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To the bondholders in:

ISIN: NO 001 0700909

Teekay Offshore Partners L.P. FRN Senior Unsecured Bond Issue 2014/2019 (the "Bonds")

13 June 2018

## TEEKAY OFFSHORE PARTNERS L.P.: BUY-BACK OFFER FOR BONDS

Capitalized terms used herein shall have the meaning assigned to them in the bond agreement for the Bonds dated 30 January 2014 (the "**Bond Agreement**") unless otherwise stated herein.

Subject to the terms and conditions set out herein, Teekay Offshore Partners L.P. (the "**Issuer**") hereby offers to purchase from the Bondholders for cash consideration (the "**Buy-Back Offer**"), subject to certain conditions, any and all of the NOK 1,000 million aggregate principal amount of Bonds due in 2019.

The Buy-Back Offer is presented in conjunction with the announcement by the Issuer of a proposed aggregate USD 500,000,000 private offering of senior notes in the U.S capital markets (the "**New Notes Issue**"). The Buy-Back Offer is subject to the New Notes Issue having been completed on terms and conditions acceptable to the Issuer and Teekay Offshore Finance Corp. (which is the co-issuer under the New Notes Issue together with the Issuer), and that they shall have received the net proceeds from the New Notes Issue (the "**Offer Subject**"). The Offer Subject is expected to be satisfied on or about 3 July 2018 unless extended in the Issuer's sole discretion.

Subject as aforesaid, the Bondholders are invited to accept the Buy-Back Offer during the period (the "**Buy-Back Offer Period**") which will commence on **13 June 2018, and expire on 10 July 2018 at 16:00 CEST**, unless such deadline is extended or earlier terminated by the Issuer in its sole discretion regardless of whether any Acceptances (as defined below) have been received (such time, as the same may be extended or earlier terminated) (the "**Final Acceptance Date**"). The Issuer may, in its sole discretion, waive, amend, extend, accelerate, terminate or withdraw the Buy-Back Offer at any time, regardless of whether any Acceptances have been received. Information regarding any such amendments will be published under the Issuer's ticker on [www.stamdata.no](http://www.stamdata.no) and [www.newsweb](http://www.newsweb).

Bondholders who tender their Acceptance as per the paragraph immediately below **prior to 16:00 CEST on 2 July 2018** unless such deadline is extended or terminated by the Issuer in its sole discretion (such time, as same may be extended or terminated earlier, the "**Early Acceptance Date**") will be **eligible to receive the Total Consideration** (as defined below), including the Early Acceptance Premium (as defined below). Bondholders who tender their Acceptance as per the paragraph immediately below after the Early Acceptance Date, but prior to the Final Acceptance Date, will **not be eligible to receive the Total Consideration, but will receive the Buy-Back Offer Consideration** (as defined below).

Bondholders who wish to accept the Buy-Back Offer must complete and sign the acceptance form attached hereto (the "**Bondholders Acceptance Form**," each an "**Acceptance**") and return same to DNB Markets (the "**Manager**") by no later than the Final Acceptance Date. No submissions of the Bondholders Acceptance Form after the Final Acceptance Date will be valid unless so accepted by the Issuer, in its sole discretion.

The applicable purchase price offered equals (i) in respect of Bonds subject to Acceptance given prior to the Early Acceptance Date, NOK 1,020,000 (102% of par value) per Bond, and (ii) in respect of Bonds subject to Acceptance given after the Early Acceptance Date, but prior to the Final Acceptance Date, NOK 990,000 (99% of par value) per Bond, (iii) in

each case, together with accrued, but unpaid interest up to, but excluding the relevant Settlement Date (as defined below). For the purposes of this Buy-Back Offer, the purchase price referred to in (i) and (iii) shall constitute the "**Total Consideration**", and the purchase price referred to in (ii) and (iii) shall constitute the "**Buy-Back Offer Consideration**" (each, the "**Buy-Back Price**").

Provided the Offer Subject has been satisfied or waived by the Issuer, the Issuer will acquire all the Bonds that are tendered by way of Acceptances at the applicable Buy-Back Price.

The Issuer expects (unless the Buy-Back Offer Period is extended by the Issuer, in which case the applicable Settlement Date will be extended accordingly) to pay to the relevant, eligible Bondholders (i) the Total Consideration on or about 6 July 2018, and (ii) the Buy-Back Offer Consideration on or about 16 July 2018, unless any such date is amended by the Issuer in its sole discretion (each a "**Settlement Date**"), and provided that under no circumstances will any interest be payable because of any delay in the settlement or transmission of funds to Bondholders due to technical or administrative reasons.

Any individual or company whose Bonds are registered in the name of brokers, banks, investment companies or other nominees, must contact such persons to submit an Acceptance. All Bonds sold pursuant to the Buy-Back Offer are to be transferred free of any encumbrances and any other third party rights and with all rights attached to them. Any third party with such rights over the relevant Bonds or VPS, Euroclear or Clearstream account must waive its rights in the Bonds and approve the transfer of the Bonds to the Manager. Acceptances may be treated as invalid if any such rights holder has not waived such right and approved the transfer.

Acceptances are binding and irrevocable for the Bondholder, and may only be withdrawn or modified or altered by the Bondholders if the Offer Subject has not been lifted by the Issuer by 16 July 2018. The Buy-Back Offer is not conditional on any minimum number of Acceptances.

Bondholders who elect not to participate in the Buy-Back Offer, or whose Bonds are not accepted for purchase by the Issuer, will continue to hold their Bonds in accordance with the terms of the Bond Agreement. The Buy-Back Offer is being made only by and pursuant to the terms of this Buy-Back Offer and the related acceptance form, each dated June 13 2018, as the same may be amended or supplemented. In addition, from time to time in the future, the Issuer may acquire Bonds that are not purchased in the Buy-Back Offer through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as the Issuer may determine, which may be more or less than any price to be paid pursuant to the Buy-Back Offer and could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) the Issuer may choose to pursue in the future.

#### Summary of buy-back procedure:

<b>Buy-Back Offer Period:</b>	<ul style="list-style-type: none"> <li>• Commencement: 13 June 2018</li> <li>• Expiration: 10 July 2018 at 16:00 CEST</li> </ul>
<b>Buy-Back Price:</b>	<p>NOK 1,020,000 (102% of par value) per Bond, plus accrued, but unpaid interest up to, but excluding the relevant Settlement Date in respect of Bonds subject to Acceptance by the Early Acceptance Date, and</p> <p>NOK 990,000 (99% of par value) per Bond, plus accrued, but unpaid interest up to, but excluding the relevant Settlement Date in respect of Bonds subject to Acceptance after the Early Acceptance Date but prior to the Final Acceptance Date.</p>
<b>Placing of Acceptances:</b>	Duly completed Bondholders Acceptance Forms must be submitted to the Manager no later than 16:00 CEST on 10 July 2018, unless such deadline is extended or earlier terminated by the Issuer in its sole discretion.
<b>Announcement of the result of the Buy-Back Offer:</b>	Expected to be announced on 11 July 2018
<b>Settlement of the Buy-Back Offer:</b>	Cash payment in NOK
<b>Settlement Date of the Buy-Back Offer:</b>	Expected to be on or about (i) 6 July 2018 in respect of Bonds covered by Acceptances received on or prior to the Early Acceptance Date, and (ii) 16

	July 2018 in respect of Acceptances received after the Early Acceptance Date, but prior to the Final Acceptance Date, unless such date is amended by the Issuer in its sole discretion.
<b>Contacts:</b>	Any questions related to the Buy-Back Offer can be directed to:  <b><i>DNB Markets:</i></b>  <i>Bond <a href="mailto:Syndicate/Bond.syndicate@dnb.no">Syndicate/Bond.syndicate@dnb.no</a>/tel +(47) 23 26 80 97</i>  <i>Fixed Income Sales/tel +(47) 24 16 90 30</i>

The Buy-Back Offer, any Bondholders Acceptance Form and any acceptances thereof are subject to Norwegian law, with Oslo District Court as the agreed legal venue.

The Buy-Back Offer is not directed to persons in any jurisdiction where the Buy-Back Offer would be in violation of applicable laws or whose acceptance of the offer requires that (i) further documents are issued in order for the Buy-Back Offer to comply with local law or (ii) registration or other measures are taken pursuant to local law. No document or material relating to the Buy-Back Offer may be distributed in or into any country where such distribution or offering requires any of the aforementioned measures to be taken or would be in conflict with any law or regulation of such country. **No securities are being offered for sale or subscription to any person in any such jurisdiction by this Buy-Back Offer.**

The Buy-Back Offer is not being made directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of the United States of America, its territories and possessions, any State of the United States and the District of Columbia (the "**United States**"), and the Buy-Back Offer will not be capable of acceptance by any such means, instrumentality or facility. This includes, but is not limited to, facsimile transmission, internet delivery, email, telex and telephones. The Buy-Back Offer is not being made to any U.S. person (as such term is defined pursuant to Regulation S under the US Securities Act of 1933, as amended) (the "**Securities Act**"). Copies of this document and any related offering documents are not being, and must not be, directly or indirectly mailed, emailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States and may not be electronically accessed by U.S. persons or from the United States. Any purported acceptance of the Buy-Back Offer or other offer or agreement to sell Bonds in the Buy-Back Offer resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported acceptance of the Buy-Back Offer and any other offer and/or agreement to sell Bonds that is post-marked in or otherwise dispatched from, evidences the use of any means or instrumentality of interstate or foreign commerce of the United States or is made by a person appearing or otherwise believed by the Issuer to be located or resident in the United States, or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

The Issuer will only accept offers with respect to the Bonds from a Bondholder or beneficial owner of the Bonds (or any person acting as agent, custodian, fiduciary or other intermediary capacity for a Bondholder or beneficial owner) who is not a U.S. person and who is outside the United States. Each person participating in the Buy-Back Offer will represent that it or any beneficial owner of the Bonds or any person on whose behalf such person is acting is not a U.S. person or a resident and/or located in the United States and will not be resident and/or located in the United States at the time of the submission of its offer pursuant to the Buy-Back Offer.

Notwithstanding the immediately two preceding paragraphs, if the Issuer determines that a Bondholder who is a U.S. person is an institutional accredited investor (as defined in Rule 501 of the Securities Act), such paragraphs shall not apply to such Bondholder with respect to the Buy-Back Offer and such Bondholder may participate in the Buy-Back Offer with the consent of the Issuer.

The information contained in this Buy-Back Offer does not constitute an invitation or inducement to engage in investment activity within the meaning of the United Kingdom Financial Services and Markets Act 2000 ("**FSMA**"). In the United Kingdom, this announcement is being distributed only to, and is directed only at (i) persons who have professional experience, knowledge and expertise in matters relating to investments and are "investment professionals" for the purposes of Article 19(5) of the FSMA (Financial Promotions) Order 2005 (the "**FPO**"), (ii) persons who are certified high net worth individuals for the purposes of Article 48 of the FPO or (iii) any other persons to whom it may otherwise lawfully be made under the FPO (all such persons together being referred to as "relevant persons"). This announcement and the Buy-Back Offer to the Bondholders are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons.

Each Bondholder is responsible for any taxes as a consequence of its acceptance of the Buy-Back Offer. The Issuer assumes no responsibility for any tax liability resulting from the acceptance of the Buy-Back Offer.

This document contains forward-looking statements and information that is necessarily subject to risks, uncertainties, and assumptions. No assurance can be given that the transactions described herein will be consummated or as to the terms of any such transactions. Except as explicitly stated, the Issuer assumes no obligation to update or correct the information contained in this Buy-Back Offer.

For other matters, please contact:

Teekay Offshore Partners L.P, Scoot Gayton, e-mail : [scott-gayton@teekay.com](mailto:scott-gayton@teekay.com), tel +1 (604) 609 4740

This offer to Bondholders is also available at [www.stamdata.no](http://www.stamdata.no).