

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC 301, 302, AND 316

18 Can any resulting loss be recognized? ▶
SEE ATTACHED STATEMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
SEE ATTACHED STATEMENT

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ February 1, 2018

Print your name ▶ Edith Robinson Title ▶ Secretary, Teekay Offshore GP L.L.C
general partner of Teekay Offshore Partners L.P.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	SUSAN MCKILLIGAN		30/01/18		P01491547
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP	Firm's EIN ▶ 98-0189320		Phone no. 1 604 806 7000	
	Firm's address ▶ #1400-250 HOWE ST., VANCOUVER, BC, CANADA V6C 3S7				

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Issuer: Teekay Offshore Partners LP
EIN: 98-0512555

Part I, Items 9,
10 and 12

Series C-1 Cumulative Convertible Preferred Units
CUSIP # - N/A
Ticker Symbol - N/A

Series D Cumulative Convertible Preferred Units
CUSIP # - N/A
Ticker Symbol - N/A

Part II, Items 8 and
14

All of the issued and outstanding Series C-1 Cumulative Convertible Preferred Units and Series D Cumulative Convertible Preferred Units were redeemed on September 25, 2017 (the "Redemption Date"). With respect to the Series C-1 Cumulative Convertible Preferred Units, an amount of \$18.20 per unit plus any accrued and unpaid distribution up to, but not including, the Redemption Date in an amount equal to \$0.7495 per unit, for a total amount of \$18.9495 per unit was distributed. With respect to the Series D Cumulative Convertible Preferred Units, an amount of \$23.75 per unit plus any accrued and unpaid distribution up to, but not including, the Redemption Date in an amount equal to \$0.9552 per unit, for a total amount of \$24.7052 per unit was distributed.

Part II, Item 15

Under Internal Revenue Code ("IRC") 302, proceeds received on the redemption of shares may be treated as either a payment in exchange for the shares or as a cash distribution with respect to all of the shareholder's shares under IRC 301. If the proceeds are treated as a distribution, then pursuant to IRC 316, the amount will be treated as a dividend to the extent of the issuer's current and accumulated earnings and profits. Pursuant to IRC 301, any amount not treated as a dividend will be treated as a return of capital, which will reduce the shareholder's basis in their shares, and to the extent the distribution exceeds the shareholder's basis, any remaining amount will be treated as gain from the sale of the shares.

The determination as to whether any specific unitholder's redemption proceeds will be treated as a sale or exchange or a distribution under IRC 302 is made at the unitholder level. Each unitholder should consult their tax advisor to determine the appropriate classification of this transaction.

For any unitholder that pursuant to IRC 302 is treated as receiving a distribution under IRC 301, based on the current and accumulated earnings and profits of Teekay Offshore, the full amount of the distribution paid per unit as at September 25, 2017 should reduce the basis of each unitholder as follows:

- Series C-1 Cumulative Convertible Preferred Units \$18.9495 per unit
- Series D Cumulative Convertible Preferred Units \$24.7052 per unit

Part II, Item 16

The calculation of the change in basis depends on the classification of the redemption proceeds under IRC 302. For unitholders treated as receiving the proceeds as payment in exchange for the units redeemed, all of the unitholders' basis in the redeemed units will be applied against the redemption proceeds. For unitholders treated as receiving a distribution under IRC 301, the full amount of the distribution paid per unit as of September 25, 2017 should reduce the basis of each unitholder as follows:

- Series C-1 Cumulative Convertible Preferred Units \$18.9495 per unit
- Series D Cumulative Convertible Preferred Units \$24.7052 per unit

Part II, Item 18

For a unitholder who is treated under IRC 302 as receiving the proceeds in exchange for their units, then a loss can generally be recognized. For a unitholder who is treated under IRC 302 as receiving a distribution under IRC 301, then a loss cannot be recognized.