Fourth Quarter and Fiscal 2013 Earnings Presentation

TEEKAY OFFSHORE PARTNERS L.P.

February 21, 2014

Forward Looking Statements

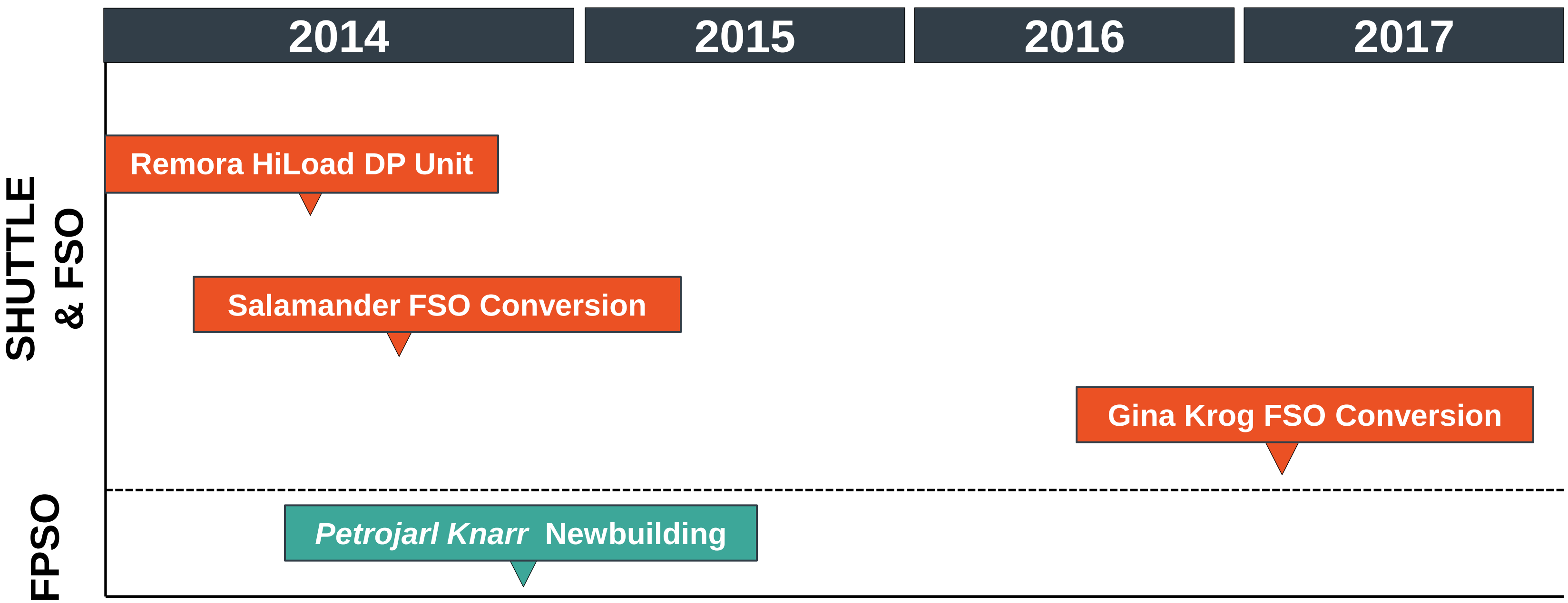
This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: the fundamentals in the offshore industry; future growth opportunities, including the Partnership's ability to successfully bid for new offshore projects or to grow organically; the timing of the *Voyageur Spirit* receiving its certificate of final acceptance from the charterer; the timing of new and converted vessel deliveries and commencement of their time charter contracts; the potential for the Partnership to acquire future HiLoad projects developed by Remora; the estimated cost of building or converting vessels; the potential for Teekay Corporation or third parties to offer additional vessels or projects to the Partnership and the Partnership agreeing to acquire such vessels or projects, including the timing and certainty of the acquisition of the *Knarr* FPSO; the completion of the Partnership's acquisition of ALP; the effect of the ALP acquisition and newbuildings on the Partnership's future cash flows; and the anticipated increase in demand for towing and anchor handling vessels due to strong fundamentals in offshore oil and gas and the orderbook of floating offshore assets. 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; the potential inability of the *Voyageur Spirit* FPSO to complete operational testing and receive its certificate of final acceptance from the charterer; Teekay Corporation's indemnification payments relating to the *Voyageur Spirit* FPSO exceeding the maximum indemnification amount; 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; shipyard delivery or vessel conversion delays and cost overruns; delays in the commencement of time-charters; the inability to successfully complete the operational testing of the HiLoad DP unit; failure of Teekay Corporation to offer to the Partnership additional vessels or of Remora or Odebrecht to develop new vessels or projects; potential delays in the construction of the *Knarr FPSO* and/or commencement of operations under its charter contract; 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, or third parties; the Partnership's ability to raise adequate financing to purchase additional assets; failure to satisfy the closing conditions of the Partnership's acquisition of ALP; failure by the Partnership to secure financing for the ALP newbuildings prior to their deliveries; change in exploration, production and storage of offshore oil and gas, either generally or in particular regions that would impact the expected future growth in the global long-haul towing and offshore unit installation and decommissioning industry; changes in trading patterns; 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 Highlights

- Generated distributable cash flow of $57.4 million in Q4-13, an increase of 25% from Q4-12
- Declared Q4-13 cash distribution of $0.5384 per unit, an increase of 2.5% from the previous quarter (total of 5% distribution growth in 2013)
- Agreed to acquire ALP Maritime Services B.V., a provider of ocean towing and offshore installation services, and ordered four long-haul towing and anchor handling vessel newbuildings
- Took delivery of the fourth newbuilding shuttle tanker, which began operations under a 10-year contract with BG Group in Jan-2014
- The *Voyageur Spirit* FPSO received 93.4% of the full rate from the charterer during Q4-2013
- Signed shuttle tanker CoA contract with BG for the Knarr field

Continued Focus on Project Execution

Visible Growth



Potential Future Growth from Teekay Corporation

Hummingbird Spirit FPSO

Petrojarl Foinaven FPSO

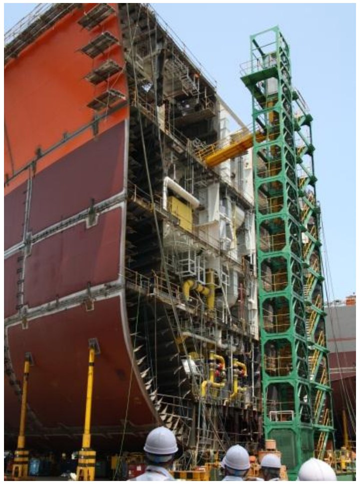
Petrojarl Banff FPSO

Petrojarl I FPSO

Petrojarl Knarr FPSO Project

- In Feb-2014, completed $815 million long-term debt financing
  - Combination of Export Credit Agency (*ECA*) and commercial debt financing at attractive terms
- Scheduled to sail away to North Sea field in early Q3-14
- Following installation and offshore testing in late Q4-14, the unit is expected to commence its 10-year charter with BG Group (*BG*)
- The unit is expected to be eligible for Teekay Offshore to acquire upon commencement of charter
- In Dec-2013, Teekay Offshore also secured a six-year shuttle tanker contract, plus extension options, with BG to provide oil transportation services for the Knarr field

Keel Laying
(May-2012)



Ship Launch
(Sep-2012)

Top Side Installation
(Jan-2014)

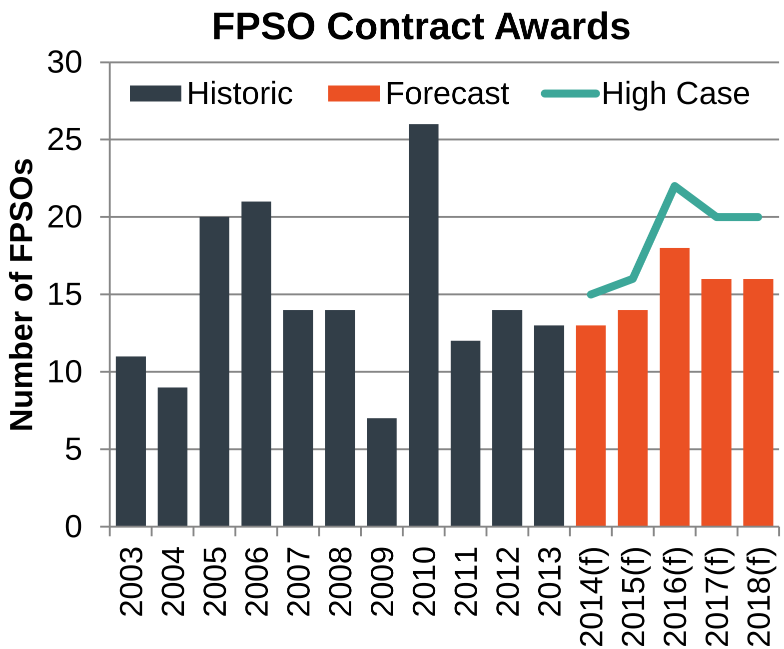
Acquisition of ALP Maritime Services

- In February 2014, TOO agreed to acquire ALP Maritime Services B.V. (*ALP*), a Rotterdam-based provider of long-haul ocean towage and offshore installation services
- As part of the transaction, TOO and ALP ordered four 300 ts SX-157 Ulstein X-Bow Design long-distance towing and anchor handling vessel newbuildings from Niigata Shipbuilding & Repair of Japan
  - New vessel design includes more powerful engines and dynamic positioning capabilities

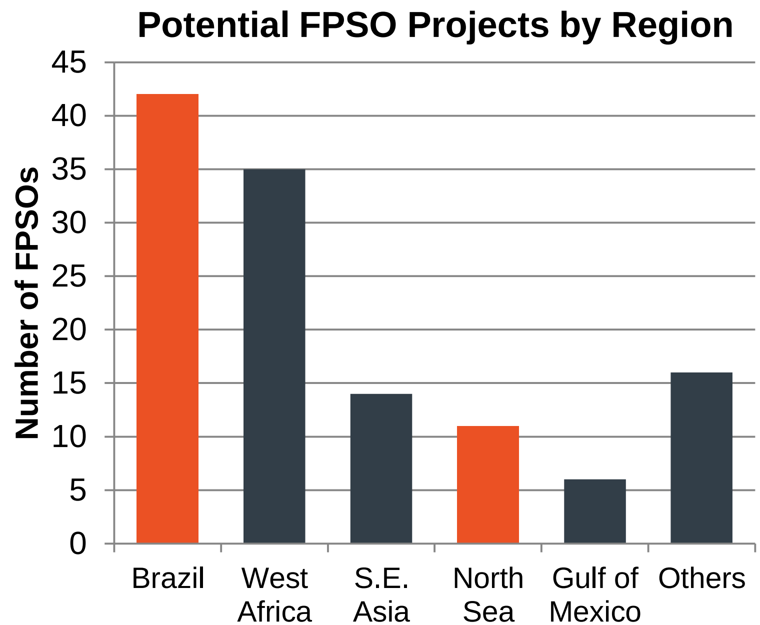
- Cost to acquire ALP and four newbuildings is ~$260 million
  - Expect to finance acquisition cost and initial newbuilding installments with existing liquidity and secure long-term debt financing prior to delivery in 2016
- Cash flow visibility (projects typically booked 1-2 years in advance)

- Natural complement to TOO's existing offshore project offering and provides a new channel of accretive growth

Strong Future Demand For FPSOs



Source: Energy Maritime Associates



Source: Energy Maritime Associates

- Estimate of 13-18 FPSO orders per year over the next five years depending on the global economy, oil demand and energy prices
- Over half of future orders expected to be for leased units vs. direct owned
- ~40% of potential FPSO projects currently under study are in TOO's core regions of Brazil and the North Sea

Adjusted Operating Results for Q4 2013 vs. Q3 2013

UNAUDITED (in thousands of US dollars)	Three Months Ended December 31, 2013 As Reported	Appendix A items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TOO Adjusted Income Statement	Three Months Ended September 30, 2013 TOO Adjusted Income Statement
NET REVENUES					
Revenues	260,654	-	-	260,654	235,561
Voyage expenses	29,173	-	-	29,173	28,249
Net revenues	231,481	-	-	231,481	207,312
OPERATING EXPENSES					
Vessel operating expenses	91,250	(1,017)	110	90,343	89,228
Time-charter hire expense	13,670	-		13,670	14,142
Depreciation and amortization	52,311	-	-	52,311	51,920
General and administrative	11,066	-	143	11,209	11,765
Write-down of vessels	19,280	(19,280)	-	-	-
Restructuring charge	104	(104)	-	-	-
Total operating expenses	187,681	(20,401)	253	167,533	167,055
Income from vessel operations	43,800	20,401	(253)	63,948	40,257
OTHER ITEMS					
Interest expense	(18,403)	-	(14,808)	(33,211)	(30,812)
Interest income	434	-	-	434	467
Realized and unrealized gain (loss) on				-	-
derivative instruments	9,948	(25,219)	15,271	-	-
Equity income from joint venture	3,934	(1,178)	-	2,756	1,261
Foreign exchange (loss) gain	(2,465)	2,675	(210)	-	-
Other income – net	260	-	-	260	419
Income tax expense	(1,896)	1,809	-	(87)	(107)
Total other items	(8,188)	(21,913)	253	(29,848)	(28,772)
Net income from continuing operations	35,612	(1,512)	-	34,100	11,485
Net loss from discontinued operations	-	-	-	-	(898)
Less: Net loss (income) attributable to non-controlling interests	5,657	(6,074)	-	(417)	(70)
ADJUSTED NET INCOME ATTRIBUTABLE TO THE PARTNERSHIP	**41,269**	**(7,586)**	**-**	**33,683**	**10,517**

(1) See Appendix A to the Partnership's Q4-13 earnings release for a 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 (5) and (6) to the Summary Consolidated Statements of Income (Loss) in the Q4-13 earnings release.

Distributable Cash Flow and Cash Distribution

	Three Months Ended December 31, 2013 (unaudited)	Three Months Ended September 30, 2013 (unaudited)	
Net income (loss)	35,612	(44,271)	
Add (subtract):			
Depreciation and amortization	52,311	51,920	
Write-down of vessels	19,280	57,502	
Partnership's share of equity accounted joint ventures' distributable cash flow before estimated maintenance capital expenditures	4,787	3,068	
Distributions relating to equity financing of new buildings	2,914	3,331	
Deferred income tax expense	2,297	-	
Realized loss on termination of interest rate swap	-	31,798	
Non-cash items in discontinued operations	-	(565)	
Distributions relating to preferred units	(2,719)	(2,718)	
Equity income from joint venture	(3,934)	(1,199)	
Unrealized gains on derivative instruments	(25,219)	(37,478)	
Estimated maintenance capital expenditures (1)	(28,859)	(27,971)	
Indemnification from Teekay Corporation relating to the *Voyageur Spirit* FPSO (1)	4,911	13,000	
Foreign exchange and other, net	672	916	
Distributable Cash Flow before Non-Controlling Interests	**62,053**	**47,333**	
Non-controlling interests' share of DCF	(4,650)	(4,354)	
Distributable Cash Flow	**57,403**	**42,979**	**A**
Total Distributions	**50,875**	**47,640**	**B**
Coverage Ratio	**1.13x**	**0.90x**	***=A/B***

(1) Indemnification of revenues and certain unrecovered vessel operating expenses are effectively treated as a reduction to estimated maintenance capital expenditures.

2014 Growth Plan

1. Existing and Potential Organic Growth Projects

2. FPSO Acquisition Opportunities from Teekay Corp

3. Third Party Acquisitions

Appendix

2013 and 2014 Drydock Schedule

Entity	Segment	March 31, 2014 (E)		June 30, 2014 (E)		September 30, 2014 (E)		December 31, 2014 (E)		Total 2014	
		Vessels Off-hire	Total Off-hire Days	Vessels Off-hire	Total Off-hire Days	Vessels Off-hire	Total Off-hire Days	Vessels Off-hire	Total Off-hire Days	Vessels Off-hire	Total Off-hire Days
Teekay Offshore	Spot Tanker	-	-	-	-	-	-	-	-	-	-
	Fixed-Rate Tanker	-	-	-	-	1	26	-	-	1	26
	FSO	-	-	1	70	1	40	-	-	2	110
	Shuttle Tanker	1	37	1	32	3	104	2	72	7	245
		1	37	2	102	5	170	2	72	10	381

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