

TEEKAY OFFSHORE PARTNERS L.P.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(in thousands of U.S. dollars)

Three Months Ended September 30, 2011

(unaudited)

	Shuttle Tanker Segment	Conventional Tanker Segment	FSO Segment	FPSO Segment	Total
Income from vessel operations	14,008	1,000	3,930	11,098	30,036
Depreciation and amortization	29,102	5,572	2,945	9,284	46,903
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	142	-	-	-	142
Realized gains from the settlements of non-designated foreign exchange forward contracts	1,950	-	-	-	1,950
Amortization of drydock expenditures on in-chartered vessel	845	-	-	-	845
Amortization of intangible	-	-	-	19	19
Amortization of deferred gain	(105)	-	-	-	(105)
Falcon Spirit revenue accounted for as direct financing lease	-	-	(1,534)	-	(1,534)
Falcon Spirit cash flow from time-charter contracts	-	-	2,115	-	2,115
Write-down of vessels	8,319	15,642	-	-	23,961
Variable interest entity	895	-	-	-	895
Cash flow from vessel operations ⁽¹⁾	55,156	22,214	7,456	20,401	105,227

Three Months Ended September 30, 2010

(unaudited)

	Shuttle Tanker Segment⁽²⁾	Conventional Tanker Segment	FSO Segment	FPSO Segment⁽³⁾	Total
Income from vessel operations	15,119	7,693	4,165	3,437	30,414
Depreciation and amortization	27,569	7,239	3,479	8,892	47,179
Unrealized gains (losses) from the change in fair value of designated foreign exchange forward contracts	(16)	-	-	34	18
Realized losses from the settlements of non-designated foreign exchange forward contracts	(150)	-	-	(260)	(410)
Amortization of drydock expenditures on in-chartered vessel	845	-	-	-	845
Amortization of intangible	-	-	-	20	20
Amortization of deferred gain	(105)	-	-	-	(105)
Falcon Spirit revenue accounted for as direct financing lease	-	-	(1,584)	-	(1,584)
Falcon Spirit cash flow from time-charter contracts	-	-	2,101	-	2,101
Dropdown Predecessor cash flow from vessel operations	2,374	-	-	(2,961)	(587)
Cash flow from vessel operations ⁽¹⁾	45,636	14,932	8,161	9,162	77,891

(1) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense, write-down of vessels and amortization of deferred gains, includes the realized gains (losses) on the settlements foreign exchange forward contracts and excludes the cash flow from vessel operations relating to the Partnership's Variable Interest Entities and Dropdown Predecessor and adjusting for direct financing leases to a cash basis. Cash flow from vessel operations is included because certain investors use this data to measure a company's financial performance. Cash flow from vessel operations is not required by United States generally accepted accounting principles and should not be considered as an alternative to net (loss) income or any other indicator of the Partnership's performance required by United States generally accepted accounting principles.

(2) Cash flow from vessel operations for Shuttle Tanker segment includes the cash flows generated by the *Amundsen Spirit* shuttle tanker unit subsequent to its acquisition by the Partnership on October 1, 2010. Results for the *Amundsen Spirit* shuttle tanker unit for the periods prior to its acquisition by the Partnership when it was owned and operated by Teekay Corporation, are referred to as the Dropdown Predecessor.

(3) Cash flow from vessel operations for FPSO segment includes the cash flows generated by the *Rio das Ostras* FPSO unit subsequent to its acquisition by the Partnership on October 1, 2010. Results for the *Rio das Ostras* FPSO unit for the periods prior to its acquisition by the Partnership when it was owned and operated by Teekay Corporation, are referred to as the Dropdown Predecessor.

TEEKAY OFFSHORE PARTNERS L.P.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
CONTINUED

(in thousands of U.S. dollars)

Three Months Ended September 30, 2011

(unaudited)

	Shuttle Tanker Segment	Conventional Tanker Segment	FSO Segment	FPSO Segment	Total
Revenues	145,647	37,082	15,105	42,066	239,900
Voyage expenses	22,822	7,882	392	-	31,096
Net revenues ⁽¹⁾	122,825	29,200	14,713	42,066	208,804

Three Months Ended September 30, 2010

(unaudited)

	Shuttle Tanker Segment⁽²⁾	Conventional Tanker Segment	FSO Segment	FPSO Segment⁽³⁾	Total
Revenues	133,375	26,284	17,031	34,176	210,866
Voyage expenses	24,625	4,168	254	-	29,047
Net revenues ⁽¹⁾	108,750	22,116	16,777	34,176	181,819

- (1) Net revenues represents revenues less voyage expenses where voyage expenses is comprised of all expenses relating to certain voyages, including bunker fuel expenses, port fees, canal tolls and brokerage commissions. Net revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies; however, it is not required by United States generally accepted accounting principles and should not be considered as an alternative to revenues or any other indicator of the Partnership's performance required by United States generally accepted accounting principles.
- (2) Net revenues for the *Amundsen Spirit* shuttle tanker unit for the periods prior to its acquisition by the Partnership on October 1, 2010 when it was owned and operated by Teekay Corporation, is referred to as the Dropdown Predecessor.
- (3) Net revenues for the *Rio das Ostras* FPSO unit for the periods prior to its acquisition by the Partnership on October 1, 2010 when it was owned and operated by Teekay Corporation, is referred to as the Dropdown Predecessor.