5.55

(1) Excludes the margin the Company pays on its variable-rate debt, which as of March 31, 2008 was 0.6%

The Company is exposed to credit loss in the event of non-performance by the counterparties to the interest rate swap agreement. 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 Aa3 or better by Moody's at the time of the transactions. In addition, to the extent possible and practical, interest rate swaps are entered into with different counterparties to reduce concentration risk.

5. Capital Stock

The authorized capital stock of Teekay Tankers Ltd. at March 31, 2008 was 100,000,000 shares of preferred stock, with a par value of $0.01 per share, 200,000,000 shares of Class A common stock, with a par value of $0.01 per share, and 100,000,000 shares of Class B common stock, with a par value of $0.01 per share. The shares of Class A common stock entitle the holder to one vote per share while the shares of Class B common stock entitle the holder to five votes per share, subject to a 49% aggregate Class B common stock voting power maximum. As at March 31, 2008, the Company had 12,500,000 shares of Class A common stock, 12,500,000 shares of Class B common stock and no shares of preferred stock issued and outstanding.

Dividends may be declared and paid out of surplus only, but if there is no surplus, dividends may be declared or paid out of the net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock and Class B common stock shall be entitled to share equally in any dividends that the board of directors may declare from time to time out of funds legally available for dividends.

Upon our liquidation, dissolution or winding-up, the holders of Class A common stock and Class B common stock shall be entitled to share equally in all assets remaining after the payment of any liabilities and the liquidation preferences on any outstanding preferred stock.

Shares of our Class A common stock are not convertible into any other shares of our capital stock. Each share of Class B common stock is convertible at any time at the option of the holder thereof into one share of Class A common stock. In addition, (a) upon any transfer of shares of Class B common stock to a holder other than Teekay Corporation or any of its affiliates or any successor to Teekay Corporation’s business or to all or substantially all of its assets, such shares of Class B common stock shall automatically convert into Class A common stock upon such transfer and (b) all shares of Class B common stock will automatically convert into shares of Class A common stock if the aggregate number of outstanding shares of Class A common stock and Class B common stock beneficially owned by Teekay Corporation and its affiliates falls below 15% of the aggregate number of outstanding shares of common stock. Any such conversions will be effected on a one-for-one basis.

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
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. Capital Stock (cont’d)

Prior to the closing of the Company’s IPO on December 18, 2007, a subsidiary of Teekay Corporation transferred to the Company nine wholly owned subsidiaries, each of which owns one Aframax-class oil tanker, in exchange for 12,500,000 shares of the Company’s Class B common stock, 2,500,000 shares of the Company’s Class A common stock and a $180.8 million non-interest bearing promissory note.

On December 18, 2007, the Company completed its IPO of 11,500,000 shares of Class A common stock at a price of $19.50 per share. The proceeds received by the Company from the Offering and the use of those proceeds are summarized as follows:

Proceeds received:	
Sale of 11,500,000 shares of Class A common stock at $19.50 per share	$224,250
Use of proceeds:	
Underwriting and structuring fees	$14,015
Offering expenses and other	2,013
Repayment of promissory note	180,800
Repurchase of 1,500,000 shares of Class A common stock from Teekay Corporation	27,422
	$224,250

As at March 31, 2008, the Company had reserved under its 2007 Long-Term Incentive Plan 1,000,000 shares of Class A common stock for issuance pursuant to awards that may be granted.

6. Related Party Transactions

a. Prior to the IPO, the Predecessor’s vessels were managed by subsidiaries of Teekay Corporation. Pursuant to the associated management services agreements, the Predecessor incurred general and administrative expenses of $1.2 million for the three months ended March 31, 2007.

b. During the three months ended March 31, 2007, $2.0 million of general and administrative expenses attributable to the operations of the Predecessor prior to the IPO were incurred by Teekay Corporation and have been allocated to the Predecessor.

c. During the three months ended March 31, 2007, $0.6 million of interest expense was incurred on loans advanced from Teekay Corporation and its subsidiaries to the Predecessor prior to the IPO. Interest expense was allocated to the Predecessor based upon the weighted-average outstanding balance of these loans and the weighted-average interest rate outstanding on Teekay Corporation’s loan facilities that were used to finance these loans. The amounts due to affiliates at March 31, 2008 are without interest or stated terms of repayment.

d.

During the three months ended March 31, 2008 and 2007, $3.0 million and $2.6 million, respectively, of revenues were earned from Skaugen PetroTrans Inc., a company in which Teekay Corporation owns a 50% beneficial interest.

e. Pursuant to a long-term management agreement with Teekay Tankers Management Services Ltd., a wholly owned subsidiary of Teekay Corporation, the Company incurred management fees of $1.1 million for the three months ended March 31, 2008 for commercial, strategic, technical and administrative services. The management agreement provides for payment to Teekay Tankers Management Services of a performance fee in certain circumstances. If Gross Cash Available for Distribution for a given fiscal year exceeds $3.20 per share of our outstanding common stock (or the 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 Threshold. Cash Available for Distribution represents net income plus depreciation and amortization, loan cost amortization, non-cash tax costs and any write-offs or other non-recurring items. 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 have taken during the applicable fiscal period that have not already reduced the Cash Available for Distribution. No performance fees were payable by the Company for the three months ended March 31, 2008.

f. Pursuant to a pool agreement with Teekay Chartering Limited, a wholly owned subsidiary of Teekay Corporation, the Company incurred pool management fees of $0.4 million for the three months ended March 31, 2008. Teekay Chartering Limited provides commercial services to the pool participants and administers the pool in exchange for a fee currently equal to $350 per vessel per day plus 1.25% of the gross revenues attributable to each pool participant’s vessels. Voyage revenues and voyage expenses of the Company’s vessels operating in pool arrangements are pooled with the voyage revenues and voyage expenses of other pool participants. The resulting net pool revenues, calculated on the time charter equivalent basis, are allocated to the pool participants according to an agreed formula. The Company accounts for the net allocation from the pool as voyage revenues. For the three months ended March 31, 2008, the Company’s allocation from the pool was net of $9.5 million of voyage expenses.

As of March 31, 2008, the Company had advanced $1.0 million to Teekay Chartering Limited 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 pool, less any set-offs for outstanding liabilities or contingencies. These advances are without interest or stated terms of repayment.

TEEKAY TANKERS LTD.
(Successor to Teekay Tankers Predecessor)
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)

7. Comprehensive Income

	Three Months Ended	
	March 31, 2008 $	March 31, 2007 $
Net income	14,038	15,485
Other comprehensive income (loss):		
Unrealized loss on qualifying cash flow hedging instruments	(5,338)	-
Realized loss on qualifying cash flow hedging instruments	70	-
Comprehensive income	8,770	15,485

8. Earnings Per Share

Earnings per share is determined by dividing net income by the weighted-average number of shares outstanding during the period. For periods prior to December 18, 2007, such shares are deemed equal to the 15,000,000 common shares received by Teekay Corporation in exchange for net assets contributed by it to the Company in connection with the IPO.

	Three Months Ended	
	March 31, 2008 $	March 31, 2007 $
Net income available for common stockholders	14,038	15,485
Weighted-average number of common shares	25,000,000	15,000,000
Common stock and common stock equivalents	25,000,000	15,000,000
Earnings per common share:		
- Basic and diluted	0.56	1.03

9. Subsequent Events

On April 7, 2008, the Company acquired two double-hull Suezmax-class oil tankers, the 2002-built Ganges Spirit and the 2003-built Narmada Spirit, from Teekay Corporation for a total cost of $186.9 million. The Company financed the acquisition by assuming existing debt related to the vessels and utilizing availability under the Company’s revolving credit facility for the remainder of the purchase price. As of May 1, 2008, the Company had approximately $41 million of remaining availability under the revolving credit facility. The Ganges Spirit is employed on its pre-existing time-charter contract that expires in May 2012 and the Narmada Spirit is currently employed in spot market trading.

TEEKAY TANKERS LTD.
March 31, 2008
PART I – FINANCIAL INFORMATION

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

We are a Marshall Islands corporation that was formed by Teekay Corporation to acquire from it a fleet of nine double-hull Aframax-class oil tankers in connection with our initial public offering in December 2007. Our business is to own oil tankers and we employ a chartering strategy that seeks to capture upside opportunities in the tanker spot market while using fixed-rate time charters or hedging (through financial instruments such as freight forward agreements) to reduce downside risks. Historically, the tanker industry has experienced volatility in profitability due to changes in the supply of, and demand for, tanker capacity. Tanker supply and demand are each influenced by several factors beyond our control. As at May 1, 2008, we owned nine Aframax-class tankers and two Suezmax-class tankers. Four of our Aframax tankers currently operate under fixed-rate time-charters with our customers, one of which charters expire in July 2008, two in 2009 and one in 2010. Our remaining five Aframax tankers currently participate in an Aframax pooling arrangement operated by Teekay Chartering Limited, a subsidiary of Teekay Corporation. As of May 1, 2008, this pooling arrangement included 44 tankers. One of our Suezmax tankers participates in the Gemini Pool, a Suezmax pool operated by a subsidiary of Teekay Corporation which primarily employs Suezmax tankers on spot market voyage charters. The remaining Suezmax tanker operates under a fixed-rate time-charter contract that includes a component providing for additional revenues to us beyond the fixed hire rate when spot market rates exceed threshold amounts. This time charter contract expires in 2012.

We distribute to our stockholders on a quarterly basis all of our Cash Available for Distribution (which represents our net income plus depreciation and amortization, loan cost amortization, non-cash tax costs and any write-offs or other non-recurring items), subject to any reserves our board of directors may from time to time determine are required for the prudent conduct of our business.

In connection with our initial public offering, Teekay Corporation contributed to us nine wholly owned subsidiaries, each of which owns one Aframax tanker. These transfers represented a reorganization of entities under common control and have been recorded at historical cost. Prior to these transfers to us, Teekay Corporation transferred seven of the nine tankers to seven new ship-owning subsidiaries. The accounts of the remaining two wholly owned subsidiaries and any other transactions specifically attributable to the nine vessels that, prior to the public offering, were incurred in Teekay Corporation or any of its other subsidiaries that were not transferred to us are collectively referred to as Teekay Tankers Predecessor or the Predecessor.

Significant Developments in 2008

In connection with our initial public offering, Teekay Corporation agreed to offer us, prior to July 2009, the right to purchase from it up to four existing Suezmax tankers at the fair market value of each such tanker at the time of the offer. On April 7, 2008, we acquired two of these double-hull Suezmax tankers from Teekay Corporation for a total cost of $186.9 million. We financed the acquisition by assuming existing debt related to the vessels and utilizing our revolving credit facility for the remainder of the purchase price. As of May 1, 2008, we had approximately $41 million of remaining availability under our revolving credit facility. Please read Item 1 – Financial Statements: Note 9 – Subsequent Events. We anticipate additional opportunities to expand our fleet through acquisitions of tankers from third parties and additional tankers that we expect Teekay Corporation will offer to us from time to time. These tankers may include crude oil and product tankers.

Our Charters

We generate revenues by charging customers for the transportation of their crude oil using our vessels. Historically, these services generally have been provided under the following basic types of contractual relationships:

- Voyage charters, which are charters for shorter intervals that are priced on a current, or "spot," market rate; and
- Time charters, whereby vessels are chartered to customers for a fixed period of time at rates that are generally fixed, but may contain a variable component based on inflation, interest rates or current market rates.

The table below illustrates the primary distinctions among these types of charters and contracts:

	Voyage Charter	Time Charter
Typical contract length	Single voyage	One year or more
Hire rate basis (1)	Varies	Daily
Voyage expenses (2)	We pay	Customer pays
Vessel operating expenses (3)	We pay	We pay
Off-hire (4)	Customer does not pay	Customer does not pay

(1) "Hire" rate refers to the basic payment from the charterer for the use of the vessel.
(2) Voyage expenses are all expenses unique to a particular voyage, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions.
(3) Vessel operating expenses include crewing, repairs and maintenance, insurance, stores, lube oils and communication expenses.
(4) "Off-hire" refers to the time a vessel is not available for service.

Items You Should Consider When Evaluating Our Results

You should consider the following factors when evaluating our historical financial performance and assessing our future prospects:

- Our financial results reflect changes in our capital structure. The ship-owning subsidiaries for seven of the nine vessels in our fleet were borrowers under a revolving credit facility along with other subsidiaries of Teekay Corporation. This facility, which was repaid prior to our initial public offering, was previously used in part for corporate-related investments of Teekay Corporation. Consequently, the amount outstanding under this facility fluctuated significantly during the period from January 1, 2007 to December 18, 2007 and our historical interest expense is not necessarily indicative of our interest expense following our initial public offering.

- Our voyage revenues are affected by cyclicality in the tanker markets. The cyclical nature of the tanker industry causes significant increases or decreases in the revenue we earn from our vessels, particularly those we trade in the spot market. This will affect the amount of dividends, if any, we pay on our common stock from period to period.

- Tanker rates also fluctuate based on seasonal variations in demand. Tanker markets are typically stronger in the winter months as a result of increased oil consumption in the northern hemisphere but weaker in the summer months as a result of lower oil consumption in the northern hemisphere and increased refinery maintenance. In addition, unpredictable weather patterns during the winter months tend to disrupt vessel scheduling, which historically has increased oil price volatility and oil trading activities in the winter months. As a result, revenues generated by our vessels have historically been weaker during the quarters ended June 30 and September 30, and stronger in the quarters ended March 31 and December 31.

- Our general and administrative expenses are affected by our Management Agreement and costs we incur from being a public company. In connection with our initial public offering, we entered into a long-term management agreement (the Management Agreement) with Teekay Tankers Management Services Ltd., a subsidiary of Teekay Corporation (or our Manager). Under this agreement, our Manager provides to us commercial, technical, administrative and strategic services. We pay a market-based fee for these services. Our general and administrative expenses prior to our initial public offering reflect an allocation of general and administrative expenses from Teekay Corporation. This allocation may not be equivalent to a market-based fee and, thus, our general and administrative expenses for periods preceding our initial public offering may not reflect what we incur following the public offering. We expect that the annual expenses we incur after our initial public offering under the Management Agreement for commercial, technical, administrative and strategic services will be lower than our general and administrative expenses for comparable periods prior to our initial public offering. However, we may incur additional general and administrative expenses as a result of our Manager being entitled to a performance fee under the Management Agreement under certain circumstances. Please read Note 6(e) to our consolidated financial statements included in this Report. In addition, we are also incurring additional general and administrative expenses as a result of being a publicly traded company, including costs associated with annual reports to stockholders and SEC filings, investor relations, The New York Stock Exchange annual listing fees and tax compliance expenses.

- Our vessel operating expenses are facing industry-wide cost pressures. The shipping industry is experiencing a global manpower shortage due to significant growth in the world fleet. This shortage has resulted in crew wage increases during 2007, the effect of which is included the "--Results of Operations" section below. We expect a trend of increasing crew compensation to continue throughout 2008.

- The amount and timing of drydockings of our vessels can significantly affect our revenues between periods. Our vessels are normally offhire when they are being drydocked. During March 2008, one of our vessels, the Nassau

Spirit, was in drydock for 3 days. We estimate that this vessel will be offhire for an additional 76 days during the three months ending June 30, 2008. None of our vessels were in drydock during 2007.

Results of Operations

We use a variety of financial and operational terms and concepts when analyzing our results of operations, which can be found in "Item 5. Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the year ended December 31, 2007. In accordance with U.S. GAAP, we report gross voyage revenues in our income statements and include voyage expenses among our operating expenses. However, shipowners base economic decisions regarding the deployment of their vessels upon anticipated “time charter equivalent” (or TCE) rates, and industry analysts typically measure bulk shipping freight rates in terms of TCE rates. There are two main reasons for this. Firstly, under time charters the customer usually pays the voyage expenses, while under voyage charters the shipowner usually pays the voyage expenses. Secondly, the revenues and voyage expenses of our vessels that operate in pool arrangements are pooled with the voyage revenues and voyage expenses of other pool participants. The resulting net pool revenues, calculated on the time charter equivalent basis, are allocated to the pool participants according to an agreed formula. We account for the net allocation from the pool as voyage revenues. Accordingly, the discussion of revenue below focuses on net voyage revenues (or voyage revenues less voyage expenses) and TCE rates where applicable.

The following table presents our operating results for the three months ended March 31, 2008 and 2007, and compares net voyage revenues, a non-GAAP financial measure, for those periods to voyage revenues, the most directly comparable U.S. GAAP financial measure.

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Voyage revenues	$ 26,671	$ 39,855
Voyage expenses	96	10,742
Net voyage revenues	26,575	29,113
Vessel operating expenses	5,580	4,943
Depreciation and amortization	3,489	3,904
General and administrative	1,321	3,255
Income from vessel operations	16,185	17,011
Interest expense	(2,206)	(1,527)
Interest income	65	-
Other – net	(6)	1
Net income	$ 14,038	$ 15,485

Three Months Ended March 31, 2008 versus Three Months Ended March 31, 2007

Tanker Market

During the first quarter of 2008, spot tanker freight rates strengthened from the previous quarter primarily driven by growing tanker demand, limited fleet growth, and increasing discrimination against single-hull tankers. Early in the second quarter of 2008, freight rates for oil tankers experienced a considerable counter seasonal increase and have thus far averaged above those experienced during the first quarter of 2008. The strength of the spot tanker markets is being driven primarily by higher volumes of crude imports into China (up approximately 15% from the prior year), which in turn is driving higher volumes of ton-mile intensive Atlantic to Pacific crude oil movements.

In its May 2008 report, the International Energy Agency estimated 2008 oil demand growth of 1.0 million barrels per day, a 1.2% increase from 2007. Nearly all of the growth in global oil demand in 2008 is expected to originate from energy intensive developing economies which have so far have been affected only marginally by the economic moderation in the United States.

The trend of tanker sales for conversion to offshore units and dry bulk vessels continues to dampen tanker supply growth. In addition, record-high scrap steel prices have led to an increase in oil tanker scrapping. We believe the removal of these tankers should keep tanker supply and demand finely-balanced during the remainder of 2008.

Fleet and TCE Rates

The number of vessels in our fleet remained unchanged at nine vessels for the three months ended March 31, 2008 compared to the same period in 2007. The following table outlines TCE rates earned by our vessels for the three months ended March 31, 2008 and 2007.

Three Months Ended March 31, 2008			Three Months Ended March 31, 2007		
Net Voyage Revenues (1)	Revenue Days	TCE per Revenue Day (1)	Net Voyage Revenues (in thousands)	Revenue Days	TCE per Revenue Day

	(in thousands)					
Voyage-charter contracts	$ 13,841	382	$ 36,253	$ 21,318	532	$ 40,041
Time-charter contracts	13,302	415	32,025	7,795	269	28,945
Total	$ 27,143	797	$ 34,050	$ 29,113	801	$ 36,314

(1) Net voyage revenues and TCE per revenue day excludes pool management fees of $0.4 million and commissions of $0.1 million.

Net Voyage Revenues. Net voyage revenues decreased 8.7% to $26.6 million for three months ended 2008, from $29.1 million for same period in 2007. The decrease was primarily due to the decrease in average TCE rates earned by our vessels operating on spot-market voyage charters. This was partially offset by an increase in average TCE rates earned by our vessels operating on fixed-rate time-charters.

Vessel Operating Expenses. Vessel operating expenses increased by 12.9% to $5.6 million for the three months ended March 31, 2008, from $4.9 million for the same period in 2007. The increase in vessel operating expenses was primarily due to increases in crewing costs of $0.7 million, partially offset by a decrease of $0.1 million in maintenance activities and the cost of lube oils.

Depreciation and amortization. Depreciation and amortization decreased by 10.6% to $3.5 million for the three months ended March 31, 2008, from $3.9 million for the same period in 2007. The decrease in depreciation and amortization was primarily due to an increase in the estimated residual value of our vessels. This increase was primarily the result of increases in steel prices.

General and Administrative Expenses. General and administrative expenses decreased by 59.4% to $1.3 million for the three months ended March 31, 2008, from $3.3 million for the same period in 2007. The decrease was primarily due to a decrease in management fees and general and administrative expenses that were allocated to Predecessor from Teekay Corporation prior to our initial public offering. We entered into the management agreement with Teekay Corporation in December 2007. This decrease was partially offset by $0.2 million of expenses relating to our being a public company in 2008.

Interest Expense. Interest expense increased 44.5% to $2.2 million for the three months ended March 31, 2008, from $1.5 million for the same period in 2007. This increase was primarily due to an increase in the weighted-average outstanding balance of revolving credit facilities d