

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

(in thousands of U.S. dollars)

Three Months Ended September 30, 2010

(unaudited)

	Shuttle Tanker Segment	Conventional Tanker Segment	FSO Segment	FPSO Segment	Total
Income from vessel operations	18,276	7,693	4,165	4,023	34,157
Depreciation and amortization	26,786	7,239	3,479	5,119	42,623
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	(16)	-	-	-	(16)
Realized losses from the settlements of non-designated foreign exchange forward contracts	(150)	-	-	-	(150)
Amortization of drydock expenditures on in-chartered vessel	845	-	-	-	845
Amortization of intangible	-	-	-	20	20
Amortization of deferred gain	(105)	-	-	-	(105)
<i>Falcon Spirit</i> revenue accounted for as direct financing lease	-	-	(1,584)	-	(1,584)
<i>Falcon Spirit</i> cash flow from time-charter contracts	-	-	2,101	-	2,101
Cash flow from vessel operations ⁽¹⁾	45,636	14,932	8,161	9,162	77,891

Three Months Ended June 30, 2010

(unaudited)

	Shuttle Tanker Segment	Conventional Tanker Segment	FSO Segment⁽²⁾	FPSO Segment	Total
Income from vessel operations	17,611	8,872	5,085	10,376	41,944
Depreciation and amortization	29,280	5,921	3,829	5,121	44,151
Unrealized losses from the change in fair value of designated foreign exchange forward contracts	2,052	-	-	-	2,052
Realized losses from the settlements of non-designated foreign exchange forward contracts	(340)	-	-	-	(340)
Amortization of drydock expenditures on in-chartered vessel	845	-	-	-	845
Amortization of intangible	-	-	-	16	16
Amortization of deferred gain	(105)	-	-	-	(105)
<i>Falcon Spirit</i> revenue accounted for as direct financing lease	-	-	(1,588)	-	(1,588)
<i>Falcon Spirit</i> cash flow from time-charter contracts	-	-	2,078	-	2,078
Cash flow from vessel operations ⁽¹⁾	49,343	14,793	9,404	15,513	89,053

(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 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 includes the cash flows generated by the *Falcon Spirit* FSO subsequent to its acquisition by the Partnership on April 1, 2010. Results for the *Falcon Spirit* FSO, 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.

Three Months Ended September 30, 2010
(unaudited)

	Shuttle Tanker Segment	Conventional Tanker Segment	FSO Segment	FPSO Segment	Total
Revenues	133,338	26,284	17,031	23,726	200,379
Voyage expenses	23,270	4,168	254	-	27,692
Net revenues ⁽¹⁾	110,068	22,116	16,777	23,726	172,687

Three Months Ended June 30, 2010
(unaudited)

	Shuttle Tanker Segment	Conventional Tanker Segment	FSO Segment⁽²⁾	FPSO Segment	Total
Revenues	144,295	26,431	18,419	26,815	215,960
Voyage expenses	30,031	4,842	76	-	34,949
Net revenues ⁽¹⁾	114,264	21,589	18,343	26,815	181,011

- (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 for the periods prior to its April 1, 2010 acquisition by the Partnership when it was owned and operated by Teekay Corporation, are referred to as the Dropdown Predecessor.