

TEEKAY OFFSHORE PARTNERS LP

Teekay Offshore Partners

(and Offshore Market Update)

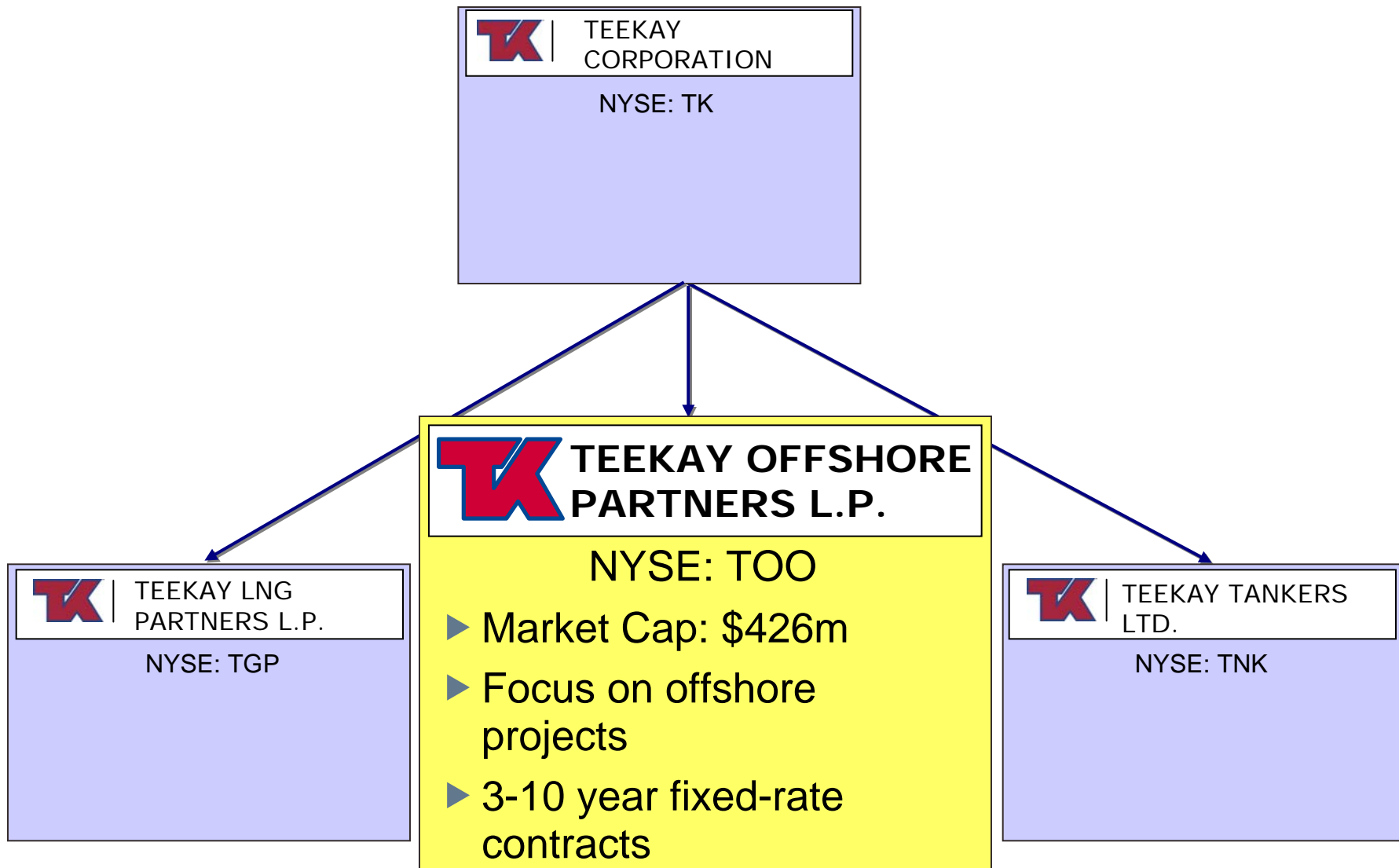
June 23, 2009



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 stability of the Partnership's distributable cash flow; the Partnership's future growth prospects; the potential for Teekay to offer up to four Aframax shuttle tanker newbuildings either with new long-term fixed-rate contracts, or to service the contracts-of-affreightment in the North Sea; the potential for Teekay to offer Teekay Petrojarl's existing FPSO units; the potential for Teekay to secure future FPSO projects through its wholly-owned subsidiary, Teekay Petrojarl ASA; the potential for Teekay to offer to Teekay Offshore additional limited partner interests in OPCO; and the Partnership's exposure to foreign currency fluctuations, particularly in Norwegian Kroner. 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 production of offshore oil, either generally or in particular regions; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the potential for early termination of long-term contracts and inability of the Partnership or OPCO to renew or replace long-term contracts; the failure of Teekay to offer additional interests in OPCO to Teekay Offshore; required approvals by the board of directors of Teekay and Teekay Offshore, as well as the conflicts committee of Teekay Offshore to acquire additional interests in OPCO; the Partnership's ability to raise financing to purchase additional vessels and/or interests in OPCO; changes to the amount or proportion of revenues, expenses, or debt service costs denominated in foreign currencies; and other factors discussed in Teekay Offshore's filings from time to time with the SEC, including its Report on Form 20-F/A for the fiscal year ended December 31, 2007. 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.

Financial Market Profile



Teekay Offshore Partners - Investment Highlights

▶ **Stable Operating Model**

- ▶ Revenues generated from fixed-rate contracts
- ▶ Diversified portfolio of contracts with major oil companies

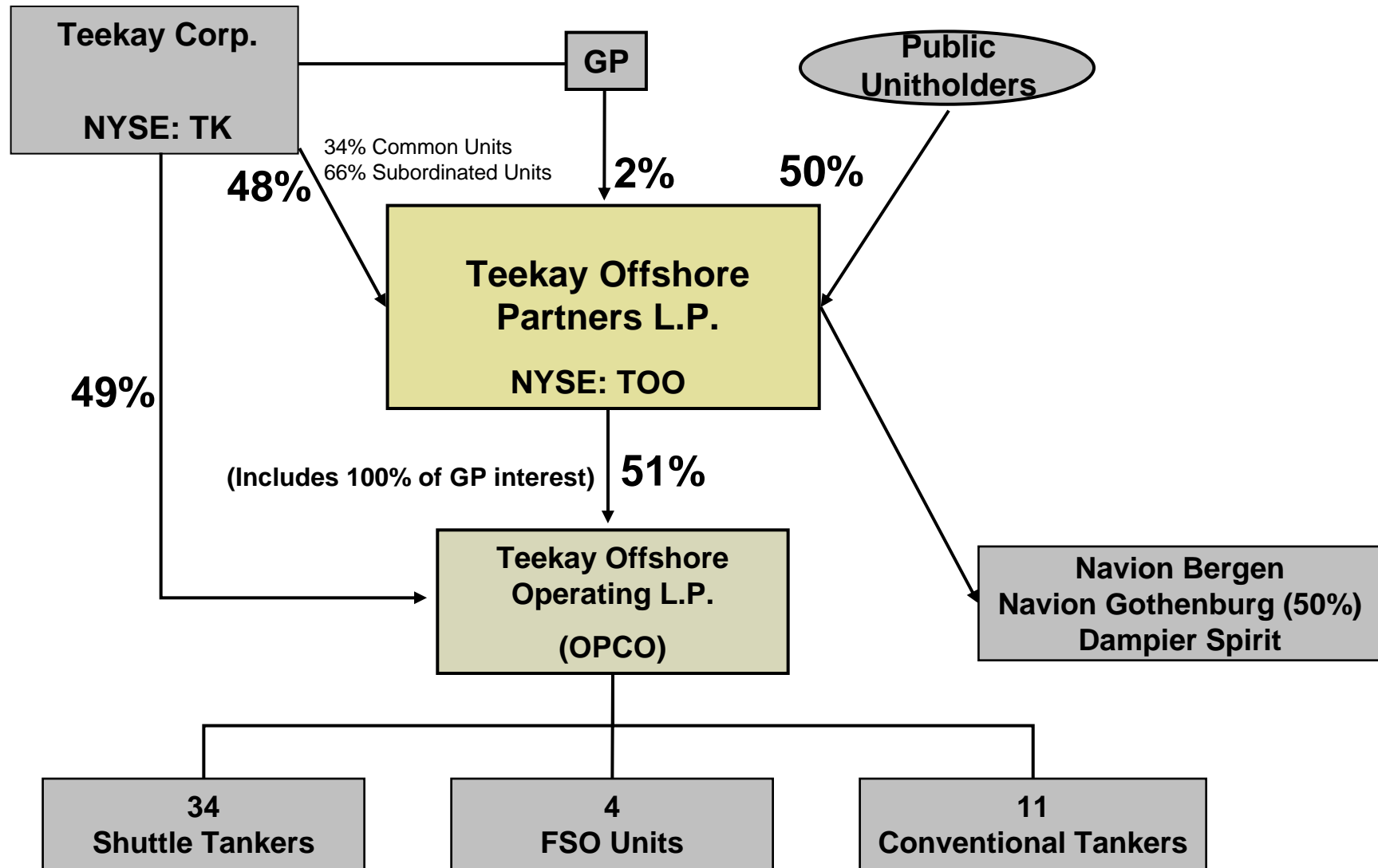
▶ **Leading Market Position**

- ▶ World's largest owner and operator of shuttle tankers with a market leading position in the North Sea and expanding operations in Brazil
- ▶ Integral part of customers' offshore oil production chain

▶ **Industry Remains in Growth Mode**

- ▶ Offshore oil production remains an area of growth
 - ▶ Offshore production is expected to represent more than 35 percent of world oil production by 2015
 - ▶ Expect substantial new projects under all oil price scenarios
- ▶ Significant Qualifying Assets available from Sponsor
 - ▶ Five FPSO units available for dropdown from Teekay Parent
 - ▶ Four advanced shuttle tankers scheduled for 2010/11 delivery to parent and available for dropdown from Teekay Parent
 - ▶ Remaining 49% interest in OPCO

Teekay Offshore Partners – Ownership Structure



Long-Term Contract Portfolio With Strong Counterparties

Average Contract Life

Shuttle Tankers

- ▶ Majority of CoA volumes are life of field (15 year average field life) – 17 vessels
- ▶ Time / bareboat charter 5 years – 18 vessels

FSO Units

- ▶ 3.5 years

Conventional Tankers

- ▶ 6 years (plus 5 one-year options and 2 five-year options)

High Quality Customers



Teekay Offshore Financial Snapshot

- ▶ December 31, 2008 total liquidity: \$276 million
- ▶ No requirement to tap equity markets
- ▶ No CAPEX commitments

- ▶ Leverage based on book value metrics is not representative

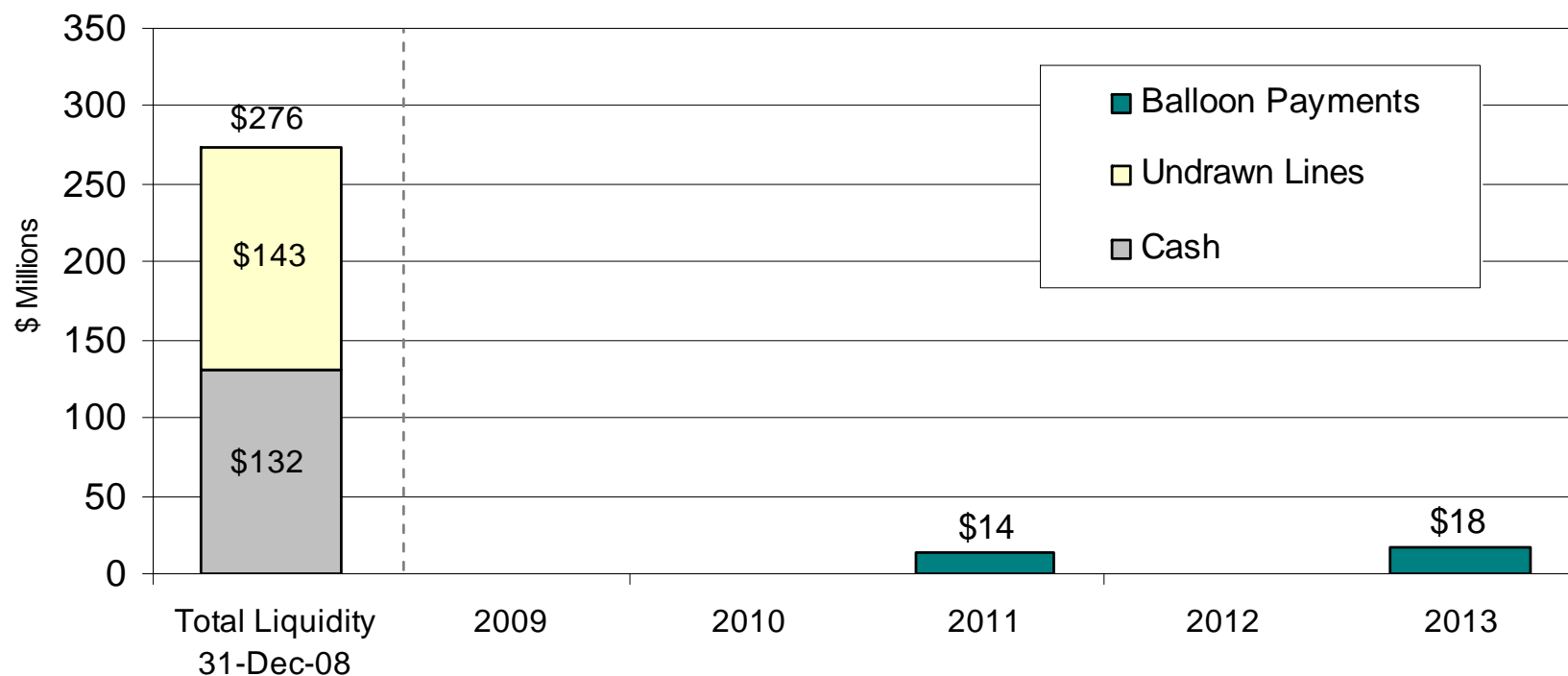
Net Debt / Total Cap. (Book): 84.3% **VS.** Net Debt / Fair Market Value: 66.9%

Book equity understates total cap since it is based on historical book value of Teekay Corporation, not fair market value of TOO/OPCO fleet

See Appendix for supporting calculations.

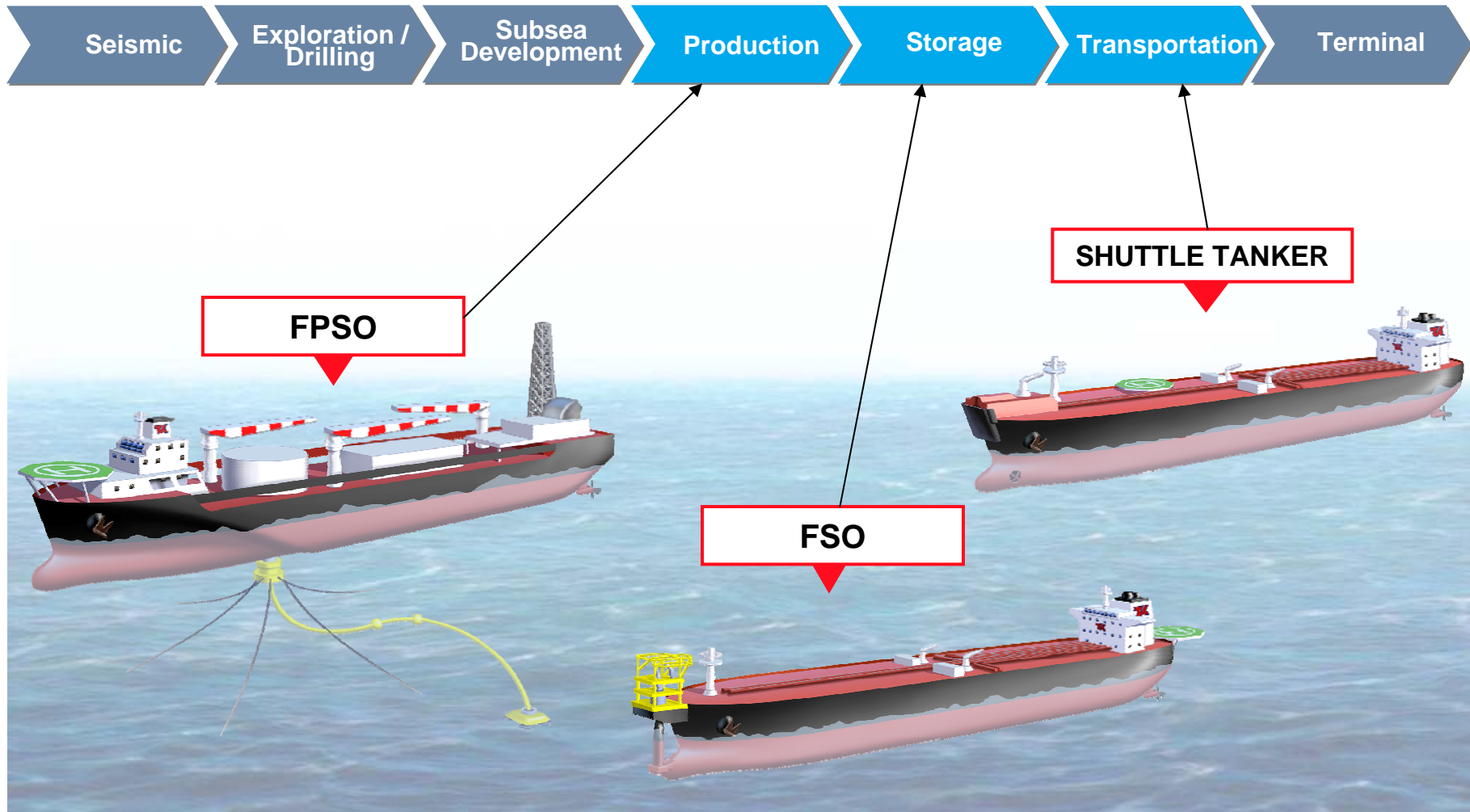
Teekay Offshore Has a Favorable Debt Profile

- ▶ No near-term refinancing requirements
 - ▶ Only \$32 million in balloon payments due between now and end-2013
 - ▶ Current liquidity more than sufficient to all upcoming balloon payments



Note: Reflects repayment schedule for new Stena Sirita loan.

Critical to the Offshore Value Chain



Source: Douglas Westwood.

Market Leader in Shuttle Tankers

- ▶ Teekay Offshore is the world's largest operator of shuttle tankers, controlling 62% of the world fleet

Type	Current Fleet	Newbuildings On Order	Total
Teekay Suezmax Shuttle Tanker	22*	-	22
Teekay Aframax Shuttle Tanker	14	4**	18
Total Teekay Shuttle Tanker	36	4	40
Rest of World Shuttle Tanker Fleet	18	7	25
Total Shuttle Tanker Fleet	54	11	65

*Includes one shuttle tanker owned by Teekay Corporation.

** Newbuilding vessels are owned by Teekay Corporation.

Teekay Offshore is the “Floating Pipeline” for North Sea Oil Production

- ▶ 18 Contracts of Affreightment (CoA) servicing 16 oil companies on 40 oil fields tied back to 21 lifting points in the Norwegian, UK and Danish sector of the North Sea
- ▶ Utilizing a fleet of 17 vessels
- ▶ 585 offshore loadings in 2008
- ▶ Close to 410 million bbls transported during 2008, or 1.1 million bbls/day
- ▶ Can provide full export management of crude oil production
- ▶ Smaller contracts being ‘rolled’ at higher rates:
 - ▶ Recent renewals 15-25% higher than previous



North Sea Opportunities

- ▶ High exploration activity ongoing
 - ▶ Norwegian and UK authorities pushing for continued exploration and development
- ▶ FSO Market gives opportunities for conversion and use of older tonnage
- ▶ Smaller fields show increased interest for using Shuttle tankers as combined storage and shuttling – means more tonnage-intensive fields
- ▶ Barent Sea being built for shuttling
- ▶ Further opportunities to optimize fleet by
 - ▶ Taking on Short term Offshore projects
 - ▶ Conventional spot market

FSO Fleet



Pattani Spirit

Field: *Platong Group*
 Client: *Chevron*



Karratha Spirit

Field: *Legendre, NWS, WA*
 Client: *Apache Energy*



Dampier Spirit

Field: *Stag, NWS, WA*
 Client: *Apache Energy*



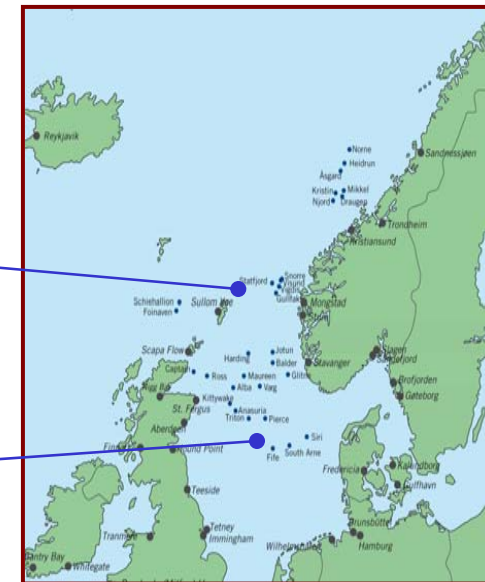
Navion Saga

Field: *Volve, NCS*
 Client: *StatoilHydro*



Apollo Spirit

Field: *Banff, UKCS*
 Client: *CNR*



FPSOs Available for Dropdown



**Petrojarl I
(StatoilHydro)**



**Petrojarl
Foinaven (BP)**



**Petrojarl Varg
(Talisman)**



**Petrojarl Banff
(CNR)**



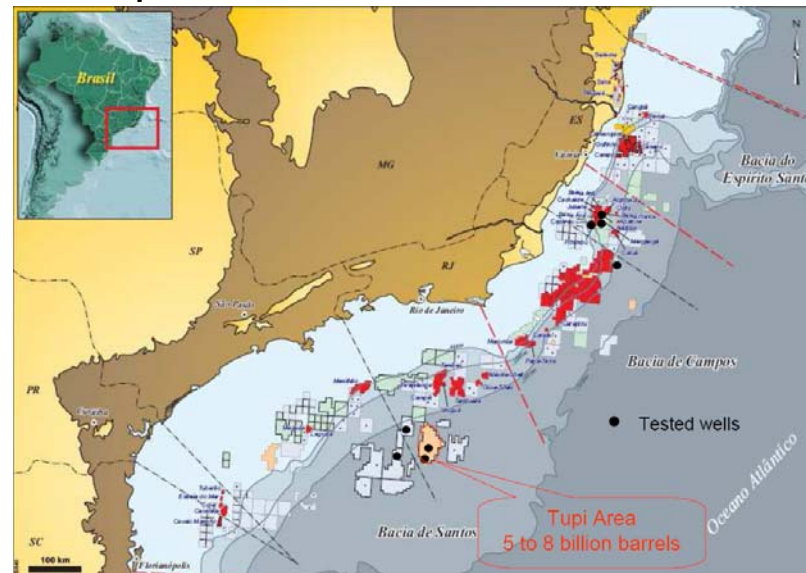
Ikdam (Lundin)



**Petrojarl Cidade de
Rio das Ostras
(Petrobras)**

Brazil is a Significant Growth Opportunity

- ▶ Almost 90% of Brazilian oil is currently produced offshore
 - ▶ Expected to increase as new discoveries come on-line
- ▶ Significant demand for FPSOs and shuttle tankers
 - ▶ Driven by the depth and distance from shore of discoveries
 - ▶ +20 FPSO projects currently planned or possible for Brazil offshore
- ▶ Petrobras produced 2.4m boe in 2008; plans to increase production to 3.7m boe by 2013 and 5.7m boe by 2020*



▶ Teekay opened offices in Rio and Macae to be closer to this opportunity

*Source: Petrobras

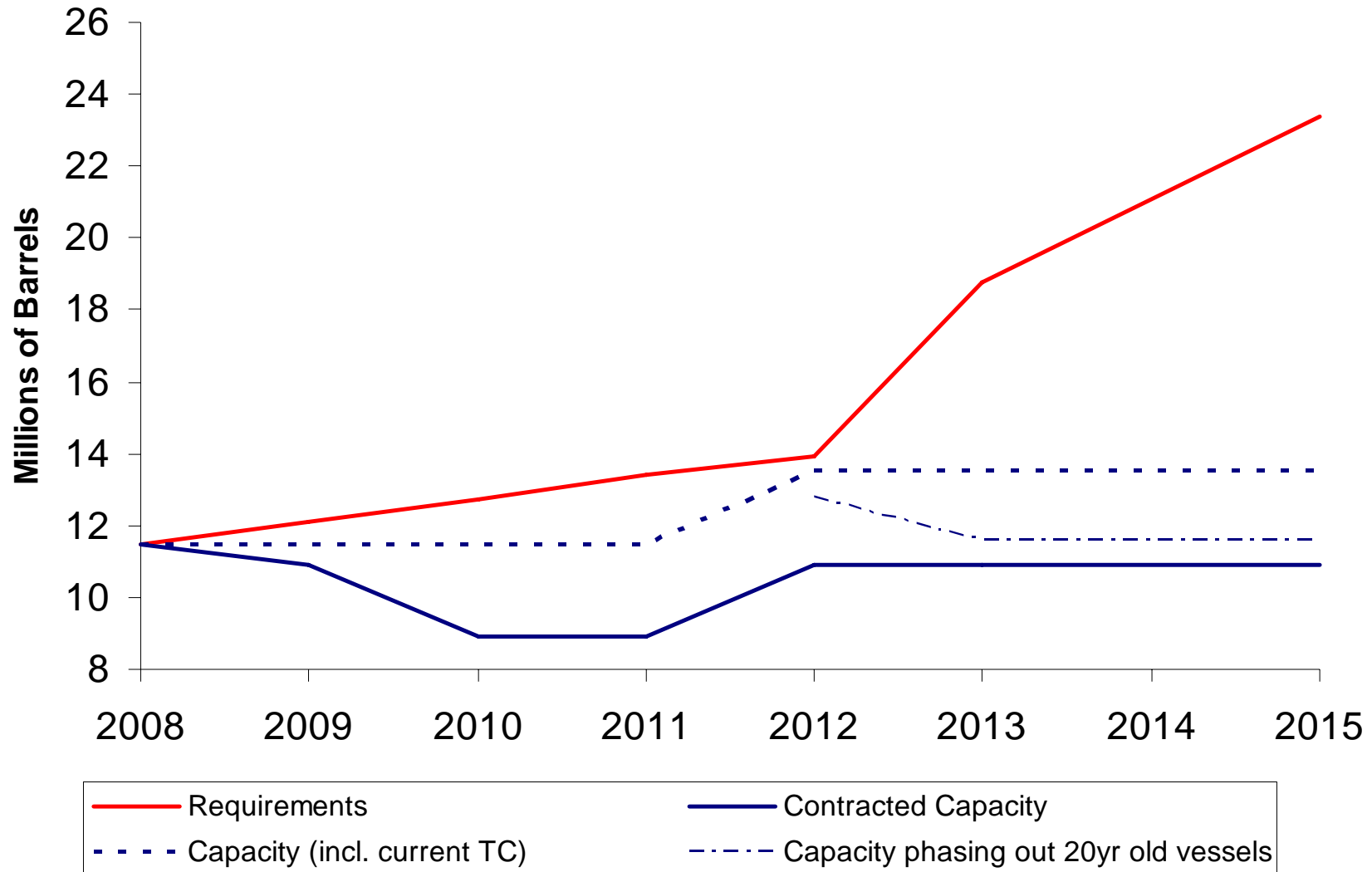
Teekay in Brazil

- ▶ Teekay has provided DP shuttle tankers to Brazil since 2001
- ▶ 11 out of 13 DP shuttle tankers in Brazil are owned by Teekay

- ▶ Siri FPSO commenced charter in February 2008
 - ▶ First ever ultra heavy-oil FPSO (11.7 API)
 - ▶ Strengthens Teekay's presence in high growth Brazilian offshore market
 - ▶ Well positioned for future opportunities in Brazil



Petrobras' Shuttle Demand Expected to Grow Substantially



Note: Based on Petrobras production forecasts and an average round trip voyage of 7 days from oil production facilities to port.

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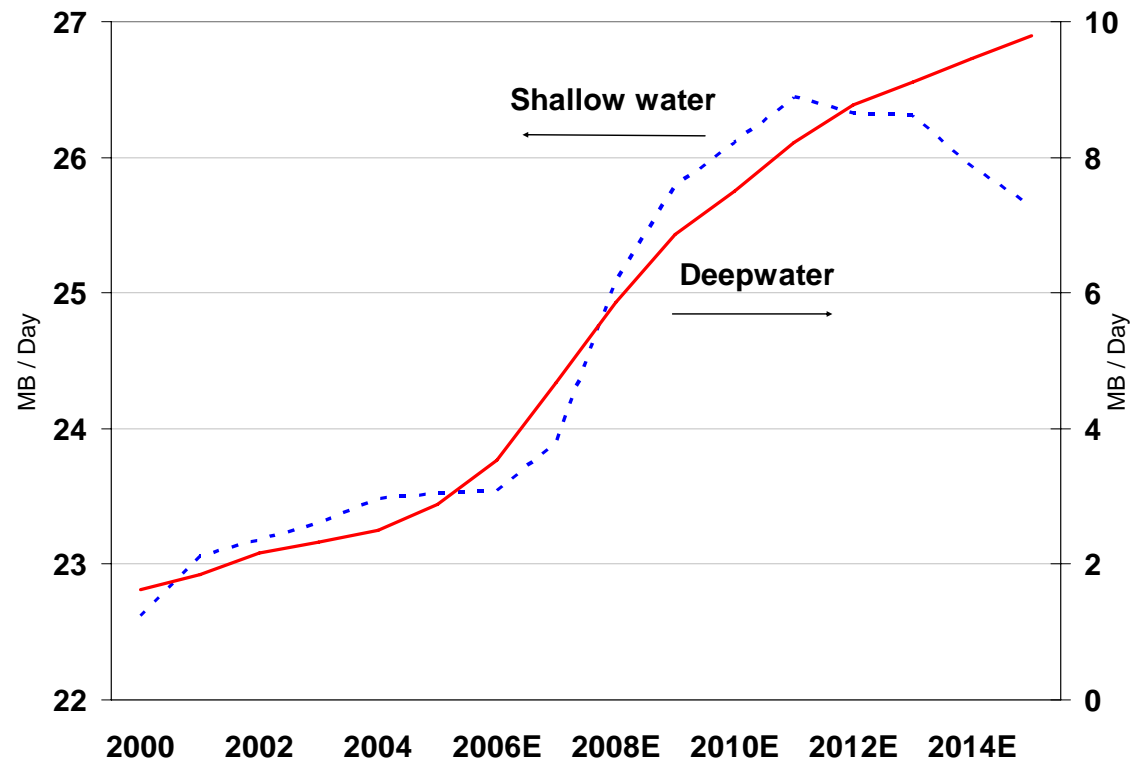
Offshore Market Update



Significant Deepwater Offshore Growth

- ▶ Deepwater offshore oil production is one of the fastest growing areas in the energy industry
- ▶ Only significant opportunity to add reserves outside of Russia and Middle East
- ▶ High oil prices have stimulated offshore oil production
- ▶ Oil exploration being done at up to 3,000 m, compared to 1,000 m ten years ago

Increasing Trend Towards Deepwater Oil Production

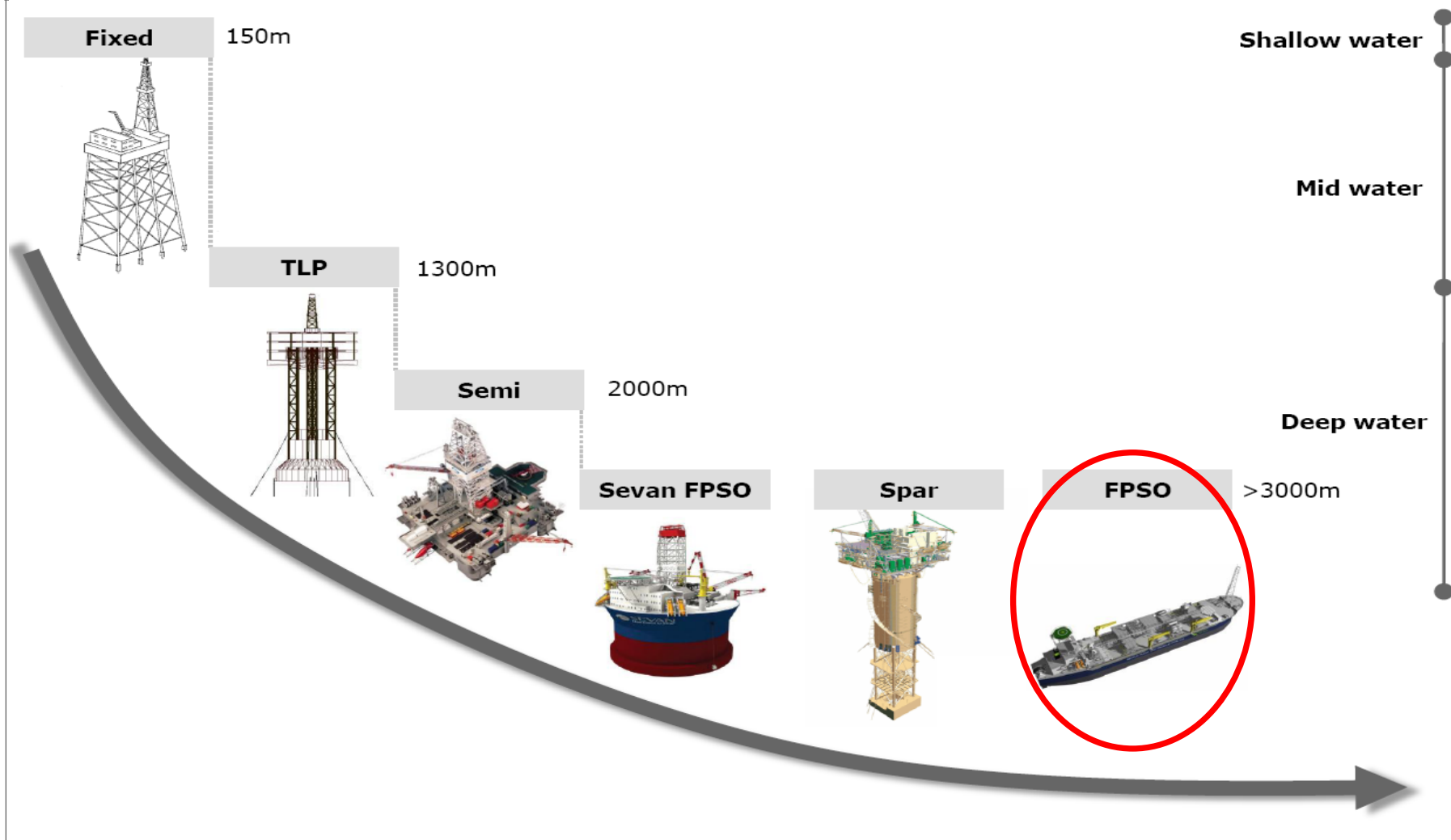


Source: Douglas Westwood.

Deepwater Crude Oil Production is Expected to More Than Double from 2007 – 2015

FPSOs: Production Solution for Deep and Ultra-Deep Water

Current Offshore Production Solutions



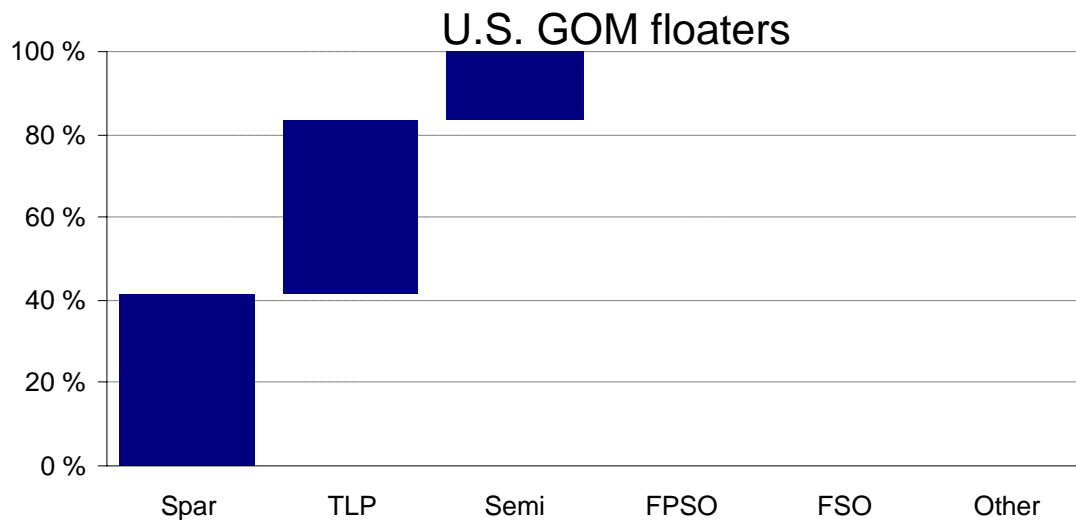
Source: DnB NOR Markets

FPSO 101

- ▶ **FPSO = Floating Production, Storage and Offloading**
- ▶ An offshore production facility, typically ship-shaped, which:
 - ▶ Receives oil from the sea bed,
 - ▶ Processes it to remove impurities (water, sand, stones),
 - ▶ Stores it onboard before offloading via tankers
- ▶ Well suited for deepwater oil fields in excess of 8,000 feet where a fixed installation and pipeline may not be feasible
- ▶ Cost effective solutions for smaller oil fields
- ▶ Can either be purpose built or converted from an existing oil tanker.
- ▶ Cost can range anywhere from \$100 million to >\$1 billion
- ▶ The first FPSO entered service in 1977 and there are now over 150 units in operation worldwide with a further 27 on order

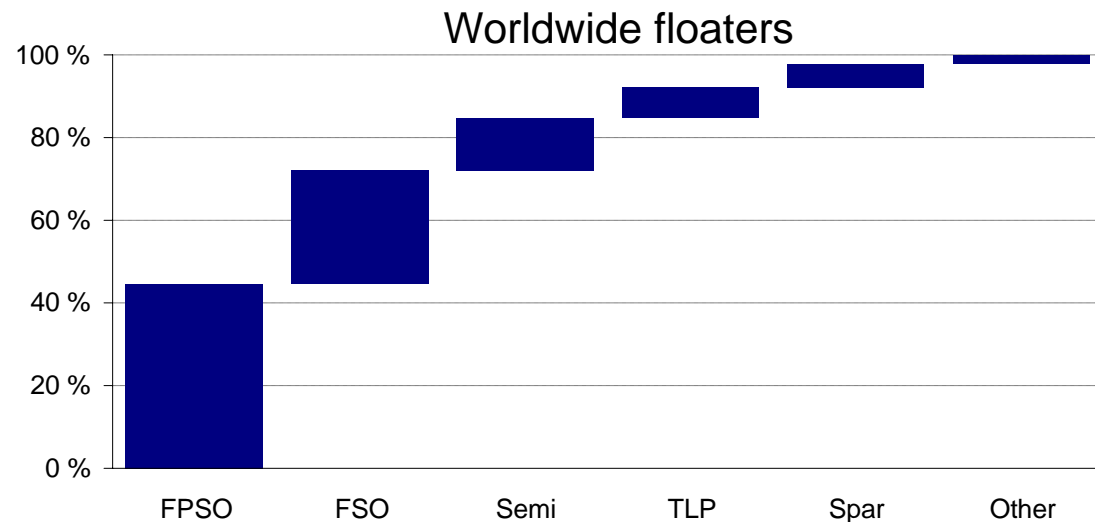


FPSOs Very Popular Outside of GOM



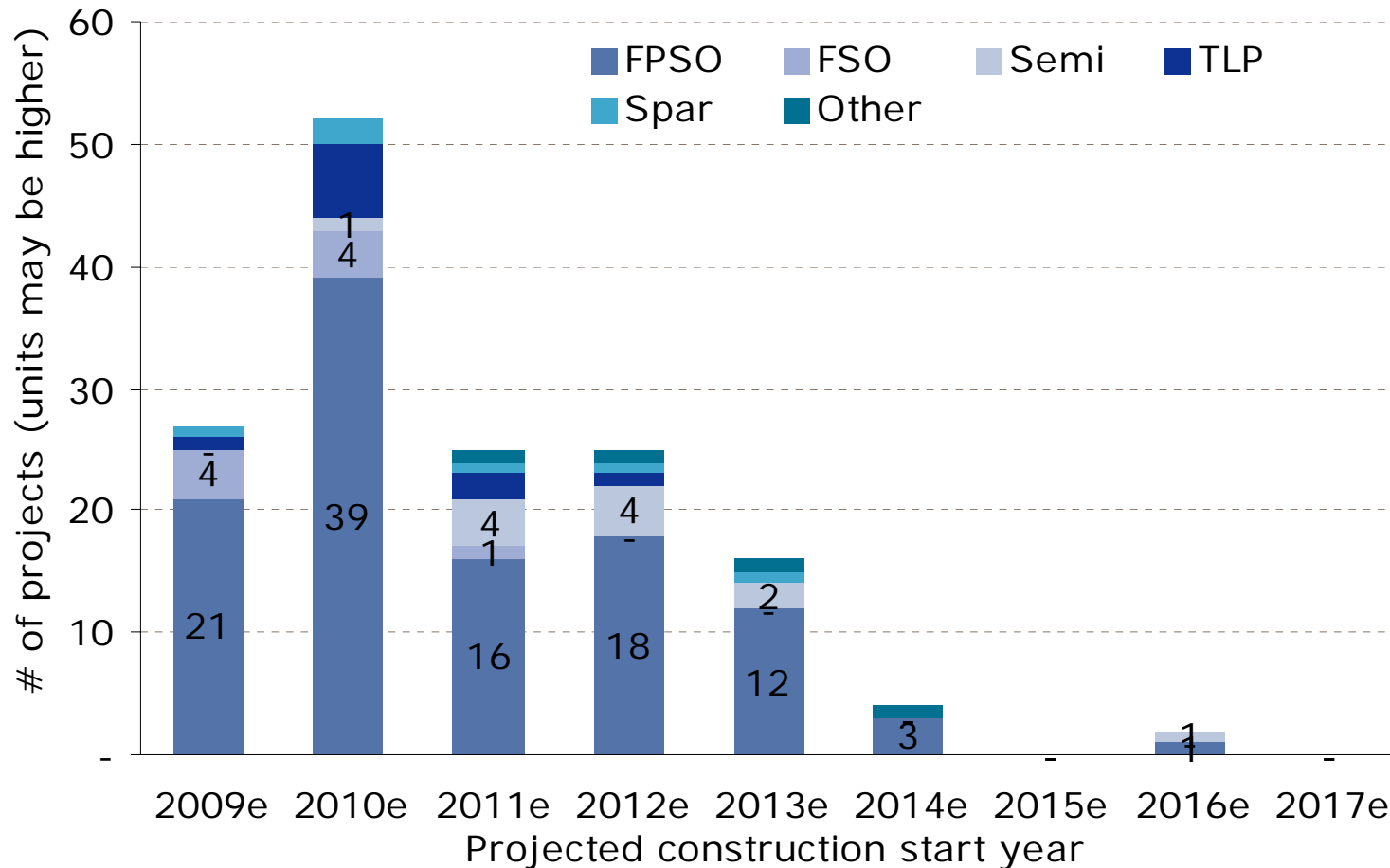
► Gulf of Mexico's shallow waters more suitable for other types of floating production facilities

► FPSOs are the preferred floating production solution worldwide with over 40% market share



Source: ODS-Petrodata and DnB NOR Markets

FPSOs will Continue to be the Preferred Solution Worldwide



- ▶ During next 3 years, FPSOs will be the preferred solution for over 73% of planned offshore oil projects

Source: ODS-Petrodata and DnB NOR Markets

Shuttle / Offshore Market Outlook

IMA Forecast of Floating Production / Storage Unit Orders Over Next 5 Years

	Scenario 1 <\$50 Oil	Scenario 2 \$50-70 Oil	Scenario 3 \$70+ Oil
FPSO	75	95	115
FSO	25	30	35

- ▶ 87 FPSO orders placed in the last 5 years
 - ▶ 70 x newbuild / conversion, 6 x speculatively ordered, 11 x modified and redeployed
 - ▶ According to IMA there are 109 visible FPSO projects in the pipeline
- ▶ Long term offshore fundamentals are positive but tendering activity may be slow over next 2 / 3 years apart from the state owned company projects (e.g. Brazil)
- ▶ 3 likely scenarios on the offshore market are
 - ▶ Oil prices remaining low (~USD 50-70 / bbl) for the next ~3 years as a result of spare capacity overhang
 - ▶ Global economy slipping into a recession with no signs of an oil price recovery for next 5 years
 - ▶ Oil prices recover back to ~USD 70 / bbl plus
- ▶ Shuttle tanker opportunities outlook is more positive on the back of niche opportunities in the North Sea and projected growth in Brazil offshore production