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ISIN: NO 001 0700909

Teekay Offshore Partners L.P. FRN Senior Unsecured Bond Issue 2014/2019

3 July 2018

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

Reference is made to the announcement dated 13 June 2018 (the "**Buy-Back Offer**") regarding the offer by Teekay Offshore L.P. (the "**Issuer**") to buy back the bonds issued under FRN Senior Unsecured Bond Issue 2014/2019, ISIN NO 001 0700909 (the "**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**") or, where relevant, in the Buy-Back Offer, unless otherwise stated herein.

Eligible Bondholders holding Bonds with a nominal value of NOK 905,000,000 have tendered their Acceptance in proper form prior to 16:00 CEST on 2 July 2018 (the "**Early Acceptance Date**") and are therefore entitled to receive the Total Consideration. Accordingly, the Issuer will buy back such Bonds for a purchase price per Bond of NOK 1,020.00 (102% of par value), totalling NOK 923,100,000 in aggregate, together with accrued, but unpaid interest up to, but excluding the Settlement Date, expected to be on or about 6 July 2018. Following completion as aforesaid, the Issuer intends to cancel such Bonds as soon as reasonably practicable.

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, we 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 we may determine, which may be more or less than any price to be paid pursuant to the Tender Offers and could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we may choose to pursue in the future.

For other matters, please contact:

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