

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

	<u>Three Months Ended December 31, 2012</u>				
	<u>(unaudited)</u>				
	Shuttle Tanker Segment	FPSO Segment	Conventional Tanker Segment	FSO Segment	Total
Income from vessel operations	14,058	13,798	6,861	2,329	37,046
Depreciation and amortization	29,394	12,726	2,380	2,529	47,029
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	146	-	-	-	146
Realized gains from the settlements of non-designated foreign exchange forward contracts	604	500	-	-	1,104
Amortization of intangible and non cash portion of revenue contracts	-	(2,476)	-	-	(2,476)
Write down of vessels	13,529	-	-	-	13,529
Loss on sale of vessels	778	-	-	-	778
Falcon Spirit revenue accounted for as direct financing lease	-	-	-	(1,388)	(1,388)
Falcon Spirit cash flow from time-charter contracts	-	-	-	2,133	2,133
Cash flow from discontinued operations	-	-	(9)	-	(9)
Cash flow from vessel operations ⁽¹⁾	58,509	24,548	9,232	5,603	97,892

	<u>Three Months Ended December 31, 2011</u>				
	<u>(unaudited)</u>				
	Shuttle Tanker Segment	FPSO Segment	Conventional Tanker Segment	FSO Segment	Total
Income from vessel operations	6,616	11,464	6,331	(4,233)	20,178
Depreciation and amortization	29,519	10,389	2,893	2,892	45,693
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	96	-	-	-	96
Realized gains from the settlements of non-designated foreign exchange forward contracts	986	146	-	-	1,132
Amortization of drydock expenditures on in-chartered vessel	1,096	-	-	-	1,096
Amortization of intangible and non cash portion of revenue contracts	-	(1,130)	-	-	(1,130)
Amortization of deferred gain	(74)	-	-	-	(74)
Write down of vessels	19,951	-	-	8,598	28,549
Falcon Spirit revenue accounted for as direct financing lease	-	-	-	(1,506)	(1,506)
Falcon Spirit cash flow from time-charter contracts	-	-	-	2,119	2,119
Cash flow from discontinued operations	-	-	5,440	-	5,440
Cash flow from vessel operations ⁽¹⁾	58,190	20,869	14,664	7,870	101,593

(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 contracts, loss on sale of vessels and write-down of vessels, but includes the realized gains (losses) on the settlements of foreign exchange forward contract, cash flow from discontinued operations and adjusting 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 December 31, 2012
(unaudited)

	Shuttle Tanker Segment	FPSO Segment	Conventional Tanker Segment	FSO Segment	Total
Revenues	143,229	59,709	14,934	20,431	238,303
Voyage expenses	24,907	-	2,404	(430)	26,881
Net revenues ⁽¹⁾	118,322	59,709	12,530	20,861	211,422

Three Months Ended December 31, 2011
(unaudited)

	Shuttle Tanker Segment	FPSO Segment	Conventional Tanker Segment	FSO Segment	Total
Revenues	147,111	46,925	14,610	15,188	223,834
Voyage expenses	24,994	-	1,981	384	27,359
Net revenues ⁽¹⁾	122,117	46,925	12,629	14,804	196,475

- (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.