

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>TEEKAY OFFSHORE PARTNERS LP</b>		2 Issuer's employer identification number (EIN) <b>98-0512555</b>	
3 Name of contact for additional information <b>KENT ALEKSON</b>	4 Telephone No. of contact <b>+1 604 844 6654</b>	5 Email address of contact <b>investor.relations@teekayoffshore.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>SUITE NO. 1778, 48 PAR-LA-VILLE ROAD</b>		7 City, town, or post office, state, and Zip code of contact <b>HAMILTON, HM 11 BERMUDA</b>	
8 Date of action <b>SEE BELOW</b>		9 Classification and description <b>COMMON UNITS</b>	
10 CUSIP number <b>Y8565J101</b>	11 Serial number(s) <b>N/A</b>	12 Ticker symbol <b>TOO</b>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **During the year ended 2012, Teekay Offshore Partners LP ("Teekay Offshore") declared the following cash distributions to the common unitholders on the date of record:**

Date of Record:	Amount per Unit:	Date Paid:
February 1, 2012	\$0.50	February 14, 2012
April 23, 2012	\$0.5125	May 14, 2012
July 25, 2012	\$0.5125	August 10, 2012
October 24, 2012	\$0.5125	November 9, 2012

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Dividends paid in excess of the current and accumulated earnings and profits of a corporation reduce the basis of the shares of the corporation pursuant to Internal Revenue Code ("IRC") §301(c)(2) and §316(a).**

**Based on the current and accumulated earnings and profits of Teekay Offshore, the full amount of the distributions paid per unit as of the dates of record should reduce the basis of each common unitholder as follows:**

- **\$0.50 per unit for holders on February 1, 2012**
- **\$0.5125 per unit for holders on April 23, 2012**
- **\$0.5125 per unit for holders on July 25, 2012**
- **\$0.5125 per unit for holders on October 24, 2012**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **Based on Teekay Offshore's current and accumulated earnings and profits, the full amount of the distributions paid per common unit should reduce the basis of each common unit held by each unitholder on the dates of record.**

**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 §316 and §301(c)

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18 Can any resulting loss be recognized? ▶ For U.S. federal income tax purposes, the distributions will not result in any tax loss for any common unitholders.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2012. Unitholders as of the following dates of record should reduce the basis of each unit held on those dates, by the following amounts per unit:

- \$0.50 per unit for holders on February 1, 2012
- \$0.5125 per unit for holders on April 23, 2012
- \$0.5125 per unit for holders on July 25, 2012
- \$0.5125 per unit for holders on October 24, 2012

The reduction in basis is cumulative such that a unitholder who was the unitholder of record for all four distributions would be required to reduce its basis by a total of \$2.0375 per unit.

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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.

**Sign Here**  
Signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

<b>Paid Preparer Use Only</b>	Print your name ▶	Preparer's signature	Date ▶	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name <b>SUSAN MCKILLIGAN</b>				<b>P01491547</b>
	Firm's name ▶ <b>PRICEWATERHOUSECOOPERS LLP</b>	Firm's EIN ▶ <b>98-0189320</b>		Phone no. <b>604-806-7000</b>	
	Firm's address ▶ <b>#700 - 250 HOWE STREET, VANCOUVER, BC CANADA, V6C 3S7</b>				