

**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): **January 14, 2020**

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 meeting with members of the investment community at the UBS Midstream, MLP & Utilities One-on-One Conference on Tuesday, January 14, 2020 and Wednesday, January 15, 2020. 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 January 14, 2020 and January 15, 2020.
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: January 14, 2020

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

2020 UBS

Midstream, MLP & Utilities
One-on-One Conference

January 14-15, 2020



Forward-Looking Statements



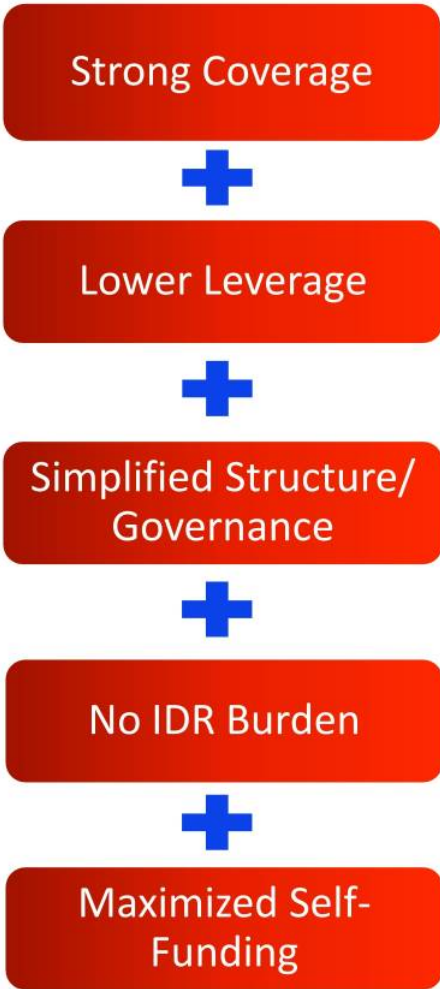
Statements contained in this presentation other than statements of historical fact are forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual 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



In 2018, We Completed Our Stepped Plan to Achieve the Characteristics the MLP Sector Demands



• Common Unit Price(1):	\$27.6
• Distribution/CU/Year:	\$2.40
• Yield(1):	8.7%
• Market Cap(1):	~\$3 b
• Credit Ratings:	
➤ Fitch:	BB/Stable
➤ Moody's:	Ba2/Stable
➤ S&P:	BB-/Stable
• Enterprise Value:	~\$8 b
• Total Assets:	~\$6 b
• Pipeline Miles:	~9,900
• Pipeline Volumes (2):	1.8M
• Storage Capacity:	~74M
• Storage Throughput Volumes(2):	439M

1. As of December 10, 2020
2. Average daily volume for quarter ended September 30, 2019

In 2019, We Met or Surpassed Each of Our Core Operational Goals



#1-
Effective project execution



#2-
Strict financial discipline



#3-
Continued HSE excellence

2019 Project Completion



- Selby Renewable Diesel
- Stockton Biodiesel
- Permian Sunrise Connection
- Midland Connection Projects
- Wichita Falls/Hewitt/Sunrise Project
- St. James/Bayou Bridge Connection
- Corpus Early Service Export on 16"
- Corpus Full-service Export on 30"
- Valley System Project
- Nuevo Laredo Early Service Project*
- Gray Oak/Hwy 97 Connection
- Portland Biodiesel/Renewable Diesel

* Nuevo Laredo Full-Service Project (on schedule Feb '20)

2019 Project Spending

Initial:
\$500-550MM

Revised:
\$485-515MM

2019 Health & Safety

Even through an ambitious capital program in 2019, we had fewer recordables and a lower TRIR than in 2018 (and our 2018 safety statistics were significantly better than industry averages)

NuStar's Third Quarter 2019 Results Demonstrated Our Consistent Progress and Solid Growth in 2019...



**Q3
2018**

Q3'18
Debt-to-
EBITDA
4.52X²

**Pipeline
Throughputs**

**Up
20%**

**EBITDA
(Continuing
Operations)**

Up 10%

**DCF
(Continuing
Operations)**

**Up
Nearly
15%**

**Q3
2019**

Q3'
Debt-
EBIT
3.96

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

2 - Based on a rolling four quarters

... And We Expect to Meet or Surpass All Our 2019 Financial Goals



- ★ In July, we closed on the sale of the St. Eustatius operations for a healthy double-digit multiple, and we deployed those proceeds to lower our debt further and to help fund the high-return, low-multiple projects comprising our 2019 strategic capital program
- ★ With the sale of the St. Eustatius operations, we:
 - ★ Reduced our op-ex by about \$30MM for the remainder of 2019
 - ★ Reduced our 2019 reliability capital by about \$10MM
 - ★ Simplified and de-risked our business overall
 - ★ Improved both our forecasted 2019 debt-to-EBITDA and our DCF coverage

	<u>Previous Guidance</u>	<u>Current Guidance</u>
2019 DCF COVERAGE	1.2-1.3X	1.3-1.4X
2019 Debt-to-EBITDA	~4.3X	~4.0X

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

We Expect to Report Strong Results for 2019, and 2020 Looks Even Stronger



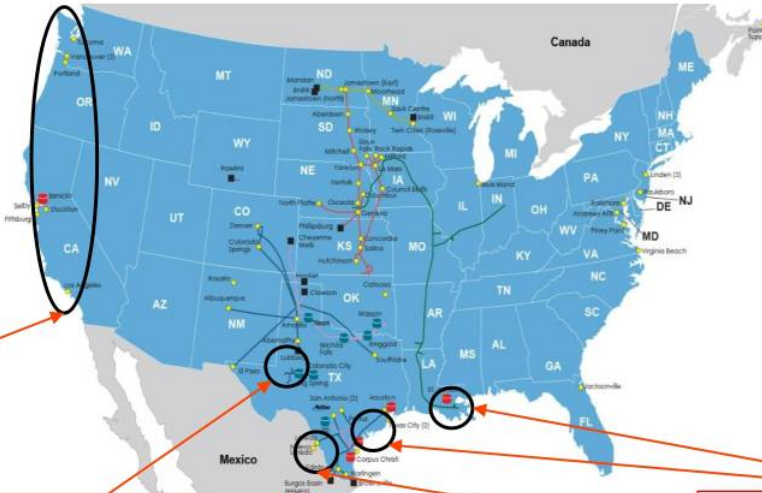
1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

Our 2020 Strategic Spending Will Target Low-multiple Projects to Continue to Expand on NuStar's "Sweet Spots"



Total Estimated
2019
 Strategic Spending:
 \$ 485-515MM

Total Estimated
2020
 Strategic Spending
 \$ 300-350MM
 ~35% ↓



West Coast Bio-Fuels
 ~\$15MM in 2019

Permian Crude System
 ~\$160MM in 2019

N. Mexico Products Supply
 ~\$145MM in 2019

Gulf Coast Export

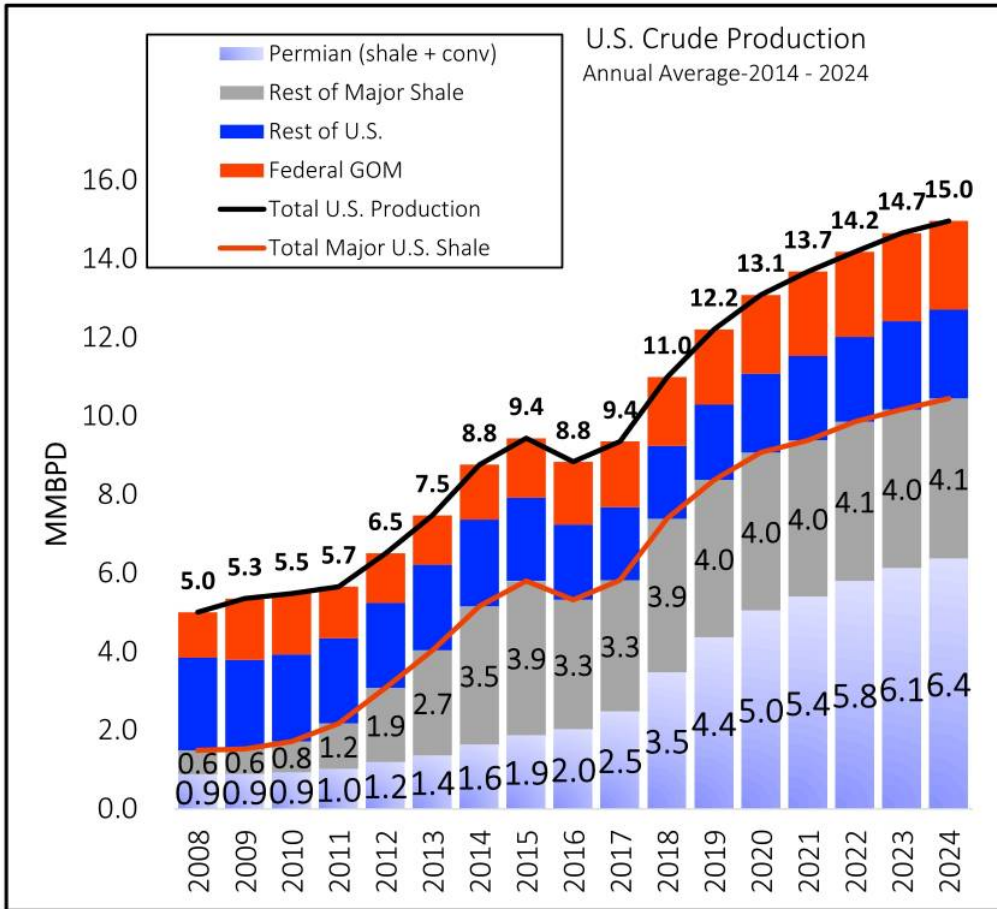
- Corpus Christi (~\$105M in 2019)
- St. James (~\$2MM in 2019)

- ★ We plan to spend about 35% less in 2020 on capital projects than we did in 2019, as our planned strategic capex returns to our historic range
- ★ This year, we are continuing to execute low-multiple projects to enhance our existing footprint in the same key areas of opportunity we invested in during 2019

Permian Crude System



The U.S. is Now the Global Leader in Crude Production



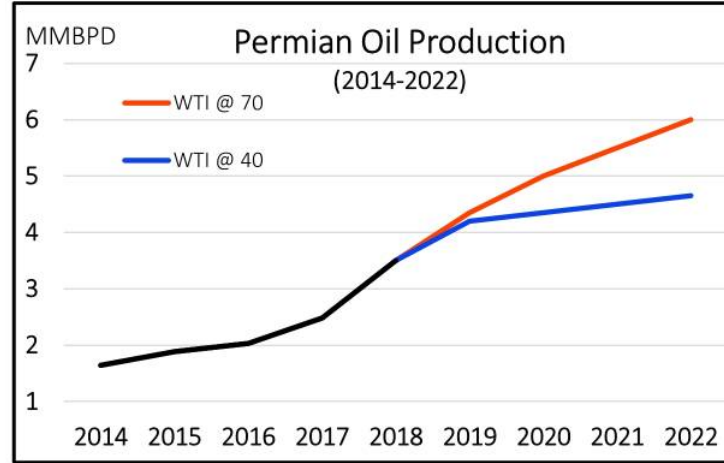
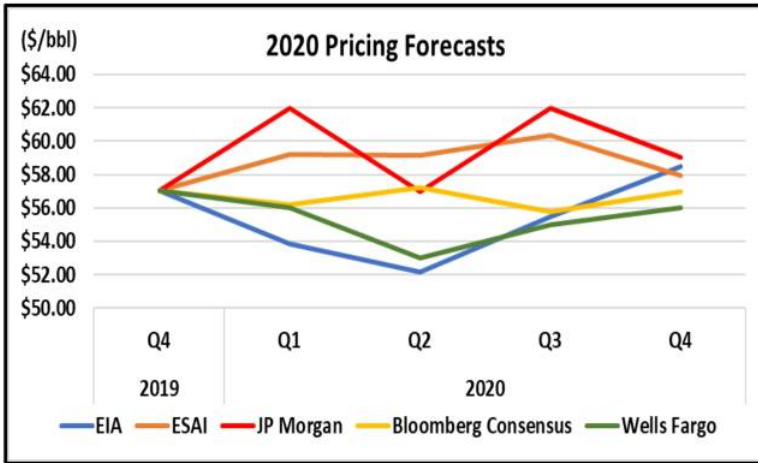
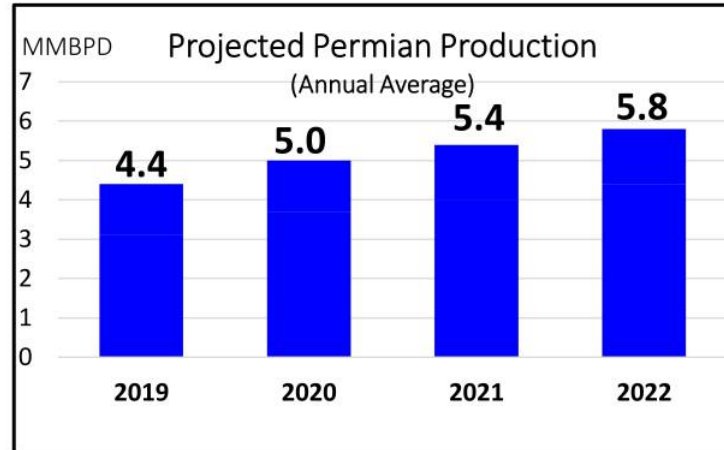
- ★ U.S. total crude production is now expected to grow to 13.3 MMBPD by the end of 2020
- ★ The United States was a net exporter in late 2019 and is expected to become a sustainable net exporter in 2020
- ★ U.S. production growth is expected to continue to be driven by shale production growth through 2024

Source: EIA, ESAI

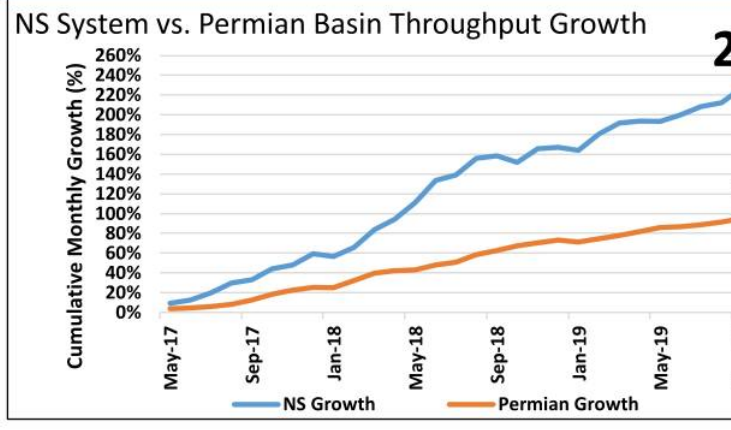
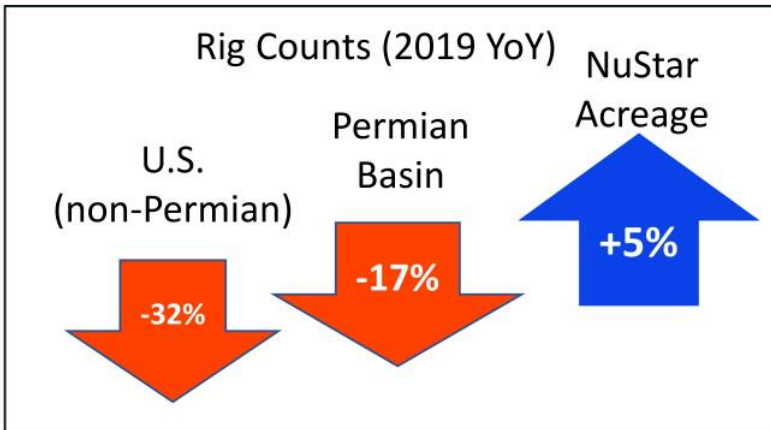
The Permian Basin Has Been, and Is Expected to Continue to be, the Largest and Most Resilient U.S. Shale Play...



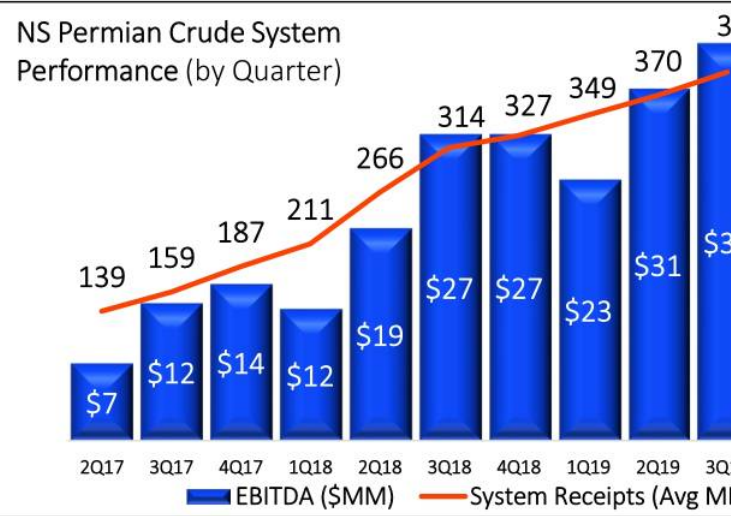
- ★ Even with widely publicized concerns regarding E&P capital spending cuts, the Permian Basin's production growth is still expected:
 - ★ To exit 2020 at 5.2MMbpd, over 50% of the nation's total shale output
 - ★ To exit 2023 at 6.2MMbpd
- ★ Even well below the forecasted \$50-60 WTI price range, Permian production would be expected to grow



Sources: Bloomberg (1/8/2020), EIA (12/10/2019), ESAI (12/23/2019), JP Morgan (1/8/2020), Wells Fargo (1/6/2020); Rystad Energy (October 2019)



- ★ Our system's throughput volumes are up 259% since we acquired it, compared to 104% the Permian Basin's growth over that period
- ★ We averaged 448MBPD in December 2019, and we exited the year at over 460MBPD
- ★ We received nominations for 475MBPD for January
- ☆ We expect to achieve throughput of over 550MBPD by year-end 2020

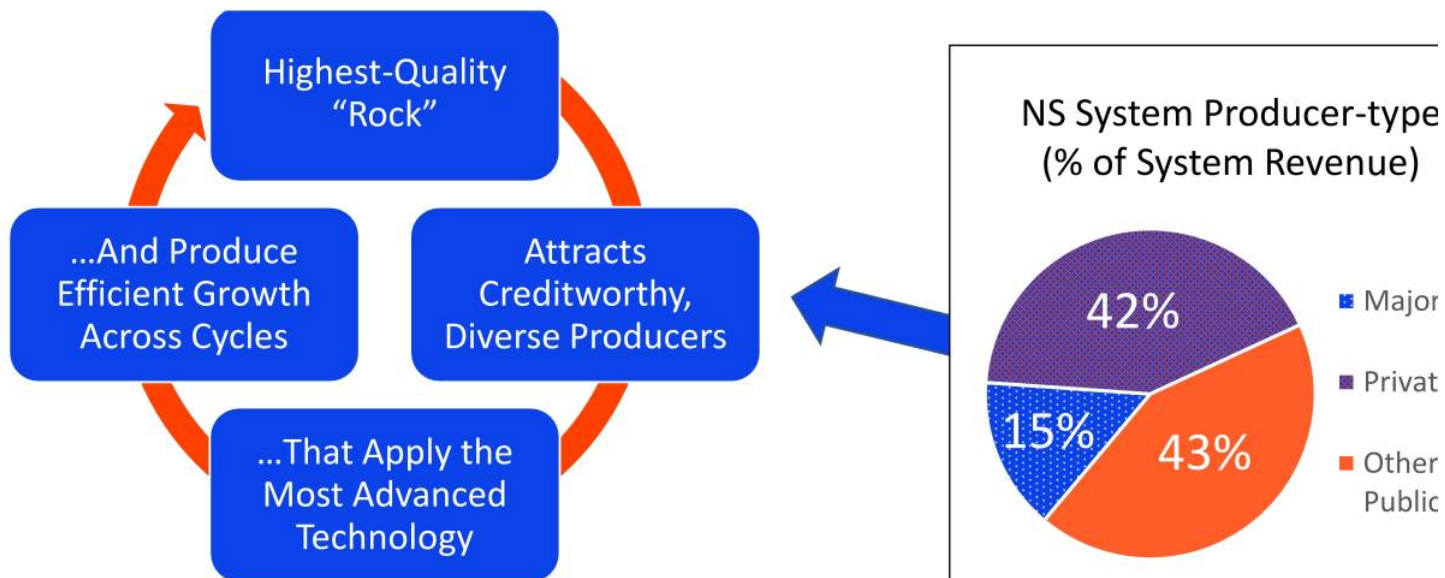


1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

Our System's Strong Performance Demonstrates Our "Core of the Core" Location and Our Top-Tier, Creditworthy Customers



- ★ The quality of geological formations underlying our system attracts the strongest customers
 - ☆ Our creditworthy customers include majors and the most prolific E&Ps, both private and public, in the basin, as well as large independent refiners and marketers
 - ☆ Over 45% of our system's revenue is generated from investment-grade rated entities¹



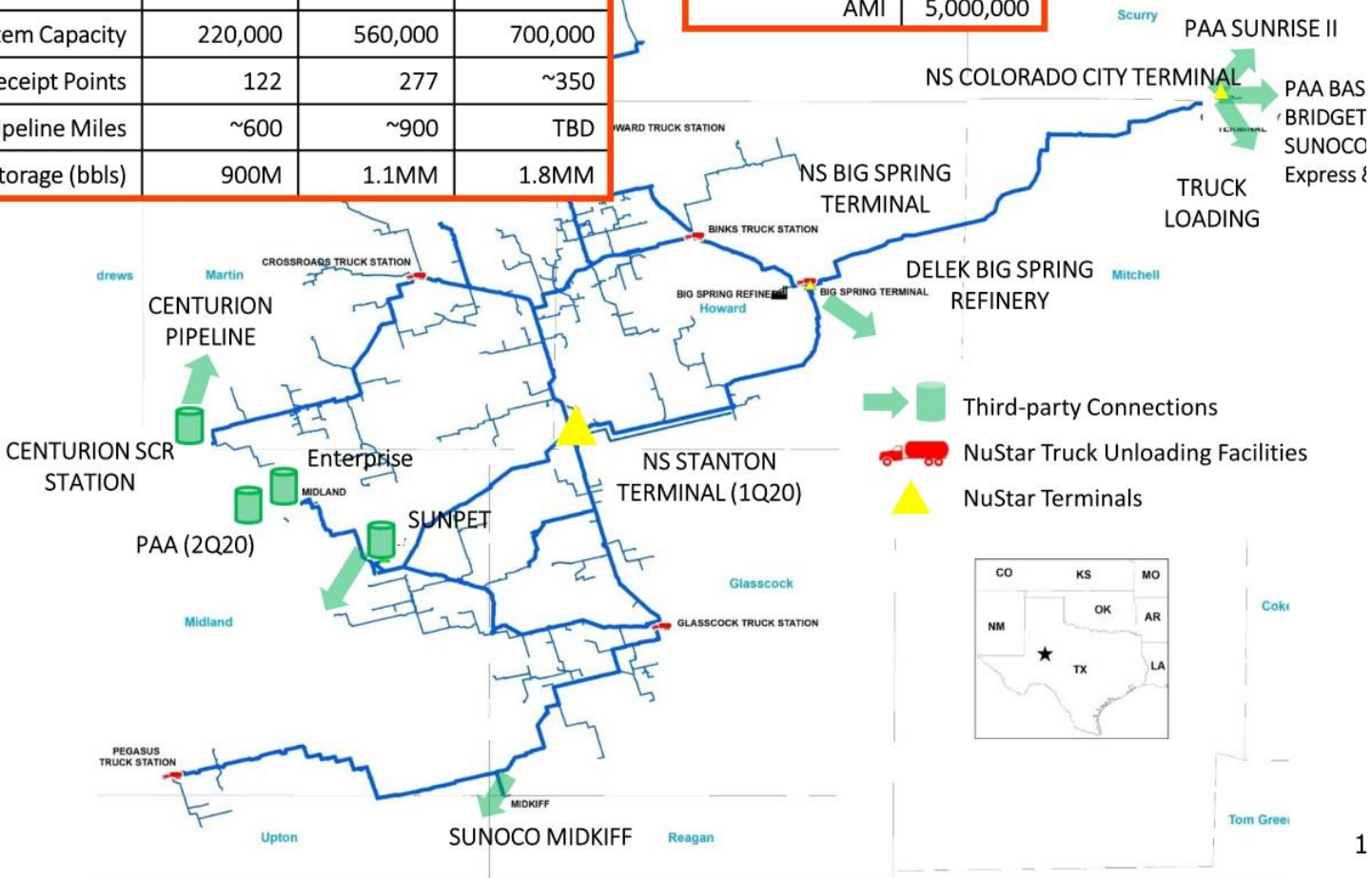
- ★ Our top-quality customers, in turn, drive and insulate our system's continued development and strong growth

We Plan to Continue to Expand and Connect Our Permian Crude System, in Step With Our Customers' Needs



	May 2017	Current	Projected 2021
System Capacity	220,000	560,000	700,000
Receipt Points	122	277	~350
Pipeline Miles	~600	~900	TBD
Storage (bbls)	900M	1.1MM	1.8MM

Dedicated Acres	500,000
AMI	5,000,000



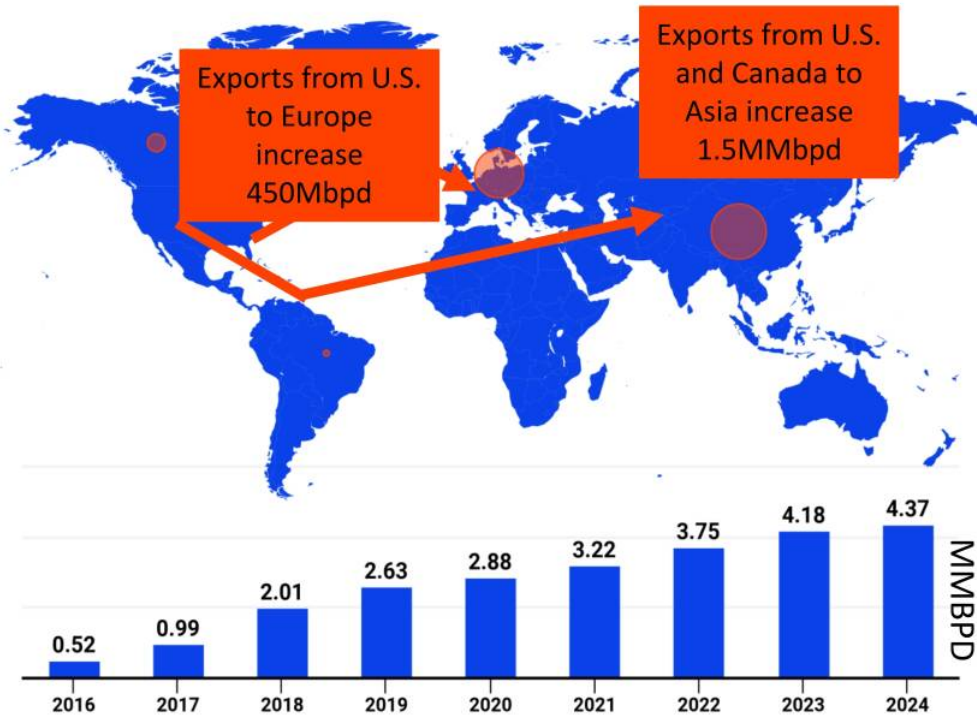
Gulf Coast Exports: Corpus Christi & St. James



U.S. Crude Exports are Expected to Ramp Dramatically as Permian Production Exceeds U.S. Refiners' Demands



U.S. Export Growth 2019 - 2024



2.2MMbpd

New capacity from Permian long-haul projects in-service late 2019 and early 2020

1.7MMbpd or 66%

Growth in U.S. exports between 2019 and 2024

4Q 2020

United States expected to become a sustainable net exporter

Midstream Solutions

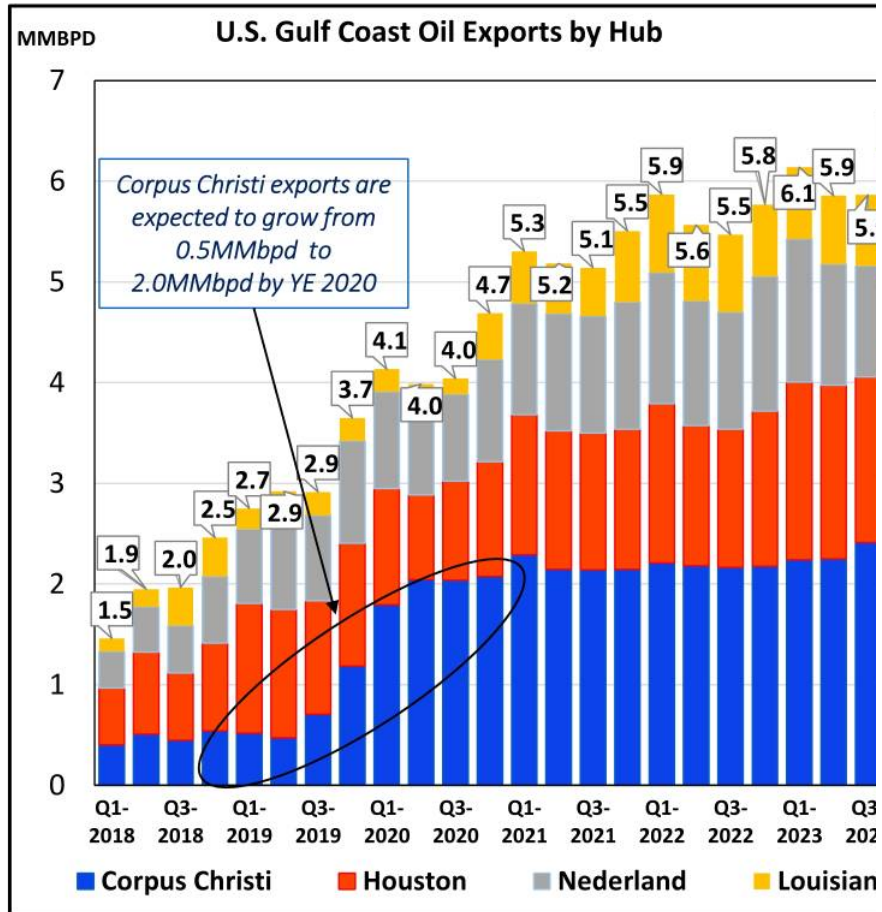
Ensuring that exports and related infrastructure keeps pace with that expected growth represents the next large-scale logistics dislocation requiring midstream solutions

Sources: ESI, RBN Energy

The Port of Corpus Christi has 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 the additional 2.1MMbpd of new long-haul pipeline capacity from the Permian to the Corpus area commencing partial service during 2H 2019 will be moved out over Corpus dock facilities
- ★ Corpus Christi, historically a regional refinery and domestic marine delivery hub, has evolved into a major crude oil export hub
 - ☆ In 2018, Corpus Christi represented 21% of the total 712MMbbls Gulf Coast exports
 - ☆ By year-end 2023, exports from Corpus are projected to grow to 2.6MMbpd of the Gulf Coast's total 6.3MMbpd



Source: EIA, Rystad Energy (October 2019), IEA

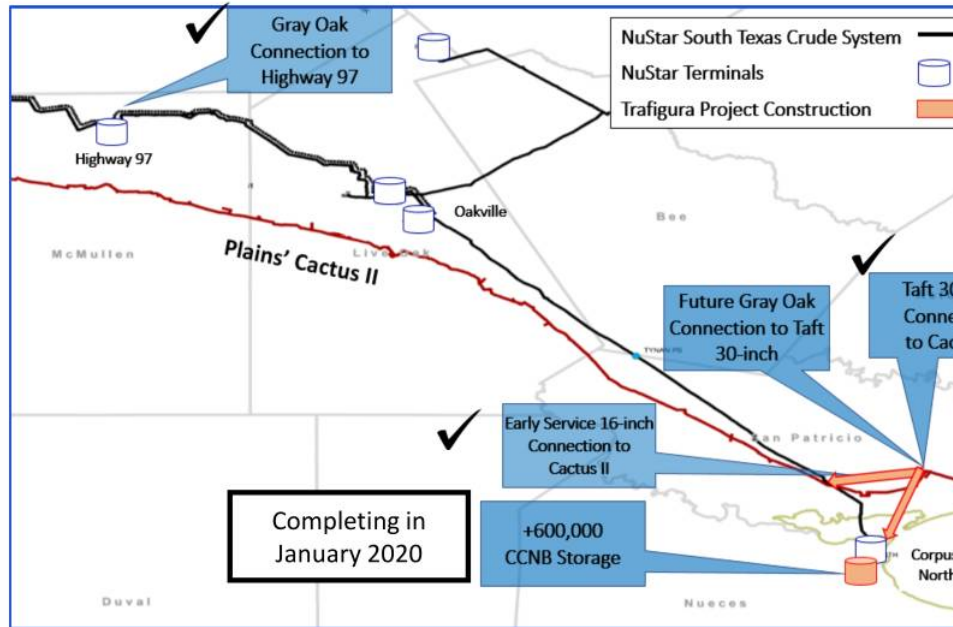
We Have Expanded on Our Existing Assets in South Texas to Export Permian Barrels for Trafigura From Our Corpus Christi Facility



- ★ We have completed our project for Trafigura to connect our existing South Texas Crude System with PAA's Cactus transport Permian barrels to our Corpus Christi North Beach facility for export:

- ☆ In August, we began transporting WTI via our South Texas system 16" existing pipeline from a connection to PAA's Cactus II pipeline to our Corpus Christi North Beach Terminal

- ☆ In early September, we completed construction on a new 30" pipeline from a connection in Taft, TX to our Corpus Christi North Beach Terminal and continue to build 600Mbbbls of storage at Corpus Christi, which will bring our capacity at the facility to 3.9MMbbbls



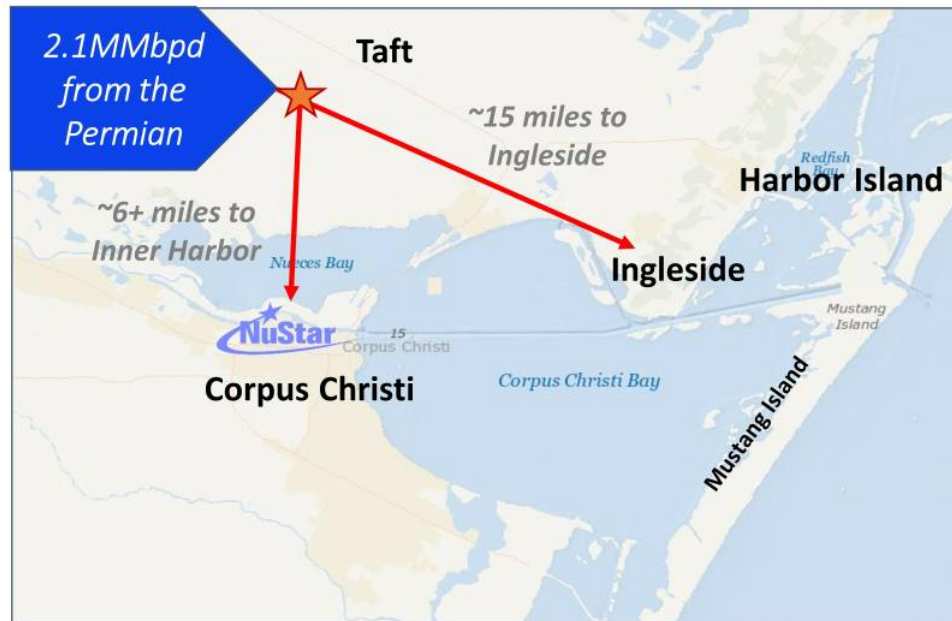
- ★ Taft, TX will be the point of convergence for all three new pipelines and offers shipper optionality to deliver to either side of the ship channel (Ingleside or Corpus Christi)
- ☆ We are in discussions to connect to other long-haul pipeline projects and with parties for additional commitments

Our Connection Facility Establishes Our Footprint in Taft, Texas, the Emerging South Texas Crude Oil Hub



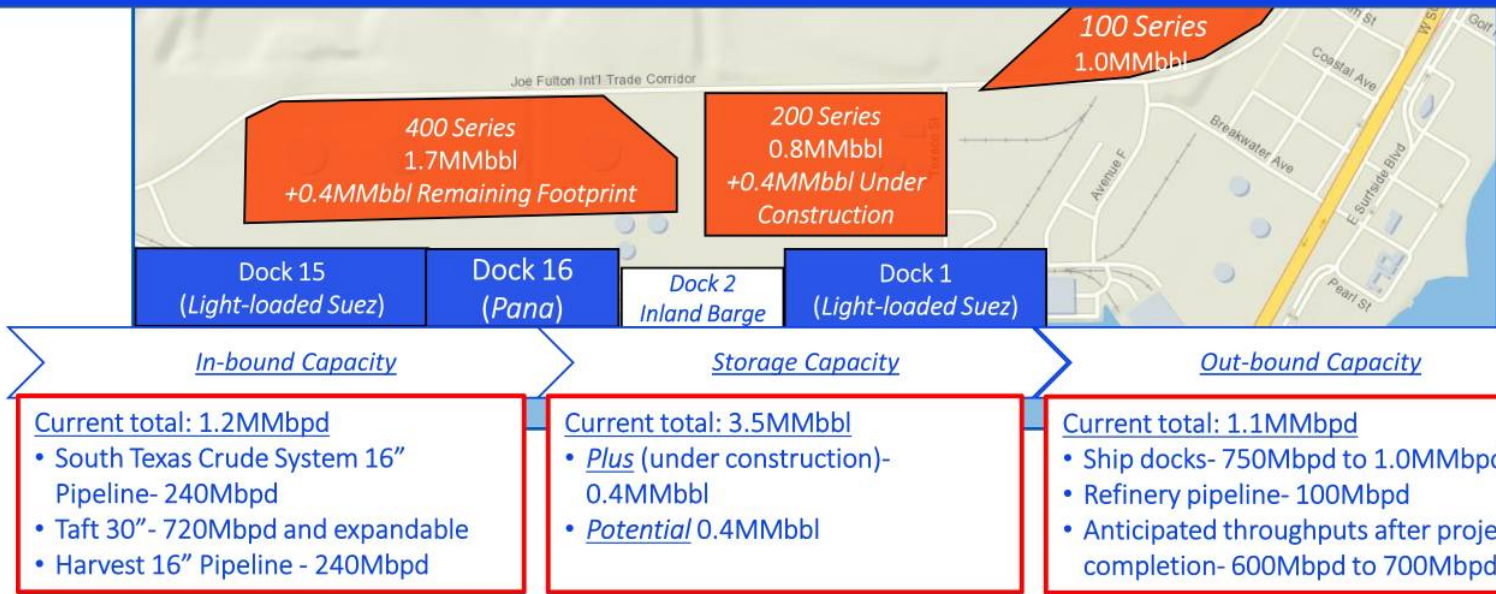
- ★ The Permian long-haul pipeline projects were developed to maximize shippers' destination optionality, and Taft, Texas offers both geographic flexibility and less expensive real estate

- ★ Taft's location offers a jumping off point for connections on either side of the Corpus Christi Ship Channel (Ingleside or the Inner Harbor)

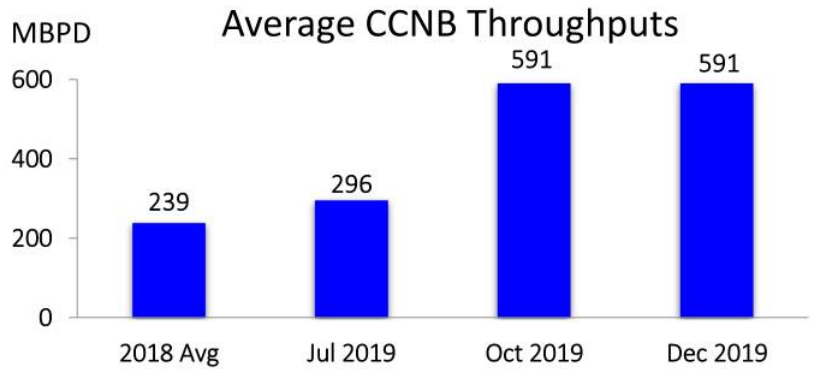


- ★ As the point of convergence for all three of the Permian-to-Corpus Christi long-haul pipelines and developing access to multiple marine and refinery outlets, Taft is poised to become the major crude market hub in South Texas
- ★ Our connection to Cactus II in Taft not only enables our services for 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

NuStar's Corpus Christi North Beach Terminal is Now Exporting Permian Long-haul Barrels



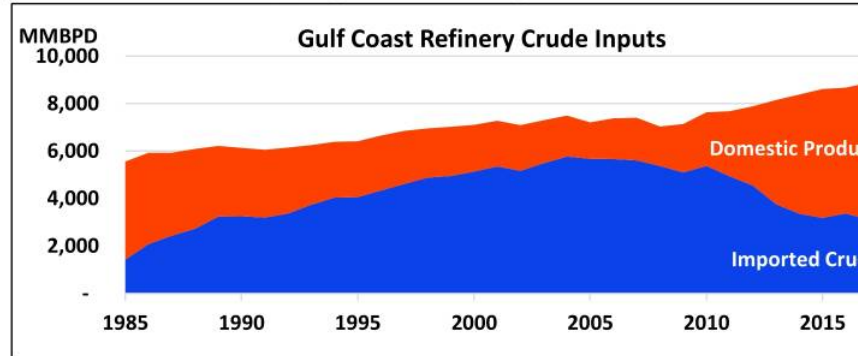
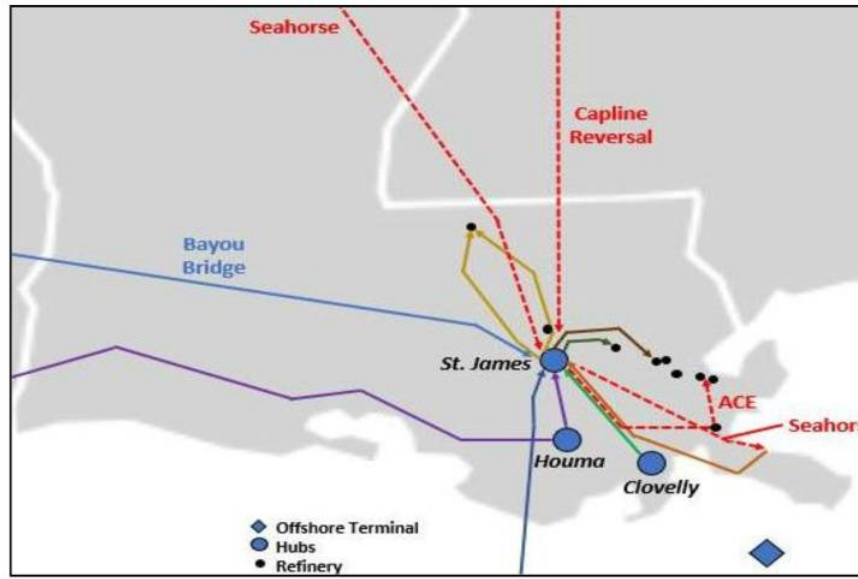
- ★ Our Corpus Christi North Beach Terminal is now receiving barrels from our South Texas Crude Oil Pipeline System, our 12" Three Rivers Supply Pipeline and our new 30" pipeline from Taft, as well as from third-party pipeline connections
- ☆ Average throughputs are more than twice the 2018 average



St. James, Formerly the Heart of U.S. Crude Import Infrastructure, has Evolved as North American Shale Production is Reversing Crude Flows to Favor Regional Supply and Export



- ★ Pre-shale play revolution, St. James, LA became the heart of a vast web of pipelines dedicated to supplying imported crude oil to refineries in the region and inland, across the mid-continent
- ★ As rapid growth in U.S. shale production has allowed refiners to replace much of crude imports with domestic crude, imports to U.S. refiners through St. James have decreased dramatically
- ★ At the same time, North American shale production continues to grow, and St. James continues to play a central role in crude distribution and storage for the region and the world

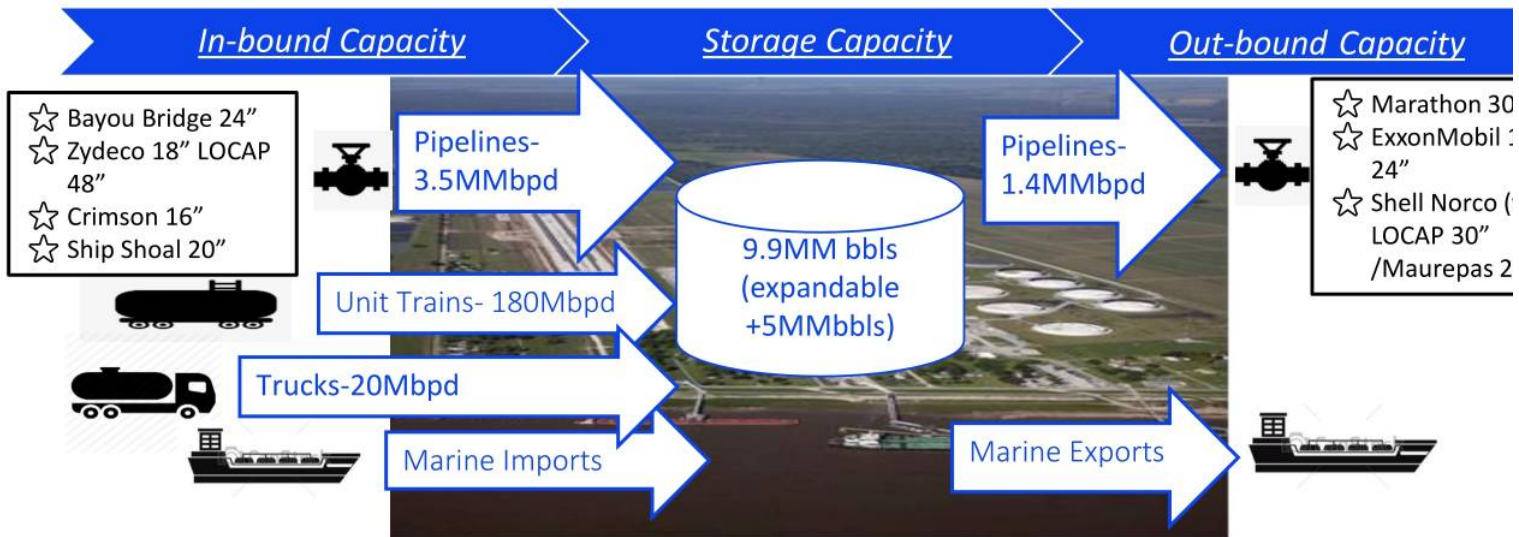


Source: RBN, EIA

Our St. James Terminal is a World-class Facility That We Continue to Connect and Equip for the Next Opportunities as the Hub Evolves



- ★ St. James is evolving into a hub for regional crude distribution and storage and for U.S. exports
 - ☆ U.S. refiners will continue to require heavy sour crude to balance their slate, which will be imported either by pipeline from Canada or over the water from other sources
 - ☆ As production in the Permian, Bakken and Western Canada grow to exceed North American refiners' needs, those barrels will be exported

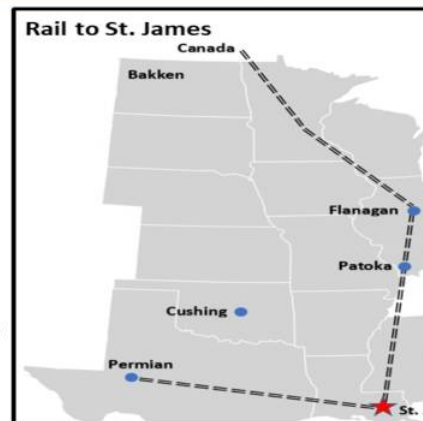


- ★ We are developing projects to ensure that, as in-bound pipeline volumes grow, we have the connectivity and capability those barrels require for handling storage and export
- ★ NuStar's St. James facility has the capacity and connectivity to handle the changing crude flows in the region with access to crude supply from Gulf of Mexico, Eagle Ford, Permian and other domestic shale plays

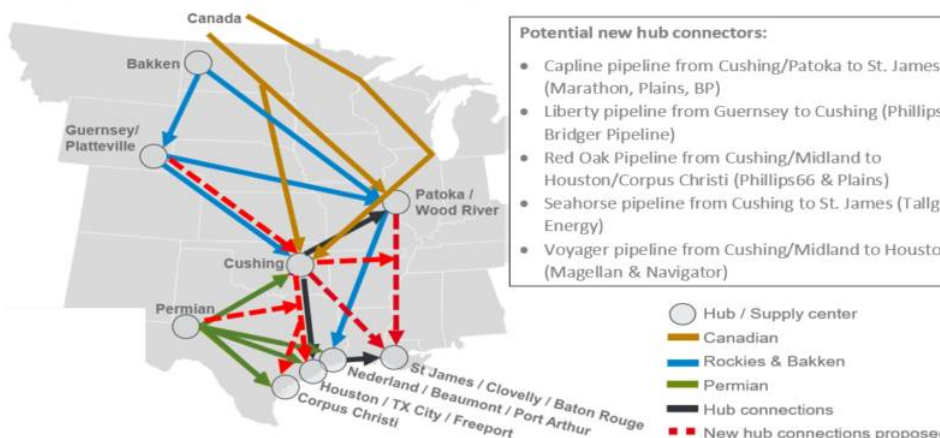
Our St. James Facility is Benefiting From Price Dislocations in the Near-Term and Positioned to Participate in Export Growth in the Future



- ★ A major dislocation between WCS production and the Gulf Coast from a lack of long-haul capacity from the North has continued to drive wide differentials that support unit train economics this year
 - ☆ We recently contracted higher MVCs for 30MBPD through April 2022 (up-sized from 20MBPD) and are expecting those volumes to grow
 - ☆ Dislocations may continue into 2021, due to the delay of Enbridge Line 3 replacement until 2H20
- ★ We are ensuring our facility is connected to the long-haul pipeline projects in progress to debottleneck shale plays, the region, as well as the Midwest and beyond
 - ☆ As soon as 1H21, Capline's reversal is likely to bring large volumes of WTI, heavy Canadian and Bakken crude for use in regional refineries and export to other locations
 - ☆ Bayou Bridge began bringing WTI light barrels to St. James in late March, and the line may also bring Bakken and Canadian barrels either for export or local use



New Pipelines Debottleneck the Broader System



Northern Mexico Refined Products Supply

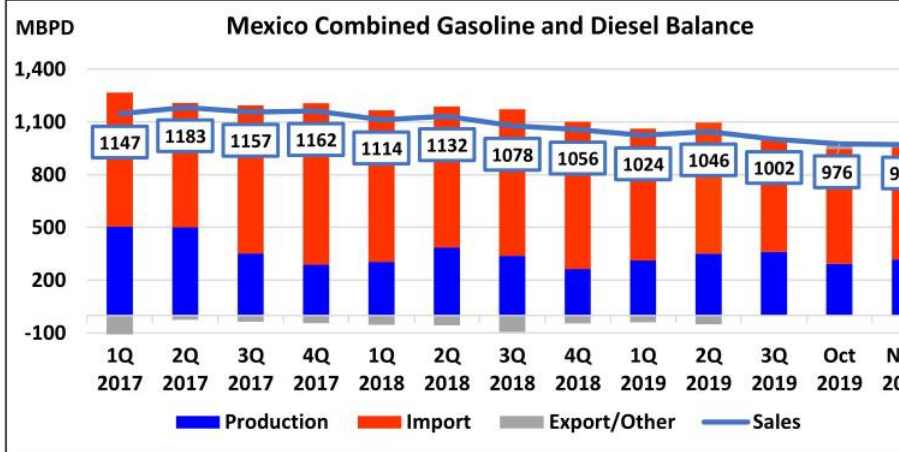
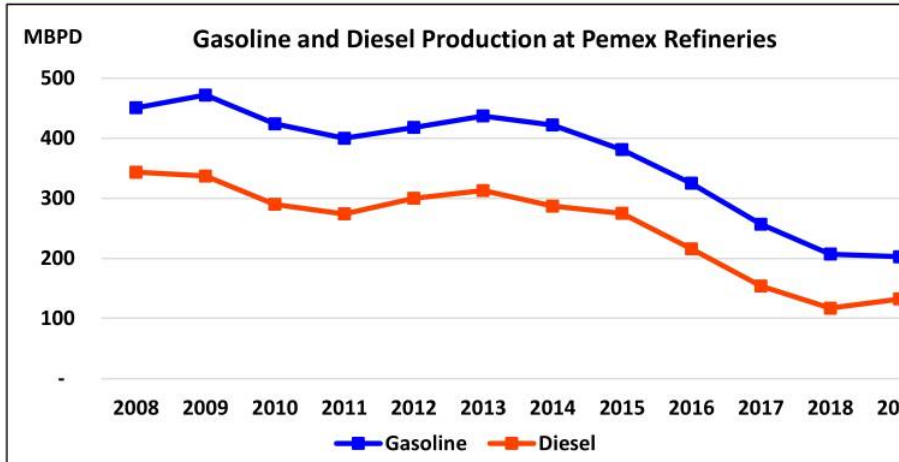


Mexico's Refined Product Demand is Expected to Continue to Exceed Its Infrastructure's Capacity



- ★ Mexico refineries currently operate around 35% of nameplate capacity due to weak returns and historical under-investment
 - ☆ In 2019, utilization has fluctuated between 30% and 55% of capacity and is projected to stabilize at 40% of capacity in 2020

- ★ With limited domestic supply, gasoline and diesel imports have made up 60%-80% of Mexico's consumption in recent years
 - ☆ In 2019, gasoline and diesel imports made up approximately 68% of Mexico's consumption

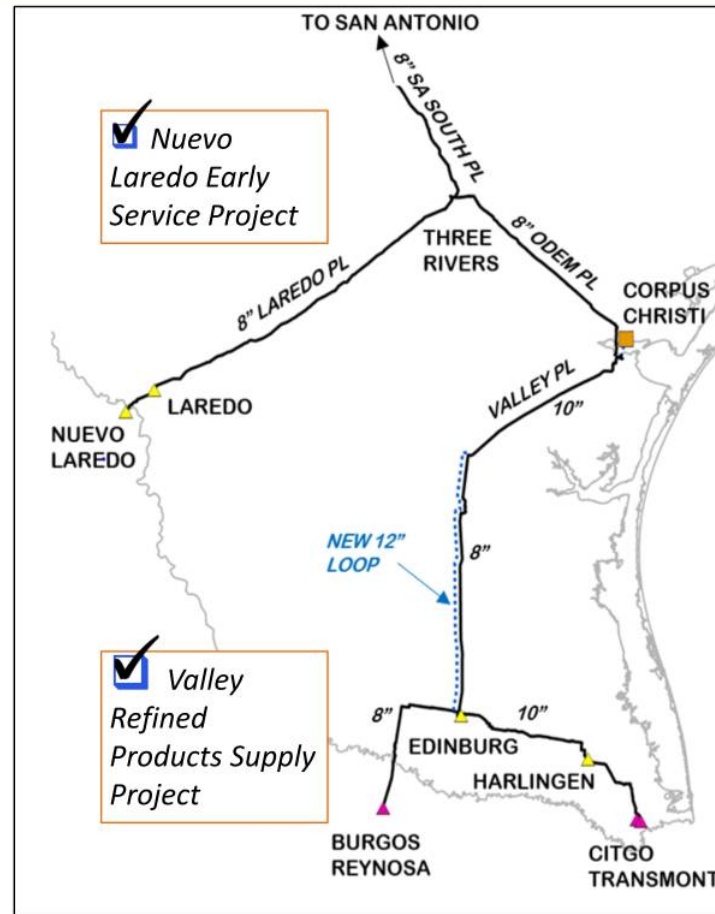


Source: Petroleos Mexicanos (PEMEX)

We Completed Two Projects in 2019, and Will Bring Another Into Service in Early 2020, to Help Remedy This Supply Imbalance



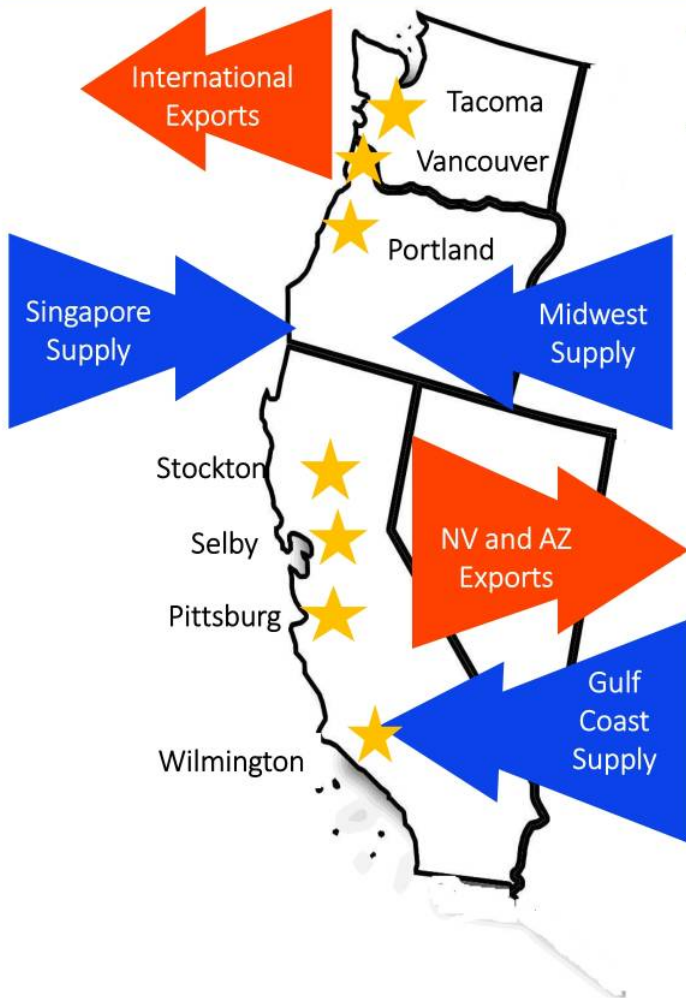
- ★ In 3Q 2019, we completed service on two projects we developed to address the supply imbalance in Northern Mexico:
 - ☆ Nuevo Laredo Project for Valero
 - Early ULSD service completed in September 2019
 - Odem pipeline, Dos Laredos pipeline and Nuevo Laredo terminal expansion on track to be completed by February 2020
 - ~28Mbpd new capacity with take-or-pay volumes on seven-year contract term
 - ☆ Valley Pipeline Expansion for major customers
 - Receiving facility in Matamoros is expected to be in service 1Q 2020
 - NuStar's project completed in September 2019
 - 45Mbpd new capacity with seven-year contract term
 - Recent open season was fully subscribed



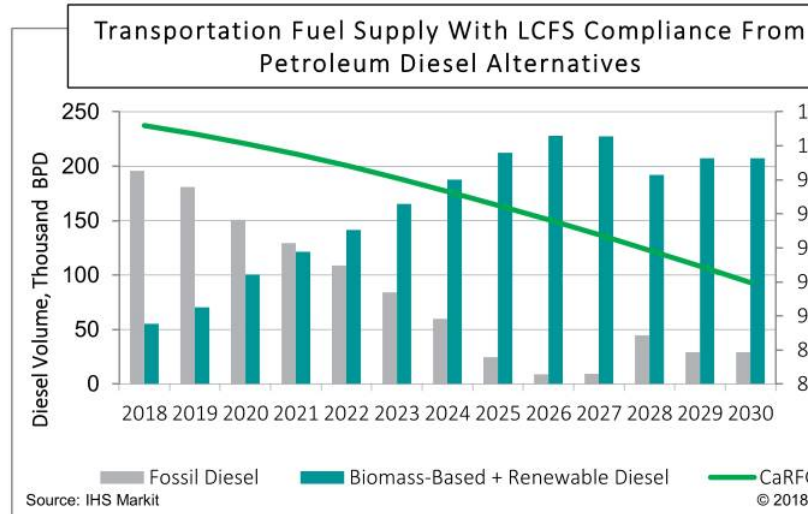
West Coast Bio-Fuels



Aggressive West Coast Carbon Emissions Reduction Goals Continue to Generate Growing Demand and Market Dislocations That Require Midstream Solutions



- ★ Regulatory priorities on the West Coast are dramatic increasing demand for bio-fuels in the region
- ★ At the same time, obtaining permits for greenfield projects in the region is difficult, which increases the value of existing assets
- ★ Our terminal facilities have the access to facilities necessary to receive bio-fuels from outside the region and to provide a base for distribution of bio-fuel products across the West Coast

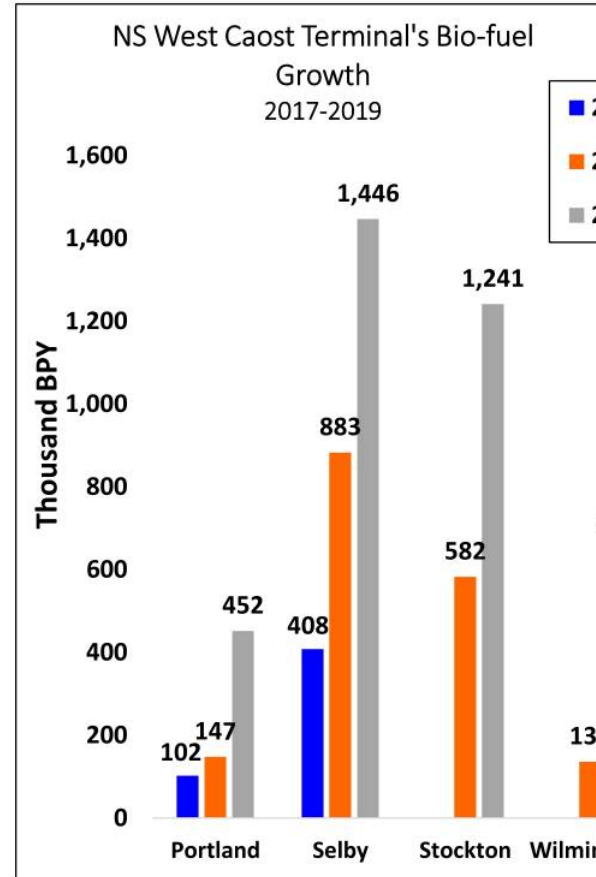


NuStar is Partnering With Key Customers to Develop Necessary Bio-Fuels Storage at Several of Our West Coast Facilities



★ We have developed and completed a number of bio-fuels projects with our customers on the West Coast that have allowed NuStar to capture market share and build important customer relationships with key global producers

		Complete
Portland	Convert 36,000 Bbls to biodiesel	✓
	Convert 57,000 Bbls to renewable diesel	✓
Selby	Construct truck-loading for renewable diesel	✓
Stockton	Convert 30,000 Bbls to biodiesel	✓
	Convert 63,000 Bbls to renewable diesel and construct 10 rail spots	4Q '20
	Convert 151,000 Bbls to renewable diesel	4Q '20
	Connect to railcar ethanol offload facility	4Q '20
Wilmington	Convert 160,000 Bbls to renewable diesel	✓
	Reconfigure dock for enhanced marine capability	1Q '22



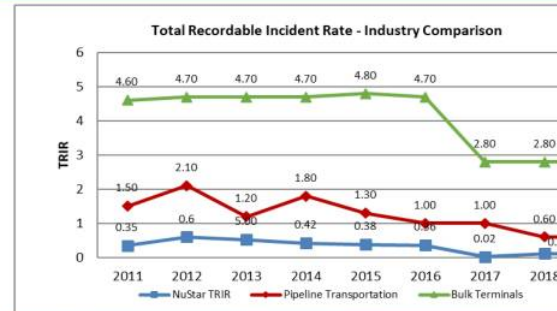
HSE Excellence is
NuStar's #1 Priority



Safe, Responsible and Efficient Operations are NuStar's #1 Priority...



- ★ Our safety statistics reflect our commitment to safe, responsible operations
 - ☆ In 2019, as in years past, our safety statistics were substantially better than our peers
 - ✓ 21.5 times better than the Bureau of Labor Statistics (BLS) comparison data for the Bulk Terminals Industry
 - ✓ 4.6 times better than the BLS data for the Pipeline Transportation Industry
- ★ NuStar has received the International Liquids Terminals Association's (ILTA) Safety Excellence Award 10 times
 - ☆ ILTA reviews its members' safety reports filed with OSHA, and recognizes member companies that achieve exemplary safety statistics with an award
- ★ We participate in the OSHA Voluntary Protection Program (VPP), which promotes effective worksite safety and health
 - ☆ 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



... And, in 2020, We Will Continue to Take Care of Our Employees and Our Communities Across North America



2019
**People
COMPANIES
THAT
CARE**

**Ranked
#13!**

**Best
Workplaces™
for Millennials**
Great
Place
To
Work. USA
2019

**Ranked
#60!**

**Best
Workplaces™
in Texas**
Great
Place
To
Work. USA
2019

**Ranked
#34!**

- ★ NuStar has been recognized for its strong corporate culture with numerous awards
- ★ NuStar employees contributed 90,000 volunteer hours in 2018 alone
 - ☆ NuStar maintains local volunteer councils in each community in which we operate to contribute to the 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 the nation for a company our size
 - ☆ NuStar's total 2019 contribution was \$3.2 million
- ★ Each year since 2007, NuStar's employees have hosted a golf tournament to support Haven for Hope, a transformational campus in San Antonio that addresses homelessness
 - ☆ The tournament has generated an aggregate of over \$42 million for Haven for Hope

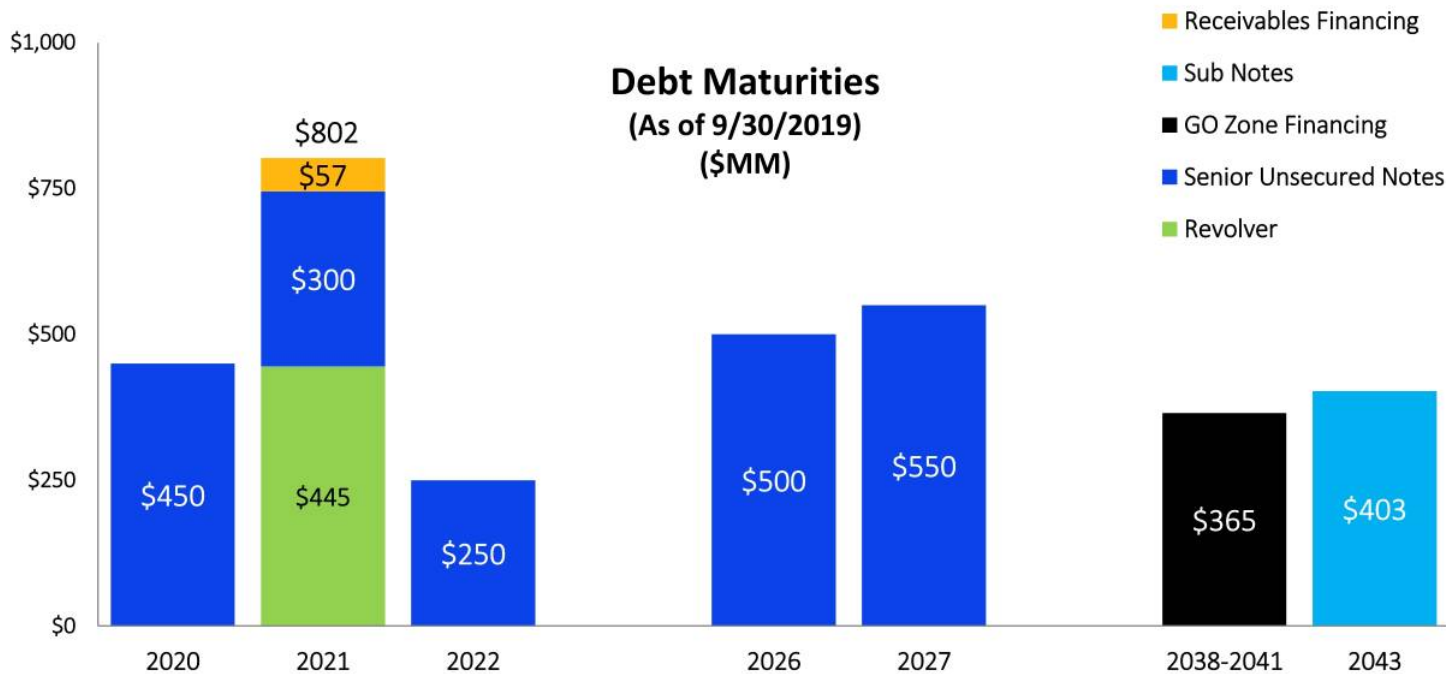
APPENDIX



Debt Maturity Schedule



- ★ We have applied ~\$500MM proceeds from recent dispositions to our revolver balance, which has allowed us to leverage and redeploy capital to invest in low-multiple projects



- ★ In May, we issued \$500MM 6.0% senior unsecured notes that mature in June 2026 – we used a portion of the proceeds to refinance \$350MM 7.65% senior unsecured notes that matured in April 2018
- ★ In September, we extended our revolver maturity date by one year to October 2021

Capital Structure as of September 30, 2019

(\$ in Millions)



\$1.2B Credit Facility	\$445	Series D Preferred Units	\$57
NuStar Logistics Notes (4.80%)	450	Series A, B and C Preferred Units	\$79
NuStar Logistics Notes (4.75%)	250	Common Equity and AOCI	1,034
NuStar Logistics Notes (5.625%)	550	Total Equity¹	2,344
NuStar Logistics Notes (6.00%)	500	Total Capitalization	\$5,714
NuStar Logistics Notes (6.75%)	300		
NuStar Logistics Sub Notes	403		
GO Zone Bonds	365		
Receivables Financing	57		
Finance Lease Liability	59		
Short-term Debt & Other	<u>(12)</u>		
Total Debt	\$3,367		

★ **As of September 30, 2019:**

★ Credit facility availability ~\$750MM

★ Debt-to-EBITDA ratio² 3.96x

1 - Total Equity includes Partners' Equity 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 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 results or results from continuing operations, which may include non-GAAP financial measures, 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 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. 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 of the entity at the entity level. Therefore, EBITDA reflected in the segment reconciliations exclude any allocation of general and administrative expenses consistent with our practice in determining segmental operating income, the most directly comparable GAAP measure.

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 September 30,		Previous Guidance (e)	Current Guidance
	2019	2018	Projected for the Year Ended December 31, 2019	Ended December 31, 2018
Net (loss) income	\$ (181,975)	\$ 228,850	\$ 185,000 - 210,000	\$ (137,000 - 107,000)
Interest expense, net	181,558	187,334	195,000 - 205,000	182,000 - 188,000
Income tax expense	4,599	13,117	5,000 - 10,000	2,000 - 6,000
Depreciation and amortization expense	285,126	294,168	280,000 - 290,000	278,000 - 283,000
EBITDA	289,308	723,469	665,000 - 715,000	325,000 - 373,000
Other income (a)	(3,674)	(81,688)	—	—
Equity awards (b)	12,742	8,026	5,000 - 10,000	10,000 - 15,000
Pro forma effect of disposition (c)	335,995	—	—	300,000 - 300,000
Material project adjustments and other items (d)	95,479	3,424	50,000 - 70,000	60,000 - 70,000
Consolidated EBITDA, as defined in the Revolving Credit Agreement	\$ 729,850	\$ 653,231	\$ 720,000 - 795,000	\$ 695,000 - 768,000
Total consolidated debt	\$ 3,331,040	\$ 3,399,533	\$ 3,550,000 - 3,850,000	\$ 3,250,000 - 3,530,000
NuStar Logistics' floating rate subordinated notes	(402,500)	(402,500)	(402,500)	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,476)	(41,476)	(41,500)	(41,500)
Consolidated Debt, as defined in the Revolving Credit Agreement	\$ 2,887,064	\$ 2,955,557	\$ 3,106,000 - 3,406,000	\$ 2,806,000 - 3,090,000
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	3.96x	4.52x	4.3x	

- (a) Other income is excluded for purposes of calculating Consolidated EBITDA, as defined in the Revolving Credit Agreement.
- (b) This adjustment represents the non-cash expense related to the vestings of equity-based awards with the issuance of our common units.
- (c) For the four quarters ended September 30, 2019, this adjustment represents the pro forma effects of the sales of our European and St. Eustatius operations as if we had completed the sales on October 1, 2018. For the year ended December 31, 2019, this adjustment represents the pro forma effects of the sale of our St. Eustatius operations as if we had completed the sale on January 1, 2019.
- (d) This adjustment represents a percentage of the projected Consolidated EBITDA attributable to any Material Project and other noncash items, as defined in the Revolving Credit Agreement.
- (e) Previous guidance was provided prior to impairment losses associated with long-lived assets and goodwill at the St. Eustatius terminal.

Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of income from continuing operations to EBITDA from continuing operations, DCF from continuing operations and distribution coverage ratio from continuing operations (in thousands of dollars, except ratio data):

	Three Months Ended September 30,	
	2019	2018
Income from continuing operations	\$ 52,588	\$
Interest expense, net	46,902	
Income tax expense	1,090	
Depreciation and amortization expense	68,548	
EBITDA from continuing operations	169,128	
Interest expense, net	(46,902)	
Reliability capital expenditures	(11,838)	
Income tax expense	(1,090)	
Long-term incentive equity awards (a)	3,111	
Preferred unit distributions	(30,423)	
Other items	5,856	
DCF from continuing operations available to common limited partners	\$ 87,842	\$
Distributions applicable to common limited partners	\$ 64,660	\$
Distribution coverage ratio from continuing operations (b)	1.36x	

Continued on following slide.

Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of net (loss) income to EBITDA, DCF and distribution coverage ratio; therefore, the reconciling items include activity from continuing and discontinued operations on a combined basis (in thousands of dollars, except ratio data):

	Previous Guidance	Current Guidance	Projected for the Year Ended Decem
	Projected for the Year Ended December 31, 2019	Projected for the Year Ended December 31, 2019	2020
Net (loss) income	\$ (143,000 - 118,000)	\$ (137,000 - 107,000)	\$ 233,000 - 2
Interest expense, net	195,000 - 205,000	182,000 - 188,000	190,000 - 2
Income tax expense	5,000 - 10,000	2,000 - 6,000	2,000 -
Depreciation and amortization expense	280,000 - 290,000	278,000 - 283,000	290,000 - 3
EBITDA	337,000 - 387,000	325,000 - 370,000	715,000 - 7
Interest expense, net	(195,000) - (205,000)	(182,000) - (188,000)	(190,000) - 20
Reliability capital expenditures	(70,000) - (90,000)	(65,000) - (75,000)	(40,000) - 5
Income tax expense	(5,000) - (10,000)	(2,000) - (6,000)	(2,000) -
Long-term incentive equity awards (a)	5,000 - 10,000	5,000 - 15,000	5,000 -
Preferred unit distributions	(120,000) - (125,000)	(120,000) - (125,000)	(120,000) - 12
Insurance gain adjustment (c)	25,000 - 35,000	18,000	
Impairment losses and loss on sale (d)	328,000	340,000 - 345,000	
Other items	—	10,000 - 15,000	10,000 -
DCF available to common limited partners	\$ 305,000 - 330,000	\$ 329,000 - 369,000	\$ 378,000 - 4
Distributions applicable to common limited partners	\$ 255,000 - 260,000	\$ 255,000 - 260,000	\$ 260,000 - 2
Distribution coverage ratio (b)	1.2x - 1.3x	1.3x - 1.4x	1.4x

- (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) Distribution coverage ratio is calculated by dividing DCF available to common limited partners by distributions applicable to common limited partners.
- (c) Each quarter we add an amount to DCF to offset the amount of reliability capital expenditures incurred related to hurricane damage at the St. Eustatius terminal.
- (d) Represents non-cash impairment losses associated with long-lived assets and goodwill at the St. Eustatius terminal, as well as the loss on the sale of the St. Eustatius terminal in the third quarter of 2019.

Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of income from continuing operations to EBITDA from continuing operations (in thousands of dollars):

	Projected for the Year Ended December 31,	
	2019	2020
Income from continuing operations	\$ 171,000 - 206,000	\$ 233,000
Interest expense, net	182,000 - 188,000	190,000
Income tax expense	2,000 - 6,000	2,000
Depreciation and amortization expense	270,000 - 275,000	290,000
EBITDA from continuing operations	<u>\$ 625,000 - 675,000</u>	<u>\$ 715,000</u>

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	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	June 30, 2019
Operating (loss) income	\$ (3,424)	\$ 1,050	\$ 650	\$ (1,847)	\$ 3,605	\$ 11,546	\$ 10,878	\$ 5,358	\$ 13,543
Plus depreciation and amortization expense	10,227	11,005	13,165	13,477	15,059	15,235	16,589	17,647	17,182
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>	<u>\$ 30,725</u>

