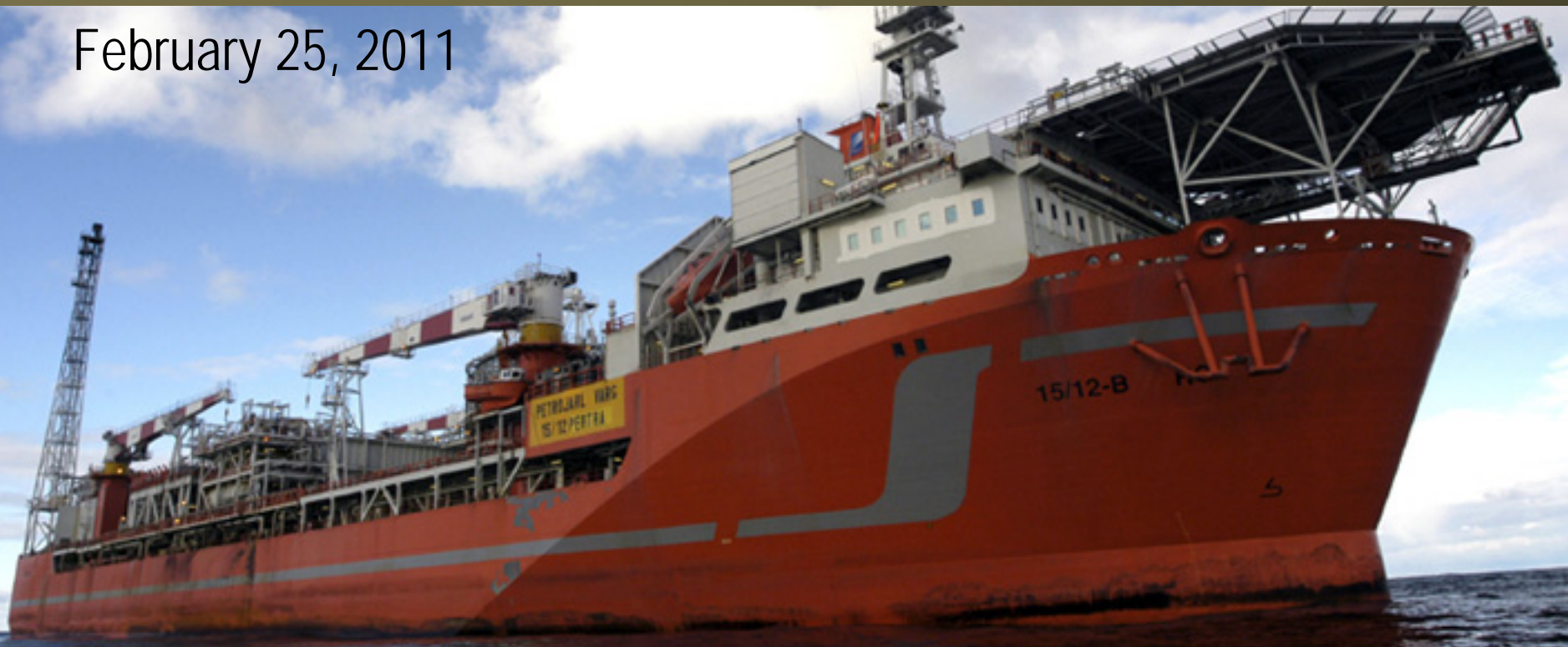




TEEKAY OFFSHORE PARTNERS L.P.

Q4 2010 Earnings Presentation

February 25, 2011



NYSE : **TOO**

www.teekayoffshore.com

Forward Looking Statements

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 statements regarding: the stability of the Partnership's distributable cash flow; the Partnership's future growth prospects; the future growth prospects of the FPSO market in general and in particular areas; expected returns from future FPSO projects; estimated increases in the Partnership's Distributable Cash Flow arising from contract amendments and renewals; expected levels of Distributable Cash Flow generated by the recently acquired shuttle tankers and FPSO; the potential for the Partnership to acquire assets from Teekay Corporation; the potential for Teekay to offer its four remaining FPSO units; the potential for Teekay to offer its fourth Amundsen class newbuilding shuttle tanker; the potential for Teekay to secure future FPSO projects which may be offered to the Partnership for purchase; the potential for Teekay to offer to Teekay Offshore additional limited partner interests in OPCO; and the Partnership's exposure to foreign currency fluctuations, particularly in Norwegian Kroner. 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 production of offshore oil, either generally or in particular regions; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the potential for early termination of long-term contracts and inability of the Partnership or OPCO to renew or replace long-term contracts; required approvals by the board of directors of Teekay and Teekay Offshore, as well as the conflicts committee of Teekay Offshore to acquire additional vessels and/or interests in OPCO; the Partnership's ability to raise financing to purchase additional vessels and/or interests in OPCO; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; 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, 2009. 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.

Q4 2010 Highlights

- » Generated distributable cash flow of \$26.9⁽¹⁾ million, up approximately 30% from \$20.8 million in 3Q'10
- » Declared and paid a cash distribution of \$0.475 per unit for Q4 2010
- » Strong liquidity at Dec. 31, 2010 of \$557.6 million
- » Successfully completed \$175.2 million follow-on equity offering in December 2010
- » Issued \$98.5 million (NOK 600 million) in senior unsecured bonds in November 2010
- » Received offer from Teekay Corporation to acquire remaining 49 percent interest in OPCO for \$175 million cash and TOO units
 - Offer is currently being reviewed by the Board of Directors of the Partnership's general partner and its Conflicts Committee.

F2010 Highlights

- » Increased the quarterly distribution by 5.6% to \$0.475 per unit in Q1'10
- » Acquired the FSO Falcon Spirit for \$43.4 million in April 2010
- » Signed new shuttle tanker Master Agreement with Statoil in September 2010
- » Acquired one FPSO unit and two newbuilding shuttle tankers in late-2010 and agreed to acquire a third newbuilding shuttle tanker in July 2011, for a total cost of \$546 million
- » Annual coverage ratio (incl. Dec. '10 offering) = 1.09x
- » Completed three follow-on offerings raising net proceeds of approx. \$400 million
- » Unit price up 46% in last twelve months and paid \$1.90 per unit in distributions

2011 Priorities

- » Complete the acquisition of remaining 49% of OPCO, subject to recommendation by the Conflicts Committee & accepted by the Board
- » Deliver the Cidade de Rio das Ostras FPSO to the Aurana field – March 2011
- » Take delivery of third newbuilding shuttle tanker, Peary Spirit – July 2011
- » Re-contract certain shuttle tankers coming off contract in 2011
 - Most have extension options we believe will be exercised at rates similar to current rates
- » Support customer in enhancing Petrojarl Varg FPSO production
- » Look for value-added projects for older tonnage (e.g. FSO projects)
- » Pursue new shuttle tanker contracts in core focus areas of North Sea and Brazil

Growth Opportunities Available from Teekay Corp.

➔ 4 FPSOs



**Petrojarl Foinaven
(BP)**



**Cidade de Itajai
(Petrobras)**



**Petrojarl 1
(Statoil)**



**Petrojarl Banff
(CNR)**

➔ One additional 'Amundsen Class' shuttle tanker (once chartered)



➔ Remaining 49% of OPCO Fleet

FSOs

Apollo Spirit
Navion Saga
Pattani Spirit

Aframaxes

Fuji Spirit
Gotland Spirit
Hamane Spirit
Kilimanjaro Spirit
Leyte Spirit
Luzon Spirit
Poul Spirit
Scotia Spirit
Torben Spirit

Lightering Vessels

SPT Explorer
SPT Navigator

* 50% owned through
joint ventures

** 67% owned through
a joint venture

***Agreed to be
acquired in July 2011

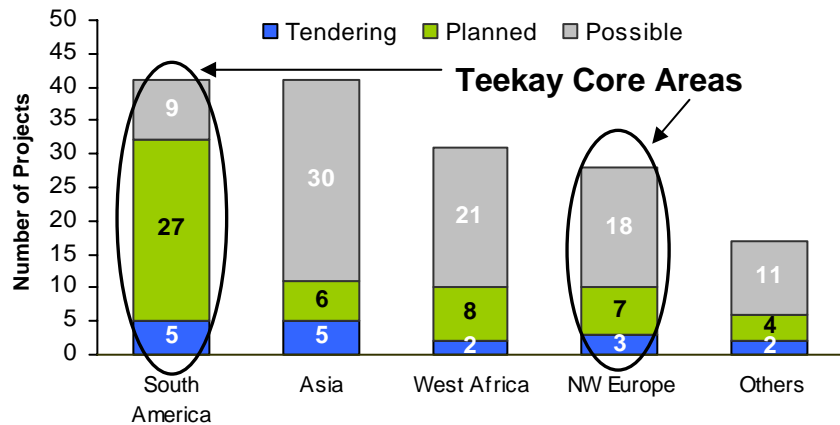
Shuttle Tankers

Amundsen Spirit
Basker Spirit
Nansen Spirit
Navion Anglia
Navion Britannia
Navion Clipper
Navion Europa**
Navion Fennia
Navion Hispania
Navion Italia
Navion Norvegia**
Navion Oceania
Navion Oslo
Navion Savonita
Navion Scandia
Navion Stavanger
Navion Svenita
Navion Torinita
Nordic Brasilia
Nordic Rio*
Nordic Spirit
Peary Spirit***
Petroatlantic
Petronordic
Randgrid**
Stena Alexita*
Stena Natalita*
Stena Sirtita*
Stena Spirit*

**Currently Under
Consideration**

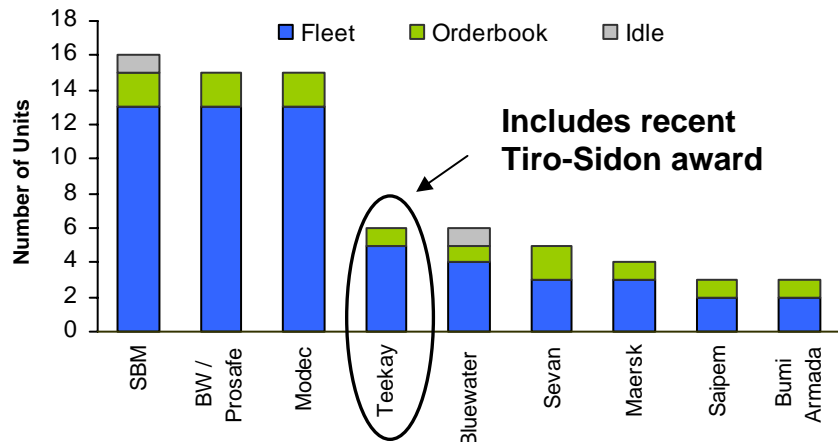
FPSO Market – Positive Long-term Outlook

FPSO Demand By Region



Source: Pareto Research, ODS Petrodata, Company Estimates

FPSO Leased Operators



Source: Pareto Research, ODS Petrodata

158 FPSO Projects Under Consideration...

- » The number of visible FPSO projects has doubled over the past two years
- » The pace of contract awards has rebounded
 - 15 awards in the past 12 months
 - Upwards of 30 potential projects per year; ~75% of projects expected to be leased
- » Trend is towards production from deeper water
 - Positive for FPSO requirements

...And Only Few Major FPSO Operators

- » Leased owner landscape relatively consolidated with few key players
 - Only 6 owners with 5 or more units
 - Biggest companies can manage 3-4 projects per year; smaller companies 1-2
- » Many small operators who ordered speculative units have struggled to secure contracts
 - Distressed assets – e.g. *PetroProd 1*
- » Potential for more consolidation
 - 15+ companies with 1-2 units

Adjusted Operating Results for Q4 '10 vs. Q3 '10

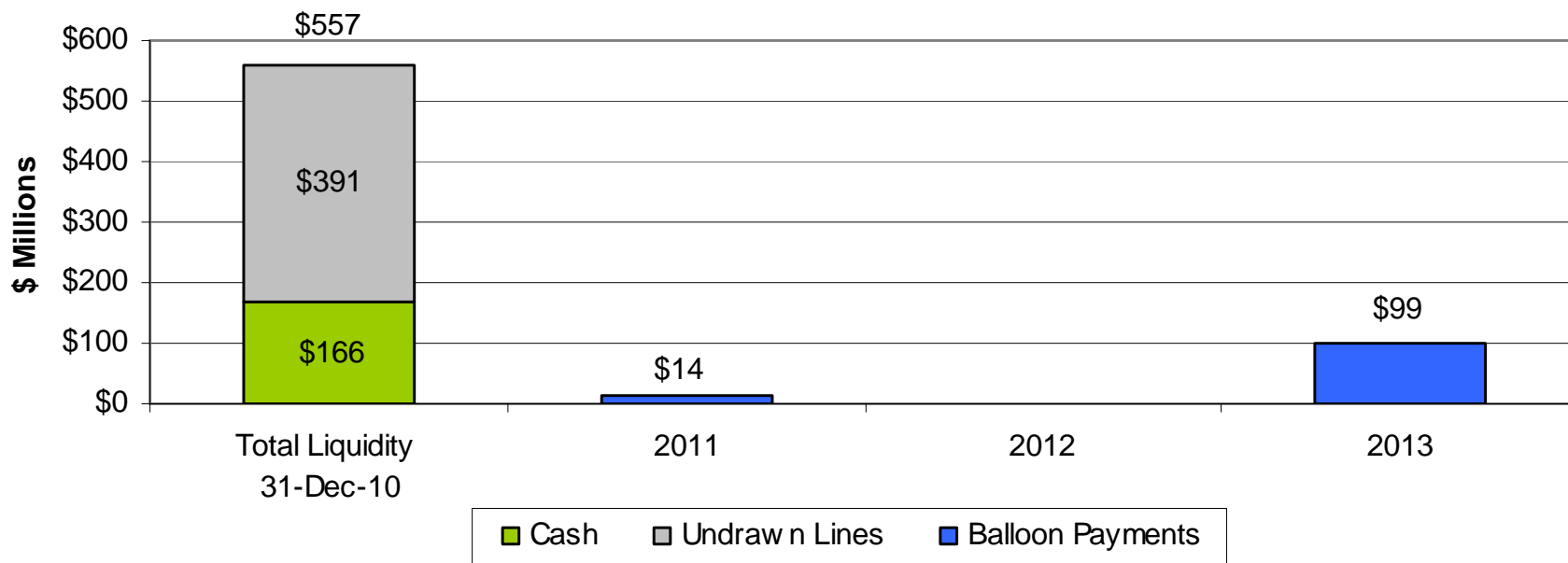
	Three Months Ended				Three Months Ended	
	December 31, 2010				September 30, 2010	
(in thousands of US dollars)	As Reported	NI Attributable to VIE - Nansen	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TOO Adjusted Income Statement	TOO Adjusted Income Statement
NET REVENUES						
Revenues	229,263	1,775	-	-	227,488	200,379
Voyage expenses	26,151	2,219	-	-	23,932	27,692
Net revenues	203,112	(444)	-	-	203,556	172,687
OPERATING EXPENSES						
Vessel operating expense	77,344	1,301	(69)	384	76,358	60,828
Time charter hire expense	20,981	-	-	-	20,981	20,352
Depreciation and amortization	50,230	982	-	-	49,248	42,623
General and administrative	13,394	7	2,706	-	16,093	14,893
Loss on write down of vessels	9,441	-	(9,441)	-	-	-
Total operating expenses	171,390	2,290	(6,804)	384	162,680	138,696
Income from vessel operations	31,722	(2,734)	6,804	(384)	40,876	33,991
OTHER ITEMS						
Interest expense	(8,553)	(181)	-	(12,993)	(21,365)	(17,635)
Interest income	200	-	-	-	200	235
Realized and unrealized (loss) gain on non-designated derivatives	63,863	-	(77,240)	13,377	-	-
Foreign exchange gain (loss)	(348)	-	546	-	198	-
Income taxes (expense) recovery	1,133	-	1,178	-	2,311	4,395
Other - net	1,296	-	-	-	1,296	1,636
Total other items	57,591	(181)	(75,516)	384	(17,360)	(11,369)
Net (Loss) Income	89,313	(2,915)	(68,712)	-	23,516	22,622
Less: Net income (loss) attributable to non-controlling interest	(39,332)	2,915	32,491	-	(9,756)	(9,725)
Less: Net income (loss) attributable to Dropdown Predecessors						-
NET (LOSS) INCOME ATTRIBUTABLE TO THE PARTNERSHIP	49,981	-	(36,221)	-	13,760	12,897

(1) See Appendix A to the Partnership's Q4 earnings release for description of Appendix A items.

(2) Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnote (7) to the Summary Consolidated Statements of Income (Loss) in the Q4-10 earnings release.

Teekay Offshore has a Strong Financial Profile

- » December 31, 2010 total liquidity (cash and undrawn lines): \$557 million
 - Will decline to ~\$380 million if OPCO is acquired
- » No unfunded CAPEX commitments
- » No material near-term refinancing requirements



Note: Future balloon payments are based on amounts drawn as at December 31, 2010.

Original Strategy Still Drives Management

Business objective hasn't changed since IPO in 2006:

Increase distributions per unit by executing on the following strategies:

- » **Expand global operations in high growth regions**
 - Focus on Brazil and new, niche fields in the North Sea
- » **Pursue additional opportunities in the FPSO sector**
 - FPSO sector expanding again, in addition to 4 FPSOs at Sponsor
- » **Acquire additional vessels on long-term fixed-rate contracts**
 - All vessels acquired will be servicing contracts – no speculative ordering
- » **Provide superior customer service by maintaining high reliability, safety, environmental and quality standards**
 - Operational expertise is a competitive advantage

Distributable Cash Flow and Cash Distribution

(thousands of U.S. Dollars)	<u>Twelve Months</u> <u>Ended</u> <u>31-Dec-10</u> <u>(unaudited)</u>
Net income (loss)	95,544
Add (subtract):	
Depreciation and amortization	178,239
Write-down of vessel	9,441
Unrealized gains on non-designated derivative instruments	-1,036
Foreign exchange and other, net	10,033
Deferred income tax recovery	-15,818
Estimated maintenance capital expenditures	-94,108
Distributable Cash Flow before Non-Controlling Interest	182,295
Non-controlling interests' share of DCF	-78,901
Distributable Cash Flow	103,394 (A)
Total LP Distributions	90,039
General Partner Distributions	5,097
Total Distribution	95,136 (B)
Coverage Ratio	1.09 (A) / (B)