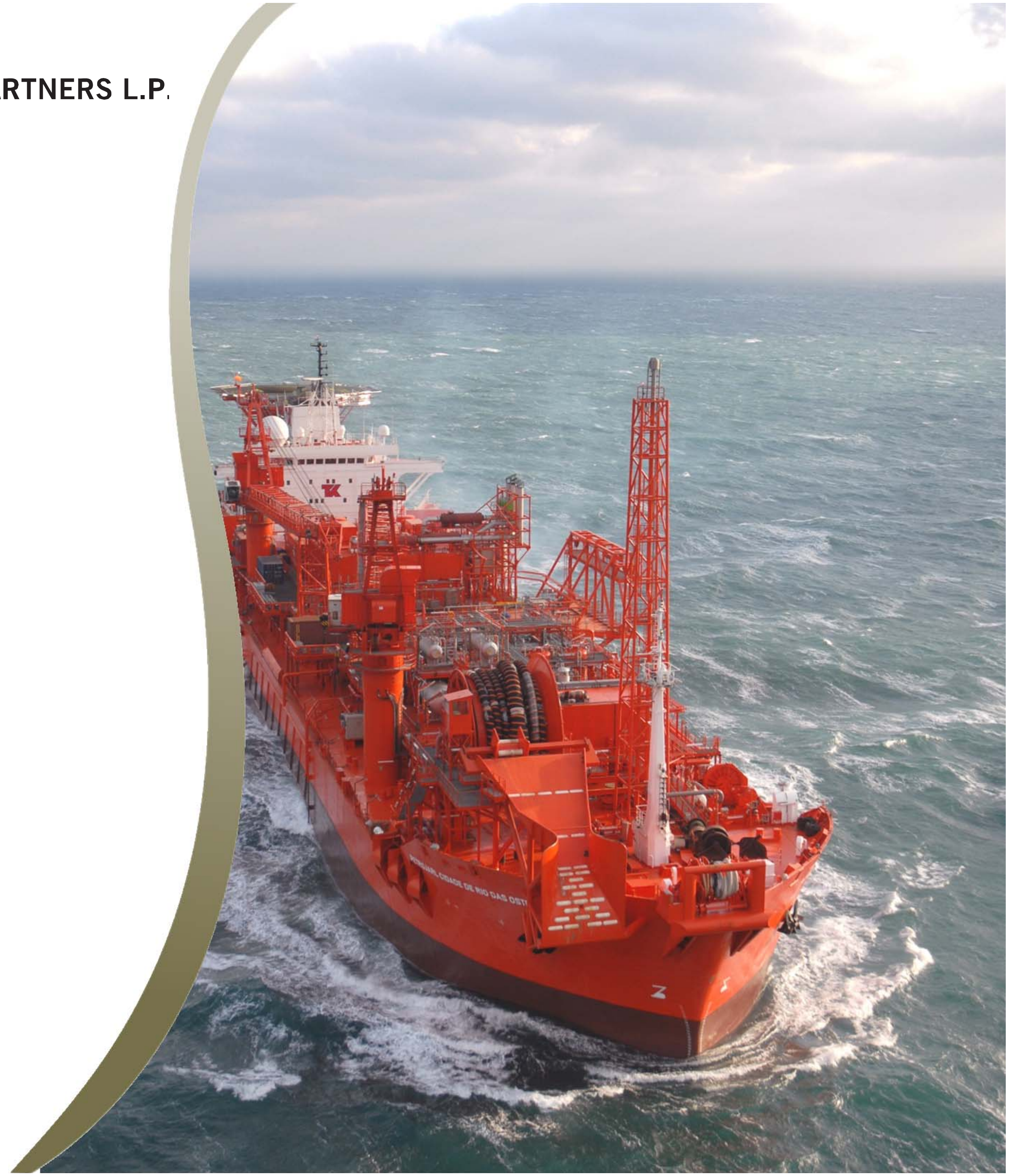
TEEKAY OFFSHORE PARTNERS L.P.

Teekay Offshore Partners Investor Day Presentation

August 10, 2012



Forward Looking Statements

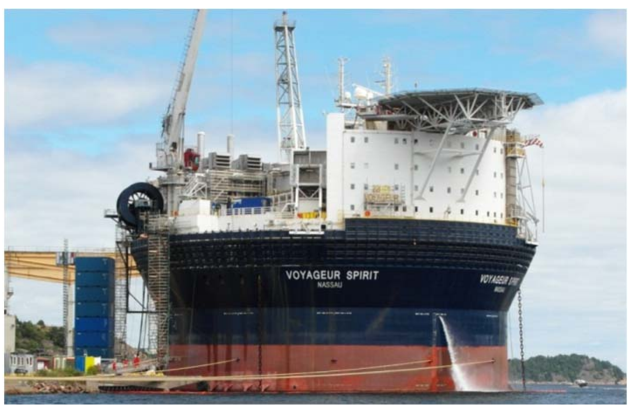
This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: the Partnership's future growth and stability of the Partnership's distributable cash flow; 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 potential for the Partnership to accept Teekay's offer of the *Voyageur Spirit* FPSO unit; the timing of delivery of vessels under construction or conversion; 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, including the *Voyageur Spirit* FPSO unit; 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 $54.2 million, up approximately 27% from $42.6 million in Q2-11
- Declared and today paid a cash distribution of $0.5125 per unit
- Adjusted liquidity of $373 million as of June 30, 2012, including $46 million equity private placement completed in July
- Three-year extension option on the Petrojarl Varg FPSO exercised, extending the firm period to mid-2016
  - First of three three-year options
- Received offer from Teekay Corporation to acquire the Voyageur Spirit FPSO

Offer of Voyageur Spirit FPSO

- In November 2011, Teekay took over joint responsibility for the completion of the Voyageur Spirit FPSO upgrade project
- Sail away from Nymo shipyard (Arendal, Norway) expected in August 2012
- Full contract rate with E.ON will commence following field start-up in the North Sea in Q4-12
- In June 2012, Teekay Parent offered to sell this unit to Teekay Offshore for a price of $540 million
  - Currently being reviewed by Teekay Offshore’s Conflicts Committee
  - Expected to generate annual CFVO* of $70-75 million
  - 5-year firm period with 10x 1-year extension options



* 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, excludes the cash flow from vessel operations relating to the Partnership’s Variable Interest Entities 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.

Adjusted Operating Results for Q2 2012 vs. Q1 2012

UNAUDITED (in thousands of US dollars)	Three Months Ended June 30, 2012 As Reported	Three Months Ended June 30, 2012 Appendix A Items (1)	Three Months Ended June 30, 2012 Reclass for Realized Gains/Losses on Derivatives (2)	Three Months Ended June 30, 2012 TOO Adjusted Income Statement	Three Months Ended March 31, 2012 TOO Adjusted Income Statement
NET REVENUES					
Revenues	251,151	(14,670)	-	236,481	244,598
Voyage expenses	37,800	-	-	37,800	36,481
Net revenues	213,351	(14,670)	-	198,681	208,117
OPERATING EXPENSES					
Vessel operating expense	70,080	-	(358)	69,722	69,809
Time charter hire expense	12,969	-	-	12,969	13,617
Depreciation and amortization	50,003	-	-	50,003	49,611
General and administrative	18,689	(254)	(79)	18,356	20,156
Write-down of vessel and loss on sale of vessel	3,269	(3,269)	-	-	-
Total operating expenses	155,010	(3,523)	(437)	151,050	153,193
Income from vessel operations	58,341	(11,147)	437	47,631	54,924
OTHER ITEMS					
Interest expense	(12,506)	-	(13,642)	(26,148)	(26,789)
Interest income	138	-	-	138	212
Realized and unrealized (loss) gain on non-designated derivatives	(60,317)	46,416	13,901	-	-
Foreign exchange gain (loss)	888	(192)	(696)	-	-
Income taxes recovery (expense)	1,946	(2,752)	-	(806)	(1,485)
Other - net	(119)	342	-	223	879
Total other items	(69,970)	43,814	(437)	(26,593)	(27,183)
Net (Loss) Income	(11,629)	32,667	-	21,038	27,741
Less: Net (income) loss attributable to non-controlling interest	(499)	94	-	(405)	(1,656)
ADJUSTED NET (LOSS) INCOME ATTRIBUTABLE TO THE PARTNERSHIP	(12,128)	32,761	-	20,633	26,085

(1) See Appendix A to the Partnership's Q2-12 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 Q2-12 earnings release.

Distributable Cash Flow and Cash Distribution

	Three Months Ended June 30, 2012 (unaudited)	
Net loss	(11,629)	
Add (subtract):		
Loss on sale of vessel and write-down of vessels	3,269	
Depreciation and amortization	50,003	
Distributions relating to equity financing of newbuilding instalments	1,447	
Foreign exchange and other, net	(2,682)	
Estimated maintenance capital expenditures	(27,652)	
Unrealized gains on non-designated derivative instruments	46,416	
Distributable Cash Flow before Non-Controlling Interest	**59,172**	
Non-controlling interests' share of DCF	(4,991)	
Distributable Cash Flow	**54,181**	**A**
Total Distributions	**39,916**	**B**
Coverage Ratio	**1.36**	**=A/B**