

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

**Three Months Ended June 30, 2012**

**(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	20,586	19,640	5,342	12,773	58,341
Depreciation and amortization	31,944	3,331	2,001	12,727	50,003
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	254	-	-	-	254
Realized gains (losses) from the settlements of non-designated foreign exchange forward contracts	450	-	-	(13)	437
Amortization of intangible and in process revenue contract	-	-	-	(3,158)	(3,158)
Write-down of vessel and loss on sale of vessel	1,048	2,221	-	-	3,269
Falcon Spirit revenue accounted for as direct financing lease	-	-	(1,437)	-	(1,437)
Falcon Spirit cash flow from time-charter contracts	-	-	2,104	-	2,104
<b>Cash flow from vessel operations</b> <sup>(1)</sup>	<b>54,282</b>	<b>25,192</b>	<b>8,010</b>	<b>22,329</b>	<b>109,813</b>

**Three Months Ended June 30, 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	11,279	10,394	2,982	11,025	35,680
Depreciation and amortization	28,704	5,557	2,991	8,911	46,163
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	14	-	-	-	14
Realized gains from the settlements of non-designated foreign exchange forward contracts	1,204	-	-	-	1,204
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	-	-	(1,545)	-	(1,545)
Falcon Spirit cash flow from time-charter contracts	-	-	2,092	-	2,092
Write-down of vessel	-	8,194	-	-	8,194
Variable interest entity	2,610	-	-	-	2,610
<b>Cash flow from vessel operations</b> <sup>(1)</sup>	<b>44,551</b>	<b>24,145</b>	<b>6,520</b>	<b>19,955</b>	<b>95,171</b>

- (1) Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense and amortization of deferred gains and in-process revenue contract, loss on sale of vessel and write-down of vessels, includes the realized gains (losses) on the settlements foreign exchange forward contracts, excludes the cash flow from vessel operations relating to the Partnership's Variable Interest Entities 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.

**Three Months Ended June 30, 2012**

**(unaudited)**

	<b>Shuttle Tanker Segment</b>	<b>Conventional Tanker Segment</b>	<b>FSO Segment</b>	<b>FPSO Segment</b>	<b>Total</b>
Revenues	143,747	36,306	14,781	56,317	251,151
Voyage expenses	32,150	5,650	-	-	37,800
Net revenues <sup>(1)</sup>	111,597	30,656	14,781	56,317	213,351

**Three Months Ended June 30, 2011**

**(unaudited)**

	<b>Shuttle Tanker Segment</b>	<b>Conventional Tanker Segment</b>	<b>FSO Segment</b>	<b>FPSO Segment</b>	<b>Total</b>
Revenues	139,183	37,454	14,947	42,561	234,145
Voyage expenses	25,712	6,539	321	-	32,572
Net revenues <sup>(1)</sup>	113,471	30,915	14,626	42,561	201,573

- (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.