

First Quarter 2013 Earnings Presentation

May 10, 2013



TEEKAY OFFSHORE PARTNERS L.P.



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: factors affecting the future growth of the Partnership's distributable cash flow and adjusted net income, including expected contributions from the *Voyageur Spirit* FPSO, the shuttle tanker newbuildings expected to deliver in 2013 and the Partnership's potential acquisition of a 50 percent interest in the *Cidade de Itajai* FPSO; the timing and certainty of the Partnership's acquisition of a 50 percent interest in the *Cidade de Itajai* FPSO; the timing and certainty of the Partnership's acquisition of a HiLoad DP unit from Remora and timing of the commencement of its 10-year time-charter contract with Petroleo Brasileiro SA; the potential for the Partnership to acquire future HiLoad projects developed by Remora; the timing of and cost of converting the *Navion Clipper* into an FSO unit and the timing of the commencement of its 10-year charter contract with Salamander; the potential for Teekay Corporation to offer additional vessels to the Partnership and the Partnership's acquisition of any such vessels, including the *Petrojarl Foinaven*, the *Hummingbird Spirit* and the newbuilding FPSO unit that will service the Knarr field under contract with BG Norge Limited; the timing of delivery of vessels under construction or conversion; the timing, amount and certainty of future increases to the Partnership's quarterly cash distribution, including the intention to increase the Partnership's cash distribution by at least another 2.5 percent later in 2013; and the potential for the Partnership to acquire other vessels or offshore projects from Teekay Corporation or directly from third parties. 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: vessel operations and oil production volumes; significant changes in oil prices; variations in expected levels of field maintenance; increased operating expenses; different-than-expected levels of oil production in the North Sea and Brazil offshore fields; potential early termination of contracts; potential delays to the commencement of the BG shuttle tanker time-charters; failure of Teekay Corporation to offer to the Partnership additional vessels; the inability of the joint venture between Teekay Corporation and Odebrecht to secure new Brazil FPSO projects that may be offered for sale to the Partnership; the inability of Remora to develop future HiLoad DP units; failure to obtain required approvals by the Conflicts Committee of Teekay Offshore's general partner to approve the acquisition of vessels offered from Teekay Corporation, including the *Cidade de Itajai* FPSO, or third parties; the Partnership's ability to raise adequate financing to purchase additional assets; 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, 2012. 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 Financial Highlights

- Generated distributable cash flow of \$41.8 million
- Declared a cash distribution of \$0.5253 per unit; an increase of 2.5% from the previous quarter
 - Intend to announce an additional increase of at least 2.5% later this year
- Financing already in place for planned 2013 growth of BG shuttle tankers and *Cidade de Itajai*
 - Proceeds from \$60 million common unit private placement
 - Proceeds from \$150 million preferred unit offering



Growing Each of our Offshore Businesses

FPSOs

Completed the *Voyageur Spirit* FPSO acquisition

Received offer from Teekay to acquire its 50% interest in the *Cidade de Itajai* FPSO

Shuttle tankers

Samba Spirit shuttle tanker delivered today

Remaining 3 BG shuttle tankers delivering between June and November 2013

FSOs

Signed 10-year contract with Salamander Energy to convert an existing shuttle tanker (*Navion Clipper*) to an FSO

- Expected total project cost of ~\$50 million
 - Expected to generate annual CFVO* of ~\$6.5 million, commencing Q3-14
-

Future growth

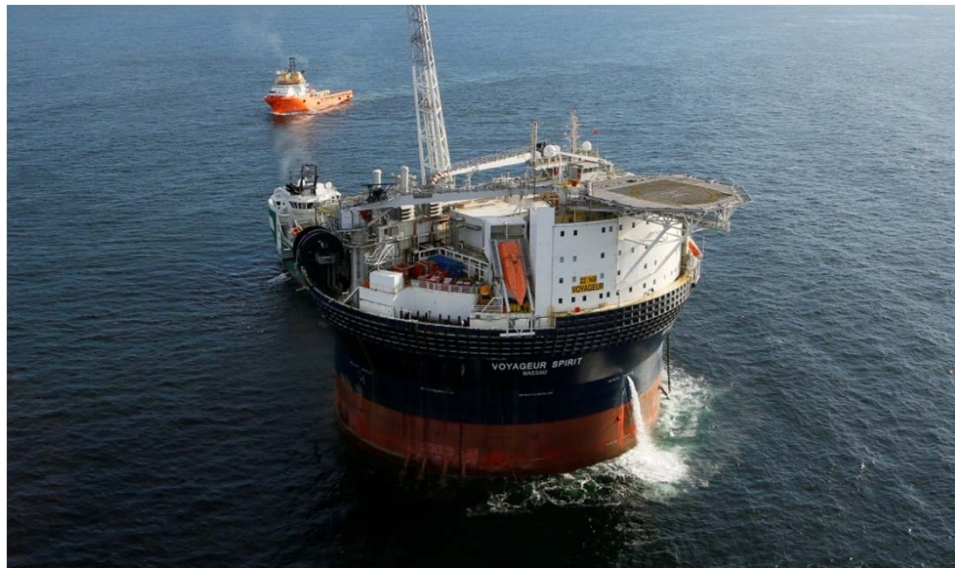
Bidding on multiple FPSO newbuilding and FSO conversion projects

* 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 settlement of foreign exchange forward contracts and adjusting for direct financing leases to a cash basis. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies.



Completed the *Voyageur Spirit* FPSO Acquisition

- On May 2, 2013, the *Voyageur Spirit* was acquired for \$540 million
- Commenced 5-year firm contract with E.ON in the North Sea
 - Expected to generate annual CFVO* of ~\$70 million
 - Options to extend charter beyond firm period



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50% of *Cidade de Itajai* FPSO Offered to Teekay Offshore

- In February 2013, the *Cidade de Itajai* FPSO commenced a 9-year time charter (plus extension options) with Petrobras
 - Achieved first oil at the Baúna and Piracaba fields in the Santos Basin offshore Brazil
 - 50% interest is expected to generate annual CFVO* of ~\$25 million
- In April 2013, Teekay offered to sell its 50% interest in this unit to Teekay Offshore
 - Currently being reviewed by Teekay Offshore's Conflicts Committee
 - If accepted, expect to close acquisition in Q2-2013
- Debt and equity financing already secured

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First BG Shuttle Tanker Delivered - *Samba Spirit*

- The *Samba Spirit* delivered this week and is expected to commence its 10-year charter with BG in June 2013
- *Lambada Spirit*, *Bossa Nova Spirit* and the *Sertanejo Spirit* deliveries scheduled in June, September and November 2013, respectively.



Samba Spirit naming ceremony at Samsung Shipyard in South Korea on April 10, 2013



Adjusted Operating Results for Q1 2013 vs. Q4 2012

UNAUDITED (in thousands of US dollars)	Three Months Ended March 31, 2013			Three Months Ended December 31, 2012
	As Reported	Appendix A items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TOO Adjusted Income Statement (3)
NET REVENUES				
Revenues	224,422	(6,800)	-	217,622
Voyage expenses	23,228	-	-	23,228
Net revenues	201,196	(6,800)	-	194,396
OPERATING EXPENSES				
Vessel operating expenses	79,115	-	(353)	78,762
Time-charter hire expense	14,777	-	-	14,777
Depreciation and amortization	45,349	-	-	45,349
General and administrative	10,665	(59)	-	10,606
Write-down of vessels	11,247	(11,247)	-	-
Restructuring charge	659	(659)	-	-
Total operating expenses	161,812	(11,965)	(353)	149,494
Income from vessel operations	39,384	5,165	353	44,902
OTHER ITEMS				
Interest expense	(11,680)	-	(13,898)	(25,578)
Interest income	195	-	-	195
Realized and unrealized loss on derivative instruments	(1,077)	(13,193)	14,270	-
Foreign exchange loss	(3,640)	4,365	(725)	-
Income tax recovery	234	-	-	234
Loss on bond repurchase	(1,759)	1,759	-	-
Other income – net	313	103	-	416
Total other items	(17,414)	(6,966)	(353)	(24,733)
Net income from continuing operations	21,970	(1,801)	-	20,169
Net loss from discontinued operations	-	-	-	-
Less: Net income attributable to non-controlling interests	(1,777)	470	-	(1,307)
ADJUSTED NET INCOME ATTRIBUTABLE TO THE PARTNERSHIP	20,193	(1,331)	-	18,862

- (1) See Appendix A to the Partnership's Q1-13 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 footnotes (3) and (4) to the Summary Consolidated Statements of Income in the Q1-13 earnings release.
- (3) Certain items have been reclassified in the comparative period to conform with the presentation adopted in the current period.



Distributable Cash Flow and Cash Distribution

	Three Months Ended March 31, 2013 (unaudited)	
Net income	21,970	
Add (subtract):		
Depreciation and amortization	45,349	
Write-down of vessel	11,247	
Foreign exchange and other, net	2,598	
Distributions relating to equity financing of newbuilding installments	2,459	
Loss on bond repurchase	1,759	
Estimated maintenance capital expenditures	(24,620)	
Unrealized gains on non-designated derivative instruments	(13,193)	
Distributable Cash Flow before Non-Controlling Interest	47,569	
Non-controlling interests' share of DCF	(5,813)	
Distributable Cash Flow	41,756	A
Total Distributions	45,593	B
Coverage Ratio	0.92x	=A/B

Distributable cash flow represents net income adjusted for depreciation and amortization expense, non-controlling interest, non-cash items, distributions relating to equity financing of newbuilding installments, vessel acquisition costs, estimated maintenance capital expenditures, unrealized gains and losses from derivatives, non-cash income taxes, loss on bond repurchase and unrealized foreign exchange related items. Maintenance capital expenditures represent those capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by, the Partnership's capital assets. Distributable cash flow is a quantitative standard used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Distributable cash flow is not defined by GAAP and should not be considered as an alternative to net income or any other indicator of the Partnership's performance required by GAAP.



Diversifying our Sources of Capital

- In April 2013, Teekay Offshore completed a 6,000,000 unit, \$150 million perpetual preferred unit offering with a fixed coupon of 7.25%
 - Not dilutive to existing common unitholders
 - Fixed annual distribution, paid quarterly
 - Trades on NYSE: TOOPRA

Together with the \$60 million equity private placement, equity portion of BG shuttle tankers and the *Cidade de Itajai* FPSO now fully funded



Appendix



2013 TOO Drydock Schedule

Entity	Segment	March 31, 2013 (A)		June 30, 2013 (E)		September 30, 2013 (E)		December 31, 2013 (E)		Total 2013	
		Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days
Teekay Offshore	Conventional Tanker	-	-	-	-	1	25	-	-	1	25
	FSO	-	-	-	-	-	-	-	-	-	-
	Shuttle Tanker	1	32	1	32	2	49	1	32	5	145
		1	32	1	32	3	74	1	32	6	170

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.





TEEKAY OFFSHORE