

MLP & Energy Infrastructure Conference

May 15 –16, 2019



Forward-Looking Statements



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.

Introduction



Last Year, NuStar Completed Its Stepped Plan to Achieve the Characteristics Demanded by the MLP Sector



Strong Coverage



Lower Leverage



Simplified Structure/
Governance



No IDR Burden



Maximized Self-Funding



In 2018, We Met, or Surpassed, All of Our Goals



-  We surpassed our year-end coverage target
-  We lowered our leverage to our three-year target in a single year
-  We executed on our 2018 strategic capital program, efficiently and effectively
-  We developed a number of new projects for future growth, building on both our Permian and legacy assets
-  We operated safely and efficiently, and we again achieved some of the best HSE statistics in the industry

With Our High-Quality Assets, NuStar is Now Poised to Execute on Permian-Driven Growth Opportunities and to Continue Optimizing Our Legacy Assets

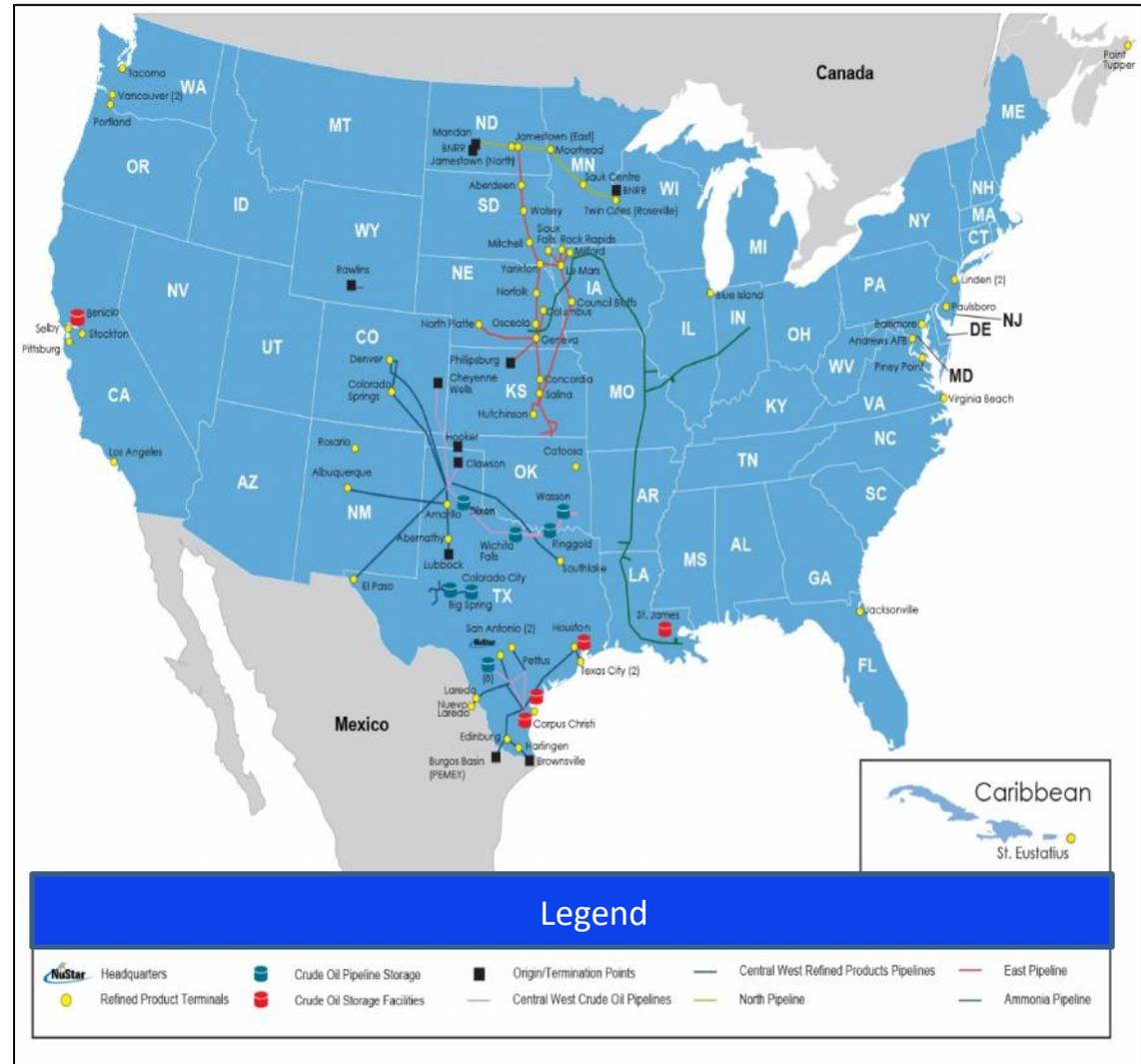


Current Profile

- ❑ Total Enterprise Value: ~\$7B
- ❑ Total Assets: ~\$6B
- ❑ Total Pipeline Miles: ~9,800
- ❑ Total Storage Capacity: ~88MMbbls
- ❑ Volumes Handled⁽¹⁾:
 - 1.5 MMBPD pipeline volumes
 - 365 MBPD storage throughput terminal volumes

NuStar has:

- ❑ Highly integrated U.S. pipeline & terminal systems
- ❑ Significant crude oil footprint in the Midland Basin of the Permian
- ❑ First-class Gulf Coast export facilities
- ❑ Minimal direct exposure to commodity prices



(1) Average daily Pipeline Segment and Storage Segment volumes for the quarter ending 3/31/19.

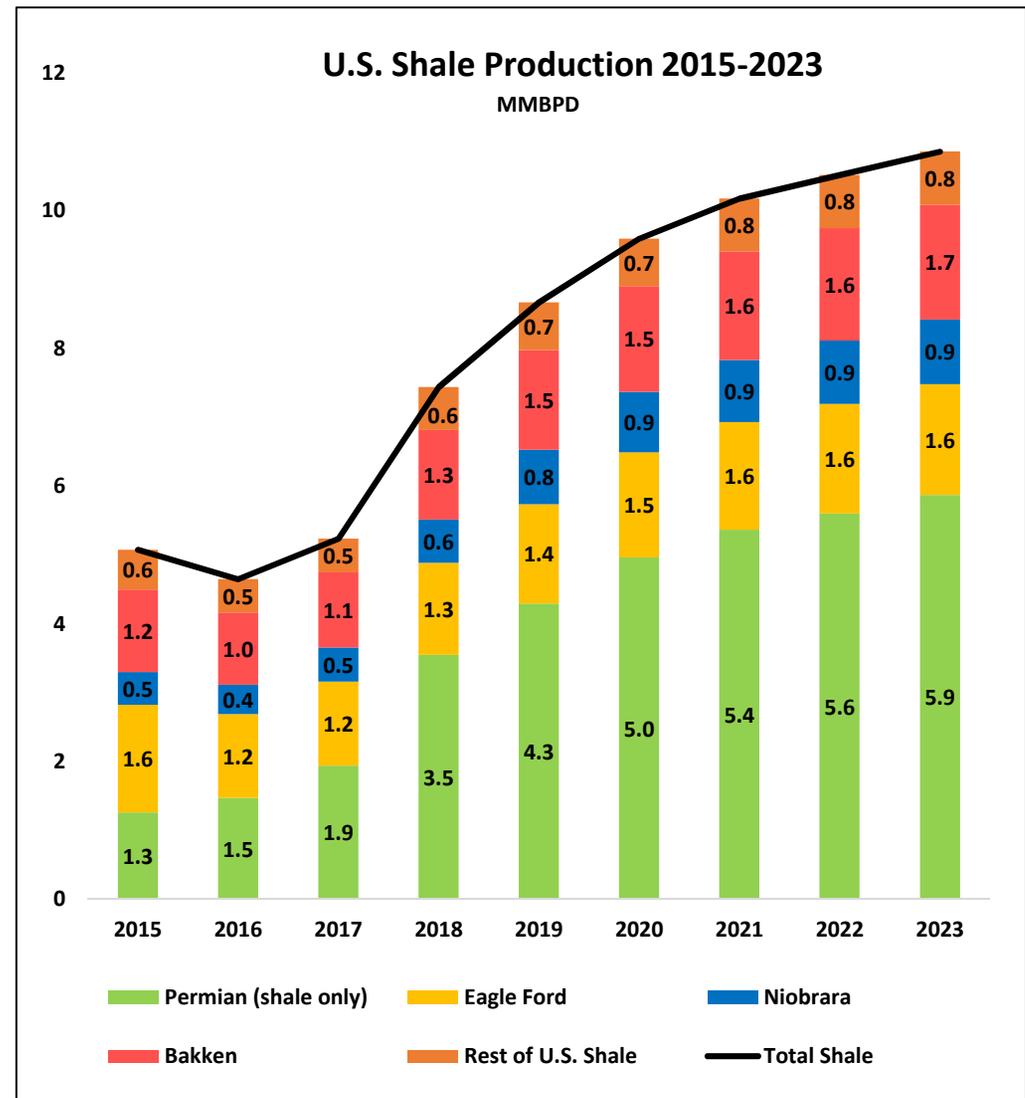
The Permian Basin: Phenomenal Growth Driving Midstream Opportunities



The U.S. is Now the Global Leader in Crude Production, Thanks in Large Part to the Permian Basin's Tremendous Growth



- **U.S. total crude production grew to 12.0 MMBPD by the end of 2018, exceeding Russia and Saudi Arabia**
- **U.S. shale production growth is expected to continue to ramp up, due almost entirely to the strength of production in the Permian**
- **The Permian Basin's growth and growth expectations are unprecedented:**
 - Expected to be a record 4.6 MMBPD by year-end 2019, over 50% of the nation's total shale output
 - Projected to exceed 5.2 MMBPD by end of 2020 and to increase to 6.0 to 7.0 MMBPD by 2030

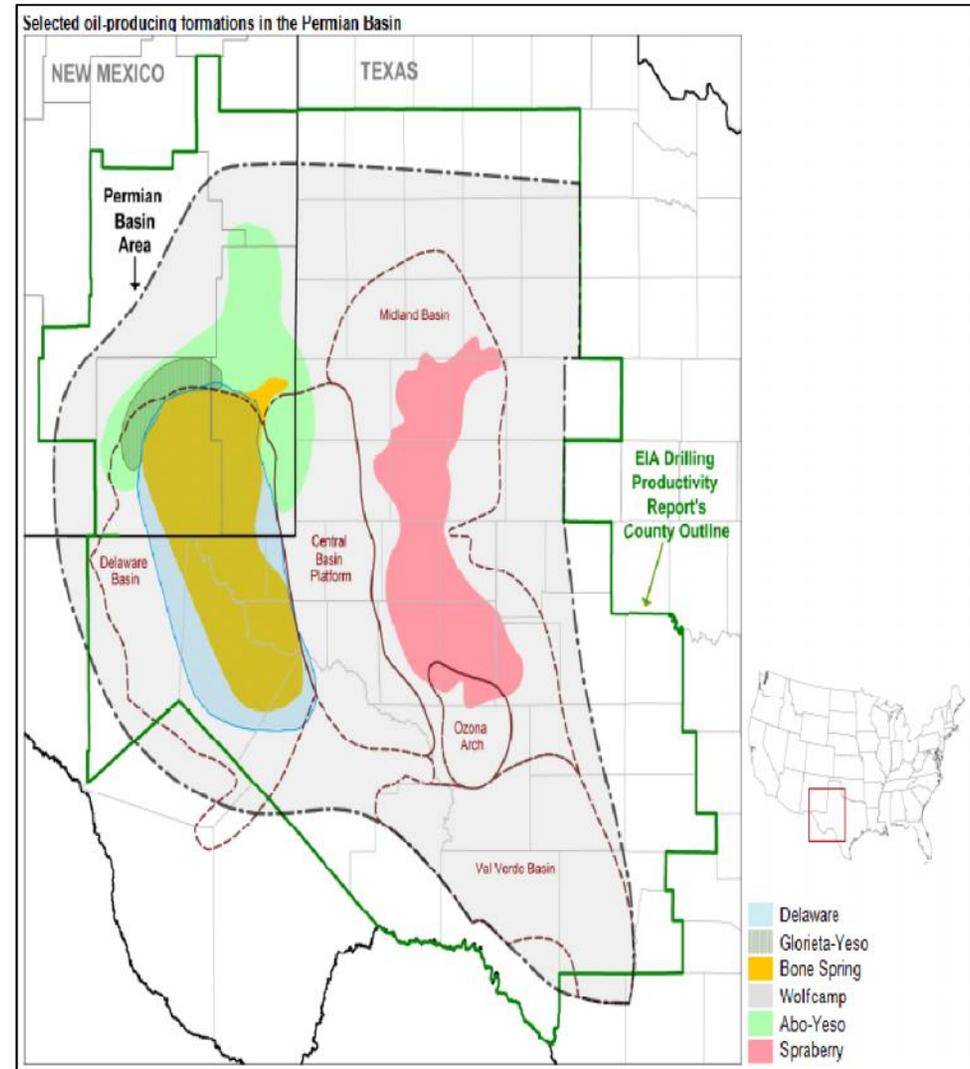


Source: EIA, ESAI

The Breadth and Depth of the Permian's Growth Potential is Unprecedented...



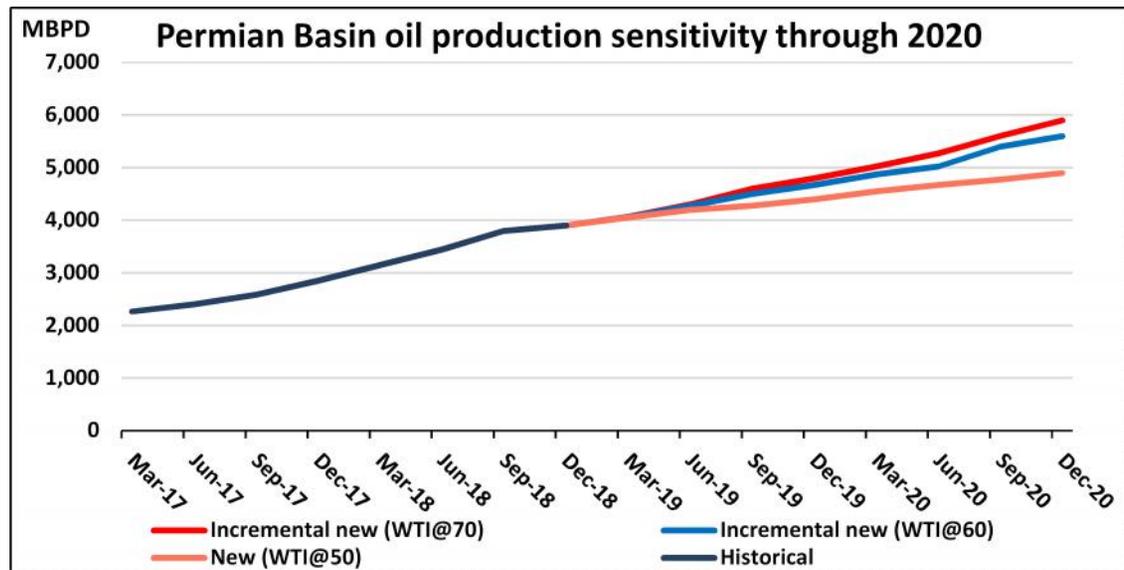
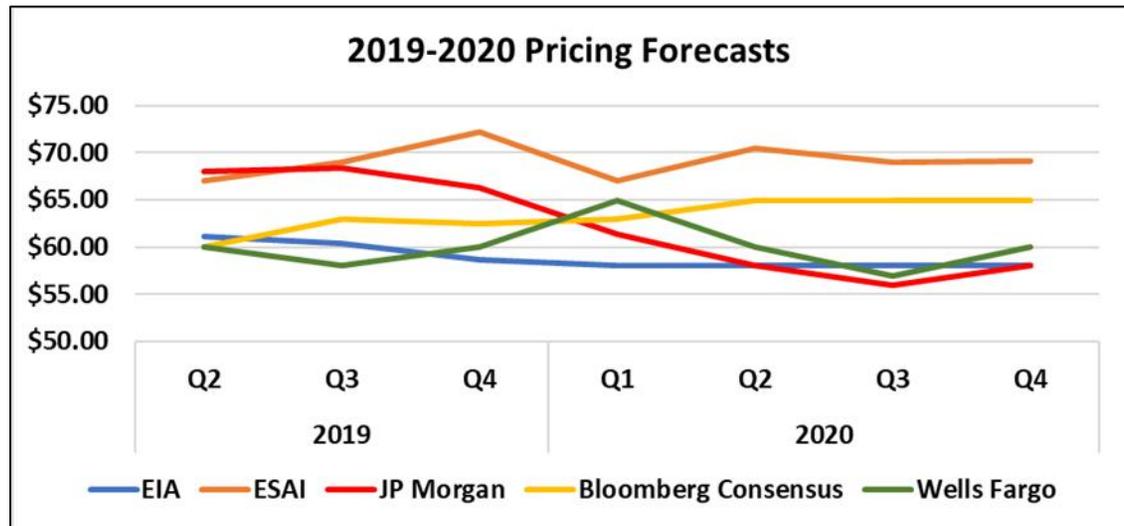
- **If the Permian Basin were a country, it would rank #7 among the world's top liquids producers**
 - ❑ A pool of more recoverable oil than any field in the world except for Saudi Arabia's Ghawar
 - ❑ 250 miles wide, 300 miles long (75,000 square miles)
 - ❑ The Wolfcamp Formation alone is estimated to hold 20 billion barrels of oil
- **The world's hottest oil basin**
 - ❑ Several majors and many E&P firms have shifted resources away from other plays to focus on the Permian
 - Even with oil in a \$50 price environment, analysts see no immediate challenges to well economics and expect Permian investments to continue to provide **double-digit returns** in 2019
 - ❑ Currently accounts for **57% of nation's active oil rigs**



... And the Basin's Resiliency and Efficiency Should Drive Strong Growth, in 2019 and Beyond



- **Geopolitical factors have and continue to drive volatility in forecasted oil prices**
- **Despite volatility, analysts are projecting WTI prices to remain above \$55 for the rest of the year**
- **According to industry experts, the resilience and efficiency of the Permian continues to produce healthy growth even at \$50 WTI**



Source: Bloomberg (5/3/2019), EIA (4/9/2019), ESAI (4/25/2019), JP Morgan (4/28/2019), Wells Fargo (4/4/2019); and Rystad Energy's "Shale Trends Report- November 2018"

Producers in the Basin Remain Bullish on Permian Growth, Strength & Resiliency



"The Permian continues to dominate global activity and represents the most economic source of supply growth in the world."

"We exceeded the high-end of our production guidance with strong oil volumes."

"We've raised our annual production growth outlook to account for the outperformance in 1Q."



*"First quarter unconventional production in the Permian was 391,000 barrels per day, in line with our guidance and **up 55%**."*

*"The Permian we outlined is on its way to 900,000 barrels a day, our share and **it doesn't stop when we get to that number.**"*

Source: Earnings Call Transcripts (May 2019)

PIONEER NATURAL RESOURCES

*"I think the main point on the slide is the fact that we've had **6% increase from fourth quarter**, and the fact we're the top end on both oil and BOEs from the Permian."*

*"In total, we brought on 71 wells in Q1. Going into Q2, it is worth noting we will continue to bring on more larger pads and so all in all, **for the Permian team, another solid quarter of execution.**"*

*"Encouraging results from our third Stackberry test in Central Martin County. Here we have five wells drilled and completed as one project. The wells on this pad are currently **outperforming previously drilled wells in the same area by about 24%**."*

ExxonMobil

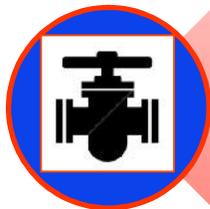
*"Growth in the Permian during the quarter supported a **5% year-over-year increase in liquids volumes.**"*

*"We also remain on track with plans to **increase production in the Permian Basin to 1 million oil equivalent barrels per day by 2024.**"*

The Permian's Track Record, Along With Its Projected Growth, is Driving Midstream Growth Opportunities, In the Basin and Beyond

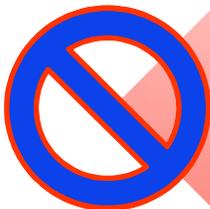


- With a track record like the Permian's, it's no surprise the Basin is the genesis for the majority of, as well as the strongest, growth opportunities for midstream MLPs
- NuStar's focus is on two out of three major Permian growth areas that fit our capital program requirements and strategic plan:



Intra-basin opportunities

- Gathering, storing and transporting Permian barrels to regional hubs



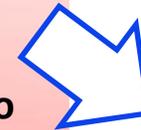
Long-haul opportunities

- Transporting Permian barrels to larger market hubs with new-build lines and expansions



Export opportunities

- Exporting shale play barrels from Gulf Coast export facilities



We also plan to connect our assets to the long-haul pipelines:

- *in Midland*
- *AND*
- *In South Texas*

- Beyond these major opportunity areas, the Permian's growth has also created some significant "spillover" opportunities for NuStar

INTRA-BASIN OPPORTUNITIES: Our Permian Crude System Continues to Outpace the Permian Basin and Prove Itself “Core of the Core”



LOCATION:

“CORE OF THE CORE”
5 of the 6 most active counties

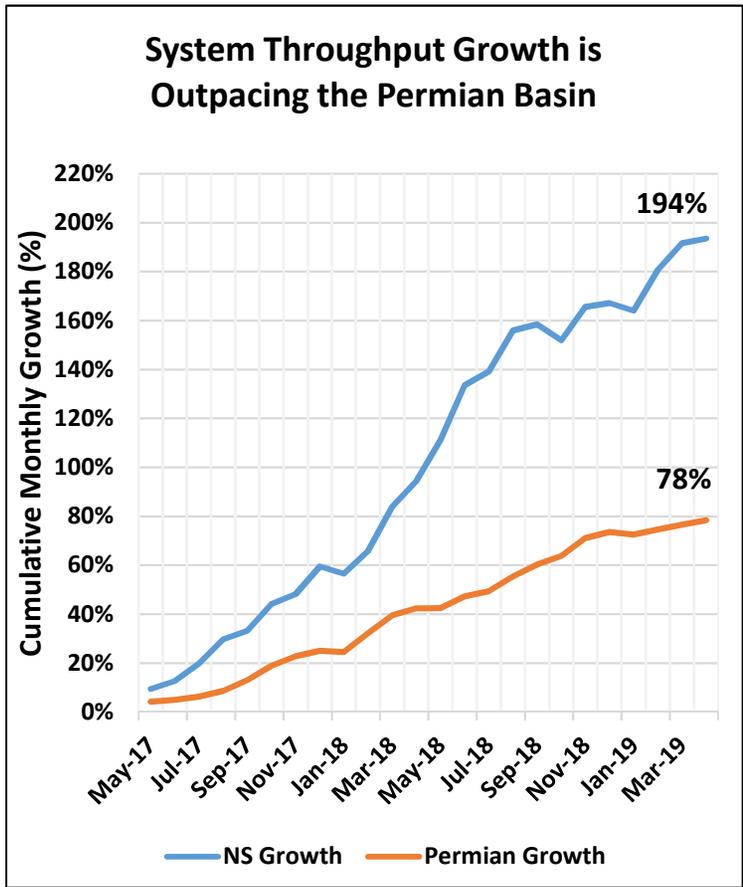
ASSETS:

Storage: 1,000,000 BBLs	Pipeline: 870 Miles
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AMI: 5,000,000 Acres	Dedicated Acreage: 500,000 Acres	System Capacity: 560,000 BPD
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CUSTOMERS:

~ 50% LARGE, PUBLICLY TRADED	~ 70% PURE-PLAY PERMIAN PLAYERS
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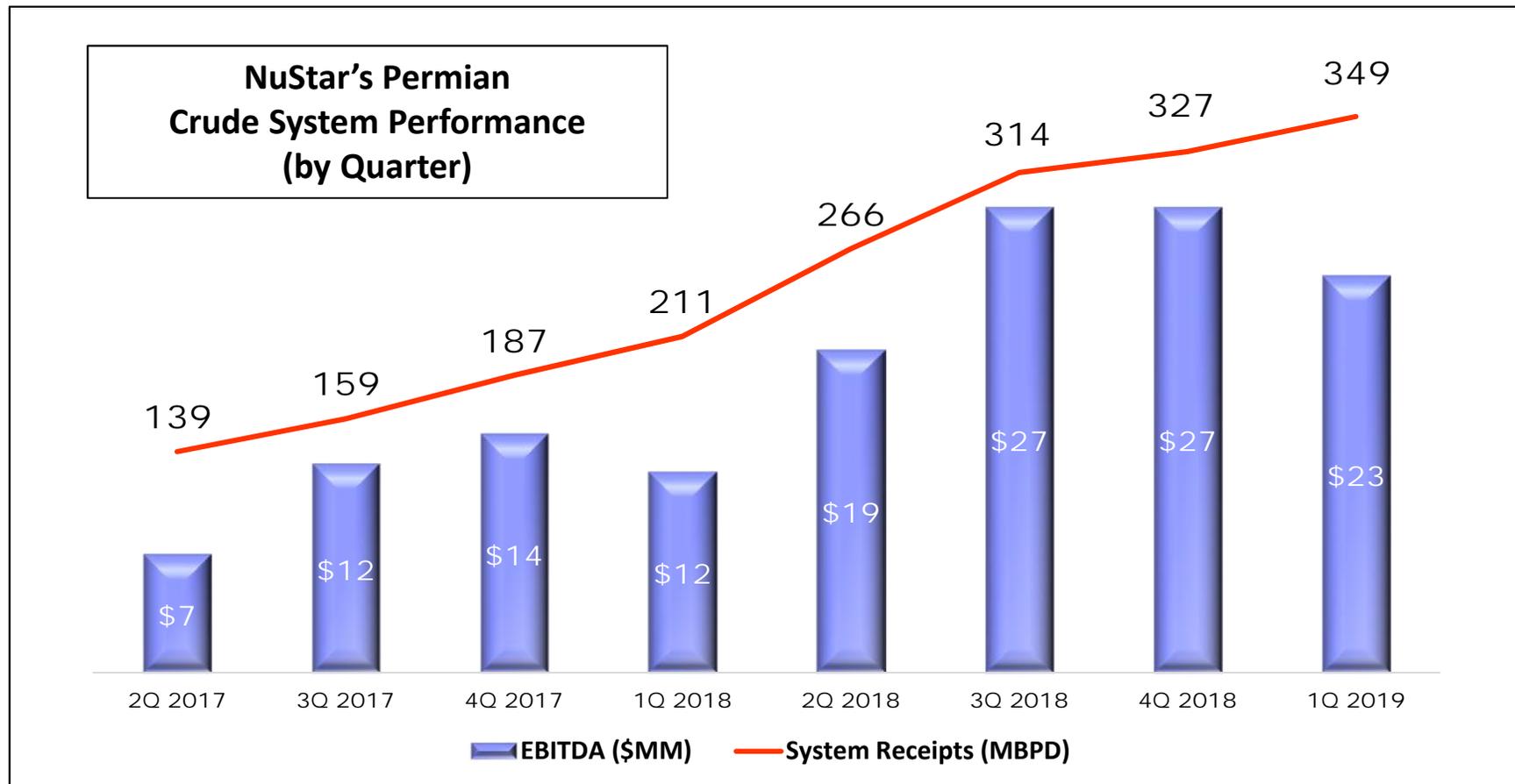


* See slide 39 for detailed map of the system

INTRA-BASIN OPPORTUNITIES: Our Permian System's Receipts and EBITDA Are Growing Rapidly



● We expect to achieve throughput of 450MBPD by year-end 2019

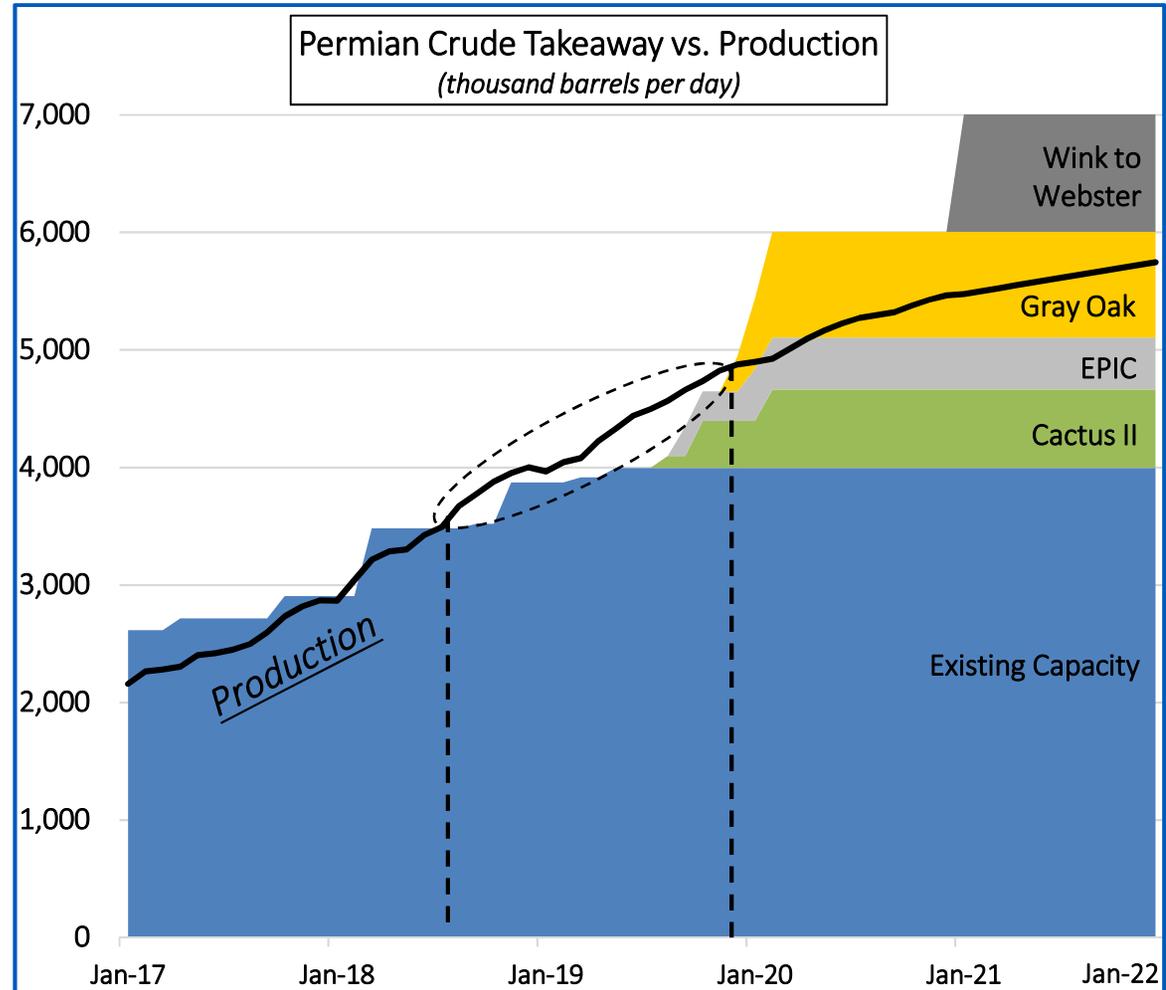


1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

EXPORT OPPORTUNITIES: Long-Haul Pipelines Will Bring an Additional 2.1MMBPD Capacity to Corpus Christi...



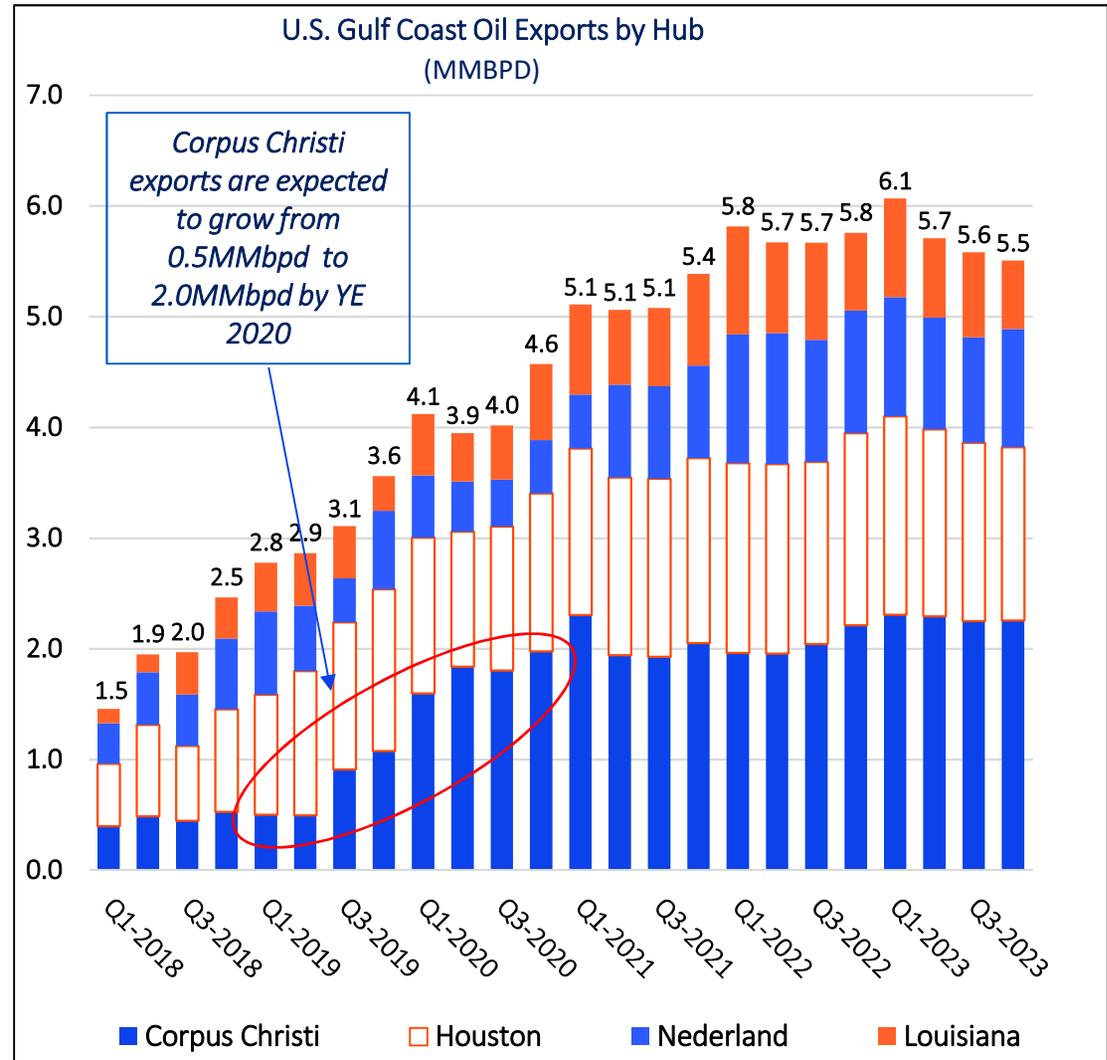
- For now, Gulf Coast export facilities, like Permian Basin producers and shippers, remain constrained by the limits of long-haul capacity to the Coast
- During the second half of 2019, as new long-haul pipelines commence interim service and ramp up to full service, producers will be able to increase their production
- By year-end 2021, Permian production is projected to be up to 5.7 MMbpd



EXPORT OPPORTUNITIES: By Mid 2020, the Port of Corpus Christi is Expected to Become the Largest U.S. Crude Export Hub

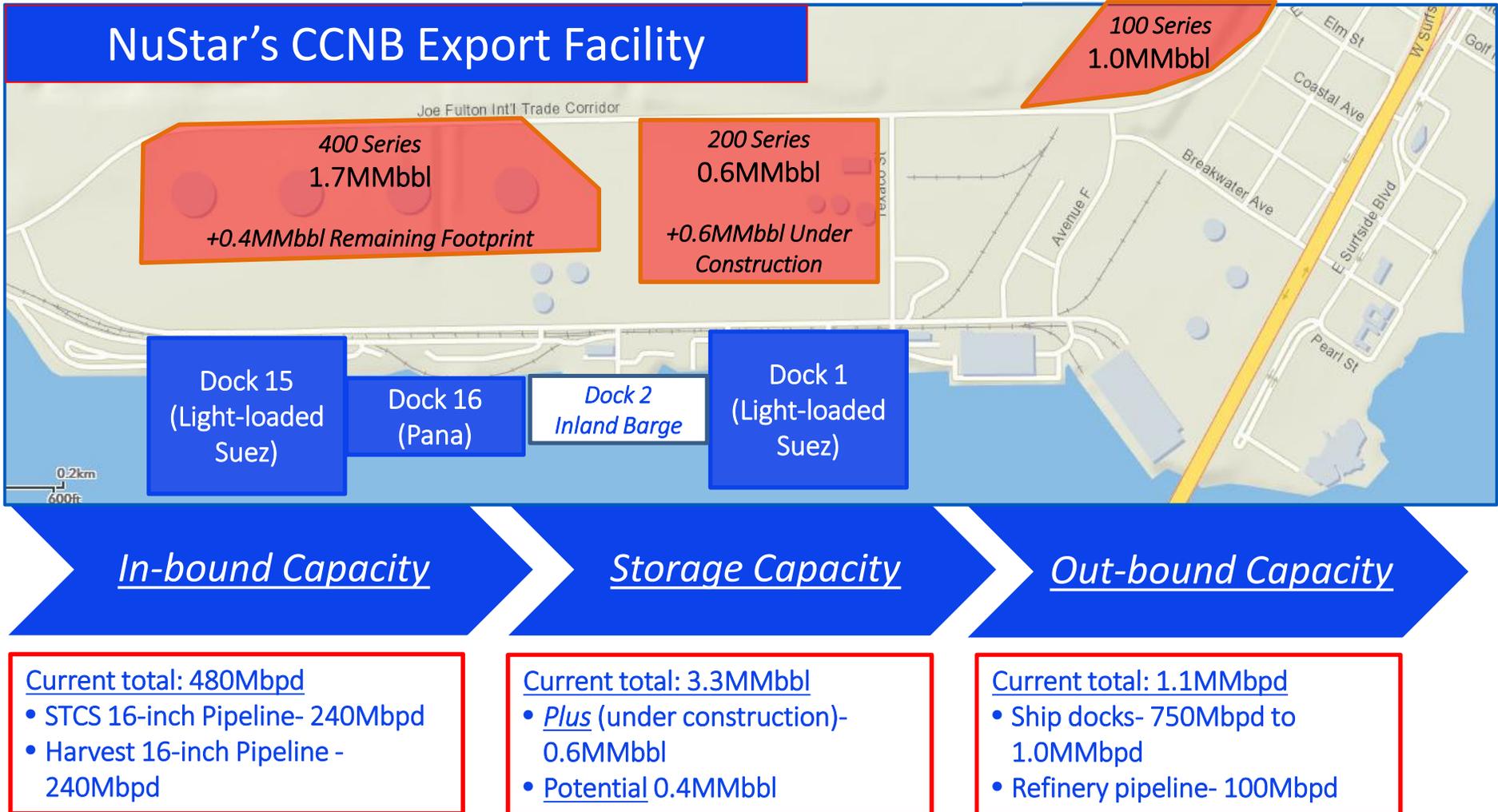


- **Regional refiners' consumption has topped out, which means that a significant proportion of the volumes to be transported on an additional 2.1MMbpd of new long-haul pipeline capacity from the Permian to the Corpus area coming in-service during 2H 2019 will be moved out over Corpus dock facilities**
- **Corpus Christi, historically a regional refinery and domestic marine delivery hub, will evolve into a major crude oil export hub**
 - ☐ In 2018, Corpus Christi represented 21% of the total 712MMbbls Gulf Coast exports
 - ☐ By year-end 2022, exports from Corpus are projected to grow to 2.6MMbpd of the Gulf Coast's total 5.3MMbpd



Source: EIA, Rystad Energy, IEA

EXPORT OPPORTUNITIES : NuStar's Corpus Christi North Beach (CCNB) Facility has the Capacity to Handle the Leading Edge of the Impending Wave of Permian Long-haul Barrels

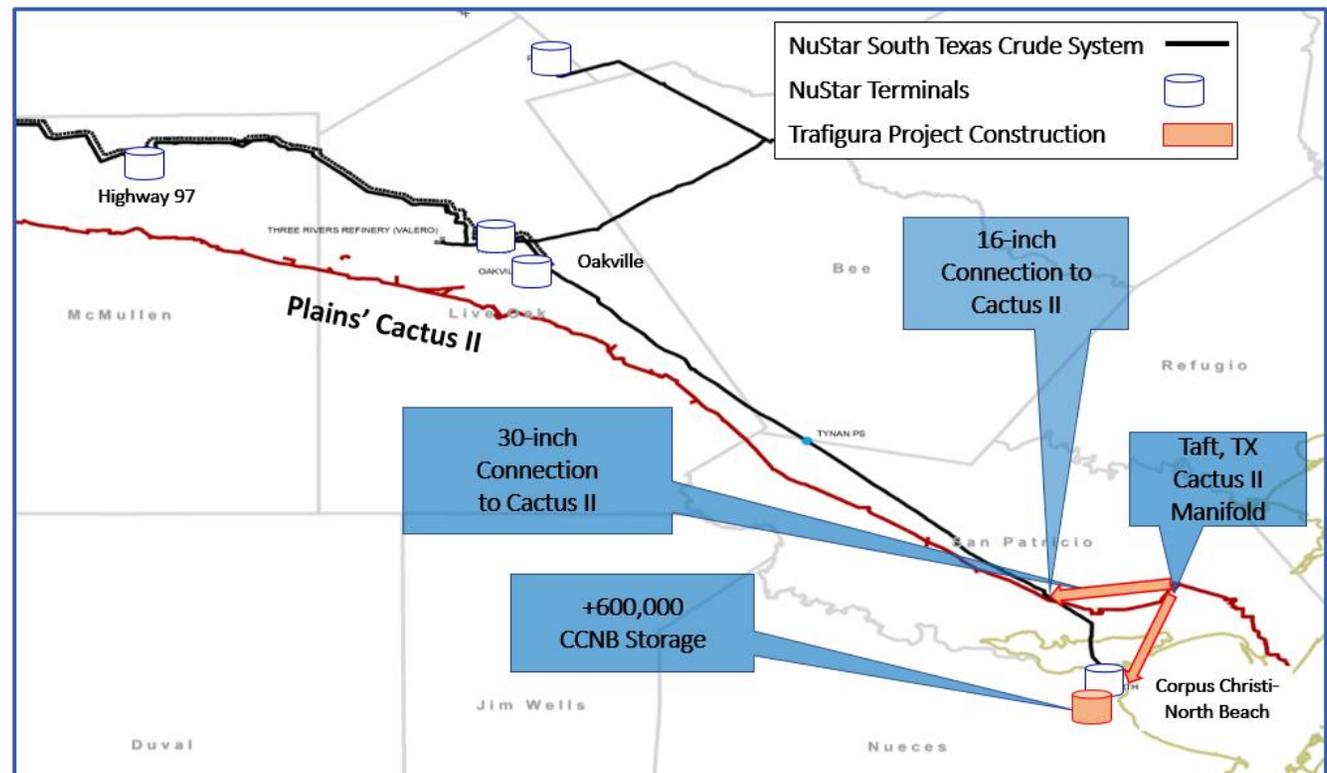


EXPORT OPPORTUNITIES : ...And Our Project for Trafigura Utilizes Our Existing Assets While Expanding Our Ability to Meet Growing Export Demand



Trafigura’s four-year commitment to transport and store WTI on our South Texas System and our CCNB facility will support near- and longer-term projects:

- Starting as soon as summer 2019, we are connecting PAA’s Cactus II pipeline to our South Texas system to transport WTI on our 16” existing pipeline from Taft to our CCNB facility
- Construction, scheduled for in-service by year-end 2019:
 - A new 30” pipeline from Taft to our CCNB facility – 3Q19
 - 600Mbbbls of storage at CCNB, bringing our capacity at the facility to 3.9MMbbbls (of which Trafigura will lease 1.6MMbbbls) – 4Q19

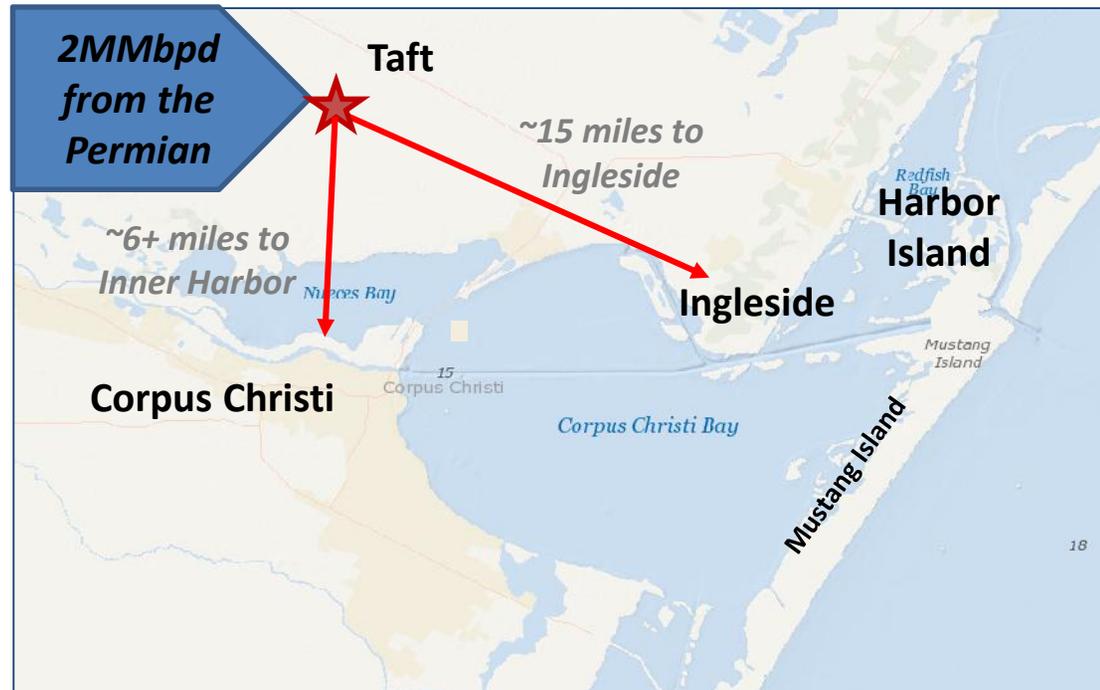


- **We expect project spending to total approximately \$110MM generating a multiple in the 2– 4X range**
- **We are in discussions to connect to other long-haul pipeline projects and with parties for additional commitments**
- **We are exploring connections to projects for crude oil export facilities with VLCC-loading capabilities**

EXPORT OPPORTUNITIES: Our Connection Facility in Taft Will Establish Our Footprint in Taft, Texas, the Emerging South Texas Crude Oil Hub



- **The Permian long-haul pipeline projects were developed to maximize shippers' destination optionality, and Taft, Texas offers both geographic flexibility and less expensive real estate**
 - ☐ Taft's location offers a jumping off point for connections on either side of the Corpus Christi Ship Channel (Ingleside or the Inner Harbor)



- **As the point of convergence for all three of the Permian-to-Corpus Christi long-haul pipelines and with developing access to multiple marine and refinery outlets, Taft is poised to become the major crude oil market hub in South Texas**
- **Our connection to Cactus II in Taft not only enables our services for Trafigura; it also positions NuStar to build on our early entry into this developing hub**
- **We believe there will be ample volumes to support an expansion of our initial Taft footprint**

“SPILLOVER” OPPORTUNITIES: Beyond Its Role in Our Corpus Export Project, Our South Texas Crude System Benefits Not Only From the Inland WTI Price Differentials, But the System’s Contracted Eagle Ford T&D Volumes

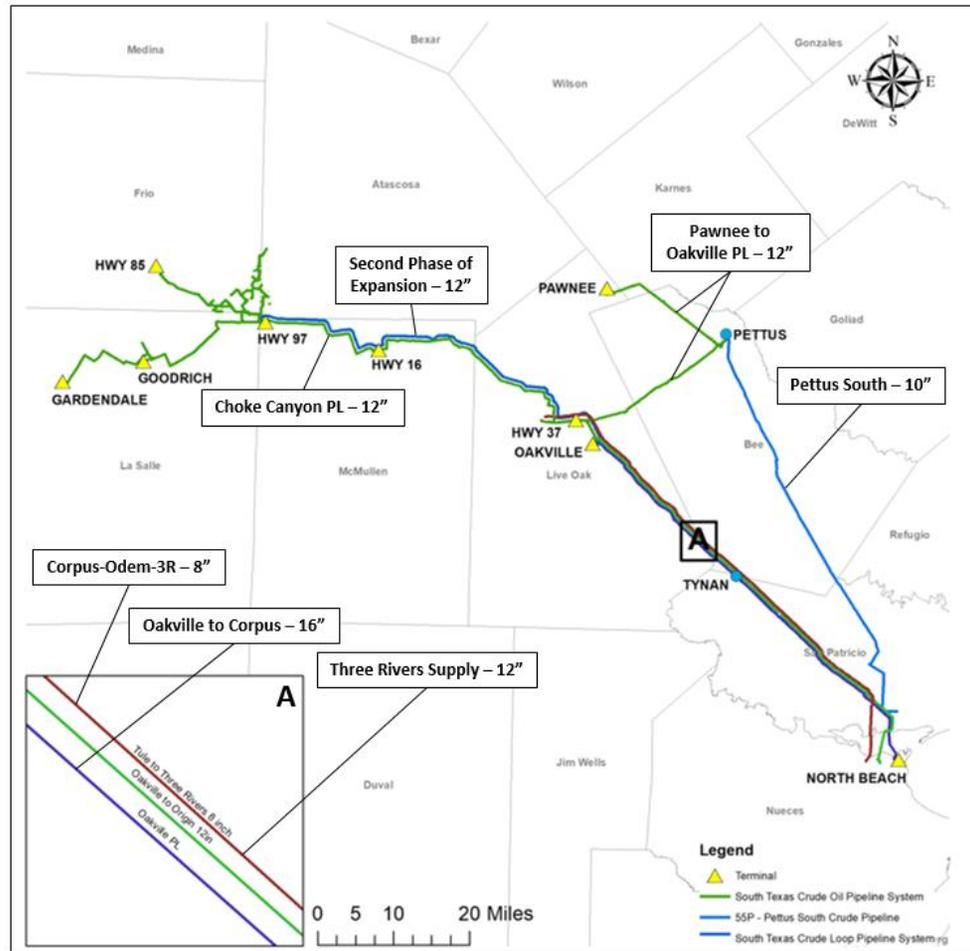


● Differentials widened last year on market concerns that the basin’s 2019 production trajectory would drive a near-term shortfall in long-haul takeaway capacity

- ❑ As shippers look to find ways to benefit from the price dislocation, we have seen volume increases from this dislocation
- ❑ Again in May, our system will benefit from incremental barrels trucked from the Permian

● We now have T&D contracts for ~116MBPD on a system with 240MBPD capacity

- ❑ Last year, we renewed commitments for ~50MBPD with customers on our South Texas System
- ❑ While Eagle Ford growth is projected to continue to lag, we are making progress in increasing our market share by leveraging our system’s flexibility and reach, our optionality and reputation for great service

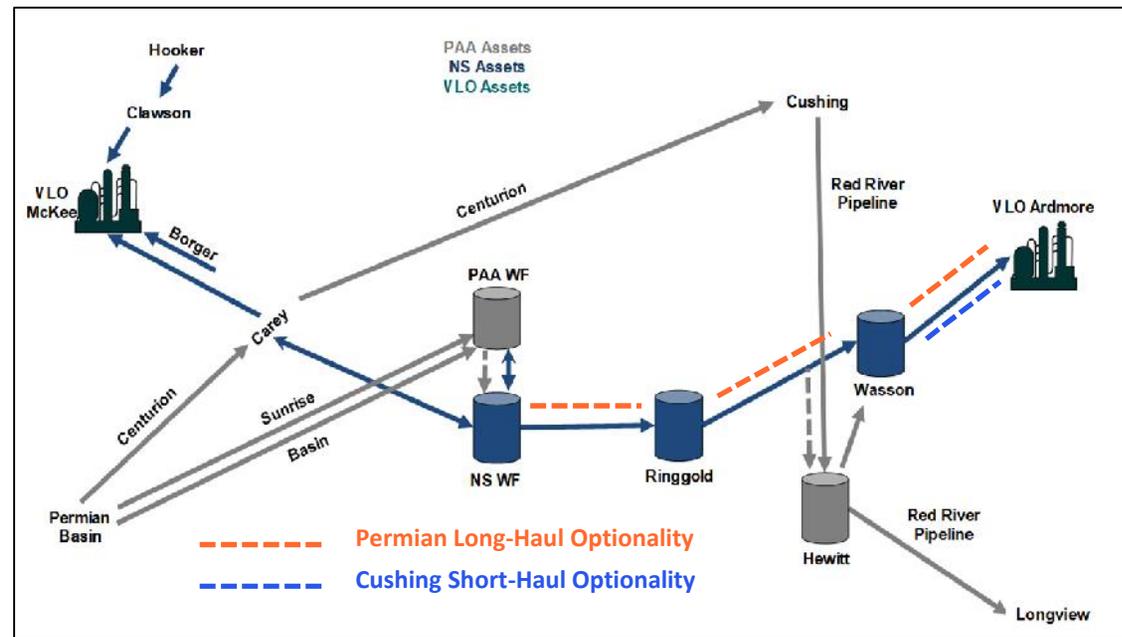


“SPILLOVER” OPPORTUNITIES : We Are Supplying Permian Barrels to the Ardmore and McKee Refineries from Plains’ Sunrise II Pipeline



- We provide our customer with optionality to supply the Ardmore and McKee refineries with Permian barrels from Plains’ Sunrise II expansion
 - ❑ Service to Ardmore – Expect ~85MBPD (similar volumes with higher tariff)
 - ❑ Service to McKee – Expect ~110MBPD (similar volumes and tariff)

- We entered into an agreement with a customer to construct an additional connection to our Wichita Falls terminal to support increased volumes and move Permian barrels to both Ardmore and McKee refineries and third-party pipelines
- We have signed a long-term commitment to ship barrels between Wichita Falls, TX and Hewitt, OK to support deliveries to a third-party pipeline



- ❑ New service to Hewitt – Expect 55-65MBPD starting this month (incremental volume and tariff)
- ❑ The projects help us serve our customers’ needs and benefit from longer-haul tariff and incremental barrels

“SPILLOVER” plus EXPORT OPPORTUNITIES: Our St. James Terminal is a World-class Terminal Located in the Heart of the St. James Hub



NuStar’s St. James facility has the capacity to handle the changing crude flows in the region with:

- ❑ 9.9MMbbls of segregated crude storage capacity on over 900 acres (Expandable to ~15.0MMbbls)
- ❑ Three docks with a combined 32Mbbls per hour loading capacity (Expandable to 60Mbbls per hour with limited capital spend)
- ❑ Terminal along the Mississippi River with access to crude supply from Gulf of Mexico, Eagle Ford, Permian and other domestic shale plays



In-bound Capacity

Current total: 4.5MMBPD

- Bayou Bridge 24” Pipeline- 456MBPD
- Ship Shoal 20” Pipeline- 360MBPD
- Zydeco 18” Pipeline- 360MBPD
- Bonefish 16” Pipeline- 108MBPD
- LOCAP 48” Pipeline- 2.0MMBPD
- 20-Car Manifest Rail- 10MBPD
- 120-Car Unit Train- North- 60MBPD & 120MBPD
- 2 Truck LACTs- 20MBPD
- Ship docks- 750MBPD to 1.0MMBPD

Storage Capacity

Current total: 9.9MMbbls

Out-bound Capacity

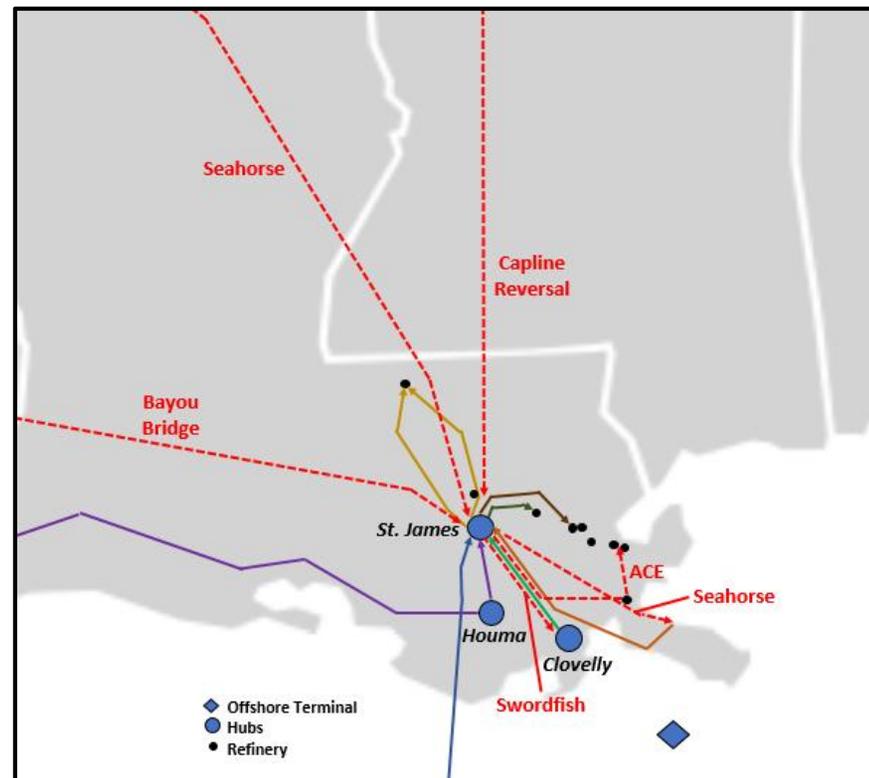
Current total: 3.6MMBPD

- LOCAP 30” Pipeline (3Q19 connection to Maurepas Pipeline)- 380MBPD
- XOM Baton Rouge 24” Pipeline- 350MBPD
- XOM 16” North Line Pipeline - 150MBPD
- Capline 40” Pipeline (*Reversal planned: 2H 2022*)- 1.2MMBPD
- MRO Garyville 30” Pipeline- 530MBPD
- Ship docks- 750MBPD to 1.0MMBPD

ST. JAMES' EMERGING OPPORTUNITIES: Dramatic Changes in Crude Flows From Shale Production are Driving Additional Crude to St. James



- **Rapid growth in U.S. shale production has allowed refiners to replace much of crude imports with domestic crude**
- **This shifting crude demand has changed crude flows in the region, but St. James continues to play a central role in crude distribution and storage for the region and the world**
 - ❑ Regional refiners still require heavy sour crude to balance their slate, which will require imports either over water or from Canada
 - ❑ As production of light barrels from the Permian and other domestic play exceeds Gulf Coast refiners' appetites, those barrels will be exported to Europe and Asia
- **A number of key projects to bring crude to, or facilitate export from, St. James have emerged to address changing supply and demand:**
 - ❑ LOOP exports
 - ❑ Bayou Bridge
 - ❑ Swordfish
 - ❑ Seahorse
 - ❑ ACE
 - ❑ Capline reversal



Source: RBN

ST. JAMES' EMERGING OPPORTUNITIES: St. James is Benefiting From Price Dislocations Now and is Positioned to Participate in Export Growth in the Future



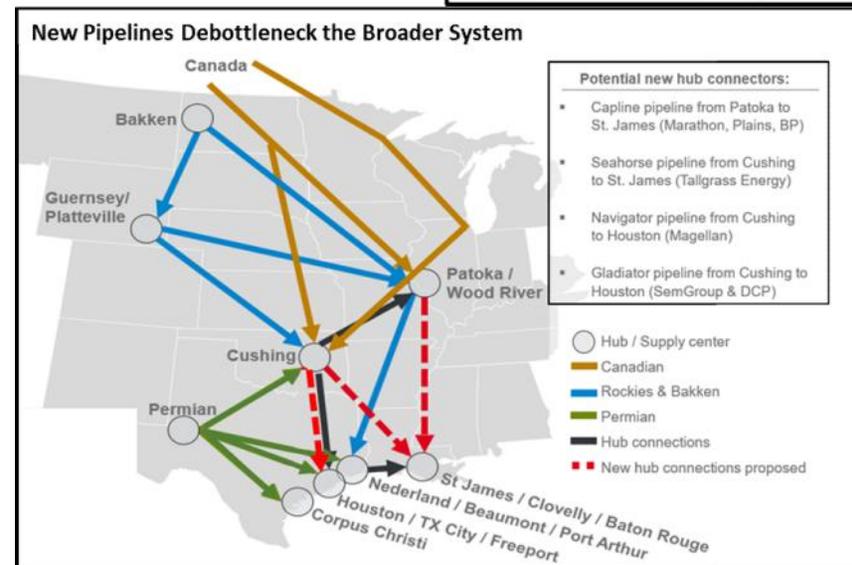
- **We have executed contracts and expect 10 trains per month for unit train off-loading driven by favorable price differentials of WTI, WCS and Bakken**

- ❑ Dislocations may continue through 2020, due to the delay of Enbridge Line 3 replacement until 2H20

- **We are also working to facilitate exports of barrels delivered via our existing and planned pipeline connections as long-haul pipelines debottleneck shale plays and new pipes debottleneck the broader system**

- ❑ As soon as 3Q20, Capline's reversal is likely to bring large volumes of Permian, heavy Canadian and Bakken crude for use in regional refineries and export to other locations

- ❑ Bayou Bridge began bringing Permian light barrels to St. James in late March, and the line may also bring Bakken and Canadian, either for export or local use





Optimizing Our Legacy Assets

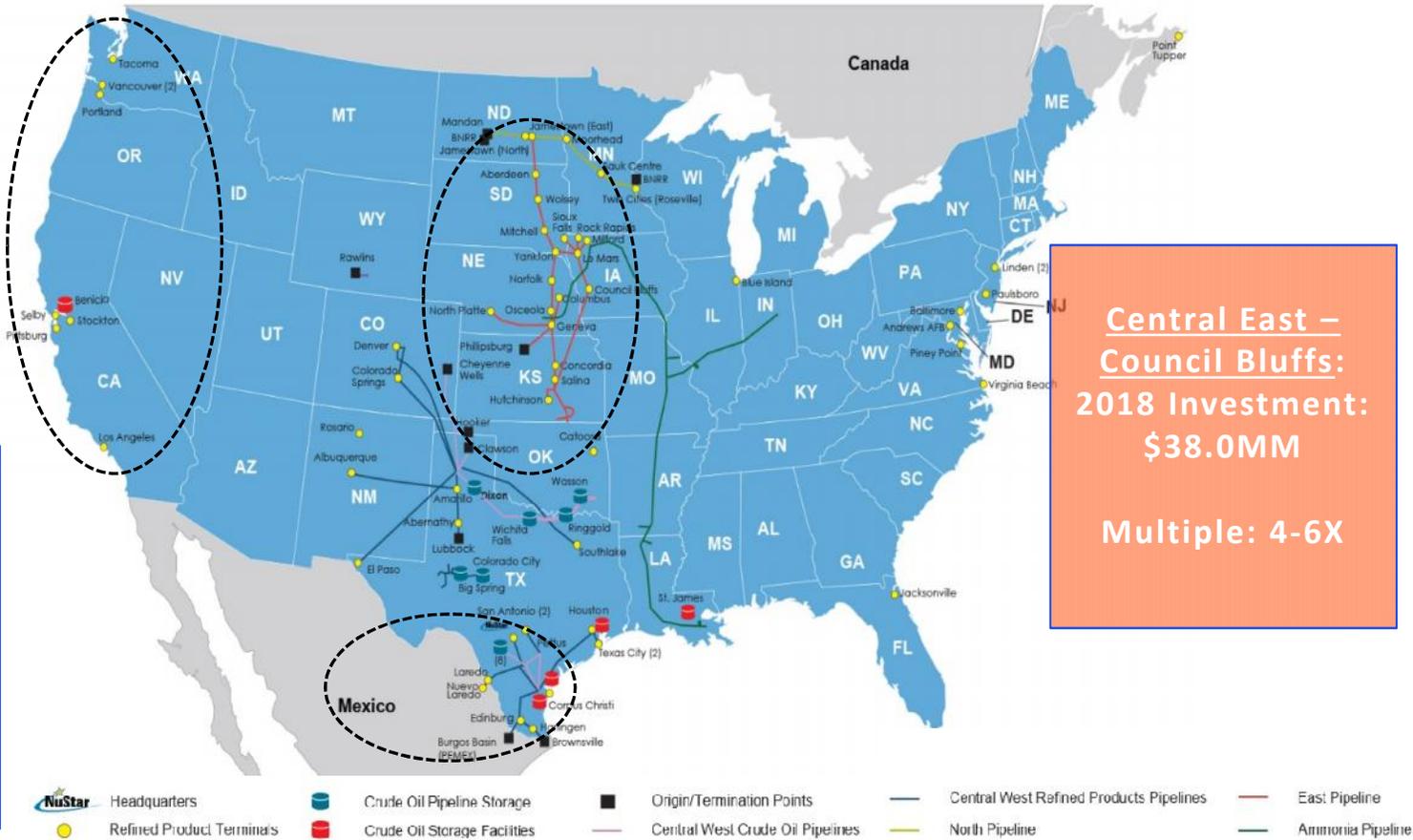
We Are Also Optimizing Our Mature Systems to Profit From Evolving Market Demand



- We continue to identify ‘micro-dislocations’ on our mature systems, and augment underutilized assets with projects and bolt-on acquisitions

West Coast Biofuel:
 Estimated Investment: ~\$70.0MM
 Multiple: 5-7X

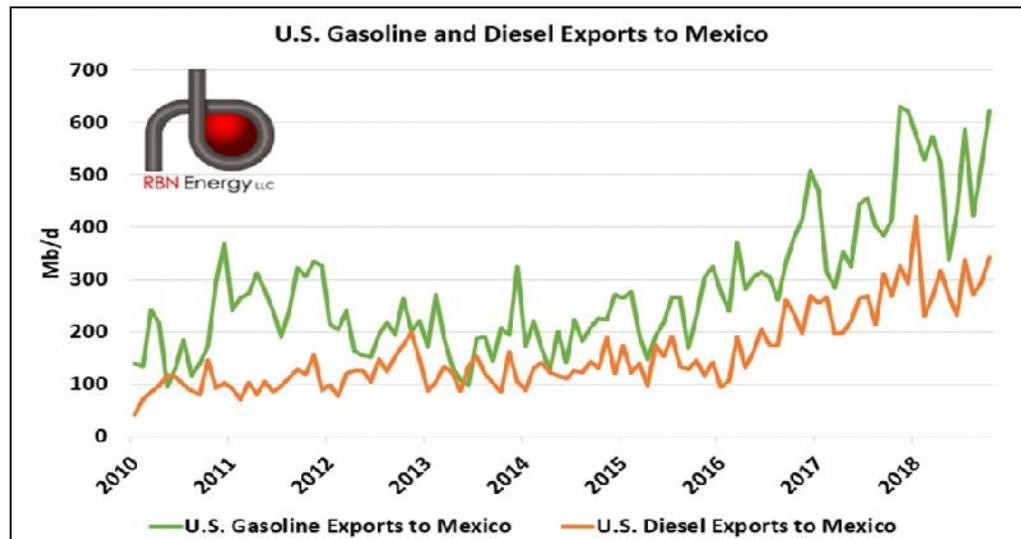
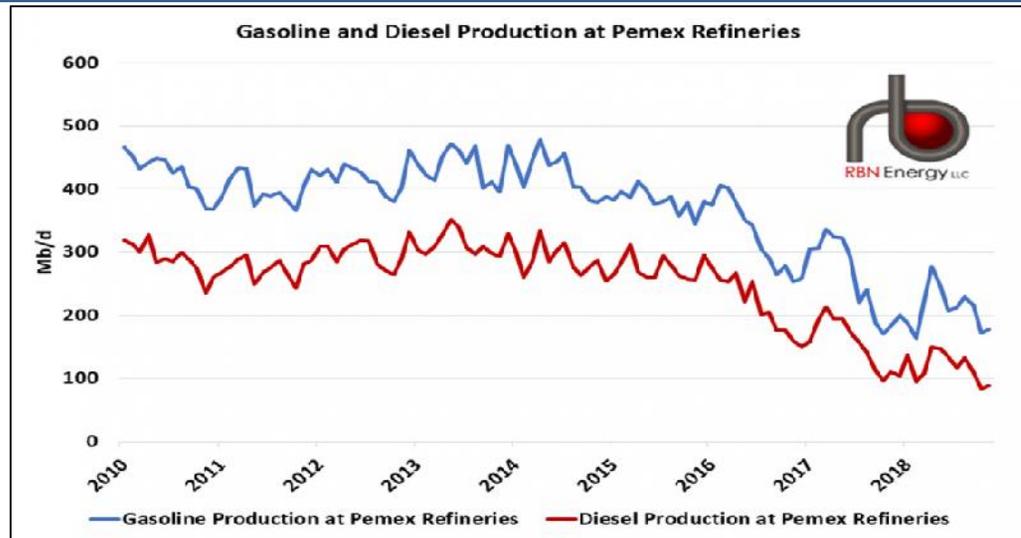
Northern Mexico Supply:
 Estimated Investment: ~\$190MM
 Multiple: 6-8X



Mexico's Refined Product Demand is Expected to Continue to Exceed Its Infrastructure's Capacity



- Mexico refineries currently operate around 30% of nameplate capacity due to weak returns and historical under-investment
- With limited domestic supply, Mexico's gasoline and diesel supply imbalance has grown from 520MBPD in 2015 to 865MBPD projected in 2019, further opening the doors for imports

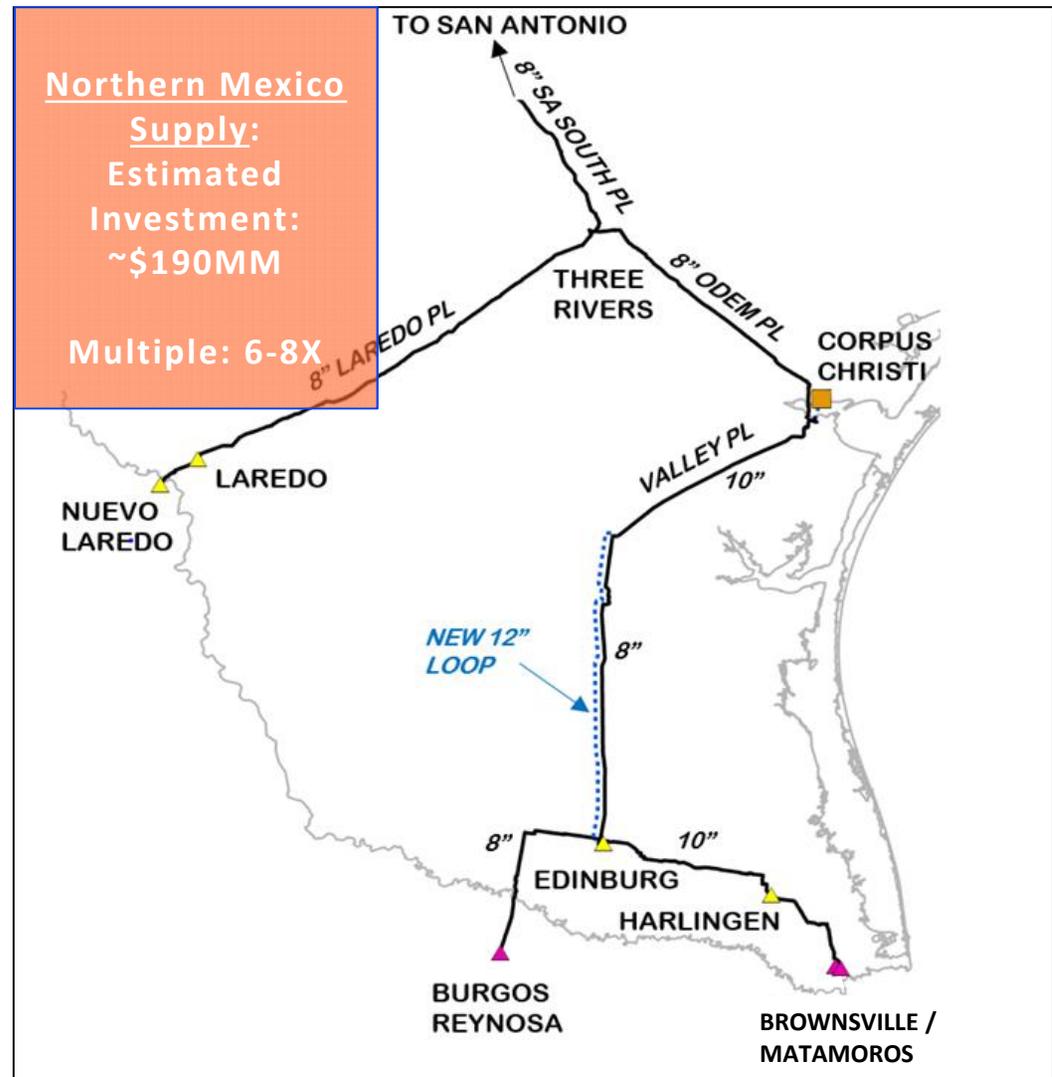


Source: RBN Energy (1/15/2019), ESAI (4/2019), OECD

Our Projects to Facilitate Export of Refined Products to Supply Northern Mexico Are Progressing on Schedule



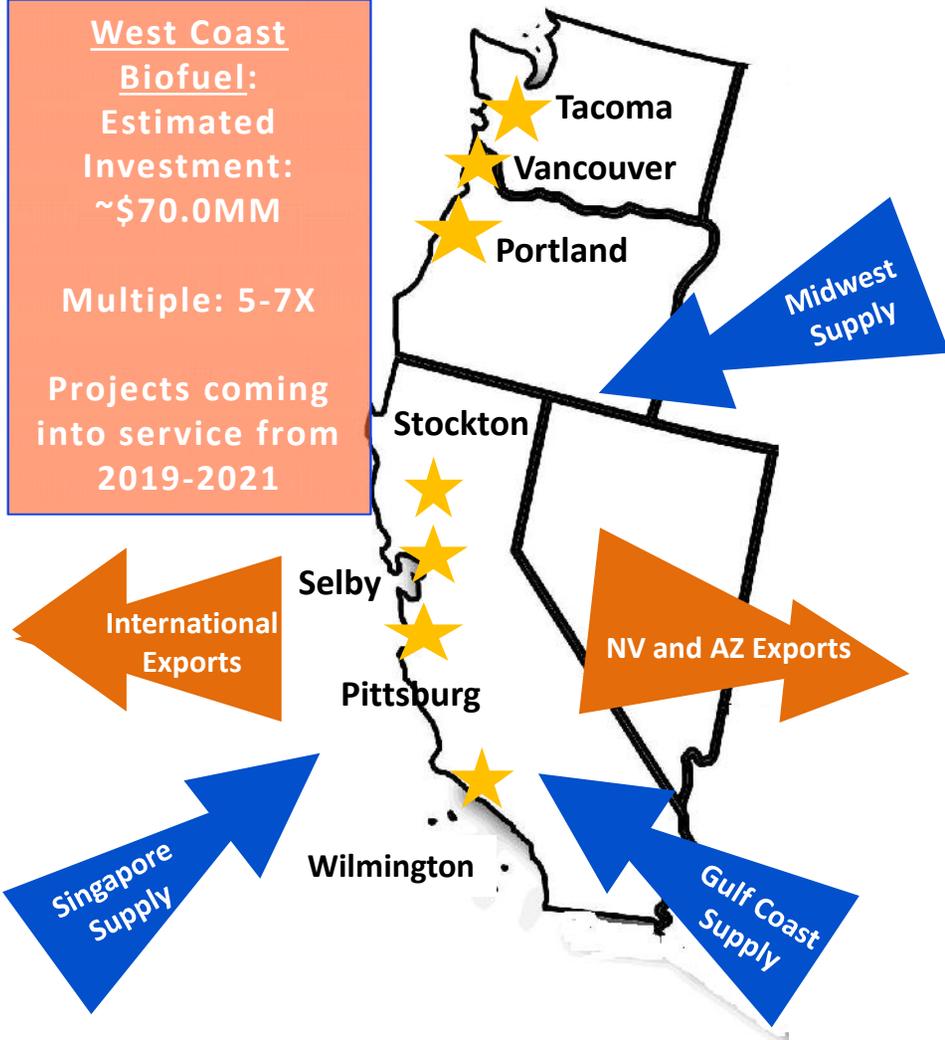
- We developed projects to fulfill that growing demand and expand use of underutilized assets in South Texas
- We are executing on two projects:
 - Nuevo Laredo Project for Valero
 - Early ULSD service scheduled to start in the summer
 - Odem pipeline, Dos Laredos pipeline and Nuevo Laredo terminal expansion should be completed by February 2020
 - Valley Pipeline Expansion for major customer
 - Receiving facility in Matamoros is expected to be in service later this year
 - NuStar's project is on schedule and expected to be in service in Q3 2019



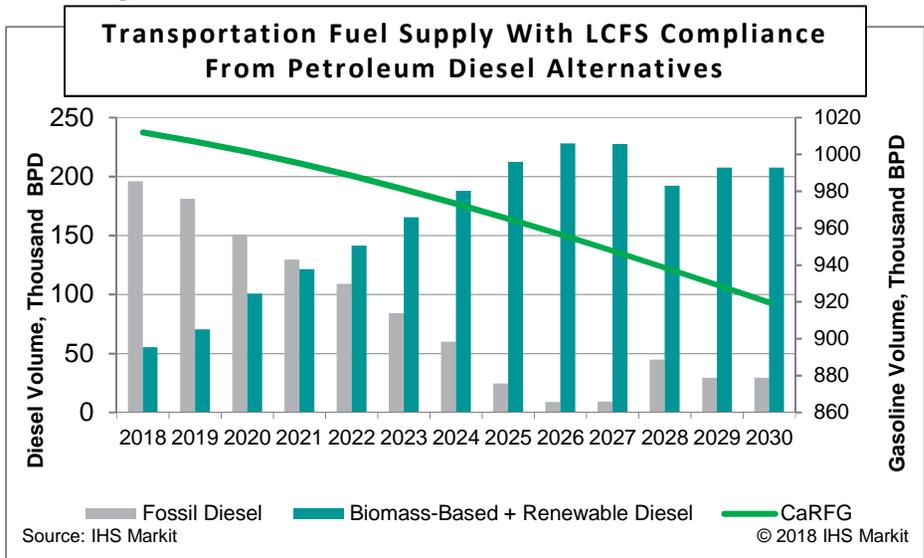
The West Coast's Aggressive Carbon Emissions Reduction Goals Have Catalyzed Market Dislocations That Our West Coast Assets Are Well-Positioned to Address



West Coast Biofuel:
 Estimated Investment: ~\$70.0MM
 Multiple: 5-7X
 Projects coming into service from 2019-2021



- Regulatory priorities on the West Coast are dramatically increasing demand for biofuels, which require import and storage, and are likely to drive exports of petroleum diesel in the future
- At the same time, obtaining permits for greenfield project in the region is difficult, which increases the value of existing assets
- Our terminal facilities have the access to rail, marine and truck-loading facilities necessary to receive biofuels from outside the region and to provide a base for distribution of biofuel products across the West Coast region



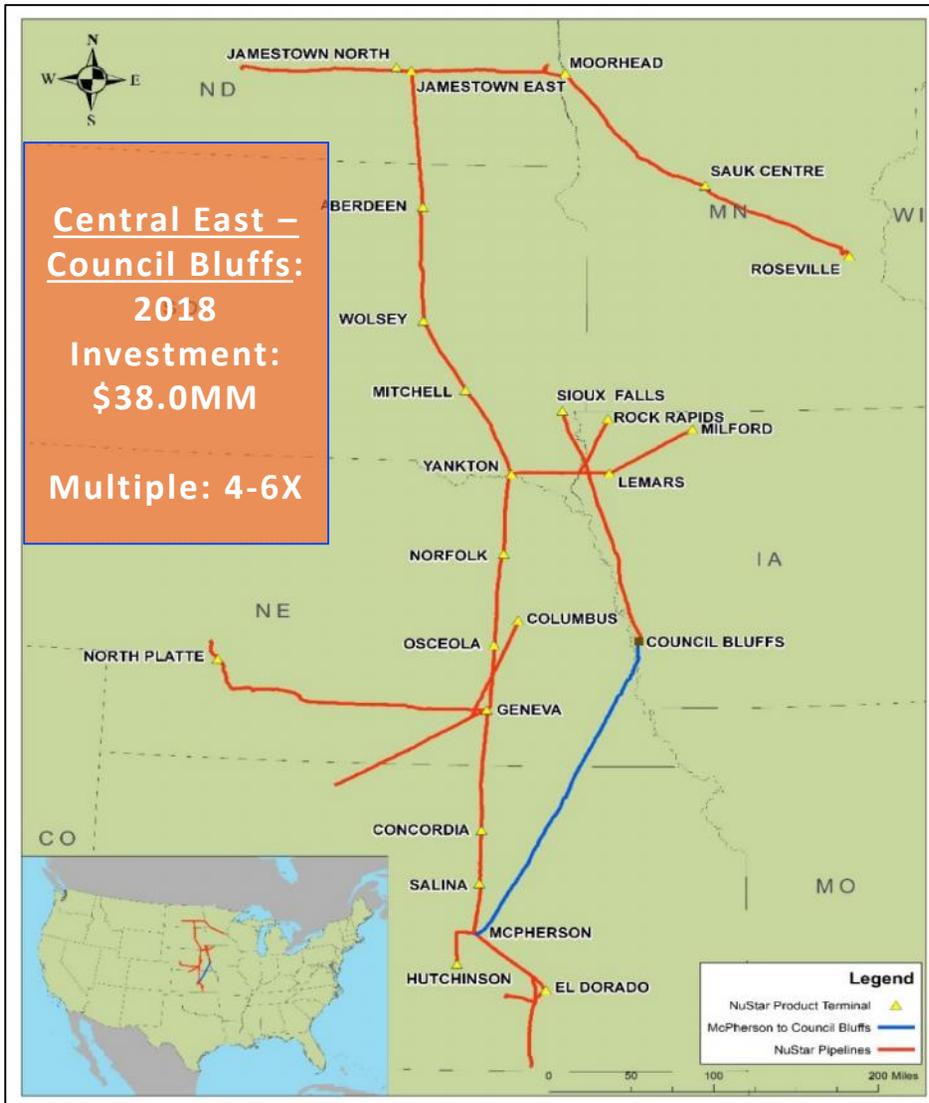
We Have Worked With Key Customers to Develop Low-Capital Renewable Fuels Storage Projects at Several of Our West Coast Facilities to Meet Regional LCFS Mandates



Together, these projects comprise a renewable diesel/biodiesel distribution system that allows us to capture market share, build important customer relationships with key global producers and achieve higher storage rates than are attainable for non-LCFS products

			2019	2020	2021
Portland		Convert three tanks, 68,000 shell barrels, from fuel oil to ULSD and biodiesel service	✓		
		Convert 7,000 shell barrels to renewable diesel service and 25,000 shell barrels to ULSD services	✓		
Selby		Construct new truck-loading bay to accommodate additional renewable diesel loading requirements	✓		
Stockton		Convert 30,000 shell barrels to biodiesel service	✓		
		Convert 28,000 shell barrels to renewable diesel service and increase renewable diesel-capable rail sports from five to 15		✓	
		Convert 151,000 shell barrels to renewable diesel service		✓	
		Provide pipeline connections to ethanol rail loading facility to receive 180-car unit trains		✓	
Wilmington		Convert 80,000 shell barrels from fuel oil to renewable diesel storage and reconfigure dock for enhanced marine capability			✓

We Have Increased EBITDA and Market Share For Our Central East-Refined Products System With Targeted, Low-Capital Projects

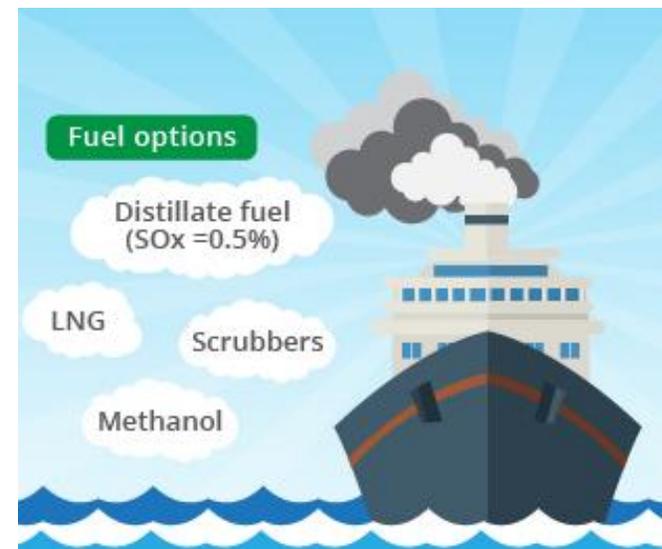
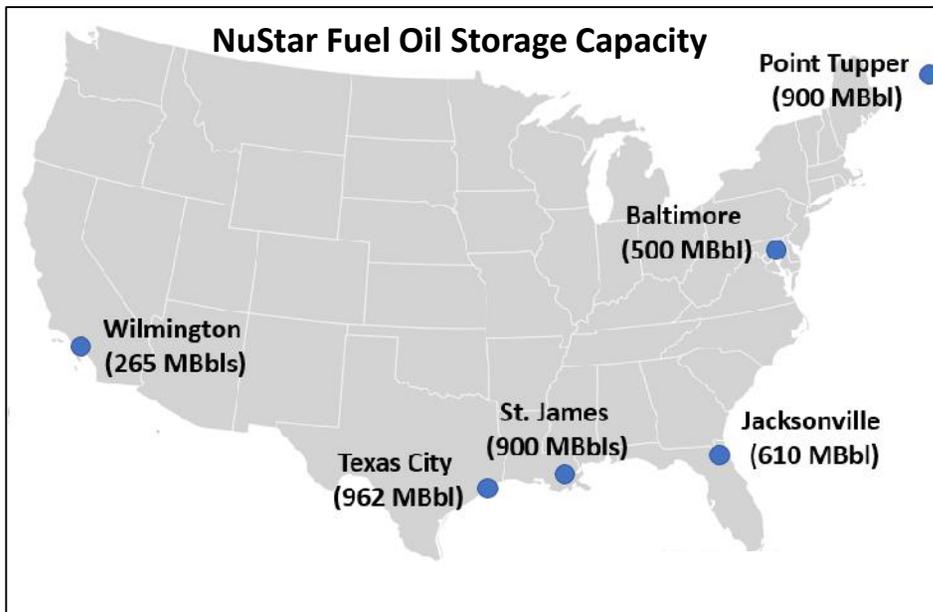
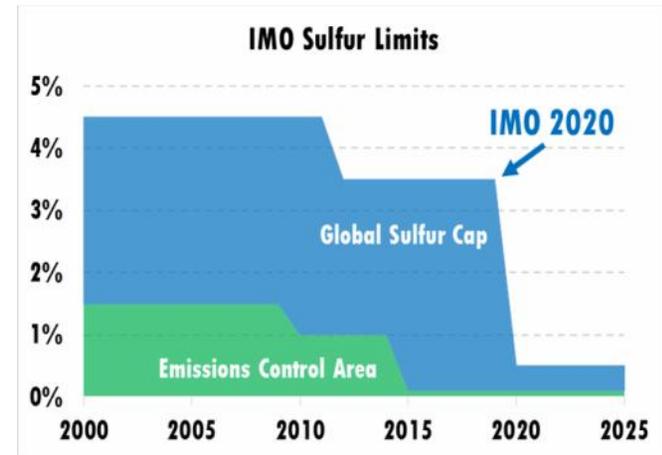


- In the past six years, we have been able to increase the system’s EBITDA by over 60%, with limited capital spending
- We offer both significant pipeline connectivity and excellent customer service
 - The pipeline system and 22 supporting terminals serve multiple refining/co-op customers in PADD II
- Through our Council Bluffs acquisition last year, we have expanded our footprint, which has allowed us to expand our leased storage and our menu of proprietary additive and blending services
- We plan to continue to broaden our services to meet our customers’ needs and compete in the market with bio-diesel service, rail receipt and loading optionality

In the 2H 2019 and Early 2020, We Could Benefit From Additional Segregations at Certain Locations



- While the full implications remain to be seen, IMO 2020 may present storage opportunities, through additional segregations, that we have not forecasted
- These restrictions may drive higher European demand for light, sweet crude, which should benefit our Permian producers and our Corpus Christi export strategy
- NuStar has strategically located storage assets in the Gulf Coast, East Coast and the Caribbean, some of which may have capacity available in the late 2019 and 2020 to capture IMO 2020-driven demand



Good Corporate Citizenship has Always Been the Foundation of NuStar's Culture of Excellence, and We Remain Committed to Responsible Stewardship



Safe and responsible operations :



- **Our statistics reflect our commitment**
 - ❑ In 2018, we had an annual lost-time injury rate (LTIR) that was substantially lower than our peers
 - 36 times better than the Bureau of Labor Statistics (BLS) comparison data for the Bulk Terminals Industry
 - 16 times better than the BLS data for the Pipeline Transportation Industry
- **We strive for continuous improvement in the safety and efficiency of our operations, and one important way we do that is through the OSHA Voluntary Protection Program (VPP) *Star Status***
 - ❑ Achieving VPP *Star Status* requires rigorous OSHA review and audit, and *Star Status* requires renewal every three years
 - ❑ 80% of our U.S. terminals are VPP-certified

Commitment to our communities, across our locations:



- **NuStar employees contributed 90,000 volunteer hours in 2018 alone**
 - ❑ NuStar has local Volunteer councils in the communities where the company has operations
 - ❑ These councils contribute to charitable and civic causes unique to that local community
- **100% of our U.S. employees contribute to our United Way campaign, and our average per capita contribution is the highest in corporate America**
 - ❑ In total, NuStar contributed \$3 million in 2018

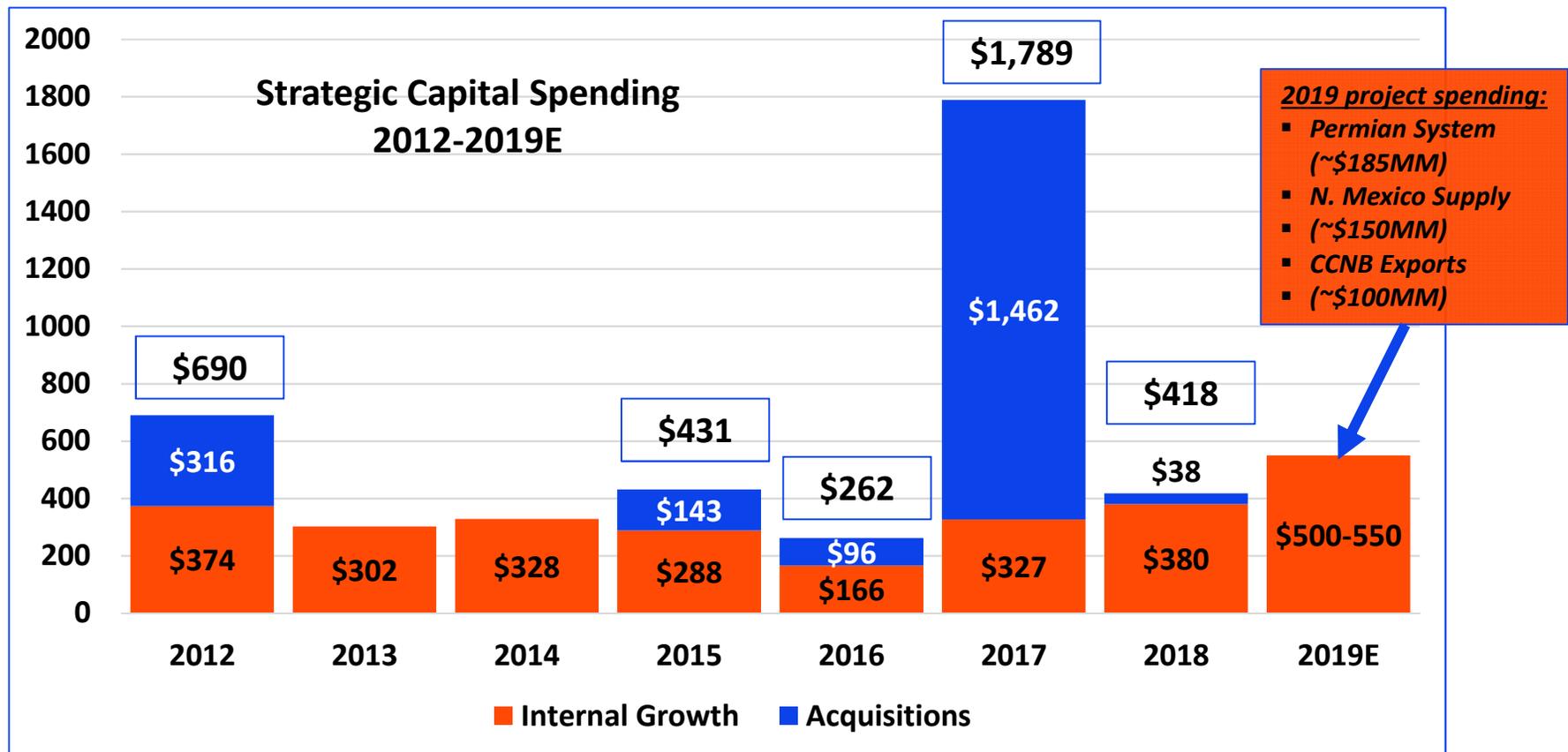
Continued Improvement: Our 2019 Plan



Our Work in 2018 Positioned NuStar For Growth;
in 2019, We Are Focused on Discipline, Execution and
Continued Improvement



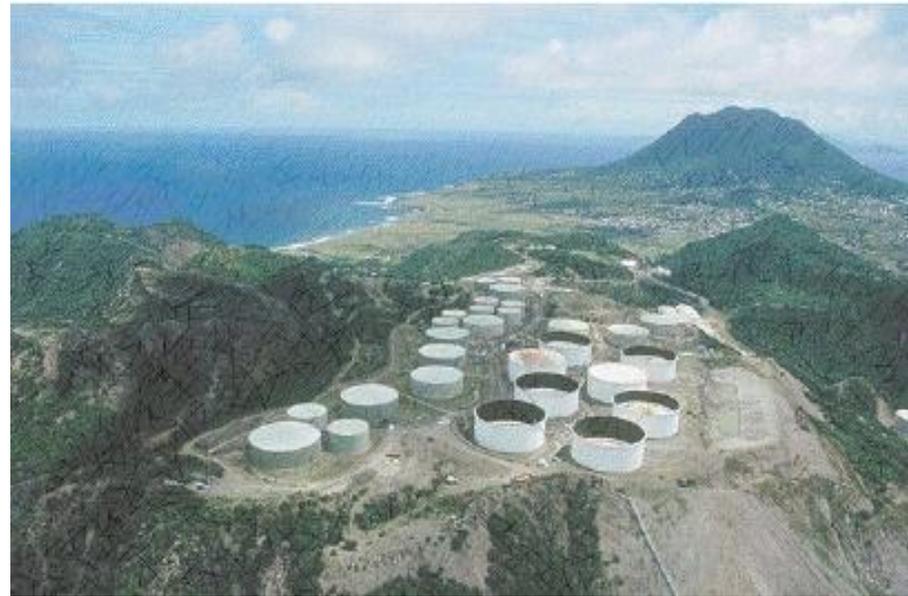
- We are carefully managing our capital spending to ensure we maintain our financial strength and further lower our leverage and continue to grow our EBITDA with high-return projects
- Post-2019, we expect to return to our historical annual spend rate



By Selling Our St. Eustatius Facility, We Will Focus All Our Resources on Lowering Our Debt Metrics and Our High-Return Growth Projects in North America



- **Since January, when the U.S. imposed PDVSA-specific sanctions, it has become increasingly clear that our St. Eustatius facility requires a new business model to ensure its long-term success**



- We determined in recent months that our best path forward is to sell the terminal to a buyer that is well-positioned to take advantage of the changing global crude trade flow patterns
- We entered into a Purchase and Sale Agreement to sell the facility to GTI Statia Holdings, N.V., affiliated with Prostar Capital, for approximately \$250 million, subject to adjustments
- We expect to use proceeds from the sale to pay down our revolver balance
- **The sale will improve our metrics and help fund our growth projects for our core business in North America to generate stable, consistent growth for our unitholders**
- **We expect to close this transaction by the end of the second quarter**

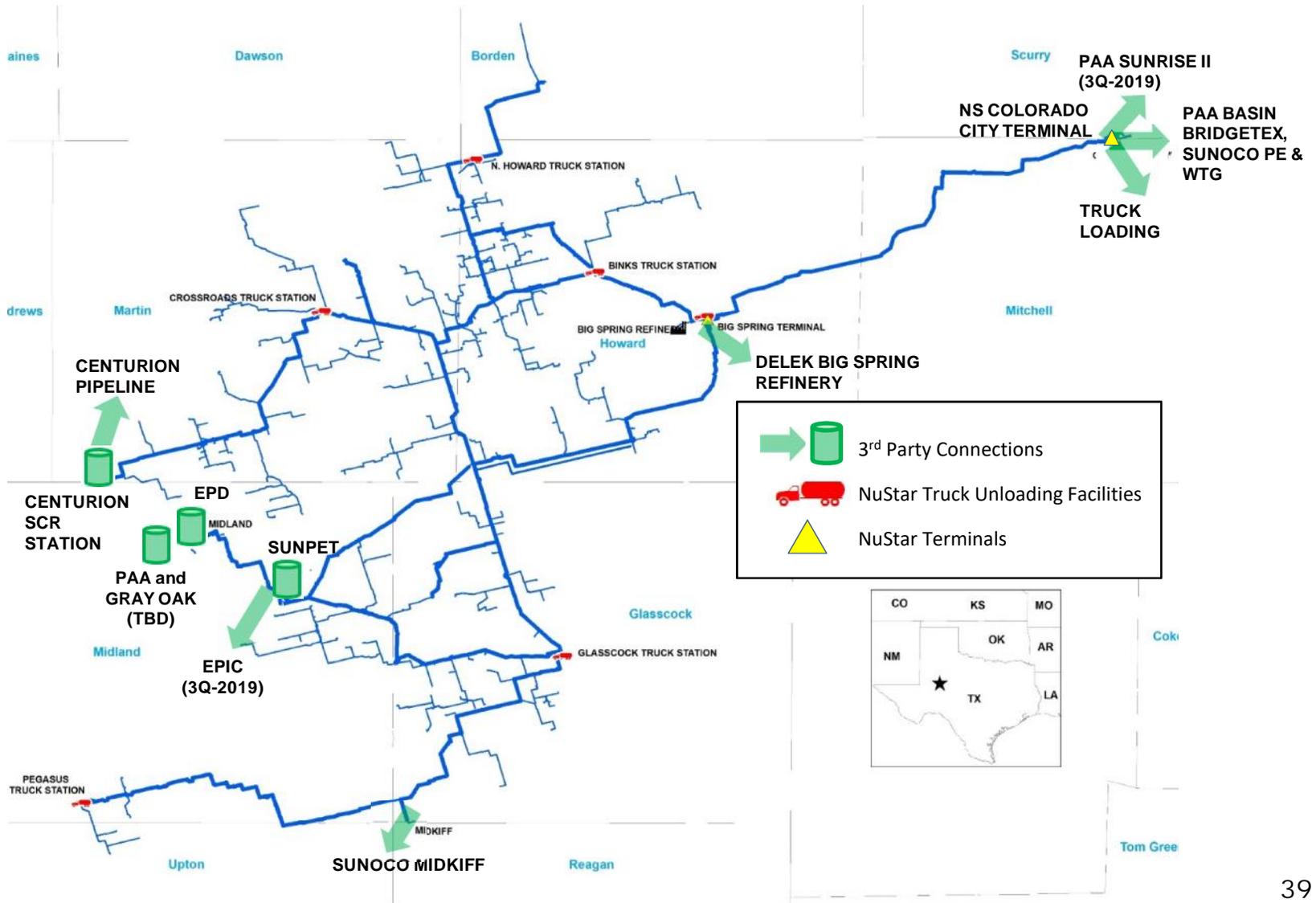
This Sale is an Important Step in our Successful Implementation of our 2019 Plan to Ensure Strong, Stable Growth in the Future



Appendix



Our Permian Crude System is "Core of the Core"

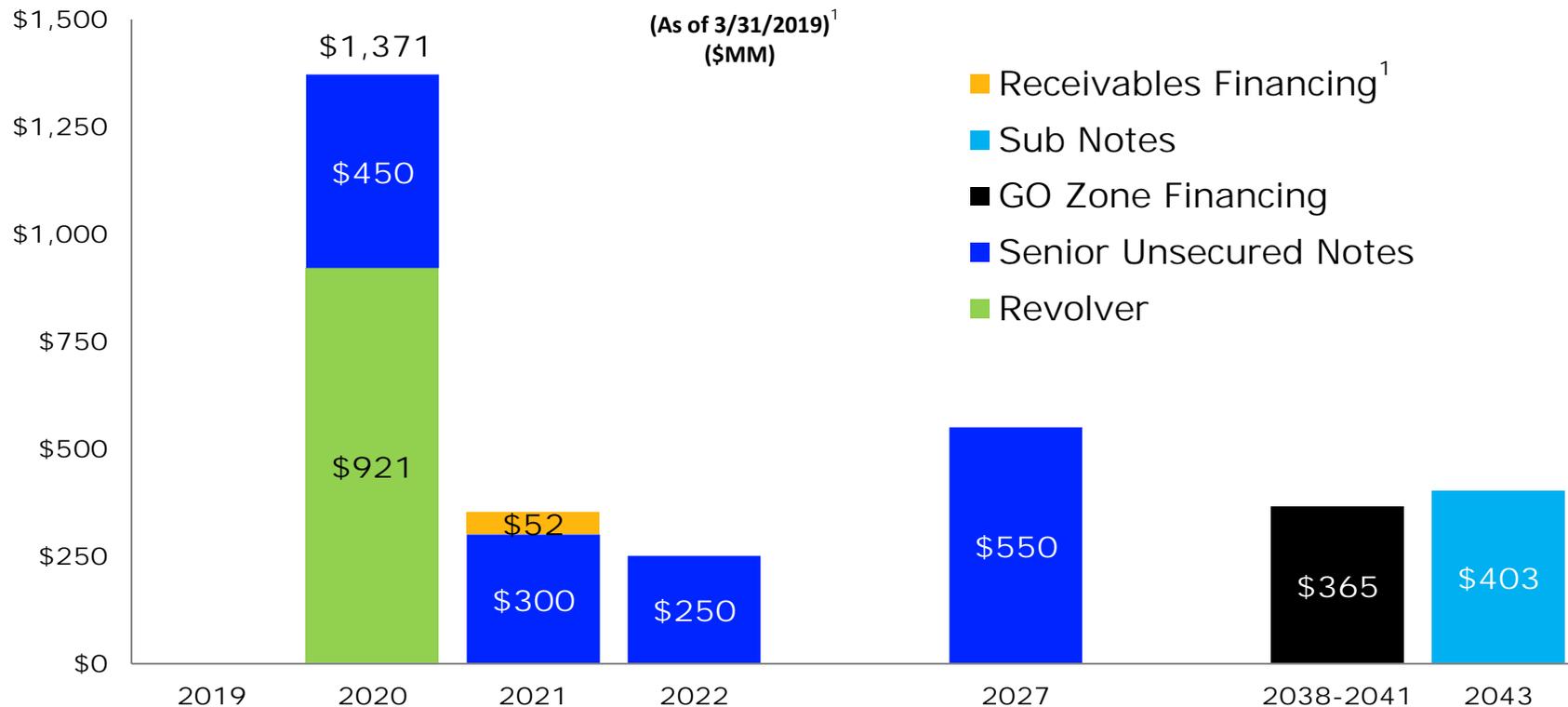


We Have No Significant Debt Maturities Until Late 2020



Debt Maturities

(As of 3/31/2019)¹
(\$MM)



- We repaid our \$350MM 7.65% senior unsecured notes that matured in April 2018 with our revolver
- We applied the \$270MM of proceeds from our sale of the European assets in the fourth quarter of 2018 to our revolver balance, which allowed us to reduce leverage and redeploy capital to invest in low-multiple projects

1 - Receivables Financing maturity was extended to September 2021 on April 29, 2019

Capital Structure as of March 31, 2019

(\$ in Millions)



\$1.4B Credit Facility	\$921	Series D Preferred Units	\$568
NuStar Logistics Notes (4.75%)	250	Series A, B and C Preferred Units	\$756
NuStar Logistics Notes (4.80%)	450	Common Equity and AOCI	<u>1,133</u>
NuStar Logistics Notes (5.625%)	550	Total Equity¹	2,457
NuStar Logistics Notes (6.75%)	300	Total Capitalization	<u>\$5,800</u>
NuStar Logistics Sub Notes	403		
GO Zone Bonds	365		
Receivables Financing	52		
Finance Lease Liability	59		
Short-term Debt & Other	<u>(7)</u>		
Total Debt	\$3,343		

● **As of March 31, 2019:**

- Credit facility availability ~\$475MM
- Debt-to-EBITDA ratio² 4.1x

1 - Total Equity includes Partners' Equity and Mezzanine Equity

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 also use adjusted measures of net income, net income per common unit and EBITDA, which are not defined in GAAP, to enhance the comparability of 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 a distribution coverage ratio, which is calculated based on DCF, as one of the factors in its compensation determinations. DCF is a widely accepted financial indicator 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. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. For purposes of segment reporting, we do not allocate general and administrative expenses to our reported operating segments because those expenses relate primarily to the overall management at the entity level. Therefore, EBITDA reflected in the segment reconciliations exclude any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

Reconciliation of Non-GAAP Financial Information (continued)



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

	Three Months Ended							
	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019
Operating (loss) income	\$ (3,424)	\$ 1,050	\$ 650	\$ (1,847)	\$ 3,605	\$ 11,546	\$ 10,878	\$ 5,358
Plus depreciation and amortization expense	10,227	11,005	13,165	13,477	15,059	15,235	16,589	17,647
EBITDA	<u>\$ 6,803</u>	<u>\$ 12,055</u>	<u>\$ 13,815</u>	<u>\$ 11,630</u>	<u>\$ 18,664</u>	<u>\$ 26,781</u>	<u>\$ 27,467</u>	<u>\$ 23,005</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, 2019
Net loss	\$ (198,202)
Interest expense, net	182,733
Income tax expense	8,364
Depreciation and amortization expense	300,265
EBITDA	<u>293,160</u>
Impairment losses (a)	328,440
Other expense (b)	39,089
Equity awards (c)	11,534
Pro forma effect of dispositions (d)	(13,948)
Material project adjustments and other items (e)	<u>41,057</u>
Consolidated EBITDA, as defined in the Revolving Credit Agreement	<u>\$ 699,332</u>
Total consolidated debt	\$ 3,296,640
NuStar Logistics' floating rate subordinated notes	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	<u>(41,476)</u>
Consolidated Debt, as defined in the Revolving Credit Agreement	<u>\$ 2,852,664</u>
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.1x

(a) Represents non-cash impairment losses associated with long-lived assets and goodwill at our St. Eustatius terminal.

(b) Other expense is excluded for purposes of calculating Consolidated EBITDA, as defined in the Revolving Credit Agreement.

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

(d) This adjustment represents the pro forma effects of the sale of our European assets as if we had completed the sale on January 1, 2018.

(e) This adjustment represents the percentage of the projected Consolidated EBITDA attributable to any Material Project and other noncash items, as defined in the Revolving Credit Agreement.