

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

**Three Months Ended March 31, 2011**

**(unaudited)**

	<b>Shuttle Tanker Segment</b>	<b>Conventional Tanker Segment</b>	<b>FSO Segment</b>	<b>FPSO Segment</b>	<b>Total</b>
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
<b>Cash flow from vessel operations</b> <sup>(1)</sup>	<b>45,652</b>	<b>22,043</b>	<b>4,804</b>	<b>19,496</b>	<b>91,995</b>

**Three Months Ended March 31, 2010**

**(unaudited)**

	<b>Shuttle Tanker Segment</b>	<b>Conventional Tanker Segment</b>	<b>FSO Segment<sup>(2)</sup></b>	<b>FPSO Segment<sup>(2)</sup></b>	<b>Total</b>
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)
<b>Cash flow from vessel operations</b> <sup>(1)</sup>	<b>44,804</b>	<b>19,007</b>	<b>9,534</b>	<b>15,768</b>	<b>89,113</b>

- (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)**

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

**Three Months Ended March 31, 2010**

**(unaudited)**

	<b>Shuttle Tanker Segment</b>	<b>Conventional Tanker Segment</b>	<b>FSO Segment<sup>(2)</sup></b>	<b>FPSO Segment<sup>(2)</sup></b>	<b>Total</b>
Revenues	141,993	31,565	20,650	39,371	233,579
Voyage expenses	29,054	5,651	249	-	34,954
Net revenues <sup>(1)</sup>	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.