TEEKAY OFFSHORE PARTNERS Q2-18 EARNINGS PRESENTATION

August 2, 2018

Forward Looking Statement

This release 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: the timing and cost of delivery and start-up of various newbuildings and the commencement of related contracts; the impact of the Partnership's newbuilding order on its position in the North Sea CoA shuttle tanker market; fuel consumption and emissions for the shuttle tanker newbuildings; future forward revenues; the impact of contract extensions on the Partnership's future cash flows; potential redeployment opportunities; a potential global energy and offshore market recovery and the Partnership's ability to benefit from such recovery; the continued support of the Partnership's sponsors; and the extension of the Arendal Spirit UMS loan facility. 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: changes in exploration, production and storage of offshore oil and gas, either generally or in particular regions that would impact expected future growth, particularly in or related to North Sea, Brazil and East Coast of Canada offshore fields; significant changes in oil prices; variations in expected levels of field maintenance; increased operating expenses; potential early termination of contracts; shipyard delivery delays and cost overruns; delays in the commencement of charter contracts; the inability of charterers to make future charter payments; the inability of the Partnership to renew or replace long-term contracts on existing vessels; the ability to fund the Partnership's remaining capital commitments and debt maturities; 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, 2017. 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 total CFVO[1] of $162 million and DCF[1] of $25 million in Q2-18
  - Q2-18 DCF [1] per common unit of $0.06
- Secured FPSO contract extensions:
  - Voyageur Spirit FPSO to April 2020
  - Ostras FPSO to November 2018, plus extension options
- Ordered two Aframax DP2 shuttle tanker newbuildings from Samsung
  - Brings total newbuild orderbook to 6 shuttle tankers
- Refinanced 2019 bond maturities and a 2022 promissory note with an upsized $700 million private placement of 8.5% senior unsecured notes due 2023

1) These are non-GAAP financial measures. Please refer to "Definitions and Non-GAAP Financial Measures" and the Appendices in the Partnership's Q2-2018 earnings release for definitions of these terms and reconciliations of these non-GAAP financial measures as used in this presentation to the most directly comparable financial measures under United States generally accepted accounting principles (*GAAP*).

Photo credit: Trond Arne Hageland

Growth Projects Driving Increased Cash Flows

FPSO Segment

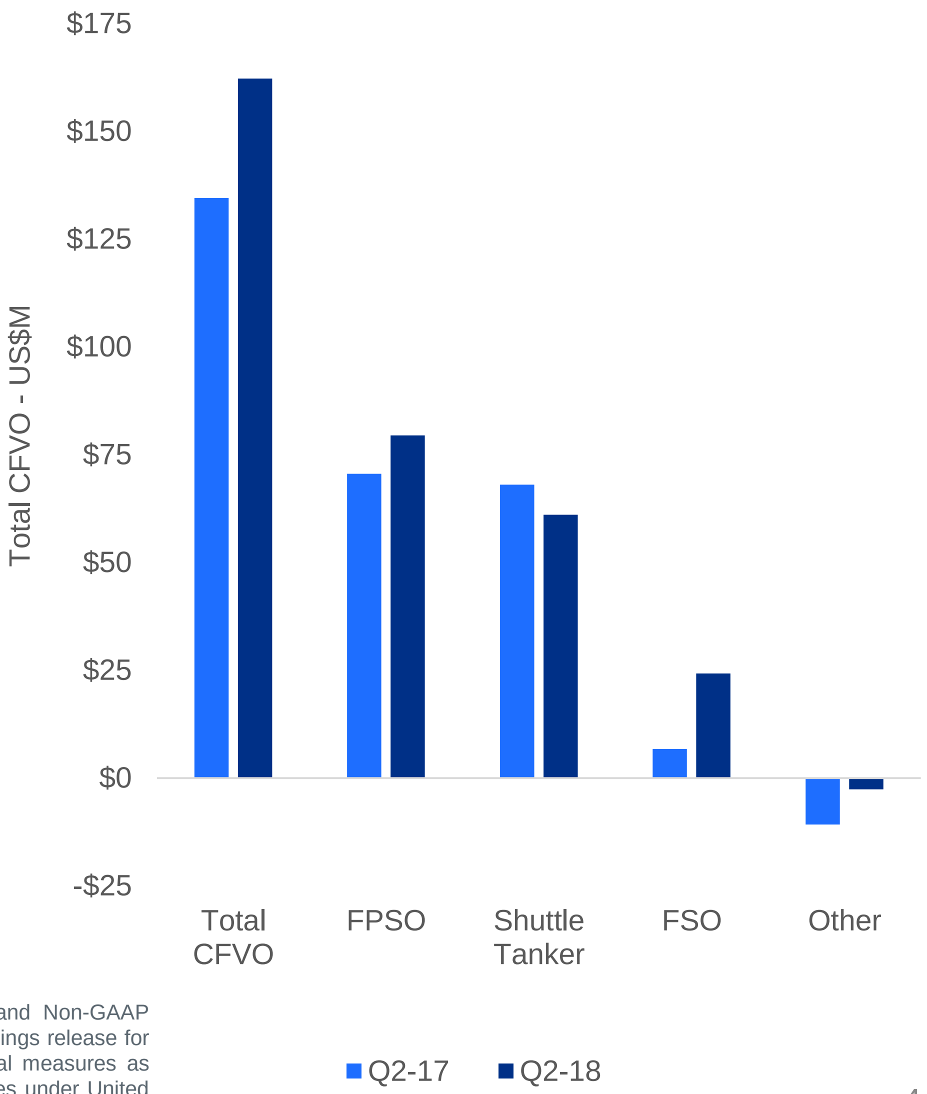
- Start-up of Petrojarl I FPSO in May 2018
- Full quarter contribution of the Pioneiro de Libra FPSO (start-up in November 2017)
- Partially offset by lower charter rates on the Voyageur and Ostras FPSOs

Shuttle Segment

- Q2-18 impacted by redelivery of two DP1 shuttle tankers, sale of an older shuttle tanker, and twice as many drydocking days as compared to Q2 2017
- Partially offset by ramping cash flows from contract start-up of last two East Coast Canada shuttle tanker newbuilds
- Commencement of CoA contracts on existing and new fields at higher rates

FSO Segment

- Full quarter contribution of the Randgrid FSO (start-up in October 2017)



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Valuable FPSO Contract Extensions

Voyageur Spirit FPSO PremierOil

- Completed a further one-year contract extension out to April 2020
  - Maintains the same fixed charter rate and oil production tariff elements
  - Additional oil price upside

Ostras FPSO BR PETROBRAS

- Completed a contract extension out to November 2018, plus options to January 2019, at an increased rate relative to Q2 2018

Provides additional cash flows and extends timeframe to find further redeployment opportunities

Potential Earnings Upside from Existing Assets

Piranema Spirit FPSO

- Firm contract period out to Q1 2019, plus extension options
- Petrobras running a divestment process for the Piranema field
- Continued production would require the FPSO to stay on field

Varg FPSO

- Decision imminent with Alpha Petroleum for FPSO project on the Cheviot field

Arendal Spirit Accommodation Unit

- Currently bidding on various tender opportunities
- Extended the maturity profile on this credit facility to September 30, 2019 in exchange for an $18 million paydown

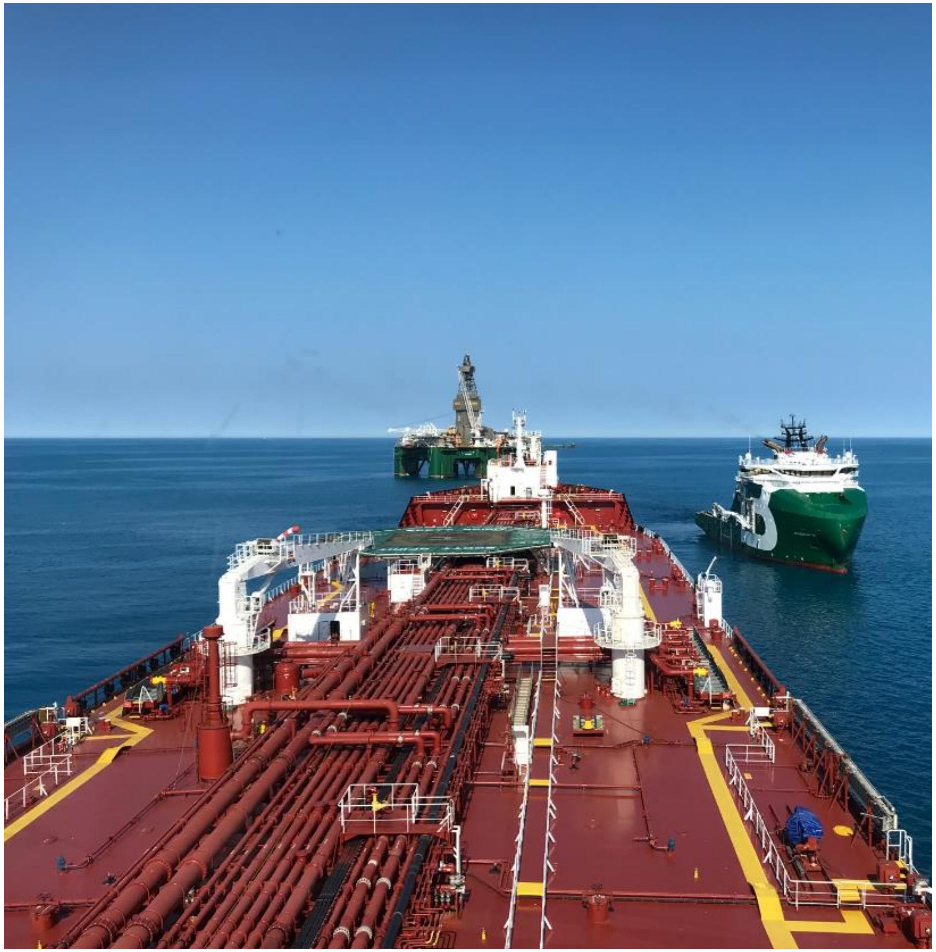
Towage Vessels

- Five vessels recently completed mobilization and field installation services for the Kaombo Norte FPSO
- Currently bidding on various tender opportunities

Continue to Invest in our Market-Leading Shuttle Franchise

Total orderbook of 6 LNG-fueled shuttles to service the North Sea

- Ordered two Aframax DP2 shuttle tanker newbuildings from Samsung Heavy Industries, based on Teekay's ***New Shuttle Spirit*** design – the next generation of shuttle tankers
  - Vessels deliver in late-2020 and early-2021
  - Will operate in TOO's CoA fleet in the North Sea
- Global shuttle tanker utilization is expected to increase due to:
  - **Increased demand**: New fields coming on-stream faster than old fields rolling off
  - **Reduced supply**: No uncommitted newbuilds on order and aging fleet with an estimated 33 DP2 ships, or 39% of the global fleet, set to retire due to age by 2025

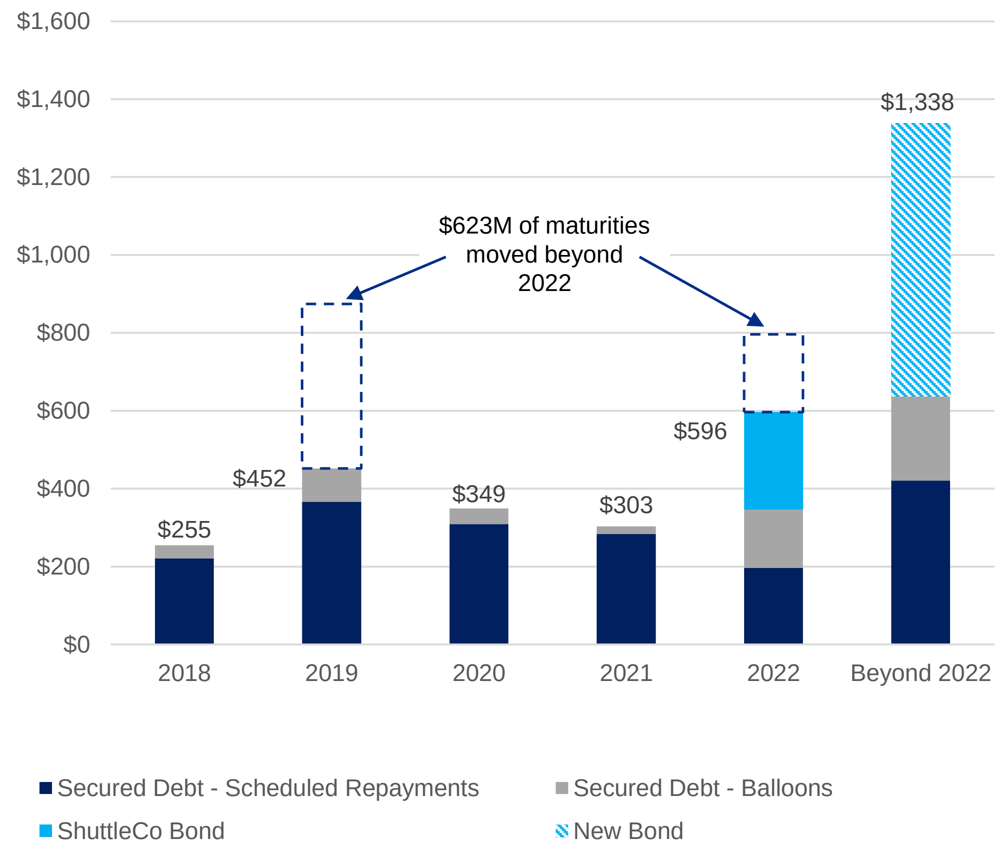


Source: Clarksons Platou, TOO estimates.

Significantly Improved Debt Maturity Profile

$700M private placement of 8.5% senior unsecured notes due 2023

- De-risked balance sheet through refinancing 2019 bond maturities and $200 million 10% promissory note to 2023
- Continued strong support from Brookfield with $300 million of new capital invested in the bond offering
- Following the note issuance, Brookfield exercised its option to acquire an additional 2% ownership interest in TOO's general partner (GP)
    - Brookfield now owns 51% of the GP



(1) Pro forma for issuance of new bonds and completion of related tender offers. Excludes $85M of bonds not tendered and due on maturity

Appendix

DCF and DCF per Limited Partner Unit

Q2-18 vs. Q1-18

($'000's, except per unit information)	Three Months Ended June 30, 2018 (unaudited)	Three Months Ended March 31, 2018 (unaudited)	Comments
Revenues	320,354	323,199	
Voyage expenses	(36,486)	(35,006)	
Net revenues	283,868	288,193	• Decrease from the *Voyageur Spirit* and *Cidade de Rio das Ostras* FPSO units operating at lower rates upon contract extensions, partially offset by the start-up of the *Petrojarl I* FPSO in early-May 2018 and higher towage rates, utilization from the *Kaombo Norte* FPSO mobilization and field installation contract, which used a total of five towage units during Q2-18 and higher project revenue on the *Knarr* FPSO during Q2-18.
Vessel operating expenses	(110,298)	(115,382)	• Decrease mainly due to the timing of repairs and maintenance on the FPSO units and shuttle tanker fleet, partially offset by the start-up of the *Petrojarl I* FPSO in early-May 2018.
Time-charter hire expenses	(13,464)	(12,727)	
Estimated maintenance capital expenditures	(53,320)	(42,624)	• Increase mainly due to the start-up of the *Petrojarl I* FPSO in early-May 2018 and liquidated damages earned on the *ALP Keeper* newbuild in Q1-18.
General and administrative	(17,890)	(17,786)	
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures (1)	11,091	10,463	
Interest expense	(49,662)	(41,573)	• Increase mainly due to the start-up of the *Petrojarl I* FPSO in early-May 2018, the delivery of the *Dorset Spirit* shuttle tanker and *ALP Keeper* in Q1-18 and a drawdown on the unsecured revolving credit facility provided by Teekay Corporation and Brookfield.
Interest income	734	658	
Realized losses on derivative instruments (2)	(5,473)	(6,525)	
Income tax expense	(880)	(5,758)	• Decrease mainly due to non-cash changes in Q1-18 related to the value of the deferred tax asset.
Distributions relating to preferred units	(8,038)	(7,370)	
Adjustments for non-cash revenue	(5,817)	(5,697)	
Other - net	(1,116)	(656)	
Distributable Cash Flow before non-controlling interests	**29,735**	**43,216**	
Non-controlling interests' share of DCF (3)	(4,408)	(3,857)	
Distributable Cash Flow (4)	**25,327**	**39,359**	
Amount attributable to the General Partner	(31)	(31)	
Limited partners' Distributable Cash Flow	25,296	39,328	
Weighted-average number of common units outstanding	410,311	410,102	
Distributable Cash Flow per limited partner unit	**0.06**	**0.10**	

1) See reconciliation of the Partnership's equity income to share of equity accounted joint venture's distributable cash flow net of estimated maintenance capital expenditures.
2) See reconciliation of the Partnership's realized and unrealized gain on derivative instruments to realized loss on derivative instruments.
3) See reconciliation of the Partnership's non-controlling interest in net (loss) income to non-controlling interests' share of DCF.
4) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q2-18 and Q1-18 Earnings Releases.

Reconciliations of Non-GAAP Financial Measures

Q2-18 vs. Q1-18

Reconciliation of Partnership's equity income to share of equity-accounted joint ventures' distributable cash flow net of estimated maintenance capital expenditures:

($'000's)	Three Months Ended June 30, 2018 (unaudited)	Three Months Ended March 31, 2018 (unaudited)
Equity income as reported	8,346	13,998
Unrealized gain on derivative instruments	(209)	(5,760)
Estimated maintenance capital expenditures	(5,466)	(5,466)
Pre-operational costs	198	-
Unrealized foreign exchange loss	494	328
Depreciation and amortization	7,728	7,363
Partnership's share of equity-accounted joint ventures' DCF net of estimated maintenance capital expenditures	11,091	10,463

Reconciliation of Partnership's realized and unrealized gain on derivative instruments to realized loss on derivative instruments:

($'000's)	Three Months Ended June 30, 2018 (unaudited)	Three Months Ended March 31, 2018 (unaudited)
Realized and unrealized gain on derivative instruments as reported	9,441	34,450
Realized loss on partial termination of derivative instruments	-	10,000
Unrealized gain on derivative instruments	(14,914)	(50,975)
Realized loss on derivative instruments	(5,473)	(6,525)

Reconciliation of Partnership's non-controlling interests in net (loss) income to non-controlling interests' share of DCF:

($'000's)	Three Months Ended June 30, 2018 (unaudited)	Three Months Ended March 31, 2018 (unaudited)
Non-controlling interests in net (loss) income as reported	8	(7,859)
Depreciation and amortization	4,110	4,620
Write-down of vessel	290	7,096
Non-controlling interests' share of DCF	4,408	3,857

Q3 2018 Outlook – Teekay Offshore Partners

Distributable Cash Flow Item	Q3 2018 Outlook (compared to Q2 2018)
Net revenues	• $1.0m decrease in the Shuttle segment due to the redelivery and subsequent layup of the *Nordic Spirit* and *Stena Spirit* in May 2018 and more dry-docking days during Q3-18; partially offset by an increase in CoA and Project days • $2.0m decrease in the Towage segment due to lower average day rates and utilization across the fleet largely due to the completion of the *Kaombo Norte* FPSO project in Q2-18 • $1.0m decrease in the FSO segment due to downtime for repairs on the *Randgrid* FSO
Vessel operating expenses	• $2.0m increase in the FPSO segment mainly due a to full quarter of operations by the *Petrojarl I* FPSO, and the timing of repair and maintenance costs on FPSO units
Time-charter hire expenses	• $1.5m increase to supplement the shuttle tanker fleet during dry-dockings and Projects
Estimated maintenance capital expenditures	• $2.0m increase due to a full quarter of operations on the *Petrojarl I* FPSO
General and administrative	• Expected to be in line with Q2-18
Net interest expense and foreign exchange loss	• $5.0m increase mainly due to the $700 million private placement of 8.5% senior unsecured notes in July and a full quarter of operations on the *Petrojarl I* FPSO; partially offset by the tender on the US baby bonds and NOK bonds
Equity income	• $2.5m decrease mainly due to the timing of a maintenance bonus and penalties related to the *Libra* FPSO unit • $1.5m decrease due to costs associated with front end engineering design studies related to future projects
Income tax expense	• $1.0m increase due to one-time credits in Q2-18
Distributions relating to preferred units	• Expected to be in line with Q2-18
Non-controlling interest's share of DCF	• $2.5m decrease in non-controlling interest expense due to the expected lay-up of the *Stena Alexita* shuttle tanker upon reaching 20 years of age and the redelivery and lay-up of *Stena Spirit* from May 2018
Distributions relating to general partner units	• Expected to be in line with Q2-18

2018E Drydock Schedule

Segment	March 31, 2018 (A)		June 30, 2018 (A)		September 30, 2018 (E)		December 31, 2018 (E)		Total 2018 (E)	
	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days
Shuttle Tanker	1	47	3	103	3	122	1	53	8	325

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.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