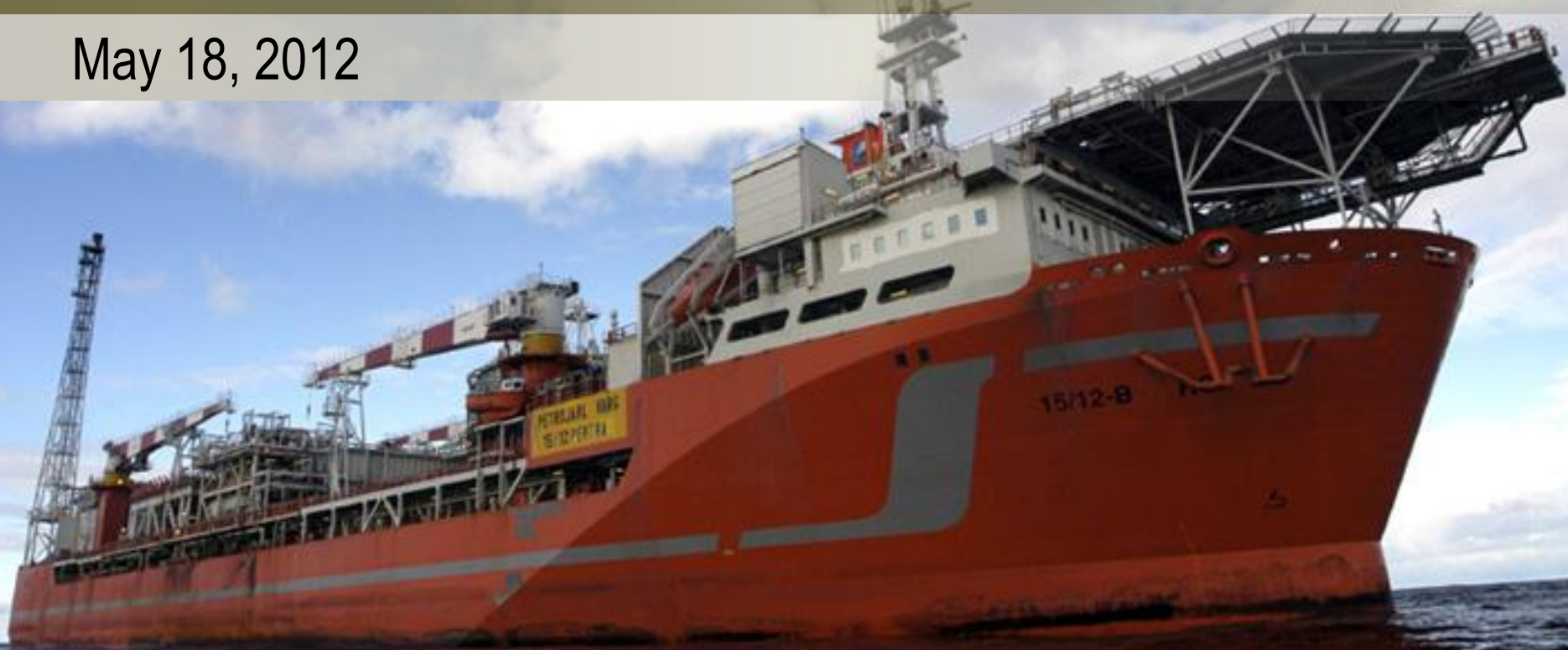




TEEKAY OFFSHORE PARTNERS L.P.

First Quarter 2012 Earnings Presentation

May 18, 2012



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 Partnership's near-term and longer-term future growth prospects, asset base, and distributable cash flow; the timing of delivery of vessels under construction or conversion; the industry fundamentals for deepwater offshore oil production, storage and transportation; 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 *Petrojarl Cidade de Itajai*, the *Voyageur Spirit*, the *Hummingbird Spirit* and the newbuilding FPSO unit that will service the Knarr field under contract with BG Norge Limited; 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; 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

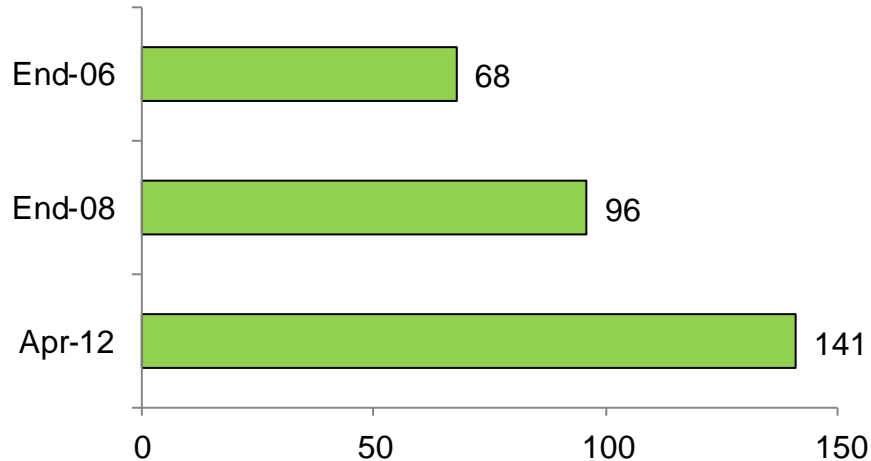
- » Generated distributable cash flow of \$42.4 million, up approximately 45% from \$29.2 million in Q1-11
- » Q1-12 distribution increased by 2.5% to \$0.5125 per unit,
 - Distribution paid on May 14, 2012
- » Strong liquidity of \$436.7 million as of March 31, 2012, including:
 - NOK 600 million (USD ~100 million) Norwegian bond offering completed in January 2012
 - \$130 million, 5-year commercial bank debt facility secured by the *Piranema Spirit* FPSO unit

Steel Cutting of 1st BG Shuttle Tanker



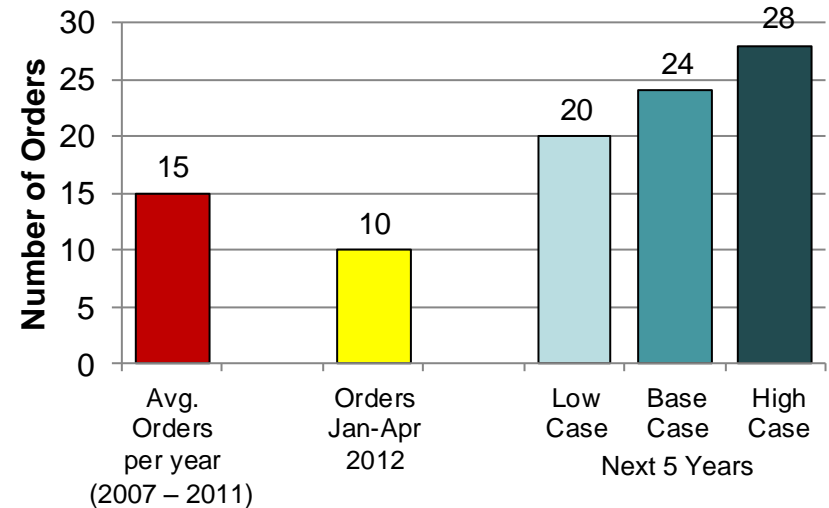
FPSO Business Update

Number of FPSO Projects in the Planning Stage



Source: IMA

Forecast of Annual FPSO Orders in Next 5 Years



Source: IMA

FPSO Market Outlook

- » The number of projects which could require an FPSO has doubled in the past five years
- » Estimate of 20-28 FPSO orders per year over the next five years depending on the global economy, oil demand, energy prices
 - 60% leased vs. 40% owned
 - Redeployment of existing units to account for ~20% of demand

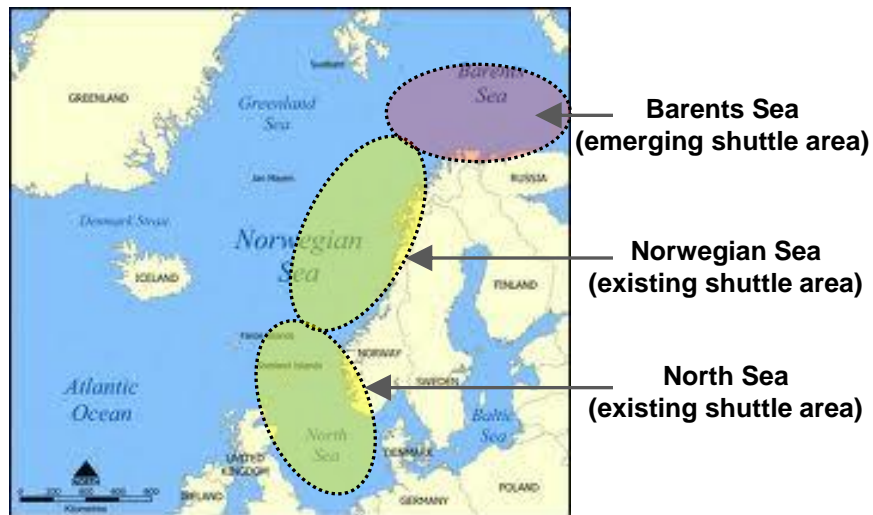
Teekay's FPSO Activity

- » Tiro Sidon* and Voyageur Spirit FPSOs on-track for first oil in Q4-12
- » Knarr FPSO project proceeding on time and budget
- » Involved in several FEED studies for new FPSO projects

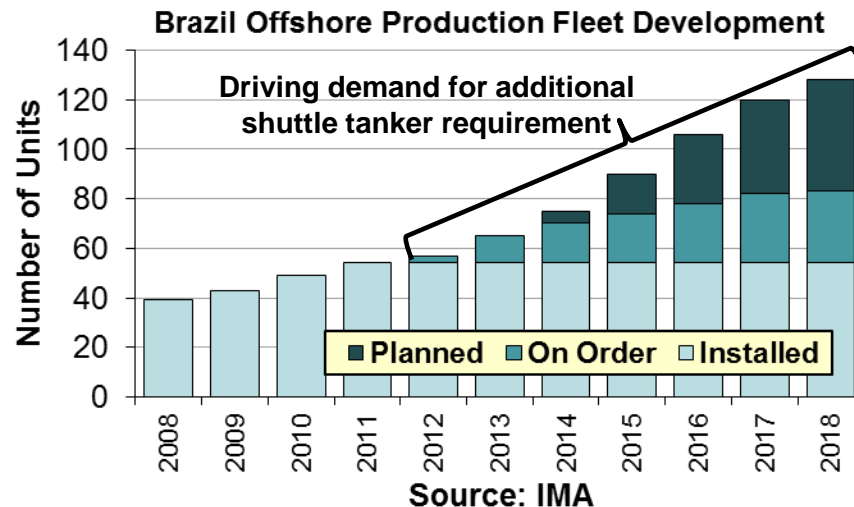
* To be named the *Cidade de Itajai*.

Shuttle Tanker Business Update

Demand Growing for High Spec Shuttle Tankers



More Brazilian Requirements Expected Later This Year



Shuttle Tanker Market Outlook

- » Increasing need for high spec shuttle tankers to serve oilfields in the Barents Sea
 - Goliat
 - Skrugard
- » Requirement for new shuttle tankers in Brazil expected to emerge later this year

Teekay's Shuttle Tanker Activity

- » Contracts for two shuttle tankers, one in Brazil and one in North Sea, extended for 12 and 24 months, respectively
- » Strong tendering activity linked to field developments in the Barents Sea
- » Construction of BG shuttles underway

Adjusted Operating Results for Q1 2012 vs. Q4 2011

UNAUDITED (in thousands of US dollars)	Three Months Ended March 31, 2012			Three Months Ended December 31, 2011	
	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	244,598	-	-	244,598	238,122
Voyage expenses	36,481	-	-	36,481	33,011
Net revenues	208,117	-	-	208,117	205,111
OPERATING EXPENSES					
Vessel operating expense	71,007	-	(1,198)	69,809	68,028
Time charter hire expense	13,617	-	-	13,617	17,406
Depreciation and amortization	49,611	-	-	49,611	48,194
General and administrative	20,136	20	-	20,156	16,939
Total operating expenses	154,371	20	(1,198)	153,193	150,567
Income from vessel operations	53,746	(20)	1,198	54,924	54,544
OTHER ITEMS					
Interest expense	(12,776)	-	(14,013)	(26,789)	(25,259)
Interest income	212	-	-	212	199
Realized and unrealized gain (loss) on non-designated derivatives	16,239	(30,048)	13,809	-	-
Foreign exchange (loss) gain	(2,758)	3,752	(994)	-	-
Income taxes expense	(1,485)	-	-	(1,485)	(4,517)
Other - net	1,425	(546)	-	879	984
Total other items	857	(26,842)	(1,198)	(27,183)	(28,593)
Net Income	54,603	(26,862)	-	27,741	25,951
Less: Net income attributable to non- controlling interest	(1,969)	313	-	(1,656)	(3,663)
ADJUSTED NET INCOME ATTRIBUTABLE TO THE PARTNERSHIP	52,634	(26,549)	-	26,085	22,288

(1) See Appendix A to the Partnership's Q1-12 earnings release for description of Appendix A items.

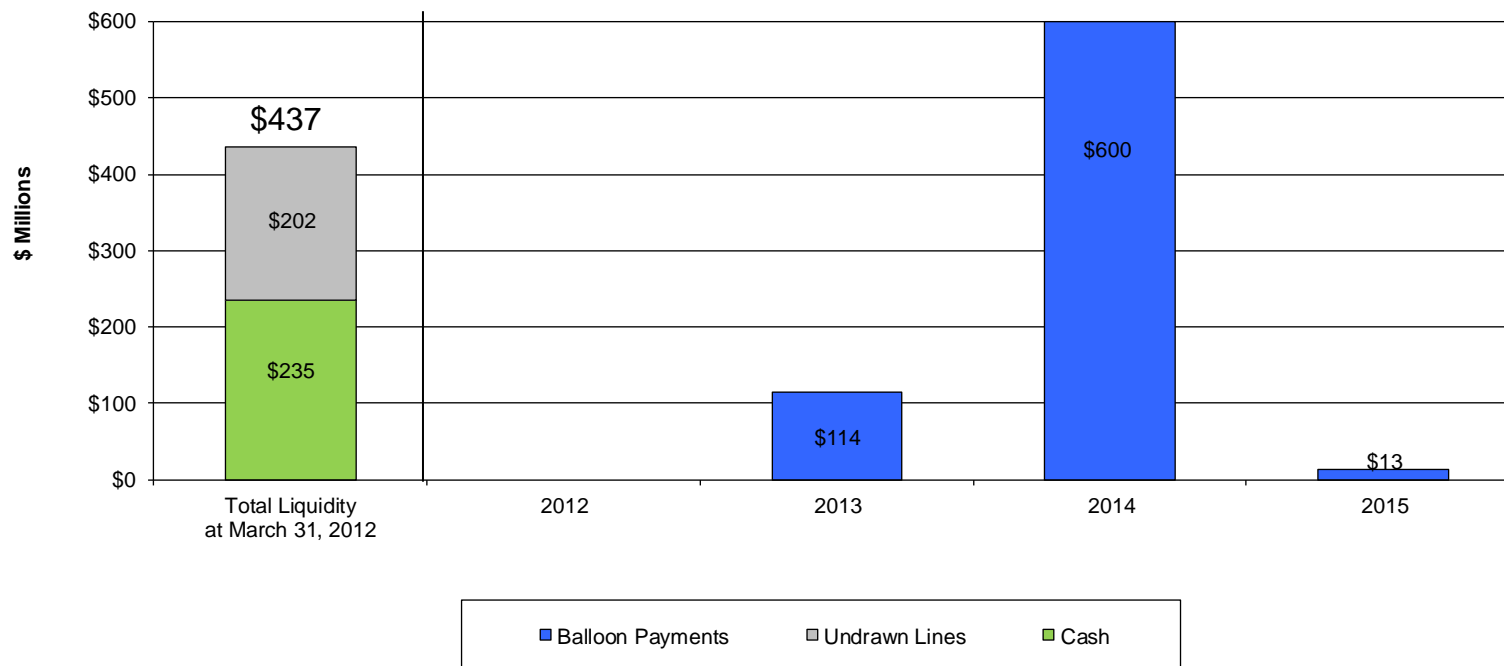
(2) Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnotes (3) and (4) to the Summary Consolidated Statements of Income in the Q1-12 earnings release.

Distributable Cash Flow and Cash Distribution

	<u>Three Months Ended</u> <u>March 31, 2012</u> (unaudited)	
Net income	54,603	
Add (subtract):		
Depreciation and amortization	49,611	
Distributions relating to equity financing of newbuilding installments	914	
Foreign exchange and other, net	1,144	
Estimated maintenance capital expenditures	(27,673)	
Unrealized gains on non-designated derivative instruments	(30,048)	
Distributable Cash Flow before Non-Controlling Interest	48,551	
Non-controlling interests' share of DCF	(6,127)	
Distributable Cash Flow	42,424	A
Total Distributions	38,978	B
Coverage ratio	1.09X	A / B

Teekay Offshore has a Strong Financial Profile

- » March 31, 2012 total liquidity (cash and undrawn lines): ~\$437 million
- » No material refinancing requirements in 2012
 - Working on refinancing 2013 and 2014 balloon payments



Note: Future balloon payments are based on amounts drawn as at March 31, 2012



Save the Date

We cordially invite you to attend Teekay's 2012 Investor Day in New York.

The senior management team will present the strategy, market outlook and financial position for Teekay Corporation, Teekay LNG Partners, Teekay Offshore Partners and Teekay Tankers Ltd.

Please mark this date in your calendar. Further event details to follow.

For more information or to schedule a one-on-one meeting, contact Emily Yee at +1 604 609 6437 or emily.yee@teekay.com

WHEN

Monday, June 18, 2012
1:00 – 1:30 pm Lunch
1:30 – 5:00 pm Presentations

WHERE

The Waldorf = Astoria
301 Park Avenue, New York

Live webcast available on
www.teekayoffshore.com