

TEEKAY OFFSHORE PARTNERS L.P.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(in thousands of U.S. dollars)

Three Months Ended March 31, 2011

(unaudited)

| | Shuttle Tanker Segment | Conventional Tanker Segment | FSO Segment | FPSO Segment | Total |
|---|---------------------------------------|--|------------------------|-------------------------|---------------|
| Income from vessel operations | 17,008 | 15,098 | 940 | 10,565 | 43,611 |
| Depreciation and amortization | 27,432 | 6,045 | 3,181 | 8,912 | 45,570 |
| Unrealized losses from the change in fair value of designated foreign exchange forward contracts | 54 | - | - | - | 54 |
| Realized gains from the settlements of non-designated foreign exchange forward contracts | 418 | - | - | - | 418 |
| 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 | - | - | (1,557) | - | (1,557) |
| Falcon Spirit cash flow from time-charter contracts | - | - | 2,069 | - | 2,069 |
| Loss on sale of vessel | - | - | 171 | - | 171 |
| Write-down of vessel | - | 900 | - | - | 900 |
| Cash flow from vessel operations ⁽¹⁾ | 45,652 | 22,043 | 4,804 | 19,496 | 91,995 |

Three Months Ended March 31, 2010

(unaudited)

| | Shuttle Tanker Segment | Conventional Tanker Segment | FSO Segment⁽²⁾ | FPSO Segment⁽²⁾ | Total |
|---|---------------------------------------|--|--------------------------------------|---------------------------------------|---------------|
| Income from vessel operations | 17,404 | 13,265 | 5,569 | 12,200 | 48,438 |
| Depreciation and amortization | 24,955 | 5,742 | 5,417 | 8,894 | 45,008 |
| Unrealized losses from the change in fair value of designated foreign exchange forward contracts | 1,860 | - | - | (22) | 1,838 |
| Realized losses from the settlements of non-designated foreign exchange forward contracts | (155) | - | - | - | (155) |
| Amortization of drydock expenditures on in-chartered vessel | 845 | - | - | - | 845 |
| Amortization of intangible | - | - | - | 18 | 18 |
| Amortization of deferred gain | (105) | - | - | - | (105) |
| Falcon Spirit revenue accounted for as direct financing lease | - | - | (1,591) | - | (1,591) |
| Falcon Spirit cash flow from time-charter contracts | - | - | 2,056 | - | 2,056 |
| Dropdown Predecessor cash flow from vessel operations | - | - | (1,917) | (5,322) | (7,239) |
| Cash flow from vessel operations ⁽¹⁾ | 44,804 | 19,007 | 9,534 | 15,768 | 89,113 |

- (1) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense 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 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 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 the FSO segment and FPSO segment includes the cash flows generated by the *Falcon Spirit* FSO unit *Rio das Ostras* FPSO unit subsequent to their acquisition by the Partnership on April 1, 2010 and October 1, 2010, respectively. Results for the *Falcon Spirit* FSO unit and the *Rio das Ostras* FPSO unit for the periods prior to their acquisition by the Partnership when they were 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 March 31, 2011

(unaudited)

| | Shuttle Tanker Segment | Conventional Tanker Segment | FSO Segment | FPSO Segment | Total |
|-----------------------------|---------------------------------------|--|------------------------|-------------------------|--------------|
| Revenues | 138,232 | 35,763 | 17,491 | 42,285 | 233,771 |
| Voyage expenses | 19,028 | 6,146 | 291 | - | 25,465 |
| Net revenues ⁽¹⁾ | 119,204 | 29,617 | 17,200 | 42,285 | 208,306 |

Three Months Ended March 31, 2010

(unaudited)

| | Shuttle Tanker Segment | Conventional Tanker Segment | FSO Segment⁽²⁾ | FPSO Segment⁽²⁾ | Total |
|-----------------------------|---------------------------------------|--|--------------------------------------|---------------------------------------|--------------|
| Revenues | 141,993 | 31,565 | 20,650 | 39,371 | 233,579 |
| Voyage expenses | 29,054 | 5,651 | 249 | - | 34,954 |
| Net revenues ⁽¹⁾ | 112,939 | 25,914 | 20,401 | 39,371 | 198,625 |

(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 *Falcon Spirit* FSO unit and the *Rio das Ostras* FPSO unit for the periods prior to their acquisitions by the Partnership on April 1, 2010 and October 1, 2010, respectively, when they were owned and operated by Teekay Corporation, is referred to as the Dropdown Predecessor.