TEEKAY OFFSHORE PARTNERS L.P.

Third Quarter 2012 Earnings Presentation

November 9, 2012

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 Partnership's future growth prospects and stability of its distributable cash flow, including the timing of the acquisition of the *Voyageur Spirit* FPSO from Teekay, and anticipated financing arrangements for this FPSO unit including a new debt facility and proceeds from a $40 million equity private placement to Teekay; the impact of the *Voyageur Spirit* FPSO acquisition on the Partnership's distributable cash flows; the potential for Teekay to offer additional vessels to the Partnership and the Partnership's acquisition of any such vessels, including the Petrojarl Foinaven, the Cidade de Itajai, 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 and amount of future increases to the Partnership's quarterly cash distribution, including the cash distribution for the first quarter of 2013 to be paid in May 2013; the timing and financial impact of the pending acquisition of the HiLoad DP offshore offloading unit from Remora AS; and the potential for the Partnership to acquire other vessels or offshore projects from Teekay 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 Voyageur Spirit FPSO charter contract; failure to satisfy the closing conditions relating to the HiLoad DP transaction with Remora AS; failure of Teekay to offer to the Partnership additional vessels; the inability of the joint venture between Teekay and Odebrecht to secure new Brazil FPSO projects that may be offered for sale to the Partnership; failure to obtain required approvals by the Conflicts Committee of Teekay Offshore's general partner to acquire other vessels or offshore projects from Teekay 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, 2011. 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 Q3-12 distributable cash flow of $38.6 million
- Declared and today paid a cash distribution of $0.5125 per unit
- Agreed to acquire the Voyageur Spirit FPSO from Teekay Corporation for $540 million
  - Expected to generate ~$70 million in annual CFVO[1]
  - Transaction expected to close following first oil in mid-December
  - Partnership expects to be in a position to increase cash distribution in Q1-13
- Agreed to acquire a Hiload DP offshore loading unit from Remora AS for approximately $55 million
  - Subject to securing a 10-year charter contract with Petrobras in Brazil
  - Accretive to distributable cash flow per share
- Total liquidity of $569 million as of September 30, 2012
  - Intend to use ~$170 million to complete acquisition of Voyageur FPSO

(1) See Q3-12 Earnings Release for description of CFVO

Update on Voyageur Spirit FPSO Acquisition

- Agreed to acquire the Voyageur Spirit FPSO from Teekay Corporation
- The FPSO unit arrived on the Huntington field in the North Sea in October 2012 and is currently undergoing field installation
- Acquisition is fully funded using:
  - A portion of the $211.5 million public equity offering completed in September 2012;
  - A $40 million equity private placement to Teekay Corporation upon completion of the transaction;
  - A new $330 million debt facility.

Remora HiLoad DP Transaction Overview

- Teekay Offshore has agreed to acquire a 2010-built HiLoad Dynamic Positioning (DP) unit from Remora AS (*Remora*) for a purchase price of approximately $55m

- HiLoad DP unit temporarily attaches to conventional tankers to enable direct offloading from a deepwater offshore fields

- Acquisition subject to finalizing 10-year contract with Petrobras in Brazil
    - Projected EV/EBITDA of ~4.5x
    - Purchase price includes $17m of capital upgrades to meet Petrobras contract specifications
    - Unit scheduled to deliver in August 2013 with full contract rate commencing in December 2013

- As part of the transaction, Teekay Corporation has agreed to acquire a 49.9% ownership interest in Remora and enter into an Omnibus Agreement with Teekay Offshore

HiLoad DP - Strategic Benefits

- Compliments Teekay Offshore's market leading shuttle tanker operation and broadens offshore loading service offering
- Provides an alternative offloading solution, especially in long-haul export markets
  - In Brazil, a lack of transhipment terminals and increasing oil production for export makes HiLoad DP solution especially competitive
  - Growth opportunities in other deepwater markets such as West Africa
- Provides additional channel for future growth projects
  - Omnibus agreement with Remora will provide right of first refusal for Teekay Offshore to acquire future HiLoad DP units

Adjusted Operating Results for Q3 2012 vs. Q2 2012

UNAUDITED (in thousands of US dollars)	Three Months Ended September 30, 2012				Three Months Ended June 30, 2012
	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TOO Adjusted Income Statement	TOO Adjusted Income Statement
NET REVENUES					
Revenues	227,956	-	-	227,956	236,481
Voyage expenses	24,225	-	-	24,225	37,800
Net revenues	203,731	-	-	203,731	198,681
OPERATING EXPENSES					
Vessel operating expense	70,767	-	(229)	70,538	69,722
Time charter hire expense	14,910	-	-	14,910	12,969
Depreciation and amortization	47,768	-	-	47,768	50,003
General and administrative	19,612	(60)	-	19,552	18,356
Loss on sale and write-down of vessels	9,193	(9,193)	-	0	-
Total operating expenses	162,250	(9,253)	(229)	152,768	151,050
Income from vessel operations	41,481	9,253	229	50,963	47,631
OTHER ITEMS					
Interest expense	(12,073)	-	(13,888)	(25,961)	(26,148)
Interest income	184	-		184	138
Realized and unrealized (loss) gain on non-designated derivatives	(13,458)	(835)	14,293	-	-
Foreign exchange (loss) gain	(715)	1,349	(634)	-	-
Income taxes (expense) recovery	(1,025)	-	-	(1,025)	(806)
Other - net	(55)	754	-	699	223
Total other items	(27,142)	1,268	(229)	(26,103)	(26,593)
Net Income	14,339	10,521	-	24,860	21,038
Less: Net (income) loss attributable to non-controlling interest	(572)	29	-	(543)	(405)
ADJUSTED NET INCOME ATTRIBUTABLE TO THE PARTNERSHIP	13,767	10,550	-	24,317	20,633

(1) See Appendix A to the Partnership's Q3-12 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 Q3-12 earnings release.

Distributable Cash Flow and Cash Distribution

	Three Months Ended September 30, 2012 (unaudited)	
Net income	14,339	
Add (subtract):		
Depreciation and amortization	47,768	
Loss on sale and write-down of vessels	9,193	
Distributions relating to equity financing of newbuilding instalments	1,674	
Estimated maintenance capital expenditures	(26,830)	
Foreign exchange and other, net	(1,612)	
Unrealized gains on non-designated derivative instruments	(835)	
Distributable Cash Flow before Non-Controlling Interest	**43,697**	
Non-controlling interests' share of DCF	(5,082)	
Distributable Cash Flow	**38,615**	**A**
Total Distributions	**44,209**	**B**
Coverage Ratio	**0.87***	**=A/B**

* The coverage ratio would have been 0.97x excluding the issuance of 7.8 million units in the September 2012 follow-on equity offering.