TEEKAY

TEEKAY OFFSHORE PARTNERS Q3-17 EARNINGS PRESENTATION

November 9, 2017

Forward Looking Statement

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including: the estimated future cash flow from vessel operations to be provided by the Partnership's existing growth projects once delivered; the contract terms related to the extension of the employment of the Voyageur Spirit FPSO unit on the Huntington field and the expected impact on the life of the Huntington field; the timing and cost of delivery and start-up of various newbuildings and conversion/upgrade projects and the commencement of related contracts; a potential offshore market recovery, including increased demand for shuttle tankers and FPSO units; the Rio das Ostras FPSO redeployment; the repurchase of existing NOK bonds; and the Partnership's ability to benefit from future opportunities. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in exploration, production and storage of offshore oil and gas, either generally or in particular regions that would impact expected future growth, particularly in or related to North Sea, Brazil and East Coast of Canada offshore fields; significant changes in oil prices; variations in expected levels of field maintenance; increased operating expenses; potential early termination of contracts; shipyard delivery or vessel conversion and upgrade delays and cost overruns; delays in the commencement of charter contracts; the inability to negotiate acceptable terms and final documentation related to the Voyageur Spirit FPSO heads of terms; the ability of the Partnership to secure redeployment opportunities for the Rio das Ostras FPSO; the ability to fund the Partnership's remaining capital commitments and debt maturities; and other factors discussed in Teekay Offshore's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2016. The Partnership expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Partnership's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

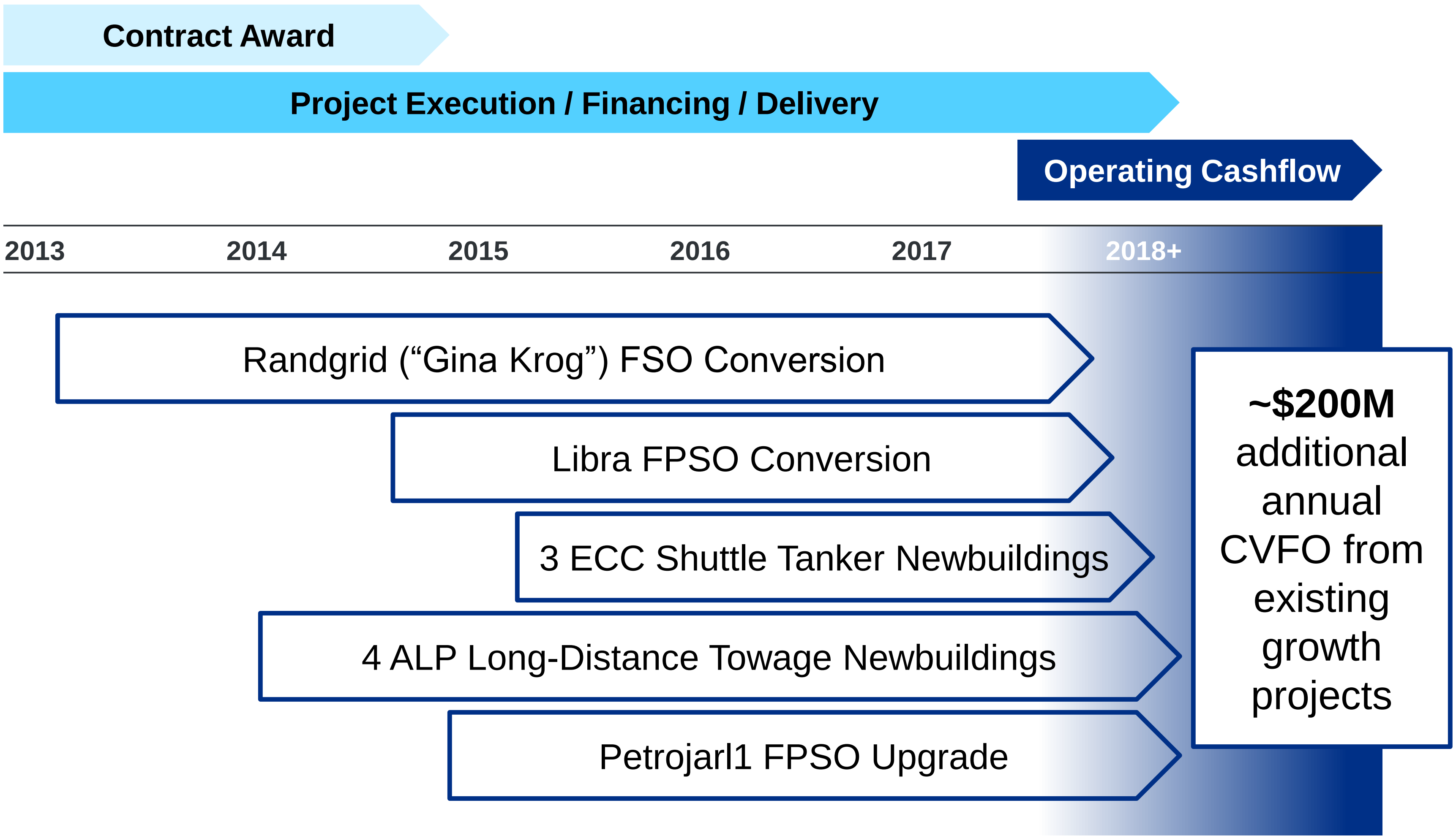
Recent Highlights

- Generated Q3-17 DCF* of $13.4 million
  - Q3-17 DCF* per common unit of $0.08
- Completed previously announced comprehensive transaction with Brookfield
- *Randgrid* FSO commenced charter with Statoil on the Gina Krog oil and gas field in the Norwegian sector of the North Sea
- Took delivery of two East Coast Canada shuttle tanker newbuildings (*Beothuk Spirit* and *Norse Spirit*) and one towage vessel newbuilding (*ALP Sweeper*)
- Entered into Heads of Terms with Premier Oil for the *Voyageur Spirit* FPSO to extend production to April 2019

*Distributable Cash Flow (DCF) is a non-GAAP measure. Please see Teekay Offshore's Q3-17 earnings release for a description and reconciliation of this non-GAAP measure.

Transitioning from Execution to Operations

Growth projects from 2013-2015 entering “harvesting” phase



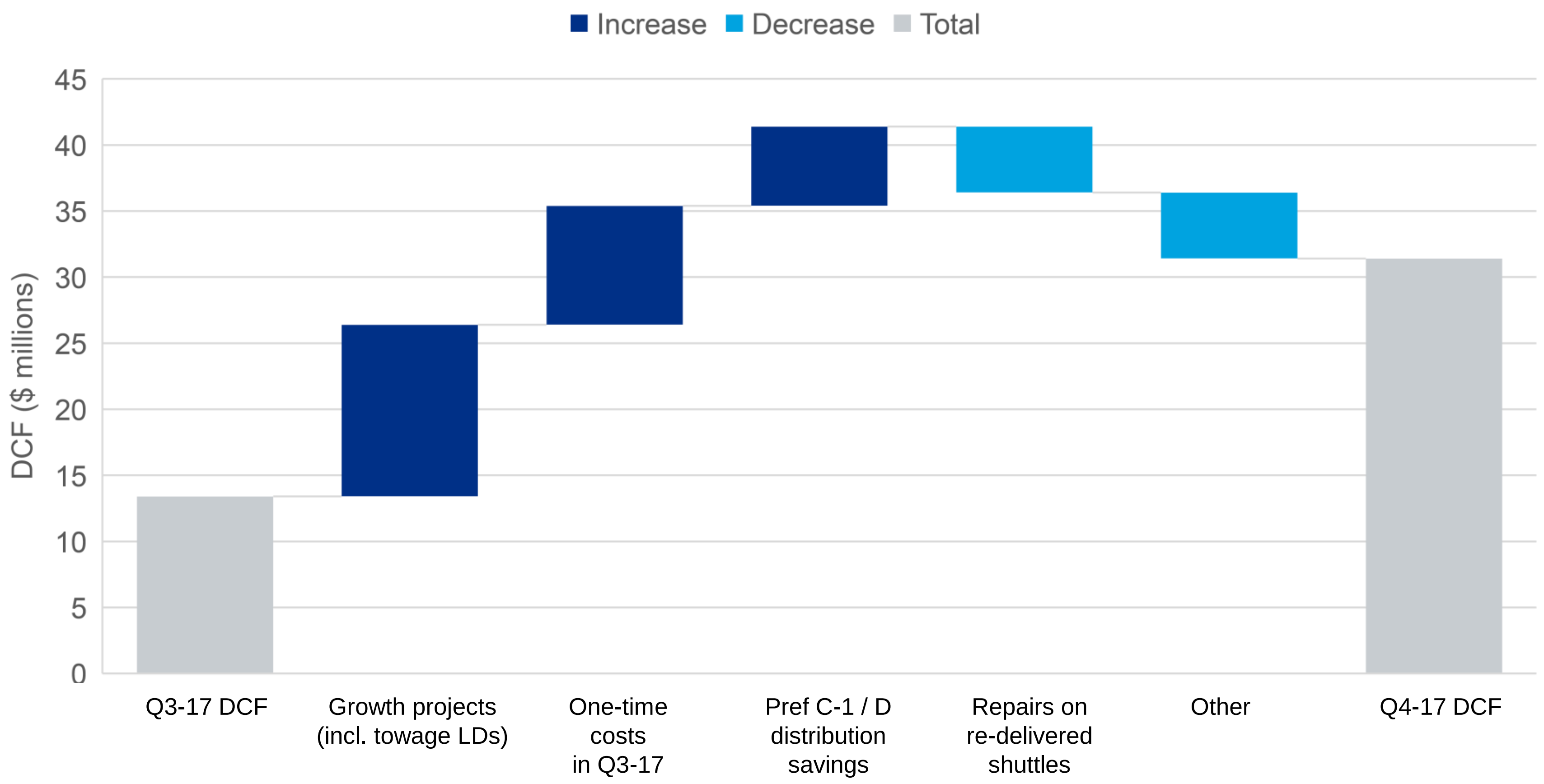
Business Updates

- **FPSO**
  - **Voyageur Spirit**
    - Signed Heads of Terms with Premier Oil to extend production until at least April 2019
    - Fixed day rate with production bonus upside
    - New terms take effect April 2018
    - 3-month termination right for both parties starting January 2019
  - **Cidade de Rio das Ostras**
    - Existing charter with Petrobras not extended
    - Unit redelivering in January 2018
    - Actively seeking redeployment opportunities

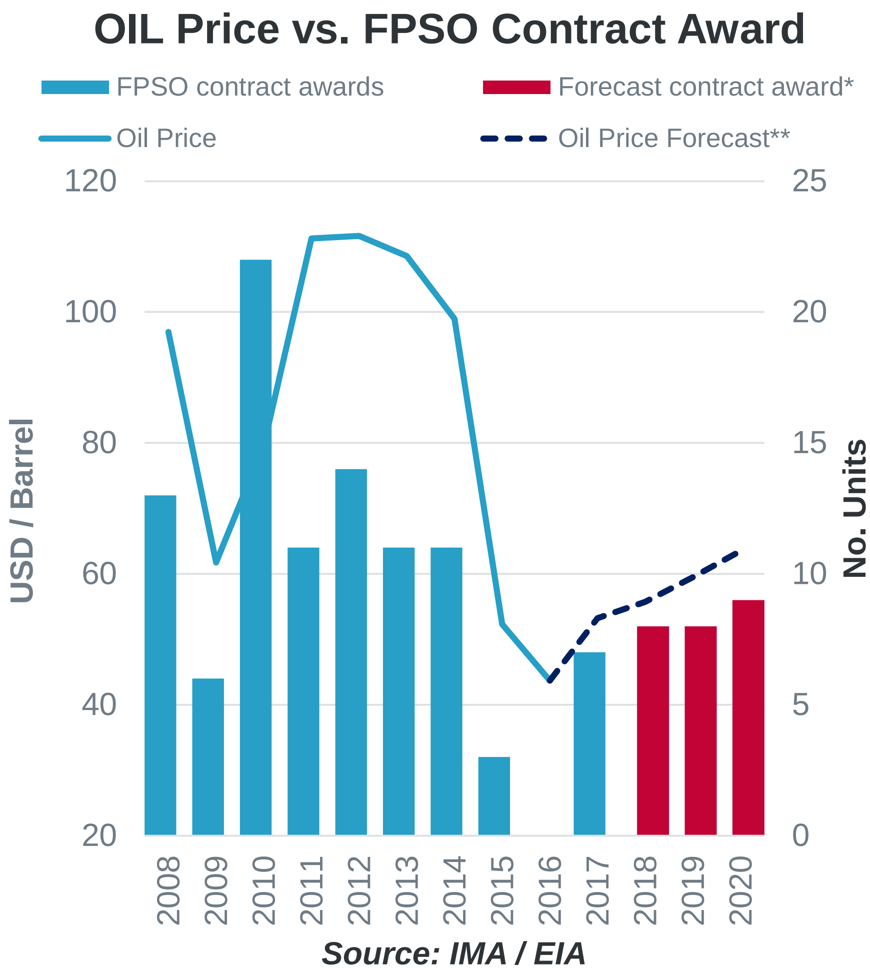
- **Shuttle Tanker**
  - Starting to generate cash flows under new shuttle contracts at improved rates as related fields commence production

Shuttle Field	First Oil
Schiehallion (Glen Lyon)	May 2017
Kraken	June 2017
Catcher	End of 2017

Q4-2017 DCF Outlook



Green Shoots For An Offshore Market Recovery



**From IMA "Floating Systems Report" Oct 2017*
***Thomson Reuters average of 35 industry analysts Oct 31st 2017*

- **Oil prices have breached $60+ / bbl for the first time since July 2015**
  - Strong oil demand and OPEC supply cuts are tightening the oil market
- **Offshore field developments are cost competitive with shale**
  - Libra - $35 / bbl
  - Johan Castberg - $30 / bbl
- **FPSO redeployments are attractive vs. newbuildings**
  - Lower CAPEX requirements
  - Faster to market
- **Contracting is on the rise**
  - 7 FPSO contracts awarded in 2017 vs. zero in 2016
  - Petrobras tendering for new shuttle tankers

Appendix

DCF and DCF per Limited Partner Unit

Q3-17 vs. Q2-17

($'000's, except per unit information)	Three Months Ended September 30, 2017 (unaudited)	Three Months Ended June 30, 2017 (unaudited)	Comments
Revenues	273,626	264,792	
Voyage expenses	(25,102)	(20,196)	
Net revenues	248,524	244,596	• Increase mainly due to *Knarr* performance bonus in Q3-17 and a provision relating to claims from Petrobras associated with an agency agreement related to the *Piranema Spirit* in Q2-17, partially offset by a decrease due to the recognition of deferred revenue upon the termination of the *Arendal Spirit* UMS contract in Q2-17.
Vessel operating expenses	(86,769)	(89,705)	• Decrease mainly due to the write-off of deferred operating expenses upon the termination of the *Arendal Spirit* UMS charter contract in Q2-17, partially offset by higher repairs and maintenance costs on the FPSO fleet in Q3-17 due to timing.
Time-charter hire expenses	(20,677)	(19,507)	
Estimated maintenance capital expenditures	(41,862)	(32,676)	• Increase due to liquidated damages received during Q2-17 as compensation for the late delivery of the *ALP Defender* towage vessel.
General and administrative	(19,870)	(13,379)	• Increase mainly due to higher legal fees and one-time costs in Q3-17 as a result of the Brookfield Transaction.
Restructuring charge	(2,885)	-	• Increase due to crew and onshore staff severance costs from the de-manning and subsequent lay-up of the *Arendal Spirit* UMS.
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures (1)	5,046	4,441	
Interest expense	(38,819)	(36,602)	• Increase mainly due to the $250M senior unsecured bond offering in Q3-17.
Interest income	710	406	
Realized losses on derivative instruments (2)	(9,976)	(10,605)	
Income tax expense	(2,292)	(418)	• Increase mainly due to a deferred tax valuation allowance increase in Q3-17.
Distributions relating to equity financing of newbuildings and conversion costs add-back	6,991	6,249	
Distributions relating to preferred units	(11,917)	(12,386)	
Adjustments to non-cash revenue	(4,895)	(1,962)	• Decrease due to the contra-revenue provision relating to claims from Petrobras associated with an agency agreement related to the *Piranema Spirit* in Q2-17.
Other - net	(2,107)	(4,462)	
Distributable Cash Flow before non-controlling interests	**19,202**	**33,990**	
Non-controlling interests' share of DCF (3)	(5,820)	(6,748)	
Distributable Cash Flow (4)	**13,382**	**27,242**	
Amount attributable to the General Partner	(31)	(31)	
Limited partners' Distributable Cash Flow	13,351	27,211	
Weighted-average number of common units outstanding	170,658	151,365	
Distributable Cash Flow per limited partner unit	**0.08**	**0.18**	

1) See reconciliation of the Partnership's equity income to share of equity accounted joint venture's distributable cash flow net of estimated maintenance capital expenditures.
2) See reconciliation of the Partnership's realized and unrealized loss on derivative instruments to realized loss on derivative instruments.
3) See reconciliation of the Partnership's non-controlling interest to non-controlling interests' share of DCF.
4) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q3-17 and Q2-17 Earnings Releases.

Reconciliations of Non-GAAP Financial Measures

Q3-17 vs. Q2-17

Reconciliation of Partnership's equity income to share of equity accounted joint venture's distributable cash flow net of estimated maintenance capital expenditures:

($'000's)	Three Months Ended September 30, 2017 (unaudited)	Three Months Ended June 30, 2017 (unaudited)
Equity income as reported	4,416	3,425
Depreciation and amortization	2,222	2,220
Pre-operational (recovery) costs	(371)	320
Unrealized gain on derivative instruments	(273)	(434)
Unrealized foreign exchange loss (gain)	99	(43)
Estimated maintenance capital expenditures	(1,047)	(1,047)
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures	5,046	4,441

Reconciliation of Partnership's realized and unrealized loss on derivative instruments to realized loss on derivative instruments:

($'000's)	Three Months Ended September 30, 2017 (unaudited)	Three Months Ended June 30, 2017 (unaudited)
Realized and unrealized loss on derivative instruments as reported	(19,232)	(21,797)
Unrealized (gain) loss on derivative instruments	(28,694)	11,192
Realized loss on partial termination of derivative instruments	37,950	-
Realized loss on derivative instruments	(9,976)	(10,605)

Reconciliation of Partnership's non-controlling interests in net income to non-controlling interests' share of DCF:

($'000's)	Three Months Ended September 30, 2017 (unaudited)	Three Months Ended June 30, 2017 (unaudited)
Non-controlling interests in net income as reported	(2,785)	3,539
Depreciation and amortization	3,205	3,209
Write-down of vessels	5,400	-
Non-controlling interests' share of DCF	5,820	6,748

Q4 2017 Outlook – Teekay Offshore Partners

Distributable Cash Flow Item	Q4 2017 Outlook (compared to Q3 2017)
Net revenues	• $24m increase due to the commencement of the charter contract of the *Randgrid* FSO in October 2017 • $3m decrease mainly due to higher project revenue in Q3-17 and the *Rio* and *Brasilia* undergoing repairs for trade, partially offset by two shuttles in drydock in Q3-17
Vessel operating expenses	• $10m increase due to $5m one-time repairs and maintenance expenses on the *Rio* and *Brasilia*, $3m from the delivery of the *Beothuk Spirit* and *Norse Spirit* during Q4-17 and timing of repair and maintenance expense across the shuttle fleet • $7m increase due to the commencement of the charter contract of the *Randgrid* FSO in October 2017
Time-charter hire expenses	• $2m decrease mainly due to fewer spot-in days expected in Q4-17
Estimated maintenance capital expenditures	• $9.5m increase due to the commencement of the charter contract of the *Randgrid* FSO and the deliveries of the *Norse Spirit*, *Beothuk Spirit*, and *ALP Sweeper* in Q4-17 • $8m decrease due to liquidated damages received from the delayed delivery of *ALP Sweeper* in Q4-17
General and administrative	• $6m decrease due to higher legal fees and one-time costs in Q3-17 as a result of the Brookfield Transaction
Restructuring charge	• $3m decrease due to severance costs from the de-manning of the *Arendal Spirit* UMS recorded during Q3-17
Net interest expense	• $2m increase based on the deliveries of the FSO, shuttle tankers and towage newbuildings
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures	• $3.5m increase due to the expected start-up of the *Libra* FPSO in late-Q4-17 • $2m decrease due to an insurance recovery on the *Itajai* FPSO in Q3-17
Distributions relating to equity financing of newbuildings and conversion costs add-back	• $3m decrease in capitalized distributions in Q4-17
Distributions relating to preferred units	• $6m decrease as Series C-1 and D preferred units were repurchased and cancelled in Q3-17
Non-controlling interest's share of DCF	• $2m decrease mainly due to higher repairs and maintenance on the Rio shuttle tanker during Q4-17
Distributions relating to limited and general partner units	• Expected to be in line with Q3-17
Weighted average number of limited partner units	• Increase from 171m to 414m units as a result of the Brookfield Transaction

2017(E) Drydock Schedule

Entity	Segment	March 31, 2017 (A)		June 30, 2017 (A)		September 30, 2017 (A)		December 31, 2017 (E)		Total 2017 (E)	
		Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days
Teekay Offshore	Shuttle Tanker	-	-	1	50	3	113	-	-	4	163

Note: In the case that a vessel drydock straddles between quarters, the drydock has been allocated to the quarter in which the majority of drydock days occur.

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