Leadership
Dealmakers of the Year
## There Is Always a First Time
### The Public Debt Deal of the Year

**Transaction:** Teekay Offshore Partners - $700 million Senior Unsecured Notes  
**Winner:** Citi, Credit Agricole, Credit Suisse, DNB Markets, ABN AMRO, Nordea, BNP Paribas, ING, NIBC

An attractive yield play supported by long-term contracts and the added strength of a main new shareholder were the perfect recipe for the winning transaction in this category. Teekay Offshore ("TOO") is a leading international midstream services provider to the offshore oil production industry, focused on the ownership and operation of critical infrastructure assets including shuttle tankers and FPSO units, as well as other assets that support offshore oil production. TOO’s revenue is underpinned long-term, take-or-pay contracts with a US$ 6.1 billion backlog over a period of ~8 years. Structured as a publicly traded MLP, the company is owned 51% by Teekay Corporation; following an investment by Brookfield Partners, with Brookfield controlling the GP and owning ~60% of the economic interest in TOO.

If it’s the first time, you may as well go big. In its inaugural issuance in the US high yield market, Teekay did just that and watched demand grow. On June 13, TOO launched, with price whispers of low to mid 8s, a $500 million 5-year NC-2 Senior Notes offering (144A/Reg S) to fund the tender of the company’s existing $300 million of 6.000% notes due 2019 and its NOK notes due 2019. In marketing the transaction, TOO conducted a global roadshow designed to capitalize on knowledge of the company in the Norwegian bond market while introducing new US-based energy investors to the credit. As required in this market, the credit rating agencies reviewed the credit and assigned corporate ratings of B3/B+/B (F) while rating the issue itself Caa2/B/B (F), a notch or two lower in two cases.

Subsequently, on June 25, TOO upsized the offering by $100 million to $600 million, set price talk at 8.500% and announced that Brookfield and its affiliates have committed to an order of up to $500 million of the offering subject to a lockup agreement. As a result, the use of proceeds were amended to repay a $200 million Brookfield held promissory note due 2022 (and rolling that note into Brookfield’s allocation in the new deal) in addition to repaying the NOK bonds due 2019 and the existing 6.000% notes due 2019 both via tender offers. Demand was clearly strong and a day later the offering was upsized by a further $100 million to $700 million, with the bonds priced at par to yield 8.500%. Purchasers included a mix of long-only investors comfortable with the credit and looking to hold the bonds long-term, along with a handful of existing Norwegian investors rolling their exposure. The ultimate measure of a successful offering was the fact that at the break, the bonds traded at 101.50 to yield 8.055%, demonstrating solid demand for the rare, well-structured and well-positioned credit in the shipping and offshore sector.