

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  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

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

TEEKAY TANKERS LTD.

REPORT ON FORM 6-K FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

INDEX

PART I: FINANCIAL INFORMATION	<u>PAGE</u>
Item 1. Financial Statements (Unaudited)	
Unaudited Consolidated Statements of Income for the three months ended March 31, 2010 and 2009 .....	3
Unaudited Consolidated Balance Sheets as at March 31, 2010 and December 31, 2009 .....	4
Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2010 and 2009 .....	5
Notes to the Unaudited Consolidated Financial Statements .....	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations .....	11
Item 3. Quantitative and Qualitative Disclosures about Market Risk.....	19
PART II: OTHER INFORMATION.....	20
SIGNATURES .....	21
Exhibit 4.10	

**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)
<b>REVENUES</b>		
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
<b>Total revenues</b>	<b>26,990</b>	<b>34,448</b>
<b>OPERATING EXPENSES</b>		
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
<b>Total operating expenses</b>	<b>18,274</b>	<b>17,642</b>
<b>Income from vessel operations</b>	<b>8,716</b>	<b>16,806</b>
<b>OTHER ITEMS</b>		
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
<b>Total other items</b>	<b>(3,636)</b>	<b>(1,165)</b>
<b>Net income</b>	<b>5,080</b>	<b>15,641</b>
<b>Per common share amounts:</b>		
• Basic and diluted earnings (note 9)	0.16	0.57
• Cash dividends declared	0.26	0.72
<b>Weighted-average number of Class A and Class B common shares outstanding</b>		
• Basic and diluted (note 9)	32,000,000	25,000,000

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

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

	As at March 31, 2010 \$	As at December 31, 2009 \$
<b>ASSETS</b>		
<b>Current</b>		
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
<b>Total current assets</b>	<b>43,818</b>	<b>23,497</b>
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
<b>Total assets</b>	<b>537,269</b>	<b>539,963</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current</b>		
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
<b>Total current liabilities</b>	<b>21,931</b>	<b>21,644</b>
Long-term debt (note 5)	300,728	301,628
Derivative instrument (note 6)	11,261	10,028
Other long-term liabilities	323	392
<b>Total liabilities</b>	<b>334,243</b>	<b>333,692</b>
<b>Stockholders' Equity</b>		
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)
<b>Total stockholders' equity</b>	<b>203,026</b>	<b>206,271</b>
<b>Total liabilities and stockholders' equity</b>	<b>537,269</b>	<b>539,963</b>

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

**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)		
<b>OPERATING ACTIVITIES</b>		
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)	-
<b>Net operating cash flow</b>	<b>12,071</b>	<b>38,775</b>
<b>FINANCING ACTIVITIES</b>		
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)
<b>Net financing cash flow</b>	<b>(9,223)</b>	<b>(42,204)</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures for vessels and equipment	(1,128)	(857)
<b>Net investing cash flow</b>	<b>(1,128)</b>	<b>(857)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,720</b>	<b>(4,286)</b>
Cash and cash equivalents, beginning of the period	10,432	26,698
<b>Cash and cash equivalents, end of the period</b>	<b>12,152</b>	<b>22,412</b>

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

**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.

**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:

	Fair Value Hierarchy Level <sup>(1)</sup>	March 31, 2010	
		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 (%) <sup>(1)</sup>
<b>LIBOR-Based Debt:</b>					
	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.

**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.

	<b>Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
	<b>\$</b>	<b>\$</b>
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
Earnings per common share:		
- Basic and diluted	0.16	0.57

**10. Accounting Pronouncements Not Yet Adopted**

In September 2009, the FASB issued an amendment to FASB ASC 605, *Revenue Recognition*, that provides for a new methodology for establishing the fair value for a deliverable in a multiple-element arrangement. When vendor specific objective or third-party evidence for deliverables in a multiple-element arrangement cannot be determined, the Company will be required to develop a best estimate of the selling price of separate deliverables and to allocate the arrangement consideration using the relative selling price method. This amendment will be effective for the Company on January 1, 2011, although earlier adoption is possible. The Company is currently assessing the potential impacts, if any, on its consolidated financial statements.

**11. Subsequent Events**

In late March, 2010, the Company entered into an agreement to sell a 1995-built Aframax tanker, the *Falster Spirit*, for \$17.3 million and the vessel sale occurred on April 19, 2010. The vessel is presented on the March 31, 2010 balance sheet as vessel held for sale, and is recorded at carrying value. The gain on disposal of approximately \$0.3 million will be recorded in the second quarter of 2010.

On April 9, 2010, the Company completed a follow-on public offering of 7.7 million shares of its Class A common stock at a price of \$12.25 per share, for gross proceeds of \$94.3 million. On April 14, 2010, the underwriters exercised their over-allotment option in part to purchase an additional 1,079,500 common shares, providing additional gross proceeds of \$13.2 million. Concurrent with the public offering, the Company issued 2,612,244 unregistered shares of Class A common stock to Teekay Corporation at a price of \$12.25 per share for gross proceeds of approximately \$32.0 million.

On April 14, 2010, the Company acquired from Teekay Corporation its subsidiaries Kaveri Spirit L.L.C. and Yamuna Spirit L.L.C., which each owns a Suezmax tanker, the *Kaveri Spirit* and the *Yamuna Spirit*, respectively for a total of \$124.2 million. On May 11, 2010, the Company acquired from Teekay Corporation its subsidiary Helga Spirit L.L.C., which owns an Aframax tanker, the *Helga Spirit*, for a total of \$44.5 million.

The Company financed these vessels acquisitions with the net proceeds of the follow-on public offering and concurrent private placement of \$135.2 million, and the net proceeds of \$17.3 million from the sale of the *Falster Spirit* all described above, as well as using \$9.2 million of the Company's working capital and drawing \$7.0 million on the Tranche A Revolver.

**TEEKAY TANKERS LTD.**  
**MARCH 31, 2010**  
**PART I – FINANCIAL INFORMATION**

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and accompanying notes contained in "Item 1 – Financial Statements" of this Report on Form 6-K and with our audited consolidated financial statements contained in "Item 17 – Financial Statements" and Management's Discussion and Analysis of Financial Condition and Results of Operations in "Item 5 – Operating and Financial Review and Prospects" of our Annual Report on Form 20-F for the year ended December 31, 2009.

**General**

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 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. We were formed in October 2007 by Teekay Corporation (NYSE: TK) (*Teekay*) - a leading provider of marine services to the global oil and gas industries and the world's largest operator of medium-sized oil tankers - and we completed our initial public offering in December 2007. As at May 15, 2010, we owned nine Aframax tankers and five Suezmax tankers. As of May 15, 2010, six of our Aframax tankers and three of our Suezmax tankers operated under fixed-rate time-charter contracts with our customers, of which three time-charter contracts are scheduled to expire in 2010, four in 2011, and two in 2012. One of the Aframax fixed-rate time-charter contracts which expires in 2010 is with Teekay and the three fixed-rate contracts for the Suezmax tankers include a component providing for additional revenues to us beyond the fixed hire rate when spot market rates exceed threshold amounts. One of these Suezmax time-charter contracts expires in 2011 and the remaining two expire in 2012. Our remaining three Aframax tankers and two Suezmax tankers currently participate in an Aframax pooling arrangement and a Suezmax pooling arrangement, respectively, each managed by subsidiaries of Teekay. As of May 15, 2010, these pooling arrangements included 16 Aframax tankers and 40 Suezmax tankers, respectively. Through the participation of some of our vessels in these pooling arrangements, we expect to benefit from Teekay's reputation and the scope of its operations in increasing our cash flows. Our mix of vessels trading in the spot market or subject to fixed-rate time charters will change from time to time. Teekay currently holds a majority of the voting power of our common stock.

We distribute to our stockholders on a quarterly basis all of our Cash Available for Distribution, subject to any reserves the board of directors may from time to time determine are required for the prudent conduct of our business. *Cash Available for Distribution* represents our net income (loss) 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 us from Teekay, prior to their acquisition by us, for the period when these vessels were owned and operated by Teekay.

**Significant Developments in 2010**

On March 30, 2010, we entered into an agreement to sell one of our Aframax tankers, the 1995-built *Falster Spirit*, for \$17.3 million. On April 19, 2010, the sale of this vessel occurred.

On April 9, 2010, we completed a public follow-on offering of 7.7 million Class A common shares at a price of \$12.25 per share. On April 14, 2010, the underwriters also exercised their over-allotment option in part to purchase an additional 1,079,500 Class A common shares. Concurrent with the public offering, we issued 2,612,244 unregistered shares of Class A common stock to Teekay at a price of \$12.25 per share. Total gross proceeds and net proceeds from these financings were \$139.5 million and \$135.2 million, respectively.

On April 14, 2010, we acquired two double-hull Suezmax tankers from Teekay, the 2002-built *Yamuna Spirit* and 2004-built *Kaveri Spirit*, for a total cost of \$124.2 million. On May 11, 2010, we purchased the 2005-built Aframax tanker from Teekay, the *Helga Spirit*, for \$44.5 million. We financed these vessel acquisitions (the *2010 Vessel Acquisitions*) with the net proceeds of \$135.2 million from the follow-on public offering and concurrent private placement, and the net proceeds of \$17.3 million from the sale of the *Falster Spirit*, as well as using \$9.2 million of our working capital and drawing \$7.0 million on our Tranche A Revolver. Following the 2010 Vessel Acquisitions and the sale of the *Falster Spirit*, our fleet consisted of 14 vessels.

The purchase price for the three oil tankers was the fair market value at the time of offer, taking into account any existing charter contracts and based on independent ship broker valuations. We anticipate additional opportunities to further expand our fleet through acquisitions of tankers from third parties and additional tankers that Teekay may offer to sell 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 participating in pooling arrangements, which are charters for shorter intervals that are priced on a current or "spot" market rate and then adjusted for pool participation based on predetermined criteria; 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:

	<u>Voyage Charter</u>	<u>Time Charter</u>
Typical contract length	Single voyage	One year or more
Hire rate basis <sup>(1)</sup>	Varies	Daily

Voyage expenses <sup>(2)</sup>	We pay	Customer pays
Vessel operating expenses <sup>(3)</sup>	We pay	We pay
Off-hire <sup>(4)</sup>	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 the results of the interests in vessels acquired from Teekay Corporation for all periods the vessels were under common control.** As at March 31, 2010, we had acquired from Teekay three Suezmax tankers (the *Ganges Spirit*, the *Narmada Spirit*, and the *Ashkini Spirit* which we acquired in June 2008 and June 2009, respectively). These acquisitions were deemed to be business acquisitions between entities under common control. Accordingly, we have accounted for these transactions in a manner similar to the pooling of interest method. Under this method of accounting our financial statements, for periods prior to the date the interests in these vessels were actually acquired by us, are recast to include the results of these acquired vessels. The periods recast include all periods that we and the acquired vessels were both under common control of Teekay and had begun operations. As a result, our consolidated statements of income for the three months ended March 31, 2009, reflect the financial results of the *Ashkini Spirit* purchased in June 2009 for the period under common control of Teekay prior to the acquisition of the vessels by us, and such results for such periods are collectively referred to as the *Dropdown Predecessor*. As described above, subsequent to March 31, 2010, we completed the 2010 Vessel Acquisitions with Teekay, which will be subject to similar treatment in our future financial statements.
- **Our voyage revenues are affected by cyclicity 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 affects 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 vessel operating expenses are facing industry-wide cost pressures.** The oil shipping industry has experienced a global manpower shortage due to significant growth in the world fleet. This shortage resulted in crew wage increases during the last three years although to a lesser degree in 2009. We expect the trend of significant crew compensation increases to abate in the short term. However, this could change if market conditions adjust. In addition, factors such as pressure on raw material prices and changes in regulatory requirements could also increase operating expenditures. In 2009, we took various measures in an effort to reduce costs, improve operational efficiencies, and mitigate the impact of inflation and price increases and have continued this effort during 2010.
- **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 the three months ended March 31, 2010 and 2009, none of our vessels were drydocked. The total number of days of offhire relating to repositioning prior to drydocking during the first quarter of 2010 was 11.5 days. For our existing fleet, there are three drydockings scheduled in 2010, of which two are expected to complete their drydock in the second quarter. There are no drydockings scheduled in 2011.

### 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, 2009. In accordance with United States generally accepted accounting principals (or *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 reasons for this. First, under time charters the customer usually pays the voyage expenses, while under voyage charters the shipowner usually pays the voyage expenses. Second, 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 a *TCE* 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.

### Three Months Ended March 31, 2010 versus Three Months Ended March 31, 2009

The following table presents our operating results for the three months ended March 31, 2010 and 2009, and compares net voyage revenues, a non-GAAP financial measure, for those periods to voyage revenues, the most directly comparable GAAP financial measure.

(in thousands of U.S. dollars except percentages)	Three Months Ended		
	March 31,		
	2010	2009	% Change
Revenues	26,990	34,448	(21.7)
Voyage expenses	1,012	580	74.5
Net voyage revenues	25,978	33,868	(23.3)
Vessel operating expenses	8,391	8,504	(1.3)
Depreciation and amortization	7,392	7,031	5.1
General and administrative	1,479	1,527	(3.1)
Income from vessel operations	8,716	16,806	(48.1)
Interest expense	(993)	(2,165)	(54.1)
Interest income	13	22	(40.9)
Realized and unrealized (loss) gain on interest rate swap	(2,658)	944	(381.6)
Other income – net	2	34	(94.1)
Net income	5,080	15,641	(67.5)

#### Tanker Market

Average spot tanker rates in the first quarter of 2010 were the highest since the first quarter of 2009, primarily driven by strong non-OECD oil demand growth, higher global oil production and limited tanker fleet growth.

China was a major source of tanker demand with crude oil imports averaging 4.6 million barrels per day (*mb/d*) in the first quarter of 2010, an increase of 39 percent from the same period of 2009. Global oil supply rose by 0.7 *mb/d* in the first quarter led predominantly by non-OPEC producers and OPEC Natural Gas Liquids (*NGLs*).

The world tanker fleet grew by 5.6 mdwt, or approximately 1.3 percent, in the first quarter of 2010 compared 12.0 mdwt, or 3.0 percent, in the same period of 2009. Net fleet growth was tempered by the removal of 6.3 mdwt of tanker capacity as the International Maritime Organization (*IMO*) targeted phase-out of single-hull tankers and higher scrap prices led to an increase in tanker scrapping. The ongoing removal of single-hull tankers from the trading fleet is expected to dampen tanker fleet growth during the remainder of 2010, as illustrated by a further 2.6 mdwt being scrapped in April 2010.

Early in the second quarter, tanker rates for larger crude carriers (primarily VLCC and Suezmax class tankers) have been unseasonably firm, due to the removal of approximately 15 to 20 VLCCs from the trading fleet for use as floating storage in Iran and strong Asian demand for West African crude oil. Over the past week, Aframax rates have strengthened due to strong demand from US refiners coupled with localized weather delays in the Caribbean.

In April 2010, the International Monetary Fund (*IMF*) raised its global GDP growth forecast for 2010 from 3.9 percent to 4.2 percent due to expected recovery in the global economy, particularly in emerging and developing countries. As a result, the International Energy Agency (*IEA*) has increased its 2010 global oil demand forecast to 86.4 *mb/d*, which represents a 1.6 *mb/d*, or 1.9 percent, increase over 2009 and the highest growth rate since 2004. The increase in global oil demand during 2010 is expected to be entirely driven by non-OECD countries, led by China where demand is forecasted to grow by a further 8 percent.

#### Fleet and TCE Rates

As at March 31, 2010, we owned nine Aframax-class and three Suezmax-class tankers. The financial results of the Dropdown Predecessor relating to the Suezmax tanker acquired in June 2009 have been included, for accounting purposes, in our results as if the vessel was acquired on August 1, 2007, when it was acquired and began operations as a conventional tanker for Teekay. Please read Note 2 to our consolidated financial statements included in this report.

In 2009, TCE rates were calculated as net voyage revenue per revenue day before external broker commissions, internal pool management fees and pool commissions, and offhire bunker expenses. We now calculate TCE rates as net voyage revenue per revenue day before internal pool management fees and pool commissions, and offhire bunker expenses, and we have appropriately adjusted the 2009 TCE rates to conform to this change. The following table outlines the average TCE rates earned by vessels for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31, 2010			Three Months Ended March 31, 2009		
	Net Voyage Revenues <sup>(1)</sup> (in thousands)	Revenue Days	Average TCE per Revenue Day <sup>(1)</sup>	Net Voyage Revenues <sup>(2)</sup> (in thousands)	Revenue Days	Average TCE per Revenue Day <sup>(2)</sup>
Voyage-charter contracts – Aframax	\$6,183	351	\$17,624	\$7,133	286	\$24,970
Voyage-charter contracts – Suezmax	2,883	90	32,032	7,993	180	44,407
Time-charter contracts – Aframax	12,790	449	28,501	16,650	521	31,958
Time-charter contracts – Suezmax <sup>(3)</sup>	4,852	179	27,120	2,757	90	30,632
Total	\$26,708	1,069	\$24,996	\$34,533	1,077	\$32,074

- (1) Excludes a total of \$0.6 million in internal pool management fees and commissions payable by us to Teekay for commercial management for our vessels, of which \$0.4 million is for commissions paid as a result of participating in pooling arrangements managed by subsidiaries of Teekay in addition to \$0.1 million in offhire bunker expenses.
- (2) Excludes a total of \$0.7 million in internal pool management fees and commissions payable by us to Teekay for commercial management for our vessels, of which \$0.4 million is for commissions paid as a result of participating in pooling arrangements managed by subsidiaries of Teekay. There were no offhire bunker expenses incurred in this period.
- (3) The *Narmada Spirit* time-charter contract also contains a profit-share component that resulted in \$0.6 million being recognized in the first quarter of 2010. The profit-share component is calculated as 50 percent of a specified average daily rate for the month in excess of \$19,500. The TCE rate per day for the Suezmax time-charter fleet for the three months ended March 31, 2010 was \$24,026, excluding the profit share amount recognized in the quarter. The TCE rate per day for total fleet for the three months ended March 31, 2010, was \$24,478, excluding the profit-share amount recognized in the quarter.

Net Voyage Revenues. Net voyage revenues decreased to \$26.0 million for the three months ended March 31, 2010, compared to \$33.9 million for 2009 primarily due to:

- decreases of \$4.3 million and \$2.1 million, respectively, as a result of the decrease in average TCE rates earned by our vessels operating on spot-market-based voyage charters and time-charter contracts;
- a decrease of \$2.9 million for the three months ended March 31, 2010 due to the decreased number of days our Suezmax vessels earned revenue on spot-market-based voyage charters contracts;
- a decrease of \$2.1 million for the three months ended March 31, 2010 due to the decreased number of days our Aframax vessels earned revenue on time-charter contracts;
- a decrease of \$0.1 million due to eight offhire days relating to repositioning a vessel for drydock during the three months ended March 31, 2010;

partially offset by

- an increase of \$2.4 million for the three months ended March 31, 2010 due to the increased number of days our Suezmax vessels earned revenue on time-charters contracts; and
- an increase of \$1.2 million for the three months ended March 31, 2010 due to the increased number of days our Aframax vessels earned revenue on spot-market-based voyage charters contracts.

Vessel Operating Expenses. Vessel operating expenses of \$8.4 million for the three months ended March 31, 2010 were consistent with vessel operating expenses of \$8.5 million of the same period in 2009. Crew training costs for the three months ended March 31, 2010 and 2009 were \$0.2 million and \$0.1 million, respectively. Commencing 2010, the crew training costs have been recorded in vessel operating expenses whereas in 2009, these training costs were recorded in general and administrative expenses. The 2009 figures have been adjusted to conform to this presentation format.

Depreciation and Amortization. Depreciation and amortization increased to \$7.4 million for the three months ended March 31, 2010 from \$7.0 million for same period in 2009 primarily due to an increase in the amortization of drydock expenditures.

General and Administrative Expenses. General and administrative expenses for the three months ended March 31, 2010 were consistent with the same period in 2009.

Interest Expense. Interest expense was \$1.0 million for the three months ended March 31, 2010 compared to \$2.2 million for the same period in 2009. The decrease in interest expense was primarily due to a decrease in interest rates as well as lower outstanding loan balances. For the three months ended March 31, 2010, scheduled loan payments of \$0.9 million were made compared to a \$10.0 million loan principal prepayment made in addition to the scheduled loan payments of \$0.9 million for the three months ended March 31, 2009.

Realized and unrealized gain (loss) on interest rate swap. We have not designated, for accounting purposes, our interest rate swap as a cash flow hedge of our U.S. Dollar LIBOR-denominated borrowings, and as such, the realized and unrealized changes in the fair value of the swap are reflected in a separate line item in our consolidated statements of income. The change in the fair value of the interest rate swap resulted in an unrealized loss of \$1.3 million for the three months ended March 31, 2010 compared to an unrealized gain of \$2.4 million for the same quarter in

2009. We recorded realized losses on the interest rate swap of \$1.3 million and \$1.4 million for the three months ended March 31, 2010 and 2009, respectively.

Net Income. As a result of the foregoing factors, net income was \$5.1 million and \$15.6 million for the three months ended March 31, 2010 and 2009, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity and Cash Needs

Our short-term liquidity requirements are for the payment of operating expenses, drydocking expenditures, debt servicing costs, dividends on our shares of common stock, scheduled repayments of long-term debt, as well as funding our other working capital requirements. As at March 31, 2010, our total cash and cash equivalents was \$12.2 million. Our total liquidity (including cash, cash equivalents, and undrawn credit facilities), was \$135.9 million as at March 31, 2010, compared to \$134.1 million as at December 2009. As a result of the 2010 Vessel Acquisitions, the amount available to be drawn on our revolving credit facility increased by \$115.0 million and our total liquidity increased to approximately \$235 million in the second quarter. We believe that our working capital is sufficient for our present requirements.

Our spot market operations contribute to the volatility of our net operating cash flow, and thus our ability to generate sufficient cash flows to meet our short-term liquidity needs. Historically, the tanker industry has been cyclical, experiencing volatility in profitability and asset values resulting from changes in the supply of, and demand for, vessel capacity. In addition, tanker spot markets historically have exhibited seasonal variations in charter rates. Tanker spot markets are typically stronger in the winter months as a result of increased oil consumption in the northern hemisphere and unpredictable weather patterns that tend to disrupt vessel scheduling.

Our long-term capital needs are primarily for capital expenditures and debt repayment. Generally, we expect that our long-term sources of funds will be cash balances, cash from operations, long-term bank borrowings and other debt or equity financings. Because we expect to pay a variable quarterly dividend equal to our Cash Available for Distribution during the previous quarter (subject to any reserves our board of directors may from time to time determine are required for the prudent conduct of business), we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion capital expenditures, including opportunities we may pursue to purchase additional vessels from Teekay or third parties. On April 9, 2010, we completed a public follow-on offering of 7.7 million Class A common shares at a price of \$12.25 per share. On April 14, 2010, the underwriters also exercised their overallotment option in part to purchase an additional 1,079,500 Class A common shares. Concurrent with the public offering, we issued 2,612,244 unregistered shares of Class A common stock to Teekay at a price of \$12.25 per share. Total gross proceeds and net proceeds from these financings were \$139.5 million and \$135.2 million, respectively. We used these net proceeds of \$135.2 million from the follow-on public offering and concurrent private placement, and the net proceeds of \$17.3 million from the sale of the *Falster Spirit*, as well as using \$9.2 million of our working capital and drawing \$7.0 million on our Tranche A Revolver to finance the 2010 Vessel Acquisitions for approximately \$168.7 million.

In late March, 2010, we entered into an agreement to sell the 1995-built Aframax tanker the *Falster Spirit* for \$17.3 million. On April 19, 2010, we completed the sale.

As at March 31, 2010, our revolving credit facility provided for borrowings of up to \$401.0 million, of which \$123.7 million was undrawn. The amount available under this revolving credit facility decreases by \$22.1 million semi-annually commencing in December 2012 and the credit facility matures in 2017. Borrowings under this facility bear interest at LIBOR plus a margin and may be prepaid at any time in amounts of not less than \$5.0 million. The acquisitions of two of our Aframax tankers were financed with a term loan which bears interest at a rate of 4.06%. As of March 31, 2010, the balance of this term loan was \$27.0 million. The loan requires \$0.9 million in quarterly principal payments. Please read Note 5 to our consolidated financial statements included in this report.

As of March 31, 2010, our vessel financings were collateralized by all of our vessels. The term loan and our revolving credit facility contain covenants and other restrictions that we believe are typical of debt financing collateralized by vessels, including those that restrict the relevant subsidiaries from:

- incurring or guaranteeing additional indebtedness;
- making certain negative pledges or granting certain liens; and
- selling, transferring, assigning or conveying assets.

In addition, our revolving credit facility contains covenants that require us to maintain a minimum liquidity (cash, cash equivalents and undrawn committed revolving credit lines with more than six months to maturity) of a minimum of \$35.0 million and at least 5.0% of our total debt. The term loan requires that certain of our subsidiaries maintain a minimum hull coverage ratio of 105% of the total outstanding balance for the facility period. As at March 31, 2010, we were in compliance with all of our covenants under our credit facilities.

If we breach covenants or restrictions in our financing agreements, we may be prohibited from paying dividends on our common stock and, subject to any applicable cure periods, our lenders may be entitled to:

- declare our obligations under the agreements immediately due and payable and terminate any further loan commitments; and
- foreclose on any of our vessels or other assets securing the related loans.

In the future, some of the covenants and restrictions in our financing agreements could restrict the use of cash generated by ship-owning subsidiaries in a manner that could adversely affect our ability to pay dividends on our common stock. However, we currently do not expect that these covenants will have such an effect.

We are exposed to market risk from changes in interest rates, foreign currency fluctuations and spot market rates. We use interest rate swaps to manage interest rate risk. We do not use these financial instruments for trading or speculative purposes. Please read "Item 3 - Quantitative and Qualitative Disclosures About Market Risk."

### **Cash Flows**

The following table summarizes our sources and uses of cash for the periods presented:

	Three Months Ended March 31, 2010 (in thousands)	Three Months Ended March 31, 2009 (in thousands)
Net cash flow from operating activities .....	\$ 12,071	\$ 38,775
Net cash flow used in financing activities.....	(9,223)	(42,204)
Net cash flow used in investing activities.....	(1,128)	(857)

### ***Operating Cash Flows***

Net cash flow from operating activities decreased to \$12.1 million for the three months ended March 31, 2010, from \$38.8 million for the same period in 2009, primarily due to a decrease in average TCE rate per day earned by our spot and time-charter vessels, and the timing of our cash receipts and payments. Net cash flow from operating activities primarily depends upon the timing and amount of drydocking expenditures, repairs and maintenance activity, vessel additions and dispositions, changes in interest rates, fluctuations in working capital balances and spot market tanker rates. The number of vessel drydockings tends to be uneven between periods. During the three months ended March 31, 2010, there were 11.5 offhire days relating to repositioning for drydocking compared to no offhire days relating to drydocking in the same period in 2009.

### ***Financing Cash Flows***

Net cash outflow from financing activities decreased to \$9.2 million for the three months ended March 31, 2010 from \$42.2 million for the same period in 2009, primarily due to the reductions in cash dividends paid and loan principal prepayments and impacts of the Dropdown Predecessor affecting the first quarter of 2009. The cash dividends paid in the first quarter of 2010 were \$9.7 million lower than the cash dividends paid in the first quarter of 2009, and there were no additional loan principal prepayments in first quarter of 2010 compared to the \$10.0 million loan principal prepayment in the first quarter of 2009. The additional three vessels we purchased from Teekay occurred in the second quarter of 2010 and therefore there were no Dropdown Predecessor impacts in the first quarter of 2010 compared to the \$12.8 million of financing activities that occurred in the first quarter of 2009 relating to the Dropdown Predecessor.

During the three months ended March 31, 2010 and 2009, we repaid \$0.9 million related to scheduled quarterly principal payments of our term loan.

On March 15, 2010, we paid a cash dividend of \$0.26 per share of common share for the quarter ended December 31, 2009. We intend to distribute on a quarterly basis all of our Cash Available for Distribution, subject to any reserves established by our board of directors. On May 13, 2010, we declared a cash dividend of \$0.37 per share of common share for the quarter ended March 31, 2010. The cash dividend will be payable on May 28, 2010 to all shareholders on record on May 21, 2010. The dividend payable on the 11.4 million shares of Class A common shares we issued in April 2010, amounting to approximately \$4.2 million, will be funded from our working capital.

### ***Investing Cash Flows***

During the three months ended March 31, 2010 and 2009 we incurred \$1.1 million and \$0.9 million, respectively, of vessel upgrade and equipment expenditures.

### **Commitments and Contingencies**

The following table summarizes our long-term contractual obligations as at March 31, 2010:

(in millions of U.S. dollars)	Total	Remainder of 2010	2011 and 2012	2013 and 2014	Beyond 2014
<b>U.S. Dollar-Denominated Obligations:</b>					
Long-term debt <sup>(1)</sup>	304.3	2.7	7.2	7.2	287.2
Technical vessel management and administrative fees	40.3	2.4	6.3	6.3	25.3
<b>Total</b>	<b>344.6</b>	<b>5.1</b>	<b>13.5</b>	<b>13.5</b>	<b>312.5</b>

- (1) Excludes expected interest payments of \$2.6 million (2010), \$6.6 million (2011 and 2012), \$6.0 million (2013 and 2014) and \$5.8 million (beyond 2014). Expected interest payments are based on the existing interest rate on the fixed-rate loan and a weighted average rate of 0.89% which includes a margin of 0.6% at March 31, 2010 on the variable-rate loan. The expected interest payments do not reflect the effect of an interest rate swap that we have used to hedge certain of our floating-rate debt.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

## **Critical Accounting Estimates**

We prepare our financial statements in accordance with GAAP, which require us to make estimates in the application of our accounting policies based on our best assumptions, judgments and opinions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties. For a further description of our material accounting policies, please read "Item 5 - Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the year ended December 31, 2009.

As of March 31, 2010, we had one reporting unit with goodwill attributable to it. As of the date of this filing, we do not believe that there is a reasonable possibility that the goodwill attributable to this reporting unit might be impaired within the next year. However, certain factors that impact this assessment are inherently difficult to forecast and, as such, we cannot provide any assurances that an impairment will or will not occur in the future. An assessment for impairment involves a number of assumptions and estimates that are based on factors that are beyond our control, some of which factors are listed in the following section entitled "Forward-Looking Statements".

## FORWARD-LOOKING STATEMENTS

This Report on Form 6-K for the three months ended March 31, 2010 contains certain forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and our operations, performance and financial condition, including, in particular, statements regarding:

- our future growth prospects and opportunities, including future vessel acquisitions;
- tanker market fundamentals, including the balance of supply and demand in the tanker market and spot tanker charter rates and oil demand;
- the effectiveness of our chartering strategy in capturing upside opportunities and reducing downside risks;
- the sufficiency of working capital for short-term liquidity requirements;
- crewing costs for vessels;
- the duration of drydockings;
- potential newbuilding order cancellations;
- construction and delivery delays in the tanker industry generally;
- the future valuation of goodwill;
- future capital expenditure commitments and the financing requirements for such commitments;
- our compliance with, and the effect on our business and operating results of, covenants under our credit facilities;
- our hedging activities relating to foreign exchange, interest rate and spot market risks; and
- the ability of the counterparties to our derivative contracts to fulfill their contractual obligations.

Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words “believe”, “anticipate”, “expect”, “estimate”, “project”, “will be”, “will continue”, “will likely result”, or words or phrases of similar meanings. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to: spot market rate fluctuations; changes in the demand for oil transportation services; changes in our costs, such as the cost of crews; greater or less than anticipated levels of vessel newbuilding orders or greater or less than anticipated rates of vessel scrapping; changes in trading patterns; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; potential inability to implement our growth strategy; competitive factors in the markets in which we operate; loss of any customer, time charter or vessel; drydocking delays; our potential inability to raise financing to purchase additional vessels; our exposure to currency exchange and interest rate fluctuations; conditions in the public equity markets; and other factors detailed from time to time in our periodic reports filed with the SEC, including our Annual Report on Form 20-F for the year ended December 31, 2009. We do not intend to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

**TEEKAY TANKERS LTD.**  
**MARCH 31, 2010**  
**PART I – FINANCIAL INFORMATION**

**ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk from foreign currency fluctuations, changes in interest rates and changes in spot tanker market rates. We have not used foreign currency forward contracts to manage foreign currency fluctuation, but we may do so in the future. We use interest rate swaps to manage interest rate risks. We do not use these financial instruments for trading or speculative purposes.

**Foreign Currency Fluctuation Risk**

Our primary economic environment is the international shipping market. This market utilizes the U.S. Dollar as its functional currency. Consequently, virtually all our revenues and the majority of our operating costs are in U.S. Dollars. We incur certain voyage expenses, vessel operating expenses, drydocking expenditures and general and administrative expenses in foreign currencies, the most significant of which are the Canadian Dollar, Euro, British Pound, and Norwegian Kroner. As at March 31, 2010, we had not entered into forward contracts as a hedge against changes in certain foreign exchange rates.

**Interest Rate Risk**

We are exposed to the impact of interest rate changes primarily through our borrowings that require us to make interest payments based on LIBOR. Significant increases in interest rates could adversely affect our operating margins, results of operations and our ability to repay debt. We use interest rate swaps to reduce our exposure to changes in interest rates. Generally our approach is to hedge a substantial majority of our floating-rate debt.

In order to minimize counterparty risk, we only enter into derivative transactions with counterparties that are rated A- or better by Standard & Poor's or A3 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.

The table below provides information about our financial instruments at March 31, 2010, that are sensitive to changes in interest rates, including our debt and interest rate swap. For long-term debt, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For the interest rate swap, the table presents its notional amount and weighted-average interest rate by its expected contractual maturity date.

	Expected Maturity Date						Total	Fair Value Asset / (Liability)	Rate <sup>(1)</sup>
	Remainder of 2010	2011	2012	2013	2014	Thereafter			
(in millions of U.S. dollars, except percentages)									
<b>Long-Term Debt:</b>									
Variable Rate <sup>(2)</sup>	-	-	-	-	-	277.3	277.3	(241.6)	1.0%
Fixed Rate	2.7	3.6	3.6	3.6	3.6	9.9	27.0	(24.5)	4.1%
<b>Interest Rate Swap:</b>									
Contract Amount <sup>(2),(3)</sup>	-	-	-	-	-	100.0	100.0	(15.2)	5.6%

(1) Rate refers to the weighted-average effective interest rate for our long-term debt, including the margin we pay on our variable-rate debt, and the average fixed rate we pay under our interest rate swap agreement, which excludes the margin we pay on our variable-rate debt.

(2) Interest payments on U.S. Dollar-denominated debt and interest rate swap are based on LIBOR.

(3) The average variable rate paid to us under our interest rate swap is set quarterly at the three-month LIBOR.

**Spot Tanker Market Rate Risk**

The cyclical nature of the tanker industry causes significant increases or decreases in the revenue that we earn from our vessels, particularly those that trade in the spot tanker market. From time to time we may use freight forward agreements as a hedge to protect against changes in spot tanker market rates. Freight forward agreements involve contracts to provide a fixed number of theoretical voyages along a specified route at a contracted charter rate. Freight forward agreements settle in cash based on the difference between the contracted charter rate and the average rate of an identified index. As at March 31, 2010, we had not entered into any freight forward agreements.

**TEEKAY TANKERS LTD.**  
**MARCH 31, 2010**  
**PART II – OTHER INFORMATION**

Item 1 – Legal Proceedings

None

Item 1A – Risk Factors

In addition to the other information set forth in this Report on Form 6-K, you should carefully consider the risk factors discussed in Part I, “Item 3. Key Information—Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2009, which could materially affect our business, financial condition or results of operations. There have been no material changes in our risk factors from those disclosed in our 2009 Annual Report on Form 20-F.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

In April 2010, the Company issued 2,612,244 unregistered shares of Class A common stock to Teekay Corporation at a price of \$12.25 per share for gross proceeds of approximately \$32.0 million, in connection with the purchase from Teekay Corporation of three vessels. This transaction was exempt from the registration requirements of the Securities Act of 1933, as amended, in reliance upon Section 4(2) of the Securities Act.

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Submission of Matters to a Vote of Security Holders

None

Item 5 – Other Information

None

Item 6 – Exhibits

4.10 Purchase Agreement dated April 6, 2010 between Teekay Corporation and Teekay Tankers Ltd. for the sale and purchase of the entire membership interests in Yamuna Spirit L.L.C., Kaveri Spirit L.L.C., and Helga Spirit L.L.C.

**THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE FOLLOWING REGISTRATION STATEMENT OF THE COMPANY.**

**REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-148055) FILED WITH THE SEC ON DECEMBER 13, 2007.**

**REGISTRATION STATEMENT ON FORM F-3 (NO. 333-159807) FILED WITH THE SEC ON JUNE 5, 2009.**

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEEKAY TANKERS LTD.

Dated: May 28, 2010

By: /s/ Vincent Lok  
Vincent Lok  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

DATED 6 April 2010

**TEEKAY CORPORATION**  
as Vendor

and

**TEEKAY TANKERS LTD.**  
as Purchaser

**PURCHASE AGREEMENT**

relating to  
the sale and purchase of the entire membership interests in

Yamuna Spirit L.L.C.  
Kaveri Spirit L.L.C.  
and  
Helga Spirit L.L.C.

**\*berwin leighton paisner**

Berwin Leighton Paisner LLP  
Adelaide House London Bridge London EC4R 9HA  
tel +44 (0)20 7760 1000 fax +44 (0)20 7760 1111

## Contents

Clause	Name	Page
1	Definitions and Interpretation .....	1
2	Agreement for Sale .....	5
3	Consideration .....	5
4	Completion .....	6
5	Warranties .....	7
6	Indemnities .....	9
7	Further Indemnities .....	11
8	Costs .....	12
9	Other Provisions .....	12
10	Notices .....	14
11	Termination .....	15
12	Governing Law and Jurisdiction .....	15
Schedule	Name	Page
1	Disclosure Schedule .....	17
2	The Interests Transfer Documents .....	20
3	Warranties and Representations .....	21
4	The Vessels .....	32
5	The Consideration Formula .....	34
<b>Execution Page</b> .....		<b>35</b>

**DATED** 6 April 2010

**BETWEEN:**

- (1) **TEEKAY CORPORATION**, a corporation incorporated in the Marshall Islands company having offices at Fourth Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08 Bermuda (the "**Vendor**")
- (2) **TEEKAY TANKERS LTD.**, a corporation incorporated in the Marshall Islands company having a principal office at Fourth Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08 Bermuda (the "**Purchaser**")

**BACKGROUND**

- (A) The Vendor is the legal and beneficial owner of the Interests.
- (B) The Vendor has offered the Vessels for sale to the Purchaser on an *en bloc* basis for an amount equal to the Consideration.
- (C) The Purchaser has accepted the offer, which involves, amongst other things, the sale of the Interests by the Vendor to the Purchaser.
- (D) This Agreement sets out the terms upon which the Vendor and the Purchaser agree to the sale and purchase of the Interests.

**OPERATIVE PROVISIONS**

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement, including the Schedules and the recitals, unless the context requires otherwise:

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks in New York are open for the transaction of normal banking business (other than solely for trading and settlement in Dollars).

**"CSSA"** means CSSA - Chartering and Shipping Services S.A.

**"CSSA Charter"** means the time charter party in respect of the m.v. "Helga Spirit" dated 3 December 2004 and made between (i) CSSA and (ii) Teekay Chartering as amended and supplemented from time to time as described in the Disclosure Schedule, which will continue after the Interests have been sold with Teekay Chartering acting as sub-contractor of the Manager under the Management Agreement.

**"Charter"** means each of the CSSA Charter and the Hyundai Charter.

**"Claim"** means a claim for breach of Warranty by the Purchaser against the Vendor.

**"Closing"** means completion of the sale and purchase of the Interests in accordance with Clause 4.1 (*Timing and Place of Closing*).

**"Closing Date"** means 12 April 2010 unless otherwise agreed in writing by the Purchaser and the Vendor.

**"Companies"** means Yamuna Spirit L.L.C., Kaveri Spirit L.L.C. and Helga Spirit L.L.C.

**"Consideration"** means the consideration payable by the Purchaser for the Limited Liability Interests as stated in or determined by Clause 3 (*Consideration*).

**"Consideration Formula"** means the formula for the calculation of the Consideration as set out in Schedule 5 (*The Consideration Formula*).

**“Consideration Shares”** means the 2,612,244 unregistered shares of Class A common stock, par value of \$0.01 per share, of the Purchaser to be issued allotted to Teekay Holdings in accordance with Clause 3.2(a).

**“Continuing Helga Spirit Finance Guarantee”** means the guarantee provided by the Vendor pursuant to the Helga Spirit Facility Agreement which is to remain in place once the Interests have been sold.

**“Continuing Hyundai Guarantee”** means the guarantee provided by the Vendor pursuant to the Hyundai Charter which is to remain in place once the Interests have been sold.

**“Covered Environmental Losses”** means all environmental and toxic tort Losses and Expenses suffered or incurred by the Purchaser, any member of the Purchaser’s Group or any of the Companies by reason of or arising out of:

- (a) any violation or correction of violation of Environmental Laws by the Vendor or any member of the Vendor’s Group; or
- (b) any event or condition associated with ownership or operation by the Vendor or any member of the Vendor’s Group of the Interests (including, without limitation, the presence of Hazardous Substances on, under, about or migrating to or from any of the Vessels or the disposal or release of Hazardous Substances generated by operation of any of the Vessels), including, without limitation:
  - (i) the cost and expense of any investigation, assessment, evaluation, monitoring, containment, cleanup, repair, restoration, remediation or other corrective action required or necessary under Environmental Laws;
  - (ii) the cost or expense of the preparation and implementation of any closure, remedial, corrective action or other plans required or necessary under Environmental Laws; and
  - (iii) the cost and expense for any environmental or toxic tort pre-trial, trial or appellate legal or litigation support work,

but only to the extent that such violation complained of under (a), or such events or conditions included in (b), occurred before the Closing Date and, provided that, in no event shall Losses or Expenses to the extent arising from a change in any Environmental Law after the Closing Date be deemed “Covered Environmental Losses”.

**“Disclosed”** means fully, fairly and expressly disclosed by the Transaction Documents or the Disclosure Schedule and, for this purpose “fairly disclosed” means any information disclosed in such manner and in such detail or with sufficient explanation as to enable a reasonable purchaser to make an informed assessment or estimation of the matter concerned and its financial, operational or other consequences to any of the Companies.

**“Disclosure Schedule”** means the Disclosure Schedule set out in Schedule 1 (*Disclosure Schedule*).

**“Dollars”** and **“\$”** means United States Dollars.

**“Environmental Laws”** means all federal, state, foreign and local laws, statutes, rules, regulations, orders, judgments and ordinances relating to protection of health and safety and the environment, each as amended up to and including the Closing Date.

**“Financing Arrangements”** means the Suezmax Facility and related financing arrangements in relation to, amongst other things, the Suezmax Vessels made available pursuant to the Suezmax Loan Agreement and the Helga Spirit Facility and related financing arrangements in relation to, amongst other things, the m.v. “Helga Spirit” made available pursuant to the Helga Spirit Loan Agreement.

**“Hazardous Substances”** means:

- (a) substances which contain substances defined in or regulated under applicable Environmental Laws;
- (b) petroleum and petroleum products, including crude oil and any fractions thereof;
- (c) natural gas, synthetic gas and any mixtures thereof;

- (d) any substances with respect to which a federal, state, foreign or local agency requires environmental investigation, monitoring, reporting or remediation;
- (e) any hazardous waste or solid waste, within the meaning of any Environmental Law;
- (f) any solid, hazardous, dangerous or toxic chemical, material, waste or substance, within the meaning of and regulated by any Environmental Law;
- (g) any radioactive material; and
- (h) any asbestos-containing materials that represent a health hazard.

**"Helga Spirit Facility"** means the loan facility made available pursuant to the Helga Spirit Facility Agreement.

**"Helga Spirit Facility Agreement"** means the facility agreement more particularly described in Schedule 1 (*Disclosure Schedule*).

**"Helga Spirit L.L.C."** means a limited liability company formed under the laws of the Republic of the Marshall Islands with registration number 960425 with a registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

**"Hyundai"** means Hyundai Merchant Marine Co Ltd..

**"Hyundai Charter"** means the time charter party in respect of the m.v. "Yamuna Spirit" dated 18 April 2005 and made between (originally) (i) Sacramento Shipping LLC (ii) Hyundai, and (iii) OMI Corporation as guarantor as amended from time to time as amended from time to time as described in the Disclosure Schedule and, in particular, which has been novated by novation agreement addendum dated 1 November 2009 between (i) Laurel Shipping LLC (as the surviving entity following the merger of Sacramento Shipping LLC and Laurel Shipping LLC), (ii) Hyundai and (iii) Yamuna Spirit L.L.C. pursuant to which the Hyundai Charter has been novated to Yamuna Spirit L.L.C..

**"Indebtedness"** means any borrowings or other indebtedness whatsoever owed by any of the Companies.

**"Insolvency Event"** means in relation to any of the Purchaser, the Vendor or any of the Companies (as the context may require) that any of the following actions has occurred in relation to it:

- (a) an order has been made or an effective resolution passed or other proceedings or actions taken (including, without limitation, the presentation of a petition) with a view to its administration, bankruptcy, winding-up, liquidation or dissolution; or
- (b) it has had a receiver, administrative receiver, manager or administrator appointed over all or any substantial part of its undertaking or assets; or
- (c) any event has occurred or situation arisen in any jurisdiction that has a substantially similar effect to any of the foregoing.

**"Interests"** means 100% of the entire equity interests, share capital or limited liability interests in each of the Companies.

**"Losses and Expenses"** means liabilities, losses, damages, claims, demands, awards and expenses (including, without limitation, legal costs) and includes, for the avoidance of doubt, any value added tax (or similar tax) payable in relation to any such matter, circumstance or item (except to the extent that the Party claiming Losses and Expenses obtains credit for such value added tax).

**"Kaveri Spirit L.L.C."** means a limited liability company formed under the laws of the Republic of the Marshall Islands with registration number 960546 with a registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960.

**"Management Agreement"** means the management agreement dated 18 December 2007 and made between (i) the Purchaser and (ii) the Manager in relation to the management of all the Purchaser's vessels.

**“Manager”** means Teekay Tankers Management Services Ltd..

**“Party”** means a party to this Agreement.

**“Pool Agreement”** means the pool agreement dated 1 December 2003 and made between (i) Gemini Tankers L.L.C. and (ii) the Participants (as defined therein), as amended and supplemented from time to time as described in the Disclosure Schedule, in respect of the Gemini Pool and the entry of the m.v. “Kaveri Spirit” in the pool by Teekay Chartering as a Participant, which entry will continue after the Interests have been sold with Teekay Chartering acting as sub-contractor of the Manager under the Management Agreement.

**“Purchaser’s Group”** means the Purchaser and all of its Subsidiaries.

**“Relevant Documents”** means those agreements, contracts, understandings and arrangements to which any of the Companies are party or to which any of the Interests, the Vessels or any other assets of any of the Companies are subject or by which they are bound which are material to that Company or its trading activities, set out in the Disclosure Schedule.

**“Security Interest”** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, encumbrance, assignment, right of set-off, trust arrangement, title retention or other security interest or other agreement or arrangement of any kind having the effect of conferring security.

**“Specified Rate”** is the rate of interest equal to one month LIBOR from time to time plus 100 basis points.

**“Subsidiary”** of a person means any company or entity directly or indirectly controlled by such person, and for this purpose “control” means either the ownership of the voting share capital (or equivalent right of ownership) of such company or entity or the power to direct its policies and management, whether by contract or otherwise.

**“Suezmax A Borrowers”** means the A Borrowers as defined in the Suezmax Facility Agreement.

**“Suezmax B Borrowers”** means the B Borrowers as defined in the Suezmax Facility Agreement.

**“Suezmax Facility”** means the loan facility made available pursuant to the Suezmax Facility Agreement.

**“Suezmax Facility Agreement”** means the facility agreement more particularly described in Schedule 1 (*Disclosure Schedule*).

**“Tax”** or **“Taxation”** means any tax, duty, contribution, impost, levy or charge in the nature of tax, whether domestic or foreign, and any fine, penalty, surcharge or interest in relation thereto, including without limitation (and without prejudice to the foregoing) corporation tax, income tax (including tax failing to be deducted or withheld from or accounted for in respect of any payment), capital gains tax, value added tax, customs excise and import duties, stamp duty, stamp duty reserve tax, and any other payment whatsoever that any of the Companies are or may be or become bound to make to any person and that is or purports to be in the nature of taxation or otherwise by reason of any taxation statutes.

**“Taxation Authority”** means any national, local municipal, governmental, state, federal or fiscal, revenue, customs or excise authority, body, agency or official anywhere in the world having, or purporting to have power or authority in relation to Tax.

**“Teekay Chartering”** means Teekay Chartering Ltd..

**“Teekay Holdings”** means Teekay Holdings Limited, a Bermudian holding company and a wholly owned subsidiary of the Vendor.

**“Transaction Documents”** means this Agreement and the other documents delivered at Closing pursuant to Clause 4 (*Completion*).

**“Vendor’s Group”** means the Vendor and any Subsidiary of the Vendor, from time to time (except, with effect from Closing, any of the Companies and any member of the Purchaser’s Group).

“**Vessels**” means the m.v. “Yamuna Spirit”, the m.v. “Kaveri Spirit” and the m.v. “Helga Spirit” owned by Yamuna Spirit L.L.C., Kaveri Spirit L.L.C. and Helga Spirit L.L.C. respectively, details of which are set out in Schedule 4 (*The Vessels*).

“**Warranties**” means the representations and warranties set out in Clause 5 (*Warranties*) and Schedule 3 (*Warranties and Representations*).

“**Yamuna Spirit L.L.C.**” means a limited liability company with registration number 960238 L.L.C. formed under the laws of Republic of the Marshall Islands with a registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960.

## 1.2 **Interpretation**

### 1.2.1 Reference to:

- (a) a “**Party**” includes its successors and permitted assigns;
- (b) a person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporated);
- (c) a statutory or regulatory body shall include its successors and any substituted body;
- (d) the singular includes the plural and vice versa; and
- (e) one gender includes all genders.

1.2.2 Unless otherwise stated, a reference to a Clause, sub-clause or Schedule is a reference to a Clause or sub-clause of, or Schedule to, this Agreement and a reference to this Agreement includes its Schedules.

1.2.3 Clause headings in this Agreement and in the Schedules are for ease of reference only and do not affect its construction.

1.2.4 In construing this Agreement the so-called *eusdem generis* rule does not apply and accordingly the interpretation of general words shall not be restricted by words indicating a particular class or particular examples.

## 2 **AGREEMENT FOR SALE**

### 2.1 **Sale and purchase of Interests**

Subject to the other provisions of this Agreement, the Vendor shall sell and transfer the Interests to the Purchaser and the Purchaser shall purchase and take transfer of the Interests on the Closing Date.

### 2.2 **Further matters**

The Vendor shall take all steps within its power and control (but without any obligation to expend any material amount) to procure that the Purchaser will duly obtain absolute title to the entire legal and beneficial interest in the Interests, and all rights (whether in respect of distributions, voting or otherwise) that at the date of this Agreement or any later time are conferred on or by any of the Interests, free from any Security Interest.

## 3 **CONSIDERATION**

### 3.1 **Determination of the Consideration**

The Consideration shall be determined in accordance with the Consideration Formula.

### 3.2 **Payment of Consideration**

The Consideration shall be paid and satisfied by the Purchaser on the Closing Date:

- (a) by the issuance to Teekay Holdings on the Closing Date of the Consideration Shares;
- (b) as to the balance by way of electronic transfer to the account of the Vendor as specified by the Vendor in writing at least five Business Days before the Closing Date.

### 3.3 Vendor's Undertakings

In addition to the transfer of the Interests to the Purchaser, the Vendor further undertakes as follows:

- (a) that on Closing, it shall procure that none of the Companies shall have any net liabilities other than the liabilities Disclosed in the Disclosure Schedule;
- (b) following the Closing Date and upon receiving any notices, correspondence, information or enquiries in relation to any of the Companies, the Interests, the Vessels or the Transaction Documents, it shall forthwith pass copies thereof to the Purchaser and shall hold on trust for the Companies and account forthwith for any monies received after the Closing Date on account of any of the Companies.

## 4 COMPLETION

### 4.1 Timing and place of Closing

Subject to the provisions of this Agreement, Closing shall be effected by the Vendor satisfying its obligations under Clause 4.2 (*Vendor's Closing obligations*) and by the Purchaser satisfying its obligations under Clause 4.3 (*Purchaser's Closing obligations*) and shall take place on the Closing Date.

### 4.2 Vendor's Closing obligations

The Vendor shall deliver or procure that there are delivered to the Purchaser on or before the Closing Date (as the context may permit):

- (a) duly executed transfers in respect of the Interests in favour of the Purchaser, or as it may direct, further details of which are set out in Schedule 2 (*The Interests Transfer Documents*);
- (b) the certificates, if any, for the Interests (or an indemnity in the approved form for any lost certificates) further details of which are set out in Schedule 2 (*The Interests Transfer Documents*);
- (c) certified copies of the minutes of a meeting of the directors of the Vendor (certified as at the date of Closing to be a certified copy of such resolutions in full force and effect and certifying that such resolutions have not been revoked), confirming that it has authorised the transfer of the Interests to the Purchaser;
- (d) all statutory and minute books (in every case written up to, but not including, the Closing Date), common seals, certificates of formation and certificates of amendment (or equivalent), cheque books, bank mandates and other books and records (whether statutory, financial or otherwise) of each of the Companies as applicable and all certificates and documents of title relating to any investments of each of the Companies;
- (e) the original or certified true copies of the Transaction Documents;
- (f) the original or certified true copies of the Relevant Documents;
- (g) evidence satisfactory to the Purchaser that all amounts payable by the Companies under any loan facilities made available by the Vendor (other than with respect to amounts Disclosed as liabilities in the Disclosure Schedule), any bank, financial institution, or any other person whether on the basis of any Security Interest provided by any of the Companies, and whether in relation to the Vessels or otherwise, have been paid in full and all associated Security Interests (other than those identified in the Disclosure Schedule) and any other agreements or obligations entered into by any of the Companies for the benefit of itself or any other person have been terminated or released and, where applicable, reassigned to the Companies or to the person giving the same; and

- (h) if the Closing Date is not the date of this Agreement, the duly executed certificate of an officer of the Vendor dated on the Closing Date, in form reasonably acceptable to the Purchaser, certifying on behalf of the Vendor to the accuracy of representations and Warranties of the Vendor contained in this Agreement.

#### 4.3 **Purchaser's Closing obligations**

The Purchaser shall on Closing and subject to the transfer of the Interests:

- (a) deliver or procure that there is delivered to the Vendor a certified copy of the minutes of a meeting of the directors of its general partner, authorising the execution of this Agreement and any other Transaction Document that it is to execute pursuant to this Agreement;
- (b) cause its transfer agent, BNY Mellon Shareowner Services, to transfer and register the Consideration Shares in the name of Teekay Holdings, and pay to the Vendor the Consideration in accordance with Clause 3.2 (*Payment of Consideration*).

#### 4.4 **Closing obligations not fulfilled**

4.4.1 If either Party fails, for any reason, to comply with any of its obligations under the foregoing provisions of this Clause 4 (*Completion*), the other Party may, at its option:

- (a) by written notice to the first Party defer the date for Closing by one or more periods that shall not exceed 20 Business Days in aggregate in respect of either all of the parties' obligations under the foregoing provisions of this Clause 4 (*Completion*) or such of those obligations that have not been complied with; or
- (b) proceed to Closing so far as practicable but without prejudice to the second Party's rights (whether under this Agreement or the general law) as regards the obligations with which the first Party has not complied; or
- (c) waive all or any of the obligations in question of the first Party.

4.4.2 If Closing is deferred to another date in accordance with Clause 4.4.1(a), and Closing is effected, the provisions of this Agreement shall apply as if that other date were the Closing Date.

### 5 **WARRANTIES**

#### 5.1 **General**

The Vendor represents, warrants and undertakes, subject to Clause 5.8 (*Disclosure in Disclosure Schedule*), that each statement in Schedule 3 (*Warranties and Representations*) is at the date of this Agreement, and will (save as Disclosed in the Disclosure Schedule or in writing not later than the time of Closing) at the Closing Date remain, true, accurate and not misleading in any respect on the basis that a reference to the Closing Date were substituted for any express or implied reference to the date of this Agreement in that Schedule.

#### 5.2 **Claims**

The Vendor hereby unconditionally and irrevocably covenants with the Purchaser that, subject always to the limitations set out in Clause 6 (*Remedies of the Purchaser*), it will indemnify the Purchaser and each of the Companies against all Losses and Expenses that any member of the Purchaser's Group or any of the Companies may suffer or incur or pay in enforcing its rights in connection with any matter referred to in this Agreement or any of the Transaction Documents including, without limitation:

- (a) the disputing and/or settlement of any Claims and any steps taken to avoid and advice sought in connection with any actual, threatened or anticipated Claims;
- (b) any legal proceedings in which any member of the Purchaser's Group or any of the Companies makes a Claim; and

(c) the enforcement of any such settlement or judgement.

**5.3 Reliance on Warranties**

The Vendor acknowledges that:

- (a) the Purchaser has been induced to enter and is entering into this Agreement and the other Transaction Documents on the basis of and in reliance upon the Warranties;
- (b) the Purchaser may rely on the Warranties to the exclusion of any other information, and that, with the exception of matters set forth in the Disclosure Schedule, the Purchaser's rights in respect thereof will not be in any way impaired as a result of any other information being possessed by or available to any member of the Purchaser's Group Companies or any officer, employee, professional or financial adviser of, or person acting on behalf of, the Purchaser or any member of the Purchaser's Group.

**5.4 Warranties are separate and independent**

Each Warranty shall be construed as a separate and independent warranty and, save as expressly provided otherwise, shall not be limited or restricted by reference to or inference from any other terms of this Agreement or any other Warranty.

**5.5 Reduction in Consideration**

Any payments made by the Vendor to the Purchaser in respect of Claims shall, to the extent lawfully possible, be treated by the parties as a reduction in the Consideration; provided, however, that this Clause 5.5 (*Reduction in Consideration*) shall not in any way limit or restrict the amount recoverable by the Purchaser or any other person under this agreement to the amount of the Consideration or any other amount (but this is without prejudice to the limitations set out in Clause 6 (*Remedies of the Purchaser*)).

**5.6 Awareness of Vendor and Ordinary Course of Business**

Where any Warranty is qualified by reference to the awareness, knowledge, information or belief of the Vendor (or any similar expression), the Vendor shall be deemed to have such awareness, knowledge, information or belief as it would have after having made reasonable enquiry of the senior executive managers and officers of the Vendor.

**5.7 Provision of information**

The Vendor undertakes promptly to provide the Purchaser with any information that the Purchaser may by written notice request in relation to:

- (a) any of the Warranties or any statement of fact contained elsewhere in this Agreement, any Relevant Document or any Transaction Document; or
- (b) the Disclosure Schedule or any other disclosure made or information provided (or purportedly made or provided) under this Clause 5.7 (*Provision of information*); or
- (c) any matter or question connected with or arising out of any of the foregoing,

but this only applies to information that is (either at the date of the Agreement or at the date of the request) in the possession of the Vendor or that the Vendor or any of its professional advisers can reasonably be expected to obtain and present without undue efforts.

**5.8 Disclosure in Disclosure Schedule**

The Vendor shall not have any liability in respect of any Claim if and to the extent that any fact, matter or circumstance that causes any of the Warranties to be breached or that might result in a Claim or possible Claim has been Disclosed in the Disclosure Schedule or otherwise in any of the Transaction Documents or Relevant Documents. The parties agree that the Disclosure made by the documents listed in the Disclosure Schedule constitutes full, fair and express disclosure of the facts, matters, transactions, rights, obligations, assets, liabilities, arrangements, relationships and scope of information to which those documents relate.

5.9 **Notification of potential Claims before Closing**

If, at any time before Closing, the Vendor becomes aware of any Claim or any matter that could reasonably be expected to cause a Claim to arise or any matter that at Closing would constitute a Claim or could reasonably be expected to cause a Claim to arise, it shall forthwith disclose the same in writing to the Purchaser.

5.10 **Organisation and good standing**

Each Party represents to the other Party that it is duly formed, organised and validly existing and in good standing under the laws of its jurisdiction of incorporation.

5.11 **Due authorisation**

Each Party represents to the other Party that it has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and the execution of this Agreement has been duly authorised by all necessary action on its part.

5.12 **No impediments**

To the best knowledge of each Party after making such diligent inquiry as may be reasonable under the circumstances, neither Party has any knowledge of any impediment that might impact the sale and purchase of the Interests as contemplated by this Agreement.

5.13 **Consideration Shares**

5.13.1 The Consideration Shares are being acquired by Teekay Holdings solely for the account of Teekay Holdings and not with a view to, or for resale in connection with, a distribution of all or any part thereof.

5.13.2 The Vendor, on behalf of itself and its wholly owned subsidiary Teekay Holding, acknowledges and understands that the Consideration Shares have not been registered with the United States Securities and Exchange Commission and therefore are subject to resale restrictions.

5.13.3 The Vendor, on behalf of itself and its wholly owned subsidiary Teekay Holding, agrees to the placement of a legend on any share certificate or on the records of the transfer agent to the effect that the Consideration Shares may not be sold without registration with the Securities and Exchange Commission or an exemption from registration.

5.14 **Survival**

5.14.1 Subject to Clause 5.13.2 and to the limitations and other provisions of this Agreement and the Transaction Documents, the representations and warranties of the Vendor contained in this Agreement (including the Schedules hereto), the Disclosure Schedule and the Relevant Documents shall survive the Closing and remain in full force and effect for a period of 12 months after the Closing Date.

5.14.2 Warranties in paragraph 1(b), paragraph 1(c), paragraph 11 (*Taxation*) and paragraph 12(a) of Schedule 3 (*Warranties and Representations*) to this Agreement shall survive until, and shall terminate upon, the date of expiration of the applicable statute of limitations with respect to the liability in question.

5.14.3 The covenants and agreements of the Vendor contained in this Agreement and the Transaction Documents that by their terms extend beyond the Closing Date shall not terminate until all obligations with respect thereto have been performed or satisfied or shall have expired or been terminated in accordance with their terms.

6 **INDEMNITIES**

6.1 **Indemnification by the Vendor**

The Vendor agrees, subject to the other terms and conditions of this Agreement and the Transaction Documents, to indemnify each of the Purchaser, each member of the Purchaser's Group and each of the Companies against and hold it harmless from any and all:

- (a) Losses and Expenses to the Purchaser, any member of the Purchaser's Group or any of the Companies arising out of or related to the breach of any representation, warranty, covenant or agreement of the Vendor in this Agreement (including the Schedules hereto), the Disclosure Schedule and the Transaction Documents, to the extent Vendor is notified by the Purchaser of such Losses or Expenses prior to expiration of the applicable survival period set forth in Clause 6.1 (*Survival*);
- (b) Covered Environmental Losses relating to the Interests to the extent that the Vendor is notified by the Purchaser of any such Covered Environmental Losses within five (5) years after the Closing Date;
- (c) Losses or Expenses to the Purchaser, each member of the Purchaser's Group or any of the Companies arising from:
  - (i) the failure of any member of the Purchaser's Group, immediately after the Closing Date, to be the owner of such ownership interests in and to the Interests as are necessary to enable any member of the Purchaser's Group to own and operate the Interests in substantially the same manner that the Interests were owned and operated by any member of the Vendor's Group immediately prior to the Closing Date; or
  - (ii) the failure of any member of the Purchaser's Group to have on the Closing Date any consent or governmental permit necessary to allow any member of the Purchaser's Group to own or operate the Interests in substantially the same manner that the Interests were owned and operated by any member of the Vendor's Group immediately prior to the Closing Date,

in each of Clause 6.2.1(c)(i) and Clause 6.2.1(c)(ii), to the extent that the Vendor is notified by the Purchaser of such Losses or Expenses within three (3) years after the Closing Date; and
- (d) all federal, state, foreign and local income tax liabilities attributable to the operation of the Interests prior to the Closing Date.

## 6.2 Limited on liability

The aggregate liability of Vendor under Clause 6.1 (*Indemnification by the Vendor*) shall not exceed \$10,000,000. Furthermore, no claim may be made against Vendor for indemnification pursuant to Clause 6.1 (*Indemnification by the Vendor*) unless the aggregate dollar amount of all claims for indemnification pursuant to such Clause shall exceed \$500,000, in which case Vendor shall be liable for claims for indemnification only to the extent such aggregate amount exceeds \$500,000.

## 6.3 Notice

The Purchaser agrees that within a reasonable period of time after it becomes aware of facts giving rise to a claim for indemnification pursuant to Clause 6.2 (*Indemnification by the Vendor*), it will provide notice thereof in writing to the Vendor specifying the nature of and specific basis for such claim.

## 6.4 Conduct of claims

6.4.1 The Vendor shall have the right to control all aspects of the defence of (and any counterclaims with respect to) any claims brought against the Purchaser, any member of the Purchaser's Group or any of the Companies that are covered by the indemnification set forth in Clause 6.1 (*Indemnification by the Vendor*), including, without limitation, the selection of counsel, determination of whether to appeal any decision of any court and the settling of any such matter or any issues relating thereto; provided, however, that no such settlement shall be entered into without the consent (which consent shall not be unreasonably withheld) of the Purchaser (with the concurrence of the conflicts committee of the Purchaser) unless it includes a full release of the Purchaser, any member of the Purchaser's Group and each of the Companies from such matter or issues, as the case may be.

6.4.2 The Purchaser agrees to cooperate fully with the Vendor with respect to all aspects of the defence of any claims covered by the indemnification set forth in Clause 6.2 (*Indemnification by the Vendor*), including, without limitation, the prompt furnishing to the Vendor of any correspondence or other notice relating thereto that the Purchaser, any member of the Purchaser's Group or any of the Companies may receive, permitting the names of such parties to be utilized in connection with such defence, the making available to the Vendor of any files, records or other information of such parties that the Vendor considers relevant to such defence and the making available to the Vendor of any employees of the Purchaser, any member of the Purchaser's Group or any of the Companies; provided, however, that in connection therewith the Vendor agrees to use reasonable efforts to

minimize the impact thereof on the operations of such parties and further agrees to maintain the confidentiality of all files, records and other information furnished by any such party pursuant to this Clause 6.4 (*Conduct of claims*).

6.4.3 In no event shall the obligation of the Purchaser to cooperate with the Vendor as set forth in Clause 6.4 (*Conduct of claims*) be construed as imposing upon the Purchaser an obligation to hire and pay for counsel in connection with the defence of any claims covered by the indemnification set forth in this Clause 6 (*Indemnities*); provided, however, that the Purchaser may, at its own option, cost and expense, hire and pay for counsel in connection with any such defence.

6.4.4 The Vendor agrees to keep any such counsel hired by the Purchaser reasonably informed as to the status of any such defence (including providing such counsel with such information related to any such defence as such counsel may reasonably request) but the Vendor shall have the right to retain sole control over such defence.

#### 6.5 **Reduction in indemnity payment**

6.5.1 In determining the amount of any Loss or Expense for which the Purchaser, any member of the Purchaser's Group or each of the Companies are entitled to indemnification under this Agreement, the gross amount of the indemnification will be reduced by

(a) any insurance proceeds realized by such parties, and such correlative insurance benefit shall be net of any incremental insurance premium that becomes due and payable by such parties as a result of such claim; and

(b) all amounts recovered by such parties under contractual indemnities from third persons.

#### 6.6 **Realisation of insurance proceeds**

6.6.1 The Purchaser hereby agrees to use commercially reasonable efforts to realize any applicable insurance proceeds or amounts recoverable under such contractual indemnities; provided, however, that the costs and expenses (including, without limitation, court costs and reasonable attorneys' fees) of the Purchaser, any member of the Purchaser's Group or any of the Companies in connection with such efforts shall be promptly reimbursed by the Vendor in advance of any determination of whether such insurance proceeds or other amounts will be recoverable.

#### 6.7 **Sole and exclusion remedies, waiver**

6.7.1 The Purchaser hereby acknowledges and agrees that its sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement and the other Transaction Documents shall be pursuant to the indemnification provisions set forth in this Clause 6 (*Remedies of the Purchaser*).

6.7.2 In furtherance of Clause 6.7.1, the Purchaser hereby waives, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action it may have against the Vendor and any member of the Vendor's Group arising under or based upon any federal, state, foreign or local statute, law, ordinance, rule or regulation (including, without limitation, any such rights, claims or causes of action arising under or based upon common law or otherwise).

### 7 **FURTHER INDEMNITIES**

#### 7.1 **Helga Spirit Facility**

The Purchaser agrees at all times to indemnify and hold harmless the Vendor from and against all Losses and Expenses incurred by the Vendor relating to, or arising directly or indirectly in any manner or for any cause or reason whatsoever under the Continuing Helga Spirit Finance Guarantee if such Losses and Expenses result from a breach by Helga Spirit L.L.C of the terms and conditions of any of the Financing Arrangements to which they are a party at any time after Closing.

#### 7.2 **Suezmax Facility**

7.2.1 The Purchaser agrees at all times to indemnify and hold harmless the Vendor from and against all Losses and Expenses incurred by the Vendor and the Suezmax B Borrowers relating to, or arising directly or indirectly in

any manner or for any cause or reason whatsoever under the Suezmax Facility Agreement and the other documents entered into in connection with the Suezmax Facility if such Losses and Expenses result from a breach by the Purchaser or any of the Suezmax A Borrowers of the Financing Arrangements under the Suezmax Facility.

7.2.2 The Vendor agrees at all times to indemnify and hold harmless the Purchaser and Yamuna Spirit L.L.C. and Kaveri Spirit L.L.C. from and against all Losses and Expenses incurred by the Purchaser and the Suezmax A Borrowers relating to or arising directly or indirectly in any manner or for any cause or reason whatsoever under the Suezmax Facility Agreement and the other documents entered into in connection with the Suezmax Facility if such Losses or Expenses result from a breach by the Vendor or any of the Suezmax B Borrowers of the Financing Arrangements under the Suezmax Facility.

### 7.3 **Continuing Hyundai Guarantee**

The Purchase agrees at all times to indemnify and hold harmless the Vendor from and against all Losses and Expenses incurred by the Vendor relating to, or arising directly or indirectly in any manner or for any cause or reason whatsoever under the Continuing Hyundai Guarantee.

### 7.4 **m.v. "Kaveri Spirit" heating coils**

7.4.1 In recognition of the fact that some of the heating coils on the Vessel m.v. "Kaveri Spirit" appear to be damaged, the Vendor agrees to indemnify the Purchaser for any and all:

- (a) Losses and Expenses incurred by the Purchaser in connection with the works necessary for the repair or replacement of such heating coils, either in service (where practicable and subject to all necessary class, insurance and other approvals and in compliance with all applicable laws relating to safety) or during the next drydocking of the Vessel;
- (b) Losses and Expenses in relation to any additional time in drydock, if any, resulting from the coil repair or replacement work;
- (c) Losses and Expenses in relation to any secondary damage to the Vessel that results directly from the condition of the coils between the date of this Agreement and the drydocking or earlier in service repair or replacement; and
- (d) without limiting the foregoing, offhire from the Gemini pool earnings, or offhire any time-charters, as a result of the coils not being repaired or replaced until the next drydocking or earlier in service repair or replacement.

7.4.2 All repairs and replacements referred to in Clause 7.4.1 shall be conducted to the standards required by a reasonably prudent operator of ships of a similar type and age as the Vessel and certified by a class inspector to having been made to class standards of repair of Vessel's classification society.

## 8 **COSTS**

Except where expressly provided otherwise, each Party shall pay its own costs connected with the negotiation, preparation, execution and implementation of this Agreement and the other Transaction Documents and any matters connected therewith and investigating the affairs of any of the Companies.

## 9 **OTHER PROVISIONS**

### 9.1 **Entire agreement**

This Agreement together with the other Transaction Documents constitutes the entire agreement between the parties regarding the sale and purchase of the Interests and related matters and supersedes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any kind, whether or not in writing, regarding the same, all of which are hereby terminated and shall cease to have effect in all respects, this Agreement and the parties confirm that there are no collateral or supplemental agreements relating to the other Transaction Documents, except as expressly set forth herein or therein.

### 9.2 **Assignment**

- 9.2.1 This Agreement shall be binding on and enure for the benefit of each Party's successors and permitted assigns. Save as provided in Clause 9.2.2, no Party shall, without the prior written consent of the other Party, assign, transfer, charge or deal in any other manner with this Agreement or any of its rights (whether to damages or otherwise) or obligations arising under or in connection with the Agreement, or purport to do any of the same, nor sub-contract any or all of its obligations under this Agreement, and any such assignment, transfer, charge or dealing shall be void for all purposes.
- 9.2.2 The Purchaser may assign all or any part of its rights and benefits under this Agreement to any member of the Purchaser's Group.
- 9.2.3 Subject to and upon any succession or assignment permitted by this Agreement, any such successor or assignee shall in its own right be able to enforce any term of this Agreement in accordance with the terms of this Agreement as if it were a party, but until such time shall have no rights whether as a third party or otherwise. The Vendor shall have no greater liabilities towards any successor or assignee of the Purchaser than it would have had to the Purchaser had the Purchaser remained fully and solely entitled under this Agreement.
- 9.3 **Right of set-off, deductions and withholdings and Tax on payments**
- 9.3.1 The Purchaser shall not be entitled to set off against the Consideration any sums owing to it by the Vendor.
- 9.3.2 If any deduction or withholding is required by law to be made from any payment from one Party to another Party under this Agreement or any other Transaction Document, the Party making the payment shall increase the amount thereof so as to ensure that the recipient receives and is able to retain that amount that it would have received and retained had the payment not been the subject matter of such deduction or withholding provided always that if the recipient is entitled to a credit or some other benefit as a consequence of the payment to it being the subject matter of a deduction or withholding it shall use its reasonable endeavours to utilise the credit (whether by set off, or by claiming a repayment in respect thereof, or otherwise) or benefit so arising and in the event that it is able so to do it shall repay to the Party who made the payment an amount equal to the credit or benefit so utilised, provided always that this Clause is without prejudice to the limitations on the Vendor's liabilities as set out in Clause 6 (*Indemnities*). For the avoidance of doubt, this Clause 9.3.2 shall not impose upon the recipient of the payment any obligation to utilise any credit or benefit in priority to any other economic credit or benefit available to it or to pay to the Party making the payment an amount greater than that by which the original payment was increased under this Clause 9.3 (*Right of set-off, deductions and withholdings and Tax on payments*).
- 9.3.3 If any payment from the Vendor to the Purchaser under this Agreement or any other Transaction Document is liable to Tax in the hands of the Purchaser, the Vendor shall increase the payment by such an amount as will ensure that the Purchaser is able to receive and retain, after paying Tax in respect of its receipt, an amount equal to that which would otherwise have been paid to it had the receipt not been subject to Tax in its hands, provided always that this Clause is without prejudice to the limitations on the Vendor's liabilities as set out in Clause 6 (*Remedies of the Purchaser*). The parties shall agree to the amount of any increase in a relevant payment to give effect to this Clause 9.3 (*Right of set-off, deductions and withholdings and Tax on payments*). In the event that the parties are not able to agree the amount of any increase, the amount thereof shall be certified by the Purchaser's auditors acting as experts whose decision in respect thereof shall be binding on the relevant parties except in the case of manifest error.
- 9.4 **Waivers, rights and remedies**
- 9.4.1 No failure or delay on the part of either Party to this Agreement in exercising any right or remedy provided by law or under this Agreement shall impair such right or remedy or operate as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude or restrict any other or further exercise of it or the exercise of any other right or remedy.
- 9.4.2 A waiver by either Party to this Agreement of a breach of or default under this Agreement or under any other Transaction Document shall not constitute a waiver of any other breach or default, shall not affect the other terms of this Agreement or any other Transaction Document or the rights of any other person thereto and shall not prevent the Purchaser or the Vendor (as the case may be) from subsequently requiring compliance with the waived obligation.
- 9.4.3 Any waiver (in whole or in part) of any right or remedy under this Agreement must be set out in writing, signed by or on behalf of the person granting the waiver and may be given subject to any conditions thought fit by the

grantor and, unless otherwise expressly stated, any waiver shall be effective only in the instance and only for the purpose for, and in favour of the person to, which it is given.

9.4.4 Unless specifically provided in this Agreement or otherwise, the rights and remedies of the Purchaser and the Vendor under or pursuant to any other Transaction Document are cumulative, may be exercised as often as the Purchaser or the Vendor, as applicable considers appropriate and are in addition to its rights and remedies under the general law.

#### 9.5 **Variations**

No variation of this Agreement or any other Transaction Document shall be valid unless it is agreed in writing and signed by or on behalf of each of the parties thereto.

#### 9.6 **Effect of Closing**

This Agreement (other than obligations that have already been fully performed) remains in full force after Closing.

#### 9.7 **Provisions of Agreement severable**

If any provision of this Agreement or any other Transaction Document is, or becomes, invalid, unenforceable or illegal, in whole or in part, under the laws of any jurisdiction, such term or provision or part shall to that extent be deemed not to form part of this Agreement or the relevant Transaction Document (as the case may be), but the validity, enforceability or legality of the remaining provisions of this Agreement or the relevant Transaction Document shall not be impaired.

#### 9.8 **Interest for late payment**

Any sum owing by either Party under this Agreement or any other Transaction Document shall carry interest from (and excluding) the date on which it is payable until (and including) the date of actual payment at the Specified Rate. Such interest will be compounded semi-annually and be payable after as well as before any judgment.

#### 9.9 **Counterparts**

This Agreement and each of the other Transaction Documents may be entered into in any number of counterparts and by the parties thereto on separate counterparts, each of which when so executed and delivered shall be an original but each such document shall not be effective until each party thereto has executed at least one counterpart, but all the counterparts for document shall together constitute one and the same instrument.

#### 9.10 **Further assurances**

The Vendor shall (and shall procure that any other relevant person shall) execute any deeds or documents and exercise or waive any rights and generally take any action, including passing (or procuring that there is passed) any resolution of the Vendor or (whilst the Vendor remains the registered owner) any of the Companies that the Purchaser may reasonably require, which may be necessary for this Agreement and the other Transaction Documents to be carried into effect.

#### 9.11 **Third party rights**

This Agreement and the other Transaction Documents are made for the benefit of the Parties to them and their successors and permitted assigns only and are not intended to benefit, and no term thereof shall be enforceable by, any other person by virtue of the Contracts (Rights of Third Parties) Act 1999.

### 10 **NOTICES**

#### 10.1 **General**

Any notice under or in connection with this Agreement shall be in writing and may be delivered by hand or fax to the address of the relevant Party that is set out below or to such other address as that Party may have notified in

writing from time to time to the Party serving the notice, which notice so served by fax shall be deemed to have been received at the time of despatch:

(a) the Vendor

Name: Teekay Corporation  
Address: Suite No. 1778,  
48 Par-la-Ville Road,  
Hamilton, HM 11  
Bermuda  
Fax Number: +011 441 292 3931

marked for the attention of the Corporate Secretary

(b) the Purchaser

Name: Teekay Tankers Ltd.  
Address: Suite No. 1778,  
48 Par-la-Ville Road,  
Hamilton, HM 11  
Bermuda  
Fax Number: +011 441 292 3931

marked for the attention of the Corporate Secretary

## 11 TERMINATION

### 11.1 Termination

This Agreement may be terminated upon written notice given at any time before the Closing:

- (a) by the mutual written consent of Vendor and Purchaser;
- (b) by the Vendor, in the event of a material breach by the Purchaser of any representation, Warranty, covenant or agreement of the Purchaser contained herein that has not been cured or is not curable by the Closing Date; or
- (c) by the Purchaser, in the event of a material breach by the Vendor of any representation, Warranty, covenant or agreement of the Vendor contained herein that has not been cured or is not curable by the Closing Date.

### 11.2 Effect of Termination

In the event of the termination of this Agreement pursuant to Clause 11.1 (*Termination*), the parties shall be relieved of their obligations under this Agreement, save that Clause 1 (*Definitions and Interpretation*) and Clause 10 (*Notices*) to Clause 12 (*Governing Law and Jurisdiction*) shall continue in full force and effect, and neither Party shall have any claims against the other Party in connection with this Agreement except in respect of any accrued rights or obligations arising under this Agreement before termination or in connection with any antecedent breach by any Party of any provision of this Agreement or any breach by any Party of any continuing provision of this Agreement.

## 12 GOVERNING LAW AND JURISDICTION

### 12.1 English law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

### 12.2 Jurisdiction

12.2.1 Subject to Clause 12.2.3, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) or any non-contractual obligations arising out of or in connection with this Agreement (a “**Dispute**”).

12.2.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

12.2.3 No Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction.

12.3 **Service of process**

Without prejudice to any other mode of service allowed under any relevant law, each Party:

- (a) irrevocably appoints Teekay Shipping (UK) Limited, 2<sup>nd</sup> Floor, 86 Jermyn Streetm London, SW1Y 6JD, United Kingdom, as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement; and
- (b) agrees that failure by a process agent to notify the that Party of the process will not invalidate the proceedings concerned.

**This Agreement has been executed by or on behalf of the parties the day and year first above written.**

**Schedule 1**  
**Disclosure Schedule**

**A Finance Documents**

**A.1 Suezmax Facility**

	<b>Document</b>	<b>Parties</b>	<b>Date</b>
1	Suezmax Facility Agreement	(i) the Borrowers, including Kaveri Spirit L.L.C. and Yamuna Spirit L.L.C., (ii) the Lenders (as defined), (iii) Nordea Bank Finland PLC as Agent, (iv) Nordea Bank Finland PLC as Security Trustee, (v) Nordea Bank Norge ASA and others as Mandated Lead Arrangers, (vi) Nordea Bank Norge ASA and others as Bookrunner and (vii) HSH Nordbank AG as Swap Provider	28 November 2007
2	Guarantee and Indemnity in respect of various obligations of A Borrowers	(i) the Vendor (ii) the Security Trustee	28 November 2007
3	Deed of Release and Guarantee and Indemnity	(i) the Security Trustee (ii) the Vendor	18 December 2007
4	Guarantee and Indemnity in respect of various obligations of B Borrowers	(i) the Purchaser (ii) the Security Trustee	18 December 2007
5	Guarantee and Indemnity in respect of various obligations of B Borrowers	(i) the Vendor (ii) the Security Trustee	28 November 2007
6	ISDA Master Agreement	(i) HSH Nordbank AG (ii) the A Borrowers	28 November 2007
7	ISDA Novation Agreement	(i) HSH Nordbank AG (ii) the Vendor (iii) the A Borrowers	28 November 2007
8	Pledge Agreement in relation to A Borrowers	(i) the Purchaser (ii) the Security Trustee	18 December 2007
	<b>m.v. "Yamuna Spirit"</b>		
9	First Priority Bahamas Ship Mortgage over m.v. "Bermuda Spirit"	Yamuna Spirit L.L.C.	30 November 2007
10	Deed of Covenants	Yamuna Spirit L.L.C.	30 November 2007
11	Deed of Assignment	(i) Yamuna Spirit L.L.C.	30 November 2007

	<b>Document</b>	<b>Parties</b>	<b>Date</b>
		(ii) the Security Trustee	
12	Notice of Assignment	Yamuna Spirit L.L.C	30 November 2007
13	Loss Payable Clause	Yamuna Spirit L.L.C	undated
	<b>m.v. "Kaveri Spirit"</b>		
14	First Priority Bahamas Ship Mortgage over m.v. "Kaveri Spirit"	Kaveri Spirit L.L.C	30 November 2007
15	Deed of Covenants	(i) Kaveri Spirit L.L.C. (ii) Security Trustee	30 November 2007
16	Deed of Assignment	(i) Kaveri Spirit L.L.C. (ii) Security Trustee	30 November 2007
17	Notice of Assignment	Kaveri Spirit L.L.C.	30 November 2007
18	Loss Payable Clause	Kaveri Spirit L.L.C.	undated
A	<b>Finance Documents</b>		
A.2	<b>Helga Spirit Facility</b>		
1	Helga Spirit Facility Agreement	(i) the Borrowers including Helga Spirit L.L.C., (ii) the Lenders (as defined), (iii) the Arrangers (as defined), (iv) Fortis Capital Corp. as Security Trustee	17 December 2003
2	First Supplemental Agreement	(i) the Borrowers, (ii) the Vendor, (iii) the Lenders, (iv) the Arrangers, (v) the Security Trustee	18 December 2002
3	Guarantee and Indemnity	(i) the Vendor (ii) the Security Trustee	17 December 2003
4	Pledge of Earnngs Account	(i) the Borrowers including Helga Spirit L.L.C. (ii) the Security Trustee	27 January 2004
5	Pledge of Retention Account	(i) the Borrowers including Helga Spirit L.L.C. (ii) the Security Trustee	27 January 2004
6	First Priority Bahamas Ship Mortgage over m.v. "Helga Spirit"	Helga Spirit L.L.C.	7 January 2005
7	Deed of Covenants	(i) Helga Spirit L.L.C. (ii) the Security Trustee	7 January 2005

8	Deed of Assignment	(i) Helga Spirit L.L.C. (ii) The Security Trustee	7 January 2005
9	Notice of Assignment	Helga Spirit L.L.C.	7 January 2005
10	Loss Payable Clause	Helga Spirit L.L.C.	undated

**B Vessel Documents**

1	CSSA Charter relating to the m.v. "Helga Spirit" dated 3 December 2004 and made between (i) CSSA and (ii) Teekay Chartering.		
2	Addendum No.1 to the CSSA Charter relating to the m.v. "Helga Spirit" dated 8 September 2005 and made between (i) CSSA and (ii) Teekay Chartering.		
3	Hyundai Charter relating to the m.v. "Yamuna Spirit" dated 18 April 2005 and made between (i) Sacramento (ii) Hyundai and (iii) OMI Corporation as guarantor.		
4	Addendum No.1 to the Hyundai Charter dated 30 October 2009 and made between (i) Teekay Chartering and (ii) Hyundai.		
5	Novation Agreement relating to the Hyundai Charter dated 1 November 2009 and made between (i) Laurel Shipping LLC (as the surviving entity following the merger of Sacramento Shipping LLC and Laurel Shipping LLC, (ii) Hyundai and (iii) Yamuna Spirit L.L.C..		
6	Pool Agreement dated 1 December 2003 and made between (i) Gemini Tankers L.L.C and (ii) the Participants (as defined therein).		
7	BMA Transcript of Register in respect of m.v. "Yamuna Spirit" dated 30 March 2010.		
8	BMA Transcript of Register in respect of m.v. "Kaveri Spirit" dated 30 March 2010.		
9	BMA Transcript of Register in respect of m.v. "Helga Spirit" dated 30 March 2010.		
10	Det Norske Veritas Class Status Report in respect of the m.v. "Yamuna Spirit" dated 30 March 2010.		
11	Lloyds Register Class Status Report in respect of the m.v. "Kaveri Spirit" dated 30 March 2010.		
11	Det Norske Veritas Class Status Report in respect of the m.v. "Helga Spirit" dated 30 March 2010.		

**Schedule 2**  
**The Interests Transfer Documents**

- 1 Certificate of Limited Liability Interest of Yamuna Spirit L.L.C., signed by its member, the Vendor and duly endorsed by the Vendor for transfer to the Purchaser.
- 2 Certificate of Limited Liability Interest of Kaveri Spirit L.L.C., signed by its member, the Vendor and duly endorsed by the Vendor for transfer to the Purchaser.
- 3 Certificate of Limited Liability Interest of Helga Spirit L.L.C., signed by its member, the Vendor and duly endorsed by the Vendor for transfer to the Purchaser.

**Schedule 3**  
**Warranties and Representations**

**1 The Companies and the Interests**

**(a) Information**

Each of the Companies are duly formed, organised and validly existing and in good standing under the laws of The Republic of the Marshall Islands. Each of the Companies have the requisite power and authority to own and operate their properties and assets and to carry on their businesses.

**(b) Title to Interests**

The Interests constitute 100% of the issued capital of each of the Companies, the Vendor is the sole legal and beneficial owner of the Interests, and no claim has been made by any person to be entitled to any of them. The Interests have been duly authorized, properly allotted and validly issued and are fully paid, or credited as fully paid, and non-assessable. Save as Disclosed there is no Security Interest, option, conversion right, right to acquire, or other adverse interest, right, equity, claim or potential claim of any description on or over or affecting any of the Interests nor are there any agreements, arrangements or commitments to give or create any such Security Interest, right or claim, and no claim has been made by any person to be entitled to any.

**(c) No arrangements relating to share capital**

None of the Companies have created or issued any shares or equity interests (other than the Interests). There is no agreement, arrangement, obligation or commitment (including an option or right of pre-emption or conversion) requiring or granting any person the right to require the creation, allotment, issue, transfer, redemption or repayment of, or creating or requiring the creation of any Security Interest over, or requiring the grant to a person of the right (conditional or not) to require the allotment, issue, transfer, redemption or repayment of, any shares, equity or loan capital in any of the Companies (or any unissued shares, equity capital, loan capital or other securities of any of the Companies) now or at any time in the future, and none of the Companies have agreed to do or enter into any of the foregoing and no person has made any claim to be entitled to any of the foregoing.

**(d) No capital reorganisation**

None of the Companies have since their incorporation or formation:

- (i) made any issue of securities by way of capitalisation of profits or reserves (including share premium account and capital redemption reserve); or
- (ii) repaid, purchased or redeemed any shares of any class of their share capital or otherwise reduced their share capital or any class of it;

and have not agreed to do any of the foregoing (whether at the option of any other person or otherwise).

**(e) No agreement/arrangement**

Save as Disclosed, neither the Vendor nor any of the Companies are party to any agreement or arrangement concerning:

- (i) the transfer or disposal of the Interests or any interest therein or any restriction thereon or obligation relating thereto;
- (ii) the exercise of votes at meetings of the board of any of the Companies (if any) or of the holders of any class of Interests; or
- (iii) the right to appoint or remove any directors or officers of any the Companies (where applicable).

**(f) No Security Interest over assets**

Save as Disclosed, There is no Security Interest (other than liens arising in the usual course of business consistent with past practices) affecting the whole or any material part of the assets of any of the Companies.

2 **The Vendor**

(a) **Capacity of Vendor**

As regards the Vendor:

- (i) it has the requisite power and authority to enter into this Agreement and the Transaction Documents to which it is a party and perform all its obligations thereunder;
- (ii) this Agreement and the Transaction Documents to which it is a party constitute (or will constitute when executed) its legal, valid and binding obligations enforceable against it in accordance with their terms;
- (iii) it has the power and authority to absolutely and unconditionally sell and transfer the full legal and beneficial ownership in the Interests registered in its name to the Purchaser on the terms set out in this Agreement;
- (iv) the execution and delivery of this Agreement and the Transaction Documents and performance by it of the obligations thereunder do not and will not result in a breach of, or constitute any default under, any law or regulation, any order, judgement or decree by any court or governmental agency to which it is a party or by which it is bound, its Articles of Incorporation and Bylaws or any agreement to which it is a party;
- (v) all consents, licences, approvals and authorisations required by it in connection with this Agreement and the Transaction Documents to which it is a party and the transactions contemplated thereby have been obtained and are in full force and effect;
- (vi) no action, suit, proceeding, litigation or dispute against it or any member of the Vendor's Group is presently taking place or pending or, to its knowledge, threatened that would or might reasonably be expected to inhibit its ability to perform its obligations under this Agreement and the Transaction Documents to which it is a party or that could materially and adversely affect the Interests; and
- (vii) in so far as it is a body corporate:
  - (A) it is a body corporate duly incorporated and validly existing under the laws of the jurisdiction in which it is incorporated;
  - (B) no Insolvency Event has occurred in relation to it and no events or circumstances have arisen that entitle or could entitle any person to take any action, appoint any person, commence proceedings or obtain any order instigating an Insolvency Event.

(b) **Vendor/Companies relationship**

Save as Disclosed, neither the Vendor, nor any member of the Vendor's Group:

- (i) owe any indebtedness or other liability and which in aggregate exceeds \$100,000 to any of the Companies whether actually or contingently, whether solely or jointly with any other person and whether as principal or surety, and there is no such indebtedness or liability and which in aggregate exceeds \$100,000 due or owing by any of the Companies to the Vendor, or any member of the Vendor's Group and there is no guarantee or Security Interest in respect of any such indebtedness or liability outstanding;
- (ii) are party to any agreement, arrangement or understanding, other than this Agreement and the Transaction Documents, with any of the Companies or relating to any of the Companies or the Interests in which the Vendor, any member of the Vendor's Group is or has been interested, whether directly or indirectly, and there is no agreement, arrangement or understanding to which any of the Companies are a party and in which the Vendor, or any member of the Vendor's Group has or has had an interest, whether directly or indirectly; or
- (iii) is entitled to a claim of any nature against any of the Companies, or which individually does not exceed \$100,000, or has assigned to any person the benefit of a claim against any of the Companies to which it would otherwise be entitled.

3 **Agreements**

(a) ***Disclosure of Relevant Documents***

Complete and accurate copies of all Relevant Documents (including all amendments and supplemental agreements relating thereto) have been provided to the Purchaser and all Relevant Documents are set out in the Disclosure Schedule.

(b) ***Enforceability of and compliance with agreements***

In relation to each Relevant Document:

- (i) the Vendor has no reason to believe that any of the Companies will be unable to complete and fulfil each of the Relevant Documents to which they are a party by the due date and in accordance with its terms;
- (ii) each of the Companies are in the possession or in the control of each Relevant Document to which they are a party;
- (iii) so far as the Vendor is aware, there are no written or oral agreements that derogate from the obligations of any person other than the Companies or increase the obligations of any of the Companies under the Relevant Documents to which they are a party;
- (iv) each Relevant Document has been validly executed by the relevant Company, is valid and subsisting, has not been terminated and is fully enforceable against that Company and, to the Vendor's knowledge, the other parties to such agreement in accordance with its terms;
- (v) none of such Relevant Documents are subject to a Security Interest granted or created by any of the Companies or any member of the Vendor's Group other than under the terms of the Relevant Document;
- (vi) to the Vendor's knowledge, there is no and has not been, at any time, any breach of, or any default in the performance of, the terms of any such Relevant Documents by any person other than the relevant Company nor are there any circumstances likely to give rise to such breach or default. None of the Companies have granted any time or indulgence, or waived any right, in relation to any Relevant Document to which they are a part and, in particular, but without prejudice to the generality of the foregoing, all amounts due and payable under such agreements have been duly paid in full on, or within a reasonable period of, the due date for payment of the same;
- (vii) so far as the Vendor is aware, each of the Companies have fulfilled all of its obligations and performed and observed all warranties, undertakings, covenants and agreements on its part to be fulfilled, performed and observed under each Relevant Document to which they are a party;
- (viii) no notice of any intention to terminate, repudiate, rescind, modify or disclaim any provision of any Relevant Document has been given by any of the Companies or, so far as the Vendor is aware, received from a person other than the Companies by the Companies in respect of any Relevant Document;
- (ix) so far as the Vendor is aware, each of the Companies have paid all Taxes, duties, imposts and other charges payable in respect of the Relevant Documents to which they are a party so far as such Taxes, duties, imposts and other charges fall upon each of the Companies and have become due and payable;
- (x) all necessary licences, approvals and consents required by any of the Companies prior to the entry into of each of the Relevant Documents and for their continuation were duly obtained and are subsisting and, to the Vendor's knowledge, no circumstances have arisen that may lead to withdrawal or failure to renew, if applicable, of any such licence, approval or consent;
- (xi) there are no disputes or outstanding claims pending or, to the Vendor's knowledge, threatened against any of the Companies under the Relevant Documents and, to the Vendor's knowledge, no person is entitled to make, or has threatened to make, a claim against any of the Companies in respect of any representation, breach of condition or warranty or other express or implied term relating to any of the Relevant Documents and no matter exists that would or might enable a person other than the Companies themselves to make such a claim or raise a set-off, deduction, withholding or counterclaim in any action for breach of any Relevant Document or otherwise give any person other than the Companies the right to withhold or delay payment of any sum due from them under the terms of the Relevant Document or the performance of any of their obligations thereunder;

- (xii) so far as the Vendor is aware, no person (other than the parties to the Relevant Documents) has any rights (including any Security Interests) in respect of any such Transaction Documents or the assets the subject thereof;
- (xiii) the execution of this Agreement by the Vendor and the exercise of its rights and performance of its obligations under the Agreement does not constitute and will not result in any breach of any Relevant Document or other agreement or treaty to which the Vendor or any of the Companies are a party;
- (xiv) the obligations expressed to be assumed by the Vendor in this Agreement are legal and valid obligations, binding on them in accordance with the terms of this Agreement and no limit on any of their powers will be exceeded as a result of the transaction contemplated by this Agreement or the performance by the Vendor, of its obligations herein; and
- (xv) so far as the Vendor is aware, no Insolvency Event has occurred in relation to any third party to any Relevant Documents.

(c) **No powers of attorney**

There are in force no powers of attorney given by any of the Companies nor any other authority (express, implied or ostensible) given by any of the Companies to or in favour of any person (as agent or otherwise) to enter into any agreement, contract or commitment or to do anything on their behalf except as set out in the Disclosure Schedule. The Disclosure Schedule sets out details of all persons who have authority to bind each of the Companies in the ordinary course of their business.

(d) **Change of control**

Neither the sale of the Interests hereunder nor any change in the management of any of the Companies as a result of this Agreement will:

- (i) entitle any person to modify or terminate any Relevant Document or other arrangement with any of the Companies;
- (ii) result in the breach by the Companies under any of the terms, conditions or provisions of any Relevant Document or other instrument to which any of the Companies are now a party;
- (iii) result in any present or future Indebtedness becoming due and payable or capable of being declared due and payable prior to its stated maturity; or
- (iv) entitle any person to receive from any of the Companies any finder's fee, brokerage or other commission in connection with the sale of the Interests.

(e) **Offers and tenders**

No offer or tender or similar arrangement given or made by any of the Companies is capable of giving rise to an agreement solely by the unilateral act of any person other than that Company.

(f) **Joint Ventures etc**

The Companies do not and have not agreed to, act or carry on business in partnership with any other person and are not and have not agreed to act or become a member of any joint venture, consortium, corporate or unincorporated body, association or undertaking.

(g) **Competition/Anti-trust**

None of the Companies are party to any practice, arrangement or agreement that infringes or is likely to require registration or notification under any relevant anti-trust or competition law.

(h) **Restrictive practices**

The Companies are not and have not been a party to any agreement, arrangement, understanding or practice restricting the freedom of any of the Companies to carry on the whole or any part of their business in any place in such manner as they think fit or to provide or take goods and/or services by such means and from and to such persons and into or from such places as they may from time to time think fit and/or to compete in any area or in any field or with any person.

(i) **Directors or Officers**

The management of each of the Companies is vested exclusively in its members. The Vendor is, and the Purchaser or its nominee shall be upon the Closing, the sole member of each of the Companies with, in its capacity as sole member, authority to make all decisions and take all actions for each of the Companies as, in its sole discretion, it shall deem necessary and appropriate to enable each of the Companies to carry out any lawful activity, including but not limited to carrying on the acquisition, ownership, operation and disposition of oceangoing vessels. Notwithstanding its authority to do so as sole member of each of the Companies, save as Disclosed, the Vendor has not appointed or elected any individuals to officer positions of any of the Companies.

4 **Financial Arrangements**(a) **Indebtedness**

Save as Disclosed, the Companies do not have outstanding nor have they incurred or agreed to incur any Indebtedness (including, without limitation, any indebtedness for moneys borrowed or raised under any acceptance credit, bond, note, bill of exchange or commercial paper, finance lease, hire purchase agreement, trade bills, forward sale or purchase agreement or conditional sale agreement or other transaction having the commercial effect of a borrowing).

(b) **Financing Arrangements**

The sale by the Vendor and the purchase by the Purchaser of the Interests are subject to the Financing Arrangements. These arrangements are reflected in the documents relating to the Finance Arrangements that have been Disclosed.

(c) **Loans by the Companies**

None of the Companies have made any loans to the Vendor, any member of the Vendor's Group or any third party.

(d) **Debts**

None of the Companies have factored any of their debts. There are no debts owing to any of the Companies.

(e) **No guarantee or Security Interests**

Save as Disclosed, no guarantee or Security Interest has been given or entered into by any of the Companies or any third party in respect of Indebtedness or other obligations of any of the Companies and no guarantee or Security Interest has been given or entered into by any of the Companies in respect of any other person.

(f) **No indemnities given by the Companies**

The Companies are not responsible (including on a contingent basis) for the indebtedness, or for the default in the performance of any obligation, of any person nor are they party to any option or pre-emption right or any guarantee, suretyship or any other obligation (whatever called) to pay, purchase or provide funds (whether by advance of money, the purchase of or subscription for shares or other securities or the purchase of assets or services or otherwise) for the payment of, or as an indemnity against the consequence of default in the payment of, any indebtedness of any person.

(g) **Bank accounts**

Details of all bank accounts of each of the Companies, and particulars of the balances of all of the Companies bank accounts as at a date not more than 2 (two) Business Days before the date of this Agreement, have been disclosed to the Purchaser, and none of the Companies have any other bank accounts. Since the date of such particulars, there have been no material payments out of any such bank accounts, except for routine payments in the ordinary course of business consistent with past practices.

5 **Assets, Liabilities and other Arrangements**(a) **No other assets and liabilities**

None of the Companies have assets other than the relevant Vessel and none of the Companies have any liabilities other than those arising in connection with the Transaction Documents and as set forth in the

Disclosure Schedule and, save for its obligations under the Transaction Documents, there are no agreements or arrangements to which any of the Companies are a party that increase the obligations of any of the Companies under the Transaction Documents or that create or include any other obligation that might be binding on any of the Companies.

(b) ***Business activity***

The only business activity of each of the Companies since incorporation or formation has been the acquisition, ownership, and operation of the relevant Vessel.

6 **Properties**

None of the Companies own, occupy or use any real property.

7 **Insurance**

Each of the Companies maintain the policies of insurance listed in the Disclosure Schedule and attached to the Disclosure Schedule, each of which is in full force and effect and, to the Vendor's knowledge, not subject to being voided for any reason.

8 **Litigation and other Disputes**

(a) ***No proceedings***

The Companies are not, and, to the Vendor's knowledge, no director or officer of any of the Companies (in relation to each of the Company's affairs or, if resolved in a manner adverse to such director or officer, could result in a materially adverse effect on any of the Company's business) is, engaged in or a party to any dispute, litigation, arbitration, prosecution or other legal proceedings or in any proceedings or hearings before any statutory or governmental body, department, board or agency, nor are any of the foregoing pending or, to the Vendor's knowledge, threatened or expected either against or by any of the Companies, and, to the Vendor's knowledge, there is no fact or circumstance or any other form of written demand in existence that might give rise to the same, or form the basis of any criminal prosecution against any of the Companies.

(b) ***No orders or judgements***

There is no order, decree or judgement of any court, tribunal or any governmental agency of any country outstanding against any of the Companies or, to the Vendor's knowledge, any person for whose acts any of the Companies may be vicariously liable, and, to the Vendor's knowledge, there are no circumstances likely to give rise to vicarious liability of any of the Companies, and no injunction has been granted against any of the Companies.

(c) ***No unlawful acts***

The Companies have not committed, or been prosecuted for, any breach of a statutory or regulatory duty or any tortious or other criminal or unlawful or unauthorised act that could reasonably be expected to lead, or has led, to a claim for damages or an injunction or other order of a court or tribunal of competent jurisdiction being made against them, and there are no circumstances likely to give rise to such a breach or act.

9 **Compliance with Legal Requirements**

(a) ***Compliance by each of the Companies***

Each of the Companies has, so far as the Vendor is aware, complied and are continuing to comply in all material respects with all relevant legislation and regulations and guidelines in any part of the world applicable to them and/or their business and/or their assets.

(b) ***Ultra vires***

Each of the Companies are empowered and duly qualified to carry on business in all jurisdictions in which its present business is now carried on and has not entered into any ultra vires transaction.

(c) ***Returns***

All returns, particulars, resolutions and other documents required to be filed with or delivered to the Registrar of Corporations in the Republic of the Marshall Islands by each of the Companies have been properly prepared and so filed or delivered.

(d) **Limited Liability Company Agreements**

The Limited Liability Company Agreements of, and all resolutions passed by, each of the Companies and all other legal requirements concerning each of the Companies have been complied with. A copy of each of the Companies' Limited Liability Company Agreements has been provided to the Purchaser, which are complete and accurate in all material respects, have attached thereto or incorporated therein copies of all resolutions and other documents required by law to be so attached or incorporated, and fully sets out the rights and restrictions attaching to the Interests.

(e) **Books and records**

The statutory books (including all registers and minute books whether electronic or otherwise), books of account and other statutory records of each of the Companies have been properly and accurately written up or maintained in accordance with all applicable laws and are up to date (but not including the date of the Agreement) and comprise complete and accurate records of all information required to record therein other than to the extent that they are not material to the business of that Company. None of the Companies have received any notice or allegation that any of the statutory books, books of accounts or other records of whatsoever kind of that Company are inaccurate or incomplete or should be rectified.

(f) **Company names**

The Companies do not use or otherwise carry on business under any name other than their full corporate name. Each of the Companies have the full right to use their corporate name without restriction, and each of the Companies and the Vendor are not aware of any actual or threatened challenge to the use of those names or any of them in respect of the business of any of the Companies or any claim that any such use infringes any rights of any third party.

(g) **Consents and licences**

Each of the Companies holds any and all licences (including statutory licences), permissions, authorisations, consents, registrations and exemptions required by that Company for the operation of its business as now carried on, and, to the Vendor's knowledge, none of these is subject to revocation or cancellation for any reason.

(h) **No penalties or fines**

None of the Companies nor any of their officers (or agents during the course of their duties) have committed or omitted to do any act or thing that has given or could give rise to a material claim, fine, penalty or other liability, at law or in equity, in respect of the physical or environmental condition of any of their fixed or moveable assets, real property or products.

(i) **No investigations and inquiries**

No investigations, inquiries or reviews by or on behalf of any governmental or other body in respect of any of the Companies or their business or assets are pending or, to the Vendor's knowledge, in existence or have been conducted or threatened, and there are no circumstances that might give rise to such investigation, inquiry or review.

10 **Employment**

The Companies do not, and have never had any employees and there are no arrangements (written or otherwise) under which remuneration or benefit or other sum whatsoever is paid or given to any person (including any officer or consultant of any of the Companies).

11 **Taxation**

(a) **Tax Residence**

(i) Each of the Companies are and have always been resident in The Marshall Islands for the purposes of Taxation and none of the Companies have ever been resident in any other country for the purposes of Taxation or treated as so resident for the purposes of any double taxation agreement.

- (ii) None of the Companies have ever traded through a branch, agency or permanent establishment situated outside The Marshall Islands.
- (iii) No circumstances exist whereby a person not resident in The Marshall Islands is assessable and chargeable to tax in the name of any of the Companies.

(b) ***Disclosures, Notices, Returns, Clearances and Records***

- (i) All notices, reports, disclosures, accounts, computations, statements, assessments, registrations, de-registrations and any other information that ought to have been made or supplied by or in respect of any of the Companies for any Taxation purposes have been made or supplied on a proper basis, were punctually submitted, were accurate and complete when submitted and remain accurate and complete and are not the subject of any dispute, enquiry or investigation with any Taxation Authority, and, to the Vendor's knowledge, there are no present circumstances that are likely to give rise to any such dispute, enquiry or investigation.
- (ii) No action has been taken by any of the Companies in respect of which any consent or clearance from any Taxation Authority was required except in circumstances where such consent or clearance was validly obtained, and no conditions were attaching thereto.
- (iii) Each of the Companies have made and submitted each claim, disclaimer, election, notice and consent to have been made and submitted, and details of all such claims, disclaimers, elections, notices and consents are set forth in the Disclosure Schedule.
- (iv) None of the Companies have ever been subject to any enquiry, visit, audit, investigation or discovery order by any Taxation Authority nor, to the Vendor's knowledge, are there any circumstances existing that make it likely that any such enquiry, visit, audit, investigation or discovery order will be made in the next 12 months.
- (v) The Disclosure Schedule sets out details of all notices given by any Taxation Authority to or in relation to each of the Companies, the provisions of which remain in force.
- (vi) Each of the Companies have sufficient records relating to past events to permit accurate calculation of the Taxation liability or relief that would arise upon a disposal or realisation on completion of each asset owned by each of the Companies before Closing.
- (vii) Except as set out in the Disclosure Schedule, each of the Companies Taxation affairs are not dependent on or subject to any concession, agreement or other formal or informal arrangement with any Taxation Authority.

(c) ***All Tax Paid***

- (i) All Taxation for which each of the Companies are liable and that ought to have been paid has been paid on a timely basis to the appropriate Taxation Authority.
- (ii) None of the Companies have paid, within the three years ending on the date of this Agreement, nor will become liable to pay, any interest, penalty, fine or surcharge to any Taxation Authority.
- (iii) None of the Companies have received from any Taxation Authority (and have not subsequently repaid to or settled with that Taxation Authority) any payment to which they were not entitled or any notice in which their liability to Taxation was understated.

(d) ***Stamp Duty***

All documents that are in the possession of any of the Companies or under their control or to which that Company is a party and that attract stamp duty have been properly stamped, and that Company has duly paid all stamp duty to which they are, have been or may be made liable, and there is no liability for any penalty in respect of such duty nor, to the Vendor's knowledge, are there any circumstances or transactions to which any of the Companies is or have been a party, which may result in any of the Companies becoming liable for any such penalty.

(e) ***U.S. Tax Classification***

Each of the Companies are classified for United States federal income tax purposes as a disregarded entity pursuant to Treas. Reg. Section 301.7701-3. Neither the Vendor nor any of the Companies will take any action to change the U.S. federal income tax classification of any of the Companies.

12 **Miscellaneous**

(a) **No broker's fees**

No one is entitled to receive from any of the Companies any finder's fee, brokerage, or other commission in connection with the purchase of the Interests.

(b) **Effect of entering into this Agreement**

Compliance with the terms of this Agreement or Closing does not and will not:

- (i) conflict with or result in the breach of or constitute a default under any of the terms, conditions or provisions of:
  - (A) any agreement or instrument to which any of the Companies are now a party, including the Transaction Documents; or
  - (B) each of the Companies' Limited Liability Agreement or give rise to or cause to become exercisable any right of pre-emption or right of first refusal; or
  - (C) any loan to or mortgage created by any of the Companies or any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character to which any property of any of the Companies are subject or by which any of the Companies are bound;
- (ii) result in any present or future Indebtedness becoming due or capable of becoming due and payable prior to its stated maturity;
- (iii) relieve any other party to an agreement or arrangement with any of the Companies, including the Transaction Documents, of its obligations thereunder (whether contractual or otherwise) or enable it to vary or terminate its rights or obligations thereunder or determine any right or benefit enjoyed by any of the Companies or to exercise any right, whether under an agreement with, or otherwise in respect of, any of the Companies;
- (iv) result in the creation or imposition of any Security Interest on any assets of any of the Companies;
- (v) cause any of the Companies to lose the benefit of any right or privilege it presently enjoys;
- (vi) cause any person who normally does business with any of the Companies not to continue to do so on the same basis as previously; or
- (vii) cause any licence or authority necessary or desirable for the continuation of any of the Companies respective businesses to be determined or not renewed or continued or renewed on less favourable terms.

(c) **Accurate information provided**

All information given by the Vendor or any member of the Vendor's Group or officials or professional advisers of any of the Companies or the Vendor to any of the directors, officials or professional advisers of the Purchaser in the course of negotiations leading to this Agreement, taken as a whole, was, when given, and remains and will at Closing be true and accurate in all material respects, and there is no matter or fact that has not been disclosed to the Purchaser that renders any such information untrue or misleading in any material respect.

(d) **Disclosure Schedule etc. accurate**

All information contained in the Disclosure Schedule is true, complete and accurate in all respects and nothing has been omitted and, there is no matter or fact, which renders any such information untrue, inaccurate, incomplete or misleading in any material respect.

(e) **All information disclosed**

All information relating to each of the Companies that the Vendor knows or should reasonably know and that is material to be known by the Purchaser in the context of the sale of the Interests has been disclosed to the Purchaser and, to the best of the knowledge, information and belief of the Vendor, there are no other facts or matters undisclosed to the Purchaser that could reasonably be expected to have a material adverse effect on any of the Companies or the Interests.

13 **Insolvency**

(a) **No Insolvency event**

No Insolvency Event has occurred in relation to any of the Companies and no events or circumstances have arisen that entitle or could entitle any person to take any action, appoint any person, commence proceedings or obtain any order instigating an Insolvency Event.

14 **The Vessels**

(a) **Vessel Commitments**

In relation to the Vessels:

- (i) each Vessel is properly registered in the name of the relevant Company under and pursuant to the flag and law of the Bahamas and all fees due and payable in connection with such registration have been paid;
- (ii) each Vessel is entered with Det Norske Veritas (in the case of m.v.s "Yamuna Spirit" and "Helga Spirit") and Lloyds Register (in the case of m.v. "Kaveri Spirit") (or another classification society of like standing) and has the highest classification rating issued by such society for a vessel of the type, age and class of that Vessel;
- (iii) each Vessel is in class without any recommendations or notation as to class or other requirement of the relevant classification society, and if any Vessel is in a port, they are in such condition that they can not be detained by any port state authority or the flag state authority for any deficiency;
- (iv) each Vessel is owned free of all maritime liens, encumbrances and mortgages except those that have been Disclosed in the Disclosure Schedule and accepted by the Purchaser and the terms of any charters that continue beyond the Closing Date, mortgages and loan documents do not prohibit the sale of any of the Companies;
- (v) each Vessel has been maintained in a proper and efficient manner in accordance with internationally accepted standards for good ship maintenance, are in good operating order, condition and repair and are seaworthy and all repairs made to any of the Vessels during the last two years and all known scheduled repairs due to be made and all know deficiencies have been Disclosed in the Disclosure Schedule;
- (vi) none of the Vessels are:
  - (A) under arrest or otherwise detained;
  - (B) other than in the ordinary course of business, in the possession of any person (other than their master and crew) or subject to a possessory lien; or
  - (C) other than in the ordinary course of business, subject to any other lien;
- (vii) each Vessel complies in all material respects with all laws, the requirements of any government agency having jurisdiction over any Vessel, the provisions of all international conventions and the provisions of the rules and regulations issued under international conventions applicable to that Vessel;
- (viii) each Vessel is supplied with valid and up-to-date safety, safety construction, safety equipment, radio, loadline, health, tonnage, trading and other certificates or documents as may for the time being be prescribed by the law of the flag of that Vessel or of any other pertinent jurisdiction, or that would

otherwise be deemed necessary by a shipowner acting in accordance with internationally accepted standards for good ship management and operations; and

- (ix) no blacklisting or boycotting of any description whatsoever has been applied or currently exists against or in respect of any Vessel.

(b) ***The Charters***

In relation to the Charters:

- (i) each Vessel the subject to a Charter has been delivered by the relevant Company to and accepted on an unconditional basis by the relevant Charterer for service under and in accordance with the terms and conditions of the relevant Charter;
- (ii) each Charter has been validly executed by the parties thereto and is in full force and effect;
- (iii) no amendment or modification has been made to the terms of any Charter and the terms of each Charter are in substantially the same form as Disclosed;
- (iv) CSSA Charter;
  - (A) the charter period in respect of the CSSA Charter is five years plus or minus 30 days in relevant Charterer's option; and
  - (B) the m.v. "Helga Spirit" went on hire on 24 October 2005;
- (v) Hyundai Charter;
  - (A) the charter period in respect of the Hyundai Charter is 7 years plus or minus 30 days in relevant Charterer's option;
  - (B) the m.v. "Yamuna Spirit" went on hire on 12 May 2005; and
  - (C) the Vendor is to remain as the guarantor under the Hyundai Charter after the Interests have been sold.

(c) ***The Pool Agreement***

In relation to the Pool Agreement:

- (i) the m.v. "Kaveri Spirit" has been delivered by Kaveri Spirit L.L.C for service under and in accordance with the terms and conditions of the Pool Agreement;
- (ii) the Pool Agreement has been validly executed by the parties thereto and is in full force and effect; and
- (iii) no amendment or modification has been made to the terms of the Pool Agreement and the terms of the Pool Agreement are in substantially the same form as Disclosed.

**Schedule 4  
The Vessels**

<b>Vessel</b>	<b>“YAMUNA SPIRIT”</b>
Built	2002
Yard	Hyundai
Class	Det Norske Veritas +1A1 Tanker for Oil ESP EO VCS-2 CLEAN NAUTICUS (Newbuilding)
Flag	Bahamas
Place of Registration	Nassau
Call sign	C6WJ6
IMO (Registration) No.	9230505
Grt/Nrt	81270/52045

<b>Vessel</b>	<b>“KAVERI SPIRIT”</b>
Built	2004
Yard	Hyundai
Class	Lloyd's Register
Flag	Bahamas
Place of Registration	Nassau
Call sign	C6WK2
IMO (Registration) No.	9286281
Grt/Nrt	81074/51751

<b>Vessel</b>	<b>"HELGA SPIRIT"</b>
Built	2005
Yard	Samsung
Class	Det Norske Veritas +1A1 Tanker for Oil ESP SPM EO VCS-2 TMON NAUTICUS (Newbuilding)
Flag	Bahamas
Place of Registration	Nassau
Call sign	C6FZ3
IMO (Registration) No.	9292503
Grt/Nrt	62929/34548

**Schedule 5**  
**The Consideration Formula**

$$A = B + C + D$$

Where:

A = the Consideration, being \$168,656,000

B = \$61,143,000 being the price for Yamuna Spirit L.L.C.

C = \$63,000,000 being the price for Kaveri Spirit L.L.C.

D = \$44,513,000 being the price for Helga Spirit L.L.C.

**EXECUTION PAGE**

Executed by )  
**TEEKAY CORPORATION** acting by ) /s/ Art Bensler  
)

Executed by )  
**TEEKAY TANKERS LTD.** ) /s/ Art Bensler  
acting by )