

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 16, 2022**

NuStar Energy L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-16417

(Commission File Number)

74-2956831

(I.R.S. Employer Identification No.)

19003 IH-10 West

San Antonio, Texas 78257

(Address of principal executive offices)

(210) 918-2000

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units	NS	New York Stock Exchange
Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprA	New York Stock Exchange
Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprB	New York Stock Exchange
Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

Senior management of NuStar Energy L.P. is participating in meetings with members of the investment community at the 2022 Energy Infrastructure Council Investor Conference on Monday, May 16, 2022 and Tuesday, May 17, 2022. The slides attached to this report were prepared in connection with, and are being used during, the meetings. The slides are included in Exhibit 99.1 to this report and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) **Exhibits.**

Exhibit Number

EXHIBIT

Exhibit 99.1

[Slides to be used on May 16, 2022 and May 17, 2022.](#)

Exhibit 104

Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NUSTAR ENERGY L.P.

By: Riverwalk Logistics, L.P.
its general partner

By: NuStar GP, LLC
its general partner

Date: May 16, 2022

By: /s/ Amy L. Perry
Name: Amy L. Perry
Title: Executive Vice President-Strategic Development and General Counsel



**2022 Energy
Infrastructure
Council
Investor Conference**

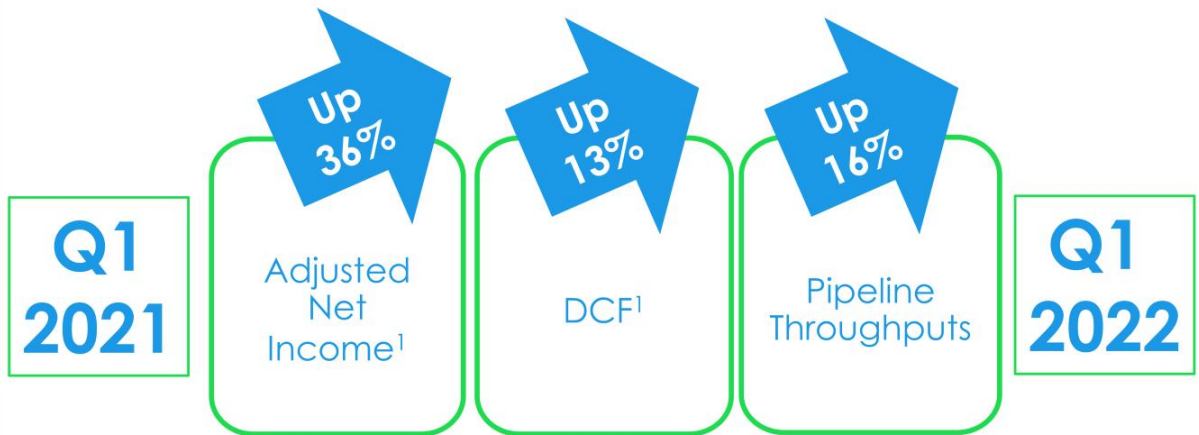


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Statements contained in this presentation other than statements of historical fact are forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance presented or suggested in this presentation. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions.

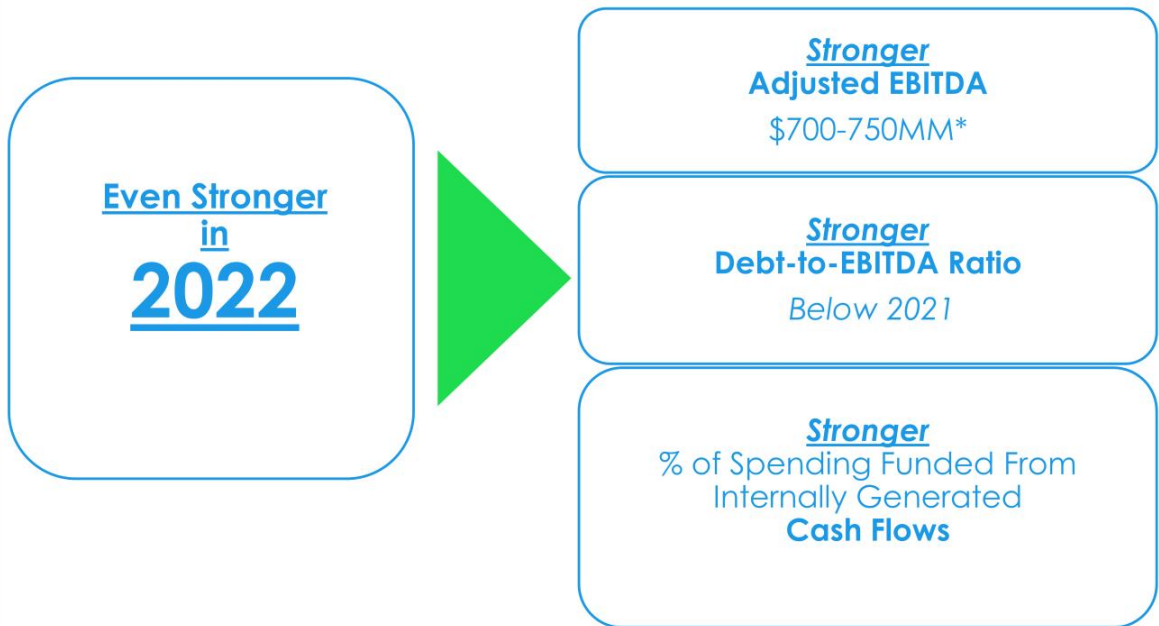
We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see NuStar Energy L.P.'s annual report on Form 10-K and quarterly reports on Form 10-Q, filed with the SEC and available on NuStar's website at www.nustarenergy.com. We use financial measures in this presentation that are not calculated in accordance with generally accepted accounting principles ("non-GAAP") and our reconciliations of non-GAAP financial measures to GAAP financial measures are located in the appendix to this presentation. These non-GAAP financial measures should not be considered an alternative to GAAP financial measures.

- ★ Excluding the contribution of the Eastern U.S. terminals we sold in October 2021, our **first quarter 2022 adjusted EBITDA¹ was up \$12 million**, a 7% increase over the first quarter of 2021



- ★ Last year, we delivered on our promise to fund our spending with internally generated cash flows, funding 112% of our strategic capital from excess adjusted DCF¹ in 2021, up 11% over 2020, **and we are on track to increase our internally generated cash flows in 2022 and beyond**

★ We expect 2022 adjusted EBITDA to **exceed 2021** adjusted EBITDA **by ~7%***, excluding divested assets, based on the midpoint of our guidance



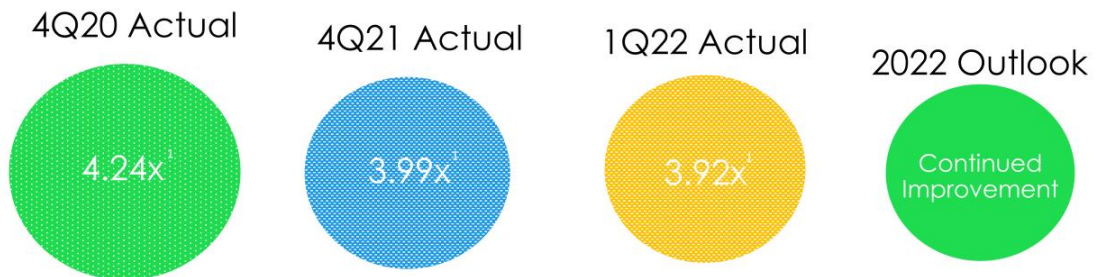
* - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures.

2022 Optimization Initiative



- ★ Earlier this year, we kicked off an initiative to optimize our spending across our business to:
 - Scrutinize every dollar of OPEX and G&A expenses, with the goal of making meaningful strides in our cost structure to maximize internally generated cash flows
 - High-grade every dollar of our strategic spending to ensure that we only execute projects that meet or beat our internal hurdles and are lean, efficient and effective
- ★ In our first phase of optimization, we have already identified over \$50 million in cost and spending reductions, across 2022 and 2023

- ★ By deploying proceeds from our recent assets sales to reduce debt, we were able to reduce our Debt-to-EBITDA ratio for year-end 2021 below 4.0x¹
- ★ Optimization and the proceeds of the Point Tupper sale will allow us to continue to reduce our leverage this year, and we expect to demonstrate continued meaningful improvement by year-end 2022...





This Year, We are Self-funding Our \$115-145 Million Strategic Growth Capital Program for Our Core Asset Footprint

Renewable Fuels

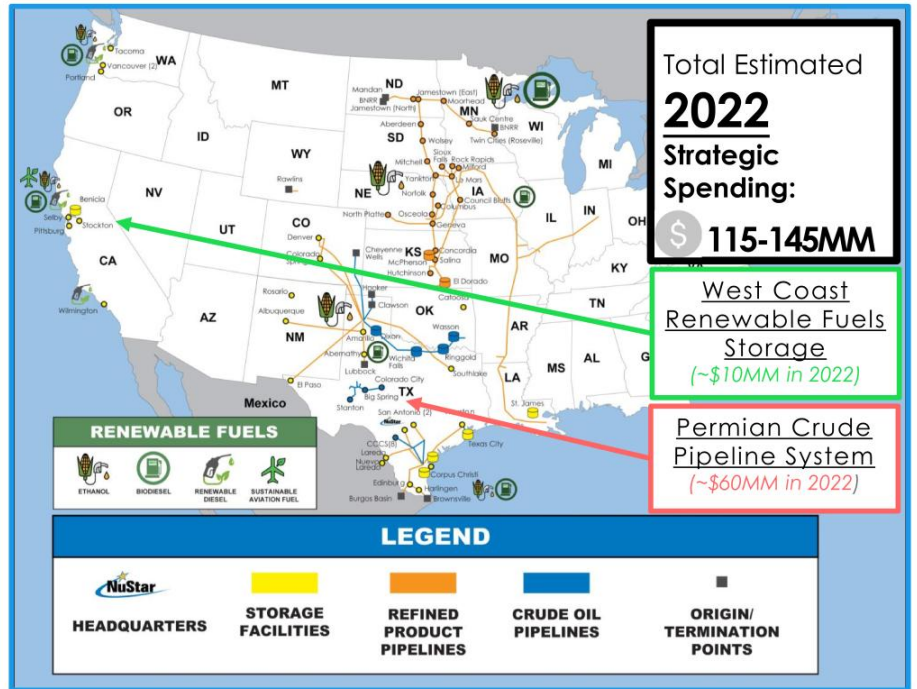
- **Established:**
 - West Coast Network
 - Ethanol & bio-diesel blending
- **Developing:**
 - Ammonia System

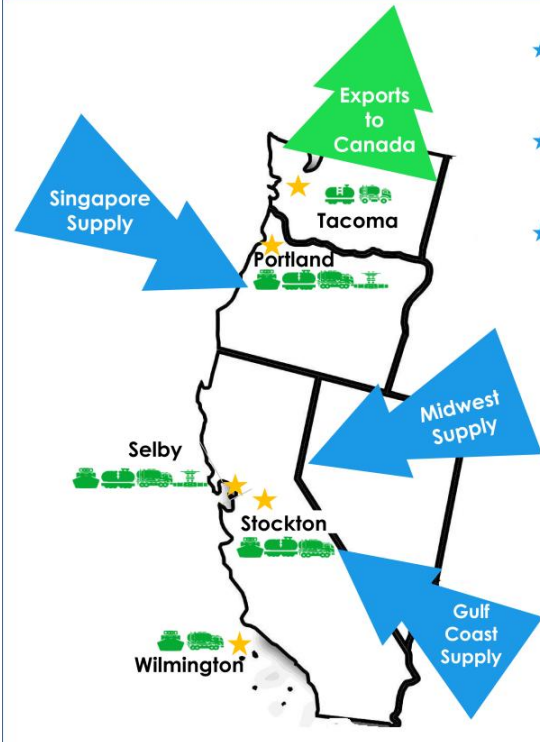
Refined Products

- Midcontinent
- Colorado/NM/Texas
- Northern Mexico

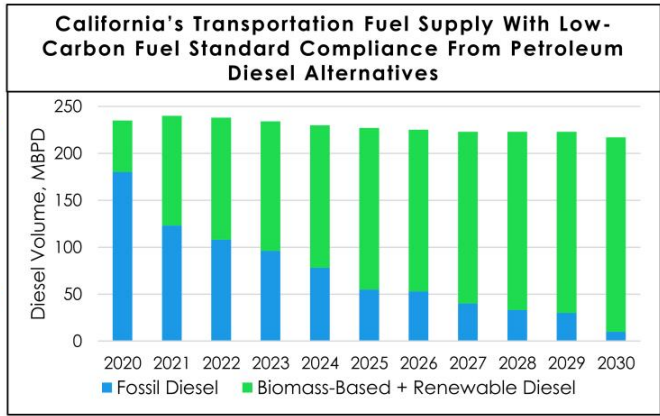
Crude Supply/Export

- Permian Crude System
- Corpus Christi Crude System
- St. James Terminal



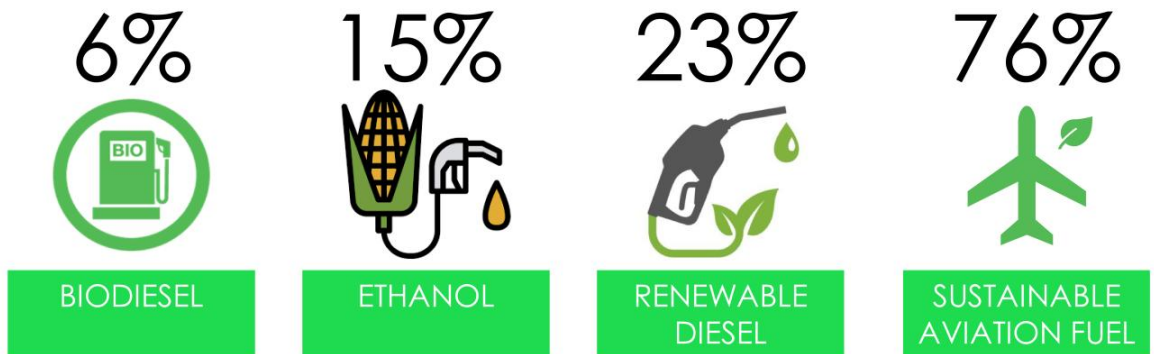


- ★ Regulatory priorities on the West Coast and in Canada continue to dramatically increase demand for renewable fuels in the region
- ★ At the same time, obtaining permits for greenfield projects is difficult, which increases the value of existing assets
- ★ Our West Coast terminals have the access and optionality to receive and distribute renewable fuels across the West Coast



Source: IHS Markit 2021

NuStar's Proportionate Share of California's Renewable Fuels Market (2021 Total Volume¹)

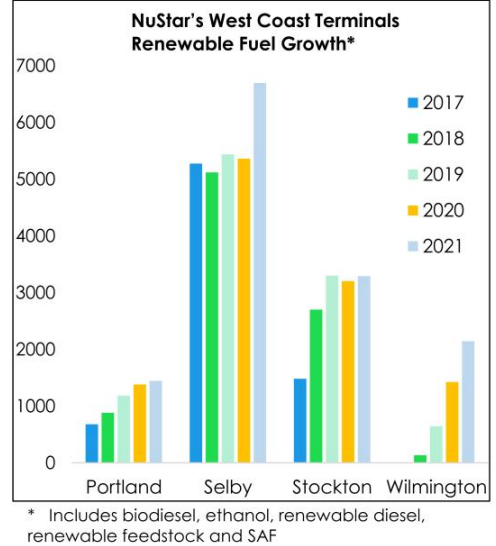


- ★ We expect our market share to increase in 2022, along with associated EBITDA, as we complete additional projects presently in planning or under construction
 - We intend to convert remaining tankage to renewable fuels as the market demands
- ★ Our facilities are positioned to benefit from new production and conversion projects for renewable diesel, sustainable aviation fuel (SAF), ethanol and other renewable fuels across the region

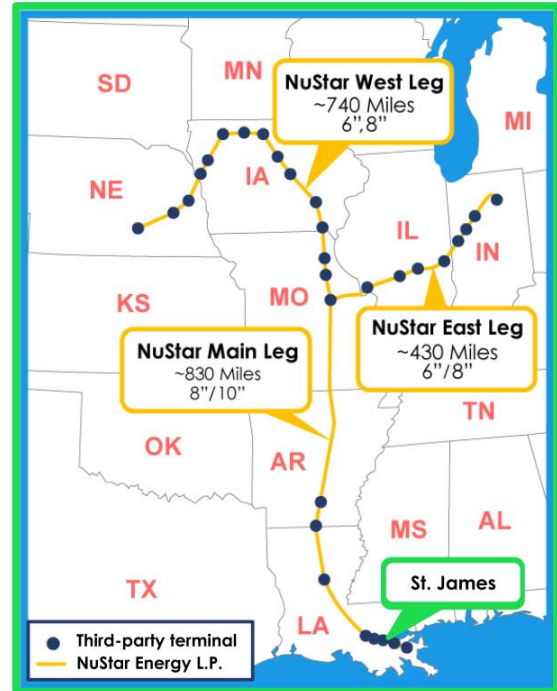


- ★ We have established ourselves as an early mover in the renewable fuels transportation market by developing and completing a number of renewable fuels projects
- ★ These projects, in partnership with our customers on the West Coast, have allowed NuStar to capture market share and build on relationships with key global producers
 - Our facilities are positioned to benefit from new production and conversion supply projects as the renewable fuels market continues to grow

		Complete
Portland	Convert 36,000 bbls to biodiesel	✓
	Convert 57,000 bbls to renewable diesel	✓
Selby	Construct truck-loading for renewable diesel	✓
	Multimodal shipment of SAF	✓
	Convert 208,000 to SAF	✓
	Modify rail to handle renewable feedstock offloading	✓
Stockton	Convert 30,000 bbls to biodiesel	✓
	Convert 73,000 bbls to renewable diesel and expand renewable diesel handling to all 15 rail spots	✓
	Convert 151,000 bbls to renewable diesel	2Q22 Est.
	Connect to ethanol unit train offload facility	2Q22 Est.
Wilmington	Convert 160,000 bbls to renewable diesel	✓
	Reconfigure dock for enhanced marine capability	1H25 Est.



- ★ Our Ammonia Pipeline is the longest and only ammonia pipeline in the country, spanning over 2,000 miles and seven states, from Louisiana, north along the Mississippi to Missouri, and then northwest and east, to Nebraska and Indiana
- ★ Today, we provide the lowest-cost option for transporting imported and domestically produced ammonia to fertilize crops in our nation's "breadbasket"
- ★ We have capacity available to transport additional volumes, including "blue" or "green" ammonia
 - Currently running ~30 MBPD (~3,500 STPD¹), but have capacity close to ~50 MBPD (~5,500 STPD)



- ★ Ammonia is the basic building block for ammonium nitrate fertilizer, which releases nitrogen, an essential nutrient for growing plants
 - About 90% of the **200 million tons of ammonia** (worth about \$60 billion in the aggregate) produced each year is used for fertilizer
 - About **½ of the world's food production** relies on ammonia
- ★ Traditional fossil-fuel ammonia production is estimated to contribute about 1.6% of global GHG emissions, which has driven interest in its de-carbonization
 - "Blue" ammonia is produced with natural gas, but the associated emissions are captured and stored
 - "Green" ammonia is produced using "renewable" electricity to power an electrolyser to extract hydrogen from water and an air separation unit to extract nitrogen from air, which are then combined, through a chemical reaction powered by renewable electricity, to produce ammonia
- ★ In addition, "blue" and "green" ammonia have potential for use as **lower-carbon alternative fuels**: for engines/turbines to generate electricity, in alkaline fuel cells, as an up-to-70% blend ICE vehicles and for the maritime industry
- ★ Ammonia can also be a lower-cost option for **transporting hydrogen**, which can be used for fuel cells or other applications, but ammonia is easier to transport and store than hydrogen as it doesn't require cryogenic or high-pressure storage and can be relatively easily cracked to convert it to hydrogen



50%
of World's Food
Production Relies
on
NH₃



NH₃ Gas Turbine



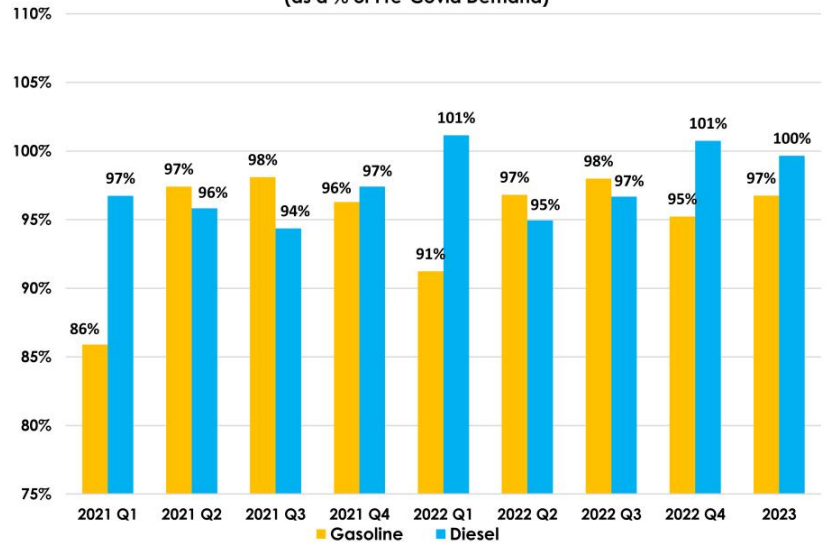
70% NH₃-fueled Car



NH₃ Fuel-cell
Ship

- ★ Gasoline demand in the United States recovered throughout 2021 and is on track to remain near pre-Covid levels in 2022
- ★ Diesel demand exceeded pre-Covid levels starting in the first quarter of 2022 and is on track to remain at or near those levels through the remainder of the year

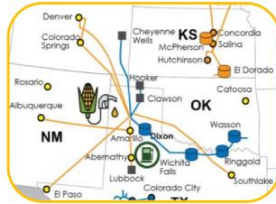
U.S. Gasoline & Diesel Demand
(as a % of Pre-Covid Demand)



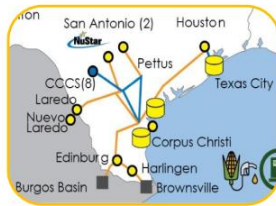
Midcontinent Systems-



- ★ **CENTRAL EAST:** A 2,500-mile pipeline system with multiple delivery options
 - *East Pipeline* – This system serves important markets across the Midwest/West, with flexible refined product supply from refineries in McPherson, Kansas, El Dorado, Kansas and Ponca City, Oklahoma
 - *North Pipeline* – System flows from North Dakota to the Twin Cities, serving both rural markets and large cities with refined product supply from Mandan, North Dakota refinery



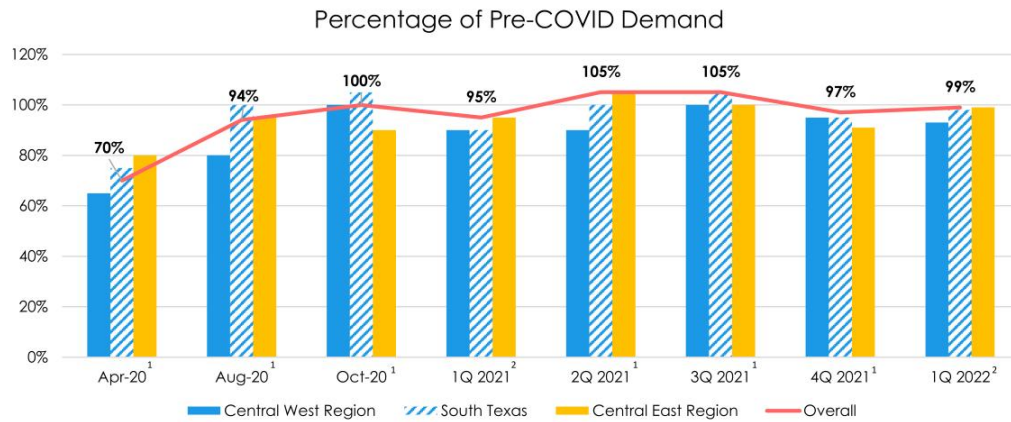
- ★ **CENTRAL WEST:** Comprised of over 2,200 miles of pipeline with structural exclusivity, serving markets in Texas and nearby states supplied from the McKee, Texas refinery



South Texas Systems-

- ★ Around 700 miles of pipeline with structural exclusivity, primarily serving markets in Texas and northern Mexico supplied from refineries located in Corpus Christi and Three Rivers, Texas

Total Refined Products



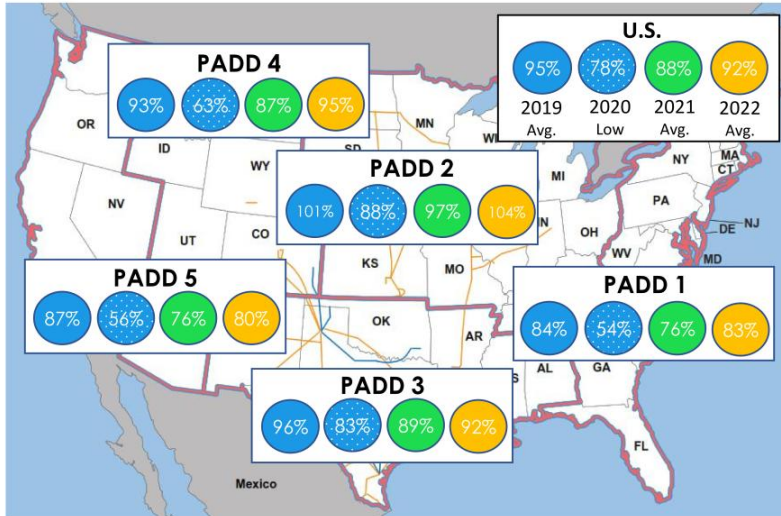
- ★ Our resilient asset base recovered quickly from April 2020's pandemic low
- ★ Full-year 2021 refined product throughputs were approximately **105%**² of our full-year 2019 (pre-Covid) levels
- ★ Our refined product throughputs for 1Q 2022 were approximately **100%**² of (pre-Covid) levels

¹ – Comparison versus 2019 demand; applicable periods adjusted for Northern Mexico projects for a comparable presentation; includes on-road product demand in our storage system

² – Comparison versus 2020 demand; applicable periods adjusted for Northern Mexico projects; includes on-road product demand in our storage system

U.S. Refinery Utilization has Risen Along With Rebounding Product Demand

U.S. Refinery Utilization (by PADD, 2019-2022)



★ At the end of 2021, U.S. refinery utilization reached 88% and is currently expected to average 92% in 2022, up 4% over 2021 utilization levels

★ USGC refiners' location is expected to continue to provide several advantages, relative to other U.S. regions:

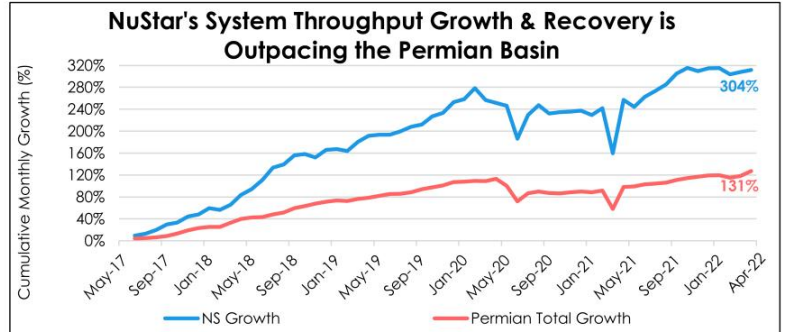
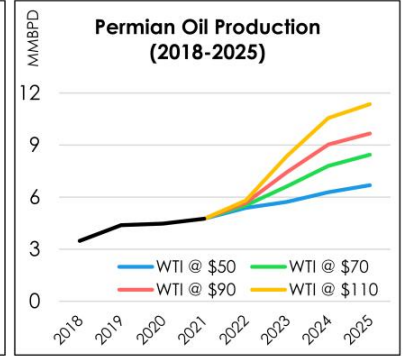
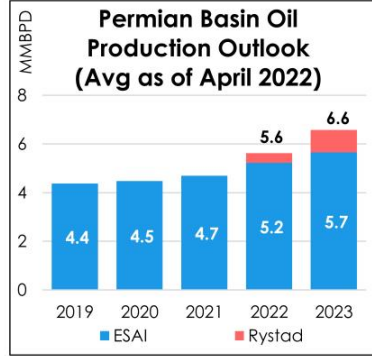
- Better access to lower-priced natural gas, which should mitigate seasonal volatility
- Capacity to upgrade heavy fuel oil
- Better access to export markets for refined products

The Permian Basin is Leading the U.S. Shale Rebound, With Our Permian System Continuing to Outperform

- ★ Because of its superior geology and low breakeven costs, the Permian Basin's shale production:
 - Exited 2021 at 5.1 MMBPD, representing approximately 55% of the nation's total shale output
 - Projected to exit 2022 at 6.1 MMBPD, representing 21% growth compared to 2021 exit

- ★ As of April, our system's throughput volumes are now up 41% above Covid lows, while the rest of the Permian is up 34% from Covid lows

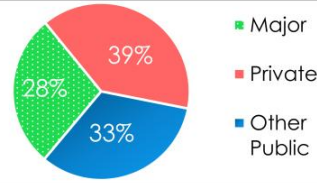
- ★ We expect to exit 2022 between 560 and 570 MBPD; 10% over our 2021 exit of ~520 MBPD



Our "Core of the Core" Location has Attracted Top-tier Customers Whose Activity is Supporting Steady Growth

- ★ The quality of geological formations underlying our system attracts the strongest customers
 - ~68% of our system's revenue is generated from investment-grade (IG) rated and Non-IG BB-rated entities¹
- ★ We averaged 516 MBPD in 4Q21 (our best quarter since we acquired the system in 2017) and were comparable in 1Q22
- ★ Our producers have averaged around 20-25 rigs throughout 2021 and currently have around 20% of the total Permian drilled-uncompleted (DUCs) wells on the system, which provide an important platform for growth

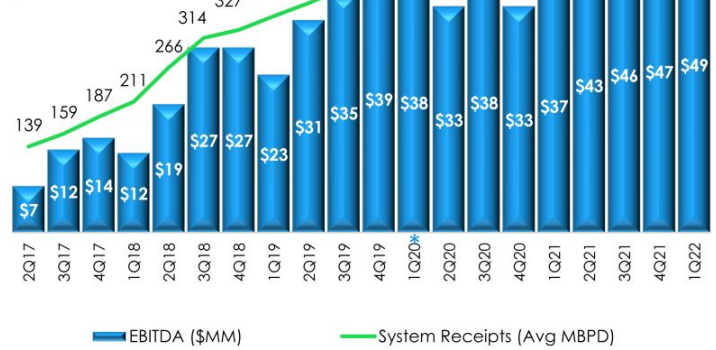
NS System Producer-type²
(% Average Daily Volume)



Producer Average Cost of Debt, Weighted by Acreage: **5.5%**³

NS Permian Crude System Performance (by Quarter)

* Adjusted



Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

1 – For the year ended March 31, 2022
2 – For the month ended March 31, 2022

3 – As of May 5, 2022

ExxonMobil

"We continue to grow production in the Permian Basin. In March, we produced about 560,000 oil equivalent barrels per day, **on pace to deliver a 25% increase versus 2021."**



"You can see our average lateral length in the Permian is up 12% year-over-year. Our average development size is up 51%... year-over-year in number of wells."



"Permian Basin unconventional production grew to a record 692,000 barrels of oil equivalent per day in the first quarter, as the company raised its 2022 guidance to 700,000 - 750,000 barrels per day, **an increase of over 15 percent from 2021."**

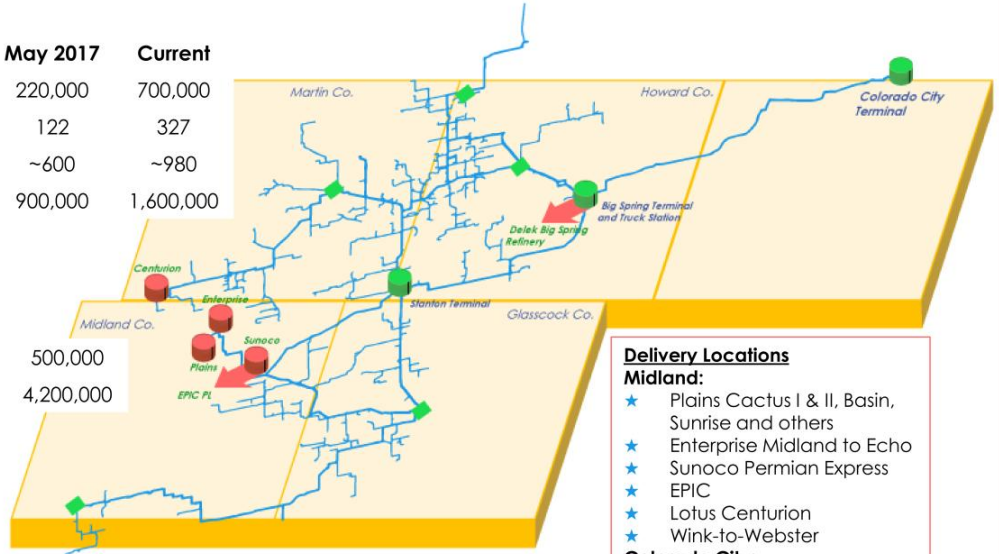
ConocoPhillips

"If you look at the ramp in activity throughout the year, that's true across our asset base, especially true in the Permian; 500 completed wells brought on throughout the entire year, but 90 in the first quarter, so it's going to build and be back-end loaded."

	May 2017	Current
System Capacity	220,000	700,000
Receipt Points	122	327
Pipeline Miles	~600	~980
Storage (bbls)	900,000	1,600,000

**Dedicated Acres
AMI**

500,000
4,200,000



- Third-Party Connections
- NuStar Terminals
- NuStar Truck Unloading Facilities

Delivery Locations

Midland:

- ★ Plains Cactus I & II, Basin, Sunrise and others
- ★ Enterprise Midland to Echo
- ★ Sunoco Permian Express
- ★ EPIC
- ★ Lotus Centurion
- ★ Wink-to-Webster

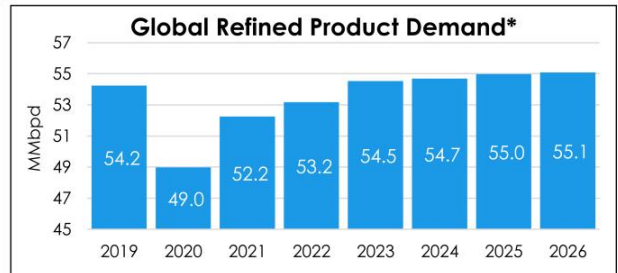
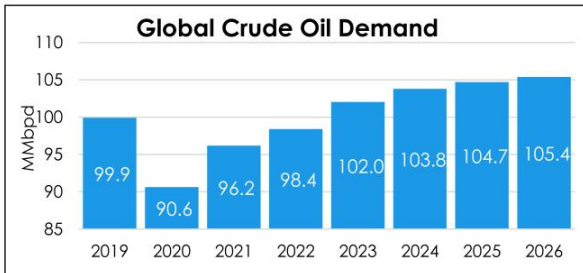
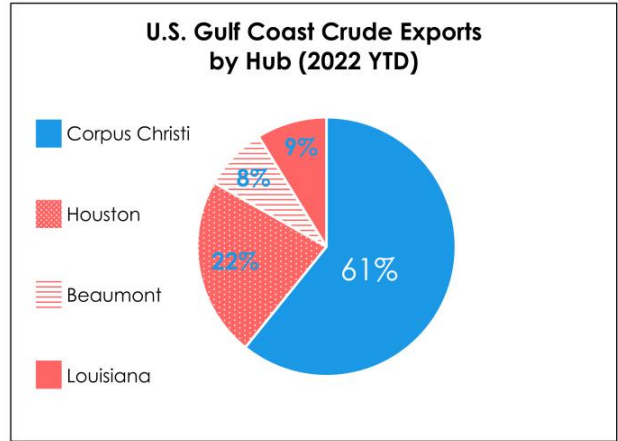
Colorado City:

- ★ Sunoco WTG, Permian Express
- ★ Bridgetex
- ★ Plains Basin
- ★ Sunrise II

Other:

- ★ Delek Big Spring Refinery

- ★ Corpus Christi has remained the dominant Gulf Coast crude exports hub since 2020, currently capturing 61% of the U.S. Gulf Coast's total export volumes
- ★ With global demand recovering in 2022 and the ongoing war in Ukraine, U.S. Gulf Coast exports are expected to rebound to pre-pandemic levels in the second half of 2022
- ★ Improved global refined product demand should lead the way to further recovery in global crude demand



*Comprised of gasoline and diesel demand

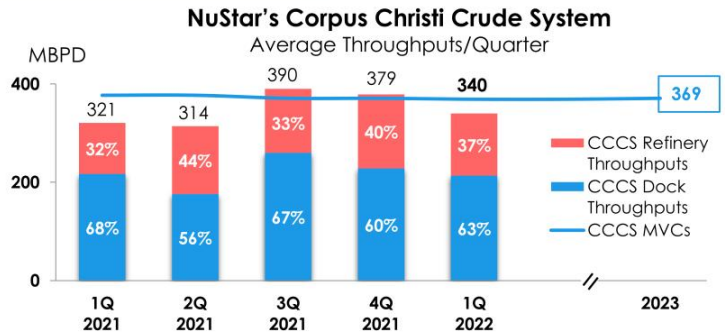


Our Corpus Christi Crude System's MVCs- for Export and Local Refinery Supply- Provide Strength & Stability

- ★ The heart of our Corpus Christi Crude System is our North Beach Terminal, which receives barrels from our South Texas Crude Oil Pipeline System, our 12" Three Rivers Supply Pipeline and our 30" pipeline from Taft, as well as from third-party pipeline connections

<u>In-bound Capacity</u>	<u>Storage Capacity</u>	<u>Outbound Capacity</u>
TOTAL: 1.2MMBPD • South Texas Crude System 16" Pipeline - 240MBPD • Taft 30"- 720MBPD and expandable • Harvest 16" Pipeline - 240MBPD	TOTAL: 3.9MMbbl • <u>Potential expansion</u> 0.4MMbbl	TOTAL: 1.2MMBPD • Export Docks- 750MBPD to 1.0MMBPD • Refinery Supply- 220MBPD

- ★ Unlike most other midstream operators in the Port of Corpus Christi, NuStar provides unparalleled optionality for marine exports and extensive connectivity to local refineries
- ★ U.S. shale production growth and improving global demand will drive the recovery and growth in our CCCS volumes



Our Strategic Priorities:

1.

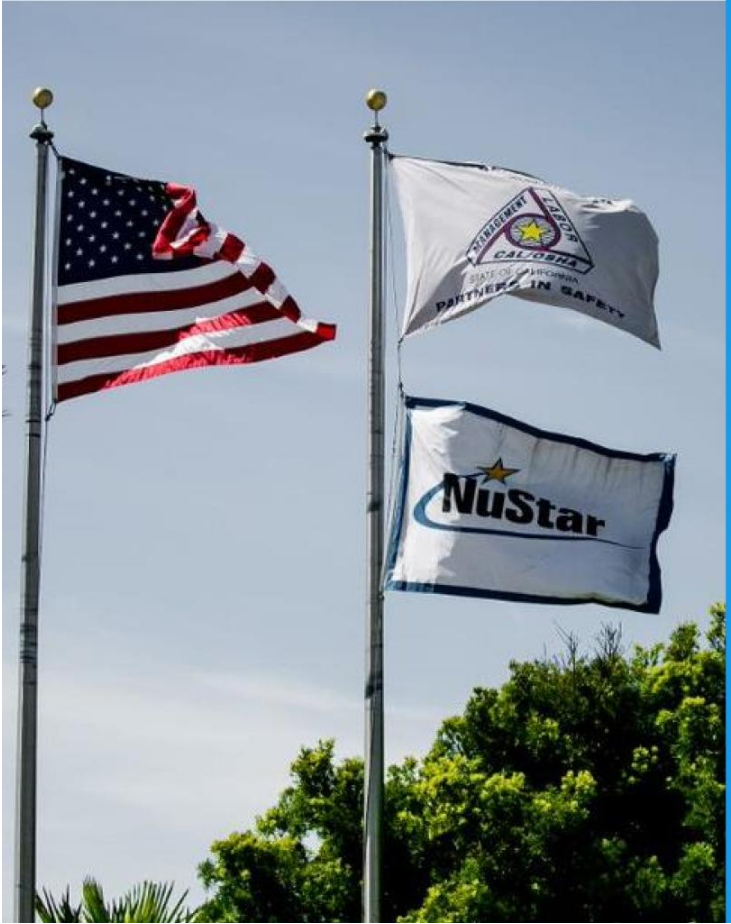
Optimizing
Our
Business to
Increase
Cash Flow

2.

Reducing
Our
Debt

3.

Promoting
Our ESG
Excellence



APPENDIX

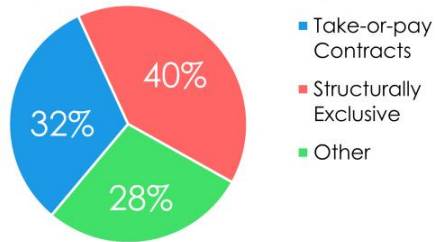
- Common Unit Price⁽¹⁾: \$14.03
- Distribution/CU/Year: \$1.60
- Yield⁽¹⁾: 12.2%
- Market Cap⁽¹⁾: ~\$1.5 billion
- Credit Ratings:
 - Moody's: *Ba3 (Stable)*
 - S&P: *BB- (Stable)*
 - Fitch: *BB- (Stable)*
- Enterprise Value⁽¹⁾: ~\$6.0 billion
- Total Assets: ~\$5.0 billion
- Pipeline Miles: ~10,000
- Pipeline Volumes⁽²⁾: 1.9MMBPD
- Storage Capacity: ~49MMB
- Storage Throughput Volumes⁽²⁾: 396MBPD



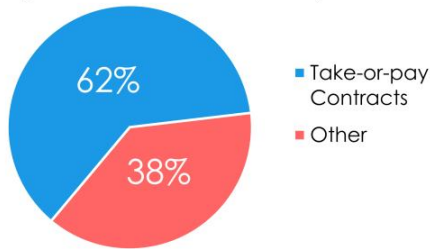
1. As of May 10, 2022

2. Average daily volume for the quarter ended March 31, 2022

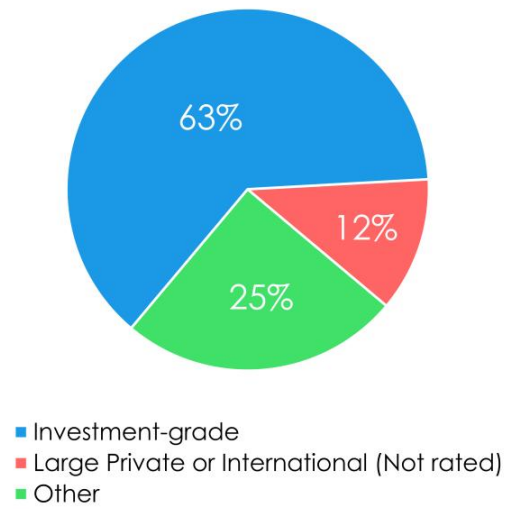
Pipeline Segment Contracted¹ Revenues (% 2022 Forecast – as of 1Q22)



Storage Segment Contracted Revenues (% 2022 Forecast – as of 1Q22)

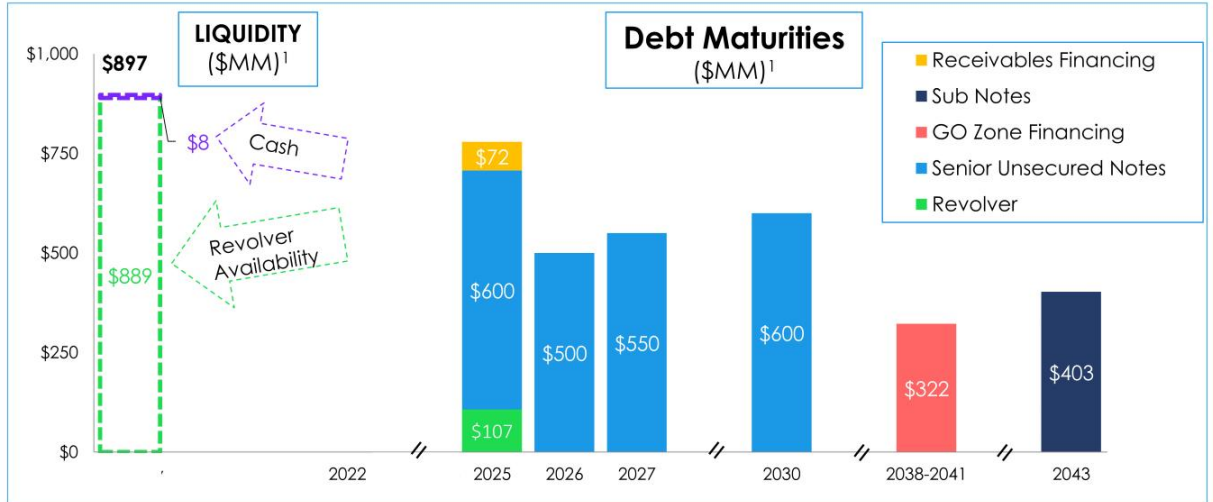


NuStar Investment-grade Customers (% Pipeline/Storage 2022 Revenues)



¹ - Committed through take or pay contracts or through structural exclusivity (uncommitted lines serving refinery customers with no competition)

- ★ In January 2022, we extended the term our \$1.0 billion revolver through April 2025 and our receivables financing agreement through January 2025
- ★ We utilized proceeds from the sale of the Eastern U.S. Terminals to pay-off our February 2022 bond maturities in November 2021
- ★ This clears our debt maturity runway until 2025
- ★ We utilized proceeds from the sale of the Point Tupper terminal in April 2022 to further reduce debt



¹ - Balances as of March 31, 2022; debt maturities reflect January 2022 term extensions of revolver and receivables financing agreement



Capital Structure as of March 31, 2022 (\$ in Millions)

\$1.0B Credit Facility	\$ 107	Common Equity and AOCI	\$ 166
NuStar Logistics Notes (5.625%)	550	Series A, B and C Preferred Units	756
NuStar Logistics Notes (5.75%)	600	Series D Preferred Units	<u>621</u>
NuStar Logistics Notes (6.00%)	500	Total Equity¹	1,543
NuStar Logistics Notes (6.375%)	600	Total Capitalization	<u>\$4,715</u>
NuStar Logistics Sub Notes	403		
GO Zone Bonds	322		
Receivables Financing	72		
Finance Lease Liability	56		
Other	<u>(38)</u>		
Total Debt	\$3,172		

★ **As of March 31, 2022:**

- Credit facility availability ~\$889MM
- Debt-to-EBITDA ratio² 3.92x

¹ - Total Equity includes Partners' and Mezzanine Equity (Series D Preferred Units)

² - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures



Reconciliation of Non-GAAP Financial Information

NuStar Energy L.P. utilizes financial measures, such as earnings before interest, taxes, depreciation and amortization (EBITDA), distributable cash flow (DCF) and distribution coverage ratio, which are not defined in U.S. generally accepted accounting principles (GAAP). Management believes these financial measures provide useful information to investors and other external users of our financial information because (i) they provide additional information about the operating performance of the partnership's assets and the cash the business is generating, (ii) investors and other external users of our financial statements benefit from having access to the same financial measures being utilized by management and our board of directors when making financial, operational, compensation and planning decisions and (iii) they highlight the impact of significant transactions. We may also adjust these measures and/or calculate them based on continuing operations, to enhance the comparability of our performance across periods.

Our board of directors and management use EBITDA and/or DCF when assessing the following: (i) the performance of our assets, (ii) the viability of potential projects, (iii) our ability to fund distributions, (iv) our ability to fund capital expenditures and (v) our ability to service debt. In addition, our board of directors uses EBITDA, DCF and a distribution coverage ratio, which is calculated based on DCF, as some of the factors in its compensation determinations. DCF is used by the master limited partnership (MLP) investment community to compare partnership performance. DCF is used by the MLP investment community, in part, because the value of a partnership unit is partially based on its yield, and its yield is based on the cash distributions a partnership can pay its unitholders.

None of these financial measures are presented as an alternative to net income, or for any periods presented reflecting discontinued operations, income from continuing operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP.

The following is a reconciliation of net income to adjusted net income (in thousands of dollars):

	Three Months Ended March 31,	
	2022	2021
Net income	\$ 12,312	\$ 42,257
Impairment loss, net of tax	44,978	—
Adjusted net income	<u>\$ 57,290</u>	<u>\$ 42,257</u>



Reconciliation of Non-GAAP Financial Information (continued)

The following is a reconciliation of net income (loss) to EBITDA, DCF, adjusted DCF, excess adjusted DCF and excess adjusted DCF over strategic capital expenditures (in thousands of dollars, except percentage data):

	Three Months Ended March 31,		Year Ended December 31,	
	2022	2021	2021	2020
Net income (loss)	\$ 12,312	\$ 42,257	\$ 38,225	\$ (198,983)
Interest expense, net	49,818	54,918	213,985	229,054
Income tax (benefit) expense	(33)	1,512	3,888	2,663
Depreciation and amortization expense	65,127	70,465	274,380	285,101
EBITDA	127,224	169,152	530,478	317,835
Interest expense, net	(49,818)	(54,918)	(213,985)	(229,054)
Reliability capital expenditures	(6,709)	(8,489)	(40,266)	(38,572)
Income tax benefit (expense)	33	(1,512)	(3,888)	(2,663)
Long-term incentive equity awards (a)	2,829	3,287	11,959	9,295
Preferred unit distributions	(31,092)	(31,887)	(127,399)	(124,882)
Goodwill impairment losses	—	—	34,060	225,000
Other impairment losses (b)	44,978	—	154,908	—
Other items (c)	3,613	4,912	(12,833)	36,967
DCF	\$ 91,058	\$ 80,545	\$ 333,034	\$ 193,926
Loss on extinguishment of debt			—	141,746
Adjusted DCF			\$ 333,034	\$ 335,672
Less: distributions applicable to common limited partners			175,470	174,873
Excess adjusted DCF			\$ 157,564	\$ 160,799
Strategic capital expenditures			\$ 140,867	\$ 159,507
Excess adjusted DCF over strategic capital expenditures			112 %	101 %

(a) We intend to satisfy the vestings of these equity-based awards with the issuance of our common units. As such, the expenses related to these awards are considered non-cash and added back to DCF. Certain awards include distribution equivalent rights (DERs). Payments made in connection with DERs are deducted from DCF.

(b) Presented net of tax for the three months ended March 31, 2022.

(c) For the year ended December 31, 2021, other items includes gains from insurance recoveries of \$14.9 million related to damage caused by a fire in 2019 at our Selby terminal. For year ended December 31, 2020, other items includes a \$34.7 million non-cash loss from the sale of our Texas City terminals in December 2020.



Reconciliation of Non-GAAP Financial Information (continued)

The following is a reconciliation of EBITDA to adjusted EBITDA and adjusted EBITDA, excluding divested assets for the Eastern U.S. terminals sold in October 2021 (in thousands of dollars).

	Three Months Ended March 31,	
	2022	2021
EBITDA	\$ 127,224	\$ 169,152
Impairment loss	46,122	—
Adjusted EBITDA	<u>\$ 173,346</u>	<u>\$ 169,152</u>
Divested assets:		
Operating income		\$ 974
Depreciation and amortization expense		6,370
EBITDA of divested assets		<u>\$ 7,344</u>
Adjusted EBITDA, excluding divested assets		<u>\$ 161,808</u>

The following is a reconciliation of net income to EBITDA, adjusted EBITDA and adjusted EBITDA, excluding the Eastern U.S. terminals and the Point Tupper terminal, which were sold in October 2021 and April 2022, respectively (in thousands of dollars):

	Year Ended	Projected for the Year Ended
	December 31, 2021	December 31, 2022
Net income	\$ 38,225	\$ 200,000 - 230,000
Interest expense, net	213,985	203,000 - 213,000
Income tax expense	3,888	2,000 - 4,000
Depreciation and amortization expense	274,380	250,000 - 260,000
EBITDA	530,478	655,000 - 707,000
Goodwill impairment loss	34,060	—
Other impairment losses	154,908	46,000
Gain from insurance recoveries and other	(14,860)	—
Adjusted EBITDA	<u>\$ 704,586</u>	<u>\$ 701,000 - 753,000</u>
Divested assets:		
Operating loss	\$ (121,763)	\$ (44,000 - 46,000)
Depreciation and amortization expense	20,465	1,000
EBITDA of divested assets	(101,298)	(43,000 - 45,000)
Goodwill and other impairment losses	129,771	46,000
Adjusted EBITDA of divested assets	<u>\$ 28,473</u>	<u>\$ 1,000 - 3,000</u>
Adjusted EBITDA, excluding divested assets	<u>\$ 676,113</u>	<u>\$ 700,000 - 750,000</u>



Reconciliation of Non-GAAP Financial Information (continued)

The following is the reconciliation for the calculation of our Consolidated Debt Coverage Ratio, as defined in our revolving credit agreement (the Revolving Credit Agreement) (in thousands of dollars, except ratio data):

	For the Four Quarters Ended March 31, 2022	Year Ended December 31,	
		2021	2020
Operating income	\$ 196,591	\$ 236,454	\$ 209,102
Depreciation and amortization expense	269,042	274,380	285,101
Goodwill impairment losses	34,060	34,060	225,000
Other impairment losses	201,030	154,908	—
Equity awards (a)	13,750	14,209	11,477
Pro forma effects of dispositions (b)	(14,688)	(22,710)	(9,102)
Other	2,081	1,762	(2,496)
Consolidated EBITDA, as defined in the Revolving Credit Agreement	<u>\$ 701,866</u>	<u>\$ 693,063</u>	<u>\$ 719,082</u>
Long-term debt, less current portion	\$ 3,168,425	\$ 3,183,555	\$ 3,593,496
Finance leases	(52,510)	(52,930)	(54,238)
Net fair value adjustments, unamortized discounts and unamortized debt issuance costs	37,225	38,315	42,382
NuStar Logistics' floating rate subordinated notes	(402,500)	(402,500)	(402,500)
Available Cash Netting Amount, as defined in the Revolving Credit Agreement	—	—	(128,625)
Consolidated Debt, as defined in the Revolving Credit Agreement	<u>\$ 2,750,640</u>	<u>\$ 2,766,440</u>	<u>\$ 3,050,515</u>
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	3.92x	3.99x	4.24x

(a) This adjustment represents the non-cash expense related to the vestings of equity-based awards with the issuance of our common units.

(b) For the four quarters ended March 31, 2022 and the year ended December 31, 2021, these adjustments represent the pro forma effects of the disposition of the Eastern U.S. terminals. For the year ended December 31, 2020, this adjustment represents the pro forma effect of the disposition of the Texas City terminals.



Reconciliation of Non-GAAP Financial Information (continued)

The following is a reconciliation of operating (loss) income to EBITDA and adjusted EBITDA for the Permian Crude System (in thousands of dollars):

	Three Months Ended									
	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019
Operating (loss) income	\$ (3,424)	\$ 1,050	\$ 650	\$ (1,847)	\$ 3,605	\$ 11,546	\$ 10,878	\$ 5,358	\$ 13,543	\$ 17,280
Depreciation and amortization expense	10,227	11,005	13,165	13,477	15,059	15,235	16,589	17,647	17,182	18,114
EBITDA	6,803	12,055	13,815	11,630	18,664	26,781	27,467	23,005	30,725	35,394
Goodwill impairment loss	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	\$ 6,803	\$ 12,055	\$ 13,815	\$ 11,630	\$ 18,664	\$ 26,781	\$ 27,467	\$ 23,005	\$ 30,725	\$ 35,394

	Three Months Ended									
	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	June 30, 2021	Sept. 30, 2021	Dec. 31, 2021	Mar. 31, 2022
Operating income (loss)	\$ 21,132	\$ (106,476)	\$ 14,481	\$ 17,627	\$ 13,523	\$ 16,912	\$ 22,767	\$ 25,515	\$ 26,901	\$ 28,545
Depreciation and amortization expense	18,154	18,606	18,928	20,115	19,579	19,694	19,843	20,035	20,013	20,328
EBITDA	39,286	(87,870)	33,409	37,742	33,102	36,606	42,610	45,550	46,914	48,873
Goodwill impairment loss	—	126,000	—	—	—	—	—	—	—	—
Adjusted EBITDA	\$ 39,286	\$ 38,130	\$ 33,409	\$ 37,742	\$ 33,102	\$ 36,606	\$ 42,610	\$ 45,550	\$ 46,914	\$ 48,873



INVESTOR RELATIONS

(210) 918-INVR (4687)

InvestorRelations@NuStarEnergy.com

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Sustainability@NuStarEnergy.com

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<https://sustainability.nustarenergy.com/>

