TEEKAY OFFSHORE PARTNERS Q4-17 EARNINGS PRESENTATION

February 22, 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 estimated future cash flow from vessel operations, including the impact on the Partnership's balance sheet, and weighted average contract length associated with the Partnership's existing growth projects once delivered; the timing and cost of delivery and start-up of various newbuildings and conversion/upgrade projects and the commencement of related contracts; the timing and contract terms related to the extension of the employment of the *Voyageur Spirit* FPSO unit on the Huntington field and the expected impact on the life of the Huntington field; a potential global energy and offshore market recovery; the Partnership's ability to benefit from future opportunities; and the number of vessel equivalent days for the new ALP contract. 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 to negotiate final documentation related to the Voyageur Spirit FPSO heads of terms; 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; vessel demand under the new towage contract; 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, 2016. 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

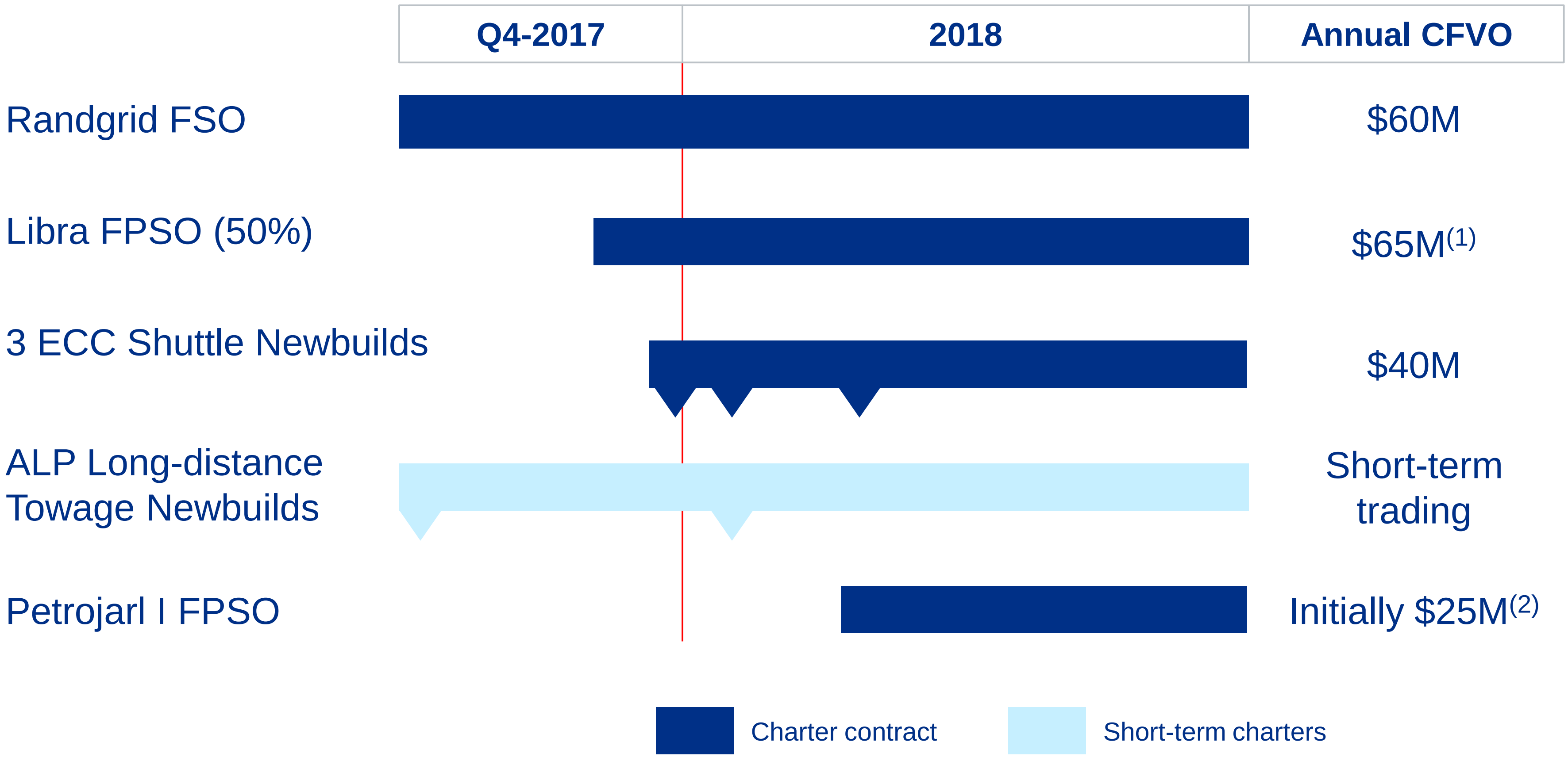
- Generated DCF[1] of $34.4 million and total CFVO[1] of $144.9 million in Q4-17, an increase of 157% and 17% from Q3-17, respectively
    - Q4-17 DCF [1] per common unit of $0.08
- Contract start-up:
    - *Randgrid* FSO
    - *Pioneiro de Libra* FPSO
    - Two East Coast Canada shuttle tanker newbuildings
- Placed order for two shuttle tanker newbuildings to service our existing CoA portfolio in the North Sea
- Completed the upgrades of the *Petrojarl I* FPSO
- Contract extensions on the *Ostras* and *Voyageur Spirit* FPSO units
- Awarded largest towage contract to-date for the Kaombo Norte FPSO

1) These are non-GAAP financial measures. Please refer to "Definitions and Non-GAAP Financial Measures" and the Appendices in the Partnership's Q4-2017 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: Hans Erik Unneland

Majority of Projects Delivered and Starting to Cash Flow

Existing projects expected to provide ~$200 million of annual CFVO



1) Based on our 50% ownership interest in the unit.
2) As a result of the charter amendment in July 2017, for the first 18 months annual CFVO is expected to be initially $25 million. After 18 months, the contract reverts back to $60 million per annum plus upside from oil price tariffs.

Contract Extensions and General Update

Ostras FPSO

- Extension with Petrobras for firm period of 4 months, plus option for 2 additional months
- Actively seeking redeployment opportunities

Voyageur Spirit FPSO

- Nearing completion of the previously announced contract extension with Premier Oil
- Extends production until at least April 2019
- Fixed day rate with production and oil price bonus upside
- New terms take effect April 2018

Piranema Spirit FPSO

- Firm contract period out to 2019, plus extension options

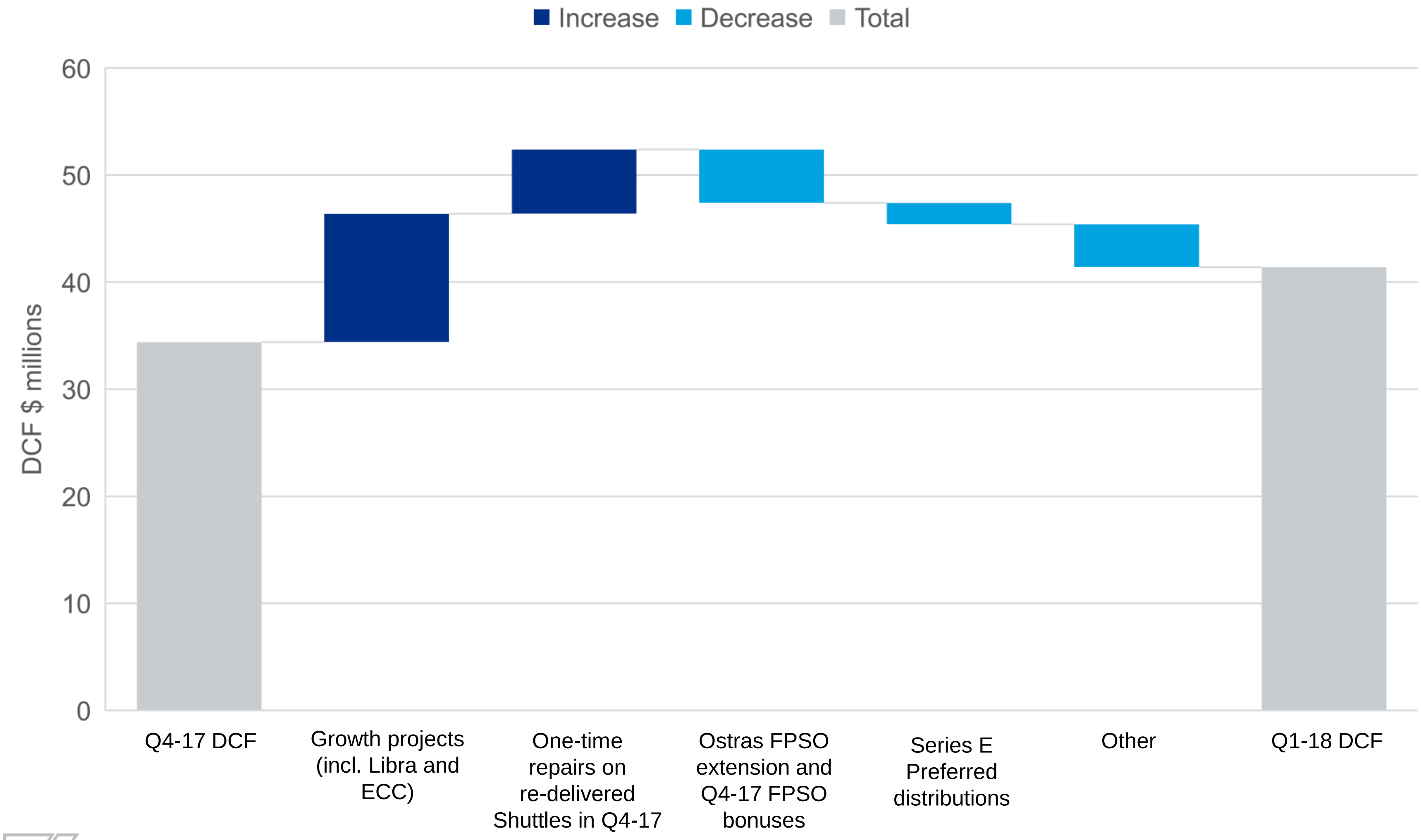
Varg FPSO

- Completed front-end engineering and design (*FEED*) study with Alpha Petroleum for North Sea project
- Negotiating terms for potential FPSO project on the Cheviot field

Arendal Spirit Accommodation Unit

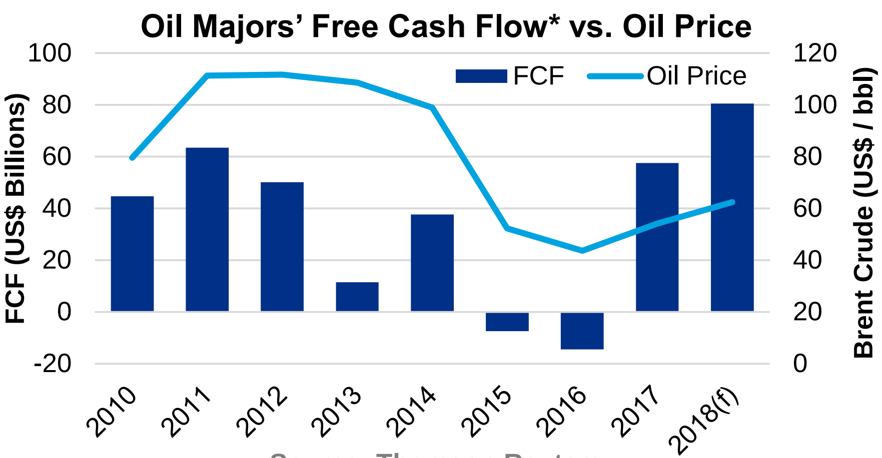
- Currently in lay-up and bidding on various tender opportunities in Brazil

Q1-18 DCF Outlook[1]



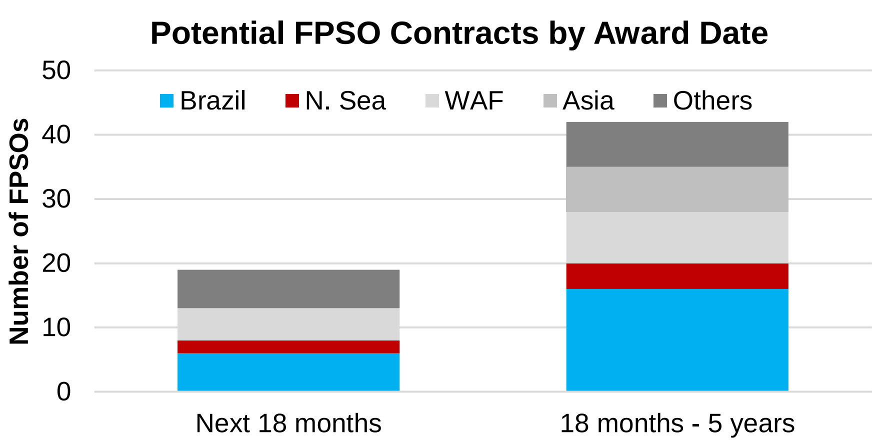
1) Please refer to the appendix for the detailed Q1-2018 Outlook slide.

Positive Developments in Core Markets



Source: Thomson Reuters

***Eni, Statoil, BP, Total, Chevron, ExxonMobil and Shell**



Source: IMA "Floating Systems Report" Jan 2018

- **Macro environment is improving**
  - Oil prices reached $70 / bbl in Jan'18 for the first time since 2014
  - Oil company financials are improving and E&P spending is set to rise
- **North Sea seeing renewed activity**
  - Norway received 10 new offshore project development plans in 2017
  - Norway awarded a record 75 offshore oil exploration licenses in Jan'18
- **Brazil tendering activity accelerating**
  - Petrobras awarded 3 FPSO contracts in 2017 and has 15 more in the planning stage and tendering for new shuttle tankers
  - Brazilian pre-salt opening up to foreign operators

TOO's 2018 Priorities

- Maintaining safety standards and operational excellence
- Commencing charter contracts on existing growth projects
- Securing charter extensions and redeployments
- Further strengthening balance sheet through the natural delevering process as growth projects start cash-flowing
- Refinancing upcoming debt maturities

Appendix

DCF and DCF per Limited Partner Unit

Q4-17 vs. Q3-17

($'000's, except per unit information)	Three Months Ended December 31, 2017 (unaudited)	Three Months Ended September 30, 2017 (unaudited)	Comments
Revenues	295,728	273,626	
Voyage expenses	(29,005)	(25,102)	
Net revenues	266,723	248,524	• Increase mainly due to the commencement of operations of the *Randgrid* FSO and annual performance bonus on the *Voyageur Spirit* FPSO in Q4-17, partially offset by $3 million in voyage expenses related to the transit of the shuttle tanker newbuildings, *Beothuk Spirit* and *Norse Spirit*, to the East Coast of Canada in Q4-17.
Vessel operating expenses	(98,100)	(86,769)	• Increase mainly due to the commencement of operations of the *Randgrid* FSO, $3 million in pre-operational expenses relating to the *Beothuk Spirit* and *Norse Spirit* and $6 million of non-recurring repair and maintenance expenses relating to two redelivered shuttle tankers in Q4-17, partially offset by lower repair and maintenance costs on the FPSO fleet in Q4-17.
Time-charter hire expenses	(18,375)	(20,677)	• Decrease mainly due to fewer spot-in days in Q4-17.
Estimated maintenance capital expenditures	(40,412)	(41,862)	• Decrease mainly due to liquidated damages received in Q4-17 relating to the *ALP Sweeper*, partially offset by the commencement of operations of the *Randgrid* FSO in Q4-17.
General and administrative	(14,383)	(19,870)	• Decrease mainly due to higher legal fees and one-time costs in Q3-17 as a result of the Brookfield Transaction.
Restructuring recovery (charge)	671	(2,885)	• Decrease due to a Q4-17 adjustment in severance costs from the de-manning and subsequent lay-up of the *Arendal Spirit* UMS recorded in Q3-17.
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures (1)	5,821	5,046	• Increase mainly due to one month of operations on the *Pioneiro de Libra* FPSO FPSO in Q4-17.
Interest expense	(43,365)	(38,819)	• Increase mainly due to the deliveries of the *Randgrid* FSO, *Beothuk Spirit* and *Norse Spirit* shuttle tankers and *ALP Sweeper* in Q4-17 and the refinancing of various facilities with a $250M senior unsecured bond in Q3-17 and a $600M debt facility in Q4-17.
Interest income	1,245	710	
Realized losses on derivative instruments (2)	(8,100)	(9,976)	• Decrease mainly due to the partial repayment and adjustment of terms on certain derivative instruments in Q3-17.
Income tax recovery (expense)	4,187	(2,292)	• Decrease mainly due to a deferred tax valuation allowance decrease in Q4-17.
Distributions relating to equity financing of newbuildings and conversion costs add-back	-	6,991	• Decrease due to no capitalized distributions in Q4-17.
Distributions relating to preferred units	(5,376)	(11,917)	• Decrease due to the repurchase and subsequent cancellation of Series C-1 and D preferred units in Q3-17.
Adjustments to non-cash revenue	(6,297)	(4,895)	• Increase mainly due to non-cash revenue related to the *Randgrid* FSO in Q4-17.
Other - net	(5,450)	(2,107)	
Distributable Cash Flow before non-controlling interests	**38,789**	**19,202**	
Non-controlling interests' share of DCF (3)	(4,340)	(5,820)	• Decrease mainly due to higher repairs and maintenance on the *Nordic Rio* shuttle tanker in Q4-17.
Distributable Cash Flow (4)	**34,449**	**13,382**	
Amount attributable to the General Partner	(31)	(31)	
Limited partners' Distributable Cash Flow	34,418	13,351	
Weighted-average number of common units outstanding	410,045	170,658	• Increase due to the Brookfield Transaction in late Q3-17.
Distributable Cash Flow per limited partner unit	**0.08**	**0.08**	

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 (loss) on derivative instruments to realized loss on derivative instruments.
3) See reconciliation of the Partnership's non-controlling interest in net 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 Q4-17 and Q3-17 Earnings Releases.

Reconciliations of Non-GAAP Financial Measures

Q4-17 vs. Q3-17

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

($'000's)	Three Months Ended December 31, 2017 (unaudited)	Three Months Ended September 30, 2017 (unaudited)
Equity income as reported	2,126	4,416
Depreciation and amortization	4,113	2,222
Pre-operational costs (recovery)	648	(371)
Unrealized loss (gain) on derivative instruments	932	(273)
Unrealized foreign exchange loss	586	99
Estimated maintenance capital expenditures	(2,584)	(1,047)
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures	5,821	5,046

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

($'000's)	Three Months Ended December 31, 2017 (unaudited)	Three Months Ended September 30, 2017 (unaudited)
Realized and unrealized gain (loss) on derivative instruments as reported	4,708	(19,232)
Unrealized gain on derivative instruments	(12,808)	(28,694)
Realized loss on partial termination of derivative instruments	-	37,950
Realized loss on derivative instruments	(8,100)	(9,976)

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

($'000's)	Three Months Ended December 31, 2017 (unaudited)	Three Months Ended September 30, 2017 (unaudited)
Non-controlling interests in net income as reported	638	(2,785)
Depreciation and amortization	3,702	3,205
Write-down of vessels	-	5,400
Non-controlling interests' share of DCF	4,340	5,820

Q1 2018 Outlook

Distributable Cash Flow Item	Q1 2018 Outlook (compared to Q4 2017)
Net revenues	• $2m increase in the Shuttle segment mainly due to two of the three East Coast of Canada (ECC) shuttles beginning their charters on December 24, 2017 and January 24, 2018, respectively, and earning higher hire rates than the previous vessels; partially offset by two shuttle tankers in drydock in Q1-18 • $1m decrease in the Towage segment mainly due to seasonal demand fluctuations compared to Q4-17 • $5m decrease in the FPSO segment mainly due to *Ostras* operating at a reduced rate from mid-December 2017 through the extension period, lower incentives on *Voyageur* and two less calendar days
Vessel operating expenses	• $5m decrease in the Shuttle segment due to higher repairs and maintenance performed in Q4-17 on redelivered shuttles; partially offset by operational expenses incurred on the ECC shuttles • $2m increase in FPSO segment mainly due to a non-recurring insurance recovery related to *Piranema* in Q4-17
Time-charter hire expenses	• $7m decrease due to redelivery of *Jasmine Knutsen* and 18 free transit days for *Heather Knutsen* as it repositioned to the North Sea in February 2018 as these vessels were replaced with the ECC newbuilds
Estimated maintenance capital expenditures	• $3m increase due to the start-up of *Libra* FPSO in late-2017 • $1m increase due to higher liquidated damages received in Q4-17 related to *Beothuk Spirit* and *ALP Sweeper* compared to liquidated damages for *ALP Keeper* in Q1-18
General and administrative	• Expected to be in line with Q4-17
Net interest expense	• Expected to be in line with Q4-17
Equity income	• $6m increase due to full quarter of operations on *Libra* FPSO following start-up in late Q4-17 • $1m increase mainly due to an annual maintenance bonus related to *Itajai* FPSO in Q1-18
Distributions relating to preferred units	• $2m increase due to distributions on the Series E preferred units issued in January 2018
Non-controlling interest's share of DCF	• Expected to be in line with Q4-17
Distributions relating to general partner units	• Expected to be in line with Q4-17

2017A and 2018E Drydock Schedule

Segment	March 31, 2017 (A)		June 30, 2017 (A)		September 30, 2017 (A)		December 31, 2017 (A)		Total 2017 (A)	
	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	50.00	4	163.00	-	42	5	255
	-	-	1	50.00	4	113.00	-	42.00	5	255

Segment	March 31, 2018 (E)		June 30, 2018 (E)		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	2	44	3	110	1	44	2	72	8	270
	2	44	3	110	1	44	2	72	8	270

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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