



**TEEKAY OFFSHORE PARTNERS L.P.**  
4th Floor, Belvedere Building, 69 Pitts Bay Road,  
Hamilton, HM 08, Bermuda

## NEWS RELEASE

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### TEEKAY OFFSHORE PARTNERS SIGNS SHUTTLE TANKER CONTRACTS AND RECEIVES OFFER TO ACQUIRE ONE FPSO AND THREE SHUTTLE TANKERS

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#### Highlights

- Signed master agreement with Statoil ASA that replaces an existing volume-dependent, life-of-field contract of affreightment, and covers fixed-rate, life-of-field time-charter contracts for seven shuttle tankers.
- Signed new time-charter contracts for two shuttle tankers with Petroleo Brasileiro SA.
- Renewed contracts for two shuttle tankers serving the Heidrun field in the North Sea.
- The Partnership's consolidated cash flow from vessel operations is expected to increase by approximately \$20 million in 2011 as a result of new and renewed contracts.
- Received offer from Teekay Corporation to acquire the *Cidade de Rio das Ostras* FPSO unit and three newbuilding shuttle tankers.

**Hamilton, Bermuda, August 31, 2010** – Teekay Offshore Partners L.P. (*Teekay Offshore or the Partnership*) (NYSE: TOO) today announced that its 51 percent-owned subsidiary, Teekay Offshore Operating L.P. (*OPCO*), signed a master agreement with Statoil ASA (*Statoil*) that replaces an existing volume-dependent, life-of-field contract of affreightment (*CoA*), and covers fixed-rate, life-of-field time-charter contracts for seven dedicated shuttle tankers. This new master agreement is effective September 1, 2010.

Under the terms of the master agreement:

- the vessels will be chartered under individual fixed-rate, life-of-field time-charter contracts to service Tampen and Haltenbanken fields on the Norwegian Continental Shelf;
- the number of shuttle tankers covered by the master agreement may be adjusted annually, mirroring the adjustments in tonnage under the existing CoA;
- the fixed-rate nature of time-charter contracts is expected to provide OPCO with more seasonally stable and predictable cash flows compared to the CoA arrangement; and
- the vessels chartered under this agreement would include the three newbuilding shuttle tankers that Teekay Corporation has recently offered to OPCO.

In addition, OPCO recently signed new time-charter contracts with Petroleo Brasileiro SA (*Petrobras*) for two shuttle tankers for periods of five years and two years, bringing the total number of Teekay Offshore shuttle tankers operating in Brazil to 13. OPCO also renewed a contract for two shuttle tankers serving the Statoil-operated Heidrun field in the North Sea for an additional four years at a higher charter rate.

The new master agreement with Statoil (before including any contribution from the three newbuilding shuttle tankers), the two new shuttle tankers redeployed in Brazil to Petrobras and the renewed Heidrun contract, in aggregate, are expected to increase the Partnership's consolidated cash flow from vessel operations<sup>1</sup> by approximately \$20 million in 2011, of which approximately \$10 million is attributable to Teekay Offshore based on its 51 percent interest in OPCO.

<sup>1</sup> Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense, vessel/goodwill write-downs, gains and losses on the sale of vessels and unrealized gains and losses relating to derivatives, but includes realized gains and losses on the settlement of foreign currency forward contracts. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies.

The Partnership today also announced that it received an offer from Teekay Corporation to acquire:

- the *Cidade de Rio das Ostras (Rio das Ostras)* floating production storage and offloading (FPSO) unit, which is on a long-term charter to Petrobras, at fair market value; and
- three newbuilding shuttle tankers at fully built-up cost, for acquisition by OPCO, which would be used to service the new master agreement with Statoil.

If Teekay Corporation's offer for the three newbuilding shuttle tankers is accepted by the Partnership, the purchases of the *Amundsen Spirit*, the *Nansen Spirit* and the *Peary Spirit* are expected to coincide with the commencement of their time-charter contracts under the Statoil master agreement in October 2010, January 2011 and July 2011, respectively. If Teekay Corporation's offer of the *Rio das Ostras* FPSO is accepted by the Partnership, the acquisition of this unit is expected to take place in the fourth quarter of 2010. These offers are currently being reviewed by the Board of Directors of the Partnership's general partner and its conflicts committee.

"We are very pleased to announce these significant positive contract developments, which will further increase Teekay Offshore's profitability and the stability of its cash flows," commented Peter Evensen, Chief Executive Officer, Teekay Offshore GP LLC. "The offer to acquire the *Rio das Ostras* FPSO and three of the most sophisticated and eco-friendly shuttle tankers ever built highlights the built-in fleet growth opportunities available to Teekay Offshore from our sponsor, Teekay Corporation. As a result of our recently completed \$130 million follow-on equity offering, we have sufficient liquidity to acquire these assets without the need to raise additional equity."

#### **About Teekay Offshore**

Teekay Offshore Partners L.P., a publicly-traded master limited partnership formed by Teekay Corporation (NYSE: TK), is an international provider of marine transportation, production and storage services to the offshore oil industry. Teekay Offshore owns a 51 percent interest in and controls Teekay Offshore Operating L.P., a Marshall Islands limited partnership with a fleet of 32 shuttle tankers (including six chartered-in vessels), four FSO units, nine conventional oil tankers and two lightering vessels. In addition, Teekay Offshore has direct ownership interests in two shuttle tankers, two FSO units, and one FPSO unit. Teekay Offshore also has rights to participate in certain other FPSO and FSO opportunities of Teekay Corporation.

Teekay Offshore Partners' common units trade on the New York Stock Exchange under the symbol "TOO".

#### **For Investor Relations enquiries contact:**

Kent Alekson  
Tel: + 1 (604) 609-6442

#### **For Media enquiries contact:**

Alana Duffy  
Tel: + 1 (604) 844-6631

Web site: [www.teekayoffshore.com](http://www.teekayoffshore.com)

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## FORWARD LOOKING STATEMENTS

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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 statements regarding: the effects of the new master agreement with Statoil, the new time-charter contracts with Petrobras and renewed contracts with Statoil for the two shuttle tankers serving the Statoil-operated Heidrun fields on the Partnership's profitability, as well as amount and stability of its cash flows, including during the fiscal year ended December 31, 2011; the effect of the acquisition of the Rio das Ostras FPSO and the three newbuilding shuttle tankers on the Partnership's profitability, as well as amount and stability of its cash flows, and the sufficiency of the Partnership's liquidity to complete these acquisitions; the potential for Teekay Corporation to offer additional vessels to the Partnership and effect of potential acquisitions on the Partnership's profitability, as well as amount and stability of its cash flows; and the delivery dates of vessels. 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 production volumes; different-than-expected levels of field maintenance; increased operating expenses; failure of Teekay Corporation to offer to the Partnership additional vessels; failure to acquire vessels offered by Teekay Corporation as a result of the determination by Teekay Offshore's general partner's Board of Directors that they are unsuitable or not sufficiently profitable to the Partnership; required approvals by the conflicts committee of Teekay Offshore's general partner to acquire vessels from Teekay Corporation, including approvals for the Rio das Ostras FPSO and the three newbuilding shuttle tankers; the Partnership's ability to raise financing to purchase additional vessels; 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, 2009. 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.