Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA.

To the bondholders in:

ISIN NO 001 0635329	**FRN Teekay Offshore Partners L.P. Bond Issue 2012/2017**
ISIN NO 001 0670128	**FRN Teekay Offshore Partners L.P. Bond Issue 2013/2018**

Oslo, 19 May 2016

Summons to Bondholders' Meeting

1 PARTIES

Nordic Trustee ASA (formerly Norsk Tillitsmann ASA) (the "**Bond Trustee**") acts as trustee for the holders of the bonds (the "**Bondholders**") in the above mentioned bond issues (the "**Bonds**" or the "**Bond Issues**") issued by Teekay Offshore Partners L.P. (the "**Issuer**" or the "**Company**"). ISIN NO 001 0635329 ("**TOP02**") is a NOK 600,000,000 bond issue, and ISIN NO 001 0670128 ("**TOP04**") is a NOK 800,000,000 bond issue.

All capitalised terms used herein shall, unless otherwise defined in this Summons, have the meanings assigned to them in the TOP02 bond agreement and the TOP04 bond agreement (as amended from time to time) (the "**Bond Agreements**").

References to Clauses and paragraphs are references to Clauses and paragraphs of each of the Bond Agreements.

The information in this summons regarding the Issuer and market conditions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

2 BACKGROUND

The precipitous decline in world oil prices over the past 18 months has severely hit the oil industry and the offshore sector. As a consequence, the capital markets access, traditionally open to the Issuer, has been adversely affected, as have the general market conditions in the markets in which the Issuer operates.

Although the Company has a strong operating cash flow, upcoming debt maturities and unfinanced capital expenditures are expected to create a liquidity shortfall. The Company and its subsidiaries' (the "**Group**") have been in active dialogue with its key stakeholders (including banks, bondholders, equity holders, shipyards and Teekay Corporation ("**TKC**")) to secure measures that will bridge the liquidity shortfall and substantially strengthen the Company's balance sheet.

The measures include contributions and support from all stakeholder groups including:

(i) Commercial banks committing to new loan financings, refinancings of existing loans and extensions/restructurings of existing derivative contracts;

(ii) The Issuer raising common equity to partially offset distribution payments to unitholders;

(iii) TKC subordinating and resetting the maturity of a $200 million loan to the Issuer beyond 31 December 2018;

(iv) Investors agreeing to buy new preferred equity of $200 million, with distributions to be paid in kind (in the form of common equity); and

(v) The Issuer requesting bondholders in TOP02 and TOP04 to reset the bond maturities until November and December 2018, respectively (with partial amortization payments).

The terms and conditions for the TOP02 and TOP04 maturity extensions and certain other amendments (the "**Bond Amendments**") are set out and described in the term sheet attached hereto as Schedule A (the "**Bond Amendment Term Sheet**"). The Bond Amendments shall be implemented at the latest by 15 July 2016 in connection with the implementation of the above steps.

Accordingly, the Company has requested the Bond Trustee to convene a Bondholders' Meeting for each Bond Issue in order to seek consents and approvals for the Proposal (as defined below).

3 PROPOSAL

Based on the above, the Issuer has approached the Bond Trustee in accordance with Clause 16.2.1 of each of the Bond Agreements, and requested a Bondholders' Meeting to be convened to consider the amendments to the terms and conditions for the Bond Issues as contemplated by the Bond Amendments, and as defined and further described in the Bond Amendment Term Sheet.

The Issuer proposes that the Bondholders of each of the Bond Issues resolve the following (the "**Proposal**"):

(i) Approve the Bond Amendments on the terms as described in the Bond Amendment Term Sheet, authorise and instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Bond Amendments, including without limitation to (a) prepare, finalise and enter into the necessary amendment agreements and other documentation it deem appropriate in connection with documenting the decisions made by the Bondholders' Meeting according to this summons, and (b) for and on behalf of the Bondholders, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents that are required to complete and give effect to the Proposal, including the granting of waivers, giving of instructions, consents, approvals and directions (including to the securities depositary (VPS)).

(ii) Agree that the Bond Trustee may consent and agree to further amendments of the Bond Amendments and the terms in the Bond Amendment Term Sheet where such amendments (a) are of minor or technical nature, (b) are otherwise consistent with the principles of the Bond Amendments, and (c) in the opinion of the Bond Trustee do not have an adverse effect on the rights and interests of the Bondholders.

(iii) Agree that the Bond Trustee may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected with the matters referred to in this summons (including without limitation waive any time periods or deadlines).

(iv) Waive any breaches of clauses in the Bond Agreements that are reasonably necessary in order to implement and complete the Bond Amendments.

Implementation of the Proposal in each of the Bond Issues shall be subject to approval of the Proposal by the required majority of Bondholders in each of the Bond Issues as well as the other conditions set out in the Bond Amendment Term Sheet (together the "**Conditions**"). As noted below in Section 4 of this Summons, Bondholders representing more than the majority of the outstanding bonds have given their undertakings to vote in favour of the Proposal.

4 PRE-APPROVALS

The Issuer has informed the Bond Trustee that, following a select and confidential sounding among the major bondholders in TOP02 and TOP04, all bondholders who have responded at the date of this Summons and who in aggregate hold more than a majority of each of the respective bonds, have confirmed their support of the Proposal.

5 FURTHER INFORMATION

The Issuer has engaged DNB Markets, part of DNB Bank ASA, Nordea Markets, part of Nordea Bank Norge ASA, and Swedbank Norge, branch of Swedbank AB (publ) as its financial advisors (the "**Advisors**"). Accordingly, Bondholders may contact the Advisors for further information:

DNB Markets	Nordea Markets	Swedbank
Nils-Jørgen Fimland	Kristoffer Johansen	Fred Lund
+47 24 16 90 23	+47 22 48 77 17	+47 23 11 62 88
+47 90 60 21 14	+47 48 40 19 19	+47 99 16 19 15
nils-jorgen.fimland@dnb.no	kristoffer.johansen@nordea.com	fred.lund@swedbank.no

The Advisors act solely for the Issuer and no-one else in connection with the Recapitalisation and the Proposal. The Advisors are also connected to DNB Bank ASA (DNB Markets as part of DNB Bank ASA), Nordea Bank Finland plc, New York Branch (as affiliate of Nordea Bank Norge ASA), and Swedbank AB (publ) (Swedbank Norge as branch of Swedbank AB (publ)) which are senior lenders to the Group and may have conflicting interest with the Bondholders. No due diligence investigations have been carried out by the Advisors with respect to the Issuer, and the Advisors expressly disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to in respect of the information herein).

For further questions to the Bond Trustee, please contact Olav Slagsvold at mail@nordictrustee.com or + 47 22 87 94 45.

6 NON-RELIANCE

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly.

7 BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 2 June 2016 at 13:00 hours (Oslo time),

Place: The premises of Nordic Trustee ASA,

Haakon VIIs gt 1, 0161 Oslo - 6th floor

Agenda:

a) Approval of the Summons.

b) Approval of the Agenda.

c) Election of two persons to co-sign the minutes together with the chairman.

d) Consent to the Proposal as set out in section 3 above.

It is proposed that the Bondholders' Meeting resolves the following:
The Bondholders' Meeting hereby adopt the resolution set out in the Proposal as described in section 3 of the Summons for this Bondholders' Meeting.

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To approve the Proposal, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least half of the Voting Bonds must be represented at the meeting. If the Proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the banking day before the meeting takes place.

Yours sincerely

Nordic Trustee ASA

Olav Slagsvold

Enclosed:

Schedule (A) – Bond Amendment Term Sheet

Schedule (B) – Presentation to bondholders

Schedule (C) – Bondholder's Form

Schedule (A) – Bond Amendment Term Sheet

19 May 2016

TEEKAY OFFSHORE PARTNERS L.P.

Bond Amendment Term Sheet

This indicative Bond Amendment Term Sheet (the "**Term Sheet**") dated 19 May 2016 sets out the terms for the Bond Amendments (as defined below) and is a part of a proposed Plan (the "**Plan**") to strengthen the capital structure and financial conditions of Teekay Offshore Partners L.P. (a limited partnership organized in the Marshall Islands with Company No. 950010) (the "**Issuer**" or the "**Company**", together with its subsidiaries from time to time, the "**Group**") subject to contract and definitive documentation, between (i) the Company, (ii) the Bond Trustee (on behalf of the Bondholders), (iii) the Banks (as defined below) and (iv) certain preferred equity holders as at the date of this Term Sheet (together the "**Term Sheet Parties**").

This Term Sheet is not an offer to issue or sell, or a solicitation of an offer to acquire or purchase securities in Marshall Islands, Bermuda, England, the U.S., Norway, or any other jurisdiction.

Capitalised terms used in this Term Sheet which are not otherwise defined herein, shall have the meaning given to them in the Bond Agreements (as defined below). A reference to a Clause is to a Clause of the Bond Agreements.

1.	**Definitions**	"**Amendment Effective Date**" means the date on which the Bond Amendments becomes effective subject to the due fulfilment of the conditions precedent as set out in section 4 (*Conditions precedent to implementation of Bond Amendments*), in no event later than the Long Stop Date. "**Bank**" means any bank which is a finance party under any financial document entered into by, inter alia, the Company or any other member of its Group, which will be involved in the Plan. "**Bond Agreements**" means TOP02 and TOP04 collectively. "**Bond Amendments**" means the amendments to the Bond Agreements as set out in section 3 (*Bond Amendments*). "**Bondholders**" means the holders of the Bonds from time to time. "**Bonds**" means the bonds issued under TOP02 and TOP04 from time to time. "**Bond Trustee**" means Nordic Trustee ASA (formerly Norsk Tillitsmann ASA) in its capacity as bond trustee (on behalf of the Bondholders). "**Common Equity**" means the Issuer's common equity units listed on the New York Stock Exchange (NYSE) under the symbol "TOO". "**Equity Remedy**" means the Issuer's obligation to raise new Common Equity (paid in) to remedy any Exceeding Cash Payments within 6 months of any such Exceeding Cash Payment. "**Exceeding Cash Payments**" means the Exceeding Cash Interests Payments, the Dividend Payments and the Preferred Equity Dividend Payments (each term as defined below). "**Long Stop Date**" has the meaning given to that term in section 2 (*Plan Overview*). "**Mandatory Redemption**" has the meaning given to that term under *Mandatory Redemption (at par value)* in section 3 (*Bond Amendments*). "**PIK**" means payment by way of Common Equity units, either

		directly or by way of a distribution reinvestment plan. "**Preferred Equity Series D Transaction**" has the meaning given to that term in section 2 (*Plan Overview*). "**Preferred Equity**" means the Preferred Equity Series C and the Preferred Equity Series D. "**Preferred Equity Series C**" means the preferred equity C units issued by the Company. "**Preferred Equity Series D**" has the meaning given to that term in section 2 (*Plan Overview*). "**TKC**" means Teekay Corporation, incorporated in the Marshall Islands with company no. 3521. "**TKC Loan**" means the USD 200 million loan agreement between TKC as lender and the Issuer as borrower, with the maturity date originally set to 1 July 2016 (as amended form time to time). "**TOP02**" means the bond agreement dated 25 January 2012 relating to the "FRN Teekay Offshore Partners L.P. Senior Unsecured Bond Issue 2012/2017" with ISIN NO 0010635329, in aggregate principal amount of NOK 600,000,000 and an original maturity date set to 27 January 2017, where the Bonds shall be split in new bonds each with a nominal amount of NOK 1. "**TOP04**" means the bond agreement dated 21 January 2013 relating to the "FRN Teekay Offshore Partners L.P. Senior Unsecured Bond Issue 2013/2018" with ISIN NO 001 0670128, in aggregate principal amount of NOK 800,000,000 and an original maturity set to 25 January 2018, where the Bonds shall be split in new bonds each with a nominal amount of NOK 1.
2.	**Plan Overview**	The Plan will comprise, *inter alia*, the following key elements (summary of main features only): (i) Issuance of no less than USD 200,000,000 preferred equity series D of the Issuer (referred to as the "**Preferred Equity Series D**" or the "**Preferred Equity Series D Transaction**"); (ii) the Bond Amendments to the Bond Agreements; (iii) certain amendments to the relevant Banks' arrangements described in more detail under section 4 (*Conditions precedent to implementation of Bond Amendments*) below; (iv) certain amendments to the TKC Loan which includes, *inter alia*, an extension of the maturity date of the TKC Loan to a date subsequent to the maturity dates under TOP02 and TOP04, and subordination of any payments due under the TKC Loan as described in greater detail under "*Special Covenants*" in section 3 (*Bond Amendments*) below ("**TKC Loan Amendments**"); and (v) the implementation of certain dividend restrictions on the Common Equity, Preferred Equity Series C and Preferred Equity Series D as described in greater detail under "*Special Covenants*" in section 3 (*Bond Amendments*) below ("**Dividend Restrictions**").

		Implementation of the Bond Amendments will be subject to all of the conditions set out in section 4 (*Conditions precedent to implementation of Bond Amendments*) being satisfied, anticipated to occur on or before 30 June 2016, but in no event later than 15 July 2016 (the "**Long Stop Date**").
3.	**Bond Amendments**	Listed below are the Bond Amendments relevant for TOP02 and TOP04, respectively. The Bond Amendments relevant for TOP02 will be implemented by way of executing an amendment and restatement agreement in respect of TOP02 (amending and restating TOP02) and the Bond Amendments relevant for TOP04 will be implemented by way of executing an amendment and restatement agreement in respect of TOP04 (amending and restating TOP04). Any other terms of the Bond Agreements will remain unchanged save as explicitly described in this section 3 (*Bond Amendments*). On the Amendment Effective Date, the terms of the Bonds will be amended as follows: ***Coupon*** **(Clause 1.1 (*Definitions*) and Clause 9.1 (*Interest*))** • TOP02: Due to the amended Maturity Date as set out below, the applicable Bond Reference Rate shall be set to 1 month NIBOR as of the Interest Payment Date in October 2018. • TOP04: The Issuer shall pay interest on the aggregate outstanding principal amount of the Bonds from, and including, the Interest Payment Date in July 2016, at the Bond Reference Rate plus the Margin at 5.75 percentage points per annum (increased from an existing 4.75 Margin). Due to the amended Maturity Date as set out below, the applicable Bond Reference Rate shall be set to 2 month NIBOR as of the Interest Payment Date in October 2018. ***Maturity Extensions and Redemption Premium*** **(Clause 1.1 (*Definitions*) and Clause 10.2 (*Maturity*))** • TOP02: The Maturity Date of the Outstanding Bonds shall occur on 30 November 2018 and shall be redeemed at 103% of par value. • TOP04: The Maturity Date of the Outstanding Bonds shall occur on 31 December 2018 and shall be redeemed at 103% of par value. ***Mandatory Redemptions (at par value)*** **(Clause 10.1 (*Repayment Instalments*))** • TOP02: The Issuer shall make two (2) repayment instalments, each for

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a nominal amount of NOK 180,000,000 at par value. The repayment instalments are due and payable on the Interest Payment Date in October 2016 and October 2017, respectively. The Outstanding Bonds after completion of the two repayment instalments are due and payable on the Maturity Date at 103% of par value.

- TOP04:

The Issuer shall make one repayment instalment for a nominal amount of NOK 160,000,000 at par value on the Interest Payment Date in January 2018. The Outstanding Bonds after completion of the repayment instalment are due and payable on the Maturity Date at 103% of par value.

Other than the mandatory repayment instalment which is due and payable on the Interest Payment Date in January 2018 as set out above, no redemptions of the Outstanding Bonds shall be made until the Bonds issued under TOP02 have been redeemed in full (including accrued but unpaid interest and applicable premium).

Call options

(New Clause 10.2 (*Issuer's Call Options*)

- TOP02:

The Issuer may redeem the Outstanding Bonds (all or nothing) at any time from and including:

(i) the Amendment Effective Date to, and including, the Interest Payment Date in October 2017 at 101 per cent. of par value (plus accrued interest on the redeemed amount);

(ii) the day following the Interest Payment Date in October 2017 to, and including, the Interest Payment Date in July 2018 at 102 per cent. of par value (plus accrued interest on the redeemed amount); or

(iii) the day following the Interest Payment Date in July 2018 to the Maturity Date at 103 per cent. of par value (plus accrued interest on the redeemed amount).

- TOP04:

Provided that the Bonds under TOP02 have been redeemed in full, the Issuer may redeem the Outstanding Bonds (all or nothing) at any time from and including:

(i) the Amendment Effective Date to, and including, the Interest Payment Date in January 2018 at 101 per cent. of par value (plus accrued interest on the redeemed amount);

(ii) the day following the Interest Payment Date in January 2018 to, and including, the Interest Payment Date in July 2018 at 102 per cent. of par value (plus accrued interest on the redeemed amount); or

(iii) the day following the Interest Payment Date in July 2018 to the Maturity Date at 103 per cent. of par value

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		(plus accrued interest on the redeemed amount). **Special Covenants** **(New Clause 13.6 (*Special Covenants*)** • TOP02 and TOP04: **A) TKC Loan:** The TKC Loan shall be subordinated in ranking, payment and maturity to the Bonds under TOP02 and TOP04. Interest determined to be paid in cash ("**Cash Interest**") on the TKC Loan shall be limited to 5% p.a. (the "**Cash Interest Limit**"). Interest which exceeds the Cash Interest Limit, but always subject to an ultimate interest cap on the TKC Loan in the aggregate of up to 10% p.a., shall be payable by PIK until the Outstanding Bonds under TOP02 and TOP04 have been redeemed in full (plus accrued and unpaid interest and premium). Notwithstanding the above and provided that the Issuer performs an Equity Remedy, the Issuer may choose to pay cash interest on the TKC Loan that exceeds the Cash Interest Limit (up to 10% p.a.) (the "**Exceeding Cash Interest Payment**"). Notwithstanding anything in this paragraph, if an Event of Default occurs under the Bond Agreements, no Cash Interest shall be made under the TKC Loan until such Event of Default is remedied (if capable of remedy). **B) Dividends (Common Equity):** • TOP02 and TOP04: TKC's share of Common Equity dividend distributions shall be paid by PIK from the Amendment Effective Date until the Outstanding Bonds under TOP02 and TOP04 have been redeemed in full (plus accrued and unpaid interest and premium). Dividends due and payable to other holders of Common Equity ("**Dividend Payment**") shall as of the Amendment Effective Date only be disbursed provided that the Issuer performs an Equity Remedy. Notwithstanding the foregoing, if an Event of Default occurs under the Bond Agreements, no cash distribution shall be made to holders of Common Equity until such Event of Default is remedied (if capable of remedy). **C) Dividends (Preferred Equity):** • TOP02 and TOP04: All dividends due and payable under the Preferred Equity Series C and Preferred Equity Series D shall be paid by PIK as of the Amendment Effective Date until the Outstanding Bonds under TOP02 and TOP04 have been redeemed in full (plus accrued and unpaid interest and premium). Notwithstanding the above, the Issuer may choose to pay cash dividends:

		(i) on the Preferred Equity Series C as of the Amendment Effective Date; and (ii) on the Preferred Equity Series D from the date occurring two years after the Amendment Effective Date (together with (i) above, the "**Preferred Equity Dividend Payments**"), provided that the Issuer performs an Equity Remedy. Notwithstanding the foregoing, if an Event of Default occurs under the Bond Agreements, no cash distribution shall be made to holders of Preferred Equity until such Event of Default is remedied (if capable of remedy). **D) New Financial Indebtedness** • TOP02: Any new unsecured capital markets Financial Indebtedness may not be incurred by the issuer or any other company within the Group unless it shall be applied first to redeem the Outstanding Bonds under TOP02 in full (plus accrued and unpaid interest and premium) at the then applicable call option prices pursuant to Clause 10.3 (*Issuer's Call Options*). • TOP04: Any new unsecured capital markets Financial Indebtedness may not be incurred by the issuer or any other company within the Group unless it shall **first** be applied to redeem the Outstanding Bonds under TOP02 (plus accrued and unpaid interest and premium) and **secondly** to redeem the Outstanding Bonds under TOP04 in full (plus accrued and unpaid interest and premium) at the then applicable call option prices pursuant to Clause 10.2 (*Issuer's Call Options*), and **thirdly** for any other purposes.
4.	**Conditions precedent to implementation of Bond Amendments**	The implementation of the Bond Amendments and occurrence of the Amendment Effective Date will be subject to satisfactory evidence provided to the Bond Trustee of the following: (i) TOP02 Amendment Agreement, duly executed. (ii) TOP04 Amendment Agreement, duly executed. (iii) Standard conditions precedent as the Bond Trustee may require (legal opinions, corporate resolutions etc.). (iv) Payment of 1% upfront fee on the Outstanding Bonds under each of TOP02 and TOP04, which is due and payable to the Paying Agent on the Amendment Effective Date for onwards distribution to the Bondholders. (v) Deferral of put options on the following DNB/Citi/HSH interest rate swap contracts to earliest January 2019:

		o Citi-swap maturing in October 2026 and with original put option date on 1 August 2016; o DNB-swap maturing in October 2026 and with original put option date on 3 October 2016; o DNB-swaps both maturing in March 2030 and with original put option dates both on 1 December 2016; and o HSH-swap (to be novated to Citi) maturing in June 2031 and with original put option date on 21 September 2017. (vi) Evidence that Logitel, a subsidiary of TOO, has agreed deferral of delivery of the two Units for Maintenance and Safety (UMS) no. 2 and 3 under construction at COSCO Nantong Shipyard and COSCO Qidong in China to not earlier than the maturity of TOP02 and TOP04. (vii) The issuance and payment of the Preferred Equity Series D Transaction having been completed (and paid in full), no later than the Long Stop Date. (viii) The TKC Loan Amendments having been implemented. (ix) The Issuer having in place an external finance (committed and with a signed facility agreement) in respect of the un-mortgaged shuttle tankers and FSO's (named "Falcon Spirit", "Pattani Spirit", "Stena Alexita", "Stena Natalita", "Stena Sirita" and "Navion Oslo") for a minimum USD 40,000,000. (x) The Issuer having increased its existing USD 170,000,000 credit facility secured by the "Samba Spirit" and "Lambada Spirit" shuttle tankers by an additional USD 35,000,000. (xi) The Issuer having in place external finance (committed and with a signed facility agreement) to refinance the existing USD 100,000,000 loan secured by the "Varg" FPSO and due 30 June 2016, with a new USD 75,000,000 facility maturing no earlier than in December 2017. (xii) The Issuer having in place external finance (committed and signed facility agreement to be drawn down over the construction period and at delivery for the respective newbuildings) of no less than USD 250,000,000 in respect of three (3) shuttle tanker newbuildings currently under construction at Samsung Heavy Industries. A signed and dated letter from the Issuer confirming that CPs (v) through (xii) have been satisfied shall constitute satisfactory evidence for the Bond Trustee as to the Completion of such CPs.
5.	**Reservation of Rights**	Until the Amendment Effective Date, the provisions of the Bond Agreements will continue in full force and effect and nothing in this Term Sheet will effect a modification or waiver of any rights under the existing Bond Agreements, or any

		other documents and agreements ancillary thereto, or to any of the Bondholders' rights as creditors of the Company.
6.	**Event of Default**	Upon an Event of Default which is continuing, and where the Bond Trustee, on behalf of the Bondholders, has declared the full outstanding amount under the Bond Issue to be due for immediate payment, outstanding Bonds under the Bond Issue shall be due and payable at the then applicable call option prices pursuant to Clause 10.2 (*Issuer's Call Options*) (plus accrued but unpaid interest and expenses).
7.	**Governing Law**	This Term Sheet will be governed by and construed in accordance with Norwegian law.

Schedule (B) – Presentation to bondholders

STRICTLY PRIVATE & CONFIDENTIAL

TEEKAY

TEEKAY OFFSHORE PARTNERS L.P.

PRESENTATION TO NOK BONDHOLDERS

19 May 2016

Disclaimer

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Agenda

Section 1:	**Summary**
Section 2:	Recapitalization plan
Section 3:	Business update
Appendix	

Executive Summary

Teekay Offshore Partners requests TOP02 and TOP04 NOK bondholders reset maturities out to late-2018 with amortizations as part of a comprehensive recapitalization plan

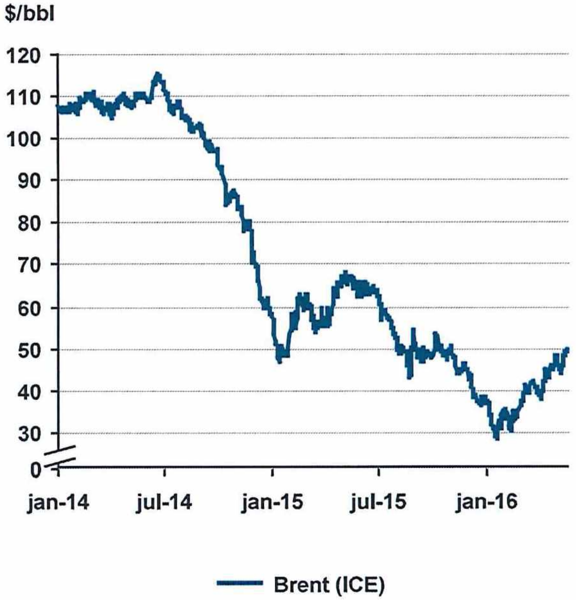
- Teekay Offshore Partners L.P. ("TOO" or the "Company") is facing liquidity issues due to deteriorated access to the capital markets
- TOO's strong backlog of profitable growth projects provides visible and increasing cash flow over the next few years; however, unfinanced CAPEX and upcoming debt maturities create a liquidity shortfall
- TOO, together with main sponsor, Teekay Corporation ("TK Corp" or "TKC"), has initiated a comprehensive recapitalization plan involving all stakeholders (banks, bondholders, shareholders, shipyards and TK Corp)
- The TOO recapitalization plan includes:
  - Commercial Banks committing $723 million towards new loan financings, refinancings of existing loans and extensions/restructurings of existing derivative contracts
  - Deferring two accommodation rig construction contracts to after the maturity of TOP02 and TOP04 resulting in a capital expenditure deferral of $397 million
  - Following December 2015 dividend distribution cut of 80% to all LP equity holders, paying TK Corp's 37% share of dividend distributions as Payment-in-Kind ("PIK") with the remaining common LP distributions only to be paid as long as at a minimum an equal amount of new common equity is raised, totaling ~$120 million of equity contribution over a 2.5 year period. Distributions to Series C preferred equity holders to be PIKed until the earlier of (i) Dec 2018, or (ii) when TOP02 and TOP04 have been redeemed in full (1)
  - Subordinating and resetting the maturity of the $200 million TK Corp loan beyond 2018
  - Raising new preferred equity of $200 million with distributions to be paid in kind
  - Requesting TOP02 and TOP04 NOK bondholders reset maturities until late-2018 (with partial amortization payments)(2)
- In addition, TOO has initiated a series of additional liquidity improving initiatives, including reducing OPEX, G&A and sale of assets, and TK Corp has initiated a recapitalization plan
- The recapitalization plan provides TOO with a liquidity runway until such time as the capital markets become a viable financing source once again (anticipated to be 2018 or earlier)
  - Projected de-leveraging to ~3.2x by the end of 2018 positions TOO to access equity and debt markets to refinance 2018/2019 bond maturities
- Commitment by all stakeholders to the plan required by mid-May with targeted closing by 30 June 2016

(1) Distributions can be paid in cash if an equal amount of common equity is raised
(2) See page 9 and 22 for details

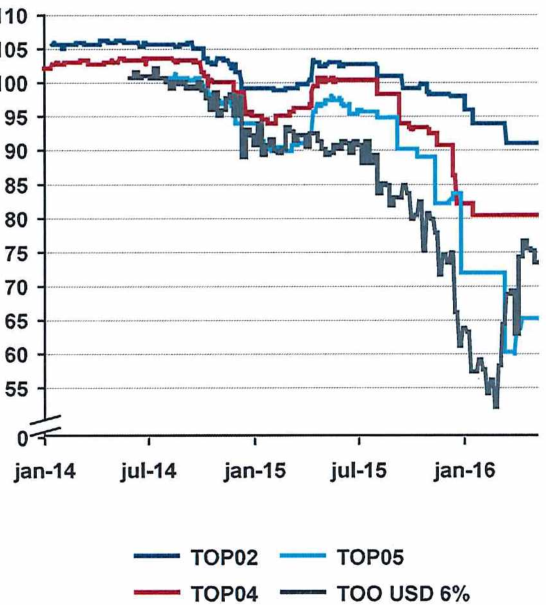
Challenging Capital Markets Environment

Capital market access, traditionally open to TOO, adversely affected by the drop in the price of oil

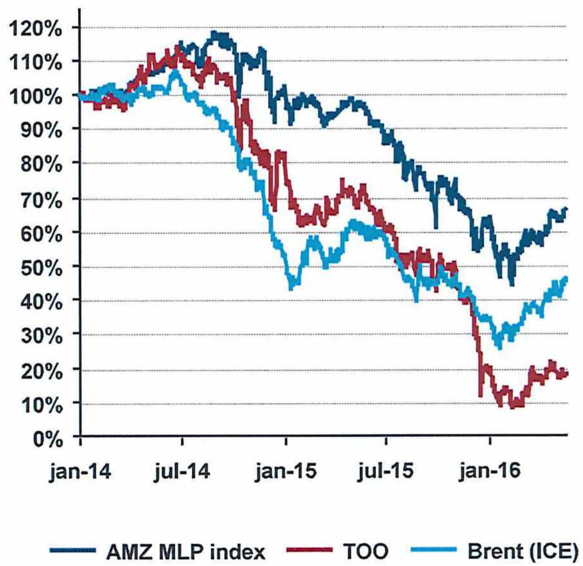
Oil price development



TOO bond trading performance



TOO equity and MLP market performance



- The significant drop in the price of oil followed by a dramatic cut in E&P spending and ongoing unfavorable capital market sentiment towards the oil sector have created financing challenges for oil services companies, including TOO

Source: Bloomberg

Actions To-Date to Deteriorating Capital Market Environment

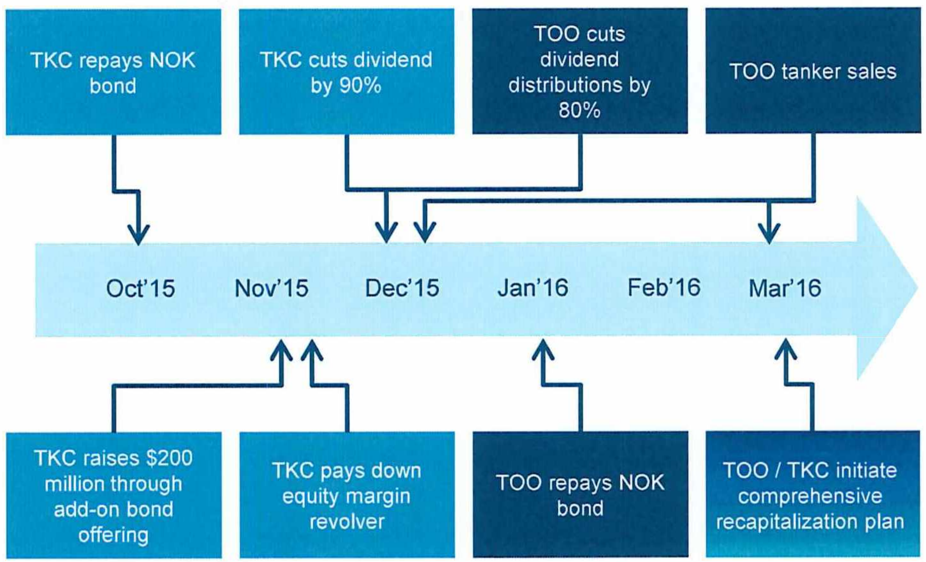
TOO and TK Corp have aggressively cut dividends, implemented cost efficiency and liquidity measures, and are now initiating a recapitalization plan

TOO

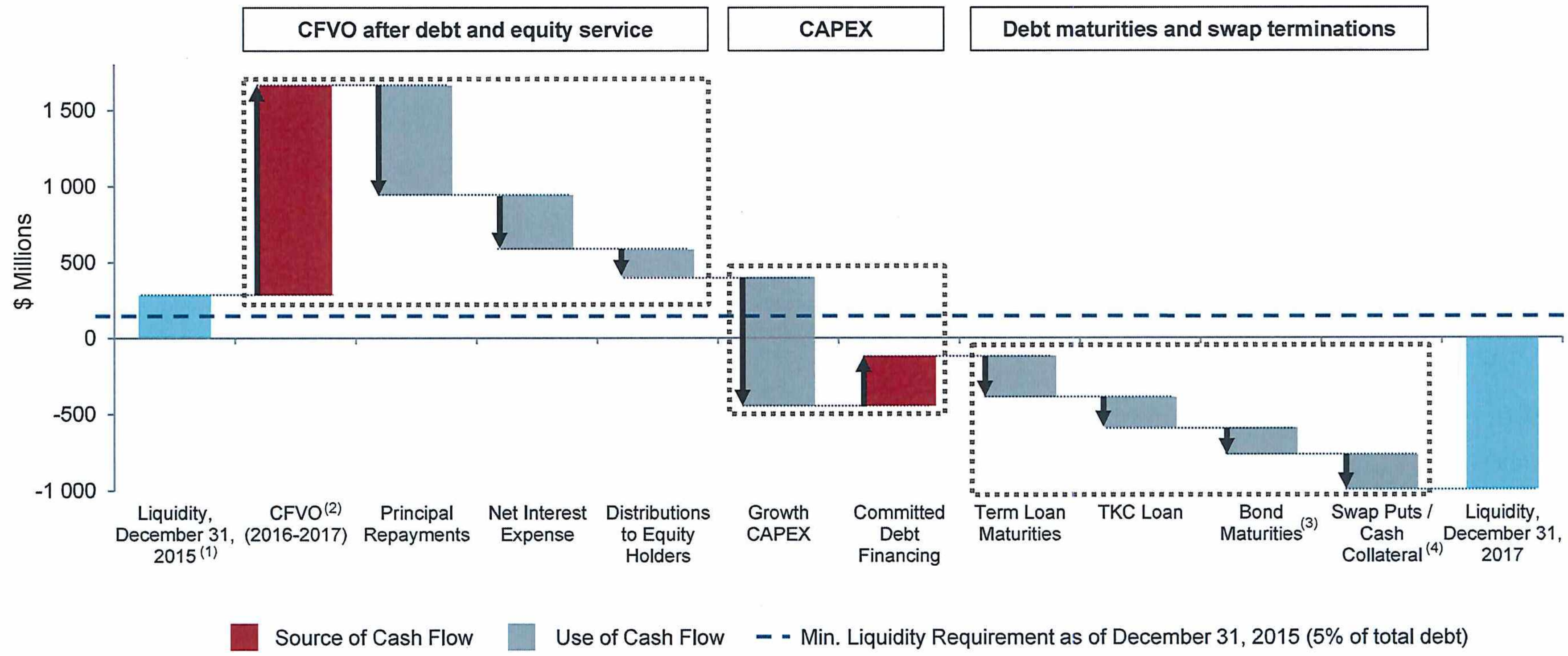
- December 2015
  - Cut dividend distributions by 80%, preserving $56 million of cash per quarter ($225 million per year)
- January 2016
  - Repaid $90 million NOK bond
- December 2015 and March 2016
  - Sold non-core conventional tankers for $130 million

TK Corp

- October 2015
  - Repaid $123 million NOK bond
- November 2015
  - Repaid $250 million on equity margin revolver
  - Raised $200 million through add-on bond offering
- December 2015
  - Cut dividends by 90%, preserving $36 million of cash per quarter ($144 million per year)



Sources and Uses of Cash in 2016 / 17 – TOO Status Quo



- TOO addressing the anticipated liquidity shortfall by executing a comprehensive recapitalization plan
  - Addresses upcoming scheduled debt amortization / maturities and remaining capex financing
- As of 31 December 2015, aggregated bank amortization of $346 million and $280 million in 2018 and 2019, respectively

(1) Opening liquidity balance includes unrestricted cash ($258 million) and availability under undrawn revolvers ($24 million)
(2) Cash flow from vessel operations (CFVO) over 2-year period forecasted to be ~$1.4 billion including dividends from equity-accounted joint ventures
(3) TOO NOK Bond that matured in January 2016 and scheduled January 2017 maturing NOK bond
(4) Mark-to-market valuation of out of the money swaps as of 29 March 2016 that can be put to TOO during 2016 and 2017

Summary of TOO's Recapitalization Plan

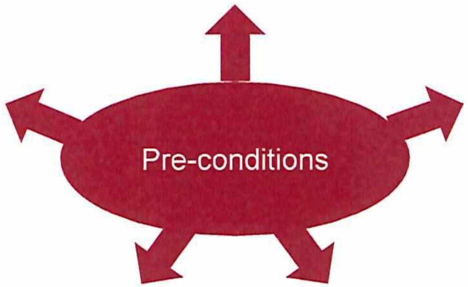
Requires support from all stakeholder groups

Banks

- $325 million new loan financings
- $75 million existing loan refinancings
- $225 million (negative mark-to-market) swap extensions

Bondholders

- Extend TOP02 and TOP04 NOK bond maturities until late-2018 with amortizations of NOK 360 million (60%) and NOK 160 million (20%) on TOP02 and TOP04, respectively



Equity

- $200 million new preferred equity with dividend to be in the form of payment-in-kind (PIK) until the earlier of (i) Dec 2018, or (ii) when TOP02 and TOP04 have been redeemed in full
- Allowed to pay common unit distributions only as long as at a minimum an equal amount of new common equity is raised

TOO

- Defer $397 million of CAPEX to after the maturity of TOP02 and TOP04

TK Corp

- TKC loan to TOO maturing in 2016 to be subordinated and reset until after 2018 and cash interest reduced to 5%
- Dividends payable to TK Corp to be paid-in-kind (PIK)

Support from each capital stakeholder group inter-dependent to implementing the recapitalization plan

Proposal to NOK Bondholders

Extend TOP02 and TOP04 NOK bond maturities to late-2018

Proposed maturity extensions and amendments to terms

	TOP02	TOP04
Amount	NOK 600M	NOK 800M
Current maturity	Jan 2017	Jan 2018
Proposed new maturity	Nov 2018	Dec 2018
Coupon	N+5.75% (unchanged)	N+5.75% (increase of 1% point)
Amortizations (at par)	Oct 2016: NOK180M (30%) Oct 2017: NOK180M (30%)	Jan 2018: NOK 160M (20%)
Redemption price at maturity	103%	103%
Call options	Until Oct 2017: 101% Oct 2017 – Jun 2018: 102% Jun 2018 – maturity: 103%	Until Jan 2018: 101% Jan 2018 – Jun 2018: 102% Jun 2018 – maturity: 103%
Upfront amendment fee	1%	1%

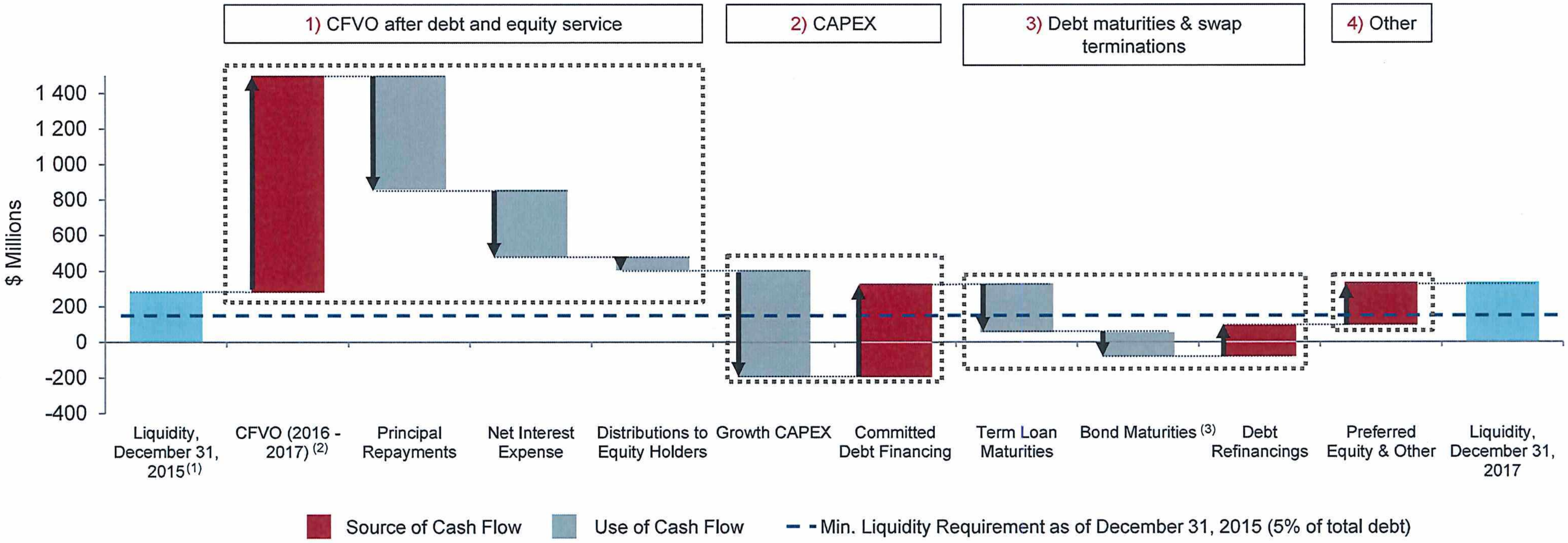
Other key attributes

- Conditioned upon implementation of the recapitalization plan as presented on the previous slide(1) with targeted closing within 30 June 2016
- No change to TOP05 NOK 1,000 million and USD $300 million bonds maturing in January 2019 and July 2019, respectively
- Other existing bond terms, including liquidity covenant, remain as is
- More details outlined on page 22

(1) Conditions precedent for bank terms will also apply for bond amendment effectiveness

Sources and Uses of Cash in 2016 and 2017 – TOO Post Recap

TOO's recapitalization plan creates a liquidity runway until the capital markets reopen



Recapitalization plan solutions

1) CFVO after debt and equity service – pay part of the equity distribution dividends in the form of Payment-in-Kind (PIK) and issue new equity to offset part of the equity distribution dividends and pay 5% on TKC loan in the form of PIK or issue new equity to offset the payment

2) CAPEX – secure debt financing for ECC shuttle tankers and defer CAPEX on two accommodation rig newbuildings

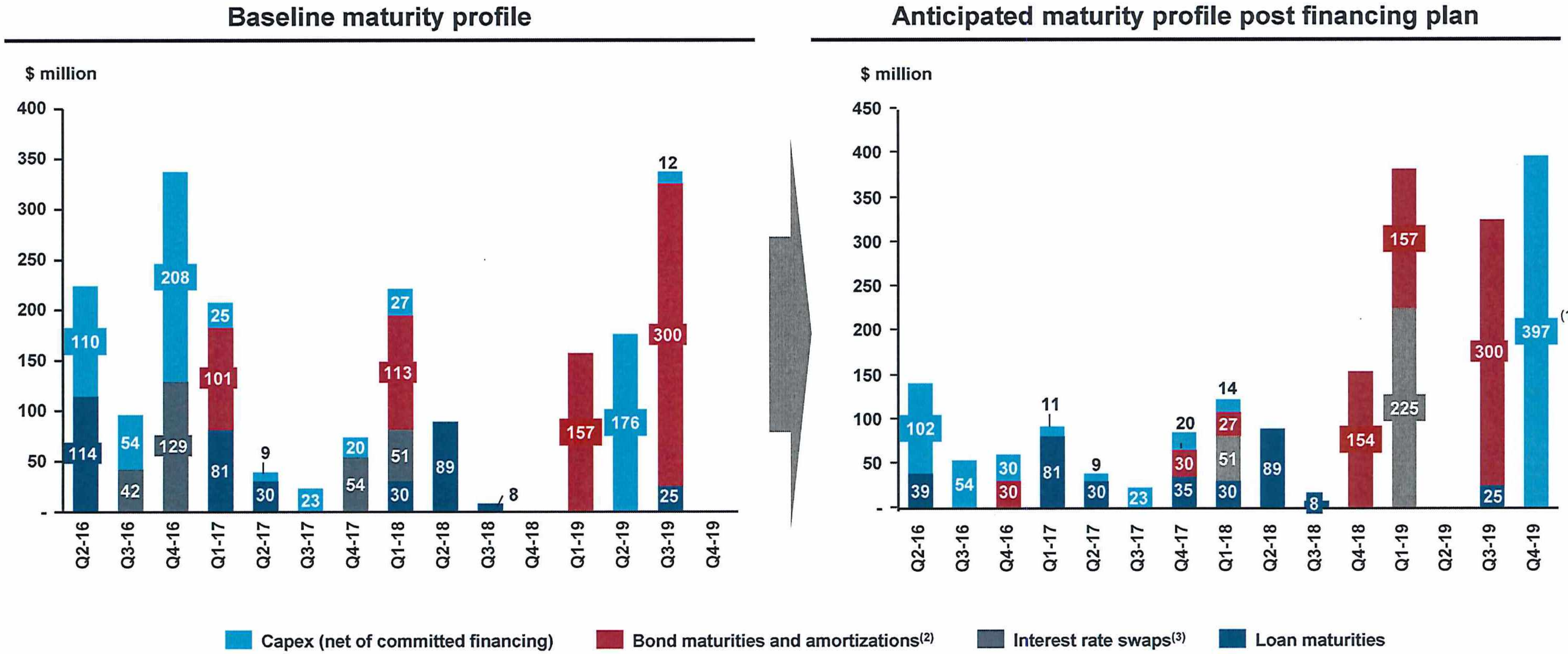
3) Debt maturities and swap terminations - refinance and extend debt maturities and defer swap terminations

4) Other – inject new capital from banks and shareholders

(1) Opening liquidity balance includes unrestricted cash ($258 million) and availability under undrawn revolvers ($24 million)
(2) Cash flow from vessel operations (CFVO) over 2-year period forecasted to be ~$1.4 billion including dividends from equity-accounted joint ventures
(3) TOO NOK Bond that matured January 2016 and proposed amortization on TOP02 in October 2016 (30%) and October 2017 (30%)

Impact of Financing Plan on TOO's Capex and Debt Maturity Profile

Runway extended to late-2018



(1) As a component of the recapitalization plan, TOO is in discussions to defer the deliveries on two UMS units out to after the maturity of TOP02 and TOP04. The $397 million does not take into account future debt facilities

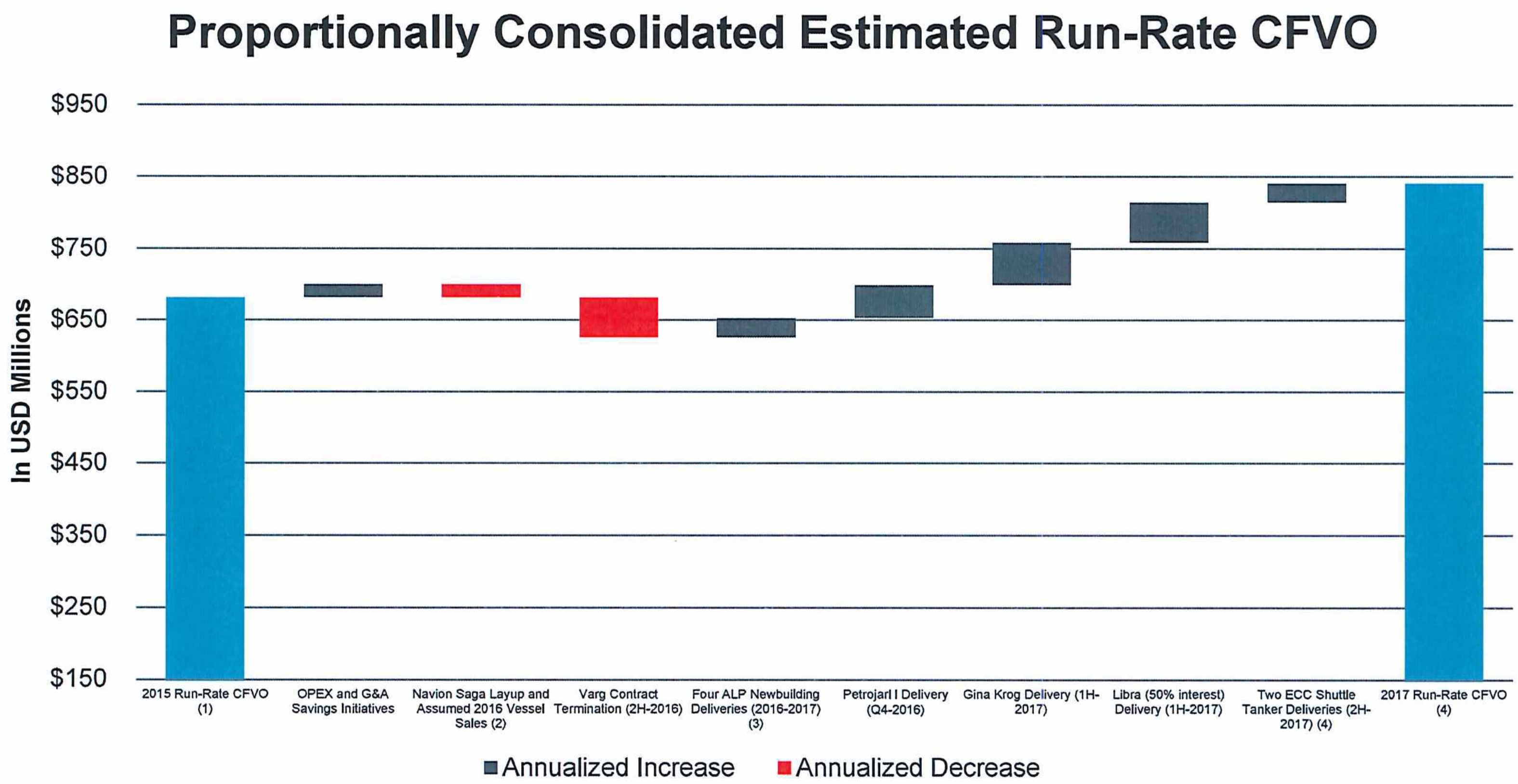
(2) Principal amounts are net of restricted cash and include cross currency swap maturities based on the mark-to-market as of March 29, 2016

(3) Swap providers' put options. As a component of the recapitalization plan, anticipated deferral of interest rate swap terminations based on the mark-to-market as of March 29, 2016

TOO's CFVO Continues to Grow

Run-rate CFVO expected to reach ~$850 million per year in 2017

Estimated run-rate CFVO (equity accounted JVs proportionally consolidated)

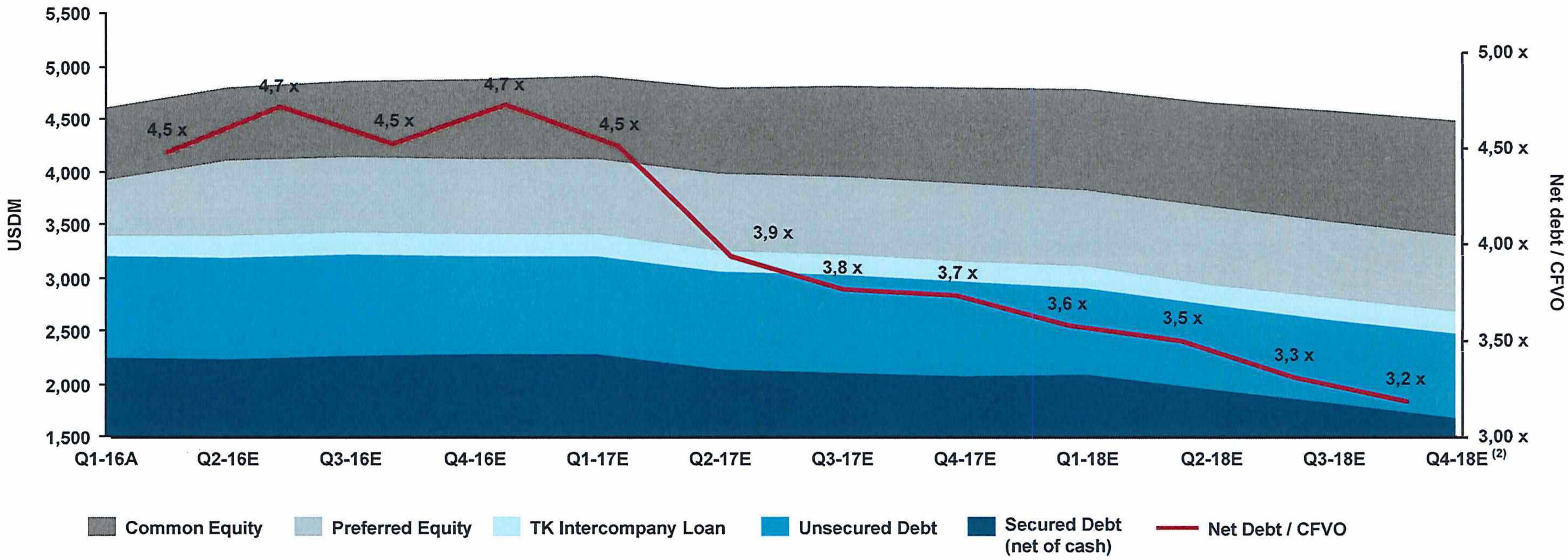


(1) Annualized for Knarr FPSO and Arendal Spirit UMS deliveries, Navigator Spirit and SPT Explorer sales and shuttle tanker contract expirations during 2015
(2) Completed the sale of the Fuji Spirit and Kilimanjaro Spirit in Q1-16 and assumes the sale of the Navion Europa.
(3) Assumes ALP vessels chartered at current market rates
(4) Excludes 1 East Coast Canada (ECC) shuttle tanker newbuilding delivering in early-2018 and 2 unchartered UMS units

TOO's Balance Sheet Projected to De-lever Significantly

TOO expected to be better positioned to refinance bond maturities post – 2017 with higher CFVO and lower debt

Projected TOO Leverage (Net debt / CFVO)(1)



In USD Billions	Q1 – 2016		Q4 – 2018(2)
Secured Debt, net of cash	$2.4	TOO Continues to Delever	$1.7
Unsecured Debt	$1.0		$0.8
Net Debt / Book Cap	72%		55%

(1) Includes all financing initiatives and based on management's best estimates of contract roll-overs. Key assumptions:
- Excludes $200 million TK Intercompany Loan
- No CFVO assumed for Varg in Q4-16 through 2018

(2) Before final Q4-2018 bond repayments

TOO Well-Positioned to Refinance New Bond Maturities

Multiple ways to refinance TOO's 2018/2019 bond maturities when capital markets open assuming implementation of recapitalization plan

Recapitalization plan provides a liquidity runway until the capital markets reopen to oil service companies

- US and Norwegian bond markets
  - TOO will be seeking third-party credit ratings as energy markets improve, a pre-requisite for conventional US bond market access
    - Optimal first issuance size in the US is $250+ million
  - Remain committed to issuing in the NOK bond market when the market reopens
- US MLP equity markets
  - TOO expects to have the ability to issue incremental equity through an at-the-market (ATM) program on a regular basis throughout execution of the financing plan

TOO will be in a stronger financial position

- TOO leverage projected to reduce significantly - net debt to CFVO of ~3.2x by year-end 2018
  - Investment opportunity attractive to both debt and equity investors
  - Further de-levering anticipated from asset sales
  - Refinancing with banks remains an option

Strong sponsor

- TK Corp expected to strengthen its financial position and be able to assist TOO further if required

Participation of all Stakeholder Groups Required; Everyone will Benefit from the Plan

Bondholders to benefit from near-term bond price recovery and rescheduled refinancing of the bonds

1	Strong support from Banks through $723 million of new loan financings, existing loan refinancings and derivative deferrals / extensions
2	TOO to issue $200 million of preferred equity with dividends payable in kind and common LP cash dividends to be offset with an equal amount of new common equity, enhancing liquidity, reducing cash payments to junior capital and providing bondholders with significant additional equity buffer
3	Main sponsor, TK Corp, agrees to PIK its share of dividend distribution payments and subordinate and defer TKC loan until after 2018 and reduce cash interest to 5%
4	TOO pursuing several other liquidity enhancing initiatives
5	Bondholders retain relative claim position and improve prospect for full recovery

Timing of Bondholder Approval

Commitment by all stakeholders to the plan required by late-May with targeted closing by 30 June 2016

May

Week	Mo	Tu	We	Th	Fr	Sa	Su
18							1
19	2	3	4	5	6	7	8
20	9	10	11	12	13	14	15
21	16	17	18	19	20	21	22
22	23	24	25	26	27	28	29
23	30	31					

Call bondholders' meeting by mid May

Public announcement of plan (in relation to Q1 results)

June

Week	Mo	Tu	We	Th	Fr	Sa	Su
23			1	2	3	4	5
24	6	7	8	9	10	11	12
25	13	14	15	16	17	18	19
26	20	21	22	23	24	25	26
27	27	28	29	30			

Bondholders' meetings

Close recapitalization plan by end of June

Agenda

TOO Recapitalization Plan

Items below are conditions precedent to closing the overall recapitalization plan

	Action	Amount	Target Completion Date
Banks	Defer put options on DNB / Citi swaps to 2019[(1)]	$171M	June 2016
	Finance unmortgaged TOO vessels	$40M	June 2016
	Increase loan facility on Samba and Lambada shuttle tankers	$35M	Completed
	Novate and defer put option on HSH swap[(1)]	$54M	June 2016
	Refinance Varg FPSO facility	$75M	June 2016
	Obtain financing for ECC shuttle tanker newbuilds	$250M	June 2016
Bonds	Extend NOK bond maturities (2017 / 2018)[(2)]	$186M	June 2016
TOO / equity	TKC receives TOO dividend distributions as PIK	$18M annually	June 2016
	Issue new common units through at-the-market (ATM) offerings	$30M annually	June 2016
	TKC loan to mature after 2018	$200M	June 2016
	Preferred equity offering	$200M	June 2016
	Defer UMS Units	$397M	June 2016

(1) See page 20 for details
(2) Proposed amount in NOK swapped into USD at the time of issuance - gross amounts exclude restricted cash and net of proposed amortizations on or prior to the original maturity dates

Contribution from Commercial Banks

Banks will contribute $723 million through new loan financings, refinancings of existing loans and restructuring outstanding derivatives

Action	Amount	Description	Banks	Timing	Condition precedent?
Defer put options on DNB / Citi interest rate swaps to 2019[(1)]	$171M	DNB and Citi have put options on interest rate swaps during 2016	DNB / Citi	June 2016	✓
Finance unmortgaged TOO vessels	$40M	New financing on assets previously not financed	DNB / Nordea / Swedbank	June 2016	✓
Increase loan facility on Samba and Lambada shuttle tankers	$35M	Refinance and increase leverage on existing assets	Credit Suisse	Completed	✓
Novate and defer put option on HSH swap[(1)]	$54M	HSH interest rate swap to be novated to Citi	HSH / Citi	June 2016	✓
Refinance Varg FPSO facility	$75M	Refinance $100M balloon maturing June 2016	ING / Scotia / SEB / NIBC / Santander / BAML / RBC / Siemens	June 2016	✓
Extend cross currency swap maturities to end of 2018	$78M	Related to TOP02 and TOP04 NOK bonds	DNB / Nordea / Swedbank	June 2016	
Knarr FPSO performance bond	$20M	Renew existing performance bond	DNB / ABN / Credit Agricole	June 2016	
Obtain ECC shuttle tanker newbuild financing	$250M	Finance only remaining unfinanced TOO newbuild capex project	DNB / Nordea / ABN	June 2016	✓
TOO total	**$723M**				

- As of mid-May, all lead banks have provided commitments for the recapitalization plan

(1) See page 20 for details

Deferral of Swap Put Options and Extension of Cross Currency Swaps

Total liquidity benefit to TOO of $303 million based on current mark-to-market

- $303 million liquidity benefit to TOO from banks deferring put options and extending cross currency swaps
  - Citi and DNB prepared to defer put options ($225 million negative mark-to-market)
  - As part of the NOK bond extension proposal, banks will extend USD / NOK cross currency swaps preserving $78 million in liquidity

Bank	Amount	Put option date	Proposed extended to	Comment
Citi	$42M	1 August 2016	February 2019	Interest rate swap maturing October 2026
DNB	$49M	3 October 2016	February 2019	Interest rate swap maturing October 2026
DNB	$80M	1 December 2016	February 2019	Interest rate swaps March 2030
HSH / Citi	$54M	23 July 2017	February 2019	HSH interest rate swap maturing June 2031 to be novated to Citi
Total excl CCSs	**$225M**			Negative mark-to-market as per 29 March 2016
DNB / Nordea / Swedbank	$78M		New NOK bond maturity dates on TOP02 and TOP04	Cross currency swaps
Total incl CCSs	**$303M**			**Negative mark-to-market as per 29 March 2016**

- Citi and DNB will get a second priority mortgage in the Knarr FPSO in exchange for extending the put options beyond TOP02 and TOP04 maturities in November/December 2018
- In addition, DNB and Citi swaps will be partially secured by second priority mortgages on collateral securing the TK Corp EMR
  - In exchange for contributing $150 million of new bank capital at TK Corp to refinance the TK Corp EMR[1]
- Cross currency swaps will be partially secured by a second priority mortgage on the unmortgaged TOO vessels
  - In exchange for contributing $40 million of new bank capital to finance unmortgaged TOO vessels[2]

(1) EMR = Equity Margin Revolver. Facility amount of $150M subject to a 27.5% LTV on TKC's shares in daughter companies (TOO, TGP and TNK). As of 29 March 2016, 66% LTV if including assumed EMR balance of $150 million and $225 million IRS position. See slide 21 for more detail.
(2) Facility of $40 million secured by Falcon, Pattani, Alexita, Natalita, Sirita and Oslo (LTV of 52%); or 210% if including assumed facility balance of $40 million and $122 million total TOO cross currency swap position. See slide 21 for more detail.

Interest Rate and Cross Currency Swap Providers Receive Partial Security in Exchange for Deferrals and Injection of New Capital

Interest rate swaps secured by 2nd liens

- Citi and DNB will get a second priority mortgage in the Knarr FPSO in exchange for extending the put options beyond TOP02 and TOP04 maturities in November/December 2018
- In addition, TOO swaps partially secured by TKC owned shares
- Collateral value of $569 million as per 14 March 2016
- 66% LTV if including assumed EMR balance of $150 million and $225 million swap position

Exposure	Exposure	Collateral(1)	LTV
Equity Margin Revolver	$150M		
Citi and DNB swaps	$225M		
	$375M	$569M	66 %

CCS's secured by 2nd lien in unmortgaged vessels

- Facility of $40 million secured by Falcon, Pattani, Alexita, Natalita, Sirita and Oslo
- Estimated market value of $77 million (LTV of 52%) is uncertain given age of assets
- Some assets owned by joint ventures which only allows for pledge in JV shares and not direct mortgage in assets
- LTV is 210% if including $40 million facility and $122 million total TOO cross currency swap mark-to-market position
- Provides some additional collateral to CCS providers, however not adequate collateral to cover for the combined loan and CCS exposure

Exposure	Exposure	Collateral	LTV
Vessel financing	$40M		
CCS	$122M		
	$166M	$77M	210 %

(1) Excluding the second priority mortgage granted to Citi and DNB in the Knarr FPSO

Proposal to NOK Bondholders

Extend TOP02 and TOP04 NOK bond maturities to late-2018 with amortizations

Proposed maturity extensions and amendments to terms

	TOP02	TOP04
Amount	NOK 600M	NOK 800M
Current maturity	January 2017	January 2018
Proposed new maturity	November 2018	December 2018
Coupon	N+5.75% (unchanged)	N+5.75% (increase of 1% point)
Amortizations (at par)	October 2016: NOK180M (30%) October 2017: NOK180M (30%)	January 2018: NOK 160M (20%)
Redemption price at maturity	103%	103%
Call options	Until Oct 2017: 101% Oct 2017 – Jun 2018: 102% Jun 2018 – maturity: 103%	Until Jan 2018: 101% Jan 2018 – Jun 2018: 102% Jun 2018 – maturity: 103%
Upfront amendment fee	1%	1%

Other terms and CPs

TKC loans	TKC loans ($200 million) to TOO to be subordinated and mature after 2018, cash interest reset to 5% p.a., remaining interest (up to 10% p.a.) to be PIK (until maturity of TOP02 and TOP04) unless an equal amount of new common equity is raised
Dividends to common equity	• TKC's portion of dividends to be paid-in-kind until the TOP02 and TOP04 have been redeemed in full • Allowed to pay common LP distributions only as long as at a minimum an equal amount of new common equity is raised
New preferred equity	Distributions on new USD 200 million preferred equity to be PIKed in the form of common LP units until the earlier of (i) Dec 2018, or (ii) when TOP02 and TOP04 have been redeemed in full
Preferred equity series C	Distributions to preferred equity series C to be PIKed in the form of common LP units until the earlier of (i) Dec 2018, or (ii) when TOP02 and TOP04 have been redeemed in full. Distributions can be paid in cash if an equal amount of common equity is raised
Other terms	• Conditions precedent to effectiveness will be the same as for the bank contributions as outlined on page 18 • TOP02 shall be repaid in full before repayments (other than scheduled amortizations) on TOP04 • Any new unsecured capital markets debt shall be applied first to repay TOP02 in full, then to repay TOP04 in full • In case of any non-payment under TOP02 and TOP04, any cash distribution to preferred equity or common equity shall immediately stop • No change to TOP05 NOK 1,000 million and USD $300 million bonds maturing in January 2019 and July 2019, respectively • Other terms, including existing liquidity covenant[1], remain as is

(1) Greater of (i) 5% of total debt and (ii) $75 million

TOO Equity and Other Contributions

$450 million cash effect from equity contribution

Action	Amount	Timing
Common dividend distributions to TKC paid as PIK (cash savings of $44M over 2.5 years) with remaining third party common dividend distributions to be offset with new equity issued under a continuous offering program (cash savings of $76M over 2.5 years)	$120M	June 2016
Preferred equity offering	$200M	June 2016
Preferred dividend distributions to be PIK'd: • Series D: cash savings of $50M over 2.5 years (assuming coupon of 10%) • Series C: cash savings of $53.75M over 2.5 years by way of PIK or ATM	$103.75M	June 2016
TKC loan to TOO: Cash coupon reset to 5% p.a., with remaining interest up to 10% p.a. paid as PIK, unless an equal amount of common equity is raised (coupon cash savings of $25M over 2.5 years)	$25M	June 2016
Total cash impact from equity contribution	**$448.75M**	
TOO to defer two accommodation rig newbuilds until after all bond maturities	$397M	June 2016
TKC loan to TOO to be subordinated and to mature after 2018.	$200M	June 2016
Total other contribution	**$597M**	

- TOO is in process of raising up to $200 million of preferred equity
  - Preferred equity instrument viewed as the only viable option for raising new junior capital as the MLP market is currently not open to new common equity issuance
  - Terms of the preferred security are under discussion with investors and TOO has already received a strong indication of interest for the full $200 million
  - Distributions on the new preferred security to be paid as PIK in the form of common LP units until the earlier of (i) Dec 2018, or (ii) when TOP02 and TOP04 have been redeemed in full. Alternatively, from June 2018 onwards the Series D preferred equity can be paid in cash if an equal amount of common equity is raised
- TOO will approach the existing Series C preferred equity investors to negotiate paying distributions as PIK in the form of common LP units until the earlier of (i) Dec 2018, or (ii) when TOP02 and TOP04 have been redeemed in full (cash savings of $53.75M over 2.5 years). Alternatively, distributions to Series C preferred equity can be paid in cash if an equal amount of common equity is raised

Additional Commercial Bank Deliverables in 2H 2016 at TOO

Refinancings to be addressed by commercial banks post recapitalization

Action	Amount	Banks	Timing
Refinance Piranema FPSO Facility	$65M	DNB / Nordea / Credit Suisse / RBC / SEB	Q1-2017
Refinance Navion Bergen Shuttle Tanker Facility	$15M	DNB / Natixis / Commerzbank / BNP Paribas	Q1-2017
Refinance Navion Gothenberg Shuttle Tanker Facility (100% Basis)	$40M	DNB / BNP Paribas / Scotia / Commerzbank	Q1-2017
TOO Total	**$120M**		

- Quality assets with satisfactory contract backlog
- All three bank syndicates led by DNB

Equity Raising Considerations

Raising preferred equity is the only viable option for TOO at this time

$200 million of new equity capital to be raised

Common Equity

+ Source of junior capital with no contractual dividends or redemption incentives
- High execution risk due to challenging capital markets, especially the market for energy related companies
- Size of equity raise ($200 million) is challenging relative to current market capitalization ($636 million)

Preferred Equity

+ Lower execution risk – TOO has already received strong interest
+ Will receive equity treatment and will not negatively impact liquidity covenant
- Fixed coupon; however, cash impact can be managed through the structure of the security

TK Corp Recapitalization Plan

Additional initiatives to be taken at TK Corp level to strengthen the main sponsor and facilitate the TOO recapitalization plan

Action	Amount	Description	Banks / entity	Timing
Refinance Equity Margin Revolver (EMR)	$150M	Availability equals 27.5% loan-to-value of collateral pool, including TOO, Teekay LNG and Teekay Tankers (Class A) shares / units	DNB / Citi	June 2016
Refinance TPO Facility	$113M	Financing of 3 FPSOs (Petrojarl Banff, Petrojarl Foinaven and Hummingbird Spirit)	DNB / Nordea / Swedbank	June 2016
Refinance Shoshone Spirit Very Large Crude Carrier (VLCC) Facility	$50M	Financing of the Shoshone Spirit VLCC	Nordea	Completed
Banks total	**$313M**			
Sell Shell Prelude Infield Support Vessel Tugs	$8M	50:50 Joint Venture with KOTUG supporting the Shell Prelude Floating Liquefied Natural Gas (FLNG) project. Figure indicates gross sales price (on a 50% basis)	TK Corp	June 2016
Issue new common shares through at-the-market (ATM) offerings	$40M	New equity issued to offset existing dividend (cash savings of $40M over 2.5 years)	TK Corp	June 2016
Equity Offering	$100M	Signed share purchase agreements (Trust purchased $40 million and third party investors purchased $60 million)	TK Corp	Completed
TK Corp total	**$148M**			

- Allows TK Corp to accept contemplated dividend restrictions on cash flow from TOO
- Banks provide additional liquidity at TK Corp level
  - Availability on existing EMR based on value of collateral pool(1)
  - Current EMR restricted by a strict loan-to-value (LTV) covenant currently capping availability at 6% of collateral value
  - Citi / DNB to refinance EMR based on 27.5% LTV providing up to $150 million of availability (~$116 million liquidity benefit)

(1) Consists of TK Corp owned common shares / units in daughter companies TOO, Teekay LNG and Teekay Tankers (Class A); Collateral value of $569 million as per 14 March 2016 providing availability of $34 million (~$28 million drawn)

Agenda

2015 in Review

Strong operational performance driving CFVO and DCF[1] growth

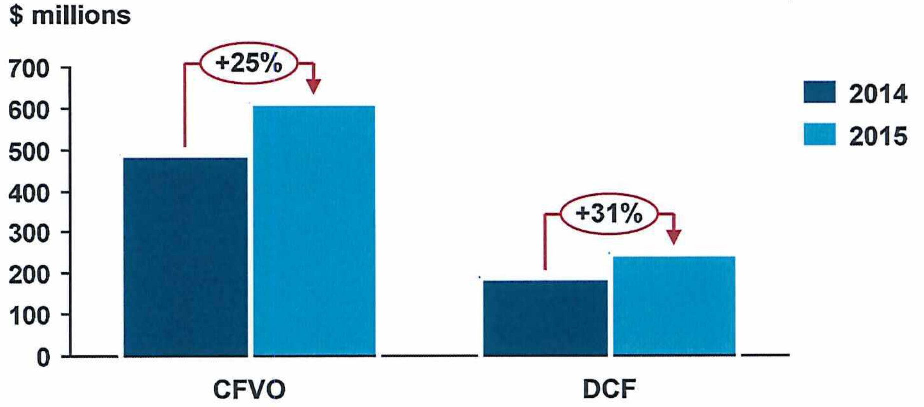
Financial

- Continued to generate stable and growing cash flows with significant CFVO and DCF growth
- Raised $2.4 billion of debt and equity financings

Commercial and Operational

- Completed $1.7 billion of growth projects
  - Acquisition of the Knarr FPSO, TOO's largest acquisition to date
  - TOO's first unit for maintenance and safety, Arendal Spirit, commenced its 3-year charter contract
  - Acquisition of six long-distance towing and offshore installation vessels
- Signed strategic East Coast Canada contract and TOO is now the sole supplier of shuttle tanker services for the region
- High uptime and fleet utilization in all business segments
- Strong safety and key performance indicators

CFVO and DCF 2014 vs. 2015



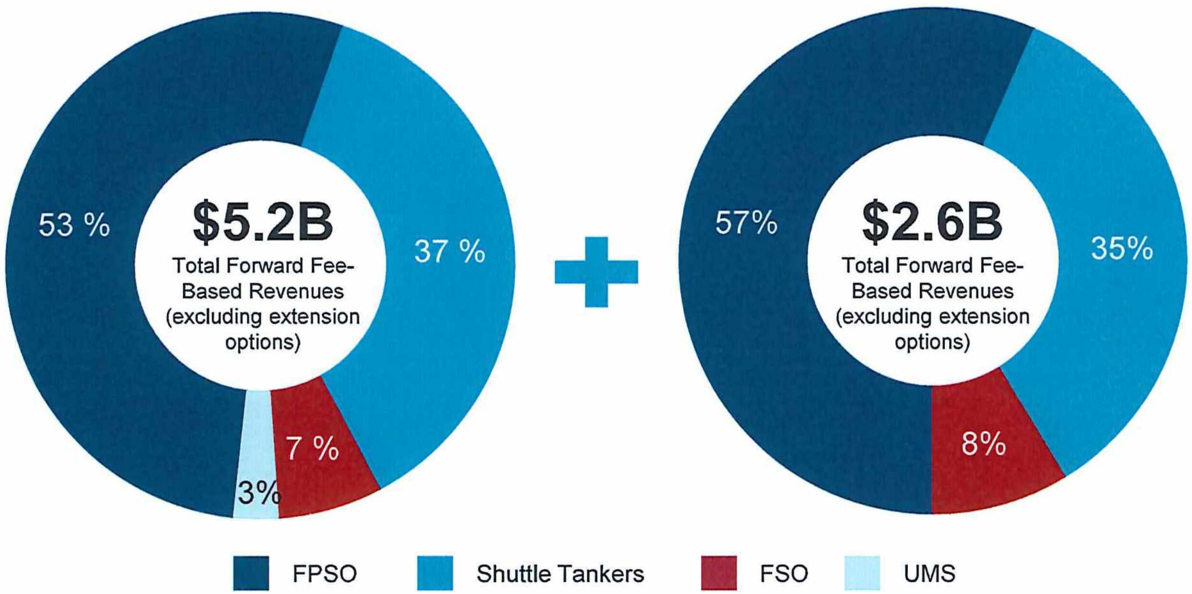
(1) DCF = distributable cash flow

Diversified Portfolio of Forward Revenues

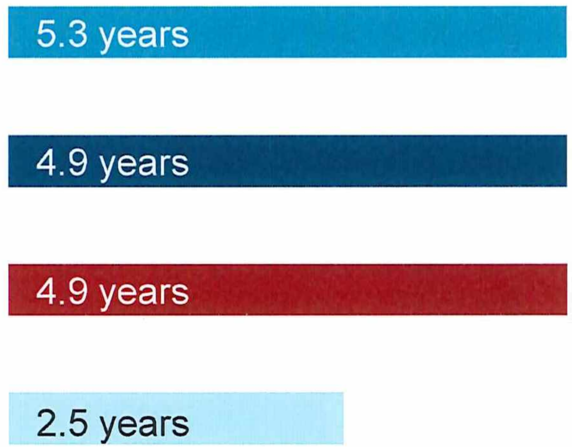
Contracted forward revenues of $7.8 billion (excluding options)

Forward revenues from <u>existing operations</u> by segment(1)

Forward revenues from <u>growth projects</u> by segment(1)



Average remaining contract length by segment(1)



- Increased focus on maximizing cash flows from existing assets
  - Cost management and fleet efficiencies
  - Recontract and / or extend existing contracts
- Execute on committed growth projects
  - Ensure projects are delivered on-time and on-budget
  - Build book of contracts for towage newbuilds

(1) As at January 1, 2016.

Strategic Customer Relationships

Teekay benefits from strong relationships with diverse group of blue chip customers

TOO

#	Customer	Share(1)	Credit rating
1	Shell(2)	25.6%	Aa2 / A+
2	Petrobras	18.3%	B3 / B+
3	Statoil	10.8%	Aa3 / A+
4	E.ON SE	10.5%	Baa1 / BBB+
5	Repsol	8.8%	Baa2 / BBB-
6	Teekay	5.6%	B3 / B+
7	Chevron	3.6%	Aa2 / AA-
8	Quadrant	1.2%	NA / NA
9	Suncor	1.0%	Baa1 / A-
10	Occidental	1.0%	A3 / A

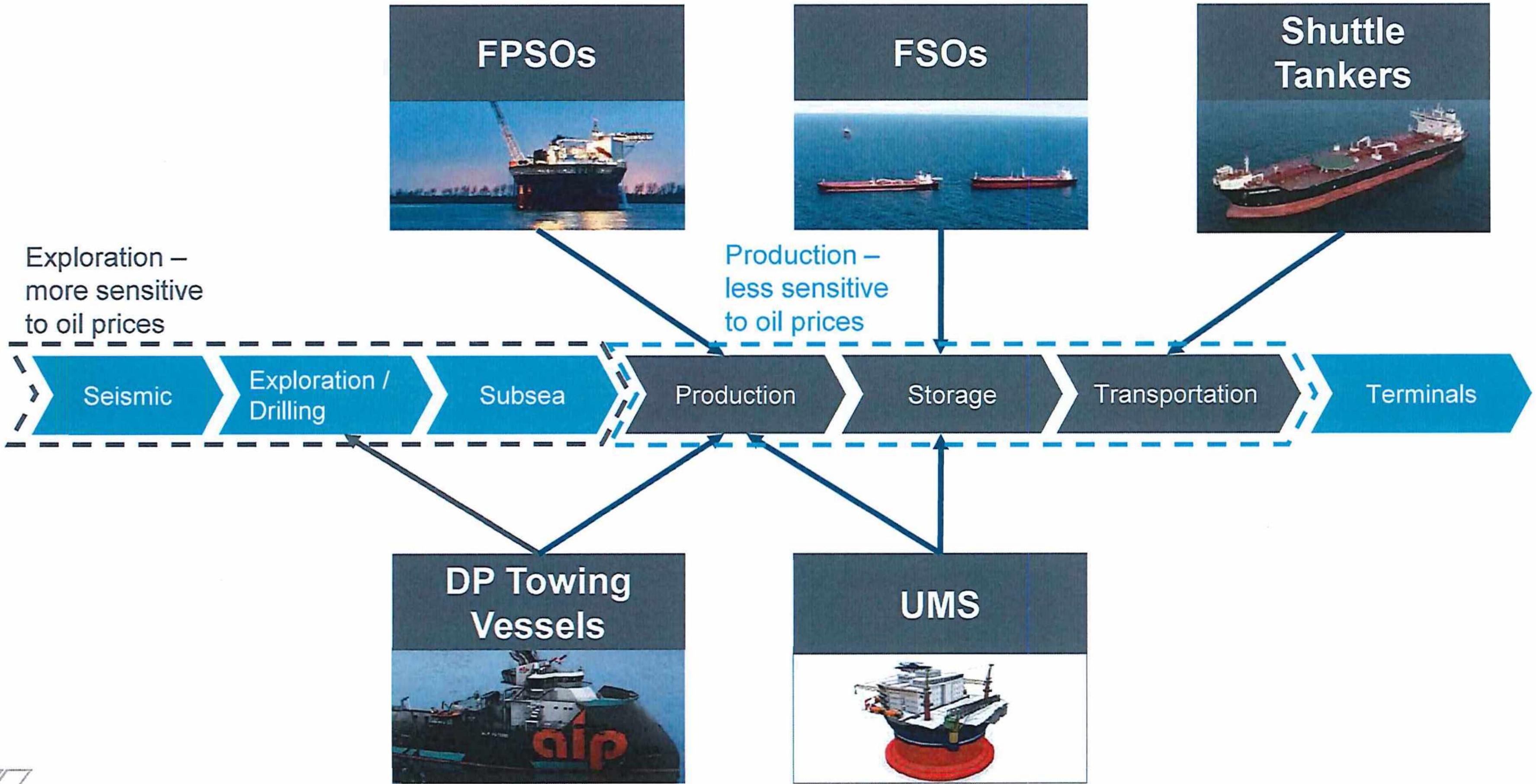
Teekay (consolidated)

#	Customer	Share(1)	Credit rating
1	Shell(2)	16.6%	Aa2 / A+
2	Petrobras	9.5%	B3 / B+
3	BP	7.4%	A2 / A-
4	Statoil	7.3%	Aa3 / A+
5	E.ON SE	5.3%	Baa1 / BBB+
6	Repsol	4.4%	Baa2 / BBB-
7	Canadian Natural	4.0%	Baa3 / BBB+
8	Centrica Energy	2.9%	Baa1 / BBB+
9	RasGas	2.9%	Aa3(3) / NA
10	Chevron	2.7%	Aa2 / AA-

(1) Based on fiscal year 2015 revenue
(2) Pro forma for acquisition of BG Group
(3) Reflects current senior secured debt ratings

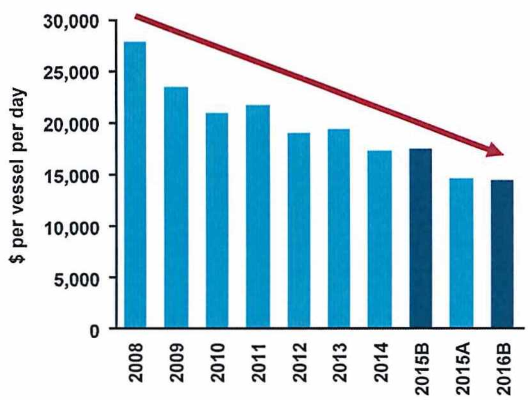
TOO Earnings Relatively Insulated from Oil Price Volatility

TOO's fee-based businesses are primarily focused on the transportation and production side of the oil & gas value chain with no direct commodity exposure and our assets are critical to our customers' production chain



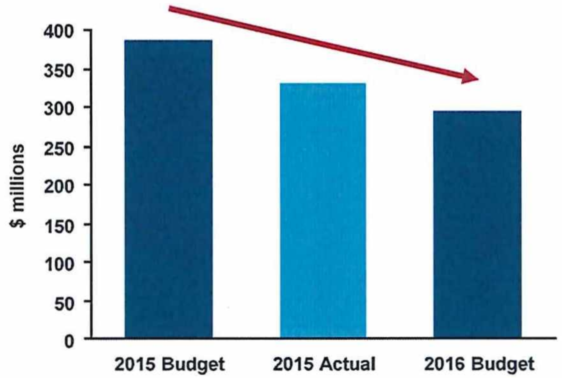
Significant Efficiency Initiatives

Shuttle tanker opex(1)



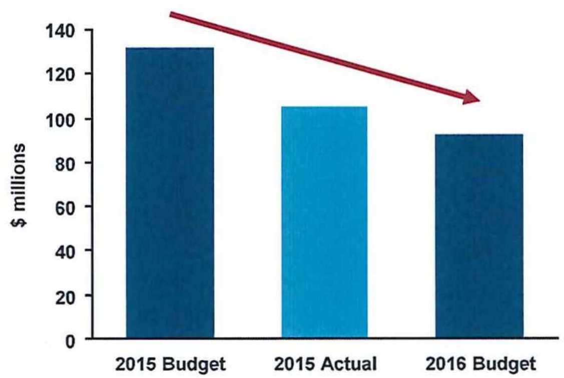
- North Sea shuttle tanker OPEX down 46% from $27,800/day peak in 2008, to less than $15,000/day in 2015
- Savings achieved through:
  - Shift in manning model to employ more ratings and officers from the Philippines
  - Greater integration of ship management with the overall business
  - Strong focus on supply chain costs

FPSO opex



- 2015 actual cost 15% less than 2015 budget
- 2016 budget 11% less than 2015 actuals
- Total projected OPEX savings from Efficiency Project
  - Supply chain management - $15 million run rate savings
  - Changes on-board FPSOs - $15 million run rate savings

TOO G&A expense



- 2015 actual G&A cost 20% less than 2015 budget
- 2016 G&A budget 13% less than 2015 actuals – will result in 30% reduction compared to 2015 budget
- Major efficiency initiative currently underway and expected to be completed in first half 2016
- Efficiency initiatives will result in a significantly leaner organization, with ~20-30% of organization to be affected

(1) North Sea fleet only

Business Strategy Update

Shifting from growth to execution

- Pivot Business Development Strategy
  - In response to current macro environment, new business development is focused on extending contracts and redeploying existing assets
  - No new organic growth projects

- Project Management and Execution
  - Execute existing growth pipeline, on time and on budget

- Seek Efficiencies, While Maintaining High HSEQ Standards
  - Increasing relevance to customers by working together to reduce production costs and find efficiencies
  - Implement various cost saving initiatives

Current FPSO Fleet Contract Status

Unit	Charterer	Ownership	2016	2017	2018	2019	2020	2021	2022	2023
Petrojarl Varg	Repsol	100%								
Cidade de Rio das Ostras	Petrobras	100%								
Voyageur Spirit	E.ON / Premier Oil	100%								
Piranema Spirit	Petrobras	100%								Options to 2029
Cidade de Itajai	Petrobras	50%								Options to 2028
Petrojarl Knarr	BG / Shell	100%								Firm period to 2025, options to 2035
Petrojarl I (upgrade)	QGEP	100%								
Libra (conversion)	Petrobras / Total / Shell / CNPC / CNOOC	50%								Firm period to 2029

Firm period   Option period   Available

FPSO operating fleet produces at an average cost of approximately $11 per barrel[1]

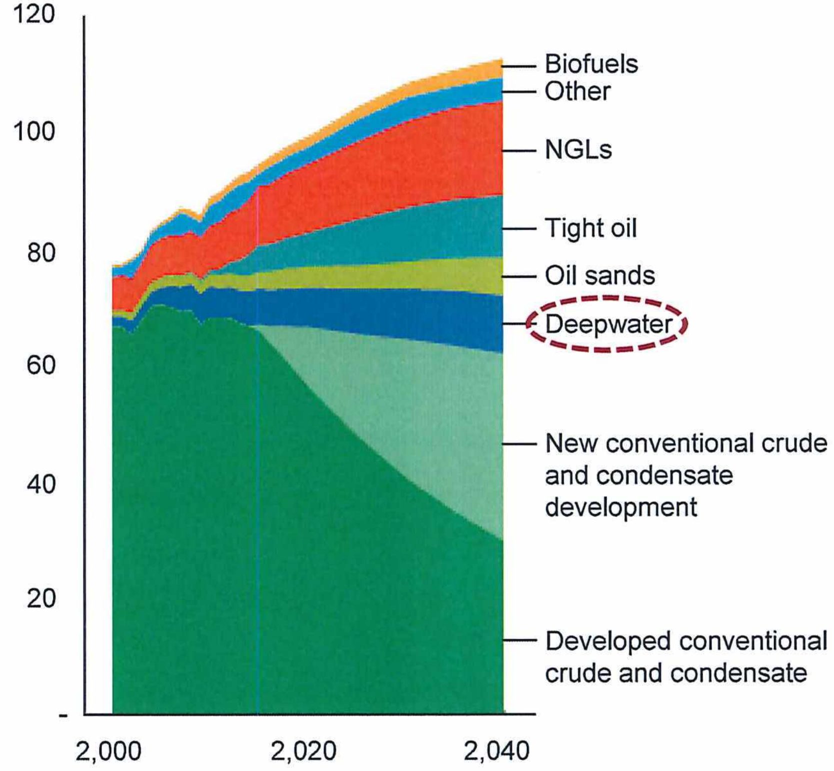
(1) Excludes the Petrojarl Varg FPSO

Demand for Oil Will Drive New Field Development

Offshore and deepwater will continue to play a key role going forward

- Global oil demand is expected to grow significantly in the future due to the needs of a growing global middle class
- Production from existing conventional oilfields is expected to decline by two thirds by 2040, spurring the need for new sources of production
- Deepwater will play an important role with production expected to increase by ~70% from 2014 levels to 10 mb/d by 2040 (CAGR of 2.1%)

Sources of production out to 2040



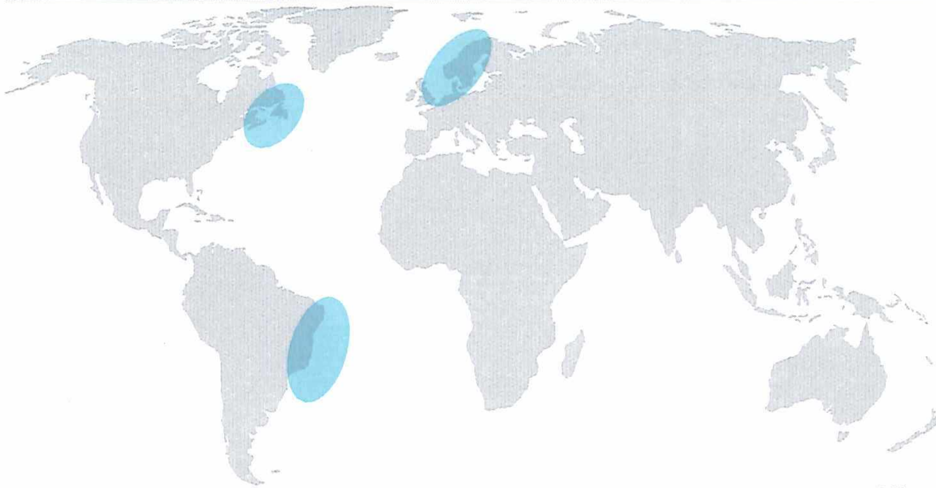
Source: ExxonMobil outlook report 2016

Shuttle Tanker Market Remains Tight

TOO's shuttle tanker fleet largely sold out for 2016

- Global shuttle tanker utilization increasing
  - Combination of more lifting points and new fields coming on-stream faster than old fields rolling off
  - North Sea shuttle tanker fleet tightly balanced
  - No uncommitted newbuildings on order
- Only two key players in the shuttle tanker segment
- Leading market positions in all three shuttle tanker basins and strong operating platform supports higher fleet utilization
  - Flexibility to interchange assets between basins
  - CoA fleet flexibility a differentiator to win new business

TOO's core shuttle tanker regions



Medium-Term FPSO Opportunities

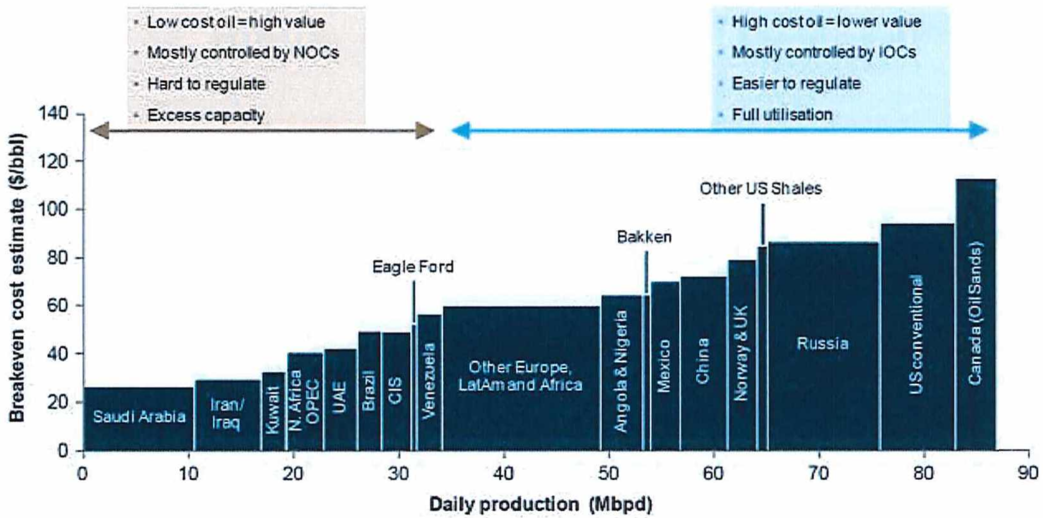
Project awards expected to increase as oil market recovers

- There are currently 55+ potential FPSO projects in the North Sea and Brazil
  - A number of these projects are expected to be awarded once oil market conditions improve
- Oil price cost break-even decreasing rapidly due to deflation in field development and production costs
- Oil companies will prefer lower cost and quick-to-market solutions
  - TOO's FPSO units represent cost-effective, quick-to-market solutions compared to newbuildings

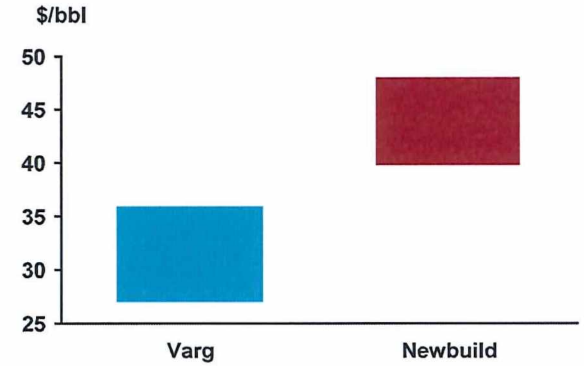
TOO's core FPSO regions

Redeployment of Existing FPSOs Economic Below $30/bbl Oil Price

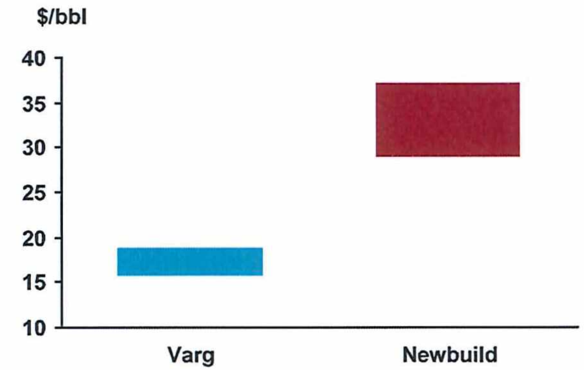
- Redeployment FBUC[(1)] typically 25-50% of newbuild
- Reuse of existing asset offers significantly lower break-even and lifting cost than comparable newbuild solution for the same field development
- With limited modifications TOO can offer an oil price or production linked tariff, which can make marginal fields economical at oil prices in the low $20/bbl range



Break even range[(2)]



Lifting cost range[(3)]



Source: Alliance Bernstein

(1) FBUC = Fully built-up cost

(2) Example based on 60M bbl over 7 years with cost spread representing different specifications and investments to achieve the same production. Assumes full depreciation of drilling and SURF CAPEX over the 7 year term

(3) Example lifting cost based on 30,000bbl/d average production. Lifting cost refers to the total daily running costs of producing oil after drilling is complete, including FPSO cost (lease and operate), oil company's production support, logistics and supply, standby and other daily costs

FPSO Redeployment Allows Faster Field Development

Redeployment can fast-track development timeframe by 2-3 years

Appraisal → Concept and FEED Phase → FPSO and SURF Lead Time → Transport and Mobilization → Production

Redeployment

6-12 months

- Short-list available candidates
  - Optimize production profiles based on FPSO capacities
  - Modify FPSO to maximize production
- Verification of Class and Life Extension work scope
- Process modification
- Yard and vendor selection

3-12 months

- Class and life extension works / general refurbishment
- Modification of topsides to fit field specification
- Upgrade of existing equipment if required

1-2 months

- Yard location close to field reduces transportation time

Newbuild

9-15 months

- Several FEED teams (hull, topsides, turret)
- Hull design
- Process design
- Yard and vendor selection

30-40 months

- Hull construction
- Topsides construction
- Hull and Topsides integration. Construction at several yards increases risk

3-6 months

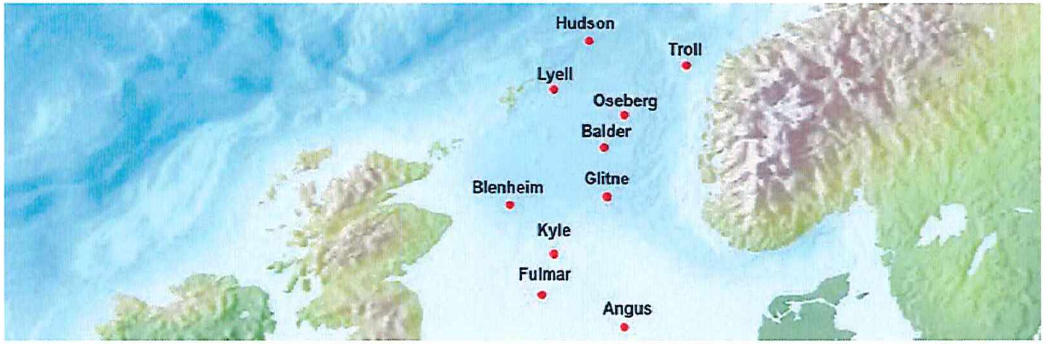
- Construction at Asian yard and transportation to Europe and Brazil increases schedule

TOO with Proven Track Record in FPSO Redeployment

Petrojarl I FPSO currently being upgraded for 10th redeployment

Field	Country	Operator	Start date	End date	Max production (bopd)	Water depth	Unit availability
1. Oseberg	Norway	Norsk Hydro	August 1986	June 1988	26,000	105m	98 %
2. Lyell	UK	Conoco	June 1988	August 1988	6,400	125m	98 %
3. Fulmar	UK	Shell	February 1989	November 1989	230,000(1)	85m	100 %
4. Troll	Norway	Norsk Hydro	December 1989	May 1991	30,200	330m	99 %
5. Balder	Norway	Esso	May 1991	November 1991	9,400	125m	99 %
6. Angus	UK	Amerada Hess	December 1991	July 1993	33,500	71m	96 %
7. Hudson	UK	Amerada Hess	July 1993	January 1995	44,000	157m	96 %
8. Blenheim / Bladon(2)	UK	ARCO / Talisman Energy	March 1995	May 2000	35,000	148m	98 %
9. Kyle	UK	Ranger Oil	May 2000	November 2000	13,500	85m	99 %
10. Glitne	Norway	Statoil	August 2001	May 2013	47,000	110m	98 %

- Produced ~150 million bbls of oil on 10 fields with 98% uptime
- 1,500 offloadings performed with no accidents or oil spills



(1) Only storage and offloading.
(2) Teekay Petrojarl acted as operator.

Summary

Bondholders to benefit from near-term bond price recovery and ultimately the refinancing of the bonds

1	Strong support from Banks through $723 million of new loan financings, existing loan refinancings and derivative deferrals / extensions
2	TOO to issue $200 million of preferred equity with dividends payable in kind and common LP cash dividends to be offset with an equal amount of new common equity, enhancing liquidity, reducing cash payments to junior capital and providing bondholders with significant additional equity buffer
3	Main sponsor, TK Corp, agrees to PIK its share of dividend distribution payments and subordinate and defer TKC loan until after 2018 and reduce cash interest to 5%
4	TOO pursuing several other liquidity enhancing initiatives
5	Bondholders retain relative claim position and improve prospect for full recovery

Agenda

TOO Capitalization at 31 December 2015

Item	Amount	% of capitalization	Rate	Financial covenants
Cash and cash equivalents Restricted cash	$258M $61M			
Aggregate drawn revolvers	$429M	8.2 %	L+50 – L+290	Minimum liquidity(1); Minimum asset coverage(2)
Aggregate term loans and other	$2,368M	45.3 %	L+30 – L+496	Minimum asset coverage(2)
Total secured debt	**$2,797M**	**53.5 %**		
2016 NOK bonds (repaid)(3)	$56M	1.1 %	N+400	Minimum liquidity : Greater of i) 5% of total debt and ii) $75 million
2017 NOK bonds(3)	$68M	1.3 %	N+575	Minimum liquidity : Greater of i) 5% of total debt and ii) $75 million
2018 NOK bonds(3)	$90M	1.7 %	N+475	Minimum liquidity : Greater of i) 5% of total debt and ii) $75 million
2019 NOK bonds(3)	$113M	2.2 %	N+425	Minimum liquidity : Greater of i) 5% of total debt and ii) $75 million
2019 USD bonds	$300M	5.7 %	6.0%	Minimum liquidity : Greater of i) 5% of total debt and ii) $50 million
Derivative instruments(4)	$423M	8.1 %		
Due to affiliates(5)	$223M	4.3 %		
Total debt	**$4,070M**	**77.8 %**		
Pref. units - Series A	$150M	2.9 %		
Pref. units - Series B	$125M	2.4 %		
Conv. pref. units - Series C	$250M	4.8 %		
Market equity (5/17/2016)	$636M	12.2 %		
Total equity	**$1,161M**	**22.2 %**		
Total capitalization	**$5,231M**			

(1) Four revolvers require TOO to maintain minimum liquidity of the greater of i) 5% of total debt and ii) $75 million; one revolver requires TKC to maintain minimum liquidity of the greater of i) 5% of total debt and ii) $50 million
(2) One revolver and four term loans require TOO to maintain vessel values to drawn principal balance ratios of a minimum range of 113% to 125%
(3) Based on prevailing USDNOK exchange rate as of 31 December 2015
(4) Based on the mark-to-market as of 31 December 2015
(5) Includes a $200 million promissory note due to TK Corp related to the Knarr FPSO acquisition

Contribution from Commercial Banks at TOO

Banks will contribute $723 million through new loan financings, refinancings of existing loans and restructuring outstanding swaps

Action	Amount	Banks	Original maturity	New maturity	Amort thru YE-2018	Old margin	New margin	Timing	CP?
Defer put options on Citi IR swap	$42M	Citi	August 2016	Feb-2019	-	NA	NA	June 2016	✓
Defer put options on DNB IR swap	$49M	DNB	October 2016	Feb-2019	-	NA	NA	June 2016	✓
Defer put options on DNB IR swaps	$80M	DNB	December 2016	Feb-2019	-	NA	NA	June 2016	✓
Finance unmortgaged TOO vessels	$40M	DNB/Nordea/ Swedbank	New facility	YE-2018	$30M	NA	4.0%	June 2016	✓
Increase loan facility on Samba and Lambada shuttle tankers	$35M	Credit Suisse	NA	Apr-2022	$7.6M	NA	3.5%	Completed	✓
Novate HSH swap	$54M	HSH / Citi	July 2017	Feb-2019	-	NA	NA	June 2016	✓
Refinance Varg FPSO facility	$75M	ING / Scotia / SEB / NIBC / Santander / BAML / RBC / Siemens	June 2016	YE-2017	$75M	2.9%	3.5%	June 2016	✓
Extend cross currency swap maturities to end of 2018	$78M	DNB/Nordea/ Swedbank	TOP02 / TOP04 maturity dates		-	NA	NA	June 2016	
Knarr FPSO performance bond	$20M	Citi / ABN / Credit Agricole	June 2016	Jun-2017	$20M	2.5%	~2.5%	June 2016	
Obtain ECC shuttle tanker newbuild financing	$250M	DNB / Nordea / ABN	New facility	>July 2022	$14M	NA	3.0 – 4.0%	June 2016	✓
TOO total	**$723M**								

- Firm commitments from banks received in mid-May

- Current Varg Facility is $100 million
- Upfront fees for the bank facilities are in the 50bps to 150bps range

Contribution from Commercial Banks at TK Corp

Part of the overall Teekay/TOO recapitalization plan

Action	Amount	Original maturity	New maturity	Amort thru YE-2018	Old margin	New margin
Refinance Margin Revolver (EMR)(1)	$150M	January 2018	December 2018	-	3.95%	3.95%
Refinance TPO Facility	$113M	September 2016	December 2018	$83M	3.25%	4.00%
Refinance Shoshone Spirit VLCC	$50M	May 2016	November 2016	-	1.60%	3.00%
Total	**$313M**					

(1) $116 million increased liquidity from refinancing current EMR ($34 million available as of 14 March 2016)

Committed CAPEX Schedule as per 31 December 2015

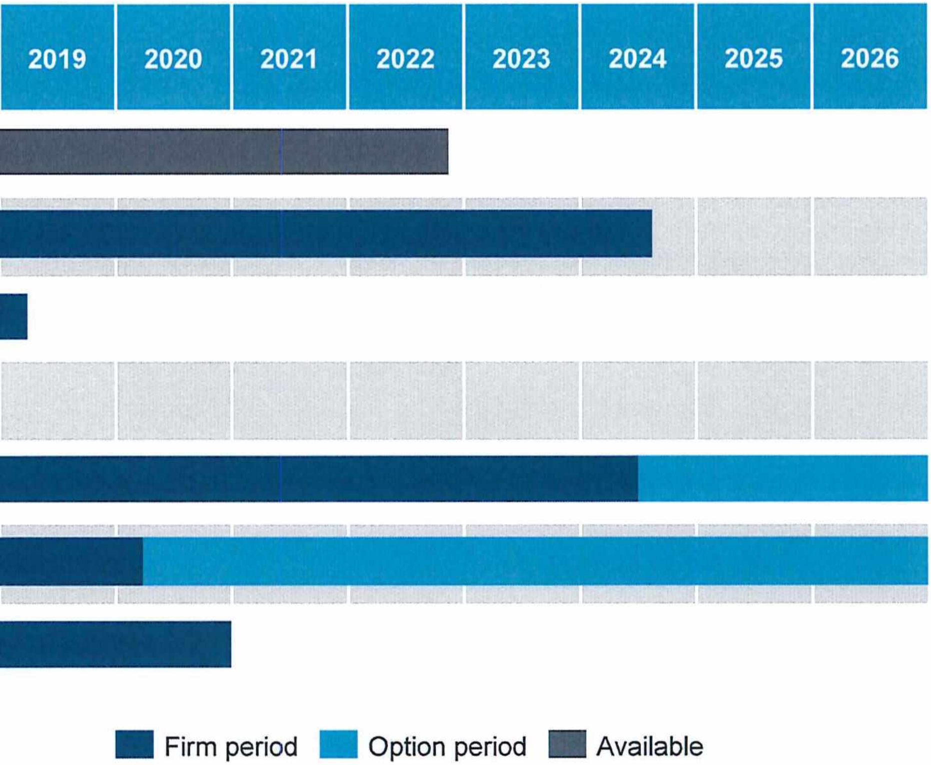
Asset	Type	Delivery date	Project cost	Paid as per Dec'15	Secured debt financing	Anticipated debt financing	Remaining equity contribution	Part of recap plan?
Libra FPSO conversion	FPSO	Q1-17	$100M(1)	$16M	N/A(1)	N/A(1)	$84M	
ECC shuttle tankers	Shuttle tanker	late-2017 and 2018	$368M	$34M	-	$250M	$84M	✓
Petrojarl 1 upgrade	FPSO	Q4-16	$275M	$146M	$65M	N/A	$64M	
Gina Krog conversion	FSO	Q2-17	$278M	$141M	$92M	N/A	$45M	
ALP Towage Newbuildings	AHTS	2016/2017	$233M	$92M	$144M	N/A	($3M)	
UMS Rigs 2&3(2)	UMS	After 2018(2)	$408M	$11M	-	$250M	$147M(2)	✓
Total			**$1,662M**	**$440M**	**$301M**	**$500M**	**$421M**	

(1) Total project cost of $1billion and a secured $800 million debt facility resulting in a TOO equity contribution of $100 million (on a 50% basis).
(2) As part of TOO's recapitalization plan, TOO is in discussions to defer the remaining $397M funding requirement for UMS Rigs #2 and #3 to after the maturity of TOP02 and TOP04

TOO Contract Terms

FSOs

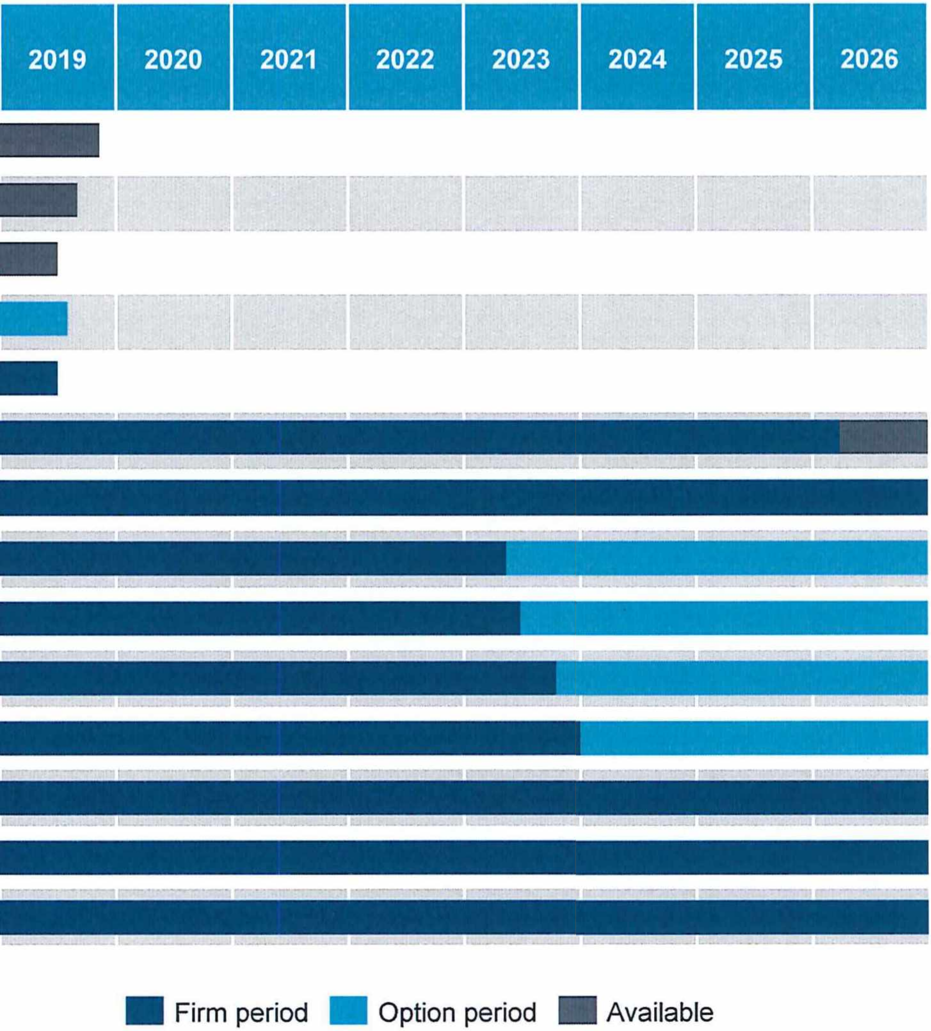
Unit	Customer	Ownership	2016	2017	2018
Falcon Spirit	OXY	100%			
Dampier Spirit	Quadrant	100%			
Pattani Spirit	Teekay Corporation	100%			
Navion Saga	Statoil	100%			
Suksan Salamander	Salamander Energy	100%			
Gina Krog	Statoil	100%			
Apollo Spirit	Teekay Corporation	89%			


2019
2020
2021
2022
2023
2024
2025
2026
Firm period
Option period
Available

TOO Contract Terms

Shuttle Tankers – Time Charter

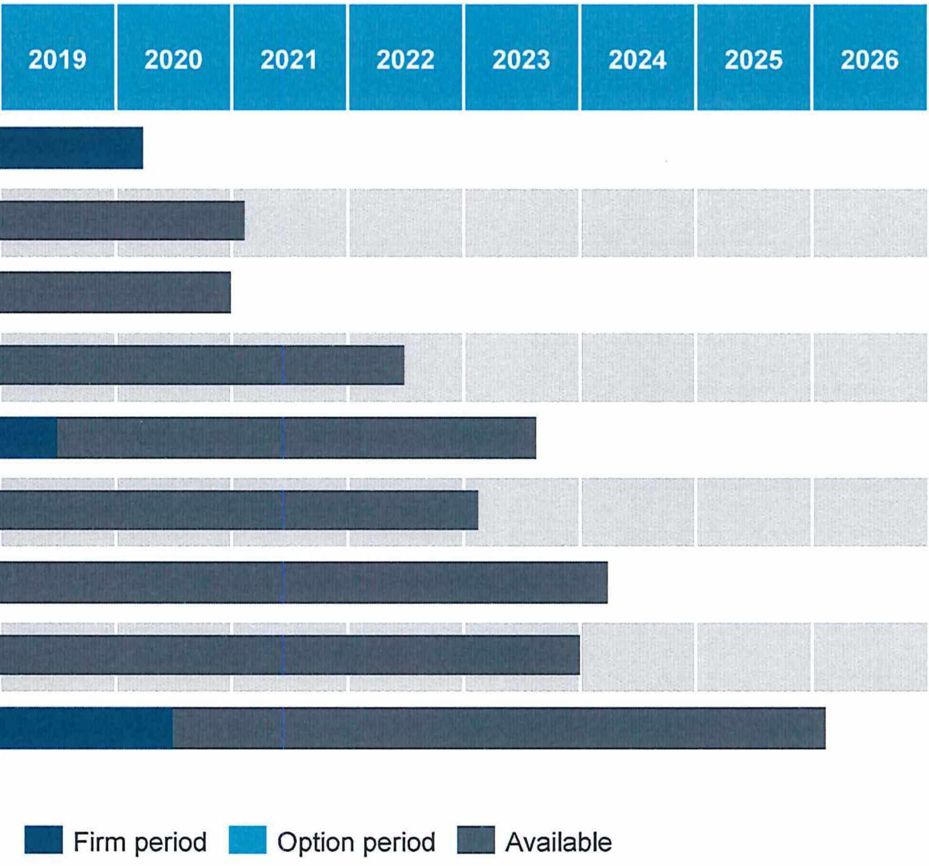
Unit	Customer	Ownership	2016	2017	2018
Navion Anglia	Transpetro	100%			
Navion Marita		100%			
Navion Hispania	BWTTS	100%			
Stena Sirita	Esso	50%			
Stena Alexita	Statoil	50%			
Nansen Spirit	Statoil	100%			
Peary Spirit	Statoil	100%			
Samba Spirit	Shell/BG	100%			
Lambada Spirit	Shell/BG	100%			
Bossa Nova Spirit	Shell/BG	100%			
Sertanejo Spirit	Shell/BG	100%			
ECC Vessel #1	BWTTS	100%			
ECC Vessel #2	BWTTS	100%			
ECC Vessel #3	BWTTS	100%			


2019
2020
2021
2022
2023
2024
2025
2026
Firm period
Option period
Available

TOO Contract Terms

Shuttle Tankers – Bareboat

Unit	Customer	Ownership	2016	2017	2018
Navion Bergen	Transpetro	100%			
Nordic Spirit	Transpetro	100%			
Stena Spirit	Transpetro	50%			
Petronordic	Teekay Corporation	100%			
Navion Stavanger	Transpetro	100%			
Petroatlantic	Teekay Corporation	100%			
Nordic Rio	Transpetro	50%			
Nordic Brasilia	Transpetro	100%			
Navion Gothenburg	Transpetro	50%			


2019
2020
2021
2022
2023
2024
2025
2026
Firm period
Option period
Available

TOO Contract Terms

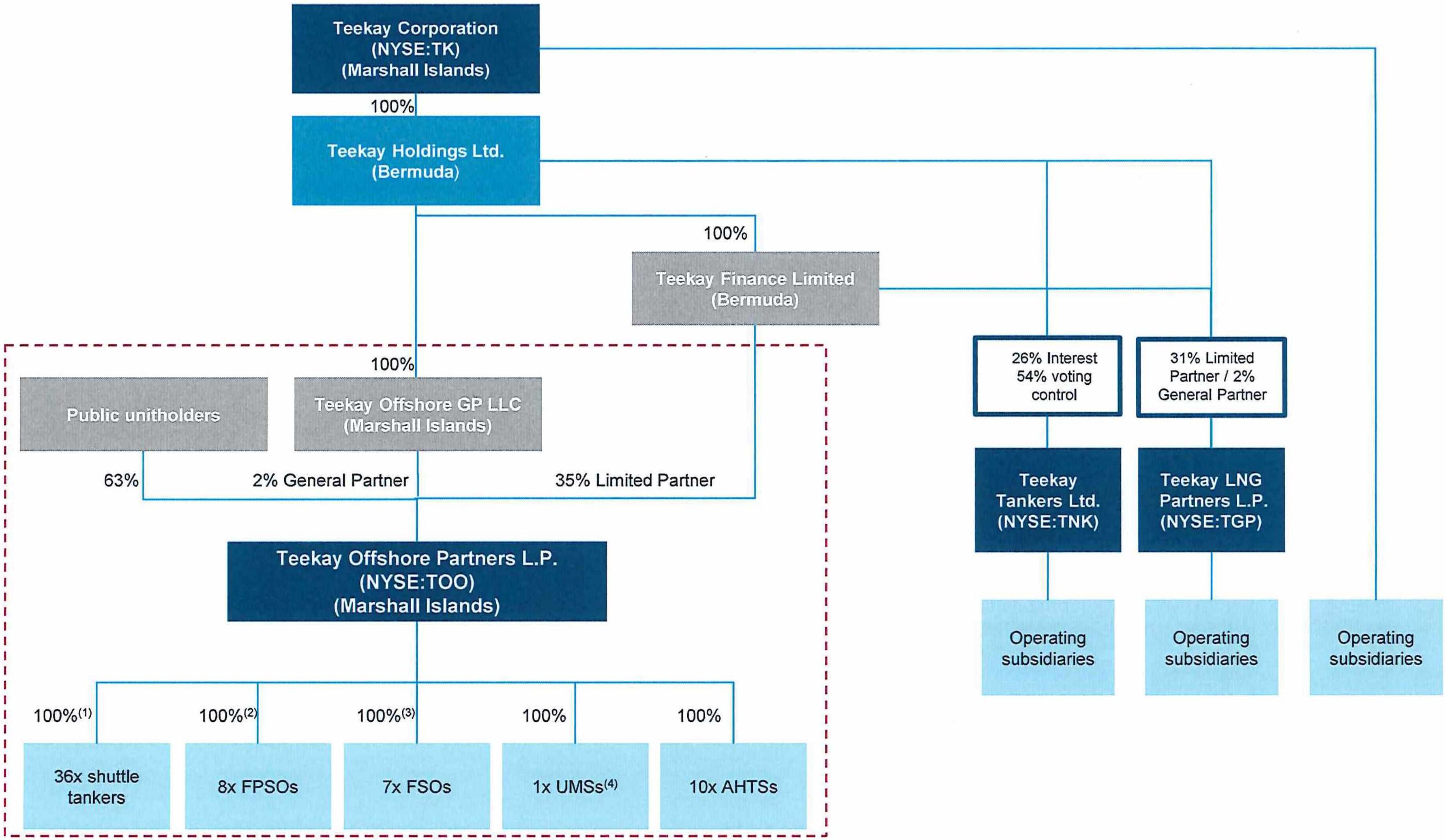
Shuttle Tankers – CoA

Unit	Ownership	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Aberdeen	Time chartered-in											
Navion Scandia	100%											
Navion Britannia	100%											
Navion Oceania	100%											
Stena Natalita	50%											
Navion Oslo	100%											
Amundsen Spirit	100%											
Scott Spirit	100%											

Firm period Option period Available On CoA

- COA Charterers includes: Chevron, Hess, Marathon Oil, ENI, Draugen Transport, BP, ConocoPhillips, Total, Repsol, Nexen, MTDA, Dana Petroleum, Shell International Trading and Shipping Co. Ltd, Statoil, Norske Shell, OMV, Maersk Oil, BG Norge, Wintershall, Idemitsu, Rwe-Dea, E.ON Ruhrgas, Det Norske Oljeselslcap, Lundin, PGING, Ithaca (re: new field Stella), Premier (re: new field Solan), Enquest (re: new field Alma Galia). For the contract expiry date a vessel sale / redelivery at the age of 20 is used.

Teekay Group Simplified Corporate Structure



(1) Includes six shuttle tankers owned 50% and one owned 67% by TOO and three chartered-in shuttle tankers
(2) Includes two FPSO units owned 50% by TOO
(3) Includes one FSO unit owned 89% by TOO
(4) Excludes two UMS newbuildings that TOO plans to defer as part of TOO's recapitalization plan

Note: All asset owning companies are incorporated in typical shipping / offshore jurisdictions such as Marshall Islands, UK, Norway, Austria, Netherlands, Singapore and Cayman Islands.


BRINGING ENERGY TO THE WORLD

Schedule (C) – Bondholder's Form