PINNACLE FINANCIAL PARTNERS INC
Form SC 13G/A
February 10, 2011

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 7)*

PINNACLE FINANCIAL PARTNERS

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

72346Q104

(CUSIP Number)

December 31, 2010

(Date of Event which Requires Filing of Statement)

Check the appropriate box to designate the Rule pursuant to which this Schedule is filed:

[x] Rule 13d - 1(b)

Rule 13d - 1(c)

Rule 13d - 1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes.)

(Continued on following page(s)

CUSIP NO. 72346Q104 13G Page 2 of 6 Pages

1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

T. ROWE PRICE ASSOCIATES, INC.
52-0556948

2 Check the Appropriate Box if a Member of a Group* (a) ____
NOT APPLICABLE (b) ____

3 SEC Use Only

4 Citizenship or Place of Organization

MARYLAND

Number of	5 Sole Voting Power	
Shares	** 68,600	
Beneficially	6 Shared Voting Power	
Owned By Each	** -0-	
Reporting	7 Sole Dispositive Power	
Person	** 648,758	
With	8 Shared Dispositive Power	
	-0-	

9 Aggregate Amount Beneficially Owned by Each Reporting Person

648,758

10 Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

NOT APPLICABLE

11 Percent of Class Represented by Amount in Row 9

1.9%

12 Type of Reporting Person*

IA

*SEE INSTRUCTION BEFORE FILLING OUT!
**Any shares reported in Items 5 and 6 are also reported in Item 7.

1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

T. ROWE PRICE SMALL CAP STOCK FUND, INC.
23-1622210

2 Check the Appropriate Box if a Member of a Group* (a) ____
NOT APPLICABLE (b) ____

3 SEC Use Only

4 Citizenship or Place of Organization

Maryland

Number of Shares Beneficially Owned By Each Reporting Person With	5 Sole Voting Power	** 500,000
	6 Shared Voting Power	** NONE
	7 Sole Dispositive Power	** NONE
	8 Shared Dispositive Power	NONE

9 Aggregate Amount Beneficially Owned by Each Reporting Person

500,000

10 Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

NOT APPLICABLE

11 Percent of Class Represented by Amount in Row 9

1.4%

12 Type of Reporting Person*

IV

*SEE INSTRUCTION BEFORE FILLING OUT!

**The aggregate amount reported on this page is also included in the aggregate amount reported by T. Rowe Price Associates, Inc. on page 2 of this Schedule 13G.

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Item 1(a) Name of Issuer:

Reference is made to page 1 of this Schedule 13G

Item 1(b) Address of Issuer's Principal Executive Offices:

150 THIRD AVE SOUTH, STE 900, NASHVILLE, TN 37201

Item 2(a) Name of Person(s) Filing:

(1) T. Rowe Price Associates, Inc. ("Price Associates")

(2) T. Rowe Price Small Cap Stock Fund, Inc.

X Attached as Exhibit A is a copy of an agreement between

the Persons Filing (as specified hereinabove) that this Schedule 13G is being filed on behalf of each of them.

Item 2(b) Address of Principal Business Office:

100 E. Pratt Street, Baltimore, Maryland 21202

Item 2(c) Citizenship or Place of Organization:

(1) Maryland

(2) Maryland

Item 2(d) Title of Class of Securities:

Reference is made to page 1 of this Schedule 13G

Item 2(e) CUSIP Number: 72346Q104

Item 3 The person filing this Schedule 13G is an:

X Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940

X Investment Company registered under Section 8 of the Investment Company Act of 1940

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Item 5 Ownership of Five Percent or Less of a Class.

Not Applicable.

X This statement is being filed to report the fact that, as of the date of this report, the reporting person(s) has (have) ceased to be the beneficial owner of more than five percent of the class of securities.

Item 6 Ownership of More than Five Percent on Behalf of Another Person

(1) Price Associates does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities.

The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which Price Associates serves as investment adviser. Any and all discretionary authority which has been delegated to Price Associates may be revoked in whole or in part at any time.

Except as may be indicated if this is a joint filing with one of the registered investment companies sponsored by Price Associates which it also serves as investment adviser ("T. Rowe Price Funds"), not more

than 5% of the class of such securities is owned by any one client subject to the investment advice of Price Associates.

(2) With respect to securities owned by any one of the T. Rowe Price Funds, only State Street Bank and Trust Company, as custodian for each of such Funds, has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such right, except that the shareholders of each such Fund participate proportionately in any dividends and distributions so paid.

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not Applicable.

Item 8 Identification and Classification of Members of the Group.

Not Applicable.

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Item 9 Notice of Dissolution of Group.

Not Applicable.

Item 10 Certification.

By signing below I (we) certify that, to the best of my (our) knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect. T. Rowe Price Associates, Inc. hereby declares and affirms that the filing of Schedule 13G shall not be construed as an admission that Price Associates is the beneficial owner of the securities referred to, which beneficial ownership is expressly denied.

Signature.

After reasonable inquiry and to the best of my (our) knowledge and belief, I (we) certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2011 Dated: February 14, 2011

T. ROWE PRICE SMALL CAP STOCK FUND, INC. T. ROWE PRICE ASSOCIATES, INC.

By: /s/ David Oestreicher
David Oestreicher,
Vice President

By: /s/ David Oestreicher
David Oestreicher,
Vice President

Note: This Schedule 13G, including all exhibits, must be filed with the Securities and Exchange Commission, and a copy hereof must be sent to the issuer by registered or certified mail not later than February 14th following the calendar year covered by the statement or within the time specified in Rule 13d-1(b)(2), if applicable.

12/31/2010

EXHIBIT A

AGREEMENT

JOINT FILING OF SCHEDULE 13G

T. Rowe Price Associates, Inc. (an investment adviser registered under the Investment Advisers Act of 1940) and T. Rowe Price Small Cap Stock Fund, Inc., a Maryland corporation, hereby agree to file jointly the statement on Schedule 13G to which this Agreement is attached, and any amendments thereto which may be deemed necessary, pursuant to Regulation 13D-G under the Securities Exchange Act of 1934.

It is understood and agreed that each of the parties hereto is responsible for the timely filing of such statement and any amendments thereto, and for the completeness and accuracy of the information concerning such party contained therein, but such party is not responsible for the completeness or accuracy of information concerning the other party unless such party knows or has reason to believe that such information is inaccurate.

It is understood and agreed that a copy of this Agreement shall be attached as an exhibit to the statement on Schedule 13G, and any amendments hereto, filed on behalf of each of the parties hereto.

Dated: February 14, 2011

Dated: February 14, 2011

T. ROWE PRICE SMALL CAP STOCK FUND, INC.

By: /s/ David Oestreicher
David Oestreicher,
Vice President

T. ROWE PRICE ASSOCIATES, INC.

By: /s/ David Oestreicher
David Oestreicher,
Vice President

bsp; 139

EXPERTS

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IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission, which is referred to as the SEC or the Commission, constitutes a proxy statement of NSH under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, with respect to the solicitation of proxies for the special meeting of NSH unitholders (NSH special meeting) to, among other things, vote on the approval of the merger agreement and the merger. This proxy statement/prospectus is also a prospectus of the Partnership under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, for common units that will be issued to NSH unitholders in the merger pursuant to the merger agreement.

As permitted under the rules of the SEC, this proxy statement/prospectus incorporates by reference important business and financial information about the Partnership and NSH from other documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 140. You can obtain any of the documents incorporated by reference into this document from the Partnership or NSH, as the case may be, or from the SEC s website at *http://www.sec.gov*. This information is also available to you without charge upon your request in writing or by telephone from the Partnership or NSH at the following addresses and telephone numbers:

NuStar Energy L.P.	NuStar GP Holdings, LLC
19003 IH-10 West	19003 IH-10 West
Attention: Investor Relations	Attention: Investor Relations
San Antonio, Texas 78257	San Antonio, Texas 78257
Telephone: (210) 918-3507	Telephone: (210) 918-3507

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus.

You may obtain certain of these documents at the Partnership s website, *www.nustarenergy.com*, by selecting Investors and then selecting SEC Filings, and at NSH s website, *www.nustargpholdings.com*, by selecting Investors and then selecting SEC Filings. Information contained on NSH s and the Partnership s websites is expressly not incorporated by reference into this proxy statement/prospectus.

In order to receive timely delivery of the documents in advance of the NSH special meeting, your request should be received no later than , 2018.

The Partnership and NSH have not authorized anyone to give any information or make any representation about the merger, the Partnership and/or NSH that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that have been incorporated by reference into this proxy statement/prospectus. Therefore, if anyone disseminates this type of information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend

to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus, or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. All information in this document concerning the Partnership has been furnished by the Partnership. All information in this document concerning NSH has been furnished by NSH. The Partnership has represented to NSH, and NSH has represented to the Partnership, that the information furnished by and concerning it is true and correct in all material respects.

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DEFINITIONS

The following terms have the meanings set forth below for purposes of this proxy statement/prospectus, unless the context otherwise indicates:

amended and restated partnership agreement means the amended and restated agreement of limited partnership of the Partnership, in the form attached hereto as Annex A, to be entered into in connection with and at the effective time of the merger, as such form may be revised to make the changes that are necessary or advisable in connection with the authorization or issuance of additional equity securities of the Partnership;

acquisition proposal means any proposal or offer from or by any person other than the Partnership, the General Partner, NuStar GP, Riverwalk Holdings or Merger Sub relating to (1) any direct or indirect acquisition of (A) more than 20% of the assets of NSH and its subsidiaries, taken as a whole, (B) more than 20% of the voting power or the outstanding equity securities of NSH or (C) a business or businesses that constitute more than 20% of the cash flow, net revenues, net income or assets of NSH and its subsidiaries, taken as a whole; (2) any tender offer or exchange offer, as defined pursuant to the Exchange Act, that, if consummated, would result in any person beneficially owning more than 20% of the voting power or the outstanding equity securities of NSH; or (3) any direct or indirect merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving NSH or its subsidiaries, other than the merger;

common unitholders means holders of common units;

common units means common units representing limited partner interests in the Partnership;

DCF means distributable cash flow;

Delaware Act means the Delaware Revised Uniform Limited Partnership Act;

EBITDA means earnings before interest, taxes, depreciation and amortization;

effective time means the date and time that the certificate of merger with respect to the merger is filed with the Secretary of State of the State of Delaware, or such later date and time as may be set forth in such certificate of merger;

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder;

General Partner means Riverwalk Logistics, L.P., the general partner of the Partnership;

merger means the merger of Merger Sub with and into NSH, with NSH being the surviving entity as contemplated by the merger agreement;

merger agreement means the Agreement and Plan of Merger, dated as of February 7, 2018, by and among the Partnership, the General Partner, NuStar GP, Merger Sub, NSH and Riverwalk Holdings, as it may be amended from time to time;

merger proposal means the proposal for approval of the merger agreement and the transactions contemplated thereby, including the merger;

Merger Sub means Marshall Merger Sub LLC;

Mr. Greehey means William E. Greehey;

new common units means the common units issued in connection with the conversion of each NSH unit into the right to receive 0.55 of a common unit as consideration for the merger;

NSH means NuStar GP Holdings, LLC;

NSH Board means the Board of Directors of NSH;

NSH Conflicts Committee means the Conflicts Committee of the NSH Board;

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NSH limited liability company agreement means the second amended and restated limited liability company agreement of NSH, as amended;

NSH unaffiliated unitholders means NSH unitholders other than Mr. Greehey, WLG Holdings and any others controlling, controlled by or under common control with NSH;

NSH unit means each outstanding unit representing a limited liability company interest in NSH;

NSH unitholders means holders of NSH units;

NuStar GP means NuStar GP, LLC, the general partner of the General Partner;

NYSE means the New York Stock Exchange;

Partnership means NuStar Energy L.P.;

Partnership acquisition proposal means any proposal or offer from or by any person other than NSH and its subsidiaries relating to (1) any direct or indirect acquisition of (A) more than 50% of the assets of the Partnership and its subsidiaries, taken as a whole, (B) more than 50% of the outstanding equity securities of the Partnership or (C) a business or businesses that constitute more than 50% of the cash flow, net revenues, net income or assets of the Partnership and its subsidiaries, taken as a whole; (2) any tender offer or exchange offer, as defined pursuant to the Exchange Act, that, if consummated, would result in any person beneficially owning more than 50% of the outstanding equity securities of the Partnership; or (3) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Partnership other than the merger; provided, however, that for the avoidance of doubt, an acquisition proposal involving the direct or indirect transfer or acquisition of NSH s interest in NuStar GP, the incentive distribution rights of the Partnership, Riverwalk Holdings and/or the common units held by subsidiaries of NSH shall not constitute a Partnership acquisition proposal;

partnership agreement means either the Sixth Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of November 30, 2017, or the amended and restated partnership agreement, or both, as the context requires;

Partnership Board means the Board of Directors of NuStar GP;

Partnership Conflicts Committee means the Nominating/Governance & Conflicts Committee of NuStar GP;

Riverwalk Holdings means Riverwalk Holdings, LLC, a wholly owned subsidiary of NSH;

SEC or the Commission means the U.S. Securities and Exchange Commission;

Securities Act means the Securities Act of 1933, as amended;

subsidiary shall have the meaning ascribed to such term in Rule 1-02 of Regulation S-X under the Securities Act, except, in the case of NSH, neither the Partnership nor any of its subsidiaries shall be deemed to be a subsidiary of NSH;

support agreement means the support agreement, dated as of February 7, 2018, by and among the Partnership, Merger Sub, WLG Holdings, Mr. Greehey and NSH;

supporting unitholders means, collectively, Mr. Greehey and WLG Holdings;

surviving entity means NSH following the merger; and

WLG Holdings means WLG Holdings, LLC, a Texas limited liability company.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE NSH SPECIAL MEETING

Important Information and Risks. *The following are brief answers to some questions that you may have regarding the proposed merger and the proposals being considered at the NSH special meeting. You should read and consider carefully the remainder of this proxy statement/prospectus, including the Risk Factors beginning on page 21 and the attached Annexes, because the information in this section does not provide all of the information that might be important to you. Additional important information and descriptions of risk factors are also contained in the documents incorporated by reference in this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 140.*

Q: Why am I receiving these materials?

A: The Partnership and NSH have agreed to combine by merging Merger Sub with and into NSH, with NSH surviving. The merger cannot be completed without the approval of the holders of a majority of the outstanding NSH units. The NSH special meeting is being held to obtain this approval. Approval of the merger by the common unitholders is not required. Therefore, the common unitholders are not being asked to approve the merger.

Q: Who is soliciting my proxy?

A: The NSH Board is sending you this proxy statement/prospectus in connection with its solicitation of proxies for use at the NSH special meeting. Certain directors, officers and employees of NSH and its affiliates and Morrow Sodali LLC (a proxy solicitor) may also solicit proxies on NSH s behalf by mail, telephone, fax or other electronic means, or in person.

Q: What are the proposed transactions?

A: The Partnership and NSH have agreed to combine by merging Merger Sub with and into NSH, with NSH surviving, under the terms of the merger agreement. As a result of the merger and the other transactions contemplated by the merger agreement, the Partnership will be the sole member of NSH and NSH will be the sole member of NuStar GP. Additionally, the 10,214,626 common units owned currently by subsidiaries of NSH will be cancelled and cease to exist. The merger agreement provides that each outstanding NSH unit at the effective time of the merger will be converted into the right to receive 0.55 of a common unit.

In addition, pursuant to the merger agreement and the amended and restated partnership agreement, (1) the incentive distribution rights in the Partnership held by the General Partner will be cancelled, (2) the 2.0% general partner interest in the Partnership held by the General Partner will be converted into a non-economic, management interest in the Partnership, and (3) the common unitholders will be provided with voting rights in the election of directors to the Partnership Board. The merger will become effective on the date and at the time that the certificate of merger is filed with the Secretary of State of the State of Delaware, or such later date and time as may be set forth in the certificate of merger.

Q: Why are the Partnership and NSH proposing the merger?

A: The Partnership and NSH believe that the merger will benefit both the common unitholders and the NSH unitholders by combining the Partnership and NSH into a single simplified partnership structure that is better positioned to compete in the marketplace.

Please read The Merger Recommendation of the NSH Conflicts Committee and the NSH Board and Reasons for the Merger and The Merger The Partnership s Reasons for the Merger.

Q: What is the recommendation of the NSH Board?

A: The NSH Board recommends that you vote **FOR** the merger agreement and the transactions contemplated thereby, including the merger.

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On February 7, 2018, the NSH Conflicts Committee unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair and reasonable to, and in the best interests of NSH and the NSH unaffiliated unitholders, approved the merger agreement and the transactions contemplated thereby, including the merger, and recommended that the merger agreement and the transactions contemplated thereby, including the merger, be approved by the NSH Board.

Based on the NSH Conflicts Committee s recommendation and approval and all of the information made available to the NSH Board and upon such other matters as were deemed relevant by the NSH Board, the NSH Board, with Mr. Greehey and Mr. Bradley C. Barron (Mr. Barron) having recused themselves, approved the merger agreement and the transactions contemplated thereby, including the merger, and recommended that the NSH unaffiliated unitholders approve the merger proposal.

Q: What will happen to NSH as a result of the merger?

A: As a result of the merger, Merger Sub will merge with and into NSH, the separate existence of Merger Sub will cease, and NSH will survive and continue to exist, such that, following the merger, the Partnership will be the sole member of NSH and NSH will be the sole member of NuStar GP.

Q: What will NSH unitholders receive in the merger?

A: If the merger is completed, NSH unitholders will be entitled to receive 0.55 of a common unit in exchange for each NSH unit that the NSH unitholder owns. This exchange ratio is fixed and will not be adjusted, regardless of any change in price of either the common units or NSH units prior to completion of the merger. If the exchange ratio would result in an NSH unitholder being entitled to receive a fraction of a common unit, that unitholder will receive cash from the Partnership in lieu of such fractional interest. For additional information regarding exchange procedures, please read The Merger Agreement Exchange of Certificates; Fractional Units.

Q: Where will my NSH units and/or common units trade after the merger?

A: Common units will continue to trade on the NYSE under the symbol NS. NSH units will no longer be publicly traded.

Q: What will common unitholders receive in the merger?

A: Common unitholders will simply retain the common units that they currently own. They will not receive any additional units in the merger.

Q: What happens to my future distributions?

A: Once the merger is completed and NSH units are converted into common units, when distributions to common unitholders are approved and declared by the General Partner and paid by the Partnership, former NSH unitholders are expected to receive distributions paid with respect to the common units they receive in the merger in accordance with the amended and restated partnership agreement.

Assuming that the merger closes during the second quarter of 2018 and after the record date for the distributions with respect to the quarter ended March 31, 2018, NSH unitholders are expected to receive distributions on their NSH units for the quarter ended March 31, 2018, and then, thereafter, are expected to receive distributions paid with respect to the common units they receive in the merger. NSH unitholders who do not also own common units will not receive distributions from both NSH and the Partnership for the same quarter. For additional information, please read Risk Factors Risks Related to the Merger and Related Matters The right of NSH unitholders to distributions will be changed following the merger and Market Prices and Distribution Information.

Current common unitholders will continue to receive distributions on their common units in accordance with the partnership agreement. Distributions are made in accordance with the partnership agreement and at

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the discretion of the General Partner. For a description of the distribution provisions of the partnership agreement, please read Partnership Cash Distribution Policy.

Q: When do you expect the merger to be completed?

A: A number of conditions must be satisfied before the Partnership and NSH can complete the merger, including approval of the merger agreement, the merger and the other transactions contemplated thereby by NSH unitholders holding a majority of the outstanding NSH units. Although the Partnership and NSH cannot predict with certainty when all of the conditions to the merger will be satisfied, the Partnership and NSH expect to complete the merger as soon as practicable following the NSH special meeting (assuming the merger proposal is approved by the NSH unitholders). For additional information, please read The Merger Agreement Conditions to the Merger.

Q: After completion of the merger, will I be able to vote to elect directors to the Partnership Board?

A: Yes, at the effective time of the merger, the amended and restated partnership agreement will be adopted, in the form attached to this proxy statement/prospectus as Annex B, and the First Amended and Restated Limited Liability Company Agreement of NuStar GP, effective as of March 21, 2007, as amended, will be amended and restated in the form attached to this proxy statement/prospectus as Annex C, both of which will provide for the election of directors to the Partnership Board by the common unitholders.

Q: What are the expected U.S. federal income tax consequences of the merger to NSH unitholders?

A: It is anticipated that, in general, no gain or loss should be recognized, for U.S. federal income tax purposes, by NSH unitholders that are U.S. holders (as defined under Material U.S. Federal Income Tax Consequences of the Merger) with respect to the exchange of NSH units for common units pursuant to the merger, other than (1) gain or loss, if any, resulting from any: (A) decrease in an NSH unitholder s share of partnership liabilities pursuant to Section 752 of the Internal Revenue Code of 1986, as amended (the Code); (B) amounts paid to NSH, the Partnership or any of their respective subsidiaries pursuant to certain provisions of the merger agreement; (C) actual or deemed distributions to NSH or NSH unitholders of cash or other property (other than common units); (D) receipt of cash in lieu of fractional common units in the merger; or (E) actual or deemed assumption by the Partnership of any liabilities of NSH or any of its subsidiaries; or (2) to the extent any NSH unitholder s adjusted tax basis in its NSH units is less than its share of NSH s adjusted tax basis in the common units deemed distributed by NSH.

Please read Risk Factors Tax Risks Related to the Merger and Material U.S. Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to U.S. Holders.

Q: What are the expected U.S. federal income tax consequences for an NSH unitholder of the ownership of common units after the merger is completed?

A: Each NSH unitholder who becomes a common unitholder as a result of the merger will be required to report on its U.S. federal income tax return such unitholder s distributive share of the Partnership s income, gains, losses, deductions and credits. In addition to U.S. federal income taxes, such a holder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which the Partnership conducts business or owns property or in which the unitholder is a resident. Please read Material U.S. Federal Income Tax Consequences of Common Unit Ownership.

Q: If I am a holder of NSH units represented by a unit certificate, should I send in my certificates representing NSH units now?

A: No. After the merger is completed, NSH unitholders who hold their NSH units in certificated form will receive written instructions for exchanging their certificates representing NSH units. Please do not send in

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your certificates representing NSH units with your proxy card. If you own NSH units in street name, the merger consideration should be credited by your broker to your account soon after the closing of the merger.

Q: What constitutes a quorum?

A: The holders of a majority of outstanding NSH units represented in person or by proxy at the NSH special meeting will constitute a quorum and will permit NSH to conduct the proposed business at the NSH special meeting. Your NSH units will be counted as present at the NSH special meeting if you:

are present in person at the meeting; or

have submitted a proxy over the internet, by phone or by mail.

Proxies received but marked as abstentions will be counted as NSH units that are represented by proxy at the NSH special meeting for purposes of determining the presence of a quorum and will have the same effect as a vote against the merger proposal. In addition, if you hold your NSH units in street name through a broker or other nominee, your broker or other nominee cannot vote your NSH units in the absence of specific instructions from you on how to vote your NSH units. Because your broker or other nominee cannot vote at the NSH special meeting without your voting instructions, failure to provide those instructions will result in your NSH units not being counted as present at the NSH special meeting.

Q: What is the vote required of NSH unitholders to approve the merger agreement and the merger?

A: Under NSH s limited liability company agreement, the affirmative vote of the holders of at least a majority of outstanding NSH units is required to approve the merger proposal. Failures to vote and abstentions will have the same effect as a vote against the merger proposal for purposes of the unitholder vote required under the NSH limited liability company agreement. Pursuant to a support agreement, the supporting unitholders, owning 21.4% of the outstanding NSH units, have agreed to vote their NSH units in favor of the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger.

Q: Are NSH unitholders entitled to appraisal rights?

A: No. NSH unitholders do not have appraisal rights under applicable law or contractual appraisal rights under the NSH limited liability company agreement or the merger agreement.

Q: How do I vote my NSH units if I hold my NSH units in my own name?

A:

You may submit your proxy over the internet, by phone or by mail. If you submit your proxy by telephone or over the internet or by returning a signed proxy card by mail, your NSH units will be voted as you indicate. If you sign your proxy card without indicating your vote, your NSH units will be voted in accordance with the recommendations of the NSH Board. If you attend the NSH special meeting and plan to vote in person, NSH will provide you with a ballot at the meeting. If your NSH units are registered directly in your name, you are considered the unitholder of record and you have the right to vote the NSH units in person at the meeting. If your NSH units are held in the name of your broker or other nominee, you are considered the beneficial owner of the NSH units held in street name. As a beneficial owner, if you wish to vote at the meeting, you will need to present valid photo identification and a legal proxy from the unitholder of record (*e.g.*, your broker) authorizing you to vote the NSH units. For more information, please read The NSH Special Meeting Submission and Voting Procedures Submission and Voting by NSH Unitholders beginning on page 28.

Q: If my NSH units are held in street name by my broker or other nominee, will my broker or other nominee vote my NSH units for me?

A: No. Your broker cannot vote your NSH units held in street name for or against the merger proposal unless you instruct the broker or other nominee how you wish to vote. To instruct your broker or other nominee

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how to vote your NSH units, you should follow the directions that your broker or other nominee provides to you. Please note that you may not vote your NSH units held in street name by returning a proxy card by mail or by voting in person at the NSH special meeting unless you provide a legal proxy, which you must obtain from your broker or other nominee. If you do not instruct your broker or other nominee how to vote your NSH units, your broker or other nominee may not vote your NSH units, which will have the same effect as a vote against the merger proposal for purposes of the vote required under the NSH limited liability company agreement. You should, therefore, provide your broker or other nominee with instructions as to how to vote your NSH units.

Q: What if I do not vote?

A: If you do not submit your proxy or if you abstain from voting, it will have the same effect as a vote against the merger proposal for purposes of the vote required under the NSH limited liability company agreement. If you sign and return your proxy card, or submit your proxy by telephone or the internet, but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger proposal.

Q: Who can attend and vote at the NSH special meeting?

A: All NSH unitholders of record as of the close of business on , 2018, the record date for the NSH special meeting, are entitled to receive notice of and vote at the NSH special meeting.

Q: When and where is the NSH special meeting?

A: The NSH special meeting will be held on , 2018, at , local time, at NSH s principal executive offices located at 19003 IH-10 West, San Antonio, Texas 78257.

Q: If I am planning on attending the NSH special meeting in person, should I still submit my proxy?

A: Yes. Whether or not you plan to attend the NSH special meeting, you should submit your proxy. Your NSH units will not be voted if you do not submit your proxy over the internet, by phone or by mail or if you do not vote in person at the NSH special meeting to be held on , 2018. This would have the same effect as a vote against the merger proposal for purposes of the vote required under the NSH limited liability company agreement.

Q: Can I change my vote after I have voted by proxy?

A: You may revoke a proxy at any time before voting is closed at the NSH special meeting by:

submitting a written revocation to the Corporate Secretary of NSH at the address indicated on the cover page of this proxy statement/prospectus that is received by the Corporate Secretary by 11:59 p.m. Eastern Time on , 2018;

submitting your valid, signed and later-dated proxy by mail that is received by 11:59 p.m. Eastern Time on , 2018;

submitting your valid proxy by telephone or over the internet by 11:59 p.m. Eastern Time on , 2018; or

voting in person at the NSH special meeting by presenting a valid photo identification and a legal proxy. However, if the NSH special meeting is adjourned to solicit additional proxies, the time by which a proxy may be revoked may be extended. If instructions to the contrary are not given, NSH units will be voted as indicated on the proxy and your presence without voting at the meeting will not automatically revoke your proxy.

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Q: What should I do if I receive more than one set of voting materials for the NSH special meeting?

A: You may receive more than one set of voting materials for the NSH special meeting and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold NSH units. If you are a holder of record of NSH units registered in more than one name, you will receive more than one proxy card. Please complete and submit each proxy card and voting instruction card that you receive according to the instructions on it.

Q: Whom do I call if I have further questions about voting, the meeting or the merger?

A: NSH unitholders may call NSH s Investor Relations department at (210) 918-3507 for additional copies, without charge, of this proxy statement/prospectus or for questions about the merger, including the procedures for voting NSH units. Certain directors, officers and employees of NSH and its affiliates and Morrow Sodali LLC (a proxy solicitor) may also solicit proxies on NSH s behalf by mail, telephone, fax or other electronic means, or in person.

Morrow Sodali LLC

470 West Avenue, 3rd Floor

Stamford, Connecticut 06902

Unitholders call toll-free: (800) 662-5200

Banks and Brokerage Firms, please call (203) 658-9400

Email: *NSH.info@Morrowsodali.com*

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SUMMARY

This summary highlights some of the information in this proxy statement/prospectus. It may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this document, the documents incorporated by reference and the Annexes to this document, including the full text of the merger agreement and the form of the amended and restated partnership agreement included as Annex A and Annex B, respectively. Please also read Where You Can Find More Information.

The Parties to the Merger (page 94)

NuStar Energy L.P.

The Partnership, a Delaware limited partnership, was formed in 1999. The common units are traded on the NYSE under the symbol NS. The Partnership is engaged in the transportation of petroleum products and anhydrous ammonia and the terminalling, storage and marketing of petroleum products.

The Partnership s principal executive offices are located at 19003 IH-10 West, San Antonio, Texas 78257, and its phone number is (210) 918-2000.

NuStar GP Holdings, LLC

NSH, a Delaware limited liability company, was formed in 2000. NSH units are listed on the NYSE under the ticker symbol NSH. NSH has no operations or sources of income or cash flows other than its ownership interests in the Partnership.

NSH s principal executive offices are located at 19003 IH-10 West, San Antonio, Texas 78257, and its phone number is (210) 918-2000.

Marshall Merger Sub LLC

Merger Sub, a Delaware limited liability company and a wholly owned subsidiary of the Partnership, was formed solely for the purpose of facilitating the merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the merger, Merger Sub will merge with and into NSH, with Merger Sub ceasing to exist.

Merger Sub s principal executive offices are located at c/o NuStar Energy L.P., 19003 IH-10 West, San Antonio, Texas 78257, and its phone number is (210) 918-2000.

Relationship of the Partnership and NSH

NSH and the Partnership are closely related. NSH s subsidiaries own (1) 10,214,626 common units, constituting approximately 11% of the common units outstanding, (2) the 2.0% general partner interest in the Partnership, and (3) 100% of the incentive distributions rights issued by the Partnership, which entitle NSH to receive increasing percentages of the cash distributed by the Partnership, up to a maximum percentage of 23%.

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The following table summarizes the cash NSH received for the years ended December 31, 2015, 2016 and 2017 as a result of its indirect ownership of partnership interests in the Partnership (in thousands):

	Year Ended December 31,		
	2015	2016	2017
Common units	$ 45,073	$ 44,699	$ 44,740
General partner interest (2.0%)	7,844	7,877	9,252
Incentive distribution rights	43,220	43,407	45,669

Moreover, all executive officers of NSH are executive officers of NuStar GP and two directors of NSH are also directors of NuStar GP. For information about the common executive officers and directors of NuStar GP and NSH and the resulting interests of NSH directors and officers in the merger, please read Interests of Certain Persons in the Merger.

Structure of the Merger (page 63)

Pursuant to the merger agreement, at the effective time, Merger Sub will merge with and into NSH, and each outstanding NSH unit will be converted into the right to receive 0.55 of a common unit. This merger consideration represented a premium of approximately 1.7% based on the closing prices of the common units and of NSH units on February 7, 2018, the last trading day before the public announcement of the proposed merger.

If the exchange ratio would result in an NSH unitholder being entitled to receive a fraction of a common unit, that unitholder will receive cash from the Partnership in lieu of such fractional interest in an amount equal to such fractional interest multiplied by the average of the volume weighted average price of the common units on each of the five consecutive trading days ending on the trading day that is two trading days prior to the day the merger closes.

Once the merger is completed and NSH units are converted into the right to receive common units (and cash in lieu of fractional units, if applicable), when distributions on common units are declared by the General Partner and paid by the Partnership, former NSH unitholders will receive distributions on their common units in accordance with the partnership agreement. For a description of the distribution provisions of the partnership agreement, please read Partnership Cash Distribution Policy.

Transactions Related to the Merger (page 61)

Amended and Restated Agreement of Limited Partnership of the Partnership

At the effective time, the Partnership s existing partnership agreement will be amended and restated. Under the amended and restated partnership agreement, the incentive distribution rights in the Partnership held by the General Partner will be cancelled, the 2.0% general partner interest in the Partnership held by the General Partner will be converted into a non-economic, management interest and the common unitholders will be provided with voting rights for the election of directors to the Partnership Board.

Support Agreement

In connection with the merger agreement, the Partnership entered into the support agreement pursuant to which the supporting unitholders (including Mr. Greehey), owners of an aggregate 9,178,320 NSH units, agreed to vote their NSH units (1) in favor of the approval and adoption of the merger agreement and the transactions contemplated

thereby, including the merger, and any other action required or desirable in furtherance thereof submitted for the vote or written consent of NSH unitholders, (2) against any acquisition proposal and (3) against any action, agreement or transaction that would reasonably be expected to impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the other transactions contemplated by the merger agreement.

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The support agreement will terminate automatically upon the earliest to occur of (1) the effective time; (2) the termination of the merger agreement in accordance with its terms, other than as a result of a breach by a supporting unitholder of the terms of the support agreement; or (3) the written agreement of each supporting unitholder and the Partnership to terminate the support agreement.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, a copy of which is attached as Annex D to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

Second Amended and Restated Limited Liability Company Agreement of NuStar GP

At the effective time, the limited liability company agreement of NuStar GP will be amended and restated. Under the second amended and restated limited liability company agreement of NuStar GP (NuStar GP amended and restated company agreement), the Partnership Board will be elected in accordance with the amended and restated partnership agreement.

Directors and Executive Officers of NuStar GP (page 101)

NuStar GP, by virtue of being the general partner of the General Partner, will continue to manage the Partnership after the merger. The NuStar GP management team will continue in their current roles and will manage NuStar GP following the merger. After the effective time, the Partnership Board will consist of nine members, six of whom will be the current members of the Partnership Board and three of whom will be the three current members of the NSH Conflicts Committee.

The NSH Special Meeting (page 27)

Where and when: The NSH special meeting will take place at NSH s principal executive offices located at 19003 IH-10 West, San Antonio, Texas 78257 on , 2018 at , local time.

What you are being asked to vote on: At the NSH special meeting, NSH unitholders will vote on the approval of the merger agreement and the transactions contemplated thereby, including the merger. NSH unitholders also may be asked to consider other matters as may properly come before the meeting. At this time, NSH knows of no other matters that will be presented for the consideration of its unitholders at the meeting.

Who may vote: You may vote at the NSH special meeting if you owned NSH units at the close of business on the record date, , 2018. On that date, there were NSH units outstanding. You may cast one vote for each outstanding NSH unit that you owned on the record date.

What vote is needed: The affirmative vote of the holders of a majority of outstanding NSH units is required to approve the merger agreement and the transactions contemplated thereby, including the merger.

The directors and executive officers of NSH beneficially own and are entitled to vote, in the aggregate, NSH units, representing approximately % of the outstanding NSH units as of the close of business on the record date. The directors and executive officers of NSH have informed NSH that they currently intend to vote all such NSH units **FOR** the adoption of the merger proposal.

Recommendation to NSH Unaffiliated Unitholders (page 39)

The NSH Board delegated authority to the NSH Conflicts Committee to negotiate the terms and conditions of the merger, subject to final approval by the NSH Board. The NSH Conflicts Committee unanimously

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determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby were advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders. Accordingly, the NSH Conflicts Committee recommended that the NSH Board approve the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby. Based on the NSH Conflicts Committee s determination and recommendation and all of the information made available to the NSH Board and upon other relevant factors, the NSH Board (other than Messrs. Greehey and Barron, who were not in attendance and recused themselves) unanimously approved and declared the advisability of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby. The NSH Board also recommended that the NSH unaffiliated unitholders vote FOR the merger proposal.

The NSH Conflicts Committee engaged independent legal counsel and a financial advisor to assist it in its negotiations with the Partnership Conflicts Committee. NSH unitholders are urged to carefully review the background and reasons for the merger described under The Merger and the risks associated with the merger described under Risk Factors.

NSH s Reasons for the Merger (page 39)

The NSH Conflicts Committee considered many factors in determining the merger agreement and the transactions contemplated thereby to be advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders and recommending the approval of the merger agreement and the consummation of the transactions contemplated thereby to the NSH Board. The NSH Conflicts Committee considered the following factors, among others described in greater detail under The Merger Recommendation of the NSH Conflicts Committee and the NSH Board and Reasons for the Merger, as being generally positive or favorable to the approval and adoption of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby:

- the NSH unitholders will receive common units representing limited partner interests in the Partnership and will participate in the long-term expected benefits of the operations of the combined entity, through the Partnership, including with respect to the following:
  - any future common unit price appreciation and/or distribution increases;
  - after the merger, the Partnership will no longer have any incentive distribution rights, and, as a result, the Partnership s long-term cost of capital will be reduced;
  - the enhancement of the Partnership s cash accretion through its ability to compete for new acquisitions and finance organic growth projects as a result of its reduced long-term cost of capital; and
  - allowing the Partnership to maintain its competitive position when pursuing growth opportunities by increasing access to the equity markets, while simultaneously decreasing the need to access the equity markets;

the common units have substantially more liquidity than NSH units because of the common units larger average daily trading volume, and the Partnership is a significantly larger entity with a broader investor base and a larger public float, along with less volatility in the trading market for the common units;

the NSH unitholders are receiving as consideration units in a public, non-controlled, widely held entity and, accordingly, will have an ongoing opportunity to receive a control premium in the future;

NSH unitholders, as common unitholders after the effective time, will be entitled to participate in the election of all of the directors of the Partnership Board;

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the financial analysis reviewed and discussed with the NSH Conflicts Committee by representatives of Robert W. Baird & Co. Incorporated (Baird), as well as the oral opinion of Baird rendered to the NSH Conflicts Committee on February 7, 2018 (which was subsequently confirmed in writing by delivery of Baird s written opinion dated the same date) to the effect that, as of the date of such opinion and based upon and subject to the various assumptions, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the NSH unaffiliated unitholders was fair, from a financial point of view, to such unitholders; and

the favorable benefits of a streamlined organizational structure, capital structure and governance structure, including enhanced transparency for investors, greater tax simplicity, simplified future credit relationships and clearer responsibilities and duties of the Partnership to various stakeholders.

The NSH Conflicts Committee considered the following factors, among others described in greater detail under The Merger Recommendation of the NSH Conflicts Committee and the NSH Board and Reasons for the Merger, that weighed against approval and adoption of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby:

the possibility that NSH unitholders could be foregoing appreciation principally associated with the incentive distribution rights, which might be realized either in the form of increased distributions or appreciation in unit value if the business of the Partnership performs materially better than anticipated and the Partnership were to then increase its distribution to levels substantially higher than anticipated;

the risk that the merger may not be completed in a timely manner or that the merger might not be consummated as a result of a failure to satisfy the conditions contained in the merger agreement, including the failure to receive NSH unitholder approval;

the potential adverse effects on NSH s financial condition if the merger is not completed following public announcement of the execution of the merger agreement;

the number of common units to be received by the NSH unitholders is fixed and the common unit price could decline relative to the NSH unit price prior to closing, which would reduce the premium available to NSH unitholders, and any such decrease in value will not be limited by any collar arrangement;

the limitations on NSH soliciting other offers and considering unsolicited offers from third parties not affiliated with the Partnership;

the risk that potential benefits sought in the merger might not be fully realized; and

the elimination of certain control rights that NSH currently possesses with respect to the Partnership.

Overall, the NSH Conflicts Committee believed that the advantages of the merger outweighed the negative factors it considered.

Opinion of NSH Conflicts Committee s Financial Advisor (page 48)

The NSH Conflicts Committee retained Baird as its financial advisor in connection with the merger and with respect to the provision of an opinion to the NSH Conflicts Committee as to the fairness, from a financial point of view, to the NSH unaffiliated unitholders of the number of common units issuable for each NSH unit (the Consideration) to be received by such unitholders in the merger. At the meeting of the NSH Conflicts Committee held on February 7, 2018, Baird rendered its oral opinion to the NSH Conflicts Committee, subsequently confirmed by delivery of a written opinion dated February 7, 2018, to the effect that, as of such date and based upon and subject to the various assumptions, qualifications and limitations set forth in Baird s opinion, the Consideration to be received by the NSH unaffiliated unitholders was fair, from a financial point of view, to such unitholders.

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The full text of the written opinion of Baird is attached hereto as Annex E and is incorporated by reference in its entirety into this proxy statement/prospectus. The opinion sets forth, among other things, the assumptions made, specified work performed, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Baird in rendering its opinion. You are encouraged to read Baird s opinion carefully and in its entirety.

Baird s opinion was prepared at the request, and provided for the information, of the members of the NSH Conflicts Committee (solely in their capacity as such), in connection with their evaluation of the merger and addresses only the fairness, from a financial point of view, to the NSH unaffiliated unitholders of the Consideration to be received by such unitholders. Baird was not asked to express, and in its opinion does not express, any opinion with respect to any of the other financial or non-financial terms, conditions, determinations or actions with respect to the merger. Baird s opinion also does not address the relative merits or risks of: (1) the merger, the merger agreement or any other agreements or other matters provided for, or contemplated by, the merger, the merger agreement, or any tax strategy implemented or contemplated pursuant to the merger; (2) any other transactions that may be or might have been available as an alternative to the merger; or (3) the merger compared to any other potential alternative transactions or business strategies considered by NSH, the Partnership, the NSH Conflicts Committee or the NSH Board, and, accordingly, Baird has relied upon its discussions with the management of NSH and the Partnership with respect to the availability and consequences of any alternatives to the merger. Baird was not engaged or asked to provide, and has not provided, any advice concerning the advisability of entering into the merger. Baird s opinion does not constitute a recommendation to the NSH Conflicts Committee, the NSH Board or any other person as to how any such person should act with respect to the merger. The summary of the Baird opinion set forth herein is qualified in its entirety by reference to the full text of the opinion included as Annex E.

Interests of Certain Persons in the Merger (page 97)

NSH s directors and executive officers have interests in the merger that may be different from, or be in addition to, your interests as an NSH unitholder, including:

- All of the executive officers and directors of NSH currently own NSH units and will be receiving common units in exchange for those NSH units as a result of the merger. NSH units held by directors and executive officers will be converted into the right to receive common units at a ratio of 0.55 of a common unit per NSH unit, which is the same as the ratio applicable to all other NSH unitholders. In addition, certain of NSH s directors and all of NSH s executive officers currently own common units.

- All of the directors and executive officers of NSH will receive continued indemnification for their actions as directors and executive officers.

- Each of the outstanding NSH restricted units held by NSH s directors and executive officers pursuant to NSH s long-term incentive plan will be converted into 0.55 of a restricted common unit under the Partnership s long-term incentive plan and will continue to be subject to the terms and conditions of the NSH long-term incentive plan.

The executive officers who prepared projections with respect to the Partnership s and NSH s future financial and operating performance on a stand-alone basis and on a combined basis (1) are officers of each of NSH and NuStar GP, (2) hold the same positions at each entity, and (3) own both NSH units and common units.

Each of the directors and executive officers of NSH entered into a Change of Control Waiver Agreement with respect to certain awards, grants or benefits such that the merger would not be deemed to cause a change of control, as such term is defined in the applicable plan or agreement and the directors and executive officers would not receive the payments or benefits to which they otherwise may have been entitled.

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NuStar GP, by virtue of being the general partner of the General Partner, will continue to manage the Partnership after the merger. The NuStar GP management team will continue in their current roles and will manage NuStar GP following the merger. After the effective time, the Partnership Board will consist of nine members, six of whom will be the existing members of the Partnership Board and three of whom will be the three existing members of the NSH Conflicts Committee.

Please see Interests of Certain Persons in the Merger beginning on page 97.

The Merger Agreement (page 63)

The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this document. You are encouraged to read the merger agreement because it is the legal document that governs the merger.

What Needs to be Done to Complete the Merger

The respective obligations of the parties to complete the merger are subject to the satisfaction or waiver, on or prior to the closing of the merger, of the following conditions:

- the approval of the merger agreement and the transactions contemplated thereby, including the merger, by the affirmative vote of holders of a majority of the outstanding NSH units;
- the effectiveness of, and absence of an initiated or threatened stop order with respect to, the registration statement on Form S-4 filed by the Partnership in respect of the common units to be issued in the merger, of which this proxy statement/prospectus forms a part;
- the absence of any order, decree or injunction of any court or agency or law that enjoins, prohibits or makes illegal any of the transactions contemplated by the merger agreement, and the absence of any action, proceeding or investigation by any regulatory authority regarding the merger or any of the transactions contemplated by the merger agreement; and
- the receipt by the Partnership of an opinion from Sidley Austin LLP, counsel to the Partnership (Sidley Austin), or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH, as to certain tax matters relating to the Partnership s qualifying income and partnership status.

The obligations of NSH to complete the merger are further subject to the satisfaction or waiver, on or prior to the closing of the merger, of each of the following conditions:

- the representations and warranties of the Partnership must, both on the date of the merger agreement and at the closing of the merger, be true and correct except to the extent that the failure to be true and correct would not cause a material adverse effect on the Partnership and its subsidiaries, taken as a whole;

the performance, in all material respects, by the Partnership of its obligations under the merger agreement on or prior to the closing date;

the receipt by NSH of a certificate signed by the Chief Executive Officer of NuStar GP to the effect that the conditions set forth in the two bullet points above have been satisfied;

the receipt by NSH of an opinion from Wachtell, Lipton, Rosen & Katz, legal counsel to the NSH Conflicts Committee (Wachtell Lipton), or another nationally recognized tax counsel reasonably acceptable to NSH, as to certain tax matters relating to the U.S. federal income tax consequences of the merger;

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the approval, upon official notice of issuance, of the listing on the NYSE of the new common units to be issued in the merger; and

there shall not have occurred a material adverse effect with respect to the Partnership between the date of the merger agreement and the closing date.

The obligations of the Partnership and Merger Sub to complete the merger are further subject to the satisfaction or waiver, on or prior to the closing of the merger, of each of the following conditions:

the representations and warranties of NSH must, both on the date of the merger agreement and at the closing of the merger, be true and correct except to the extent that the failure to be true and correct would not cause a material adverse effect on NSH;

the performance, in all material respects, by NSH of its obligations under the merger agreement on or prior to the closing date;

the receipt by the Partnership of a certificate signed by the Chief Executive Officer of NSH to the effect that the conditions set forth in the two bullet points above have been satisfied;

the receipt by the Partnership of an opinion from Sidley Austin, or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH, as to certain tax matters relating to the U.S. federal income tax consequences of the merger;

the NuStar GP amended and restated company agreement shall have been executed and made effective; and

there shall not have occurred a material adverse effect with respect to NSH between the date of the merger agreement and the closing date.

For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, please see The Merger Agreement Conditions to the Merger beginning on page 75.

No Solicitation

The merger agreement provides that none of NSH and its subsidiaries shall, and NSH shall cause its subsidiaries and shall use its commercially reasonable best efforts to cause its subsidiaries representatives not to, directly or indirectly:

knowingly initiate, solicit, or encourage or facilitate any inquiries, proposals or offers with respect to, or the submission of any acquisition proposal or a proposal or offer relating to the acquisition of all or a portion of the 2.0% general partner interest or the incentive distribution rights; or

knowingly engage, participate in, encourage or facilitate any discussions or negotiations regarding, or knowingly furnish or make available or cause to be furnished or made available to any person any non-public information or data relating to NSH, the Partnership or its subsidiaries in connection with any acquisition proposal or a proposal or offer relating to the acquisition of all or a portion of the 2.0% general partner interest or the incentive distribution rights.

Notwithstanding the foregoing, if NSH receives a bona fide written acquisition proposal and (1) the NSH Board, after consultation with its outside legal counsel and financial advisors, determines in good faith: (A) that such acquisition proposal constitutes or is reasonably likely to result in a superior proposal, and (B) that failure to take such action would be inconsistent with its fiduciary duties under applicable law, as modified by the NSH limited liability company agreement, and (2) prior to furnishing any non-public information to such third party, NSH: (i) required such third party to execute a confidentiality agreement, (ii) furnished a copy of such

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confidentiality agreement to the Partnership and (iii) notified the Partnership of the identity of such third party, NSH may, prior to obtaining NSH unitholder approval of the merger agreement:

- furnish any information to, including information pertaining to the Partnership and its subsidiaries; and
- enter into or participate in discussions or negotiations with any Person that makes an unsolicited bona fide written acquisition proposal that did not result from an intentional and material breach of the merger agreement.

For a more complete summary of the no solicitation provisions of the merger agreement, please see The Merger Agreement Covenants Acquisition Proposals; Change in Recommendation beginning on page 70.

Change in Recommendation

Subject to certain exceptions described in the section entitled The Merger Agreement Covenants Acquisition Proposals; Change in Recommendation beginning on page 70, and without prejudice to NSH s right to terminate the merger agreement in order to accept a superior proposal, the NSH Board may not:

- withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify in a manner adverse to the Partnership, its recommendation to the NSH unitholders;
- approve or recommend, or publicly propose to approve or recommend, any acquisition proposal;
- fail to include the NSH recommendation in the proxy statement;
- if any acquisition proposal has been made public, fail to issue a press release recommending against such acquisition proposal and reaffirming NSH s recommendation, if requested by the Partnership;
- resolve, publicly propose or agree to do any of the foregoing; or
- except for a confidentiality agreement, approve, adopt or recommend, or publicly propose to approve, adopt or recommend, or allow NSH or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar contract or any tender or exchange offer providing for, with respect to, or in connection with, any acquisition proposal.

However, at any time before the NSH unitholder approval of the merger agreement is obtained, the NSH Board may terminate the merger agreement in order to accept a superior proposal or make an NSH change in recommendation (x) following receipt of an acquisition proposal that did not result from an intentional and material breach of the merger agreement and that the NSH Board has concluded in good faith, after consultation with its outside legal

counsel and financial advisors, constitutes a superior proposal or (y) solely in response to an intervening event, and in each case referred to in clauses (x) and (y) above, the NSH Board has concluded in good faith, after consultation with its outside legal counsel and financial advisors, that failure to make a change in its recommendation would be inconsistent with its fiduciary duties under applicable law, as modified by the NSH limited liability company agreement.

The NSH Board will not be entitled to change its recommendation until after three business days following the Partnership s, the Partnership Board s and the Partnership Conflicts Committee s receipt of written notice from NSH advising that the NSH Board intends to take such action and the reasons for doing so, including all information required under the merger agreement. After providing such notice and prior to effecting such change in recommendation:

NSH must, if requested by the Partnership, be available to meet and engage in good faith negotiations, during such three business day period, with the Partnership and its representatives to modify the merger agreement; and

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in determining whether to make a change in recommendation, the NSH Board must take into account any agreed-on modifications to the merger agreement.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time in any of the following ways:

by mutual written consent of the Partnership and NSH;

by either the Partnership or NSH upon written notice to the other if:

the merger is not completed on or before August 8, 2018, unless the failure of the closing to occur by this date is primarily due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligation under the merger agreement or a material breach of the merger agreement by such party;

any regulatory authority has issued a final and nonappealable statute, rule, order, decree or regulation or taken any other action that permanently restrains, enjoins, makes illegal or prohibits the consummation of the merger or any of the merger transactions; *provided,* that the terminating party is not in breach of its obligation to use its reasonable efforts to complete the merger promptly;

NSH fails to obtain the NSH unitholder approval at the NSH special meeting, subject to certain limitations;

there has been a breach of or any inaccuracy in any of the representations or warranties of any of the other parties set forth in the merger agreement under certain circumstances; or

there has been a breach of any of the covenants or agreements of any of the other parties set forth in the merger agreement under certain circumstances;

by the Partnership if NSH has materially and intentionally breached certain non-solicitation covenants or the NSH Board has changed its recommendation to the NSH unitholders in accordance with the merger agreement; or

by NSH in order to accept a superior proposal if NSH has not intentionally and materially breached certain non-solicitation covenants, NSH has paid a termination fee in accordance with the merger agreement and substantially concurrently therewith, and in any event within the same day of such termination, NSH enters into a definitive agreement in connection with such superior proposal.

Material U.S. Federal Income Tax Consequences of the Merger (page 115)

Tax matters associated with the merger are complicated. The U.S. federal income tax consequences of the merger to an NSH unitholder will depend, in part, on such unitholder s particular circumstances. The tax discussions in this proxy statement/prospectus are limited to the U.S. federal income tax consequences generally applicable to U.S. holders that hold their NSH units as capital assets and acquired their NSH units in exchange for cash, and these discussions have only limited application to other unitholders, including those subject to special rules under the U.S. federal income tax laws. NSH unitholders are urged to consult their tax advisors for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger that will be applicable to them.

For U.S. federal income tax purposes, the merger is intended to qualify as a merger of NSH and the Partnership within the meaning of Treasury regulations promulgated under Section 708 of the Code, with the Partnership treated as the continuing partnership and NSH as the terminated partnership for U.S. federal income tax purposes following the merger.

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It is a condition to NSH s obligation to complete the merger that it receive a written opinion from Wachtell Lipton (or another nationally recognized tax counsel reasonably acceptable to NSH) to the effect that no gain or loss should be recognized, for U.S. federal income tax purposes, by NSH unitholders that are United States persons for U.S. federal income tax purposes with respect to the exchange of NSH units for common units pursuant to the merger, other than gain or loss, if any, resulting from any (1) decrease in an NSH unitholder s share of partnership liabilities pursuant to Section 752 of the Code, (2) amounts paid to NSH, the Partnership or any of their respective subsidiaries pursuant to certain provisions of the merger agreement, (3) actual or deemed distributions to NSH or NSH unitholders of cash or other property (other than common units), (4) receipt of cash in lieu of fractional common units in the merger, or (5) actual or deemed assumption by the Partnership of any liabilities of NSH or any of its subsidiaries. The opinion may be subject to customary limitations and exceptions, including that it will not apply to any NSH unitholder whose tax basis in its NSH units is less than its share of NSH s tax basis (including basis resulting from Section 743 adjustments) in common units deemed distributed by NSH.

It is a condition to the Partnership s obligation to effect the merger that it receive a written opinion from Sidley Austin (or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH) to the effect that no gain or loss should be recognized by existing unaffiliated common unitholders as a result of the merger, other than gain, if any, resulting from any (1) decrease in partnership liabilities pursuant to Section 752 of the Code, or (2) amounts paid to or on behalf of the Partnership by any other person pursuant to certain provisions of the merger agreement. In addition, it is a condition to each party s obligation to complete the merger that the Partnership receive a written opinion from Sidley Austin (or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH) to the effect that (1) at least 90% of the current gross income of the Partnership constitutes qualifying income within the meaning of Section 7704(d) of the Code and the Partnership is treated as a partnership for U.S. federal income tax purposes pursuant to Section 7704(c) of the Code, and (2) the adoption of the amended and restated partnership agreement, the merger, and the transactions contemplated by the merger agreement will not cause the Partnership to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

Accordingly, U.S. holders of NSH units generally are not expected to recognize gain or loss, for U.S. federal income tax purposes, with respect to the exchange of NSH units for common units pursuant to the merger, other than (1) gain or loss, if any, resulting from any (A) decrease in an NSH unitholder s share of partnership liabilities pursuant to Section 752 of the Code, (B) amounts paid to NSH, the Partnership or any of their respective subsidiaries pursuant to certain provisions of the merger agreement, (C) actual or deemed distributions to NSH or NSH unitholders of cash or other property (other than common units), (D) receipt of cash in lieu of fractional common units in the merger, or (E) actual or deemed assumption by the Partnership of any liabilities of NSH or any of its subsidiaries, or (2) to the extent any NSH unitholder s adjusted tax basis in its NSH units is less than its share of NSH s adjusted tax basis in the common units deemed distributed by NSH.

These opinions will be based on representations made by NSH, the Partnership and others and on customary factual assumptions, as well as certain covenants and undertakings. Opinions of counsel are subject to certain limitations and are not binding on the Internal Revenue Service or any court. NSH and the Partnership have not sought and do not intend to seek any rulings from the IRS regarding any matters relating to the merger.

NSH unitholders should read the section entitled Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of the U.S. federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences to a particular holder will depend on such holder s facts and circumstances. NSH unitholders should consult their own tax advisors to determine the specific tax consequences to them of the merger.

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Other Information Related to the Merger

No Appraisal Rights (page 61)

NSH unitholders do not have appraisal rights under applicable law or contractual appraisal rights under the NSH limited liability company agreement or the merger agreement. For additional information, please see The Merger No Appraisal Rights beginning on page 61.

Antitrust and Regulatory Matters (page 61)

The merger is subject to both state and federal antitrust laws. Under the rules applicable to non-corporate entities, no filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act). However, the Partnership or NSH may receive requests for information concerning the proposed merger and related transactions from the Federal Trade Commission, or FTC, the Antitrust Division of the Department of Justice, or DOJ, or individual states.

Listing of Common Units to be Issued in the Merger (page 61)

The Partnership expects to obtain approval to list on the NYSE the common units to be issued pursuant to the merger agreement, which approval is a condition to the merger.

Comparison of the Rights of Partnership and NSH Unitholders (page 104)

NSH unitholders will own common units following the completion of the merger, and their rights associated with common units will be governed by, in addition to Delaware law, the amended and restated partnership agreement, which differs in a number of respects from NSH s limited liability company agreement. Please read Comparison of the Rights of Partnership and NSH Unitholders beginning on page 104.

Summary of Risk Factors (page 21)

You should consider carefully all the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. The risks related to the merger and the related transactions, the Partnership s business, the common units and risks resulting from the Partnership s organizational structure are described under the caption Risk Factors beginning on page 21 of this proxy statement/prospectus. Some of these risks include, but are not limited to, those described below:

NSH s limited liability company agreement reduces the fiduciary duties of the NSH Board to NSH unitholders and restricts the remedies available to NSH unitholders for actions taken by NSH that might otherwise constitute breaches of fiduciary duty.

The directors and executive officers of NSH have interests relating to the merger that differ in certain respects from the interests of the NSH unaffiliated unitholders.

The exchange ratio is fixed and the market value of the merger consideration to NSH unitholders on a per NSH unit basis will be equal to 0.55 times the market price of a common unit at the closing of the merger, which market value will decrease if the market value of the common units decreases.

The right of NSH unitholders to distributions will be changed following the merger.

The transactions contemplated by the merger agreement may not be completed even if the requisite NSH unitholder approval is obtained, in which case NSH unitholders will retain their NSH units and the partnership agreement will not be amended and restated.

Prior to the closing of the merger and while the merger agreement is in effect, NSH s opportunities to enter into different business combination transactions with other parties on more favorable terms is

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limited, and both the Partnership and NSH are limited in their ability to pursue other attractive business opportunities.

Financial projections by the Partnership and NSH may not prove accurate.

The merger agreement may be terminated on August 8, 2018 if the merger has not been completed, and the failure to complete the merger for any reason could have a negative impact on the price of NSH units and common units.

The number of outstanding common units will increase as a result of the merger, which could make it more difficult for the Partnership to maintain or increase the level of quarterly distributions on the common units.

Failure to complete the merger or delays in completing the merger could have a negative impact on the common unit price and NSH unit price.

The costs of the merger could adversely affect the Partnership s and NSH s operations and the amount of cash available for distribution to the common unitholders and NSH unitholders.

If the merger agreement is terminated, NSH may be obligated to pay the Partnership a termination fee or costs incurred related to the merger. These fees or costs could require NSH to seek loans or use NSH s available cash that would have otherwise been available for distributions to NSH unitholders.

No ruling has been requested from the IRS with respect to the U.S. federal income tax consequences of the merger.

The intended U.S. federal income tax consequences of the merger are dependent upon each of the Partnership and NSH being treated as a partnership for U.S. federal income tax purposes.

NSH unitholders could recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.

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Organizational Chart

Before the Merger

The following diagram depicts the simplified organizational structure of the Partnership and NSH prior to the consummation of the merger and the other transactions contemplated by the merger agreement.

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After the Merger

The following diagram depicts the simplified organizational structure of the Partnership and NSH immediately after giving effect to the merger and the other transactions contemplated by the merger agreement.

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL AND OPERATING INFORMATION OF THE PARTNERSHIP AND NSH

The following tables set forth, for the periods and at the dates indicated, summary historical financial and operating information for the Partnership and NSH and summary unaudited pro forma financial information for the Partnership after giving effect to the proposed merger of Merger Sub with and into NSH. The summary historical financial data as of and for each of the years ended December 31, 2015, 2016 and 2017 are derived from and should be read in conjunction with the audited financial statements and accompanying footnotes of the Partnership and NSH, respectively. The Partnership s and NSH s consolidated balance sheets as of December 31, 2016 and 2017, and the related statements of consolidated income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015, 2016 and 2017 are incorporated by reference into this proxy statement/prospectus from the Partnership s and NSH s respective annual reports on Form 10-K for the year ended December 31, 2017.

The summary unaudited pro forma condensed combined consolidated financial statements of the Partnership show the pro forma effect of the proposed merger of Merger Sub with and into NSH. For a complete discussion of the pro forma adjustments underlying the amounts in the table on the following page, please read Unaudited Pro Forma Condensed Combined Consolidated Financial Statements beginning on page F-2 of this document.

The unaudited pro forma condensed combined consolidated financial statements have been prepared to assist in the analysis of financial effects of the proposed merger between Merger Sub and NSH. The unaudited pro forma condensed combined consolidated statements of income for the year ended December 31, 2017 assume the merger-related transactions occurred on January 1, 2017. The unaudited pro forma condensed combined consolidated balance sheet shows the financial effects of the merger-related transactions as if they had occurred on December 31, 2017. The unaudited pro forma condensed combined consolidated financial statements are based upon assumptions that the Partnership believes are reasonable under the circumstances, and are intended for informational purposes only. They are not necessarily indicative of the financial results that would have occurred if the transactions described herein had taken place on the dates indicated, nor are they indicative of the future consolidated results of the combined entity.

For information regarding the effect of the merger on pro forma distributions to NSH unitholders, please read Comparative Per Unit Information.

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Summary Historical and Pro Forma Financial and Operating Information of the Partnership

	Historical Year Ended December 31,			Pro Forma Year Ended December 31,
	2015	2016	2017 (a)	2017
	(Thousands of Dollars, Except Per Unit Data)			
Statement of Income Data:				
Revenues (b)	$ 2,084,040	$ 1,756,682	$ 1,814,019	$ 1,814,019
Operating income	$ 390,704	$ 359,109	$ 336,278	$ 333,980
Income from continuing operations (c)	$ 305,946	$ 150,003	$ 147,964	$ 144,079
Income (loss) from continuing operations per common unit (c)	$ 3.29	$ 1.27	$ 0.64	$ 0.98
Cash distributions per unit applicable to common limited partners (d)	$ 4.38	$ 4.38	$ 4.38	$ 4.38
Balance Sheet Data:				
Property, plant and equipment, net	$ 3,683,571	$ 3,722,283	$ 4,300,933	$ 4,300,933
Total assets	$ 5,125,525	$ 5,030,545	$ 6,535,233	$ 6,535,900
Long-term debt, less current portion	$ 3,055,612	$ 3,014,364	$ 3,263,069	$ 3,315,569
Total partners equity	$ 1,609,844	$ 1,611,617	$ 2,480,089	$ 2,427,655

(a) The significant increases in balance sheet data are primarily due to the Partnership s acquisition of Navigator Energy Services, LLC for approximately $1.5 billion in May 2017.

(b) Declines in revenues from 2015 through 2017 are mainly from a reduction in marketing activity and lower commodity prices. The Partnership ceased marketing crude oil in the second quarter of 2017 and exited its heavy fuels trading operations in the third quarter of 2017.

(c) Includes the impact of a $56.3 million non-cash gain associated with the Partnership s acquisition of the remaining 50% interest in ST Linden Terminal, LLC in 2015 and a $58.7 million non-cash impairment charge on the term loan to Axeon Specialty Products, LLC in 2016.

(d) Represents distributions applicable to the period in which the distributions were earned.

Summary Historical Financial Information of NSH

	Historical Year Ended December 31,		
	2015	2016	2017
	(Thousands of Dollars, Except Per Unit Data)		
Statement of Comprehensive Income Data:			
Equity in earnings of NuStar Energy L.P.	$ 79,673	$ 56,096	$ 51,556
Net income	$ 72,208	$ 55,068	$ 86,775
Basic and diluted net income per unit	$ 1.68	$ 1.28	$ 2.01
Cash distributions per unit (a)	$ 2.18	$ 2.18	$ 2.18

Other Financial Data:			
Distributions received from NuStar Energy L.P.	$ 96,030	$ 95,905	$ 99,310
Balance Sheet Data:			
Total assets	$ 360,490	$ 274,630	$ 283,842
Total short-term debt	$ 26,000	$ 30,000	$ 42,500
Members equity	$ 287,070	$ 243,788	$ 240,536

(a) Represents distributions applicable to the period in which the distributions were earned.

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COMPARATIVE PER UNIT INFORMATION

The following table sets forth (1) historical per unit information of the Partnership, (2) the unaudited pro forma combined per unit information of the Partnership after giving pro forma effect to the proposed merger and the transactions contemplated thereby, including the Partnership s issuance of 0.55 of a common unit for each outstanding NSH unit, and (3) the historical and equivalent pro forma per unit information for NSH.

You should read this information in conjunction with (1) the summary historical financial information included elsewhere in this proxy statement/prospectus, (2) the historical consolidated financial statements of NSH and the Partnership and related notes that are incorporated by reference in this proxy statement/prospectus and (3) the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements and related notes included elsewhere in this proxy statement/prospectus. The unaudited pro forma combined per unit information does not purport to represent what the actual results of operations of NSH and the Partnership would have been had the entities been combined or to project NSH s and the Partnership s results of operations that may be achieved once the proposed merger is completed.

	Year Ended December 31, 2017			
	Partnership		NSH	
	Historical	Partnership Pro Forma (1)	Historical	Equivalent Pro Forma (2)
Basic and Diluted Net Income	$ 0.64	$ 0.98	$ 2.01	$ 0.54
Cash Distributions Declared Per Unit (3)	$ 4.38	$ 4.38	$ 2.18	$ 2.41
Book Value	$ 19.00	$ 16.47	$ 5.85	$ 9.06

(1) The Partnership s pro forma information includes the effect of the merger on the basis described in the notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements included elsewhere in this proxy statement/prospectus.

(2) NSH s equivalent pro forma earnings, book value and cash distribution amounts have been calculated by multiplying the Partnership s related Partnership pro forma per unit amounts by the 0.55 exchange ratio.

(3) Represents cash distributions per common unit declared and paid with respect to the period.

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MARKET PRICES AND DISTRIBUTION INFORMATION

The common units are traded on the NYSE under the ticker symbol NS, and NSH units are traded on the NYSE under the ticker symbol NSH. The following table sets forth, for the periods indicated, the range of high and low sales prices per unit for common units and NSH units, on the NYSE composite tape, as well as information concerning quarterly cash distributions declared and paid on such common units and NSH units. The sales prices are as reported in published financial sources.

	Common Units			NSH Units		
	High	Low	Distributions (1)	High	Low	Distributions (1)
2016						
First Quarter	$ 42.87	$ 25.65	$ 1.095	$ 23.18	$ 12.86	$ 0.545
Second Quarter	$ 53.47	$ 37.90	$ 1.095	$ 27.07	$ 19.82	$ 0.545
Third Quarter	$ 50.72	$ 43.91	$ 1.095	$ 26.45	$ 22.40	$ 0.545
Fourth Quarter	$ 50.87	$ 43.41	$ 1.095	$ 29.30	$ 22.30	$ 0.545
2017						
First Quarter	$ 55.64	$ 49.09	$ 1.095	$ 31.50	$ 26.65	$ 0.545
Second Quarter	$ 52.68	$ 42.40	$ 1.095	$ 28.60	$ 22.20	$ 0.545
Third Quarter	$ 47.99	$ 37.30	$ 1.095	$ 25.25	$ 20.04	$ 0.545
Fourth Quarter	$ 41.00	$ 26.21	$ 1.095	$ 21.90	$ 13.50	$ 0.545
2018						
First Quarter	$ 35.91	$ 19.22	$ 0.60	$ 18.90	$ 10.40	$ 0.33
Second Quarter (through May 30, 2018)	$ 24.34	$ 19.57	(2)	$ 13.38	$ 11.10	(2)

(1) Represents cash distributions per common unit or NSH unit declared with respect to the quarter presented and paid in the following quarter.

(2) Cash distributions with respect to the second quarter of 2018 have not been declared or paid.

As of May 30, 2018, the Partnership had 93,183,445 outstanding common units held by 450 holders of record. The partnership agreement requires the Partnership to distribute all of its available cash, as defined in its partnership agreement, within 45 days after the end of each quarter. The payment of quarterly cash distributions by the Partnership in the future, therefore, will depend on the amount of available cash at the end of each quarter.

As of the record date for the NSH special meeting, NSH units were outstanding and were held by holders of record. NSH s limited liability company agreement requires it to distribute all of its available cash, as defined in its limited liability company agreement, within 50 days after the end of each quarter. If the merger is not completed, the payment of quarterly cash distributions by NSH in the future will depend on the amount of available cash at the end of each quarter.

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The following table shows the closing prices of common units and NSH units on February 7, 2018, the last full trading day before the Partnership and NSH announced the proposed merger, and , 2018, the last practicable trading day prior to the distribution of this proxy statement/prospectus. The table also shows the equivalent market value per NSH unit on such date. The equivalent market value for NSH units has been determined by multiplying the closing price of the common units on such date by the exchange ratio.

Date	Common Units	NSH Units	Equivalent Market Value per NSH unit
February 7, 2018	$ 31.25	$ 16.90	$ 17.1875
, 2018	$	$	$

The above table shows only historical comparisons. These comparisons may not provide meaningful information to NSH unitholders in determining whether to approve the merger agreement. NSH unitholders are encouraged to obtain current market quotations for the common units and NSH units and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference in this proxy statement/prospectus. See the section entitled Where You Can Find More Information beginning on page 140.

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RISK FACTORS

You should consider carefully the following risk factors, together with all of the other information included in, or incorporated by reference into, this proxy statement/prospectus before deciding how to vote. In particular, please read Part I, Item 1A, Risk Factors, in the Annual Reports on Form 10-K for the year ended December 31, 2017 for each of the Partnership and NSH, in each case incorporated by reference herein. This document also contains forward-looking statements that involve risks and uncertainties. Please read Information Regarding Forward-Looking Statements, on page 142.

Risks Related to the Merger and Related Matters

NSH s limited liability company agreement reduces the fiduciary duties of the NSH Board to NSH unitholders and restricts the remedies available to NSH unitholders for actions taken by NSH that might otherwise constitute breaches of fiduciary duty.

In light of potential conflicts of interest in connection with the merger between the Partnership, NuStar GP and its controlling affiliates, including NSH, on the one hand, and the NSH unaffiliated unitholders, on the other hand, the NSH Board referred the merger and related matters to the NSH Conflicts Committee to obtain approval of a majority of its members acting in good faith, which is referred to as Special Approval in NSH s limited liability company agreement. Under the NSH limited liability company agreement:

- any conflict of interest and any resolution thereof is permitted and deemed approved by all parties and will not constitute a breach of the NSH limited liability company agreement if approved by Special Approval; and
- the NSH Board or any committee thereof, including the NSH Conflicts Committee will not be liable for monetary damages to NSH or its unitholders for losses sustained or liabilities incurred as a result of any act or omission of the NSH Conflicts Committee unless there has been a final, non-appealable judgment entered by a court of competent jurisdiction determining that the NSH Conflicts Committee acted in bad faith, engaged in fraud, willful misconduct, or in the case of a criminal matter, acted with knowledge that the conduct was unlawful.

The directors and executive officers of NSH have interests relating to the merger that differ in certain respects from the interests of the NSH unaffiliated unitholders.

In considering the recommendations of the NSH Conflicts Committee and the NSH Board to approve the merger agreement and the transactions contemplated thereby, including the merger, you should consider that the directors and executive officers of NSH may have interests that differ from, or are in addition to, interests of NSH unitholders generally, including:

- All of the executive officers and directors of NSH currently own NSH units and will be receiving common units in exchange for those NSH units as a result of the merger. NSH units held by directors and executive officers will be converted into the right to receive common units at a ratio of 0.55 of a common unit per NSH unit, which is the same as the ratio applicable to all other NSH unitholders. In addition, certain of NSH s

directors and all of NSH s executive officers currently own common units.

All of the directors and executive officers of NSH will receive continued indemnification for their actions as directors and executive officers.

Each of the outstanding NSH restricted units held by NSH s directors and executive officers pursuant to NSH s long-term incentive plan will be converted into 0.55 of a restricted common unit under the Partnership s long-term incentive plan and will continue to be subject to the terms and conditions of the NSH long-term incentive plan.

The executive officers who prepared projections with respect to the Partnership s and NSH s future financial and operating performance on a stand-alone basis and on a combined basis (1) are officers of

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each of NSH and NuStar GP, (2) hold the same positions at each entity, and (3) own both NSH units and common units.

Mr. Greehey and Mr. Barron serve as members of both the NSH Board and the Partnership Board.

After the effective time, the Partnership Board is expected to consist of nine members, six of whom will be the current members of the Partnership Board and three of whom will be the three current members of the NSH Conflicts Committee.

Each of the directors and executive officers of NSH entered into a Change of Control Waiver Agreement with respect to certain awards, grants or benefits such that the merger would not be deemed to cause a change of control, as such term is defined in the applicable plan or agreement and the directors and executive officers would not receive the payments or benefits to which they otherwise may have been entitled.

The exchange ratio is fixed and the market value of the merger consideration to NSH unitholders on a per NSH unit basis will be equal to 0.55 times the market price of a common unit at the closing of the merger, which market value will decrease if the market value of the common units decreases.

The market value of the consideration that NSH unitholders will receive in the merger on a per NSH unit basis will depend on the trading price of the common units at the closing of the merger. The 0.55x exchange ratio that determines the number of common units that NSH unitholders will receive in the merger is fixed. This means that there is no price protection mechanism contained in the merger agreement that would adjust the number of common units that NSH unitholders will receive based on any decreases in the trading price of common units. If the common unit price at the closing of the merger is less than the common unit price on the date that the merger agreement was signed, then the market value of the consideration received by NSH unitholders will be less than the market value reflected by trading prices at the time the merger agreement was signed.

Common unit price changes may result from a variety of factors, including general market and economic conditions, changes in the Partnership s business, operations and prospects, and regulatory considerations. Many of these factors are beyond the Partnership s and NSH s control. For historical and current market prices of common units and NSH units, please read the Market Prices and Distribution Information section of this proxy statement/prospectus.

The right of NSH unitholders to distributions will be changed following the merger.

Under the existing partnership agreement, NSH unitholders are entitled, as the indirect owners of the Partnership s general partner, to receive approximately 2.0% of all distributions made by the Partnership with respect to common units and increasing percentages, up to a maximum of 23%, of the amount of incremental cash distributed by the Partnership in respect of the common units as certain target distribution levels are reached in excess of $0.60 per common unit in any quarter.

After the merger, assuming the number of units outstanding as of February 8, 2018 remains unchanged, the former NSH unitholders, as a group, will be entitled to receive approximately 22% of all distributions made by the Partnership in respect of common units. As a result of this change, the distributions received by the former NSH unitholders could be significantly different.

The transactions contemplated by the merger agreement may not be completed even if the requisite NSH unitholder approval is obtained, in which case NSH unitholders will retain their NSH units and the partnership agreement will not be amended and restated.

The merger is subject to the satisfaction or waiver of certain conditions, some of which are out of the control of NSH and the Partnership, including approval of the merger agreement by NSH unitholders. The merger

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agreement contains other conditions that, if not satisfied or waived, would result in the merger not occurring, regardless of whether or not the NSH unitholders have approved the merger-related proposals presented to them. Satisfaction of some of these other conditions to the merger is not entirely in the control of NSH or the Partnership. In addition, NSH and the Partnership can agree not to consummate the merger even if all unitholder approvals have been received. The closing conditions to the merger may not be satisfied, and NSH and the Partnership may choose not to, or may be unable to, waive an unsatisfied condition, which may cause the merger not to occur.

The merger agreement contains provisions granting both the Partnership and NSH the right to terminate the merger agreement for certain reasons, including, among others: (1) by mutual consent of the Partnership and NSH; (2) by either party if the merger has not been consummated on or before August 8, 2018; (3) if certain changes in rules or regulations prohibit the consummation of the merger; (4) if NSH fails to obtain NSH unitholder approval; or (5) if a breach of, or an inaccuracy in, the representations, warranties, covenants or agreements is not cured within thirty days and such breach or inaccuracy, together with all other breaches, would entitle the party not to consummate the transaction pursuant to the closing conditions. Furthermore, the Partnership may terminate the merger agreement in the event that, prior to NSH unitholder approval, NSH has intentionally and materially breached the non-solicitation covenants in the merger agreement or the NSH Board changes its recommendation pursuant to the terms of the merger agreement, and NSH may terminate the merger agreement in order to accept a superior proposal so long as NSH: (1) has not intentionally and materially breached certain provisions of the merger agreement and (2) has paid the Partnership a termination fee.

Prior to the closing of the merger and while the merger agreement is in effect, NSH s opportunities to enter into business combination transactions with other parties on more favorable terms are limited, and both the Partnership and NSH are limited in their ability to pursue other attractive business opportunities.

Prior to the close of the merger and while the merger agreement is in effect, NSH is prohibited from knowingly initiating, soliciting, encouraging or facilitating any inquiries, proposals or offers with respect to, or the submission of, any proposal that constitutes a proposal to acquire NSH, the 2.0% ownership interest of the General Partner or the incentive distribution rights or knowingly engaging or participating in or encouraging or facilitating any discussions or negotiations regarding, or knowingly furnishing or making available or causing to be furnished or made available to any person any non-public information or data in connection with any acquisition proposal for the 2.0% ownership interest of the General Partner in the Partnership, or the incentive distribution rights, subject to limited exceptions. As a result of these provisions in the merger agreement, NSH may lose opportunities to enter into more favorable transactions.

Moreover, the merger agreement provides for the payment by NSH of up to $13.7 million in termination fees under specified circumstances, which may discourage other parties from proposing alternative transactions that could be more favorable to the NSH unitholders. For a detailed discussion of the termination fee, please read The Merger Agreement Termination Fee and Expenses beginning on page 77.

Both the Partnership and NSH have also agreed to refrain from taking certain actions with respect to their businesses and financial affairs pending completion of the merger or termination of the merger agreement. These restrictions and the non-solicitation provisions (described in more detail below in The Merger Agreement) could be in effect for an extended period of time if completion of the merger is delayed and the parties agree to extend the August 8, 2018 outside termination date.

In addition to the economic costs associated with pursuing a merger, each of NuStar GP and NSH s management is devoting substantial time and other resources to the proposed transaction and related matters, which could limit the Partnership s and NSH s ability to pursue other attractive business opportunities, including potential acquisitions,

dispositions, joint ventures, stand-alone projects and other transactions. If either the Partnership or NSH is unable to pursue such other attractive business opportunities, then its growth prospects and the long-term strategic position of its business and the combined business could be adversely affected.

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Financial projections by the Partnership and NSH may not prove accurate.

In performing its financial analyses and rendering its opinion regarding the fairness from a financial point of view of the exchange ratio, the financial advisor to the NSH Conflicts Committee reviewed and relied on, among other things, internal financial analyses and projections with respect to EBITDA and DCF for NSH and the Partnership prepared by management. These financial projections include assumptions regarding future operating cash flows, expenditures, growth and DCF of the Partnership and NSH. These financial projections were not provided with a view to public disclosure, are subject to significant economic, competitive, industry and other uncertainties and may not be achieved in full, at all or within projected timeframes. The failure of the Partnership s business to achieve projected results, including projected cash flows or DCF, could have a material adverse effect on the common unit price, financial position and ability to maintain or increase its distributions following the merger.

The merger agreement may be terminated on August 8, 2018 if the merger has not been completed, and the failure to complete the merger for any reason could have a negative impact on the price of NSH units and common units.

The merger agreement can be terminated by either the Partnership or NSH if the merger has not been consummated on or before August 8, 2018. The failure to complete the merger for this or any other reason could have a negative impact on the price of NSH units and/or common units.

The number of outstanding common units will increase as a result of the merger, which could make it more difficult for the Partnership to maintain or increase the level of quarterly distributions on the common units.

As of February 8, 2018, there were 93,182,018 common units outstanding and 42,953,132 NSH units outstanding. Pursuant to the merger agreement, assuming the number of NSH units outstanding on February 8, 2018 remains unchanged, the Partnership would issue, and NSH unitholders would receive, 23,624,222 common units and the 10,214,626 NSH units owned by subsidiaries of NSH will be cancelled. Accordingly, based on those assumptions, as a result of the merger, the number of outstanding common units would be 106,591,614. On April 26, 2018, the Partnership announced that the Partnership Board reset its quarterly distribution per common unit to $0.60 ($2.40 on an annualized basis), starting with the first-quarter distribution, which was paid on May 14, 2018. Although the decrease in the level of quarterly distributions and the elimination of the incentive distribution rights may initially allow for an increase in the cash available for distribution on common units in the future, these measures alone may not be sufficient to meet the overall increase in cash required to maintain or increase the level of quarterly distributions with respect to the common units.

Failure to complete the merger or delays in completing the merger could have a negative impact on the common unit price and NSH unit price.

If the merger is not completed for any reason, the Partnership and NSH may be subject to a number of material risks, including the following:

- the Partnership will not realize the benefits expected from the merger, including a potentially enhanced financial and competitive position;

- the price of common units or NSH units may decline to the extent that the current market price of these securities reflects a market assumption that the merger will be completed; and

some costs relating to the merger, such as certain investment banking fees and legal and accounting fees, must be paid even if the merger is not completed.

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The costs of the merger could adversely affect the Partnership s and NSH s operations and cash flows available for distribution to the common unitholders and NSH unitholders.

The total costs of the merger, which could be substantial, primarily consist of investment banking, legal counsel and accounting fees, financial printing and other related costs. These costs could adversely affect the Partnership s and NSH s operations and cash flows available for distribution to the common unitholders and NSH unitholders.

If the merger agreement is terminated, NSH may be obligated to pay the Partnership a termination fee or costs incurred related to the merger. These fees or costs could require NSH to seek loans or use NSH s available cash that would have otherwise been available for distributions to NSH unitholders.

Upon termination of the merger agreement, and depending upon the circumstances leading to that termination, NSH may be required to pay the Partnership a termination fee of $13.7 million, and NSH or the Partnership may be obligated to reimburse the other for up to $6.0 million in merger related expenses. For a detailed discussion of the various circumstances leading to a payment of the termination fee and the reimbursement of expenses, please read The Merger Agreement Termination Fee and Expenses beginning on page 77.

If the merger agreement is terminated, the termination fee and/or expense reimbursements required by NSH under the merger agreement may require NSH to seek loans, borrow amounts under its revolving credit facility or use cash received from its distributions from the Partnership to pay these costs. In either case, the payment of the termination fee and/or the reimbursement of merger related expenses would reduce the cash NSH has available to make its quarterly distributions to NSH unitholders.

Tax Risks Related to the Merger

In addition to reading the following risk factors, you are urged to read Material U.S. Federal Income Tax Consequences of the Merger beginning on page 115 and Material U.S. Federal Income Tax Consequences of Common Unit Ownership beginning on page 120 for a more complete discussion of the expected material U.S. federal income tax consequences of the merger and owning and disposing of common units received in the merger. Please also read Part 1, Item 1A, Risk Factors Tax Risks to our Unitholders in the Partnership s Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of tax risks relating to owning common units.

No ruling has been requested from the IRS with respect to the U.S. federal income tax consequences of the merger.

No ruling has been or will be requested from the IRS with respect to the U.S. federal income tax consequences of the merger. Instead, the Partnership and NSH are relying on the opinions of their respective counsel as to the U.S. federal income tax consequences of the merger, and counsel s conclusions may not be sustained if challenged by the IRS. Please read Material U.S. Federal Income Tax Consequences of the Merger.

The intended U.S. federal income tax consequences of the merger are dependent upon each of the Partnership and NSH being treated as a partnership for U.S. federal income tax purposes.

The intended U.S. federal income tax treatment of the merger as a partnership merger is dependent upon each of the Partnership and NSH being treated as a partnership for U.S. federal income tax purposes. If either the Partnership or NSH were treated as a corporation for U.S. federal income tax purposes, the consequences of the merger would be materially different and the merger would likely be a fully taxable transaction to NSH unitholders.

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NSH unitholders could recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.

For U.S. federal income tax purposes, the merger is intended to qualify as a merger of the Partnership and NSH within the meaning of Treasury regulations promulgated under Section 708 of the Code. Assuming the merger is treated as such for U.S. federal income tax purposes, the Partnership is expected to be treated as the continuing partnership and NSH will be deemed to contribute all of its assets (subject to liabilities) to the Partnership in exchange for common units, followed by a liquidation of NSH in which common units are distributed to NSH unitholders.

As a result of the merger, NSH unitholders who receive common units will become limited partners of the Partnership and will be allocated a share of the Partnership s nonrecourse liabilities. Each such NSH unitholder will be treated as receiving a deemed cash distribution equal to the excess, if any, of such NSH unitholder s share of nonrecourse liabilities of NSH immediately before the merger over such NSH unitholder s share of nonrecourse liabilities of the Partnership immediately following the merger. If the amount of any deemed cash distribution received by such NSH unitholder exceeds the NSH unitholder s basis in his units, such NSH unitholder will recognize gain in an amount equal to such excess. While there can be no assurance, the Partnership and NSH expect that NSH unitholders generally will not recognize gain in this manner. The amount and effect of any gain that may be recognized by NSH unitholders will depend on such unitholder s particular situation, including the ability of the affected NSH unitholder to utilize any suspended passive losses. For additional information please read Material U.S. Federal Income Tax Consequences of the Merger.

To the extent an NSH unitholder receives cash in lieu of fractional common units in the merger, such unitholder is deemed to have consented, pursuant to the merger agreement, to treat the receipt of cash in lieu of fractional common units as a sale of a portion of such holder s NSH units to the Partnership and, accordingly, will recognize gain or loss equal to the difference between the amount of cash received and the NSH unitholder s adjusted tax basis allocated to such portion of NSH units sold.

In addition, the assumption of NSH s liabilities by the Partnership pursuant to the merger could trigger gain to NSH if it were treated as part of a disguised sale of assets to the Partnership, and any such gain would be allocated to the NSH unitholders pursuant to NSH s limited liability company agreement.

Although it is not anticipated, circumstances may exist under which an NSH unitholder s share of NSH s basis (including basis resulting from Section 743 adjustments) in the distributed common units exceeds the NSH unitholder s basis in its NSH units, in which case the merger may result in recognition of gain by such NSH unitholder equal to that excess under Section 731(c) of the Code. See Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of these and other tax matters.

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THE NSH SPECIAL MEETING

The NSH Board is using this proxy statement/prospectus to solicit proxies from the holders of NSH units for use at the NSH special meeting. In addition, this proxy statement/prospectus constitutes a prospectus for the offering of the common units to be received by NSH unitholders pursuant to the merger. NSH is first distributing this proxy statement/prospectus and accompanying proxy to NSH unitholders on or about , 2018.

Time, Place and Date. The NSH special meeting will be held on , 2018 at , local time at NSH s principal executive offices located at 19003 IH-10 West, San Antonio, Texas 78257.

Purpose of the NSH Special Meeting. The purposes of the NSH special meeting are:

- to consider and vote on the approval of the merger agreement and the transactions contemplated thereby, including the merger; and
- to transact other business as may properly be presented at the NSH special meeting or any adjournments or postponements thereof.

At the present time, NSH knows of no other matters that will be presented for consideration at the meeting.

The NSH Conflicts Committee unanimously determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby are advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders. Accordingly, the NSH Conflicts Committee recommended that the NSH Board approve the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby. Based on the NSH Conflicts Committee s determination and recommendation and all of the information made available to the NSH Board and upon other relevant factors, the NSH Board (with Mr. Greehey and Mr. Barron recusing themselves) unanimously approved and declared the advisability of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby. The NSH Board recommends that the NSH unaffiliated unitholders vote **FOR** the merger proposal.

Quorum Requirement. The holders of a majority of outstanding NSH units represented in person or by proxy at the NSH special meeting will constitute a quorum for the transaction of business at the NSH special meeting. NSH units will be counted as present at the NSH special meeting if the holder (1) is present in person at the meeting or (2) has submitted a proxy over the internet, by phone or by mail. Proxies received but marked as abstentions will be counted as NSH units that are represented by proxy at the NSH special meeting for purposes of determining the presence of a quorum and will have the same effect as a vote against the merger proposal. In addition, NSH units held in street name through a broker or other nominee cannot be voted by such broker or other nominee in the absence of specific instructions from the NSH unitholder on how to vote such units. Because a broker or other nominee cannot vote at the NSH special meeting without voting instructions from the NSH unitholder, failure of an NSH unitholder to provide instructions to its broker or other nominee on how to vote will result in such NSH units not being counted as present at the NSH special meeting.

Record Date. The record date for determining NSH unitholders entitled to vote at the NSH special meeting is the close of business on , 2018.

NSH Units Entitled to Vote. NSH unitholders may vote at the NSH special meeting if they owned NSH units at the close of business on the record date. NSH unitholders may cast one vote for each NSH unit owned on the record date.

Votes Required. Under NSH s limited liability company agreement, the affirmative vote of the holders of at least a majority of outstanding NSH units is required to approve the merger agreement and the transactions contemplated thereby, including the merger. Failures to vote and abstentions will have the same effect as a vote against the approval of the merger agreement and the transactions contemplated thereby, including the merger, for purposes of the unitholder vote required under the NSH limited liability company agreement.

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Pursuant to a support agreement, the supporting unitholders, owning 21.4% of the outstanding NSH units, have agreed to vote their NSH units in favor of the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger.

NSH Units Outstanding. As of the record date, there were NSH units outstanding.

Submission and Voting Procedures

Submission and Voting by NSH Unitholders. NSH unitholders may submit a proxy or vote in person using any of the following methods:

- call the toll-free phone number listed on your proxy card and follow the recorded instructions;
- go to the internet website listed on your proxy card and follow the instructions provided;
- complete, sign and mail your proxy card in the postage-paid envelope; or
- attend the meeting and vote in person.

If you have timely and properly submitted your proxy, clearly indicated your vote and have not revoked your proxy, your NSH units will be voted as indicated. If you have timely and properly submitted your proxy but have not clearly indicated your vote, your NSH units will be voted FOR approval of the merger agreement and the transactions contemplated thereby, including the merger.

If any other matters are properly presented for consideration at the meeting or any adjournment or postponement thereof, the persons named in your proxy will have the discretion to vote on these matters. NSH s limited liability company agreement provides that any meeting of NSH unitholders may be adjourned from time to time by the chairman of the meeting to another place or time, without regard to the presence of a quorum.

Revocation. You may revoke a proxy at any time before voting is closed at the NSH special meeting by:

- submitting a written revocation to the Corporate Secretary of NSH at the address indicated on the cover page of this proxy statement/prospectus, if such proxy is received by the Corporate Secretary by 11:59 p.m. Eastern Time on , 2018;
- submitting your valid, signed and later-dated proxy by mail that is received by 11:59 p.m. Eastern Time on , 2018;
- submitting your valid proxy by telephone or over the internet by 11:59 p.m. Eastern Time on , 2018; or

voting in person at the NSH special meeting by presenting a valid photo identification and a legal proxy. However, if the NSH special meeting is adjourned to solicit additional proxies, the time by which a proxy may be revoked may be extended. If instructions to the contrary are not given, NSH units will be voted as indicated on the proxy and your presence without voting at the meeting will not automatically revoke your proxy.

Validity. The inspectors of election will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of proxies. Their determination will be final and binding. The NSH Board has the right to waive any irregularities or conditions as to the manner of voting. NSH may accept your proxy by any form of communication permitted by Delaware law so long as NSH is reasonably assured that the communication is authorized by you.

Solicitation of Proxies. The accompanying proxy is being solicited on behalf of the NSH Board. If the merger is consummated, the expenses of preparing, printing and distributing the proxy and materials used in the solicitation will be borne equally by NSH and the Partnership.

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Morrow Sodali LLC (Morrow) has been retained by NSH to aid in the solicitation of proxies for an initial fee of $8,500 plus an additional fee for each NSH unitholder contacted and the reimbursement of out-of-pocket expenses. In addition to distributing this proxy statement/prospectus, proxies may also be solicited from NSH unitholders by personal interview, telephone, fax or other electronic means by directors, officers and employees of NSH and its affiliates who provide services to NSH, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of NSH units held by those persons, and NSH will reimburse them for any reasonable expenses that they incur.

NSH Units Held in Street Name. If you hold NSH units in the name of a broker or other nominee, you should follow the instructions provided by your broker or nominee when voting your NSH units or when granting or revoking a proxy.

Absent specific instructions from you, your broker or other nominee is not empowered to vote your NSH units with respect to the approval of the merger agreement and the transactions contemplated thereby, including the merger.

Failures to vote and abstentions will have the same effect as a vote against approval of the merger proposal for purposes of the NSH unitholder vote required under the NSH limited liability company agreement.

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THE MERGER

Background of the Merger

On October 19, 2017, at a joint meeting of the Partnership Board and NSH Board, management briefed the boards on the condition of capital markets for master limited partnerships and reviewed alternative strategies for consideration to better position the Partnership and NSH for long-term growth. These alternatives included: (1) the disposition of non-core assets to either (A) repay senior debt, (B) repay junior subordinated notes or (C) buy back common units; (2) simplifying the Partnership s structure; (3) resetting the Partnership s distributions; and (4) converting the Partnership and NSH to entities taxable as corporations. Management noted that although some of these alternatives offered significant benefits, no single option would fully address the needs of the Partnership and NSH. The meeting concluded with the boards asking management to return with its recommendation for a path forward.

On December 4, 2017, at a joint meeting of the Partnership Board and NSH Board, management presented its analysis of the strategic alternatives provided to the boards at the October 19, 2017 meeting. At the end of its presentation, management recommended that the Partnership reset the level of Partnership distributions and the Partnership and NSH simplify their structure.

Management, in recommending that the Partnership reset the level of Partnership distributions and that the Partnership and NSH simplify their structure as opposed to pursuing other strategic alternatives, considered that the other alternatives, on their own or in a combination, were not expected to provide the same level of long-term benefits that are expected to be provided through the recommended transaction, which include improvement to the Partnership s distribution coverage and debt metrics, reduction in the Partnership s need to access the capital markets over the long term and creation of a path for distribution growth by the Partnership following the reset, while also providing NSH unitholders with the potential to participate in any future common unit price appreciation and/or distribution increases.

At the conclusion of management s presentation, the Partnership Board and the NSH Board convened separately to further discuss management s recommendation. The Partnership Board continued to meet with management and also met with Evercore Group L.L.C. (Evercore). The Partnership Board requested that management further analyze the level to which management would recommend that the Partnership distributions be reset. The NSH Board determined that the NSH Conflicts Committee, composed of William B. Burnett, James F. Clingman, Jr. and Jelynne LeBlanc-Burley, should begin interviewing potential advisors to aid the NSH Conflicts Committee in its process of reviewing and negotiating a potential transaction with the Partnership.

On December 6, 2017, the NSH Conflicts Committee met telephonically with representatives of a potential financial advisor to assess the financial advisor s ability and qualifications to provide financial advice to the NSH Conflicts Committee relating to a possible strategic transaction with the Partnership.

On December 7, 2017, the Partnership Board convened, in person, at a meeting, with members of management and Evercore also present. During this meeting, the Partnership Board was provided with alternative scenarios with respect to the level of a potential Partnership distribution reset. Following these discussions, the Partnership Board concluded that a distribution reset to $0.60 per common unit per quarter and the simplification transaction should be proposed to NSH, with the terms of any such transaction to be subject to approval by the Partnership Conflicts Committee.

On December 11, 2017, Mr. Barron called William Burnett, the Chairman of the NSH Conflicts Committee, to convey the Partnership s proposal to acquire NSH in a unit-for-unit exchange reflecting prevailing market prices (which implied an exchange ratio of 0.4897 of a common unit for each NSH unit based on the closing prices of common units and NSH units on December 11, 2017) and followed this telephone call with a written proposal letter to the same

effect. The written proposal also included a presentation regarding, among other things, the proposed organizational structure of the Partnership and its affiliates following the proposed

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transaction, financial forecasts of the Partnership (see Unaudited Financial Projections of the Partnership and NSH), projected leverage ratios of the Partnership under different scenarios, and updates relating to the operations of the Partnership (the Partnership Initial Proposal). Mr. Burnett informed Mr. Barron that he would share the Partnership Initial Proposal with the NSH Conflicts Committee, and Mr. Burnett subsequently shared it with the NSH Conflicts Committee.

On December 12, 2017, the NSH Conflicts Committee met with representatives of management of the Partnership to discuss the Partnership s rationale for the Partnership Initial Proposal. After the members of management were excused from the meeting, the NSH Conflicts Committee continued their meeting and discussed the Partnership Initial Proposal on a preliminary basis. The NSH Conflicts Committee agreed to continue its consideration of the Partnership Initial Proposal after finalizing its choice of financial and legal advisors.

On December 13, 2017, the NSH Conflicts Committee met telephonically with representatives of Baird to assess Baird s ability and qualifications to provide financial advice to the NSH Conflicts Committee relating to the Partnership Initial Proposal.

On December 14, 2017, at a telephonic meeting of the NSH Conflicts Committee, after discussing and considering Baird s capabilities and experience in connection with similar transactions, the NSH Conflicts Committee determined to engage Baird to act as the NSH Conflicts Committee s financial advisor with respect to the proposed acquisition of NSH by the Partnership.

On December 19, 2017, representatives of Wachtell Lipton and Baird met with representatives of management of the Partnership and NSH to discuss preliminary due diligence matters. Management of the Partnership and NSH reviewed a presentation previously given to both the Partnership Board and the NSH Board relating to the strategic outlook of the Partnership and NSH. Management of the Partnership and NSH then reviewed the current business outlook of the Partnership and financial projections with respect to the Partnership and NSH, respectively.

On December 21, 2017, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance, to discuss, among other things, its process for evaluating the Partnership Initial Proposal and the due diligence conducted to date, including an overview of the December 19, 2017 initial due diligence meeting with representatives of the Partnership. The NSH Conflicts Committee also discussed a potential transaction timeline, an overview of the Partnership Initial Proposal and the pro forma impact of a distribution reset by the Partnership. At the meeting, representatives of Wachtell Lipton also reviewed legal matters with the NSH Conflicts Committee, including the duties of the members of the NSH Conflicts Committee in connection with a process of this nature.

Between December 22, 2017 and January 8, 2018, Baird gathered and reviewed information concerning the Partnership Initial Proposal, which included numerous discussions with representatives of management of the Partnership and NSH, as well as Evercore.

On January 8, 2018, the NSH Conflicts Committee held a telephonic meeting, with representatives of Baird and Wachtell Lipton in attendance, to review Baird s financial analysis, including discounted cash flow analysis, discounted distribution analysis, selected public company comparable analysis and selected precedent transactions analysis, to date regarding the Partnership Initial Proposal. The NSH Conflicts Committee also discussed with the representatives of Baird and Wachtell Lipton the process of a potential negotiation with the Partnership and began discussing a potential response to the Partnership Initial Proposal. The NSH Conflicts Committee determined to hold a follow-up meeting the next day.

On January 9, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance, to discuss a potential response to the Partnership Initial Proposal. After discussing

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with Baird its updated financial analyses regarding the Partnership Initial Proposal (which implied an exchange ratio of 0.509 of a common unit for each NSH unit based on the closing prices of common units and NSH units on January 5, 2018), the NSH Conflicts Committee determined that the Partnership Initial Proposal was inadequate and should be rejected, and discussed potential parameters of a counterproposal. The NSH Conflicts Committee determined to hold a meeting the following day to discuss the potential terms of a counterproposal in more detail.

On January 10, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance. After discussing the financial analysis underlying a potential counterproposal with representatives of Baird, the NSH Conflicts Committee determined that, while the Partnership Initial Proposal was inadequate, a transaction with the Partnership, on appropriate terms, could be beneficial to the NSH unaffiliated unitholders. The Committee determined to make a counterproposal reflecting a proposed transaction in which each NSH unit would be exchanged for 0.5984 of a common unit (the NSH Initial Counterproposal), which implied a premium of 17.5% based on the closing prices of common units and NSH units on January 5, 2018, the date utilized by Baird in its preliminary financial analysis, and implied a premium of 21.5% based on the closing prices of common units and NSH units on January 10, 2018. The NSH Conflicts Committee determined to hold a meeting the following morning to review and discuss a proposed final form of written NSH Initial Counterproposal that was being prepared by Wachtell Lipton.

On January 11, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance. After additional discussion, the NSH Conflicts Committee unanimously approved the NSH Initial Counterproposal, and authorized and instructed Baird to contact Evercore to present the financial analysis and justifications supporting the NSH Initial Counterproposal. Later on January 11, 2018, Mr. Burnett sent a letter to Mr. Barron setting forth the NSH Initial Counterproposal.

On January 12, 2018, representatives of Baird had a call with representatives of Evercore to present the financial analysis supporting the NSH Initial Counterproposal.

Also on January 12, 2018, the NSH Board took action by written consent to finalize the mandate and authorizations of the NSH Conflicts Committee. The NSH Board authorized the NSH Conflicts Committee to (1) review and evaluate on behalf of NSH the terms and conditions of the proposed transaction outlined in the December 11, 2017 letter from the Partnership, (2) negotiate the terms and conditions of the proposed transaction, (3) approve, or determine not to approve, the proposed transaction, any such approval of the proposed transaction to constitute Special Approval pursuant to Section 7.9(a) of the NSH limited liability company agreement, (4) recommend to the NSH Board that the proposed transaction be approved or not approved, or determine not to make any recommendation regarding the proposed transaction to the NSH Board and (5) determine whether the proposed transaction is advisable and fair to, and in the best interests of, NSH and its unitholders. The NSH Conflicts Committee was also authorized to retain independent professional advisors, and the NSH Board approved the payment of meeting fees to each member of the NSH Conflicts Committee of $1,500 per meeting attended in-person and $500 per meeting attended telephonically. The NSH Board also resolved that the powers, rights and duties of the NSH Conflicts Committee were deemed to have become effective as of December 6, 2017 and the NSH Board ratified all actions taken by the NSH Conflicts Committee prior to January 12, 2018.

On January 19, 2018, the Partnership Conflicts Committee met telephonically, with representatives of Evercore, the financial advisor engaged by the Partnership Conflicts Committee, and Richards, Layton & Finger, P.A., legal counsel to the Partnership Conflicts Committee (Richards Layton), in attendance, to consider the NSH Initial Counterproposal. The Partnership Conflicts Committee reviewed Evercore s financial analyses regarding the NSH Initial Counterproposal and discussed, among other things, the strategic rationale for a transaction from the Partnership s perspective, and timing and pro forma impacts of a distribution reset by the Partnership. The Partnership Conflicts

Committee also reviewed with representatives of Richards Layton the proposed terms of the initial drafts of the merger agreement, the amended and restated partnership agreement and

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the support agreement. Following discussion, the Partnership Conflicts Committee unanimously determined to make a counterproposal pursuant to which each NSH unit would be exchanged for a common unit at no premium, which implied an exchange ratio of 0.5230 of a common unit for each NSH unit based on the closing prices of common units and NSH units on January 18, 2018 (Partnership First Revised Proposal). The Partnership Conflicts Committee directed Evercore to present the Partnership First Revised Proposal to Baird.

Later on January 19, 2018, following the Partnership Conflicts Committee meeting, Evercore presented the Partnership First Revised Proposal to Baird. Evercore noted that the 0.5230 exchange ratio implied by this offer as of the close on January 18, 2018 would have represented an approximately 6.8% premium if applied to the closing price of NSH units on the date of the Partnership Initial Proposal.

On January 23, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance, to consider the Partnership First Revised Proposal. Representatives of Baird reviewed certain financial analyses regarding the Partnership First Revised Proposal with the NSH Conflicts Committee. Representatives of Wachtell Lipton reviewed legal matters, including the duties of the members of NSH Conflicts Committee pursuant to contract and law under the circumstances. The NSH Conflicts Committee discussed Baird s financial analysis, including discounted cash flow analysis, discounted distribution analysis, selected public company comparable analysis and selected precedent transactions analysis. The NSH Conflicts Committee discussed, among other things, the financial assumptions underlying Baird s analysis and the financial assumptions being utilized by each of Baird and Evercore, and the strategic rationale for a transaction from NSH s perspective. Following this discussion, the NSH Conflicts Committee unanimously determined to make a counterproposal pursuant to which the Partnership would acquire NSH in a transaction in which each NSH unit was exchanged for 0.56 of a common unit, which implied a premium of 7.6% based on the closing prices of common units and NSH units on January 19, 2018, the last close within Baird s updated financial analysis presented to the NSH Conflicts Committee, and implied a premium of 6.2% based on the closing prices of common units and NSH units on January 23, 2018 (NSH Second Counterproposal). The NSH Conflicts Committee directed Baird to present the NSH Second Counterproposal to Evercore.

Later on January 23, 2018, Baird presented the NSH Second Counterproposal to Evercore and explained to Evercore the financial rationale and analyses underlying such proposal. Also on January 23, 2018, representatives of Richards Layton sent a draft merger agreement to representatives of Wachtell Lipton.

On January 25, 2018, the Partnership Conflicts Committee met telephonically, with representatives of Evercore and Richards Layton in attendance, to consider the NSH Second Counterproposal. Representatives of Evercore reviewed certain financial analyses regarding the NSH Second Counterproposal with the Partnership Conflicts Committee. Representatives of Richards Layton then reviewed with the Partnership Conflicts Committee certain legal and diligence matters. Following discussion, the Partnership Conflicts Committee unanimously determined to propose a fixed exchange ratio consisting of the lower of (1) 0.55 of a common unit for each NSH unit, which was equivalent to a 2.9% premium based on the closing prices of common units and NSH units on January 24, 2018 and (2) an exchange ratio that represents a 5% premium to the price of NSH units at the time of signing of the definitive merger agreement (the Partnership Second Revised Proposal). The Partnership Conflicts Committee directed Evercore to present the Partnership Second Revised Proposal to Baird.

On January 25, 2018, following the Partnership Conflicts Committee meeting, Evercore presented the Partnership Second Revised Proposal to Baird.

On January 29, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance, to consider the Partnership Second Revised Proposal. The NSH Conflicts Committee reviewed Baird s financial analysis, including discounted cash flow analysis, discounted distribution analysis, selected public

company comparable analysis and selected precedent transactions analysis. The NSH Conflicts Committee discussed, among other things, a potential counterproposal. The NSH Conflicts Committee determined to authorize Baird to communicate to Evercore that an exchange ratio of 0.55 of a common unit for

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each NSH unit was likely acceptable as long as such exchange ratio at signing did not imply a negative premium (in light of the execution risk the NSH Conflicts Committee believed could be created by a negative premium to NSH s ability to consummate the transaction given the required NSH unitholder vote), subject to negotiation of satisfactory definitive documents. Wachtell Lipton also reviewed with the NSH Conflicts Committee issues related to the draft merger agreement sent by Richards Layton on January 23, 2018. The NSH Conflicts Committee directed Wachtell Lipton to begin negotiations with Richards Layton and Sidley Austin relating to the merger agreement. Later on January 29, 2018, Baird contacted Evercore to update them as directed by the NSH Conflicts Committee.

Commencing on January 30, 2018, the conflicts committees and their respective legal counsel and financial advisors began the process of exchanging and reviewing drafts of various transaction documents, including, among other things, the merger agreement, the support agreement, the amended and restated partnership agreement and the NuStar GP amended and restated company agreement. Representatives of Wachtell Lipton, Richards Layton and Sidley Austin had a number of calls to discuss various open issues relating to the transaction documents, including, among other things, (1) deal protection parameters, including, among other things, the circumstances under which NSH could engage with alternative transaction proposals, the match right period of the Partnership and the circumstances under which the respective boards or conflicts committees could terminate the agreement or change their recommendations as to the merger, (2) the nature of the tax and legal opinions that would be included as closing conditions to the merger, (3) the circumstances under which NSH would be required to pay a termination fee or expense reimbursement to the Partnership and (4) representations and warranties and interim operating covenants of the parties.

On January 30, 2018, the Partnership Conflicts Committee met telephonically, with representatives of Evercore and Richards Layton in attendance. Representatives of Richards Layton reviewed with the Partnership Conflicts Committee certain legal matters, including key terms of the draft amended and restated partnership agreement. Representatives of Evercore summarized its conversations with Baird since the Partnership Conflicts Committee s meeting on January 25, 2018. The Partnership Conflicts Committee discussed the recent trading performance of common units and NSH units and the current implied exchange ratio of the Partnership Second Revised Proposal. Following discussion, the Partnership Conflicts Committee decided not to take any action at that time with respect to the proposed exchange ratio and directed Evercore to inform Baird of its decision.

Later on January 30, 2018, following the Partnership Conflicts Committee meeting, Evercore informed Baird of the Partnership Conflicts Committee s decision not to take any action at that time with respect to the proposed exchange ratio.

On February 2, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance. Representatives of Baird reviewed with the NSH Conflicts Committee updated financial analyses regarding the transaction based on the most recent market data, including, among other things, the implied premium of a 0.55 exchange ratio based on the closing prices of common units and NSH units on February 2, 2018 and at different Partnership and NSH unit prices. Representatives of Wachtell Lipton reviewed legal matters with the NSH Conflicts Committee, including the status of negotiations with respect to the amended and restated partnership agreement and the support agreement. The advisors also discussed with the NSH Conflicts Committee the anticipated process and timeline for reaching proposed final forms of definitive transaction agreements. The NSH Conflicts Committee directed Baird and Wachtell Lipton to proceed with negotiations.

On February 5, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance, and discussed with the advisors the most recently updated financial analyses of Baird and status of negotiations with respect to the transaction documents. The NSH Conflicts Committee directed Baird and Wachtell Lipton to proceed with negotiations.

On February 6, 2018, Baird met with members of the Partnership and NSH management to conduct a final due diligence call. At the meeting, management confirmed its financial forecasts and projections (with respect to

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EBITDA and DCF) and affirmed that there had been no material changes in the operations or performance of the Partnership or NSH or other material events or contingencies, other than as previously disclosed.

Later on February 6, 2018, the NSH Conflicts Committee met telephonically, with representatives of Baird and Wachtell Lipton in attendance, and discussed with the advisors the most recently updated financial analyses of Baird and status of negotiations with respect to the transaction documents. The NSH Conflicts Committee directed Baird and Wachtell Lipton to proceed with negotiations.

On February 7, 2018, the Compensation Committee of the NSH Board, with representatives of Wachtell Lipton and Baird in attendance by telephone, met to discuss amendments to the NSH long-term incentive plan that were required to ensure that the proposed transaction would not trigger change in control provisions, consistent with the parties intentions. After reviewing the proposed amendments and receiving advice from Wachtell Lipton, the NSH Compensation Committee unanimously approved the amendments to the NSH long-term incentive plan.

Immediately after the meeting of the NSH Compensation Committee, the NSH Conflicts Committee, with representatives of Wachtell Lipton and Baird in attendance by telephone, met to review and consider the proposed transaction between NSH and the Partnership. Baird presented in detail its financial analysis of the proposed transaction at an exchange ratio of 0.55 of a common unit for each NSH unit, and, at the conclusion of its presentation, delivered to the NSH Conflicts Committee its oral opinion (which was subsequently confirmed in writing by delivery of Baird s written opinion, dated February 7, 2018) that, as of the date of such opinion and based upon and subject to the various assumptions, qualifications and limitations set forth in the written opinion, the merger consideration to be received by the NSH unaffiliated unitholders was fair, from a financial point of view, to such unitholders. Wachtell Lipton then reviewed the terms of the merger agreement and related transaction documents, and discussed other legal matters, including the duties of the members of NSH Conflicts Committee pursuant to contract and law under the circumstances. After considering the benefits and potential risks of the transaction and after considering other relevant factors, including Baird s fairness opinion, the NSH Conflicts Committee unanimously (1) determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby are advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders, (2) approved the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby, (3) recommended to the NSH Board the approval of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby and (4) resolved that the foregoing approvals constituted Special Approval of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby under and pursuant to the NSH limited liability company agreement.

Immediately following the meeting of the NSH Conflicts Committee on February 7, 2018, the NSH Board, (other than Messrs. Greehey and Barron, who were not in attendance and recused themselves due to their affiliation with the Partnership), with representatives of Wachtell Lipton and Baird in attendance by telephone, met to review and consider the proposed transaction between NSH and the Partnership. After considering the benefits and potential risks of the transaction and other relevant factors, including the recommendation of the NSH Conflicts Committee, the NSH Board unanimously (other than Messrs. Greehey and Barron, who were not in attendance and recused themselves): (1) determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby are advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders, (2) approved the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby, (3) resolved that the approval and recommendation of the NSH Conflicts Committee constitutes Special Approval of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby for all purposes under the NSH limited liability company agreement, (4) directed that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby be submitted to the NSH unitholders for their consideration and approval and (5) recommended to the NSH unaffiliated

unitholders that they vote in favor of the approval and adoption of the merger, the merger agreement and the transactions contemplated thereby.

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On February 7, 2018, the Compensation Committee of the Partnership Board met telephonically, with representatives of Evercore and Richards Layton in attendance, to discuss: (1) amendments to the Partnership long-term incentive plan that were required to ensure that the merger would not trigger change of control provisions, consistent with the parties intentions and (2) the assumption by the Partnership of the NSH long-term incentive plan at the closing of the merger. Following discussion, the Partnership Compensation Committee unanimously approved the amendments to the Partnership long-term incentive plan and the Partnership s assumption of the NSH long-term incentive plan at the closing of the merger.

Immediately after the meeting of the Partnership Compensation Committee, the Partnership Conflicts Committee met telephonically, with representatives of Evercore and Richards Layton in attendance, to review and consider the proposed transaction between the Partnership and NSH. Amy L. Perry, Senior Vice President, General Counsel and Corporate Secretary of NuStar GP, and Thomas R. Shoaf, Executive Vice President and Chief Financial Officer of NuStar GP, and representatives of Sidley Austin joined a portion of the meeting. After discussion and consideration of the benefits and potential risks of the transaction and other relevant factors among the members of the Partnership Conflicts Committee and its legal counsel and financial advisor, the Partnership Conflicts Committee: (1) approved the proposed transaction, including the merger agreement, the amended and restated partnership agreement, the support agreement and the NuStar GP amended and restated company agreement, and the transactions contemplated thereby, including the merger and the issuance of the merger consideration, upon the terms and conditions set forth therein and (2) recommended to the Partnership Board that the Partnership Board approve the proposed transaction, including the merger agreement, the amended and restated partnership agreement, the support agreement and the NuStar GP amended and restated company agreement, and the transactions contemplated thereby, including the merger and the issuance of the merger consideration, upon the terms and conditions set forth therein.

Immediately following the meeting of the Partnership Conflicts Committee on February 7, 2018, the Partnership Board met telephonically, with all members in attendance (other than Messrs. Greehey and Barron, who were not in attendance and recused themselves), along with Ms. Perry, Mr. Shoaf, representatives of Sidley Austin, Richards Layton and Evercore in attendance, to review and consider the proposed transaction between the Partnership and NSH. After discussion and consideration of the benefits and potential risks of the transaction and other relevant factors, including the recommendation of the Partnership Conflicts Committee, the Partnership Board unanimously (other than Messrs. Greehey and Barron, who were not in attendance and recused themselves) approved the proposed transaction, including the merger agreement, the amended and restated partnership agreement, the support agreement and the NuStar GP amended and restated company agreement, and the transactions contemplated thereby, including the merger and the issuance of the merger consideration, upon the terms and conditions set forth therein.

Following the February 7, 2018 meetings of the NSH Conflicts Committee, the NSH Board, the Partnership Conflicts Committee and the Partnership Board, the parties executed and delivered the definitive merger agreement. The parties to the support agreement also executed and delivered the support agreement.

On February 8, 2018, the Partnership and NSH issued a joint press release announcing the merger agreement and the proposed merger.

Subsequent Events

On March 2, 2018, Mr. Barron received a telephone call from Mr. Kelcy Warren, the Chairman and Chief Executive Officer of Energy Transfer Equity, L.P. (ETE), notifying him that ETE was sending a letter to the NSH Board proposing to acquire NSH in a consensual transaction. Mr. Barron informed representatives of Wachtell Lipton and the members of the NSH Conflicts Committee of this call.

On March 5, 2018, the NSH Board received a letter from ETE, dated March 2, 2018 (the ETE Letter), proposing to acquire NSH for $14.70 per NSH unit in cash, which also mentioned the possibility of a transaction

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in equity or a combination of cash and equity and stated that, in connection with any transaction that might be agreed between ETE and NSH, ETE would expect that Mr. Greehey would withdraw his support for the merger with the Partnership and instead support ETE s proposal. Later on March 5, 2018, the NSH Conflicts Committee met telephonically, with representatives of Wachtell Lipton in attendance, to review the ETE Letter. Wachtell Lipton reviewed the NSH Conflicts Committee s fiduciary duties and the provisions of the merger agreement applicable to the NSH Conflict Committee s consideration of the ETE Letter. The NSH Conflicts Committee discussed the ETE Letter and the process for reviewing and evaluating the ETE Letter. The NSH Conflicts Committee directed Wachtell Lipton to request that NSH management present updated information to the committee. Pursuant to the terms of the merger agreement, the NSH Conflicts Committee provided notice to the Partnership Conflicts Committee of the ETE Letter.

On March 7, 2018, the NSH Conflicts Committee received a letter from Mr. Greehey stating that as an NSH unitholder he continued to support the transaction with the Partnership, and he would not enter into a support agreement or vote his NSH units in favor of the transaction proposed in the ETE Letter.

On March 7, 2018, the NSH Conflicts Committee, with representatives of Wachtell Lipton and Baird in attendance by telephone, met to discuss and review the ETE Letter. At the request of the NSH Conflicts Committee, members of NSH management were also in attendance at the start of the meeting. At the request of the NSH Conflicts Committee, members of NSH management presented an update on the Partnership s operations and its views of the combined NSH and Partnership entity. Members of NSH management reviewed the strategic benefits of the transaction with the Partnership, the progress made by management relating to its strategic plan and provided an update relating to the financial and operational performance of NSH and the Partnership. The members of management were then excused from the meeting, and the NSH Conflicts Committee discussed the presentation by management and the ETE Letter, as well as the letter received from Mr. Greehey. Representatives of Wachtell Lipton and Baird responded to questions from members of the NSH Conflicts Committee. The NSH Conflicts Committee determined to meet again the next day, and to have Baird present updated financial analyses of the proposed merger with the Partnership to assist the NSH Conflicts Committee in considering its response to the ETE Letter.

On March 8, 2018, the NSH Board formally executed an authorization of the NSH Conflicts Committee, which also ratified prior actions, with respect to reviewing and evaluating the ETE Letter and related matters.

Also on March 8, 2018, the NSH Conflicts Committee met telephonically, with representatives of Wachtell Lipton and Baird in attendance. Baird presented a pro forma financial analysis of the transaction with the Partnership, which included discounted cash flow analysis and discounted distribution analysis, using current market data and then responded to questions from members of the NSH Conflicts Committee regarding that analysis. Such analysis was not prepared in connection with, but was generally similar to, the give/gets analysis presented to the NSH Conflicts Committee on February 7, 2018 (see Opinion of the NSH Conflicts Committee s Financial Advisor) other than utilizing current market data. Please see Opinion of the NSH Conflicts Committee s Financial Advisor Subsequent Events for a summary of the material findings of such pro forma financial analysis. After the representatives of Baird left the meeting, the NSH Conflicts Committee discussed the ETE Letter in detail. Wachtell Lipton reviewed legal matters with the NSH Conflicts Committee, including the duties of the committee in considering how to respond to the ETE Letter.

After discussion, the members of the NSH Conflicts Committee unanimously determined that the merger transaction with the Partnership is in the best interests of NSH and the NSH unitholders; that the long-term strategic and other benefits of the merger with the Partnership are the best path forward for NSH and the NSH unitholders at this time; and that NSH would accordingly remain committed to the transaction with the Partnership and send a letter to that effect to ETE. In making these determinations, the NSH Conflicts Committee took into account, among other things, their assessment of the future operating and financial prospects of NSH based on their familiarity with NSH and the

industry in which it operates, and the financial analysis of the merger transaction with the Partnership prepared by Baird (including discounted cash flow and discounted distribution

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analyses of the proposed merger). The NSH Conflicts Committee also took into account the fact that Mr. Greehey, as the largest NSH unitholder owning directly or indirectly 21.4% of the NSH units outstanding, had expressed unwillingness to support or vote for ETE s proposed transaction, creating substantial risk as to whether such a transaction would receive the necessary NSH unitholder approval.

On March 12, 2018, the NSH Conflicts Committee sent a letter to ETE rejecting ETE s acquisition proposal and noting its continued support of the merger with the Partnership.

Between March 14 and March 20, 2018, the NSH Conflicts Committee held several additional meetings, with representatives of Wachtell Lipton in attendance, to discuss next steps in the transaction process.

On April 12, 2018, the NSH Conflicts Committee received a letter from ETE, dated April 12, 2018 (the Second ETE Letter), reiterating ETE s non-binding proposal to acquire NSH for $14.70 per NSH unit in cash, or as an alternative, ETE common units or a combination of cash and ETE common units. The letter also stated that ETE was prepared to pursue a transaction without Mr. Greehey s support. Pursuant to the terms of the merger agreement, the NSH Conflicts Committee provided notice to the Partnership Conflicts Committee of the Second ETE Letter.

On April 17, 2018, the NSH Conflicts Committee met telephonically, with representatives of Wachtell Lipton and Baird in attendance, to discuss the Second ETE Letter. The NSH Conflicts Committee discussed the Second ETE Letter and the process for reviewing the Second ETE Letter. Wachtell Lipton reviewed the NSH Conflicts Committee s fiduciary duties and the provisions of the merger agreement applicable to the NSH Conflict Committee s consideration of the Second ETE Letter. To assist in its further review of the Second ETE Letter, the NSH Conflicts Committee determined to request that NSH management present updated information to the committee regarding NSH s and the Partnership s businesses.

On April 20, 2018, the NSH Conflicts Committee met telephonically, with representatives of Wachtell Lipton and Baird in attendance, to discuss and review the Second ETE Letter. At the request of the NSH Conflicts Committee, members of NSH management presented an update relating to the financial and operational performance of NSH and the Partnership. The members of management were then excused from the meeting, and the NSH Conflicts Committee discussed the presentation by management and the Second ETE Letter. Representatives of Wachtell Lipton reviewed legal matters, including an overview of recently filed litigation relating to the proposed merger with the Partnership. The NSH Conflicts Committee determined to meet again the following week, and to have Baird present an updated pro forma financial analysis of the proposed merger with the Partnership to assist the NSH Conflicts Committee in considering its response to the Second ETE Letter.

On April 26, 2018, the NSH Conflicts Committee met telephonically, with representatives of Wachtell Lipton and Baird in attendance, to discuss and review the Second ETE Letter. Wachtell Lipton reviewed the NSH Conflicts Committee s fiduciary duties and the provisions of the merger agreement applicable to the NSH Conflict Committee s consideration of the Second ETE Letter. Baird presented a pro forma financial analysis of the proposed merger with the Partnership, which included a discounted cash flow analysis, discounted distribution analysis and selected public company comparables analysis, using current market data and management s updated projections as provided on April 19, 2018 (see Unaudited Financial Projections of the Partnership and NSH Management Projections). Such updated analysis was not prepared in connection with, but was generally similar to, the give/gets analysis presented to the NSH Conflicts Committee on February 7, 2018, (see Opinion of the NSH Conflicts Committee s Financial Advisor) other than utilizing current market data, the updated projections and selected public company comparables analysis. Please see Opinion of the NSH Conflicts Committee s Financial Advisor Subsequent Events for a summary of the material findings of such pro forma financial analysis. Baird also presented certain publicly available information concerning ETE, including its governance and organizational structure, public comparables, asset overview, directors

and management, historic equity price performance and mergers and acquisitions activity, market and financial metrics, information concerning publicly disclosed unitholder ownership, and research analyst price targets.

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After discussion, the members of the NSH Conflicts Committee unanimously determined that the long-term strategic and other benefits of the simplification merger transaction with the Partnership are the best path forward for NSH and its unitholders; that the NSH Conflicts Committee remained committed to the merger with the Partnership; and that ETE s proposal is not in the best interests of NSH and the NSH unitholders. In making these determinations, the NSH Conflicts Committee took into account, among other things, their assessment of the future operating and financial prospects of NSH based on their familiarity with NSH and the industry in which it operates, and the updated pro forma financial analysis of the proposed merger with the Partnership prepared by Baird (including discounted cash flow, discounted distribution analyses, and selected public company comparables analysis of the proposed merger).

On May 1, 2018, the NSH Conflicts Committee sent ETE a letter communicating its determinations regarding the proposed merger with the Partnership and the proposal set forth in the Second ETE Letter.

Recommendation of the NSH Conflicts Committee and the NSH Board and Reasons for the Merger

On February 7, 2018, the NSH Conflicts Committee unanimously determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby were advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders. Accordingly, the NSH Conflicts Committee recommended that the NSH Board approve the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby. Based on the NSH Conflicts Committee s determination and recommendation and all of the information made available to the NSH Board and upon other relevant factors, on February 7, 2018, the NSH Board (other than Messrs. Greehey and Barron, who were not in attendance and recused themselves) unanimously approved and declared the advisability of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby. The NSH Board also recommended that the NSH unaffiliated unitholders vote in favor of the merger proposal.

The NSH Conflicts Committee considered many factors in determining the merger agreement and the transactions contemplated thereby to be advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders and recommending the approval of the merger agreement and the consummation of the transactions contemplated thereby to the NSH Board.

In reaching its conclusions, the NSH Conflicts Committee consulted with its legal counsel and financial advisor and considered a number of factors, including, without limitation, the factors summarized below.

The NSH Conflicts Committee considered the following factors as being generally positive or favorable to the approval and adoption of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby:

- the NSH unitholders will receive common units representing limited partner interests in the Partnership and will participate in the long-term expected benefits of the operations of the combined entity, through the Partnership, including with respect to the following:
  - any future common unit price appreciation and/or distribution increases;

after the merger, the Partnership will no longer have any incentive distribution rights, and, as a result, the Partnership s long-term cost of capital will be reduced;

the enhancement of the Partnership s cash accretion through its ability to compete for new acquisitions and finance organic growth projects as a result of its reduced long-term cost of capital; and

allowing the Partnership to maintain its competitive position when pursuing growth opportunities by increasing access to the equity markets, while simultaneously decreasing the need to access the equity markets;

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the common units have substantially more liquidity than NSH units because of the common units larger average daily trading volume, and the Partnership is a significantly larger entity with a broader investor base and a larger public float, along with less volatility in the trading market for the common units;

the NSH unitholders are receiving as consideration units in a public, non-controlled, widely held entity and, accordingly, will have an ongoing opportunity to receive a control premium in the future;

reducing general and administrative costs by approximately $1 million per year, primarily from eliminating public company expenses associated with NSH;

NSH unitholders, as common unitholders after the effective time, will be entitled to participate in the election of all of the directors of the Partnership Board;

the favorable benefits of a streamlined organizational structure, capital structure and governance structure, including enhanced transparency for investors, greater tax simplicity, simplified future credit relationships and clearer responsibilities and duties of the Partnership to various stakeholders;

the NSH Conflicts Committee s belief that consummating the merger contemporaneously with the Partnership s quarterly distribution reset is more attractive for NSH and its unitholders than resetting the Partnership s quarterly distribution in advance of or without engaging in the merger;

the value to NSH unitholders associated with preservation of NSH s culture and the benefits to NSH and its unitholders of maintaining its outstanding relationships with employees, the community and other constituents;

the merger will eliminate potential conflicts of interest that may arise as a result of a person being an officer of NSH and NuStar GP and as a result of a person being a member of the board of directors of both NSH and NuStar GP;

the number of common units to be received by the NSH unitholders is fixed, and any increase or decrease in the price of common units relative to the price of the NSH units will not impact the exchange ratio or the number of common units received;

the financial analysis reviewed and discussed with the NSH Conflicts Committee by representatives of Baird, as well as the oral opinion of Baird rendered to the NSH Conflicts Committee on February 7, 2018 (which was subsequently confirmed in writing by delivery of Baird s written opinion dated the same date) to the effect that, as of the date of such opinion and based upon and subject to the various assumptions, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the NSH unaffiliated unitholders was fair, from a financial point of view, to such unitholders;

the probability that the Partnership and NSH will be able to consummate the merger and NSH s ability to obtain the necessary unitholder approvals, including with respect to the following:

no filing is required under the HSR Act and the rules promulgated thereunder by the FTC; and

pursuant to the terms of the support agreement, the supporting unitholders, owning 21.4% of the outstanding NSH units, agreed to vote their NSH units in favor of the approval and adoption of the merger agreement and the transactions contemplated thereby;

the terms of the merger agreement permit, under certain conditions: (1) the NSH Board to change its recommendation, (2) NSH to enter into discussions with another party in response to an unsolicited bona fide written offer and (3) NSH to terminate the merger agreement, including to accept a superior proposal;

the expectation that NSH unitholders, generally, should not recognize any gain or loss, for U.S. federal income tax purposes, with respect to the exchange of NSH units for common units pursuant to the merger; and

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the review by the NSH Conflicts Committee with its legal and financial advisors of the financial and other terms of the merger agreement and related documents, including the conditions to their respective obligations and the termination provisions.

The NSH Conflicts Committee considered the following factors that weighed against approval and adoption of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby:

the possibility that NSH unitholders could be foregoing appreciation principally associated with the incentive distribution rights, which might be realized either in the form of increased distributions or appreciation in unit value if the business of the Partnership performs materially better than anticipated and the Partnership were to then increase its distribution to levels substantially higher than anticipated;

the risk that the merger may not be completed in a timely manner or that the merger might not be consummated as a result of a failure to satisfy the conditions contained in the merger agreement, including the failure to receive NSH unitholder approval;

the potential adverse effects on NSH s financial condition if the merger is not completed following public announcement of the execution of the merger agreement;

the number of common units to be received by the NSH unitholders is fixed and the common unit price could decline relative to the NSH unit price prior to closing, which would reduce the premium available to NSH unitholders, and any such decrease in value will not be limited by any collar arrangement;

the limitations on NSH soliciting other offers and considering unsolicited offers from third parties not affiliated with the Partnership;

the risk that potential benefits sought in the merger might not be fully realized;

the elimination of certain control rights that NSH currently possesses with respect to the Partnership;

the bases on which the NSH Conflicts Committee made its determination and recommendation to the NSH Board, including assumptions associated with the cost of capital and other management projections, are uncertain;

the diversion of management and employee attention, at potentially significant cost and the potential disruption to the business of NSH and the Partnership;

NSH may be required in certain circumstances to pay to the Partnership a termination fee of $13.7 million upon termination of the merger agreement;

the possibility, under certain circumstances, that NSH could be required to reimburse the Partnership for expenses incurred by the Partnership in connection with the merger; and

the possibility that certain members of management of NSH may have interests that are different from those of NSH unitholders.

The NSH Conflicts Committee also reviewed a number of procedural factors relating to the merger, including, without limitation, the following:

the NSH Conflicts Committee was delegated the power and authority to negotiate a potential merger, and make a recommendation to the NSH Board with respect to a merger;

Messrs. Greehey and Barron, who serve on both the Partnership Board and the NSH Board, recused themselves from participating in all discussions, deliberations and voting on the merger;

the NSH Conflicts Committee consists of directors who are not affiliated with the Partnership or NuStar GP and who are not executive officers of NuStar GP;

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the NSH Conflicts Committee retained independent legal and financial advisors with knowledge and experience with respect to public company merger and acquisition transactions, the Partnership s industry generally, and the Partnership and NSH particularly, as well as substantial experience advising publicly traded limited partnerships and other companies with respect to transactions similar to the proposed transaction;

the terms and conditions of the proposed merger were determined through arm s-length negotiations between the Partnership Conflicts Committee and the NSH Conflicts Committee and their respective representatives and advisors;

pursuant to the terms of the support agreement, the supporting unitholders, owning 21.4% of the outstanding NSH units, agreed to vote their NSH units in favor of the approval and adoption of the merger agreement and the transactions contemplated thereby. The NSH Conflicts Committee also considered that such support agreement might discourage other parties that may otherwise have an interest in an acquisition of NSH or another business combination involving NSH from making a competing proposal, however the support agreement will terminate automatically upon the termination of the merger agreement in accordance with its terms, including if NSH terminates the merger agreement to accept a superior proposal;

the financial analyses reviewed and discussed with the NSH Conflicts Committee by representatives of Baird; and

the NSH Conflicts Committee received the oral opinion of Baird on February 7, 2018 (which was subsequently confirmed in writing by delivery of Baird s written opinion dated the same date) to the effect that, as of the date of such opinion and based upon and subject to the various assumptions, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the NSH unaffiliated unitholders was fair, from a financial point of view, to such unitholders.

The foregoing discussion of the information and factors considered by the NSH Conflicts Committee is not intended to be exhaustive, but includes the principal factors considered by the NSH Conflicts Committee. In view of the complexity and wide variety of factors considered in connection with its evaluation of the merger, the NSH Conflicts Committee did not find it practicable to, and did not, quantify or otherwise assign specific weights to the factors considered in reaching its determination and recommendation. Rather, the NSH Conflicts Committee made its recommendations based on the totality of the information presented to it and the investigations conducted by it. In addition, each of the members of the NSH Conflicts Committee may have given differing weights to different factors.

The NSH Conflicts Committee reached its unanimous decision to recommend approval and adoption of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby in light of various factors described above and other factors that each member of the NSH Conflicts Committee believed were appropriate. Overall, the NSH Conflicts Committee believed that the advantages of the merger outweighed the negative factors it considered.

For the reasons set forth above and after further evaluation of the terms of the merger agreement, the NSH Conflicts Committee unanimously: (1) determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby are advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders, (2) approved the merger, the merger agreement, the associated transaction

documents and the transactions contemplated thereby, (3) recommended to the NSH Board the approval of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby and (4) resolved that the foregoing approvals constituted Special Approval of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby under and pursuant to the NSH limited liability company agreement.

Based in part on the NSH Conflicts Committee s determination, Special Approval and recommendation, and after evaluation of the terms of the merger agreement, the NSH Board unanimously (other than Messrs.

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Greehey and Barron, who were not in attendance and recused themselves) (1) determined that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby are advisable, fair and reasonable to, and in the best interest of, NSH and the NSH unaffiliated unitholders, (2) approved the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby, (3) resolved that the approval and recommendation of the NSH Conflicts Committee constitutes Special Approval of the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby for all purposes under the NSH limited liability company agreement, (4) directed that the merger, the merger agreement, the associated transaction documents and the transactions contemplated thereby be submitted to the NSH unitholders for their consideration and approval, (5) recommended to the NSH unaffiliated unitholders that they vote FOR the approval and adoption of the merger, the merger agreement and the transactions contemplated thereby.

In considering the recommendation of the NSH Board with respect to the merger, the merger agreement and the transactions contemplated thereby, you should be aware that the executive officers and directors of NSH have interests in the proposed transaction that are different from, or in addition to, the interests of NSH unitholders generally. The NSH Conflicts Committee and the NSH Board were aware of these interests when recommending approval and adoption of the merger, the merger agreement and the transactions contemplated thereby. Please read Interests of Certain Persons in the Merger.

It should be noted that portions of this explanation of the reasoning of the NSH Conflicts Committee and the NSH Board and certain information presented in this section is forward-looking in nature and, therefore, should be read along with the factors discussed under the heading Information Regarding Forward-Looking Statements.

The Partnership s Reasons for the Merger

The reasons that the Partnership Conflicts Committee and the Partnership Board, upon receipt of a recommendation from the Partnership Conflicts Committee, have decided to approve and cause the Partnership to execute the merger agreement include, among other reasons, the following:

- the Partnership will no longer have any issued and outstanding incentive distribution rights as a result of the merger, which among other things, is expected to: (1) reduce the Partnership s cost of capital and (2) enhance the Partnership s cash accretion from investments in organic growth projects and acquisitions;

- in connection with the merger, the Partnership plans to reset its quarterly distribution to: (1) improve its distribution coverage, (2) improve its debt metrics, (3) reduce its need to access the capital markets in the long term and (4) create a path for distribution growth;

- the belief that consummating the merger contemporaneously with the Partnership s quarterly distribution reset is more attractive for the Partnership and its unitholders than any other strategic option, including resetting the Partnership s quarterly distribution in advance of or without engaging in the merger;

- the merger is expected to improve the Partnership s access to equity markets;

consummating the merger is expected to benefit the Partnership by attracting a broader investor base to a single, larger entity;

the merger will allow the Partnership to maintain financial flexibility, as the unit-for-unit exchange finances 100% of the merger consideration with common units;

as a result of the merger, the common unitholders will be entitled to elect the directors who manage the business and affairs of the Partnership;

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the merger will simplify the Partnership s corporate structure, which will eliminate potential conflicts of interest between the Partnership and the General Partner (and its affiliates), reduce structural complexity and enhance transparency for debt and equity investors; and

the merger generally is not expected to be taxable to the Partnership or its unitholders.

The foregoing discussion of the information and factors that the Partnership Board and the Partnership Conflicts Committee considered is not intended to be exhaustive, but is meant to include the material factors supporting the merger that the Partnership Board and the Partnership Conflicts Committee considered. In view of the complexity and wide variety of factors that the Partnership Board and the Partnership Conflicts Committee considered, it did not find it practical to, and did not attempt to, quantify, rank or otherwise assign relative or specific weights or values to any of the factors considered. Rather, the Partnership Board and the Partnership Conflicts Committee made their determinations based on the totality of the information presented to them and the investigations conducted by them.

It should be noted that portions of this explanation of the reasoning of the Partnership Board and the Partnership Conflicts Committee and certain information presented in this section are forward-looking in nature and, therefore, should be read along with the factors discussed under the heading Information Regarding Forward-Looking Statements.

Unaudited Financial Projections of the Partnership and NSH

In connection with the proposed merger, management of the Partnership prepared projections for the Partnership on a stand-alone basis, rather than pro forma for the merger, with respect to 2018, 2019 and 2020, and management of NSH prepared projections for NSH on a stand-alone basis (relying on the Partnership s projections with respect to the Partnership) with respect to 2018. These projections were based on projections used for regular internal planning purposes. The non-public projections with respect to EBITDA and DCF were provided to Baird for use and consideration in its financial analyses and in preparation of its opinion to the NSH Conflicts Committee. The projections were presented to members of the NSH Conflicts Committee. There have been no material changes in the Partnership s operations or performance or in any of the projections or assumptions upon which they are based since the delivery of the opinion of Baird on February 7, 2018, and no such material changes are currently anticipated to occur before the NSH special meeting.

A summary of these projections is included below to give NSH unitholders access to certain non-public unaudited projections that were made available to Baird, the NSH Conflicts Committee and the NSH Board in connection with the proposed merger.

The Partnership and NSH caution you that uncertainties are inherent in projections of any kind. None of the Partnership, NSH or any of their affiliates, advisors, officers, directors or representatives has made or makes any representation or can give any assurance to any NSH unitholder or any other person regarding the ultimate performance of the Partnership or NSH compared to the summarized information set forth below or that any projected results will be achieved.

The summary projections set forth below summarize the most recent projections provided to Baird (with respect to EBITDA and DCF), the NSH Conflicts Committee and the NSH Board prior to the execution of the merger agreement. The inclusion of the following summary projections in this proxy statement/prospectus should not be regarded as an indication that the Partnership, NSH or their representatives considered or consider the projections to be a reliable or accurate prediction of future performance or events, and the summary projections set forth below should not be relied upon as such.

The accompanying projections were not prepared with a view toward public disclosure or toward compliance with U.S. generally accepted accounting principles (GAAP), the published guidelines of the SEC,

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or the guidelines established by the American Institute of Certified Public Accountants, but, in the view of the management of the Partnership, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of the Partnership management s knowledge and belief, the expected course of action and the expected future financial performance of the Partnership.

Neither KPMG LLP nor any other independent registered public accounting firm has compiled, examined or performed any procedures with respect to the projections, nor has it expressed any opinion or any other form of assurance on such information or its achievability, and assumes no responsibility for, and disclaims any association with, the projections. The KPMG LLP reports incorporated by reference into this proxy statement/prospectus relate to historical financial information of the Partnership and NSH. Such reports do not extend to the projections included below and should not be read to do so. The respective boards of directors and the Audit Committees of NuStar GP and NSH did not prepare, and do not give any assurance regarding, the summarized information.

In developing the projections, the management of the Partnership made numerous material assumptions with respect to the Partnership and NSH for the period 2018 to 2020, including:

- growth capital expenditures of approximately $373 million, $300 million and $300 million for 2018, 2019 and 2020, respectively, along with the amounts and timing of related costs and potential economic returns;
- outstanding debt during applicable periods ranging from $3.40 billion to $3.46 billion for 2018, $3.57 billion to $3.67 billion for 2019 and $3.71 billion to $3.85 billion for 2020, and the availability and cost of capital;
- the cash flow, measured as Adjusted EBITDA, from existing assets and business activities ranging from $624 million to $679 million, $725 million to $765 million and $796 million to $836 million for the years 2018, 2019 and 2020, respectively, including assumptions related to shipments on the Partnership s crude oil and refined petroleum products pipeline systems, annual tariff rate adjustments for these pipeline systems which are impacted by the annual U.S. Producer Price Index and/or market forces, throughput volumes in the Partnership s terminals, and revenues related to its storage facilities;
- the potential for default by a significant customer with contracted storage capacity and the potential to replace revenues attributable to such customer;
- no sustained decline in crude oil prices below a range of $40-60 per barrel that would have a material adverse impact on the broader refined petroleum products market and prices or on the Partnership s commodity related activities; and
- other general business, market and financial assumptions.

Additional assumptions were made with respect to the size, availability, timing and anticipated results of, and cash flows from, growth capital expenditures. All of these assumptions involve variables making them difficult to predict, and most are beyond the control of the Partnership and NSH. Although management of the Partnership and NSH believe that there was a reasonable basis for their projections and underlying assumptions, any assumptions for

near-term projected cases remain uncertain, and the risk of inaccuracy increases with the length of the forecasted period.

Management Projections

Management, utilizing assumptions it believed to be reasonable and materially consistent with its expectations relating to the financial and operating performance of the Partnership for the years ending December 31, 2018, 2019 and 2020, provided to Baird the following forecasts relating to the Partnership s Total Adjusted EBITDA and DCF on a stand-alone basis. Baird utilized these forecasts to assume and sensitize certain distributions for purposes of its analysis, as described in more detail below under Sensitivity Analyses Prepared by Baird for the Partnership and NSH.

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The summarized projected financial information set forth below assume two cases. The first case, called Case A in the table below, is the lower case, which assumes the Partnership s existing business, as well as organic growth projects expected to be completed in 2018. For 2019 and 2020, the projections include $300 million of additional capital expenditures, which are assumed to generate incremental EBITDA based on an 8.0x multiple in the year subsequent to the expenditure. The projections include additional debt and equity financing to fund the expected capital expenditures and to refinance expected debt maturities. The weighted average financing rate for the aggregate additional debt and equity, including any preferred equity, is assumed to be 7.4%. However, EBITDA for all three years is assumed to be lower, primarily as a result of lower revenues at the Partnership s St. Eustatius terminal. Case A assumes that the Partnership must replace its anchor tenant at St. Eustatius with other customers over the course of 2018, resulting in periods during 2018 in which the anchor tenant s storage at St. Eustatius is not generating revenue. All of the anchor tenant s storage at St. Eustatius is assumed to be leased to other customers by the end of 2018, but at lower rates, thereby causing 2019 and 2020 EBITDA to be lower than Case B.

The second case, called Case B in the table below, is the higher case, which includes all of the same assumptions as Case A, except that, in addition, it assumes the Partnership does not have to replace its anchor tenant at the Partnership s St. Eustatius terminal. Rather, EBITDA for all three years is assumed to be higher than Case A due to increased volume at the Partnership s St. Eustatius terminal and consistent revenues being generated by the anchor tenant s storage needs.

Case A

	2018E	2019E	2020E
Total Adjusted EBITDA(1)	$ 624	$ 725	$ 796
DCF	$ 288	$ 346	$ 420

Case B

Total Adjusted EBITDA(1)	$ 679	$ 765	$ 836
DCF	$ 344	$ 389	$ 462

(1) Excludes a one-time receipt of insurance proceeds of approximately $87.5 million in the first quarter of 2018 relating to damage at the Partnership s St. Eustatius terminal, which are to be spent on repairs.

Similarly, management, utilizing assumptions it believed to be reasonable and materially consistent with its expectations relating to the financial and operating performance of NSH for the year ending December 31, 2017, provided Baird a DCF forecast for NSH on a stand-alone basis of $92.4 million for 2018.

On April 19, 2018, management provided Baird updated projections relating to the Partnership for 2018, primarily reflecting the actual revenues received during the first quarter with respect to the anchor tenant at the Partnership s St. Eustatius terminal. The updated forecast for 2018 provides Total Adjusted EBITDA, excluding the approximately $80 million of gain resulting from insurance proceeds, of approximately $639 million and DCF of approximately $306 million. Subsequently, on April 26, 2018, management publicly disclosed further updated projections for 2018 providing for Total Adjusted EBITDA, excluding approximately $80 million of gain resulting from insurance proceeds, ranging from $620 million to $670 million and DCF ranging from $291 million to $321 million. Management does not believe this update to be quantitatively material and has not updated projections for 2019 and 2020.

Adjusted EBITDA and DCF are not financial measures prepared in accordance with GAAP and should not be considered substitutes for net income (loss) or cash flow data prepared in accordance with GAAP.

Sensitivity Analyses Prepared by Baird for the Partnership and NSH

For purposes of its analysis, Baird used the projected financial information for both Cases A and B (summarized above) and prepared a sensitivity analysis on both cases to develop a range of financial forecasts.

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The sensitivity analyses prepared by Baird, presented in the tables below, assume the Partnership reduces its quarterly distribution from $1.095 to $0.60 beginning the first quarter of 2018, in accordance with guidance provided by management. In 2019 and 2020, per unit distributions are increased to amounts that result in either a 1.3x, 1.2x or 1.1x coverage ratio. In all cases, the Partnership is assumed to benefit from interest savings from the reduced distributions.

The projected results for NSH derive from the Partnership s assumed results. DCF for NSH depends upon the assumed amount of distributions paid by the Partnership, which affects the amount of distributions paid to NSH for the common units its subsidiaries own, the 2% general partner interest, and the incentive distribution rights. NSH is assumed to pay out 100% of its DCF.

NuStar Energy L.P. (NS)

	2018E(1)	2019E	2020E
Case A Total Adjusted EBITDA	**$ 624**	**$ 725**	**$ 796**
At 1.3x Coverage in 2019E-2020E:			
DCF	$ 298	$ 359	$ 448
Distribution Per Unit(2)	2.52	2.82	3.35
At 1.2x Coverage in 2019E-2020E:			
DCF	$ 298	$ 358	$ 446
Distribution Per Unit(2)	2.57	3.01	3.57
At 1.1x Coverage in 2019E-2020E:			
DCF	$ 298	$ 358	$ 445
Distribution Per Unit(2)	2.63	3.22	3.82
Case B Total Adjusted EBITDA	**$ 679**	**$ 765**	**$ 836**
At 1.3x Coverage in 2019E-2020E:			
DCF	$ 354	$ 401	$ 487
Distribution Per Unit(2)	2.60	3.08	3.59
At 1.2x Coverage in 2019E-2020E:			
DCF	$ 354	$ 400	$ 485
Distribution Per Unit(2)	2.66	3.29	3.83
At 1.1x Coverage in 2019E-2020E:			
DCF	$ 354	$ 399	$ 483
Distribution Per Unit(2)	2.72	3.53	4.10

(1) 2018(E) Total Adjusted EBITDA excludes the expected gain from insurance proceeds the Partnership received in 2018.
(2) Baird assumed a distribution increase at the Partnership after the applicable target DCF coverage rate was met within each coverage scenario.

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NuStar GP Holdings, LLC (NSH)

	2018E	2019E	2020E
Case A			
At 1.3x Coverage at NS in 2019E-2020E:			
DCF	$ 27	$ 35	$ 58
Distribution Per Unit	0.62	0.81	1.35
At 1.2x Coverage at NS in 2019E-2020E:			
DCF	$ 29	$ 42	$ 67
Distribution Per Unit	0.66	0.98	1.56
At 1.1x Coverage at NS in 2019E-2020E:			
DCF	$ 31	$ 50	$ 78
Distribution Per Unit	0.71	1.17	1.81
Case B			
At 1.3x Coverage at NS in 2019E-2020E:			
DCF	$ 30	$ 45	$ 68
Distribution Per Unit	0.70	1.05	1.58
At 1.2x Coverage at NS in 2019E-2020E:			
DCF	$ 32	$ 53	$ 78
Distribution Per Unit	0.74	1.23	1.81
At 1.1x Coverage at NS in 2019E-2020E:			
DCF	$ 34	$ 62	$ 89
Distribution Per Unit	0.80	1.45	2.08

The projections are forward-looking statements and are subject to risks and uncertainties. Accordingly, the assumptions made in preparing the projections may not prove to be reflective of actual results, and actual results may be materially different than those contained in the projections. None of KPMG LLP, Baird, Evercore or any of their respective representatives assumes any responsibility for the validity, reasonableness, accuracy or completeness of the projected financial information, and neither the Partnership nor NSH has made any representations to common unitholders or NSH unitholders regarding such information. The inclusion of the projections in this proxy statement/prospectus should not be regarded as an indication that the Partnership Conflicts Committee, the NSH Conflicts Committee or their respective financial advisors considered the projections predictive of actual/future events or that the projections should be relied on for that purpose. In light of the uncertainties inherent in any projected data, common unitholders and NSH unitholders are cautioned not to rely on the foregoing projections.

NEITHER THE PARTNERSHIP NOR NSH INTENDS TO UPDATE OR OTHERWISE REVISE THE ABOVE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS ARE NO LONGER APPROPRIATE.

Opinion of the NSH Conflicts Committee s Financial Advisor

The NSH Conflicts Committee retained Baird as its financial advisor in connection with the merger and with respect to the provision of an opinion to the NSH Conflicts Committee as to the fairness, from a financial point of view, to the NSH unaffiliated unitholders of the Consideration to be received by such unitholders in the merger. At the meeting of the NSH Conflicts Committee held on February 7, 2018, Baird rendered its oral opinion to the NSH Conflicts

Committee, subsequently confirmed by delivery of a written opinion dated February 7, 2018, to the effect that, as of such date and based upon and subject to the various assumptions, qualifications and limitations set forth in Baird s opinion, the Consideration to be received by the NSH unaffiliated unitholders was fair, from a financial point of view, to such unitholders.

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The full text of the written opinion of Baird is attached hereto as Annex E and is incorporated by reference in its entirety into this proxy statement/prospectus. The opinion sets forth, among other things, the assumptions made, specified work performed, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Baird in rendering its opinion. You are encouraged to read Baird s opinion carefully and in its entirety.

Baird s opinion was prepared at the request, and provided for the information, of the members of the NSH Conflicts Committee (solely in their capacity as such), in connection with their evaluation of the merger and addresses only the fairness, from a financial point of view, to the NSH unaffiliated unitholders of the Consideration to be received by such unitholders. Baird was not asked to express, and in its opinion does not express, any opinion with respect to any of the other financial or non-financial terms, conditions, determinations or actions with respect to the merger. Baird s opinion also does not address the relative merits or risks of: (1) the merger, the merger agreement or any other agreements or other matters provided for, or contemplated by, the merger, the merger agreement, or any tax strategy implemented or contemplated pursuant to the merger; (2) any other transactions that may be or might have been available as an alternative to the merger; or (3) the merger compared to any other potential alternative transactions or business strategies considered by NSH, the Partnership, the NSH Conflicts Committee or the NSH Board and, accordingly, Baird has relied upon its discussions with the management of NSH and the Partnership with respect to the availability and consequences of any alternatives to the merger. Baird was not engaged or requested to provide, and has not provided, any advice concerning the advisability of entering into the merger. Baird s opinion does not constitute a recommendation to the NSH Conflicts Committee, the NSH Board or any other person as to how any such person should act with respect to the merger. The summary of the Baird opinion set forth herein is qualified in its entirety by reference to the full text of the opinion included as Annex E.

In conducting its investigation and analyses and in arriving at its opinion, Baird reviewed such information and took into account such financial and economic factors, investment banking procedures and considerations as it deemed relevant under the circumstances. In that connection, and subject to the various assumptions, qualifications and limitations set forth herein, Baird, among other things:

- reviewed certain internal information, furnished to Baird, primarily financial in nature, including the three-year financial forecasts concerning the business and operations of the Partnership, which such financial forecasts for EBITDA and DCF were certified by management of NSH for purposes of Baird s analysis and have relied on guidance of the management of NSH and the Partnership, specifically management s expectation of targeting an approximately 1.2x DCF coverage ratio at the Partnership, to calculate cash distributions per common unit and NSH unit (collectively such information, the Forecasts);

- in estimating cash distributions for NSH and the Partnership for purposes of its analyses, sensitized around a range of DCF coverage ratios at the Partnership and assumed a distribution increase after the applicable target DCF coverage rate was met within each coverage scenario;

- met with management of NSH and the Partnership in person and by telephone on several occasions for review and updates regarding NSH, the Partnership and certain of their respective assets;

held discussions with members of management of NSH and the Partnership concerning their views on general market trends, historical and current financial condition and operating results, as well as the future prospects of NSH and the Partnership and the anticipated benefits of the proposed merger;

reviewed certain publicly available information including, but not limited to, NSH s and the Partnership s recent filings with the SEC;

in conjunction with the NSH Conflicts Committee and its legal counsel, reviewed the initial proposal letter and associated supporting materials provided by the Partnership dated December 11, 2017;

in conjunction with the NSH Conflicts Committee and its legal counsel, reviewed the principal financial terms of the merger agreement dated February 7, 2018, the amended and restated partnership

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agreement in the form attached to the merger agreement as Annex A, and the NuStar GP amended and restated company agreement in the form attached to the merger agreement as Annex B, as such terms relate to Baird s analysis;

reviewed the proposed financial terms of the merger and the reported financial terms of certain other transactions Baird deemed relevant;

reviewed the historical market prices, trading activity and market trading multiples of NSH units and common units, as well as those of certain other publicly-traded partnerships and companies Baird deemed relevant;

considered the present values of the forecasted cash flows attributable to NSH and the Partnership as contained in the Forecasts;

considered the present values of the forecasted stand-alone distributions to the holders of the common units and NSH units as contained in the Forecasts; and

considered various other information, financial studies, analyses and investigations and financial, economic and market criteria Baird deemed relevant for the preparation of its opinion.

In arriving at its opinion, Baird assumed and relied upon, without independent verification, the accuracy and completeness of all of the financial and other information that was publicly available or provided to Baird by or on behalf of NSH and the Partnership, including the Forecasts. Baird did not independently verify any information supplied to it by or on behalf of NSH and the Partnership. Baird was not engaged to independently verify, did not assume any responsibility to verify, assumed no liability for, and expressed no opinion on, any such information, and Baird assumed and relied upon, without independent verification, that neither NSH nor the Partnership was aware of any information that might be material to Baird s opinion that had not been provided to Baird. Baird assumed and relied upon, without any independent verification, that: (1) all assets and liabilities (contingent or otherwise, known or unknown) of NSH and the Partnership were set forth in the respective publicly-filed financial statements, and there was no information or facts that would make any of the information reviewed by Baird incomplete or misleading; (2) the financial statements of NSH and the Partnership provided to Baird presented fairly the results of operations, cash flows and financial condition of NSH and the Partnership, respectively, for the periods, and as of the dates, indicated and were prepared in conformity with GAAP, consistently applied; (3) the Forecasts were reasonably prepared on bases reflecting the best available estimates and good faith judgments of management of NSH and the Partnership as to the future performance of NSH and the Partnership, and Baird relied, without independent verification, upon such Forecasts in the preparation of its opinion, although Baird expressed no opinion with respect to the Forecasts or any judgments, estimates, assumptions or basis on which they were based, and Baird assumed, without independent verification, that the Forecasts and the proposed 45.2% reduction in the Partnership s cash distribution of which Baird had been apprised by the Partnership would be realized in the amounts and on the time schedule contemplated in the Forecasts; (4) the merger would be consummated in accordance with the terms and conditions of the merger agreement, which was consistent in all material respects with the draft Baird was provided, without any amendment thereto and without waiver by any party of any of the conditions to their respective obligations thereunder; (5) the representations and warranties contained in the merger agreement were true and correct, subject to the qualifications stated therein and/or as disclosed in the Disclosure Schedules (as defined in the

merger agreement) and that each party would perform all of the covenants and agreements required to be performed by it under the merger agreement in all material respects; (6) NSH and the Partnership would realize the cash flows in the amounts and on the time schedule contemplated in the Forecasts; (7) the merger would not materially impact the tax characteristics of the Partnership; and (8) all corporate, partnership, governmental, regulatory, third party or other consents and approvals (contractual or otherwise) required to consummate the merger had been, or would be, obtained without the need for any changes to the Consideration or other financial terms of the merger or that would otherwise materially affect NSH, the Partnership, the merger or Baird s analysis. Due to the summary nature of the Forecasts provided to Baird by management of NSH and the Partnership, Baird has made and relied upon, without independent verification, certain assumptions based on

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guidance from management of NSH and the Partnership in order to sensitize and calculate forecasted cash distributions for both the Partnership and NSH for purposes of its analysis.

Baird does not provide accounting, tax or legal advice and therefore has not expressed an opinion on such matters as they related to the merger. In conducting its review, Baird has not undertaken or obtained an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise, known or unknown) or solvency of NSH or the Partnership nor has Baird made a physical inspection of all of the properties or facilities of NSH or the Partnership. Baird expressed no opinion with respect to the terms, or impact on the Partnership, its financial condition, results of operation or cash flows, or on the price or trading range of common units, of any financing obtained, or to be obtained, by the Partnership in connection with or following the merger. In each case, Baird has made the assumptions and taken the actions or inactions described herein with the knowledge and consent of the NSH Conflicts Committee.

Baird s opinion necessarily is based upon economic, monetary, market and other conditions as they existed and could be evaluated on the date of the opinion and upon certain assumptions Baird made with respect thereto, and Baird s opinion does not predict or take into account any changes which may occur, or information which may become available, after that date. Furthermore, Baird expressed no opinion as to the price or trading range at which any of NSH s or the Partnership s securities (including NSH units or common units) would trade following the date of the opinion or as to the effect of the merger on such price or trading range, or any earnings or ownership dilutive impact that may result from future issuances of securities by NSH or the Partnership. Such price and trading range may be affected by a number of factors, including but not limited to (1) the planned 45.2% reduction in the Partnership s per unit cash distribution, dispositions of NSH units or common units by unitholders within a short period of time after, or other market effects resulting from, the announcement and/or effective date of the merger; (2) changes in prevailing interest rates and other factors which generally influence the price of securities; (3) adverse changes in the current capital markets; (4) the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of NSH or the Partnership or in its related industry; (5) other transactions or strategic initiatives that NSH or the Partnership may enter into prior to, concurrent with, or subsequent to the merger; (6) changes in commodity prices; (7) any necessary actions by, or restrictions of, federal, state or other governmental agencies or regulatory authorities; and (8) timely completion of the merger on terms and conditions that are acceptable to all parties at interest.

Baird s opinion was only one of many factors considered by the NSH Conflicts Committee in its evaluation of the merger and should not be viewed as determinative of the views of the members of the NSH Conflicts Committee with respect to the merger or the Consideration. The following is a brief summary of the material analyses performed by Baird in connection with the rendering of its opinion dated February 7, 2018. The following summary, however, does not purport to be a complete description of the analyses performed by Baird. The order of the analyses described and the results of these analyses do not represent the relative importance or weight given to these analyses by Baird. Baird, based on its experience and professional judgment, made qualitative conclusions as to the relevance and significance of each analysis and factor considered by it. Therefore, its analysis must be considered as a whole. Considering any portion of the various analyses and factors reviewed, without bearing in mind all analyses, could create a misleading or incomplete view of the process underlying Baird s opinion. Except as otherwise noted, the following quantitative information, to the extent based on market data, is based on market data that existed on or before February 7, 2018, and is not necessarily indicative of subsequent or current market conditions.

Discounted Cash Flow Analysis

Baird performed a discounted cash flow analysis by utilizing the Forecasts to calculate the present value of the projected future unlevered free cash flows and terminal value of NSH and the Partnership. Baird calculated ranges of implied equity values per NSH unit and common unit, respectively, based on the Forecasts.

In arriving at the estimated equity value range per NSH unit, Baird utilized the Forecasts to calculate projected unlevered free cash flows for calendar years 2018 through 2020, respectively, as set forth in the Forecasts, under

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each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership and terminal values as of December 31, 2020 based on a range of terminal cash flow multiples in the terminal year of 13.5x to 15.5x, which midpoint represents a blended multiple based on a multiple of distributions from common units and a multiple based on general partner and incentive distribution rights cash flow. In deriving unlevered free cash flows of NSH, Baird added back interest expense to DCF and, as such, derived the following unlevered free cash flows: $29-$33 million across 1.3x to 1.1x DCF coverage at the Partnership for calendar year 2018; $37-$52 million across 1.3x to 1.1x DCF coverage at the Partnership for calendar year 2019; and $60-$80 million across 1.3x to 1.1x DCF coverage at the Partnership for calendar year 2020. The unlevered free cash flows and the terminal value were discounted to present value using a range of discount rates of 13.0% to 15.0%, with a midpoint based on NSH s weighted average cost of capital (WACC), as estimated by Baird based on the capital asset pricing model (CAPM) and weighted average cost of debt with reference to applicable borrowing rates.

In arriving at the estimated equity value range per common unit, Baird utilized the Forecasts to calculate projected unlevered free cash flows for calendar years 2018 through 2020, respectively, under each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership and terminal values as of December 31, 2020 based on a range of terminal EBITDA multiples of 11.5x to 12.5x. In deriving unlevered free cash flows of the Partnership, Baird added back interest expense and preferred unit distributions to DCF, and then deducted growth capital expenditures. As such, Baird derived unlevered free cash flows at the Partnership of $204 million, $354 million and $450 million for calendar years 2018 through 2020, respectively, under each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership. The unlevered free cash flows and the terminal value were discounted to present value using a range of discount rates of 10.5% to 12.5%, with a midpoint based on the Partnership s WACC, as estimated by Baird based on CAPM, weighted average cost of preferred equity with reference to applicable coupon rates and weighted average cost of debt with reference to applicable borrowing rates.

After adjusting for estimated year-end 2017 net debt, preferred equity and units outstanding, the implied value per NSH unit and common unit ranges and the implied exchange ratio reference ranges were indicated to be as follows:

	Implied Equity Value per NSH unit	Implied Equity Value per common unit	Implied Exchange Ratio Reference Range
DCF Coverage at the Partnership			
1.3x DCF Coverage	$ 13.88 - $16.56	$ 32.18 - $42.66	0.33x - 0.51x
1.2x DCF Coverage	$ 16.11 - $19.19	$ 31.25 - $41.67	0.39x - 0.61x
1.1x DCF Coverage	$ 18.73 - $22.29	$ 30.15 - $40.52	0.46x - 0.74x

Discounted Distribution Analysis

Baird performed a discounted distribution analysis by calculating the present value of the estimated standalone distributions and terminal equity value of NSH and the Partnership. Baird calculated ranges of implied equity values per NSH unit and common unit, respectively, based on the Forecasts.

In arriving at the estimated equity value range per NSH unit, Baird utilized the estimated standalone distributions of NSH for calendar years 2018 through 2020, respectively, under each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership and terminal values as of December 31, 2020 based on a range of terminal exit yields in the terminal year of 6.0% to 8.0%. The terminal exit yields were determined by Baird using a regression analysis using current trading yield and long-term estimated distribution growth per Wall Street consensus estimates for selected general partner master limited partnerships (MLPs). The estimated standalone distributions and terminal equity value were discounted

to present value using a range of discount rates of 13.5% to 15.5%, with a midpoint based on NSH s equity cost of capital, as estimated by Baird based on CAPM.

In arriving at the estimated equity value range per common unit, Baird utilized the estimated standalone distributions of the Partnership for calendar years 2018 through 2020, respectively, under each of 1.3x, 1.2x and

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1.1x DCF coverage ratios at the Partnership and terminal value as of December 31, 2020 based on a range of terminal exit yields in the terminal year of 8.0% to 10.0%. The terminal exit yields were determined by Baird using a regression analysis using current trading yield and long-term estimated distribution growth per Wall Street consensus estimates for selected midstream MLPs. The estimated standalone distributions and terminal equity value were discounted to present value using a range of discount rates of 14.5% to 16.5%, with a midpoint based on the Partnership s equity cost of capital, as estimated by Baird using CAPM.

The implied value per NSH unit and common unit ranges and the implied exchange ratio references ranges were indicated to be as follows:

	Implied Equity Value per NSH unit	Implied Equity Value per common unit	Implied Exchange Ratio Reference Range
DCF Coverage at the Partnership			
1.3x DCF Coverage	$ 13.29 - $17.82	$ 28.45 - $35.39	0.38x - 0.63x
1.2x DCF Coverage	$ 15.36 - $20.59	$ 30.20 - $37.59	0.41x - 0.68x
1.1x DCF Coverage	$ 17.78 - $23.85	$ 32.26 - $40.17	0.44x - 0.74x

Selected Public Comparables Analysis

In order to assess how the public market values equity units of similar publicly-traded companies and partnerships, Baird reviewed and compared specific financial data related to NSH and the Partnership, respectively, to publicly available information for selected MLPs with publicly-traded equity securities. The selected publicly-traded MLPs were chosen because they were deemed by Baird in its professional judgment to have similar business and industry characteristics as NSH and the Partnership, respectively. None of the selected publicly-traded MLPs is identical or directly comparable to NSH or the Partnership. No specific numeric or other similar criteria were used to select the MLPs, and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria.

The publicly traded MLPs that Baird deemed to have similar characteristics to those of NSH for the purposes of its analysis were the following (the NSH Public Comparables):

Antero Midstream GP LP	EQT GP Holdings LP
Energy Transfer Equity LP	Tallgrass Energy GP LP
EnLink Midstream LLC	Western Gas Equity Partners LP

For each of the NSH Public Comparables, Baird calculated and compared:

2018 estimated DCF divided by current equity market value, referred to herein as 2018E DCF Yield ;

2019 estimated DCF divided by current equity market value, referred to herein as 2019E DCF Yield ; and

the implied equity value of the combined general partner interest and incentive distribution rights owned by the public general partner (but excluding any common or subordinated or similar units of the underlying MLP) (the Combined GP Interest) to cash flow from the underlying MLP attributable to the Combined GP Interest (the Combined GP Interest Cash Flow).

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The financial data for the NSH Public Comparables were based on publicly available filings and financial projections provided by equity research analysts. Baird calculated all metrics based on closing unit prices as of February 6, 2018 for each respective MLP. NSH s projected financial metrics for 2018 and 2019 were based on the Forecasts. Excluding the lowest and highest financial metrics, results of the analysis for NSH were as follows:

	Low	Median	High
2018E DCF Yield	4.4%	6.6%	7.5%
2019E DCF Yield	5.5%	7.0%	8.4%
Combined GP Interest as a Multiple of Combined GP Interest Cash Flow	20.5x	25.1x	32.2x

Baird applied the range of 2018E DCF Yield and 2019E DCF Yield to estimated 2018 and 2019 DCF for NSH in accordance with the Forecasts and averaged the results for 2018E and 2019E to calculate a range of implied equity value per NSH unit using DCF yield. Baird then applied the range of multiples of Combined GP Interest to Combined GP Interest Cash Flow to the present value, as of December 31, 2018 and discounted using NSH s midpoint WACC, of estimated 2019 general partner and incentive distribution right cash flow in accordance with the Forecasts. After adjusting for the market value of common units owned by subsidiaries of NSH as of February 6, 2018 and estimated year-end 2017 net debt and NSH units outstanding, Baird calculated a range of implied equity value per NSH unit using the Combined GP Interest as a multiple of Combined GP Interest Cash Flow. Finally, Baird averaged the respective ranges under each methodology to derive an implied value per NSH unit range at each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership.

The publicly-traded MLPs that Baird deemed to have similar characteristics to those of the Partnership for the purposes of its analysis were the following (the Partnership Public Comparables):

Andeavor Logistics LP

Buckeye Partners, L.P.

Genesis Energy, L.P.

Holly Energy Partners, L.P.

Magellan Midstream Partners, L.P.

For each of the Partnership Public Comparables, Baird calculated and compared:

Multiple of current enterprise value (EV) to 2018 estimated EBITDA, net of estimated general partner and incentive distribution right distributions; referred to herein as EV/2018E EBITDA;

Multiple of current EV to 2019 estimated EBITDA, net of estimated general partner and incentive distribution right distributions; referred to herein as EV/2019E EBITDA;

2018 estimated DCF divided by current equity market value, referred to herein as 2018E DCF Yield ; and

2019 estimated DCF divided by current equity market value, referred to herein as 2019E DCF Yield . The financial data for the Partnership Public Comparables were based on publicly available filings and financial projections provided by Wall Street equity research. Baird calculated all metrics based on closing unit prices as of February 6, 2018 for each respective MLP. The Partnership s projected financial metrics for 2018 and 2019 were based on the Forecasts. Excluding the lowest and highest financial metrics, results of the analysis for the Partnership were as follows:

	Low	Median	High
EV/2018E EBITDA	11.5x	12.4x	13.1x
EV/2019E EBITDA	11.0x	11.4x	12.5x
2018E DCF Yield	8.7%	9.2%	9.6%
2019E DCF Yield	9.1%	10.2%	10.2%

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Baird applied the range of EV to 2018E and 2019E EBITDA to projected 2018 and 2019 EBITDA for the Partnership, net of estimated general partner and incentive distribution right cash flow, in accordance with the Forecasts and averaged the results for 2018 and 2019. After adjusting for estimated year-end 2017 net debt, preferred equity and units outstanding, Baird derived an implied equity value per common unit range using EV/EBITDA. Baird then applied the range of 2018E DCF Yield and 2019E DCF Yield to projected 2018 and 2019 DCF for the Partnership in accordance with the Forecasts and averaged the results for 2018 and 2019 to calculate a range of implied equity value per common unit using DCF yield. Finally, Baird averaged the respective ranges under each methodology to derive an implied value per common unit range at each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership.

The implied value per NSH unit and common unit ranges and the implied exchange ratio references ranges were indicated to be as follows:

	Implied Equity Value per NSH unit	Implied Equity Value per common unit	Implied Exchange Ratio Reference Range
DCF Coverage at the Partnership			
1.3x DCF Coverage	$ 10.42 - $14.58	$ 34.86 - $42.22	0.25x - 0.42x
1.2x DCF Coverage	$ 12.13 - $17.26	$ 34.48 - $41.79	0.29x - 0.50x
1.1x DCF Coverage	$ 14.14 - $20.40	$ 34.03 - $41.28	0.34x - 0.60x

Selected Precedent Transactions Analysis

Baird reviewed selected publicly available information for transactions involving: (1) general partner buyouts and simplifications; or (2) transportation and storage assets that Baird deemed in its professional judgment to have similar business and industry characteristics as NSH and the Partnership, respectively. None of the selected transactions or selected companies or partnerships that were involved in the selected transactions was directly comparable to NSH, the Partnership or the merger. An analysis of the results, therefore, requires complex considerations and judgments regarding the financial and operating characteristics of NSH and the Partnership and the companies or partnerships involved in the selected precedent transactions, as well as other factors that could affect their transaction values.

The selected general partner buyout and simplification transactions that Baird deemed to have similar characteristics to NSH for the purposes of its analysis were the following:

	Announcement	
Date	**Buyer**	**Seller/Target**
01/22/18	Spectra Energy Partners, LP	Enbridge Inc.
10/19/17	Holly Energy Partners, L.P.	HollyFrontier Corporation
08/14/17	Andeavor Logistics LP	Andeavor
07/28/17	Alliance Resource Partners, L.P.	Alliance Holdings GP, L.P.
01/09/17	Williams Partners L.P.	The Williams Companies, Inc.
07/11/16	Plains All American Pipeline, L.P.	Plains AAP, L.P.
12/28/10	Genesis Energy, L.P.	Genesis Energy, LLC
09/21/10	Penn Virginia Resources Partners LP	Penn Virginia GP Holdings, L.P.

09/20/10	Natural Resource Partners L.P.	NRP (GP) LP
09/07/10	Enterprise Products Partners L.P.	Enterprise GP Holdings L.P.
08/09/10	Inergy, L.P.	Inergy Holdings, L.P.
06/11/10	Buckeye Partners, L.P.	Buckeye GP Holdings L.P.
03/03/09	Magellan Midstream Partners, L.P.	Magellan Midstream Holdings, L.P.

Multiples for the selected transactions were based on publicly available information. For each transaction, Baird utilized the multiple of implied equity value of the Combined GP Interest to Combined GP Interest Cash

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Flow and, excluding the lowest and highest multiples, derived low, median and high multiples of 11.9x, 17.2x and 28.9x, respectively. Baird then applied the range of multiples of Combined GP Interest to Combined GP Interest Cash Flow to the present value, as of December 31, 2018 and discounted using NSH s midpoint WACC, of estimated 2019 general partner and incentive distribution right cash flow in accordance with the Forecasts. After adjusting for the market value of common units owned by subsidiaries of NSH as of February 6, 2018 and estimated year-end 2017 net debt and units outstanding, Baird calculated a range of implied equity value per NSH unit using the Combined GP Interest Cash Flow as a multiple of Combined GP Interest Cash Flow under each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership.

The selected midstream transportation and storage transactions that Baird deemed to have similar characteristics to the Partnership for the purposes of its analysis were the following:

Announcement

Date	Buyer	Seller/Target
08/10/17	Holly Energy Partners, L.P.	Plains All American Pipeline, L.P.
11/03/15	Targa Resources Corp.	Targa Resources Partners LP
07/13/15	MPLX LP	MarkWest Energy Partners, L.P.
05/06/15	Crestwood Equity Partners LP	Crestwood Midstream Partners LP
01/26/15	Energy Transfer Partners, L.P.	Regency Energy Partners LP
01/21/15	Kinder Morgan Inc.	Hiland Partners, L.P.

Multiples for the selected transactions were based on publicly available information. For each transaction, Baird utilized the multiple of EV to forward EBITDA and, excluding the lowest and highest multiples, derived low, median and high multiples of 10.9x, 11.7x and 12.1x, respectively. Baird then applied this range of multiples to projected 2018 EBITDA for the Partnership, net of estimated general partner and incentive distribution right cash flow, in accordance with the Forecasts. After adjusting for estimated year-end 2017 net debt, preferred equity and units outstanding, Baird derived an implied equity value per common unit range under each of 1.3x, 1.2x, and 1.1x DCF coverage ratios at the Partnership.

The implied value per NSH unit and common unit ranges and the implied exchange ratio references ranges were indicated to be as follows:

	Implied Equity Value per NSH unit	Implied Equity Value per common unit	Implied Exchange Ratio Reference Range
DCF Coverage at the Partnership			
1.3x DCF Coverage	$ 9.74 - $13.84	$ 26.82 - $35.05	0.28x - 0.52x
1.2x DCF Coverage	$ 11.00 - $16.88	$ 26.67 - $34.88	0.32x - 0.63x
1.1x DCF Coverage	$ 12.47 - $20.46	$ 26.49 - $34.69	0.36x - 0.77x

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Supplemental Analyses

Baird observed certain additional information that was not considered part of its financial analyses with respect to its opinion but was referenced for informational purposes, including, among other information, the following:

Case B Valuation Analysis

Using the three-year Case B financial forecast (with respect to EBITDA and DCF) as prepared by and furnished to Baird by management of NSH and the Partnership, Baird calculated the following implied exchange ratio reference ranges under each of the same methodologies and approaches as described in the foregoing summary:

	Discounted Cash Flow Analysis	Discounted Distribution Analysis	Selected Public Comparables Analysis	Selected Precedent Transactions Analysis
DCF Coverage at the Partnership				
1.3x DCF Coverage	0.35x - 0.54x	0.41x - 0.69x	0.27x - 0.46x	0.28x - 0.55x
1.2x DCF Coverage	0.41x - 0.64x	0.44x - 0.74x	0.31x - 0.54x	0.31x - 0.66x
1.1x DCF Coverage	0.49x - 0.76x	0.48x - 0.80x	0.36x - 0.64x	0.35x - 0.78x

Relative Contribution Analysis

Baird performed a relative contribution analysis of NSH and the Partnership to derive an implied exchange ratio from the respective cash distributions attributable to NSH units and common units for calendar years 2018 through 2020 based on the Forecasts. Baird sensitized the DCF coverage ratio at the Partnership from 1.3x to 1.1x to determine the implied impact to cash distributions for NSH and the Partnership and calculated terminal values as of December 31, 2020 using NSH s and the Partnership s derived terminal yields. Cash flows from distributions and terminal values were discounted to present value using a range of discount rates from 10% to 20%. Following this analysis, Baird determined an implied exchange ratio range of 0.48x to 0.56x based on relative cash flow contributions.

Premiums Paid Analysis

Baird reviewed the premiums offered or paid in (1) six transactions involving the acquisition of a public general partner by its MLP since 2009 relative to the target unit prices on one trading day, 10 trading days and 30 trading days prior to announcement, which indicated a median offer premium of 12.5% to 18.2% per common unit and (2) 21 MLP affiliated transactions since 2009 relative to the target unit prices on one trading day, 10 trading days and 30 trading days prior to announcement, which indicated a median offer premium of 9.3% to 10.7% per common unit.

The six transactions involving the acquisition of a public general partner by its MLP since 2009 reviewed by Baird were the following:

Announcement Date	Buyer	Target

07/11/16	Plains All American Pipeline, L.P.	Plains AAP, L.P.
09/21/10	Penn Virginia Resources Partners LP	Penn Virginia GP Holdings, L.P.
09/07/10	Enterprise Products Partners L.P.	Enterprise GP Holdings L.P.
08/09/10	Inergy, L.P.	Inergy Holdings, L.P.
06/11/10	Buckeye Partners, L.P.	Buckeye GP Holdings L.P.
03/03/09	Magellan Midstream Partners, L.P.	Magellan Midstream Holdings, L.P.

Baird utilized the summary range of premiums from the transactions involving the acquisition of a public general partner by its MLP to derive an implied exchange ratio. After excluding the lowest and highest values,

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Baird applied the low, median and high premium for each of one trading day, 10 trading days and 30 trading days prior to announcement to the NSH closing unit price as of one trading day, 10 trading days and 30 trading days, respectively, prior to the announcement of the merger. Using the median implied unit price under each of the low, median and high ranges, Baird calculated the implied value per NSH unit range of $17.91 to $21.39. Finally, Baird compared the implied value per NSH unit range to the NSH closing unit price as of February 6, 2018 to derive an implied exchange ratio range of 0.54x to 0.65x.

The 21 MLP affiliate transactions since 2009 reviewed by Baird were the following:

Announcement Date	Buyer	Target
05/18/17	Energy Transfer Partners, L.P.	PennTex Midstream Partners, LP
04/03/17	World Point Terminals Inc.	World Point Terminals, LP
03/02/17	VTTI B.V.	VTTI Energy Partners LP
02/01/17	ONEOK, Inc.	ONEOK Partners, L.P.
01/27/17	Enbridge Inc.	Midcoast Energy Partners, L.P.
11/21/16	Sunoco Logistics Partners L.P.	Energy Transfer Partners, L.P.
09/26/16	Columbia Pipeline Group, Inc.	Columbia Pipeline Partners LP
05/31/16	SemGroup Corporation	Rose Rock Midstream, L.P.
11/03/15	Targa Resources Corp.	Targa Resources Partners LP
05/06/15	Crestwood Equity Partners LP	Crestwood Midstream Partners LP
01/26/15	Energy Transfer Partners, L.P.	Regency Energy Partners LP
10/01/14	Enterprise Products Partners L.P.	Oiltanking Partners, L.P.
08/10/14	Kinder Morgan, Inc.	El Paso Pipeline Partners, L.P.
08/10/14	Kinder Morgan, Inc.	Kinder Morgan Energy Partners, L.P.
06/15/14	Access Midstream Partners, L.P.	Williams Partners L.P.
08/27/13	Plains All American Pipeline, L.P.	PAA Natural Gas Storage, L.P.
02/23/11	Enterprise Products Partners L.P.	Duncan Energy Partners LP
01/19/10	Williams Partners L.P.	Williams Pipeline Partners L.P.
06/29/09	Enterprise Products Partners L.P.	TEPPCO Partners LP
04/27/09	Atlas America, Inc.	Atlas Energy Resources, LLC
01/15/09	Harold Hamm	Hiland Partners, L.P.

Baird utilized the summary range of premiums from the MLP affiliate transactions to derive an implied exchange ratio. After excluding the lowest and highest values, Baird applied the low, median and high premium for each of one trading day, 10 trading days and 30 trading days prior to announcement to the NSH closing unit price as of one trading day, 10 trading days and 30 trading days, respectively, prior to the announcement of the merger. Using the median implied unit price under each of the low, median and high ranges, Baird calculated the implied value per NSH unit range of $17.07 to $23.54. Finally, Baird compared the implied value per NSH unit range to the NSH closing unit price as of February 6, 2018 to derive an implied exchange ratio range of 0.52x to 0.71x.

Give/Gets Analysis Discounted Cash Flow and Discounted Distribution Analyses

Baird utilized the Partnership s projected unlevered free cash flows for calendar years 2018 through 2020, respectively, as set forth in the Forecasts, under each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership and terminal

values as of December 31, 2020 based on a range of terminal EBITDA multiples of 11.5x to 12.5x. The unlevered free cash flows and terminal value were discounted to present value using a range of discount rates of 10.0% to 12.0%, with a midpoint based on the Partnership s estimated WACC on a pro forma basis assuming completion of the merger. After adjusting for estimated pro forma year-end 2017 net debt, preferred equity and pro forma units outstanding, Baird derived an implied equity value per common unit range pro forma for the merger using the discounted cash flow analysis.

Baird also utilized estimated pro forma distributions of the Partnership for calendar years 2018 through 2020, respectively, under each of 1.3x, 1.2x and 1.1x DCF coverage ratios at the Partnership and terminal values

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as of December 31, 2020 based on the midpoint of the Partnership and NSH derived terminal yields. The estimated pro forma distributions and terminal equity value were discounted to present value using a range of discount rates of 14.0% to 16.0%, with a midpoint based on the Partnership s estimated cost of equity on a pro forma basis assuming completion of the merger. After adjusting for estimated pro forma year-end 2017 net debt, preferred equity and pro forma units outstanding, Baird derived an implied equity value per common unit range pro forma for the merger using the discounted distribution analysis.

Baird then averaged the respective ranges under each methodology and adjusted the resulting Partnership per unit value range by the exchange ratio provided for in the merger of 0.55x to derive an implied pro forma equity value per NSH unit range.

To consider the implied value of the proposed merger to an NSH unitholder that would own an NSH unit prior to completion of the contemplated merger, Baird compared the foregoing range of implied pro forma equity values per NSH unit to the implied status quo equity values per NSH unit, as calculated using the average of the respective status quo ranges under the discounted cash flow and distribution analyses, at each of 1.3x, 1.2x and 1.1x DCF coverage ratios as the Partnership. Baird also considered the implied value of the proposed merger to an NSH unitholder that would own an NSH unit prior to completion of the contemplated merger by comparing the foregoing range of implied pro forma equity values per NSH unit to the closing NSH unit price as of February 6, 2018. The ranges of implied premium/(discount) for both approaches are summarized below.

	1.3x DCF Coverage at the Partnership	**1.2x DCF Coverage at the Partnership**	**1.1x DCF Coverage at the Partnership**
Implied Pro Forma NSH unit Equity Value	$ 16.66 - $21.53	$ 17.28 - $22.34	$ 18.01 - $23.28
Implied Status Quo NSH unit Equity Value	$ 13.59 - $17.19	$ 15.73 - $19.89	$ 18.25 - $23.07
Implied Premium/(Discount)	22.6% - 25.3%	9.8% - 12.3%	(1.3%) - 0.9%
Implied Pro Forma NSH unit Equity Value	$ 16.66 - $21.53	$ 17.28 - $22.34	$ 18.01 - $23.28
NSH unit Price as of February 6, 2018	$17.10	$17.10	$17.10
Implied Premium/(Discount)	(2.6%) - 25.9%	1.1% - 30.6%	5.3% - 36.1%

Subsequent Events

The table below summarizes the material findings of the pro forma financial analysis performed by Baird and presented to the NSH Conflicts Committee on March 8, 2018. Baird presented a pro forma financial analysis of the transaction with the Partnership, which included discounted cash flow analysis and discounted distribution analysis, using then-current market data. Such analysis utilized the terminal value of the Partnership as of December 31, 2020 and took into consideration the higher market volatility of common units as compared to the February 7, 2018 financial analysis. At the request of the NSH Conflicts Committee, Baird utilized solely the discounted cash flow analysis and discounted distribution analysis for the pro forma financial analysis. Baird then multiplied the respective ranges under each methodology by the merger exchange ratio of 0.55x and then calculated the median of the respective ranges to derive an implied pro forma equity value per NSH unit range.

	1.3x DCF Coverage at the Partnership	1.2x DCF Coverage at the Partnership	1.1x DCF Coverage at the Partnership
Implied Pro Forma NSH unit Equity Value as of March 8, 2018 Financial Analysis	$ 15.14 - $18.92	$ 15.68 - $19.56	$ 16.32 - $20.31

The table below summarizes the material findings of the pro forma financial analysis performed by Baird and presented to the NSH Conflicts Committee on April 26, 2018. Baird presented a pro forma financial analysis of the proposed merger with the Partnership, which included a discounted cash flow analysis, discounted

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distribution analysis and selected public company comparables analysis, using then-current market data and management s updated projections as provided on April 19, 2018 (see Unaudited Financial Projections of the Partnership and NSH Management Projections). Such analysis utilized the terminal value of the Partnership as of December 31, 2020. Market volatility in April had decreased from levels in March and was comparable to the market volatility as of the February 7, 2018 financial analysis. Baird included the selected public company comparables analysis as an additional methodology to provide additional context to the NSH Conflicts Committee, then multiplied the respective ranges under each methodology by the merger exchange ratio of 0.55x and then calculated the median of the respective ranges to derive an implied pro forma equity value per NSH unit range.

	1.3x DCF Coverage at the Partnership	1.2x DCF Coverage at the Partnership	1.1x DCF Coverage at the Partnership
Implied Pro Forma NSH unit Equity Value as of April 26, 2018 Financial Analysis	$ 15.02 - $21.20	$ 15.01 - $21.19	$ 15.50 - $21.18

General

The foregoing summary of material financial analyses performed by Baird does not purport to be a complete description of the analyses or data presented by Baird to the NSH Conflicts Committee. In connection with the review of the merger by the NSH Conflicts Committee, Baird performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Baird s opinion. In arriving at its opinion, Baird considered the results of all analyses and did not draw, in isolation, conclusions from or with regard to any one analysis or factor considered by it for purposes of its opinion. Rather, Baird made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all analyses and did not assign any particular weighting to any individual analysis. In addition, the range of valuations resulting from any particular analysis described above should not be taken to be Baird s view of the value of NSH or the Partnership. No company or partnership used in the above analyses is directly comparable to NSH or the Partnership, and no precedent transaction used is directly comparable to the merger. Further, Baird s analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or partnerships, or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of NSH or the Partnership.

Baird prepared these analyses for the purpose of providing an opinion to the NSH Conflicts Committee as to the fairness, from a financial point of view and as of the date of such opinion, to the NSH unaffiliated unitholders, of the Consideration to be received by such unitholders. These analyses do not purport to be appraisals or necessarily to reflect the prices at which the business or securities actually may be sold. Any estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by such estimates. Accordingly, estimates used in, and the results derived from, Baird s analyses are inherently subject to substantial uncertainty, and Baird assumes no responsibility if future results are materially different from those forecasted in such estimates. The Consideration was determined through arm s length negotiations and was approved by the NSH Conflicts Committee and by the NSH Board. Baird did not recommend any specific consideration to the NSH Conflicts Committee or indicate that any given consideration constituted the only appropriate consideration.

The NSH Conflicts Committee agreed to cause NSH to pay to Baird a $250,000 engagement fee and, upon the delivery of Baird s opinion to the NSH Conflicts Committee, an opinion fee of $500,000. NSH is also obligated to pay Baird a fee of $250,000 contingent upon closing of the merger. NSH has also agreed to reimburse Baird for reasonable out-of-pocket expenses incurred in connection with its engagement and has

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agreed to indemnify and hold Baird and its affiliates and their respective directors, officers, partners, employees, agents and controlling persons, harmless from and against any losses, claims, damages and liabilities relating to, arising out of or in connection with Baird s opinion, the merger, Baird s engagement and actions taken or omitted in connection therewith.

Baird is a full-service securities firm. As such, in the ordinary course of its business, Baird may from time to time provide investment banking, advisory, brokerage and other services to clients that may be competitors or suppliers to, or customers or security holders of NSH, the Partnership or other parties to the merger or their respective affiliates, or that may otherwise participate or be involved in the same or a similar business or industries as NSH, the Partnership or other parties to the merger or their respective affiliates or may from time to time hold or trade the securities of NSH or the Partnership (including NSH units, common units or preferred units) for its own account or the accounts of its customers and, accordingly, may at any time hold long or short positions or effect transactions in such securities. Baird currently serves and may continue to serve as a market maker in the publicly-traded securities of NSH and the Partnership. Baird may also prepare equity analyst research reports from time to time regarding NSH or the Partnership.

Over the two years immediately prior to the date of the opinion, Baird provided investment banking services to the NSH Conflicts Committee for which Baird received fees totaling $250,000. More specifically, in April 2017, Baird served as financial advisor to the NSH Conflicts Committee with respect to the waiver of its incentive distribution rights in conjunction with the Partnership s acquisition of Navigator Energy Services, LLC. No material relationship between Baird and the Partnership, NSH or any other party to the merger is mutually understood to be contemplated in which any compensation is intended to be received. Baird s opinion was approved by its internal fairness committee, none of the members of which was involved in providing financial advisory services on Baird s behalf to the NSH Conflicts Committee in connection with the merger.

No Appraisal Rights

NSH unitholders do not have appraisal rights under NSH s limited liability company agreement, the merger agreement or applicable Delaware law.

Antitrust and Regulatory Matters

Due to rules applicable to non-corporate entities, no filing is required under the HSR Act and the rules promulgated thereunder by the FTC. However, at any time before or after completion of the merger, the DOJ, the FTC, or any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger, to rescind the merger or to seek divestiture of particular assets of the Partnership or NSH. Private parties also may seek to take legal action under the antitrust laws under certain circumstances. A challenge to the merger on antitrust grounds may be made and, if such a challenge is made, it is possible that the Partnership and NSH will not prevail.

Listing of the Common Units; Delisting and Deregistration of NSH Units

The Partnership expects to obtain approval to list on the NYSE the common units to be issued pursuant to the merger agreement, which approval is a condition to closing the merger. If the merger is completed, NSH units will be cancelled, will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

Transactions Related to the Merger

Amended and Restated Agreement of Limited Partnership of the Partnership

At the effective time, the Partnership s existing partnership agreement will be amended and restated. Under the amended and restated partnership agreement, the incentive distribution rights in the Partnership held by the

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General Partner will be cancelled, the 2.0% general partner interest in the Partnership held by the General Partner will be converted into a non-economic, management interest, and the common unitholders will be provided with voting rights in the election of directors to the Partnership Board.

Support Agreement

In connection with the merger agreement, the Partnership entered into the support agreement pursuant to which the supporting unitholders (including Mr. Greehey), owners of an aggregate 9,178,320 NSH units, agreed to vote their NSH units (1) in favor of the approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger, and any other action required or desirable in furtherance thereof submitted for the vote or written consent of NSH unitholders, (2) against any acquisition proposal and (3) against any action, agreement or transaction that would reasonably be expected to impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the other transactions contemplated by the merger agreement.

The support agreement will terminate automatically upon the earliest to occur of (1) the effective time; (2) the termination of the merger agreement in accordance with its terms, other than as a result of a breach by a supporting unitholder of the terms of the support agreement; or (3) the written agreement of each supporting unitholder and the Partnership to terminate the support agreement.

NuStar GP Amended and Restated Company Agreement

At the effective time, the limited liability company agreement of NuStar GP will be amended and restated. Under the NuStar GP amended and restated company agreement, the Partnership Board will be elected in accordance with the amended and restated partnership agreement.

Pending Litigation

Two putative class action lawsuits have been filed in the United States District Court for the District of Delaware (District of Delaware) on behalf of the public unitholders of NSH in connection with the proposed transactions: (i) *Thomas M. Bessette v. NuStar GP Holdings, LLC, et al.*, Case No. 1:18-cv-00576-GMS, filed on April 17, 2018 (the *Bessette* action); and (ii) *Anthony Franchi v. NuStar GP Holdings, LLC, et al.*, Case No. 1:18-cv-00592-GMS, filed on April 19, 2018 (the *Franchi* action). A third lawsuit, captioned *Jack Kornreich v. NuStar GP Holdings, LLC, et al.*, Case No. 1:18-cv-00622-GMS, filed in the District of Delaware court on April 25, 2018, has been brought individually on behalf of a purported NSH unitholder.

NSH and the members of the NSH Board are named as defendants in each of the three lawsuits. In the *Franchi* action, the Partnership, the General Partner, NuStar GP and Merger Sub are also named as defendants. The complaints in all three lawsuits generally allege that the defendants violated Sections 14(a) and 20(a) of the Exchange Act by failing to disclose material information in the Partnership s preliminary registration statement filed with the SEC on Form S-4 on March 15, 2018. The complaints seek, among other things, injunctive relief prohibiting the consummation of the merger and unspecified damages and attorneys fees.

The defendants believe the allegations in all three lawsuits lack merit, and they intend to vigorously defend against these lawsuits.

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THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement and the related transactions. The provisions of the merger agreement are extensive and not easily summarized. This summary is qualified in its entirety by reference to the merger agreement, a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated into this proxy statement/prospectus by reference. You should read the merger agreement because it, and not this proxy statement/prospectus, is the legal document that governs the terms of the merger.

The merger agreement contains representations and warranties by each of the parties to the merger agreement. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement. Accordingly, you should keep in mind that the representations and warranties are modified in important part by the underlying disclosure schedules. The disclosure schedules contain information that has been included in NSH s and the Partnership s prior public disclosures, as well as additional information, some of which is non-public. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, and this information may or may not be fully reflected in the companies public disclosures.

For the purposes of this summary of the merger agreement, any reference to subsidiaries of NSH does not include the Partnership or its subsidiaries.

Structure of the Merger and Related Transactions

At the effective time, Merger Sub will merge with and into NSH, with NSH surviving as a wholly owned subsidiary of the Partnership, such that following the merger the Partnership will be the sole member of NSH and NSH will be the sole member of NuStar GP.

As a result of the merger and in accordance with the execution of the amended and restated partnership agreement of the Partnership, the form of which is attached as Annex B to this proxy statement/prospectus, (1) each outstanding unit of NSH will be converted into the right to receive 0.55 of a common unit, (2) the incentive distribution rights in the Partnership will be cancelled and (3) the current 2.0% general partner interest in the Partnership will be converted to a non-economic, management interest in the Partnership. The 10,214,626 common units owned by subsidiaries of NSH will be cancelled by the Partnership at the effective time.

When the Merger Becomes Effective

The closing of the merger will take place on either (1) the third business day after the closing conditions in the merger agreement have been satisfied or waived in accordance with the terms of the merger agreement or (2) such other date to which the parties may agree in writing. Please read Conditions to the Merger beginning on page 75 for a more complete description of the conditions that must be satisfied or waived prior to closing. The date on which the closing occurs is referred to as the closing date.

The merger will become effective at the effective time, which will occur upon the filing a certificate of merger with the Secretary of State of the State of Delaware or at such later date and time as may be set forth in the certificate of merger.

Effect of Merger on Outstanding NSH Units and Other Interests

At the effective time, by virtue of the merger and without any further action on the part of any NSH unitholder, the following will occur:

the common units owned by subsidiaries of NSH issued and outstanding immediately prior to the effective time will be cancelled and cease to exist;

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each NSH unit issued and outstanding immediately prior to the effective time will be converted into the right to receive 0.55 of a common unit; and

the limited liability company interests in Merger Sub issued and outstanding immediately prior to the effective time will be converted into one NSH unit, such that the Partnership is the sole owner of NSH units.

All NSH units issued and outstanding immediately prior to the effective time, when converted in connection with receiving the merger consideration, will cease to be outstanding and will automatically be cancelled and cease to exist. At the effective time, each holder of a certificate representing NSH units and each holder of non-certificated NSH units represented by book-entry will cease to have any rights as a unitholder of NSH, except the right to receive (1) 0.55 of a common unit for each outstanding NSH unit and to be admitted as an additional limited partner of the Partnership, (2) any cash to be paid in lieu of any fractional new common unit and (3) any distributions in respect of new common units by the Partnership, in each case, to be issued or paid by the Partnership in accordance with the merger agreement.

To the extent applicable, NSH unitholders as of the effective time will have continued rights to any distribution with respect to such NSH units with a record date occurring prior to the effective time that may have been declared or made by NSH with respect to such NSH units in accordance with the terms of the merger agreement and that remains unpaid as of the effective time. After the effective time, the unit transfer books of NSH will be closed immediately, and there will be no further registration of transfers on the unit transfer books of NSH with respect to NSH units.

For a description of the common units, please read Description of Common Units, and for a description of the comparative rights of the common unitholders and NSH unitholders, please read Comparison of the Rights of Partnership and NSH Unitholders.

Exchange of Certificates; Fractional Units

Exchange Agent

In connection with the merger, the Partnership has appointed Computershare to act as exchange agent for the issuance of common units and for cash payments for fractional common units. The Partnership will deposit or will cause to be deposited with the exchange agent for the benefit of NSH unitholders, for exchange through the exchange agent, new common units and cash as required by the merger agreement. The Partnership has agreed to make available to the exchange agent, from time to time as needed, cash sufficient to pay any unpaid distributions in respect of NSH units, to pay any distributions in respect of new common units and to make payments in lieu of any fractional new common units pursuant to the merger agreement. Any cash and new common units deposited with the exchange agent are referred to as the exchange fund. The exchange agent will deliver the merger consideration contemplated to be paid for NSH units pursuant to the merger agreement out of the exchange fund.

Exchange of NSH Units

Promptly after the effective time of the merger, the exchange agent will mail to each applicable holder of an NSH unit a letter of transmittal and instructions explaining how to surrender NSH units to the exchange agent. This letter will contain instructions on how to surrender certificates or book-entry NSH units formerly representing NSH units in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

NSH unit certificates should NOT be returned with the enclosed proxy card. Book-entry NSH unitholders and NSH unitholders who deliver a properly completed and signed letter of transmittal and any other documents

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required by the instructions to the transmittal letter, together with their NSH unit certificates, will be entitled to receive:

- new common units representing, in the aggregate, the whole number of new common units that the holder has the right to receive pursuant to the terms of the merger agreement and as described above under Effect of Merger on Outstanding NSH Units and Other Interests; and

- a check in an amount equal to the aggregate amount of cash that the holder has the right to receive pursuant to the merger agreement, including cash payable in lieu of any fractional new common units and distributions pursuant to the terms of the merger agreement. No interest will be paid or accrued on any merger consideration, any cash payment in lieu of fractional new common units, or on any unpaid distributions payable to holders of certificated or book-entry NSH units.

In the event of a transfer of ownership of NSH units that is not registered in the transfer records of NSH, the merger consideration payable in respect of those NSH units may be paid to a transferee, if the certificate representing those NSH units or evidence of ownership of the book-entry NSH units is presented to the exchange agent, and in the case of both certificated and book-entry NSH units, accompanied by all documents required to evidence and complete the transfer. The person requesting the exchange will pay to the exchange agent in advance any transfer or other taxes required by reason of the delivery of the merger consideration in any name other than that of the record holder of those NSH units, or will establish to the satisfaction of the exchange agent that any transfer or other taxes have been paid or are not payable. Until the required documentation has been delivered and certificated NSH units, if any, have been surrendered, as contemplated by the merger agreement, each certificated NSH unit or book-entry NSH unit will be deemed at any time after the effective time to represent only the right to receive, upon the delivery and surrender of NSH units, the merger consideration payable in respect of NSH units and any cash or distributions to which the holder is entitled pursuant to the terms of the merger agreement.

Upon the issuance of new common units to the NSH unitholders in accordance with the merger agreement and the compliance by such holders with the requirements of Section 10.4 of the amended and restated partnership agreement, which requirements may be satisfied by each holder of new common units by the execution and delivery by such holder of a completed and executed letter of transmittal, NuStar GP, on behalf of the General Partner, will be deemed to have automatically consented to the admission of such holders as limited partners of the Partnership and will reflect such admission on the books and records of the Partnership.

Distributions with Respect to Unexchanged NSH Units

Until NSH unitholders have delivered the required documentation and surrendered their NSH units to the exchange agent, those holders will not receive distributions on the common units into which those NSH units have been converted with a record date after the effective time. Subject to applicable law, when holders surrender their NSH units, they will receive, without interest, (1) the amount of any cash payable in lieu of fractional new common units to which such holder is entitled to and the amount of distributions with a record date after the effective time that had already been paid and payable with respect to such new common units and (2) at the appropriate payment date, the amount of distributions with a record date after the effective time but prior to such delivery and surrender and a payment date subsequent to such compliance payable with respect to such new common units.

Fractional Common Units

No fractional common units will be issued upon the surrender of NSH units. Instead, each NSH unitholder who would otherwise be entitled to a fraction of a new common unit will be paid in cash (without interest) an amount equal to the product of (1) the average of the volume weighted average price of the common units on the NYSE on each of the five consecutive trading days ending on the trading day that is two trading days prior to the closing date and (2) the fraction of a new common unit that the holder would otherwise be entitled to receive pursuant to the merger agreement.

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Termination of Exchange Fund

Any portion of the merger consideration, or distributions payable in accordance with the merger agreement, made available to the exchange agent that remains unclaimed by NSH unitholders after 180 days following the effective time will be returned to the Partnership upon demand. Thereafter, an NSH unitholder must look only to the Partnership for their new common units, cash in lieu of fractional units and unpaid distributions, in each case without interest.

No Liability

The Partnership, the General Partner, NuStar GP and NSH will not be liable to any NSH unitholder for any common units (or distributions with respect thereto) or cash from the exchange fund delivered to a public official pursuant to any abandoned property, escheat or similar law.

Lost Certificates

If any certificate formerly representing an NSH unit has been lost, stolen or destroyed, the exchange agent will issue the merger consideration properly payable under the merger agreement upon receipt of an affidavit as to that loss, theft or destruction, and, if required by the Partnership, the posting of a bond, in a reasonable amount as indemnity.

Withholding

The Partnership, NSH, the surviving entity and the exchange agent will be entitled to deduct and withhold from amounts otherwise payable pursuant to the merger agreement to any person such amounts as they are required to deduct and withhold under any provision of federal, state, local, or foreign tax law, provided that reasonable notice must be provided to the applicable person prior to withholding any amounts. Withheld amounts will be treated for all purposes of the merger agreement as having been paid to the person in respect of whom such deduction and withholding was made.

Anti-dilution Provisions

In the event of any subdivisions, reclassifications, recapitalizations, splits, combinations or distributions in the form of equity interests with respect to NSH units or common units (in each case, as permitted pursuant to the merger agreement), the number of new common units to be issued in the merger and the common unit price will be correspondingly adjusted.

NSH s Long-Term Incentive Plan

At the effective time, each NSH restricted unit granted under NSH s long-term incentive plan outstanding immediately prior to the effective time will automatically be converted, on the same terms and conditions as were applicable to such awards immediately prior to the effective time, into a restricted common unit. The number of restricted common units subject to such converted award is determined by multiplying the number of NSH restricted units subject to the award immediately prior to the effective time by 0.55, rounded down to the nearest whole number of restricted common units.

At the effective time, the Partnership will assume all of the obligations of NSH under the NSH long-term incentive plan, each outstanding NSH restricted unit and any agreements that evidence the grants of NSH restricted units.

Actions Pending the Merger

The Partnership has agreed that, without the prior written consent of the NSH Conflicts Committee, and NSH, NuStar GP, the General Partner and Riverwalk Holdings have agreed that, without the prior written

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consent of the Partnership Conflicts Committee, which consents, in either case, will not be unreasonably withheld, delayed or conditioned, they will not, and will cause their respective subsidiaries not to, during the period from the date of the merger agreement until the effective time or the date, if any, on which the merger agreement is terminated, except as expressly contemplated or permitted by the merger agreement:

conduct its business and the business of its subsidiaries other than in the ordinary and usual course;

fail to use commercially reasonable efforts to preserve intact its business organizations, goodwill and assets and maintain its rights, franchises and existing relations with customers, suppliers, employees or business associates;

take any action that would have a material adverse effect with respect to the Partnership or NSH, as the case may be;

in the case of NSH and its subsidiaries, other than with respect to grants of equity or other rights made in the ordinary and usual course pursuant to the NSH long-term incentive plan, (1) issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional equity, any appreciation rights or any rights or enter into any agreement to do such things or (2) permit any additional equity interests to become subject to new grants of employee unit options, unit appreciation rights or similar equity-based employee rights;

in the case of the Partnership and its subsidiaries, other than with respect to grants of equity or other rights made in the ordinary and usual course pursuant to the Partnership long-term incentive plan and those transactions described in the applicable section of the Partnership disclosure schedule, take any action described in (1) and (2) of the preceding bullet point (other than the authorization of the issuance of the merger consideration);

subject to certain exceptions, make, declare or pay any distributions on any of its equity securities (except regular quarterly cash distributions in the ordinary course consistent with past practice by NSH or the Partnership); provided, however that the foregoing does not restrict, among other things, the Partnership from lowering its regular quarterly cash distributions to an amount no lower than $0.60 per common unit without the prior written consent of the NSH Conflicts Committee unless a lower cash distribution is necessary for compliance with the Partnership s organizational documents or applicable law;

split, combine or reclassify any of its equity interests or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for its equity interests;

repurchase, redeem or otherwise acquire, or permit any of its subsidiaries to purchase, redeem or otherwise acquire any equity interests, except as required by the terms of its securities outstanding on the date of the

merger agreement or as contemplated by any existing compensation and benefit plan;

in the case of NSH and its subsidiaries, except to the extent described in the applicable section of the NSH disclosure schedule, (1) sell, lease, dispose of or discontinue all or any portion of its assets, business or properties, which is material to it and its subsidiaries taken as a whole, or acquire, by merger or otherwise, or lease any assets or all or any portion of the business or property of any other entity, which, in either case, is material to it and its subsidiaries taken as a whole, or would be likely to have a material adverse effect with respect to NSH or (2) transfer any portion of the common units it owns, the limited liability company interest in NuStar GP, limited partner interest or general partner interest in the General Partner, limited liability company interests in Riverwalk Holdings, the 2.0% general partner interest or the incentive distribution rights;

in the case of the Partnership, except to the extent described in the applicable section of the Partnership disclosure schedule, (1) merge, consolidate or enter into any other business combination transaction with any person or make any acquisition or disposition, which is material to it and such subsidiaries taken as a whole or (2) initiate, solicit, encourage or knowingly facilitate any inquiries, proposals or offers with respect to, or the submission of, any Partnership acquisition proposal (as defined in the

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merger agreement and described under Covenants Acquisition Proposals; Change in Recommendation below) or approve, endorse or recommend, or enter into a definitive agreement with respect to a Partnership acquisition proposal;

in the case of NSH, NuStar GP, the General Partner and Riverwalk Holdings, amend the NSH limited liability company agreement, the NuStar GP limited liability company agreement, the General Partner s partnership agreement, the Riverwalk Holdings limited liability company agreement or the partnership agreement, other than in accordance with the merger agreement;

implement or adopt any material change in its accounting principles, practices or methods, other than as may be required by law or GAAP;

fail to use commercially reasonable best efforts to maintain with financially responsible insurance companies, insurance in such amounts and against such risks and losses as has been customarily maintained by it in the past;

make (except in the ordinary course of business consistent with past practice), change or revoke any material elections relating to taxes, including elections with respect to any joint venture, partnership, limited liability company or other entity with respect to which it otherwise has the authority to make such election;

settle or compromise any material claim, assessment, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes (other than (1) in the case of NSH, to the extent described in the applicable section of the NSH disclosure schedule and (2) in the case of the Partnership, to the extent described in the applicable section of the Partnership disclosure schedule);

change in any material respect any of its methods of reporting income or deductions for U.S. federal income tax purposes from those employed in the preparation of its U.S. federal income tax return for the most recent taxable year for which a return has been filed, except as may be required by applicable law or the partnership agreement;

take any action or fail to take any action which action or failure to act could be reasonably expected to (1) cause it or any of its subsidiaries (other than (A) in the case of NSH, the subsidiaries listed in the applicable section of the NSH disclosure schedule and (B) in the case of the Partnership, the subsidiaries listed in the applicable section of the Partnership disclosure schedule) to be treated, for U.S. federal income tax purposes, as other than a partnership or disregarded entity or (2) prevent or impede the exchange of NSH units for common units pursuant to the merger from qualifying as an exchange that is generally tax-free for U.S. federal income tax purposes;

in the case of NSH and its subsidiaries, except to the extent described in the applicable section of the NSH disclosure schedule, (1) incur any indebtedness for borrowed money or guarantee any such indebtedness of

others, (2) enter into any material lease (whether operating or capital), (3) create any lien on its property or the property of its subsidiaries (including the common units owned by subsidiaries of NSH) in connection with any pre-existing indebtedness, new indebtedness or lease, or (4) make or commit to make any capital expenditures or (5) enter into any contract or contracts pursuant to which NSH or any of its subsidiaries has or reasonably could be expected to have payment obligations in excess of $5.0 million in the aggregate;

in the case of the Partnership and its subsidiaries, take any action described in clauses (1), (2), (3) or (4) of the preceding bullet point that would have a material adverse effect with respect to the Partnership;

dissolve or liquidate or authorize, recommend, propose or announce an intention to adopt a plan of complete or partial dissolution or liquidation, except to the extent described in the applicable section of the Partnership disclosure schedules;

except as permitted by the merger agreement, knowingly take any action that is intended to or is reasonably likely to result in (1) any of its representations and warranties in the merger agreement

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being or becoming untrue in any material respect at the closing date, (2) any of the conditions to closing not being satisfied, (3) any material delay or prevention or impairment of the ability of the parties, or any of them, to consummate the merger or (4) a material violation of any provision of the merger agreement except, in each case, as may be required by applicable law;

enter into any material contract or modify, amend, terminate or assign, or waive or assign any rights under, any material contract, in each case, which would or would reasonably be expected to prevent or materially delay the consummation of the merger or other transactions contemplated by the merger agreement; or

agree or commit to do any of the prohibited actions described above.

Representations and Warranties

The merger agreement contains representations and warranties of the parties to the merger agreement, many of which provide that the representations and warranties do not extend to matters where the failure of the representation and warranty to be accurate would not result in a material adverse effect on the party making the representation and warranty. These representations and warranties concern, among other things:

existence, good standing, qualification and authority to conduct business;

capitalization;

existence, ownership, good standing and qualification of subsidiaries;

power and authorization to enter into and carry out the obligations of the merger agreement and enforceability of the merger agreement;

no defaults on contracts;

absence of any conflict with or violation of organizational documents, third party agreements or law or regulation as a result of entering into and carrying out the obligations of the merger agreement;

financial information and filings and reports with the SEC;

fees payable to brokers;

tax matters;

regulatory approvals required to complete the merger;

required board and committee consents and approvals;

operations of Merger Sub; and

fairness opinions.

For purposes of the merger agreement, material adverse effect, when used with respect to NSH or the Partnership, means any change, effect, event or occurrence that, individually or in the aggregate has had or would reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise) or results of operations of such party and its subsidiaries, taken as a whole.

A material adverse effect does not include any of the following or the impact thereof (so long as, in the case of the first through third bullet points immediately below, the impact on NSH or the Partnership is not disproportionately adverse as compared to others in the industry):

changes, effects, events or occurrences generally affecting the United States or global economy, the financial, credit, debt, securities or other capital markets or political, legislative or regulatory conditions or changes in the industries in which such party operates (including changes, effects, events or occurrences generally affecting the prices of commodities);

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changes in any laws or regulations applicable to such party or applicable accounting regulations or principles or the interpretation thereof;

acts of war or terrorism (or the escalation of the foregoing) or natural disasters or other acts of God;

any change in the market price or trading volume of the securities of such party;

any failure of a party to meet any internal or external projections, forecasts or estimates of revenues, earnings or other financial or operating metrics for any period;

any legal proceedings commenced by or involving any current or former holder of equity interests in NSH (on their own or on behalf of NSH) arising out of or related to the merger agreement or the transactions contemplated by the merger agreement;

the execution, announcement or pendency of the merger agreement or the consummation of the transactions contemplated by the merger agreement or a reduction in the quarterly distribution of the Partnership or NSH; and

with regard to NSH, any material adverse effect on the Partnership or any of its subsidiaries.

Covenants

NSH and the Partnership made the covenants described below:

Efforts

Each of NSH and the Partnership has agreed to use its reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, desirable or advisable under applicable laws to consummate the merger, including obtaining any third-party approval, having any injunction or restraining order or other order adversely affecting the consummation of the merger lifted or rescinded, defending any litigation seeking to enjoin, prevent or delay the consummation of the merger or seeking material damages, and cooperating fully with the other party and furnishing to the other party copies of all correspondence, filings and communications with regulatory authorities. In complying with the above, neither NSH or the Partnership or their respective subsidiaries is required to take measures that would have a material adverse effect on it and its subsidiaries when taken as a whole.

NSH Unitholder Approval

NSH has agreed to call, hold and convene the NSH special meeting. The purpose of the NSH special meeting will be to consider and vote upon the approval of the merger agreement and the transactions contemplated thereby, including the merger. Subject to the provision of the merger agreement permitting a change in recommendation, the NSH Board will recommend approval of the merger agreement and the transactions contemplated thereby, including the merger, to the NSH unaffiliated unitholders, and NSH will take all reasonable lawful action to solicit such approval by the NSH unaffiliated unitholders.

Registration Statement

Each of the Partnership and NSH agreed to cooperate in the preparation of the registration statement on Form S-4, which includes this proxy statement/prospectus filed by the Partnership with the SEC in connection with the merger (and other proxy solicitation materials of NSH).

Press Releases

Prior to any NSH change in recommendation, if any, except for any investor presentation or material prepared by management in the ordinary course of announcing and discussing the merger agreement and the

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transactions contemplated thereby in a manner materially consistent with the substance of the press release and other communications materials issued in connection with the announcement of such transactions, each of NSH and the Partnership will not, without the prior approval of the NSH Board in the case of NSH and the Partnership Board in the case of the Partnership, issue any press release or written statement for general circulation relating to the transactions contemplated by the merger agreement, except as otherwise required by applicable law or the rules of the NYSE, in which case it will consult with the other before issuing any such press release or written statement.

Access; Information

Upon reasonable notice and subject to applicable laws relating to the exchange of information, each party and its subsidiaries will afford the other parties and their officers, employees, counsel, accountants and other authorized representatives, access during normal business hours throughout the period prior to the effective time, to all of its properties, books, contracts, commitments and records, and to its officers, accountants, counsel or other representatives. Neither NSH nor the Partnership nor any of their respective subsidiaries will be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client privilege or contravene any law, fiduciary duty or binding agreement entered into prior to the date of the merger agreement.

Acquisition Proposals; Change in Recommendation

The merger agreement provides that neither NSH nor its subsidiaries will, and NSH will use its commercially reasonable efforts to cause its and its subsidiaries representatives not to, directly or indirectly:

- knowingly initiate, solicit, or encourage or facilitate any inquiries, proposals or offers with respect to, or the submission of any acquisition proposal or a proposal or offer relating to the acquisition of all or a portion of the 2.0% general partner interest or the incentive distribution rights; or

- knowingly engage, participate in, encourage or facilitate any discussions or negotiations regarding, or knowingly furnish or make available or cause to be furnished or made available to any person any non-public information or data in connection with any acquisition proposal or a proposal or offer relating to the acquisition of all or a portion of the 2.0% general partner interest or the incentive distribution rights.

Existing Discussions or Negotiations. In the merger agreement, NSH has agreed to and to cause its subsidiaries to immediately cease and terminate any activities, discussions and negotiations with any person conducted prior to the date of the merger agreement with respect to any acquisition proposal or a proposal or offer relating to the acquisition of all or a portion of the 2.0% general partner interest or the incentive distribution rights. NSH will promptly request that each person that has entered into a confidentiality agreement in connection with its consideration of making an acquisition proposal or a proposal or offer relating to the acquisition of all or a portion of the 2.0% general partner interest or the incentive distribution rights within the last twelve months return or destroy all confidential information.

At any time prior to obtaining NSH unitholder approval, if NSH receives a bona fide written acquisition proposal and (1) the NSH Board has determined in good faith, after consultation with outside legal counsel and financial advisors that (A) an unsolicited bona fide written acquisition proposal either constitutes a superior proposal or could be reasonably likely to result in a superior proposal, and (B) failure to take such action would be inconsistent with its fiduciary duties under applicable law, as modified by the NSH limited liability company agreement and (2) prior to furnishing non-public information to such person, NSH receives from such person an executed confidentiality agreement, then NSH may:

provide access to any non-public information regarding NSH to the person who made such an acquisition proposal as long as NSH furnishes a copy of such confidentiality agreement to the Partnership and notifies the Partnership of the identity of the person who made such an acquisition proposal; and

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enter into or participate in any discussions or negotiations with any such person regarding such acquisition proposal.

As defined in the merger agreement, superior proposal means any bona fide written acquisition proposal (except that references to 20% within the definition of acquisition proposal will be replaced by 50%) made by a third party on terms that the NSH Board determines, in its good faith judgment and after consulting with its financial advisors and outside legal counsel, and taking into account the financial, legal, regulatory and other aspects of the acquisition proposal (including, without limitation, any conditions to and the expected timing of consummation and any risks of non-consummation and whether such acquisition proposal is reasonably capable of being completed) and the merger agreement, to be more favorable to NSH unitholders, from a financial point of view than the merger (taking into account any revised proposal by the Partnership to modify the terms of the merger agreement), provided that, to the extent any acquisition proposal includes a Partnership acquisition proposal, it shall not be a superior proposal without the consent of the Partnership Conflicts Committee.

Change in Recommendation. Subject to certain exceptions summarized below, the NSH Board may not:

withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify in a manner adverse to the Partnership, its recommendation to the NSH unitholders;

approve or recommend, or publicly propose to approve or recommend, any acquisition proposal;

fail to include the NSH recommendation in the proxy statement;

if any acquisition proposal has been made public, fail to issue a press release recommending against such acquisition proposal and reaffirming NSH s recommendation, if requested by the Partnership in writing, within the earlier of (1) ten business days of such written request, and (2) two business days before the NSH unitholder meeting;

resolve, publicly propose or agree to do any of the foregoing; or

except for a confidentiality agreement, approve, adopt or recommend, or publicly propose to approve, adopt or recommend, or allow NSH or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar contract or any tender or exchange offer providing for, with respect to, or in connection with, any acquisition proposal.

However, at any time before the NSH unitholder approval is obtained, the NSH Board may terminate the merger agreement in order to accept a superior proposal or make a change in its recommendation (x) following receipt of an acquisition proposal that did not result from an intentional and material breach of the merger agreement and that the NSH Board has concluded in good faith, after consultation with its outside legal counsel and financial advisors, constitutes a superior proposal or (y) solely in response to an intervening event, and in each case referred to in clauses (x) and (y) above, if the NSH Board has concluded in good faith, after consultation with its outside legal counsel and financial advisors, that failure to make a change in its recommendation would be inconsistent with its fiduciary duties

under applicable law, as modified by NSH limited liability company agreement.

The NSH Board will not be entitled to change its recommendation until after three business days following the Partnership s, the Partnership Board s and the Partnership Conflicts Committee s receipt of written notice from NSH advising that the NSH Board intends to take such action and the reasons for doing so, including, if applicable, the terms and conditions of any superior proposal that is the basis of the proposed action and the identity of the person making the proposal and contemporaneously providing a copy of all relevant proposed transaction documents for such superior proposal (it being understood and agreed that any amendment to the terms of any such superior proposal shall require a new notice of proposed recommendation change and an

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additional three business day period). After providing such notice and prior to effecting such change in recommendation:

- NSH must, to the extent requested by the Partnership be available to meet and engage in good faith negotiations, during such three business day period, with the Partnership and its representatives to modify the merger agreement; and

- in determining whether to make a change in recommendation, the NSH Board must take into account any agreed modifications to the merger agreement.

NSH must also as promptly as practicable (and in any event within 48 hours after receipt) advise the Partnership orally and in writing of any acquisition proposal and the material terms and conditions of any such acquisition proposal (including any changes thereto) and identify the person making any such acquisition proposal. NSH must keep the Partnership informed on a reasonably current basis of material developments to the status and details (including any material amendments to the terms thereof) with respect to any such acquisition proposal.

Takeover Laws

Neither NSH nor the Partnership will take any action that would cause the transactions contemplated by the merger agreement to be subject to requirements imposed by any takeover laws.

No Rights Triggered

Each of NSH and the Partnership will take all steps necessary to ensure that the entering into of the merger agreement and the consummation of the transactions contemplated thereby will not result in the grant of any rights relating to equity securities of such party to any person, in the case of NSH, under the NSH limited liability company agreement, and, in the case of the Partnership, under the partnership agreement, or under any material agreement to which it or any of its subsidiaries is a party.

New Common Units Listed

The Partnership will use its reasonable best efforts to list, on the NYSE, prior to the closing of the merger, the new common units to be issued as merger consideration.

Third-Party Approvals

NSH and the Partnership and their respective subsidiaries will cooperate and use their reasonable best efforts to prepare all documentation, to effect all filings, to obtain and comply with all permits, consents, approvals and authorizations of all third parties and all regulatory approvals necessary to consummate the merger and to cause the amended and restated partnership agreement and the NuStar GP amended and restated company agreement to be effective as expeditiously as practicable.

Indemnification; Directors and Officers Insurance

The Partnership and the surviving entity, jointly and severally, will indemnify and hold harmless each person who is a director or officer of NSH or any of its subsidiaries or who is serving as a fiduciary under any employee benefit plan,

both as of the date of the merger agreement and through the effective date of the merger, to the fullest extent permitted by law in connection with any claim arising out of or pertaining to the person s service as a director or officer of NSH or its subsidiaries or as a fiduciary under any employee benefit plan and any losses, claims, liabilities, cost indemnification expenses, judgments, fines, penalties and amounts paid in settlement resulting therefrom. Both will also pay, prior to final disposition of a claim, any expenses incurred in defending such claim or serving as a witness relating to any claim within 10 days after any request for advancement.

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For a period of six years from the effective time, the NSH limited liability company agreement will contain provisions no less favorable with respect to indemnification, advancement of expenses and limitations on liability of directors and officers than are set forth currently in the NSH limited liability company agreement, which provisions will not be amended, repealed or otherwise modified for a period of six years from the effective time in any manner that would affect adversely the rights under the amended and restated partnership agreement of individuals who, at or prior to the effective time, were indemnified parties, unless such modification is required by law and then only to the minimum extent required by law.

The Partnership will, or will cause the surviving entity to, maintain, for at least of six years from the effective time, the current policies of directors and officers liability insurance maintained by NSH and its subsidiaries, except that the surviving entity may substitute policies of at least the same coverage amounts containing terms and conditions which are not less advantageous to the directors and officers of NSH than the existing policies; provided, that the Partnership is not required to pay annual premiums in excess of 300% of the last annual premium paid by NSH prior to the date of the merger agreement. Such obligation of the Partnership will be deemed to have been satisfied if prepaid tail policies have been obtained by the surviving entity with terms not less advantageous and carriers of the same or better ratings as the current policies.

The Partnership and NSH also agreed that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time now existing in favor of existing indemnified parties, as provided in the NSH limited liability company agreement or organizational documents of its subsidiaries and the indemnification agreements of NSH or any of its subsidiaries, will be assumed by the surviving entity, the Partnership and NuStar GP in the merger, without further action, at the effective time and will survive the merger and will continue in full force and effect in accordance with their terms.

Notification of Certain Matters

Each of NSH and the Partnership will give prompt notice to the other of any fact, event or circumstance known to it that (1) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any material adverse effect with respect to it or (2) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement or a change in such party s condition (financial or otherwise) or business or any litigation or governmental complaints, investigations or hearings such that one or more of the conditions described in Conditions to the Merger, as applicable, would not reasonably be expected to be satisfied.

Rule 16b-3

Each party will take any steps that are reasonably requested by any other party to the merger agreement to cause dispositions of NSH equity securities (including derivative securities) pursuant to the transactions contemplated by the merger agreement by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to NSH to be exempt under Rule 16d-3 promulgated under the Exchange Act.

Amended and Restated Partnership Agreement

The General Partner will execute and make effective at the effective time the amended and restated partnership agreement.

NuStar GP Amended and Restated Company Agreement

NSH will execute and make effective at the effective time the NuStar GP amended and restated company agreement.

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Partnership Board Membership

NSH will designate the three members of the NSH Conflicts Committee to serve as members of the Partnership Board following the effective time. The six members of the Partnership Board immediately prior to the effective time will continue to serve as members of the Partnership Board following the effective time. NSH will take all action necessary to cause each director designated to be appointed to the Partnership Board effective as of the effective time.

Conditions to the Merger

Conditions of Each Party

The respective obligations of the parties to complete the merger are subject to the satisfaction or waiver, on or prior to the closing of the merger, of the following conditions:

- the approval of the merger agreement and the transactions contemplated thereby, including the merger, by the affirmative vote of holders of a majority of the outstanding NSH units;
- the effectiveness of, and absence of an initiated or threatened stop order with respect to, the registration statement on Form S-4 filed by the Partnership in respect of the common units to be issued in the merger, of which this proxy statement/prospectus forms a part;
- the absence of any order, decree or injunction of any court or agency or law that enjoins, prohibits or makes illegal any of the transactions contemplated by the merger agreement, and the absence of any action, proceeding or investigation by any regulatory authority regarding the merger or any of the transactions contemplated by the merger agreement; and
- the receipt by the Partnership of an opinion from Sidley Austin, or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH, as to certain tax matters relating to the Partnership s qualifying income and partnership status.

Additional Conditions to the Obligations of NSH

The obligations of NSH to complete the merger are further subject to the satisfaction or waiver, on or prior to the closing of the merger, of each of the following conditions:

- the representations and warranties of the Partnership must, both on the date of the merger agreement and at the closing of the merger, be true and correct except to the extent that the failure to be true and correct would not cause a material adverse effect on the Partnership and its subsidiaries, taken as a whole;
- the performance, in all material respects, by the Partnership of its obligations under the merger agreement on or prior to the closing date;

the receipt by NSH of a certificate signed by the Chief Executive Officer of NuStar GP to the effect that the conditions set forth in the two preceding bullet points have been satisfied;

the receipt by NSH of an opinion from Wachtell Lipton, or another nationally recognized tax counsel reasonably acceptable to NSH, as to certain tax matters relating to the U.S. federal income tax consequences of the merger;

the approval, upon official notice of issuance, of the listing on the NYSE of the new common units to be issued in the merger; and

there shall not have occurred a material adverse effect with respect to the Partnership between the date of the merger agreement and the closing date.

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Additional Conditions to the Obligations of the Partnership

The obligations of the Partnership and Merger Sub to complete the merger are further subject to the satisfaction or waiver, on or prior to the closing of the merger, of each of the following conditions:

- the representations and warranties of NSH must, both on the date of the merger agreement and at the closing of the merger, be true and correct except to the extent that the failure to be true and correct would not cause a material adverse effect on NSH;
- the performance, in all material respects, by NSH of its obligations under the merger agreement on or prior to the closing date;
- the receipt by the Partnership of a certificate signed by the Chief Executive Officer of NSH to the effect that the conditions set forth in the two bullet points above have been satisfied;
- the receipt by the Partnership of an opinion from Sidley Austin, or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH, as to certain tax matters relating to the U.S. federal income tax consequences of the merger;
- the NuStar GP amended and restated company agreement shall have been executed and made effective; and
- there shall not have occurred a material adverse effect with respect to NSH between the date of the merger agreement and the closing date.

Termination

The merger agreement may be terminated at any time prior to the effective time in any of the following ways:

- by mutual written consent of NSH and the Partnership;
- by either NSH or the Partnership upon written notice to the other if:
  - the merger is not completed on or before August 8, 2018, unless the failure of the closing to occur by this date is primarily due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligation under the merger agreement or a material breach of the merger agreement by such party;

any regulatory authority has issued a final and nonappealable statute, rule, order, decree or regulation or taken any other action that permanently restrains, enjoins or prohibits the consummation of the merger, the issuance of common units to the NSH unitholders and the adoption of the amended and restated partnership agreement, or makes the merger or any of the foregoing listed transactions illegal, *provided* that the terminating party is not in breach of its obligation to use commercially reasonable best efforts to complete the merger promptly;

NSH fails to obtain the NSH unitholder approval at the NSH special meeting, but this right to terminate is not available to NSH if the failure to obtain the NSH unitholder approval was caused by a material breach by NSH of the merger agreement;

there has been a breach of or any inaccuracy in any of the representations or warranties set forth in the merger agreement on the part of NSH (in the case of the Partnership and Merger Sub) or the Partnership or Merger Sub (in the case of NSH), which breach has not been cured within 30 days after receiving notice from the terminating party, or which breach, by its nature, cannot be cured prior to the termination date. However, the terminating party itself must not be in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement. In order for termination to take place, the breaches must be of such nature that they would entitle the party receiving such a representation not to carry out the merger agreement because certain closing conditions are not met; or

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there has been a breach of any of the covenants or agreements set forth in the merger agreement on the part of NSH (in the case of the Partnership and Merger Sub) or the Partnership or Merger Sub (in the case of NSH), which breach has not been cured within 30 days after receiving notice from the terminating party, or which breach, by its nature, cannot be cured prior to the termination date. However, the terminating party itself must not be in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement. In order for termination to take place, the breaches must be of such nature that they would entitle the party receiving such a representation not to carry out the merger agreement because certain closing conditions are not met;

by the Partnership prior to the NSH unitholder approval having been obtained, upon written notice to NSH, if NSH has intentionally and materially breached the no solicitation provisions of the merger agreement or the NSH Board has changed its recommendation to the NSH unitholders, provided, however, the Partnership shall not be entitled to exercise its right to terminate the merger agreement pursuant to this provision unless the Partnership has delivered such written notice to NSH within ten days of its receipt of notice from NSH that an NSH change in recommendation has occurred; or

by NSH prior to obtaining the NSH unitholder approval, upon written notice to the Partnership, in order to accept a superior proposal, if NSH has not intentionally and materially breached certain non-solicitation covenants, NSH has paid the NSH termination fee (as defined below) and substantially concurrently therewith, and in any event within the same day of such termination, NSH enters into a definitive agreement in connection with such superior proposal.

Termination Fees and Expenses

NSH will be obligated to pay a fee to the Partnership equal to $13.7 million in cash, reduced by certain amounts paid (the NSH termination fee) if:

the merger agreement is terminated by the Partnership because NSH changes its recommendation or terminated by NSH in order to accept a superior proposal; or

after an acquisition proposal for 50% or more of the assets of, the equity interests in or the businesses of NSH has been publicly made by a person to the NSH unitholders by any person and in any event such proposal is not subsequently irrevocably withdrawn prior to the termination of the merger agreement, thereafter, the merger agreement is terminated by (1) either the Partnership or NSH because the merger was not consummated by August 8, 2018 or NSH failed to obtain the requisite unitholder approvals or (2) by the Partnership because of a material breach of any of NSH s representations and warranties or agreements or covenants and, in each case, within 12 months after the merger agreement is terminated, NSH or any of its subsidiaries enters into any definitive agreement with such person or any of its affiliates or consummates an acquisition proposal with such person or any of its affiliates.

NSH or the Partnership will be obligated to pay expenses upon the termination of the merger agreement in the following circumstances:

NSH will be obligated to pay the Partnership s expenses, not to exceed $6.0 million, if the merger agreement is terminated by the Partnership because of a breach of any of NSH s representations, warranties, agreements or covenants, as described in Termination ; or

The Partnership will be obligated to pay NSH s expenses, not to exceed $6.0 million, if the merger agreement is terminated by NSH because of a breach of the Partnership s representations, warranties, agreements or covenants, as described in Termination.

Waiver and Amendment

Prior to the closing, any provision of the merger agreement may be waived in writing by the party benefited by the provision and approved by the Partnership Conflicts Committee, in the case of the Partnership, and by the

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NSH Conflicts Committee, in the case of NSH, and executed in the same manner as the merger agreement. Any provision of the merger agreement may be amended or modified prior to the closing, whether before or after the NSH unitholder approval, by an agreement in writing among the parties approved by the Partnership Conflicts Committee and the NSH Conflicts Committee and executed in the same manner as the merger agreement. After the NSH unitholder approval, no amendment will be made that requires further NSH unitholder approval without such approval.

Governing Law

The merger agreement is governed by and interpreted under Delaware law.

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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF THE PARTNERSHIP

The following is a summary of the material provisions of the amended and restated partnership agreement. This summary is qualified in its entirety by reference to the form of the amended and restated partnership agreement attached hereto as Annex B and incorporated into this proxy statement/prospectus by reference.

At the effective time of the merger, the Partnership s existing partnership agreement will be amended and restated in substantially the form of the amended and restated partnership agreement. The material differences between the partnership agreement and the amended and restated partnership agreement include: (1) the incentive distribution rights held by the General Partner will be cancelled; (2) the 2.0% general partner interest in the Partnership held by the General Partner will be converted into a non-economic, management interest in the Partnership; and (3) provisions for the election of directors to the Partnership Board by the common unitholders will be added.

The following provisions of the amended and restated partnership agreement are summarized elsewhere in this proxy statement/prospectus:

- with regard to distributions of Available Cash, please read the description under Partnership Cash Distribution Policy on page 113; and

- with regard to allocations of taxable income and taxable loss, please read Material U.S. Federal Income Tax Consequences of Common Unit Ownership beginning on page 120.

Organization and Duration

The Partnership was organized in December 1999 and will continue in existence until dissolved in accordance with the amended and restated partnership agreement.

Purpose

The purpose of the Partnership is (1) to serve as a partner of NuStar Logistics, L.P. (NuStar Logistics), one of the Partnership s primary operating subsidiaries, and its other subsidiaries established for conducting the business of the Partnership (collectively, the Operating Partnership), (2) to engage in any business activities that may be engaged in by the Operating Partnership or that are approved by the General Partner, provided that the General Partner must reasonably determine that such activity generates or enhances the operations of any activity that generates qualifying income, as this term is defined in Section 7704 of the Code, (3) to serve as a member of NSH and to exercise all the rights and powers held by the Partnership as a member of NSH as the member of NuStar GP and (4) to do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to the Partnership s subsidiaries. The General Partner has no obligation or duty to the Partnership, its limited partners or assignees of partnership interests to propose or approve, and in its discretion may decline to propose or approve, the conduct by the Partnership of any business.

Power of Attorney

Each limited partner, and each person who acquires a limited partner interest and executes and delivers a transfer application, grants to the General Partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for the qualification, continuance or dissolution of the Partnership. The power of

attorney also grants the General Partner and the liquidator the authority to amend the amended and restated partnership agreement and to make consents and waivers under the partnership agreement.

Capital Contributions

The common unitholders are not obligated to make additional capital contributions, except as described below under Limited Liability.

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Limited Liability

Assuming that a limited partner does not participate in the control of the Partnership s business within the meaning of the Delaware Act and that it otherwise acts in conformity with the provisions of the amended and restated partnership agreement, the limited partner s liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital the limited partner is obligated to contribute to the Partnership for such partner s common units plus the partner s share of any undistributed profits and assets and any funds wrongfully distributed to it, as described below. If it were determined, however, that the right, or exercise of the right, by the limited partners as a group:

to remove or replace the General Partner;

to approve certain amendments to the amended and restated partnership agreement; or

to take any other action under the amended and restated partnership agreement

constituted participation in the control of the Partnership s business for the purposes of the Delaware Act, then the limited partners could be held personally liable for the Partnership s obligations under the laws of Delaware, to the same extent as the General Partner. This liability would extend to persons who transact business with the Partnership who reasonably believe that a limited partner is a general partner based on the limited partner s conduct.

Neither the amended and restated partnership agreement nor the Delaware Act specifically provides for legal recourse against the General Partner if a limited partner were to lose limited liability through any fault of the General Partner. While this does not mean that a limited partner could not seek legal recourse, the Partnership knows of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the limited partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited will be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act will be liable to the limited partnership for the amount of the distribution for three years from the date of distribution. Under the Delaware Act, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of its assignor to make contributions to the limited partnership, excluding any obligations of the assignor with respect to wrongful distributions, as described above, except the assignee is not obligated for liabilities unknown to it at the time it became a limited partner and that could not be ascertained from the limited partnership agreement.

The Partnership s operating subsidiaries conduct business or own assets in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, and the United Kingdom. Maintenance of the Partnership s limited liability as a limited partner or member, respectively, of the Partnership s operating subsidiaries may require compliance with legal requirements in the jurisdictions in which the operating subsidiary conducts business. Limitations on the liability of limited partners or members for the obligations of a limited partnership or limited liability company have not been clearly established in many jurisdictions. If it were determined that the Partnership

was, by virtue of the Partnership s limited partner interest or limited liability company interest in its subsidiaries or otherwise, conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace the General Partner, to approve certain amendments to the amended and restated partnership agreement, or to take other action under the amended and restated partnership agreement constituted participation in the control of the Partnership s business for purposes of the statutes of

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any relevant jurisdiction, then the limited partners could be held personally liable for the Partnership s obligations under the law of that jurisdiction to the same extent as the General Partner under the circumstances. The Partnership will operate in a manner that the General Partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Voting Rights

The following matters require the common unitholder vote specified below.

Election of directors to the Partnership Board	Plurality of the votes cast by the limited partners holding outstanding common units, voting together as a single class, at a meeting of the limited partners. Please read Meetings; Voting on page 86.
Amendment of the amended and restated partnership agreement	Certain amendments may be made by the General Partner without the approval of common unitholders. Certain other amendments require the approval of the holders of a majority of outstanding common units. Certain other amendments require the approval of the holders of a super-majority of outstanding common units, and certain amendments that would have a material adverse effect on a class of Partnership interests require the approval of a majority of the Partnership interests to be affected by such amendment. Please read Amendment to the Amended and Restated Partnership Agreement beginning on page 82.
Merger or the sale of all or substantially all of the Partnership s assets	The holders of a majority of the outstanding common units. Please read Merger, Sale or Other Disposition of Assets on page 84.
Dissolution of the Partnership	The holders of a majority of the outstanding common units. Please read Termination and Dissolution beginning on page 86.
Removal/Replacement of the General Partner	The holders of a majority of the outstanding common units. Please read Withdrawal or Removal of the General Partner on page 84.

Issuance of Additional Securities

The amended and restated partnership agreement authorizes the Partnership, subject to any approvals required by the holders of the 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (Series A Preferred Units), the 7.625% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (Series B Preferred Units) or the 9.00% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (Series C Preferred Units), to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions established by the General Partner in its sole discretion without the approval of any limited partners.

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It is possible that the Partnership will fund acquisitions through the issuance of additional common units or other partnership securities. Holders of any additional common units the Partnership issues will be entitled to share equally with the then-existing common unitholders in the Partnership s distributions of available cash. In addition, the issuance of additional partnership interests may dilute the value of the interests of the then-existing common unitholders in the Partnership net assets.

Except for restrictions arising from the need for approval of the holders of Series A Preferred Units, Series B Preferred Units or Series C Preferred Units, there are no restrictions under the amended and restated partnership agreement on the ability of the General Partner to issue partnership securities, including partnership securities junior or senior to the common units.

In accordance with the Delaware Act and the provisions of the amended and restated partnership agreement, the Partnership may also issue additional partnership securities that, in the sole discretion of the General Partner, may have special voting rights to which common units are not entitled.

No person will have any preemptive, preferential or other similar right with respect to the issuance of any partnership securities.

Amendment to the Amended and Restated Partnership Agreement

General

Amendments to the amended and restated partnership agreement may be proposed only by or with the consent of the General Partner, which consent may be given or withheld in its sole discretion. In order to adopt a proposed amendment, other than the amendments discussed below, the General Partner is required to seek written approval of the holders of the number of common units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a majority of the outstanding common units (a unit majority).

Prohibited Amendments

No amendment may be made that would:

amend, alter, change, repeal or rescind, in any respect, a provision of the amended and restated partnership agreement that establishes a percentage of outstanding units required to take any action, that would have the effect of reducing such voting percentage, unless such amendment is approved by the written consent or the affirmative vote of holders of outstanding units whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced;

enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected;

enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by the Partnership to the General Partner

or any of its affiliates without the consent of the General Partner, which may be given or withheld in its sole discretion;

change the term of the Partnership;

provide that the Partnership is not dissolved upon an election to dissolve the Partnership by the General Partner that is approved by the holders of a majority of the outstanding common units;

give any person the right to dissolve the Partnership, other than the General Partner s right to dissolve the Partnership with the approval of the holders of a majority of the outstanding common units; or

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have a material adverse effect on the rights or preferences of any class of Partnership interests in relation to other classes of Partnership interests, unless approved by the holders of not less than a majority of the outstanding Partnership interests of the class affected.

The provision of the amended and restated partnership agreement prohibiting amendments to the amended and restated partnership agreement having the effects described in the seven bullets above can be amended, subject to certain exceptions, only upon the approval of the holders of at least 90% of the outstanding common units. In addition, no amendment may be made to the amended and restated partnership agreement that would have a material adverse effect on the powers, preferences, duties or special rights of the Series A Preferred Units, Series B Preferred Units or Series C Preferred Units without first obtaining the affirmative vote or consent of the holders of 66-2/3% of the respective outstanding class of preferred units.

No Unitholder Approval

The General Partner may generally make amendments to the amended and restated partnership agreement without the approval of any limited partner or assignee to reflect:

a change in the Partnership s name, the location of the principal place of business of the Partnership, the registered agent or the registered office;

the admission, substitution, withdrawal or removal of partners in accordance with the amended and restated partnership agreement;

a change that, in the sole discretion of the General Partner, is necessary or advisable to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither the Partnership nor the Operating Partnership will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

an amendment that is necessary, in the opinion of counsel to the Partnership, to prevent the Partnership, the General Partner, or its directors, officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, whether or not such are substantially similar to plan asset regulations currently applied or proposed;

subject to the limitations on the issuance of additional partnership securities described above, an amendment that in the discretion of the General Partner is necessary or advisable for the authorization of additional partnership securities;

any amendment expressly permitted in the amended and restated partnership agreement to be made by the General Partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of the amended and restated partnership agreement;

an amendment that, in the discretion of the General Partner, is necessary or advisable for the formation by the Partnership of, or its investment in, any corporation, partnership or other entity, as otherwise permitted by the amended and restated partnership agreement;

a change in the fiscal year or taxable year of the Partnership and any related changes; and

any other amendments substantially similar to the foregoing.

In addition, the General Partner may make amendments to the amended and restated partnership agreement without the approval of any limited partner or assignee if those amendments, in the discretion of the General Partner:

do not adversely affect the limited partners (or any particular class of limited partners) in any material respect;

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are necessary or advisable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

are necessary or advisable to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading, compliance with any of which the General Partner deems to be in the interests of the Partnership and the limited partners;

are necessary or advisable for any action taken by the General Partner relating to splits or combinations of common units under the provisions of the amended and restated partnership agreement; or

are required to effect the intent of the provisions of the amended and restated partnership agreement or that are otherwise contemplated by the amended and restated partnership agreement.

Opinion of Counsel and Unitholder Approval

Except for amendments described above under No Unitholder Approval or in connection with a merger, no other amendments to the amended and restated partnership agreement will become effective without the approval of holders of at least 90% of the common units unless the Partnership obtains an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any limited partner of the Partnership.

Merger, Sale or Other Disposition of Assets

Subject to certain exceptions, a merger or consolidation of the Partnership requires the prior approval of the General Partner. The General Partner must also approve the merger agreement, which must include certain information as set forth in the amended and restated partnership agreement. Once approved by the General Partner, the merger agreement must be submitted to a vote of the limited partners, and the merger agreement will be approved upon receipt of the affirmative vote or consent of the holders of a unit majority (unless the affirmative vote of the holders of a greater percentage is required under the merger agreement or the Delaware Act).

Except in connection with a dissolution and liquidation of the Partnership or a duly approved merger, the General Partner may not (1) sell, exchange or otherwise dispose of all or substantially all of the Partnership s assets in a single transaction or a series of related transactions or (2) approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of the Partnership without the approval of the holders of a unit majority. However, the General Partner may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership without the approval of the unitholders. In addition, the General Partner may sell any or all of the assets of the Partnership in a forced sale pursuant to the foreclosure of, or other realization upon, any such encumbrance without the approval of the unitholders.

Withdrawal or Removal of the General Partner

The General Partner may withdraw as General Partner without first obtaining approval of any unitholder by giving 90 days written notice, and that withdrawal will not constitute a violation of the amended and restated partnership agreement. In addition, the amended and restated partnership agreement permits the General Partner to sell or otherwise transfer all of its General Partner interest in the Partnership without the approval of the unitholders. Please

read Transfer of the General Partner Interest.

Upon the withdrawal of the General Partner under any circumstances, other than as a result of a transfer of all or part of its General Partner interest in the Partnership, the common unitholders representing a majority may select a successor to the withdrawing general partner. If a successor is not elected, or is elected but an opinion of

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counsel regarding limited liability and tax matters cannot be obtained, the Partnership will be dissolved, wound up and liquidated, unless within 180 days after that withdrawal, the holders of a unit majority of the outstanding common units agree in writing to continue the Partnership s business and to appoint a successor general partner. Please read Termination and Dissolution.

If the General Partner withdraws under circumstances where such withdrawal does not violate the amended and restated partnership agreement, and a successor general partner is elected under the terms of the amended and restated partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests for cash. If the General Partner withdraws under circumstances where such withdrawal does violate the amended and restated partnership agreement, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests of the departing general partner. If such general partner interests are not purchased by the successor general partner, they will be converted into common units.

The General Partner may not be removed unless that removal is approved by the vote of the holders of a majority of the outstanding common units (excluding common units held by the General Partner and its affiliates), and the Partnership receives an opinion of counsel regarding limited liability and tax matters. Any removal of the General Partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units.

If the General Partner is removed under circumstances where cause does not exist and a successor general partner is elected under the amended and restated partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests for cash. If the General Partner is removed under circumstances where cause does exist, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests of the departing general partner. If the general partner interests are not purchased by the successor general partner, they will be converted into common units.

Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as the general partner.

Withdrawal or removal of the General Partner also constitutes withdrawal or removal of the general partner of the Operating Partnership.

In addition, the Partnership will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner for the benefit of the Partnership.

Transfer of the General Partner Interest

The General Partner may transfer all or any part of its general partner interests in the Partnership without unitholder approval.

No transfer by the General Partner of all or any part of its general partner interest is permitted unless (1) the transferee agrees to assume the rights and duties of the General Partner and be bound the amended and restated partnership agreement, (2) the Partnership receives an opinion of counsel regarding limited liability and tax matters and (3) such transferee agrees to purchase all of the partnership interests of the general partner as the general partner of the

Operating Partnership and any of the Partnership s or the Operating Partnership s subsidiaries.

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Change of Management Provisions

The amended and restated partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove the General Partner or otherwise change management, including the following:

- any common units held by a person that owns 20% or more of any class of limited partner interests then outstanding, other than the General Partner and its affiliates, cannot be voted on any matter; and
- limiting the ability of unitholders to call meetings or to acquire information about the Partnership s operations, as well as other provisions limiting the unitholders ability to influence the manner or direction of management.

Termination and Dissolution

The Partnership will continue in existence as a limited partnership until terminated in accordance with the amended and restated partnership agreement. The Partnership will dissolve upon:

- the election of the General Partner to dissolve the Partnership, if approved by the common unitholders representing a unit majority (as defined in the partnership agreement);
- the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;
- the sale of all or substantially all of the assets and properties of the Partnership, the Operating Partnership and their subsidiaries; or
- the withdrawal or removal of the General Partner or any other event that results in its ceasing to be the General Partner other than by reason of a transfer of its general partner interest in accordance with the amended and restated partnership agreement or withdrawal or removal following approval and admission of a successor.

Upon a dissolution of the Partnership under the last clause above, the holders of a unit majority may also elect, within specific time limitations, to reconstitute the Partnership and continue its business on the same terms and conditions set forth in the amended and restated partnership agreement by forming a new limited partnership on terms identical to those set forth in the amended and restated partnership agreement and having as the general partner a person approved by a unit majority, subject to receipt by the Partnership of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability of any limited partner; and

neither the Partnership, the reconstituted limited partnership, nor any operating subsidiary would be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes upon the exercise of that right to continue.

Liquidation and Distribution of Proceeds

Upon the Partnership s dissolution, unless it is reconstituted and continued as a new limited partnership, the liquidator authorized to wind up the Partnership s affairs will, acting with all the powers of the general partner that the liquidator deems necessary or desirable in its judgment, liquidate the Partnership s assets and apply the proceeds of the liquidation as provided in Partnership Cash Distribution Policy. The liquidator may defer liquidation or distribution of the Partnership s assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to the partners.

Meetings; Voting

An annual meeting of the limited partners for the election of directors to the Partnership Board, and other matters that the General Partner submits to a vote of the limited partners, will be held in April of each year

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beginning in 2019 or on such other date as determined by the General Partner. Special meetings of the limited partners may be called by the General Partner or by limited partners owning 20% or more of the outstanding limited partner interests of the class or classes for which a meeting is proposed.

For the purpose of determining the limited partners entitled to notice of or to vote at any meeting or to give approvals without a meeting, the General Partner may set a record date, which date for purposes of notice of a meeting shall not be less than 10 days nor more than 60 days before the date of the meeting.

Each record holder of limited partner interests has a vote according to his percentage interest in the Partnership. Limited partner interests held for a person s account by another person (such as a broker, dealer or bank), in whose name such limited partner interests are registered, will be voted by such other person in favor of, and at the direction of, the beneficial owner unless the arrangement between such persons provides otherwise. Representation in person or by proxy of a majority of the outstanding limited partner interests of the class or classes for which a meeting has been called will constitute a quorum at such meeting (unless a particular action by the limited partners requires approval by a greater percentage of limited partner interests, in which case the quorum shall be such greater percentage).

At any meeting at which a quorum is present, the act of the limited partners holding a majority of the outstanding limited partner interests entitled to vote at the meeting will be deemed to be the act of all the limited partners, unless a greater or different percentage is required under the amended and restated partnership agreement, in which case the act of the limited partners holding such greater or different percentage of the outstanding limited partner interests will be required. At a meeting for the election of directors, directors are elected by a plurality of votes cast by the limited partners holding outstanding common units voting together as a single class.

If authorized by the General Partner, any action that is required or permitted to be taken at a meeting of the limited partners may be taken either at a meeting of the limited partners or without a meeting if consents in writing describing the action so taken are signed by the holders of the number of limited partner interests necessary to authorize or take that action at a meeting.

The Board of Directors

The number of directors on the Partnership Board will be nine unless otherwise determined from time to time by a majority of the directors then in office. Any decrease in the number of directors by the Partnership Board may not have the effect of shortening the term of any incumbent director.

Under the amended and restated partnership agreement, the Partnership Board may adopt a resolution to group the directors with respect to their terms, which is referred to herein as the triggering resolution, by dividing the directors into three groups, with each group to be as nearly equal in number as possible. Prior to the adoption of the triggering resolution, each director will hold office until the next annual meeting of limited partners. After the adoption of the triggering resolution the directors designated to Group I will serve for an initial term that expires at the first annual meeting of limited partners following the adoption of the triggering resolution, the directors designated to Group II will serve an initial term that expires at the second annual meeting of limited partners following the adoption of the triggering resolution, and the directors designated to Group III will serve an initial term that expires at the third annual meeting of limited partners following the adoption of the triggering resolution. At each annual meeting of limited partners beginning with the first annual meeting following the adoption of the triggering resolution, successors to the directors whose terms expire at that annual meeting will be elected for a three-year term.

After the adoption of the triggering resolution, a director may only be removed for cause. Before and after the adoption of the triggering resolution, a director may only be removed at a meeting of limited partners upon the

affirmative vote of the limited partners holding a unit majority and only if, at the same meeting, the limited

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partners holding a unit majority nominate a replacement director and elect the replacement director to the Partnership Board. Before and after the adoption of the triggering resolution, vacancies on the Partnership Board (other than vacancies caused by the removal of a director by the limited partners) may be filled by a majority of the remaining directors then in office.

Nominations of persons for election as directors to the Partnership Board may be made at an annual meeting of the limited partners only pursuant to the General Partner s notice of meeting (1) by or at the direction of a majority of the directors of the Partnership Board or (2) by a limited partner, or a group of limited partners, that holds or beneficially owns, and has continuously held or beneficially owned without interruption for the prior two years, 5% of the outstanding common units and such limited partner, or each limited partner in such group, (A) was a limited partner at the time the notice provided for in the amended and restated partnership agreement is delivered to the General Partner and (B) complies with the notice procedures set forth in the amended and restated partnership agreement.

For any nominations brought before an annual meeting by a limited partner, the limited partner must give timely notice thereof in writing to the General Partner. The notice must contain certain information as described in the amended and restated partnership agreement. To be timely, a limited partner s notice must be delivered to the General Partner not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year s annual meeting. For purposes of the 2019 annual meeting, the first anniversary of the preceding year s annual meeting shall be deemed to be April 30, 2019. The public announcement of an adjournment or postponement of an annual meeting will not commence a new time period (or extend any time period) for the giving of a limited partner s notice as described above.

In the event that the number of directors is increased effective after the time period for which nominations would otherwise be due and there is no public announcement by the Partnership or the General Partner naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year s annual meeting, a limited partner s notice will also be considered timely, but only with respect to nominees for the additional directorships, if it is delivered to the General Partner not later than the close of business on the 10th day following the day on which such public announcement is first made by the Partnership or the General Partner.

Nominations for directors may be made at a special meeting of limited partners at which directors are to be elected in accordance with the provisions of the amended and restated partnership agreement.

Only persons who are nominated in accordance with the procedures set forth in the amended and restated partnership agreement will be eligible to be elected at an annual or special meeting of limited partners to serve as directors. Unless otherwise required by law, if each nominating limited partner does not appear at the annual or special meeting of limited partners to present a nomination, the nomination will be disregarded.

In addition to the provisions described above and in the amended and restated partnership agreement, a limited partner must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder. Any references in the amended and restated partnership agreement to the Exchange Act or the rules promulgated thereunder are not intended to, and do not, limit any requirements applicable to nominations pursuant to the amended and restated partnership agreement, and compliance with the amended and restated partnership agreement is the exclusive means for a limited partner to make nominations.

Limited Call Right

If at any time the General Partner and its affiliates own 80% or more of the issued and outstanding limited partner interests of any class, the General Partner will have the right (which right it may assign and transfer to the Partnership

or any affiliate of the General Partner) to purchase all, but not less than all, of the outstanding limited partner interests of that class that are held by non-affiliated persons. The record date for determining ownership

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of the limited partner interests to be purchased by the General Partner will be selected by the General Partner, and the General Partner must mail notice of its election to purchase the interests to the holders of such interests at least 10 but not more than 60 days prior to the purchase date. The purchase price in the event of a purchase under these provisions would be the greater of (1) the current market price (as defined in the amended and restated partnership agreement) of the limited partner interests of the class as of the date three days prior to the date the General Partner mails notice of its election to purchase the limited partner interests and (2) the highest cash price paid by the General Partner or any of its affiliates for any limited partner interest of the class purchased within the 90 days preceding the date the General Partner mails notice of its election to purchase the limited partner interests.

Transfer of Common Units and Status as a Limited Partner or Assignee

No transfer of limited partner interests represented by certificates will be recognized by the Partnership unless certificates representing those limited partner interests are surrendered and such certificates are accompanied by a duly executed transfer application. Each transferee of limited partner interests must execute a transfer application whereby the transferee, among other things, requests admission as a substituted limited partner, makes certain representations, executes and agrees to comply with and be bound by the amended and restated partnership agreement, and gives the consents and approvals and makes the waivers contained in the amended and restated partnership agreement. Transferees may hold common units in nominee accounts.

Once a transferee has executed and delivered a transfer application in accordance with the amended and restated partnership agreement, the transferee becomes an assignee. An assignee becomes a limited partner upon the consent of the General Partner and the recordation of the name of the assignee on the Partnership s books and records. Such consent may be withheld in the sole discretion of the General Partner. An assignee, pending its admission as a substituted limited partner, is entitled to an interest in the Partnership equivalent to that of a limited partner with respect to the right to share in allocations and distributions, including liquidating distributions, of the Partnership. The General Partner will vote and exercise, at the written direction of the assignee, other powers attributable to limited partner interests owned by an assignee who has not become a substituted limited partner.

Transferees who do not execute and deliver transfer applications will be treated neither as assignees nor as record holders of limited partner interests and will not receive distributions, federal income tax allocations or reports furnished to record holders of limited partner interests. The only right such transferees will have is the right to admission as a substituted limited partner upon execution of a transfer application, subject to the approval of the General Partner. A nominee or broker who has executed a transfer application with respect to limited partner interests held in street name or nominee accounts will receive distributions and reports pertaining to such limited partner interests.

Non-Citizen Assignees; Redemption

If the Partnership, the Operating Partnership or any of their subsidiaries is or becomes subject to federal, state or local laws or regulations that, in the reasonable determination of the General Partner, create a substantial risk of cancellation or forfeiture of any property that the Partnership, the Operating Partnership or any of their subsidiaries has an interest in because of the nationality, citizenship or other related status of any limited partner or assignee, the Partnership may redeem the limited partner interests held by the limited partner or assignee at their current market price. In order to avoid any cancellation or forfeiture, the General Partner may require each limited partner or assignee to furnish information about his nationality, citizenship or related status. If a limited partner or assignee fails to furnish information about this nationality, citizenship or other related status within 30 days after a request for the information or the General Partner determines after receipt of the information that the limited partner or assignee is not an eligible citizen, the limited partner or assignee may be treated as a non-citizen assignee. In addition to other limitations on the

rights of an assignee who is not a substituted limited partner, a non-citizen assignee does not have the right to direct the voting of his limited partner interests and may not receive distributions in kind upon the Partnership s liquidation.

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Indemnification

Under the amended and restated partnership agreement, in most circumstances, the Partnership will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events as long as such persons acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Partnership, and, with respect to any criminal proceeding, had no reasonable cause to believe their conduct was unlawful:

- the General Partner;
- any departing general partner;
- any person who is or was an affiliate of the General Partner or any departing general partner;
- any person who is or was a member, partner, officer, director, employee, agent or trustee of the Partnership, the Operating Partnership or any of their subsidiaries, the General Partner or any departing general partner or any affiliate of the Partnership, the Operating Partnership, their subsidiaries, the General Partner or any departing general partner; or
- any person who is or was serving at the request of the General Partner or any departing general partner or any affiliate of the General Partner or any departing general partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person.

Any indemnification under these provisions will only be out of the Partnership s assets. The General Partner will not be personally liable for any of the Partnership s indemnification obligations, or have any obligation to contribute or loan funds or assets to the Partnership to enable it to effectuate indemnification. The Partnership is authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for the Partnership s activities, regardless of whether the Partnership would have the power to indemnify the person against liabilities under the amended and restated partnership agreement.

Books and Reports

The General Partner is required to keep appropriate books of the Partnership s business at the Partnership s principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and financial reporting purposes, the Partnership s fiscal year is the calendar year.

The Partnership will furnish or make available to record holders of limited partner interests, within 120 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by its registered public accounting firm. Except for its fourth quarter, the Partnership will also furnish or make available summary financial information within 90 days after the close of each quarter.

The Partnership will furnish each record holder of a common unit with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year.

Right to Inspect the Partnership s Books and Records

The amended and restated partnership agreement provides that a limited partner can, for a purpose reasonably related to such limited partner s interest as a limited partner, upon reasonable written demand and at its own expense, have furnished to it:

information regarding the status of the business and financial condition of the Partnership;

a copy of the Partnership s tax returns;

a current list of the name and last known address of each partner;

copies of the partnership agreement, the certificate of limited partnership of the Partnership, related amendments and powers of attorney under which they have been executed;

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information as to the amount of cash, and a description and statement of the agreed value of any other property or services, contributed or to be contributed by each partner and the date on which each became a partner; and

any other information regarding the Partnership s affairs as is just and reasonable.

The General Partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which the General Partner believes in good faith is not in the Partnership s, the Operating Partnership s and their subsidiaries best interests, could damage the Partnership, the Operating Partnership and their subsidiaries or which the Partnership, the Operating Partnership and their subsidiaries are required by law or by agreements with third parties to keep confidential.

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SELECTED FINANCIAL DATA AND PRO FORMA INFORMATION OF THE PARTNERSHIP AND NSH

The following tables set forth, for the periods and at the dates indicated, selected historical financial and operating information for the Partnership and NSH and selected unaudited pro forma financial information for the Partnership after giving effect to the proposed merger with NSH. The selected historical financial data as of and for each of the years ended December 31, 2013, 2014, 2015, 2016 and 2017 are derived from and should be read in conjunction with the audited financial statements and accompanying footnotes of the Partnership and NSH, respectively. The Partnership s and NSH s consolidated balance sheets as of December 31, 2016 and 2017, and the related statements of consolidated income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015, 2016 and 2017 are incorporated by reference into this proxy statement/prospectus from the Partnership s and NSH s respective annual reports on Form 10-K for the year ended December 31, 2017.

The selected unaudited pro forma condensed combined consolidated financial statements of the Partnership show the pro forma effect of the Partnership s proposed merger with NSH. For a complete discussion of the pro forma adjustments underlying the amounts in the table on the following page, please read Unaudited Pro Forma Condensed Combined Consolidated Financial Statements beginning on page F-2 of this document.

The unaudited pro forma condensed combined consolidated financial statements have been prepared to assist in the analysis of financial effects of the proposed merger between the Partnership and NSH. The unaudited pro forma condensed combined consolidated statements of income for the year ended December 31, 2017 assume the merger-related transactions occurred on January 1, 2017. The unaudited pro forma condensed combined consolidated balance sheet shows the financial effects of the merger-related transactions as if they had occurred on December 31, 2017. The unaudited pro forma condensed combined consolidated financial statements are based upon assumptions that the Partnership believes are reasonable under the circumstances, and are intended for informational purposes only. They are not necessarily indicative of the financial results that would have occurred if the transactions described herein had taken place on the dates indicated, nor are they indicative of the future consolidated results of the combined entity.

For information regarding the effect of the merger on pro forma distributions to NSH unitholders, please read Comparative Per Unit Information.

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Selected Historical and Pro Forma Financial Information of the Partnership

	Historical Year Ended December 31,					Pro Forma Year End Decemb
	2013 (a)	2014	2015	2016	2017 (b)	201
	(Thousands of Dollars, Except Per Unit Data)					
ment of Income Data:						
nues (c)	$ 3,463,732	$ 3,075,118	$ 2,084,040	$ 1,756,682	$ 1,814,019	$ 1,814
ating (loss) income	$ (19,121)	$ 346,901	$ 390,704	$ 359,109	$ 336,278	$ 333
) income from continuing operations (d)	$ (185,509)	$ 214,169	$ 305,946	$ 150,003	$ 147,964	$ 144
) income from continuing operations per common unit (d)	$ (2.89)	$ 2.14	$ 3.29	$ 1.27	$ 0.64	$
distributions per unit applicable to common limited ers (e)	$ 4.38	$ 4.38	$ 4.38	$ 4.38	$ 4.38	$
nce Sheet Data:						
rty, plant and equipment, net	$ 3,310,653	$ 3,460,732	$ 3,683,571	$ 3,722,283	$ 4,300,933	$ 4,300
assets	$ 5,032,186	$ 4,918,796	$ 5,125,525	$ 5,030,545	$ 6,535,233	$ 6,535
-term debt, less current portion	$ 2,655,553	$ 2,749,452	$ 3,055,612	$ 3,014,364	$ 3,263,069	$ 3,315
partners equity	$ 1,903,794	$ 1,716,210	$ 1,609,844	$ 1,611,617	$ 2,480,089	$ 2,427

(a) The losses for the year ended December 31, 2013 are mainly due to goodwill impairment charges.

(b) The significant increases in balance sheet data are primarily due to the Partnership s acquisition of Navigator Energy Services, LLC for approximately $1.5 billion in May 2017.

(c) Declines in revenues from 2013 through 2017 are mainly from a reduction in marketing activity and lower commodity prices. The Partnership ceased marketing crude oil in the second quarter of 2017 and exited its heavy fuels trading operations in the third quarter of 2017.

(d) Includes the impact of a $56.3 million non-cash gain associated with the Partnership s acquisition of the remaining 50% interest in ST Linden Terminal, LLC in 2015 and a $58.7 million non-cash impairment charge on the term loan to Axeon Specialty Products, LLC in 2016.

(e) Represents distributions applicable to the period in which the distributions were earned.

Selected Historical Consolidated Financial Information of NSH

	Historical Year Ended December 31,				
	2013	2014	2015	2016	2017
	(Thousands of Dollars, Except Per Unit Data)				
Statement of Comprehensive Income Data:					
Equity in (loss) earnings of NuStar Energy L.P.	$ (6,741)	$ 65,380	$ 79,673	$ 56,096	$ 51,556
Net (loss) income	$ (11,034)	$ 61,427	$ 72,208	$ 55,068	$ 86,775
Basic and diluted net (loss) income per unit	$ (0.26)	$ 1.44	$ 1.68	$ 1.28	$ 2.01

Cash distributions per unit (a)	$ 2.18	$ 2.18	$ 2.18	$ 2.18	$ 2.18
Other Financial Data:					
Distributions received from NuStar Energy L.P.	$ 96,134	$ 96,012	$ 96,030	$ 95,905	$ 99,310
Balance Sheet Data:					
Total assets	$ 412,382	$ 385,150	$ 360,490	$ 274,630	$ 283,842
Total short-term debt	$ 26,000	$ 26,000	$ 26,000	$ 30,000	$ 42,500
Members equity	$ 349,986	$ 310,836	$ 287,070	$ 243,788	$ 240,536

(a) Represents distributions applicable to the period in which the distributions were earned.

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THE PARTIES TO THE MERGER

NSH s Business

This section summarizes information from NSH s Annual Report on Form 10-K for the year ended December 31, 2017 and the other filings incorporated into this proxy statement/prospectus by reference. For a more detailed discussion of NSH s business, please read the Business, Risk Factors and Properties section contained in NSH s 2017 Annual Report on Form 10-K and the other filings incorporated into this document by reference.

General

NSH, a Delaware limited liability company, was formed in 2000. NSH units are traded on the NYSE under the ticker symbol NSH. NSH and the Partnership are closely related. NSH s only cash generating assets are its ownership interests in the Partnership. NSH has an approximate 13% indirect ownership interest in the Partnership, consisting of the following:

- the 2.0% general partner interest;
- 100% of the incentive distribution rights issued by the Partnership, which entitle NSH to receive increasing percentages of the cash distributed by the Partnership up to a maximum percentage of 23%; and
- 10,214,626 common units of the Partnership.

NSH strives to increase unitholder value by actively supporting the Partnership in executing its business strategy, which includes continued growth through expansion projects and strategic acquisitions. NSH may facilitate the Partnership s growth through the use of its capital resources, which could involve capital contributions, loans or other forms of financial support.

The following table summarizes the cash NSH received for the years ended December 31, 2015, 2016 and 2017 as a result of its indirect ownership of partnership interests in the Partnership (in thousands):

	Year Ended December 31,		
	2015	**2016**	**2017**
Common units	$ 45,073	$ 44,699	$ 44,740
General partner interest (2.0%)	7,844	7,877	9,252
Incentive distribution rights	43,220	43,407	45,669

NSH s principal executive offices are located at 19003 IH-10 West, San Antonio, Texas 78257. NSH s telephone number is (210) 918-2000 and NSH s website is *www.nustargpholdings.com*. Information on NSH s website is not part of this proxy statement/prospectus.

The Partnership s Business

This section summarizes information from the Partnership s Annual Report on Form 10-K for the year ended December 31, 2017 and the other filings incorporated into this proxy statement/prospectus by reference. For a more detailed discussion of the Partnership s business, please read the Business, Risk Factors and Properties section contained in its 2017 Annual Report on Form 10-K and the other filings incorporated into this proxy statement/prospectus by reference.

General

The Partnership, a Delaware limited partnership, was formed in 1999. The common units are traded on the NYSE under the symbol NS. The operations of the Partnership are managed by NuStar GP, the general partner

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of the General Partner. NuStar GP is a wholly owned subsidiary of NSH. The Partnership is engaged in the transportation of petroleum products and anhydrous ammonia, and the terminalling, storage and marketing of petroleum products. The Partnership divides its operations into three reportable business segments: pipeline, storage and fuels marketing.

The Partnership s principal executive offices are located at 19003 IH-10 West, San Antonio, Texas 78257. The Partnership s telephone number is (210) 918-2000 and the Partnership s website is *www.nustarenergy.com*. Information on the Partnership s website is not part of this proxy statement/prospectus.

The Partnership s Business Segments

The Partnership has three reportable business segments: pipelines, storage and fuels marketing. The Partnership conducts its operations through its wholly owned subsidiaries.

Pipeline Segment. The Partnership s pipeline operations consist of the transportation of refined petroleum products, crude oil and anhydrous ammonia. As of December 31, 2017, the Partnership owned and operated:

- refined product pipelines with an aggregate length of 3,130 miles and crude oil pipelines with an aggregate length of 1,930 miles in Texas, Oklahoma, Kansas, Colorado and New Mexico;
- a 1,920-mile refined product pipeline originating in southern Kansas and terminating at Jamestown, North Dakota, with a western extension to North Platte, Nebraska and an eastern extension into Iowa;
- a 450-mile refined product pipeline originating at Andeavor s Mandan, North Dakota refinery and terminating in Minneapolis, Minnesota; and
- a 2,000-mile anhydrous ammonia pipeline originating in the Louisiana delta area that travels north through the Midwestern United States forking east and west to terminate in Nebraska and Indiana (the Ammonia Pipeline).

The Partnership charges tariffs on a per barrel basis for transporting refined products, crude oil and other feedstocks in its refined product and crude oil pipelines and on a per ton basis for transporting anhydrous ammonia in the Ammonia Pipeline.

Storage Segment. The Partnership s storage segment consists of facilities that provide storage, handling and other services for petroleum products, crude oil, specialty chemicals and other liquids. As of December 31, 2017, the Partnership owned and operated:

- 40 terminal and storage facilities in the United States and one terminal in Nuevo Laredo, Mexico, with total storage capacity of 53.3 million barrels;

a terminal on the island of St. Eustatius with tank capacity of 14.3 million barrels and a transshipment facility;

a terminal located in Point Tupper, Canada with tank capacity of 7.8 million barrels and a transshipment facility; and

six terminals located in the United Kingdom and one terminal located in Amsterdam, the Netherlands, with total storage capacity of approximately 9.5 million barrels.

Revenues for the storage segment include fees for tank storage agreements, where a customer agrees to pay for a certain amount of storage in a tank over a period of time (storage terminal revenues), and throughput agreements, where a customer pays a fee per barrel for volumes moving through the Partnership s terminals (throughput terminal revenues). The Partnership s terminals also provide blending, additive injections, handling and filtering services for which it charges additional fees. The Partnership previously charged a fee for each barrel of crude oil and certain other feedstocks that it delivered to Valero Energy Corporation s Benicia, Corpus

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Christi West and Texas City refineries from the Partnership s crude oil refinery storage tanks. Effective January 1, 2017, the Partnership leases these refinery storage tanks in exchange for a fixed fee. Certain of the Partnership s facilities charge fees to provide marine services such as pilotage, tug assistance, line handling, launch service, emergency response services and other ship services.

Fuels Marketing Segment. Prior to the third quarter of 2017, the Partnership s fuels marketing operations involved the purchase of crude oil, fuel oil, bunker fuel, fuel oil blending components and other refined products for resale. The Partnership ceased marketing crude oil in the second quarter of 2017 and exited its heavy fuels trading operations in the third quarter of 2017. These actions are in the line with the Partnership s goal of reducing its exposure to commodity margins, and instead focusing on its core, fee-based pipeline and storage segments. The only remaining operations in the Partnership s fuels marketing segment are its bunkering operations at its St. Eustatius and Texas City terminals, as well as certain of its blending operations.

Merger Sub s Business

Merger Sub, a Delaware limited liability company and a wholly owned subsidiary of the Partnership, was formed solely for the purpose of facilitating the merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the merger, Merger Sub will merge with and into NSH, with Merger Sub ceasing to exist.

Merger Sub s principal executive offices are located at c/o NuStar Energy L.P., 19003 IH-10 West, San Antonio, Texas 78257, and its phone number is (210) 918-2000.

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INTERESTS OF CERTAIN PERSONS IN THE MERGER

Interests of Directors and Executive Officers in the Merger

In considering the recommendations of the NSH Conflicts Committee and the NSH Board with respect to the merger, NSH unitholders should be aware that the executive officers and directors of NSH have interests in the transaction that differ from, or are in addition to, the interests of NSH unitholders generally. These interests may present the executive officers and directors with actual or potential conflicts of interest. These interests include the following:

NSH Units and Common Units. All of the executive officers and directors of NSH currently own NSH units and will be receiving common units in exchange for those NSH units as a result of the merger. NSH units held by directors and executive officers will be converted into the right to receive common units at a ratio of 0.55 of a common unit per NSH unit, which is the same as the ratio applicable to all other NSH unitholders. Like all other NSH unitholders, if the directors and executive officers are entitled to receive fractional common units pursuant to the merger, they will be entitled to receive a cash payment in an amount equal to the product of (1) the average of the volume weighted average price of the common units on each of the five consecutive trading days ending on the trading day that is two trading days prior to the day the merger closes and (2) the fraction of a common unit which such director or executive officer would otherwise be entitled to receive. In addition, certain of NSH s directors and all of NSH s executive officers currently own common units.

NSH Restricted Units. Each outstanding NSH restricted unit held by NSH s directors and executive officers pursuant to NSH s long-term incentive plan will be converted into 0.55 of a restricted common unit and will continue to be subject to the terms and conditions of the NSH long-term incentive plan.

Change of Control Waivers. Each of the directors and executive officers of NSH entered in to a Change of Control Waiver Agreement with respect to certain awards, grants or benefits such that the merger proposal would not be deemed to cause a change of control, as such term is defined in the applicable plan or agreement and the directors and executive officers would not receive the payments or benefits to which they otherwise may have been entitled.

Indemnification and Insurance. The merger agreement provides for indemnification by the Partnership and NSH, as the surviving entity, of each person who was, as of the date of the merger agreement, or is at any time from the date of the merger agreement through the effective date, an officer or director of NSH or any of its subsidiaries or acting as a fiduciary under or with respect to any employee benefit plan of NSH and for the maintenance of directors and officers liability insurance covering directors and executive officers of NSH for a period of six years following the merger. The Partnership and NSH, as the surviving entity, also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in the NSH limited liability company agreement and the indemnification agreements of NSH or any of its subsidiaries will be assumed by the Partnership in the merger, without further action, at the effective time and will survive the merger and will continue in full force and effect in accordance with their terms.

Director and Executive Officer Interlocks. All executive officers of NSH are executive officers of NuStar GP and will remain so after the merger, and two directors of NSH are also directors of NuStar GP and will remain so after the merger. After the effective time, the Partnership Board will consist of nine members, six of whom will be the existing members of the Partnership Board and three of whom will be the three existing members of the NSH Conflicts Committee.

As of May 30, 2018 the directors and executive officers of NSH beneficially owned an aggregate of 9,360,098 million NSH units, representing approximately 21.8% of the total voting power of NSH s units.

The executive officers also prepared projections with respect to the Partnership s future financial and operating performance on a stand-alone basis and on a combined basis. The projections with respect to EBITDA

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and DCF were provided to Baird for use in connection with the preparation of its opinion to the NSH Conflicts Committee and related financial advisory services. The projections were provided to the Partnership Board, the NSH Board, the conflicts committees and their financial advisors.

Each of the Partnership Conflicts Committee and the NSH Conflicts Committee is aware of these different and/or additional interests and considered them, among other matters, in their respective evaluations and negotiations of the merger agreement.

Ownership Interests of Directors and Executive Officers

The following table sets forth the beneficial ownership of the directors and executive officers of NuStar GP and NSH, each as of May 30, 2018, with respect to: (1) NSH units, (2) common units prior to the merger and (3) common units after giving effect to the merger:

	NSH Units	Common Units Prior to the Merger	Common Units After the Merger
Directors of NuStar GP:			
William E. Greehey (1)	9,178,320	3,479,533	8,527,609
Bradley C. Barron	31,540	53,640	70,987
J. Dan Bates (2)		33,107	33,107
Dan J. Hill (3)		28,149	28,149
Robert J. Munch		2,406	2,406
W. Grady Rosier (4)		35,035	35,035
Directors of NSH:			
William E. Greehey (1)	9,178,320	3,479,533	8,527,609
Bradley C. Barron	31,540	53,640	70,987
William B. Burnett	23,298		12,813
James F. Clingman, Jr.	40,893		22,491
Jelynne LeBlanc-Burley	9,558		5,256
Executive Officers Not Listed Above:			
Mary Rose Brown	46,977	59,125	84,962
Thomas R. Shoaf	12,022	25,137	31,749
Jorge A. del Alamo	1,239	13,728	14,409
Daniel S. Oliver	12,920	30,628	37,734
Amy L. Perry	1,108	4,743	5,352
Karen M. Thompson	1,195	14,943	15,600
Michael Truby	1,028	16,633	17,198

(1) The number of NSH units shown as beneficially owned by Mr. Greehey includes 385,889 NSH units owned indirectly by Mr. Greehey through a limited liability company.
(2) The number of common units shown as beneficially owned by Mr. Bates includes 28,526 common units owned indirectly by Mr. Bates through a trust.
(3) The number of common units shown as beneficially owned by Mr. Hill includes 600 common units owned indirectly by Mr. Hill through his spouse.

(4) The number of common units shown as beneficially owned by Mr. Rosier includes an aggregate of 29,215 common units owned indirectly by Mr. Rosier through two trusts.

Treatment of NSH Restricted Units

Directors and executive officers of NSH hold NSH restricted units. Upon consummation of the merger, all outstanding NSH restricted units granted prior to the effective time of the merger will be assumed by the Partnership, will continue to vest in accordance with their existing terms and will be converted into restricted common units, adjusted to reflect the 0.55 exchange ratio. For additional information regarding the treatment of

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NSH restricted units, please read The Merger Agreement Exchange of Certificates; Fractional Units NSH s Long-Term Incentive Plan.

The following table sets forth the NSH restricted units held by NSH s executive officers and directors as of May 30, 2018:

	NSH Restricted Units
Directors:	
William E. Greehey	10,558
Bradley C. Barron	27,505
William B. Burnett	7,948
James F. Clingman, Jr.	7,948
Jelynne LeBlanc-Burley	7,948
Executive Officers Not Listed Above:	
Mary Rose Brown	13,709
Thomas R. Shoaf	12,551
Jorge A. del Alamo	5,638
Daniel S. Oliver	8,924
Amy L. Perry	6,263
Karen M. Thompson	6,263
Michael Truby	6,259

Indemnification; Directors and Officers Insurance

The Partnership and the surviving entity, jointly and severally, will indemnify and hold harmless each person who is a director or officer of NSH or any of its subsidiaries or who is serving as a fiduciary under any employee benefit plan, both as of the date of the merger agreement and through the effective date of the merger, to the fullest extent permitted by law in connection with any claim arising out of or pertaining to the person s service as a director or officer of NSH or its subsidiaries or as a fiduciary under any employee benefit plan and any losses, claims, liabilities, cost indemnification expenses, judgments, fines, penalties and amounts paid in settlement resulting therefrom. Both will also pay, prior to final disposition of a claim, for any expenses incurred in defending such claim or serving as a witness relating to any claim within 10 days after any request for advancement.

For a period of six years from the effective time, the NSH limited liability company agreement will contain provisions no less favorable with respect to indemnification, advancement of expenses and limitations on liability of directors and officers than are set forth currently in the NSH limited liability company agreement. Additionally, the Partnership will, or will cause the surviving entity to, maintain, for at least of six years from the effective time, the current policies of directors and officers liability insurance maintained by NSH and its subsidiaries, except that the surviving entity may substitute policies of at least the same coverage amounts containing terms and conditions which are not less advantageous to the directors and officers of NSH than the existing policies.

The Partnership and NSH also agreed that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time now existing in favor of existing indemnified parties, as provided in the NSH limited liability company agreement or organizational documents of its subsidiaries and the indemnification agreements of NSH or any of its subsidiaries, will be assumed by NSH, as the surviving entity, the Partnership and NuStar GP in the merger, without further action, at the effective time and will survive the merger and will continue in full force and effect in accordance with their terms, as described more fully

under The Merger Agreement Covenants Indemnification; Directors and Officers Insurance.

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Director and Executive Officer Interlocks

After the effective time, the Partnership Board will consist of nine members, six of whom will be the current members of the Partnership Board and three of whom will be the three current members of the NSH Conflicts Committee. NuStar GP s executive officers will remain executive officers of NuStar GP following consummation of the merger.

Support Agreement

In connection with the merger agreement, the Partnership entered into the support agreement pursuant to which the supporting unitholders, who own 9,178,320 NSH units, agreed to vote their NSH units (1) in favor of adoption of the merger agreement, any transactions contemplated by the merger agreement and any other action reasonably requested by the Partnership in furtherance thereof, submitted for the vote or written consent of NSH unitholders, (2) against any acquisition proposal, and (3) against any action, agreement or transaction that would impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the transactions contemplated by the merger agreement.

The support agreement will terminate automatically upon the earliest to occur of (1) the effective time; (2) the termination of the merger agreement in accordance with its terms, other than as a result of a breach by a supporting unitholder of the terms of the support agreement; or (3) the written agreement of each supporting unitholder and the Partnership to terminate the support agreement.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, a copy of which is attached as Annex D to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

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DIRECTORS AND EXECUTIVE OFFICERS OF NUSTAR GP AND NSH

The following table provides information with respect to the current directors and executive officers of NSH and NuStar GP, as of May 30, 2018. The NuStar GP management team will continue in their current roles and will manage NuStar GP following the merger. After the effective time, the Partnership Board will consist of nine members, six of whom will be the current members of the Partnership Board and three of whom will be the three current members of the NSH Conflicts Committee.

Name	Age	Position with NuStar GP	Position with NSH
William E. Greehey	81	Chairman of the Board	Chairman of the Board
Bradley C. Barron	52	President, Chief Executive Officer and Director	President, Chief Executive Officer and Director
J. Dan Bates	73	Director	
Dan J. Hill	77	Director	
Robert J. Munch	66	Director	
W. Grady Rosier	69	Director	
William B. Burnett	68		Director
James F. Clingman, Jr.	81		Director
Jelynne LeBlanc-Burley	57		Director
Mary Rose Brown	61	Executive Vice President and Chief Administrative Officer	Executive Vice President and Chief Administrative Officer
Thomas R. Shoaf	59	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
Jorge A. del Alamo	48	Senior Vice President and Controller	Senior Vice President and Controller
Daniel S. Oliver	51	Senior Vice President, Marketing and Business Development	Senior Vice President, Marketing and Business Development
Amy L. Perry	49	Senior Vice President, General Counsel and Corporate Secretary	Senior Vice President, General Counsel and Corporate Secretary
Karen M. Thompson	51	Senior Vice President and General Counsel Litigation, Regulatory & Environmental	Senior Vice President and General Counsel Litigation, Regulatory & Environmental
Michael Truby	58	Senior Vice President Operations	Senior Vice President Operations

Mr. Greehey became Chairman of the Partnership Board in January 2002. He also has been the Chairman of the NSH Board since March 2006. Mr. Greehey served as Chairman of the Board of Directors of Valero Energy Corporation (Valero Energy) from 1979 through January 2007. Mr. Greehey was Chief Executive Officer of Valero Energy from 1979 through December 2005, and President of Valero Energy from 1998 until January 2003.

Mr. Barron became President, Chief Executive Officer and a director of NuStar GP and NSH in January 2014. He served as Executive Vice President and General Counsel of NuStar GP and NSH from February 2012 until his promotion in January 2014. From April 2007 to February 2012, he served as Senior Vice President and General Counsel of NuStar GP and NSH. Mr. Barron also served as Secretary of NuStar GP and NSH from April 2007 to February 2009. He served as Vice President, General Counsel and Secretary of NuStar GP from January 2006 until April 2007 and as Vice President, General Counsel and Secretary of NSH from March 2006 until his promotion in April 2007. He has been with NuStar GP since July 2003 and, prior to that, was with Valero Energy from January

2001 to July 2003.

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Mr. Bates became a director of NuStar GP in April 2006. He served as President and CEO of the Southwest Research Institute from 1997 until October 2014 and continues to serve as a director and as President Emeritus of the Southwest Research Institute. Mr. Bates also serves as a director of Signature Science L.L.C., Broadway Bank and Broadway Bankshares, Inc. He served as Chairman or Vice Chairman of the Board of Directors of the Federal Reserve Bank of Dallas San Antonio Branch from January 2005 through December 2009.

Mr. Hill became a director of NuStar GP in July 2004. From February 2001 through May 2004, he served as a consultant to El Paso Corporation. Prior to that, he served as President and CEO of Coastal Refining and Marketing Company. In 1978, Mr. Hill was named as Senior Vice President of the Coastal Corporation and President of Coastal States Crude Gathering. In 1971, he began managing Coastal s NGL business. Previously, Mr. Hill worked for Amoco and Mobil.

Mr. Munch became a director of NuStar GP in January 2016. He served as General Manager and Head of Corporate & Investment Banking of Mizuho Bank, Ltd. from 2006 to 2013 and as Deputy General Manager, Origination, of Mizuho Bank, Ltd. from 2005 to 2006. Prior to his service with Mizuho Bank Ltd., Mr. Munch also served in several senior management positions with Canadian Imperial Bank of Commerce and CIBC World Markets from 1980 to 2001 and Fidelity Union Bancorporation (now Wells Fargo) from 1973 to 1980.

Mr. Rosier became a director of NuStar GP in March 2013. He has been the President and Chief Executive Officer of McLane Company, Inc., a leading supply chain services company and subsidiary of Berkshire Hathaway, Inc., since February 1995. Mr. Rosier has been with McLane Company, Inc. since 1984, serving in various senior management positions prior to his current position. Mr. Rosier also has served as a director of NVR, Inc. since December 2008. He was formerly a director of Tandy Brands Accessories, Inc. from February 2006 to October 2011, serving as the lead director from October 2009 to October 2010.

Mr. Burnett became a director of NSH in August 2006. Mr. Burnett served as the Chief Financial Officer of Lucifer Lighting Company (Lucifer), a San Antonio, Texas-based manufacturer of architectural lighting products, from 2004 to 2007 and as a director of Lucifer from 2004 to 2009. Mr. Burnett is a C.P.A., and, in 2001, he retired as a partner with Arthur Andersen LLP after 29 years of service.

Mr. Clingman became a director of NSH in December 2006. From 1984 through 2003, Mr. Clingman served as the President and Chief Operating Officer of HEB Grocery Company. He also served on the board of HEB from 1984 through 2008. From 2003 through June 2010, Mr. Clingman served on the Board of Directors of CarMax, a publicly held NYSE-listed company; he also served as a member of its audit committee and, from 2003 through 2005, its compensation committee. He also has served as Chairman of the Board of Directors of three privately held food manufacturing companies owned by Silver Ventures Inc. since 2005.

Ms. LeBlanc-Burley became a director of NSH in April 2013. She has served as President and Chief Executive Officer of The Center for Health Care Services since May 1, 2017. From August 2013 through February 2016, Ms. LeBlanc-Burley served as Group Executive Vice President and Chief Delivery Officer of CPS Energy. Prior thereto, she served as Executive Vice President Corporate Support Services and Chief Administrative Officer of CPS Energy since August 2010. She served as the Acting General Manager of CPS Energy from November 2009 to July 2010 and the Senior Vice President Chief Administrative Officer at CPS Energy from April 2008 to November 2009. Prior to her services at CPS Energy, Ms. LeBlanc-Burley was the Deputy City Manager for the City of San Antonio from February 2006 to February 2008.

Ms. Brown became Executive Vice President and Chief Administrative Officer of NuStar GP and NSH in April 2013. She served as Executive Vice President Administration of NuStar GP and NSH from February 2012 until her

promotion in April 2013. Ms. Brown served as Senior Vice President Administration of NuStar GP from April 2008 through February 2012. She served as Senior Vice President Corporate Communications of NuStar GP from April 2007 through April 2008. Prior to her service to NuStar GP, Ms. Brown served as Senior Vice President Corporate Communications for Valero Energy from September 1997 to April 2007.

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Mr. Shoaf became Executive Vice President and Chief Financial Officer of NuStar GP and NSH in January 2014. He served as Senior Vice President and Controller of NuStar GP and NSH from February 2012 until his promotion in January 2014. Mr. Shoaf served as Vice President and Controller of NuStar GP from July 2005 to February 2012 and Vice President and Controller of NSH from March 2006 until February 2012. He served as Vice President Structured Finance for Valero Corporate Services Company, a subsidiary of Valero Energy, from 2001 until joining NuStar GP.

Mr. del Alamo became Senior Vice President and Controller of NuStar GP and NSH in July 2014. Prior thereto, he served as Vice President and Controller of NuStar GP and NSH since January 2014. He served as Vice President and Assistant Controller of NuStar GP from July 2010 until his promotion in January 2014. From April 2008 to July 2010 he served as Assistant Controller of NuStar GP. Prior to his service at NuStar GP, Mr. del Alamo served as Director-Sarbanes Oxley Compliance for Valero Energy.

Mr. Oliver became Senior Vice President Marketing and Business Development of NuStar GP and NSH in May 2014. Prior thereto, he served as Senior Vice President Business and Corporate Development of NuStar GP and NSH since March 2011. He served as Senior Vice President Marketing and Business Development of NuStar GP and NSH from May 2010 to March 2011 and as Vice President Marketing and Business Development of NuStar GP from October 2008 until May 2010 and of NSH from December 2009 until May 2010. Prior to that, Mr. Oliver served as Vice President for NuStar Marketing LLC. Previously, Mr. Oliver served as Vice President Product Supply & Distribution for Valero Energy from May 1997 to July 2007.

Ms. Perry became Senior Vice President, General Counsel and Corporate Secretary of NuStar GP and NSH in January 2014. She served as Vice President, Assistant General Counsel and Corporate Secretary of NuStar GP and as Corporate Secretary of NSH from February 2010 until her promotion in January 2014. From June 2005 to February 2010 she served as Assistant General Counsel and Assistant Secretary of NuStar GP and, from March 2006 to February 2010, Assistant Secretary of NSH. Prior to her service at NuStar GP, Ms. Perry served as Counsel to Valero Energy.

Ms. Thompson became Senior Vice President, General Counsel-Litigation, Regulatory & Environmental of NuStar GP and NSH in January 2014. She served as Vice President, Assistant General Counsel and Assistant Secretary of NuStar GP from February 2010 until her promotion in January 2014. From May 2007 to February 2010 she served as Assistant General Counsel and Assistant Secretary of NuStar GP. Prior to her service at NuStar GP, Ms. Thompson served as Managing Counsel to Valero Energy.

Mr. Truby became Senior Vice President Operations of NuStar GP in February 2013 and of NSH in November 2015. Prior thereto, he served as Vice President Pipeline Operations of NuStar GP since April 2012 and as Vice President Health, Safety and Environmental of NuStar GP from January 2012 until April 2012. Previously he served as Vice President and General Manager of NuStar GP s former San Antonio Refinery from May 2011 until January 2012 and led NuStar GP s East Region from November 2009 until May 2011.

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COMPARISON OF THE RIGHTS OF PARTNERSHIP AND NSH UNITHOLDERS

The following describes the material differences between the rights of the common unitholders, after giving effect to the merger, and the current rights of NSH unitholders. It is not a complete summary of the provisions affecting, and the differences between, the rights of the common unitholders and NSH unitholders. The rights of the common unitholders will be governed by the amended and restated partnership agreement. The rights of NSH unitholders are currently governed by the NSH limited liability company agreement, and you should refer to each document for a complete description of the rights of the common unitholders and NSH unitholders, respectively.

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If the merger is consummated, NSH unitholders will become common unitholders, and their rights as common unitholders will be governed by the Delaware Act and the amended and restated partnership agreement. Please refer to Annex B attached hereto for the full text of the amended and restated partnership agreement. For NSH s limited liability company agreement and the amendments thereto, please refer to NSH s filings with the SEC. This summary is qualified in its entirety by reference to the Delaware Act, the amended and restated partnership agreement, the Delaware Limited Liability Company Act and the NSH limited liability company agreement.

	The Partnership	NSH
Distributions of Available Cash	Subject to applicable law, within 45 days after the end of each quarter, the Partnership will distribute all of its available cash to limited partners of record on the applicable record date. Please read Partnership Cash Distribution Policy on page 112.	Subject to applicable law, within 50 days after the end of each quarter, NSH will distribute all of its available cash to members of record on the applicable record date.
Size of Board of Directors	The Partnership Board will consist of nine directors (unless otherwise determined by a majority of directors then in office).	The NSH Board will consist of no fewer than three nor more than twelve directors. Currently, the NSH Board has five members.
Classes of Directors	A staggered board is permitted upon the adoption by the board of a triggering resolution. Prior to the adoption of a triggering resolution, each director will be elected to serve a term of one year. After the adoption of a triggering resolution, the board of directors will be divided into three groups, with each group of directors consisting, as nearly as possible, of one-third of the total number of directors constituting the entire board. After adoption of a triggering resolution, each director serves for a term ending on the date of the third annual meeting of limited partners following the annual meeting at which the director was elected.	Members of the board of directors serve staggered terms. The NSH Board currently is divided into three classes, with each director serving for a term ending on the date of the third annual meeting following the annual meeting at which the director was elected.
Election of Directors	An annual meeting of the limited partners holding outstanding common units will be held in April of each year beginning in 2019 for the election of directors (or at such other time as may be fixed from	An annual meeting of members is held each year for the election of directors. Directors are elected by a plurality of the votes cast.

time to time by the General Partner). The limited partners holding outstanding common units will elect directors by a plurality of the votes cast.

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	The Partnership	NSH
Removal of Directors	Any director may be removed only at a meeting of the limited partners upon the affirmative vote of the limited partners holding a unit majority and only if, at the same meeting, a unit majority nominates and elects a replacement director. After the adoption of the triggering resolution, a director may only be removed for cause.	Any director may be removed, with or without cause, by the holders of a majority of NSH units then entitled to vote at an election of directors. Removal of directors requires a meeting of unitholders and cannot be done by written consent.
Nomination and Proxy Access for Director Nominations	Limited partners, or a group of limited partners, owning 5% of the outstanding common units continuously for at least two years, may nominate and include in the annual proxy materials director nominees, as long as such limited partner or group of limited partners satisfy the requirements in the amended and restated partnership agreement.	Nominations of persons for election to the NSH Board may be made by any NSH unitholder who is entitled to vote at the annual meeting, who was a record holder of a sufficient number of outstanding NSH units as of the record date of the annual meeting to elect one or more members to the NSH Board assuming that such holder cast all the votes it is entitled to cast in such election in favor of a single candidate and such candidate received no other votes from any other holder of outstanding NSH units, and who complies with the notice procedures set forth in the NSH limited liability company agreement.
Transfer of General Partner Interest	The General Partner may transfer all or any part of its general partner interests in the Partnership without unitholder approval. No transfer by the General Partner of all or any part of its general partner interest is permitted unless (1) the transferee agrees to assume the rights and duties of the General Partner and be bound the amended and restated partnership agreement, (2) the Partnership receives an opinion of counsel regarding limited liability and tax matters, and	Not applicable.

(3) such transferee agrees to purchase all of the partnership interest of the General Partner as the general partner of the Partnership,

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	The Partnership	NSH
	its operating partnership or any of their subsidiaries.	
Withdrawal of General Partner	The General Partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days written notice, and that withdrawal will not constitute a violation of the partnership agreement. In addition, the partnership agreement permits the General Partner to sell or otherwise transfer all of its general partner interest in the Partnership without the approval of the unitholders. Upon the withdrawal of the General Partner under any circumstances, other than as a result of a transfer of all or a part of its general partner interest in the Partnership, the common unitholders representing a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, the Partnership will be dissolved, wound up and liquidated, unless within 180 days after that withdrawal, the holders of a majority of the outstanding common units agree in writing to continue the business of the Partnership and to appoint a successor general partner. If the General Partner withdraws under circumstances where such withdrawal does not violate the amended and restated partnership agreement, and a successor general	Not applicable.

partner is elected under the terms of the partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests for cash. If the General Partner withdraws under

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	The Partnership	NSH
	circumstances where such withdrawal does violate the partnership agreement, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner interests of the departing general partner. If such general partner interests are not purchased by the successor general partner, they will be converted into common units.	
Removal of General Partner	The General Partner may not be removed unless that removal is approved by the vote of the holders of not less than a majority of the outstanding common units (excluding common units held by the General Partner and its affiliates), and the Partnership receives an opinion of counsel regarding limited liability and tax matters. Any removal of the General Partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units. If the General Partner is removed under circumstances where cause does not exist, and a successor general partner is elected under the partnership agreement, the departing general partner will have the option to require the successor general partner to purchase its general partner interests for cash. If the General Partner is removed under circumstances where cause does exist, and a successor general partner is elected, the successor general partner will have the option to purchase the general partner	Not applicable.

interests of the departing general partner. If the general partner interests are not purchased by the successor general partner,

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	The Partnership	NSH
	they will be converted into common units. Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud, gross negligence, or willful or wanton misconduct in its capacity as the General Partner.	
Limited Call Rights	If at any time the General Partner and its affiliates own 80% or more of the issued and outstanding limited partner interests of any class, the General Partner will have the right (which it may assign and transfer to the Partnership or any affiliate of the General Partner) to purchase all, but not less than all, of the outstanding limited partner interests of that class that are held by non-affiliated persons. The purchase price would be the greater of (1) the current market price (as defined in the partnership agreement) of the limited partner interests of that class as of the date three days prior to the date the General Partner mails notice of its election to purchase the interests and (2) the highest price paid by the General Partner or any of its affiliates for any limited partner interest of that class purchased within the 90 days preceding the date the General Partner mails notice of its election to purchase the interests.	If at any time NSH affiliates own more than 80% of the issued and outstanding membership interests of any class, NSH affiliates will have the right (which they may assign in whole or in part to one or more affiliates or to NSH) to acquire all, but not less than all, of the remaining membership interests of the class. The purchase price would be the greater of (1) the highest cash price paid by NSH affiliates for any membership interests of the class purchased within the 90 days preceding the date on which NSH affiliates first mail notice of their election to purchase those membership interests and (2) the closing market price as of the date three days before the date the notice is distributed.
General Partner s/Board of Directors Authority to Take Action Not Contemplated by the Agreement	The General Partner may not, without written approval of all outstanding limited partner interests, take any action contrary to the amended and restated partnership agreement.	The NSH Board may not, without written approval by all of the outstanding interests, take any action contrary to the NSH limited liability company agreement.

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	The Partnership	NSH
Dissolution	The Partnership will be dissolved, and its affairs wound up, upon the occurrence of any of the following:	NSH will be dissolved, and its affairs wound up, upon the occurrence of any of the following:
	the election of the General Partner to dissolve the Partnership, if approved by the common unitholders representing a unit majority;	the election of the NSH Board to dissolve NSH, if approved by a majority of the NSH unitholders;
	the sale, exchange or other disposition of all or substantially all of the assets and properties of the Partnership and its subsidiaries;	the sale, exchange or other disposition of all or substantially all of the assets and properties of NSH and its subsidiaries;
	the entry of a decree of judicial dissolution of the Partnership; or	the entry of a decree of judicial dissolution of NSH; or
	the withdrawal or removal of the General Partner or any other event that results in its ceasing to be the general partner other than by reason of a transfer of its general partner interest in accordance with the amended and restated partnership agreement or withdrawal or removal following approval and admission of a successor.	at any time there are no members of NSH, unless NSH is continued in accordance with Delaware law.
Management	The General Partner conducts, directs and manages all of the Partnership s activities. Except as otherwise provided in the amended and restated partnership agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the General Partner, and no limited partner or assignee has any	Except as specifically granted in NSH s limited liability company agreement, all management powers over the business and affairs of NSH are granted to the NSH Board and no member has any management power over the business and affairs of NSH. The NSH Board has full power and authority to do all things and on

management power over the business and affairs of the Partnership. Subject to certain restrictions contained in the amended and restated partnership agreement, the General Partner has full power and authority to do all things and on such terms as it determines to be necessary or appropriate to conduct the business of NSH.

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	The Partnership	NSH
	such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership.	
Indemnification	Subject to specified limitations, to the fullest extent permitted by law, the Partnership will indemnify (1) the General Partner, (2) any departing partner, (3) any person who is or was an affiliate of the General Partner or any departing partner, any person who is or was a member, partner, officer, director, employee, agent or trustee of the Partnership or its subsidiaries, the General Partner, any departing general partner or any affiliate of the foregoing entities and (4) any person who is or was serving at the request of the General Partner or any departing general partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person.	Subject to specified limitations, NSH will indemnify to the fullest extent permitted by Delaware law, from and against all losses, claims, damages or similar events, any person who is or was (1) a member, partner, officer, director, tax matters partner, fiduciary or trustee of NSH or any of its subsidiaries, (2) serving at NSH s request as an officer, director, member, partner, tax matters partner, fiduciary or trustee of another person and (3) any person NSH designates as an indemnitee under the limited liability company agreement.
		Any indemnification under these provisions will only be out of NSH s assets.
	Any indemnification under these provisions will be only out of the assets of the Partnership, and the General Partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to the Partnership to enable it to effectuate any indemnification.	NSH is authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for NSH s activities, regardless of whether NSH would have the power to indemnify the person against liabilities under its limited liability company agreement.
	The Partnership is authorized to purchase (or to reimburse its general partner or its affiliates for the cost of) insurance against liabilities asserted against and expenses incurred by such persons in connection with the Partnership s	

	activities, regardless of whether the Partnership would have the power to indemnify such person against such liabilities.	
Transfer of Common Units/NSH Units; Status as a Limited Partner/Member or Assignee	No transfer of limited partner interests represented by certificates will be recognized by the Partnership unless certificates	No transfer of interests in NSH represented by certificates will be recognized by NSH unless certificates representing such

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The Partnership	NSH
representing those limited partner interests are surrendered and such certificates are accompanied by a duly executed transfer application. Each transferee of limited partner interests must execute a transfer application whereby the transferee, among other things, requests admission as a substituted limited partner, makes certain representations, executes and agrees to comply with and be bound by the amended and restated partnership agreement, and gives the consents and approvals and makes the waivers contained in the amended and restated partnership agreement. Transferees may hold common units in nominee accounts.	interests are surrendered. Each transferee will be admitted to NSH as a substitute member with respect to the transferred interest, will be deemed to agree to be bound by the terms of the NSH limited liability company agreement, will become the record holder of the transferred interest, will make certain representations, grants powers of attorney to the officers of NSH and gives the consents and waivers contained in the NSH limited liability company agreement.

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PARTNERSHIP CASH DISTRIBUTION POLICY

General

The amended and restated partnership agreement requires the Partnership to make distributions of all of its available cash to common unitholders of record on the applicable record date within 45 days after the end of each quarter.

Available cash is defined in the amended and restated partnership agreement and generally means, with respect to any fiscal quarter, the sum of all cash and cash equivalents at the end of such quarter, plus any cash resulting from working capital borrowings made subsequent to the end of such quarter, less the amount of any cash reserves that the General Partner determines in its reasonable discretion are necessary and appropriate to:

- provide for the proper conduct of the Partnership s business, including reserves for future capital expenditures and anticipated credit needs;
- comply with applicable law or any debt instruments or other agreement or obligation;
- provide funds for payments to holders of the Partnership s preferred units; or
- provide funds for distributions on common units for any one or more of the next four fiscal quarters.

The Partnership s policy is, to the extent it has sufficient available cash from operating surplus, as defined below, to distribute to each common unitholder at least the minimum quarterly distribution of $0.60 per quarter or $2.40 per year. However, there is no guarantee that the Partnership will pay the minimum quarterly distribution on the common units in any quarter and the Partnership may be prohibited from making any distributions to unitholders if it would cause an event of default under the terms of the Partnership s indebtedness. In addition, the Partnership s preferred units rank senior to the common units with respect to distribution rights and rights upon liquidation. If the Partnership does not pay the required distributions (including any arrears) on its preferred units, it will be unable to pay distributions on the common units.

Distributions upon Liquidation

If the Partnership dissolves in accordance with the amended and restated partnership agreement, it will sell or otherwise dispose of its assets in a process called a liquidation. The Partnership will first apply the proceeds of liquidation to the payment of, or provision of payment for, its creditors. The Partnership will then pay any accumulated and unpaid distributions and the applicable liquidation preference on Series A Preferred Units, Series B Preferred Units and Series C Preferred Units. The Partnership will distribute any remaining proceeds to common unitholders, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of its assets in liquidation.

Incentive Distribution Rights

The incentive distribution rights will be cancelled as a result of the amended and restated partnership agreement.

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DESCRIPTION OF COMMON UNITS

The common units represent limited partner interests that entitle the holders to participate in the Partnership s cash distributions and to exercise the rights and privileges available to limited partners under the partnership agreement. For a description of the rights and privileges of common unitholders in and to Partnership distributions, please read Partnership Cash Distribution Policy above. For a description of the rights and privileges of limited partners under the amended and restated partnership agreement, including voting rights, please read Amended and Restated Agreement of Limited Partnership of the Partnership.

Exchange Listing. The Partnership s outstanding common units are listed on the NYSE under the ticker symbol NS. Any additional common units the Partnership issues will also be listed on the NYSE.

Transfer Agent and Registrar. The transfer agent and registrar for the common units is Computershare Trust Company, N.A.

Voting Rights. Each holder of common units is entitled to one vote for each unit on all matters submitted to a vote of the common unitholders.

Transfer of Common Units. Any transfers of common units will not be recognized by the Partnership unless the transferee executes and delivers a transfer application. If this action is not taken, a purchaser will not be registered as a record holder of common units on the books of the Partnership s transfer agent or issued a common unit certificate or other evidence of the issuance of uncertificated common units. Purchasers may hold common units in nominee accounts.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following is a discussion of the material U.S. federal income tax consequences of the merger that may be relevant to NSH unitholders that are U.S. holders (as defined below). This discussion is based upon current provisions of the Code, existing and proposed Treasury regulations promulgated under the Code (the Treasury Regulations), and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. Neither the Partnership nor NSH has sought a ruling from the IRS with respect to any of the tax consequences discussed below, and the IRS would not be precluded from taking positions contrary to those described herein. As a result, no assurance can be given that the IRS will agree with all of the tax characterizations and the tax consequences described below. Some tax aspects of the merger are not certain, and no assurance can be given that the below-described opinions of counsel and/or the statements contained herein with respect to tax matters would be sustained by a court if contested by the IRS. Furthermore, the tax treatment of the merger may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied. This discussion does not apply to any NSH unitholder who acquired NSH units from NSH in exchange for property other than cash.

This discussion does not purport to be a complete discussion of all U.S. federal income tax consequences of the merger. This discussion is limited to beneficial owners of NSH units who are citizens or individual residents of the United States for U.S. federal income tax purposes (U.S. holders), whose functional currency is the U.S. dollar and who hold their units as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment) at the time of the merger. This discussion does not apply to other persons, including corporations, partnerships (or entities treated as partnerships for U.S. federal income tax purposes), estates or trusts, nonresident aliens, U.S. expatriates and former citizens or long-term residents of the United States or other unitholders who are subject to special rules under the U.S. federal income tax laws, including, without limitation, banks, insurance companies and other financial institutions, tax-exempt organizations, foreign persons (including, without limitation, controlled foreign corporations, passive foreign investment companies and non-U.S. persons eligible for the benefits of an applicable income tax treaty with the United States), individual retirement accounts, or IRAs, holders liable for the alternative minimum tax, real estate investment trusts, or REITs, employee benefit plans, mutual funds, dealers in securities, traders in securities, affiliates of the Partnership s general partner, persons who hold NSH units or common units as part of a hedge, straddle or conversion transaction or other risk reduction transaction, persons deemed to sell their units under the constructive sale provisions of the Code, persons who acquired NSH units by gift, or persons that received (or are deemed to receive) NSH units as compensation or through the exercise (or deemed exercise) of options or restricted units granted under an NSH equity incentive plan.

NSH and the Partnership encourage all NSH unitholders to consult with such unitholder s own tax advisor to determine the U.S. federal, state, local and foreign tax consequences of the merger particular to such unitholder.

Tax Opinions Required As a Condition to Closing

For U.S. federal income tax purposes, the merger is intended to qualify as a merger of NSH and the Partnership within the meaning of Treasury Regulations promulgated under Section 708 of the Code, with the Partnership treated as the continuing partnership and NSH as the terminated partnership for U.S. federal income tax purposes following the merger.

It is a condition to the parties respective obligations to complete the merger that the Partnership receive a written opinion of its counsel, Sidley Austin (or another nationally recognized tax counsel reasonably acceptable to the

Partnership and NSH) to the effect that: (1) at least 90% of the current gross income of the Partnership constitutes qualifying income within the meaning of Section 7704(d) of the Code and the Partnership is treated as a partnership for U.S. federal income tax purposes pursuant to Section 7704(c) of the Code, and (2) the adoption

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of the amended and restated partnership agreement, the merger and the transactions contemplated by the merger agreement will not cause the Partnership to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

It is a condition to NSH s obligation to complete the merger that it receive a written opinion of its counsel, Wachtell Lipton (or another nationally recognized tax counsel reasonably acceptable to NSH), to the effect that no gain or loss should be recognized, for U.S. federal income tax purposes, by NSH unitholders that are United States persons (within the meaning of Section 7701(a)(30) of the Code) with respect to the exchange of NSH units for common units pursuant to the merger (other than gain or loss, if any, resulting from any (1) decrease in an NSH unitholder s share of partnership liabilities (as determined pursuant to Section 752 of the Code and the Treasury Regulations promulgated thereunder), (2) amounts paid to NSH, the Partnership or any of their respective subsidiaries pursuant to certain provisions of the merger agreement, (3) actual or constructive distributions to NSH or the existing NSH unitholders of cash or other property (other than common units), (4) receipt of cash in lieu of fractional common units, or (5) actual or deemed assumption by the Partnership of any liabilities of NSH or any of its subsidiaries). The opinion may be subject to customary limitations and exceptions, including that it will not apply to any NSH unitholder whose tax basis in its NSH units is less than its share of NSH s tax basis (including basis resulting from Section 743 adjustments) in common units deemed distributed by NSH.

It is a condition to the Partnership s obligation to complete the merger that it receive a written opinion of its counsel, Sidley Austin (or another nationally recognized tax counsel reasonably acceptable to the Partnership and NSH), to the effect that no gain or loss should be recognized by existing Partnership unaffiliated unitholders as a result of the merger (other than gain, if any, resulting from any (1) decrease in partnership liabilities pursuant to Section 752 of the Code, or (2) amounts paid to, or on behalf of, the Partnership by any other person pursuant to certain provisions of the merger agreement).

These opinions will be based on representations made by NSH, the Partnership and others, and on customary factual assumptions, as well as certain covenants and undertakings of NSH, the Partnership and others. If any of such representations, assumptions, covenants or undertakings is or becomes incorrect, incomplete, inaccurate or is violated, the validity of the opinions described above may be affected and the U.S. federal income tax consequences of the merger could differ materially from those described below. In addition, none of the opinions described above will be binding on the IRS or any court. Accordingly, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. The following discussion is based on the receipt and accuracy of the above described opinions.

Tax Consequences of the Merger General

For U.S. federal income tax purposes, the merger is intended to qualify as a merger of the Partnership and NSH within the meaning of Treasury Regulations promulgated under Section 708 of the Code, with the Partnership expected to be treated as the continuing partnership and NSH expected to be treated as the terminated partnership for U.S. federal income tax purposes. As a result, the Partnership and NSH intend to take the position that the merger will be treated as an assets over merger of NSH into the Partnership, whereby the following is deemed to occur for U.S. federal income tax purposes: (1) NSH is deemed to contribute all of its assets (subject to its liabilities) to the Partnership in exchange for newly issued common units, (2) NSH is deemed to liquidate immediately thereafter, distributing all of the newly issued common units to the NSH unitholders in liquidation of such NSH units and (3) any cash received by an NSH unitholder in lieu of fractional common units shall be treated as proceeds from the sale of such NSH unitholder s portion of its NSH units to the Partnership (the Assets-Over Form).

The remainder of this discussion, except as otherwise noted, proceeds on the basis that (1) the Partnership will be classified as a partnership for U.S. federal income tax purposes at the time of the merger (please read the

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discussion of the opinion of Sidley Austin that the Partnership is classified as a partnership for U.S. federal income tax purposes under Material U.S. Federal Income Tax Consequences of Common Unit Ownership Partnership Status below), (2) NSH will be classified as a partnership for U.S. federal income tax purposes at the time of the merger, (3) the merger and the transactions contemplated thereby will be treated for U.S. federal income tax purposes in the manner described above, (4) no amounts will be paid to NSH, the Partnership or any of their respective subsidiaries pursuant to certain provisions of the merger agreement and (5) all of the liabilities of NSH that are deemed assumed by the Partnership in the merger qualify for an exception from the disguised sale rules.

Tax Consequences of the Merger to U.S. Holders

Unless otherwise noted, the legal conclusions set forth under this section (Tax Consequences of the Merger to U.S. Holders) relating to the material U.S. federal income tax consequences of the merger to NSH unitholders, and subject to the limitations, assumptions and qualifications described herein and in the opinion filed as Exhibit 8.2, are the opinion of Wachtell Lipton, special counsel to NSH. On the basis that the merger is treated under the Assets-Over Form, NSH unitholders will be deemed to receive distributions in liquidation of NSH consisting of common units. In general, the receipt of common units should not result in the recognition of taxable gain or loss to NSH unitholders. The deemed receipt of cash by an NSH unitholder (including, as discussed below, as the result of a net reduction in the amount of nonrecourse liabilities allocated to such NSH unitholder) will result in the recognition of taxable gain if such receipt exceeds the adjusted tax basis in the NSH units surrendered in the merger. To the extent an NSH unitholder receives cash in lieu of the distribution of fractional common units, such holder is deemed to have consented pursuant to the merger agreement to treat the receipt of cash in lieu of fractional common units as a sale of a portion of such holder s NSH units to the Partnership and, accordingly, will recognize gain or loss equal to the difference between the cash received and such holder s adjusted tax basis allocable to such portion of NSH units sold.

Possible Taxable Gain to Certain U.S. Holders from Reallocation of Nonrecourse Liabilities

As a member in NSH, an NSH unitholder is entitled to include the nonrecourse liabilities of NSH attributable to its NSH units in the tax basis of its NSH units. As a partner in the Partnership after the merger, a former NSH unitholder will be entitled to include the nonrecourse liabilities of the Partnership attributable to the common units received in the merger in the tax basis of such units received. The nonrecourse liabilities of the Partnership after the merger will include the nonrecourse liabilities of NSH. The amount of nonrecourse liabilities attributable to an NSH unit or a common unit is determined under complex Treasury Regulations under Section 752 of the Code.

If the nonrecourse liabilities attributable to the common units received by an NSH unitholder in the merger exceed the nonrecourse liabilities attributable to the NSH units surrendered by such NSH unitholder in the merger, such NSH unitholder s tax basis in the common units received will be correspondingly higher than such NSH unitholder s tax basis in the NSH units surrendered. If the nonrecourse liabilities attributable to the common units received by an NSH unitholder in the merger are less than the nonrecourse liabilities attributable to the NSH units surrendered by such NSH unitholder in the merger, such NSH unitholder s tax basis in the common units received will be correspondingly lower than such NSH unitholder s tax basis in the NSH units surrendered. Please read Tax Basis and Holding Period of Common Units Received below.

Any reduction in liabilities described in the preceding paragraph will be treated as a deemed cash distribution to an NSH unitholder. If the amount of any actual or deemed distributions of cash (other than cash in lieu of fractional common units) to an NSH unitholder exceeds such NSH unitholder s tax basis in the NSH units surrendered, such NSH unitholder will recognize taxable gain in an amount equal to such excess. While there can be no assurance, the Partnership and NSH expect that NSH unitholders generally will not recognize gain in this manner. The amount and effect of any gain that may be recognized by an affected NSH unitholder will depend on the affected NSH unitholder s

particular situation, including the ability of the affected NSH unitholder to

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utilize any suspended passive losses. Depending on these factors, any particular affected NSH unitholder may, or may not, be able to offset all or a portion of any gain recognized. Each NSH unitholder should consult such NSH unitholder s own tax advisor to determine whether the merger causes such NSH unitholder to recognize actual and/or deemed distributions in excess of the tax basis of its NSH units surrendered in the merger.

Potential Application of Section 731(c) of the Code

Pursuant to Section 731(c) of the Code, subject to specific exceptions, the distribution of marketable securities by a partnership will be treated for U.S. federal income tax purposes as a distribution of cash. A partner will recognize gain to the extent an actual or deemed distribution of cash exceeds the partner s basis in its partnership interest. For this purpose, on the basis that the merger is treated under the Assets-Over Form, common units deemed distributed to an NSH unitholder by NSH in the merger will be treated as marketable securities. Applicable exceptions to Section 731(c) may cause the amount of common units received by an NSH unitholder in the merger that are treated as cash to be limited to such unitholder s share of NSH s basis (including basis resulting from Section 743 adjustments) in the distributed common units. It is anticipated that an NSH unitholder s basis in such NSH unitholder s interest in NSH generally will be equal to such NSH unitholder s share of NSH s basis (including basis resulting from Section 743 adjustments) in the distributed common units, and accordingly, the deemed cash distribution resulting from the distribution of common units in the merger should not exceed an NSH unitholder s basis in such NSH unitholder s NSH units. In that case, an NSH unitholder should not recognize gain as a result of the application of Section 731(c) of the Code to the merger. Although it is not anticipated, circumstances may exist under which an NSH unitholder s share of NSH s basis (including basis resulting from Section 743 adjustments) in the distributed common units exceeds such NSH unitholder s basis in that unitholder s NSH units, in which case the merger may result in recognition of gain by such NSH unitholder equal to that excess.

Tax Basis and Holding Period of Common Units Received

An NSH unitholder s aggregate tax basis in common units received in the merger generally will be equal to such NSH unitholder s adjusted tax basis in the NSH units exchanged therefor (which adjusted tax basis will have been increased by such NSH unitholder s share of income and decreased, but not below zero, by such NSH unitholder s share of losses, in each case, for the taxable period of NSH ending on the effective date of the merger), decreased by (1) any basis attributable to such NSH unitholder s share of NSH s nonrecourse liabilities and (2) any basis allocable to any portion of NSH units deemed sold for cash in lieu of fractional common units, and increased by such NSH unitholder s share of the Partnership s nonrecourse liabilities immediately after the merger.

On the basis that the merger is treated under the Assets-Over Form, an NSH unitholder s holding period in the common units received in the merger will not be determined by reference to such NSH unitholder s holding period in the NSH units exchanged therefor. Instead, such NSH unitholder s holding period for common units received in the merger that are attributable to NSH s capital assets or assets used in its business (as defined in Section 1231 of the Code) will include NSH s holding period in those assets. The holding period for common units received by an NSH unitholder attributable to other assets of NSH, such as inventory and receivables, or to common units deemed received in a taxable exchange, will begin on the day following the merger.

Effect of Termination of NSH s Tax Year at Closing of Merger

NSH uses the year ending December 31 as its taxable year and the accrual method of accounting for U.S. federal income tax purposes. As a result of the merger, NSH s taxable year will end as of the effective date of the merger, and NSH will be required to file a final U.S. federal income tax return for the taxable year ending upon the effective date of the merger. Each NSH unitholder will be required to include in income its share of income, gain, loss and deduction

for this period.

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Effect of the Merger on the Anticipated Ratio of Taxable Income to Cash Distributions for NSH Unitholders

The Partnership and NSH estimate that if the merger is completed, for the period from the closing date of the merger through December 31, 2020 (the Projection Period), each NSH unaffiliated unitholder that purchased its NSH units subsequent to the initial public offering of NSH units, and owns during the Projection Period common units received in exchange for such NSH units pursuant to the merger, will be allocated, on a cumulative basis, an amount of U.S. federal taxable income for the Projection Period that will be less than 20% of the cash distributed to such holder with respect to the Projection Period; except, that in the case of NSH unaffiliated unitholders that purchased such NSH units (1) in January 2007, such ratio is estimated to be less than 30%, or (2) during the period from August 2008 through May 2009, such ratio is estimated to range from less than 30% to less than 50%, depending on the month of purchase. This analysis does not consider the ability of any NSH unaffiliated unitholder to utilize suspended passive losses. Please read Material U.S. Federal Income Tax Consequences of Common Unit Ownership Tax Consequences of Common Unit Ownership Limitations on Deductibility of Losses.

The impact of the merger upon an NSH unaffiliated unitholder s ratio of taxable income to distributions from the Partnership will depend upon the unitholder s particular situation, including when and how such former NSH unitholder acquired its NSH units (and the basis adjustment to such unitholder s share of NSH units under Section 743(b) of the Code) and the ability of such unitholder to utilize any suspended passive losses.

The estimates above are based upon a number of assumptions, including (1) that the merger is completed in June 2018 and is treated for U.S. federal income tax purposes under the Assets-Over Form with the Partnership as the continuing partnership, (2) that 13,409,596 common units, net of the 10,214,626 common units held by subsidiaries of NSH that will be cancelled at the effective time, will be issued upon completion of the merger, (3) that cash flow (and underlying gross income) from operations will be approximately equal to the amount required to maintain the distribution amount at the time of the merger on all common units, and (4) other assumptions with respect to revenues, valuations, capital expenditures, cash flow, net working capital and anticipated cash distributions.

The estimates above are also based on current tax law and tax reporting positions that the Partnership has adopted or will adopt and with which the IRS could disagree. On December 22, 2017, the President signed into law comprehensive U.S. federal tax reform legislation that, among other things, contains significant changes to the taxation of the Partnership s operations. Please read Material U.S. Federal Income Tax Consequences of Common Unit Ownership Recent Legislative Developments. The tax reform legislation is complex and subject to administrative guidance and interpretation, and, as its overall impact on the Partnership is currently unclear, the actual taxable income allocable to NSH unaffiliated unitholders during the Projection Period could be higher or lower than anticipated.

These estimates are subject to, among other things, numerous business, economic, regulatory, competitive and political uncertainties over which the Partnership has no control. Accordingly, neither the Partnership nor NSH can assure NSH unitholders that these estimates will prove to be correct. The actual percentage of distributions that will be matched by taxable income could be higher or lower, and any such differences could be material and could materially affect the value of the common units. For example, the U.S. federal income tax liability of a common unitholder could be increased during the Projection Period if the Partnership makes a future offering of common units and uses the proceeds of the offering in a manner that does not produce substantial additional deductions during the Projection Period, such as to repay indebtedness currently outstanding or to acquire property that is not eligible for depreciation or amortization deductions for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate currently applicable to the Partnership s assets.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF

COMMON UNIT OWNERSHIP

This section is a summary of the material U.S. federal income tax consequences that may be relevant to owning common units received in the merger. Unless otherwise noted herein, statements as to matters of U.S. federal income tax and legal conclusions with respect thereto, but not as to factual matters, contained in this section are the opinion of Sidley Austin, counsel to the Partnership, and are based on the accuracy of the representations made by the Partnership and the General Partner. To the extent this section discusses U.S. federal income taxes, that discussion is based upon current provisions of the Code, Treasury Regulations, and current administrative rulings and court decisions, all of which are subject to change. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

This section does not address all U.S. federal, state and local tax matters that affect the Partnership or its common unitholders and does not describe the application of the alternative minimum tax that may be applicable to certain unitholders. To the extent that this section relates to taxation by a state, local or other jurisdiction within the United States, such discussion is intended to provide only general information. Neither the Partnership nor NSH has sought the opinion of legal counsel regarding U.S. state, local or other taxation and, thus, any portion of the following discussion relating to such taxes does not represent the opinion of Sidley Austin or any other legal counsel.

Furthermore, this section is limited to beneficial owners of common units who are U.S. holders, whose functional currency is the U.S. dollar and who hold units as capital assets (generally, property that is held as an investment). This section has no application to corporations, estates, entities treated as partnerships for U.S. federal income tax purposes, trusts, nonresident aliens, U.S. expatriates and former citizens or long-term residents of the United States or other unitholders subject to specialized tax treatment, such as banks, insurance companies and other financial institutions, tax-exempt institutions, foreign persons (including, without limitation, controlled foreign corporations, passive foreign investment companies and non-U.S. persons eligible for the benefits of an applicable income tax treaty with the U.S.), IRAs, REITs, employee benefit plans, mutual funds, dealers in securities or currencies, traders in securities, persons holding their units as part of a straddle, hedge, conversion transaction or other risk reduction transaction, and persons deemed to sell their units under the constructive sale provisions of the Code.

Accordingly, the Partnership encourages each unitholder to consult, and depend on, such unitholder s own tax advisor in analyzing the U.S. federal, state, local and non-U.S. tax consequences particular to that unitholder of the ownership or disposition of common units and potential changes in applicable tax laws, including the impact of recently enacted U.S. tax reform legislation.

No ruling has been or will be requested from the IRS regarding any matter affecting the Partnership following the merger or the consequences of owning common units received in the merger. Unlike a ruling, an opinion of counsel represents only that counsel s best legal judgment and does not bind the IRS or the courts. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any contest of this sort with the IRS may materially and adversely impact the market for the common units and the prices at which the common units trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will result in a reduction in the Partnership s cash available for distribution and thus will be borne indirectly by the Partnership s unitholders. Furthermore, the tax treatment of the Partnership, or of an investment in the Partnership, may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied.

For the reasons described below, Sidley Austin has not rendered an opinion with respect to the following specific federal income tax issues: (1) the treatment of a Partnership unitholder whose common units are the subject of a securities loan (please read Tax Consequences of Common Unit Ownership Treatment of Securities Loans); (2) whether the Partnership s monthly convention for allocating taxable income and losses is permitted by

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existing Treasury Regulations (please read Disposition of Common Units Allocations Between Transferors and Transferees); (3) whether the Partnership s method for taking into account Section 743 adjustments is sustainable in certain cases (please read Tax Consequences of Common Unit Ownership Section 754 Election and Uniformity of Common Units); and (4) whether an NSH unitholder will be able to utilize suspended passive losses related to his NSH units to offset income from common units (please read Tax Consequences of Common Unit Ownership Limitations on Deductibility of Losses).

Partnership Status

The Partnership is treated as a partnership for U.S. federal income tax purposes and, subject to the discussion below under Administrative Matters Information Returns and Audit Procedures , generally will not be liable for entity-level U.S. federal income taxes. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the Partnership in computing his U.S. federal income tax liability, regardless of whether cash distributions are made to him by the Partnership. Distributions by a partnership to a partner are generally not taxable to the partner unless the amount of cash distributed to him is in excess of the partner s adjusted basis in his partnership interest. Please read Tax Consequences of Common Unit Ownership Treatment of Distributions and Disposition of Common Units.

Section 7704 of the Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the Qualifying Income Exception, exists with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of qualifying income. Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, refining, transportation, storage and marketing of any mineral or natural resource. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. The Partnership estimates that less than 3% of its current gross income is not qualifying income; however, this estimate could change from time to time. Based upon and subject to this estimate, the factual representations made by the Partnership and its general partner and a review of the applicable legal authorities, Sidley Austin is of the opinion that at least 90% of the Partnership s current gross income constitutes qualifying income. The portion of its income that is qualifying income may change from time to time.

The IRS has made no determination as to the Partnership s status as a partnership for U.S. federal income tax purposes. Instead, the Partnership will rely on the opinion of Sidley Austin on such matters. It is the opinion of Sidley Austin that, based upon the Code, Treasury Regulations, published revenue rulings and court decisions and the representations described below, the Partnership will be classified as partnership for U.S. federal income tax purposes.

In rendering its opinion, Sidley Austin has relied on factual representations made by the Partnership and the General Partner, including, without limitation:

(1) none of the Partnership, NuStar Logistics or NuStar Pipeline Operating Partnership L.P. (NuPOP) has elected, nor will elect, to be treated as a corporation; and

(2) for each taxable year, more than 90% of the Partnership s gross income has been and will be income of the type that Sidley Austin has opined or will opine is qualifying income within the meaning of Section 7704(d) of the Code.

We believe these representations are true and expect that these representations will continue to be true in the future.

If the Partnership fails to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may

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also require the Partnership to make adjustments with respect to the Partnership s unitholders or pay other amounts), the Partnership will be treated as if the Partnership had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which the Partnership fails to meet the Qualifying Income Exception, in return for stock in that corporation, and then distributed that stock to the unitholders in liquidation of their interests in it. This deemed contribution and liquidation should be tax-free to unitholders and the Partnership except to the extent that the Partnership s liabilities exceed the tax basis of its assets at that time. Thereafter, the Partnership would be treated as a corporation for U.S. federal income tax purposes.

If the Partnership were treated as an association taxable as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, its items of income, gain, loss and deduction would be reflected only on its tax return rather than being passed through to the unitholders, and its net income would be taxed to the Partnership at corporate rates. In addition, any distribution made by the Partnership to a unitholder would be treated as taxable dividend income to the extent of the Partnership s current or accumulated earnings and profits, or, in the absence of earnings and profits, a nontaxable return of capital to the extent of the unitholder s tax basis in his common units, or taxable capital gain after the unitholder s tax basis in his common units is reduced to zero. Accordingly, taxation of the Partnership as a corporation would result in a material reduction in a unitholder s cash flow and after-tax return and thus would likely result in a substantial reduction of the value of the common units.

The discussion below is based on Sidley Austin s opinion that the Partnership will be classified as a partnership for U.S. federal income tax purposes.

Limited Partner Status

Unitholders who are admitted as limited partners of the Partnership, as well as unitholders whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of their common units, will be treated as partners of the Partnership for U.S. federal income tax purposes.

A beneficial owner of common units whose units are the subject of a securities loan would appear to lose his status as a partner with respect to those units for U.S. federal income tax purposes. Please read Tax Consequences of Common Unit Ownership Treatment of Securities Loans.

Items of the Partnership s income, gain, loss and deduction would not appear to be reportable by a unitholder who is not a partner for U.S. federal income tax purposes, and any cash distributions received by a unitholder who is not a partner for U.S. federal income tax purposes would therefore appear to be fully taxable as ordinary income. These unitholders are urged to consult their own tax advisors with respect to their tax consequences of holding common units in the Partnership. The references to unitholders in the discussion that follows are to persons who are treated as partners in the Partnership for U.S. federal income tax purposes.

Tax Consequences of Common Unit Ownership

Flow-through of Taxable Income

Subject to the discussion below under Entity-Level Collections, and Administrative Matters Information Returns and Audit Procedures, the Partnership will not pay any U.S. federal income tax. Instead, each unitholder is required to report on his income tax return his share of the Partnership s income, gains, losses and deductions without regard to whether the Partnership makes cash distributions to such unitholder. Consequently, the Partnership may allocate income to a unitholder even if he has not received a cash distribution. Each unitholder will be required to include in

income his allocable share of the Partnership s income, gains, losses and deductions for its taxable year or years ending with or within his taxable year. The Partnership s taxable year ends on December 31.

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Treatment of Distributions

Distributions by the Partnership to a unitholder generally will not be taxable to the unitholder for U.S. federal income tax purposes, except to the extent the amount of any such cash distribution exceeds his tax basis in his common units immediately before the distribution. The Partnership s cash distributions in excess of a unitholder s tax basis in his common units generally will be considered to be gain from the sale or exchange of the common units, taxable in accordance with the rules described under Disposition of Common Units below. Any reduction in a unitholder s share of the Partnership s liabilities, including as a result of future issuances, will be treated as a distribution by the Partnership of cash to that unitholder. To the extent the Partnership s distributions cause a unitholder s at risk amount to be less than zero at the end of any taxable year, the unitholder must recapture any losses deducted in previous years. Please read Tax Consequences of Common Unit Ownership Limitations on Deductibility of Losses.

A decrease in a unitholder s percentage interest in the Partnership because of its issuance of additional common units will decrease his share of the Partnership s nonrecourse liabilities, and thus will result in a corresponding deemed distribution of cash which may constitute a non-pro rata distribution. A non-pro rata distribution of money or property may result in ordinary income to a unitholder, regardless of his tax basis in his common units, if the distribution reduces the unitholder s share of the Partnership s unrealized receivables, including depreciation recapture, and/or substantially appreciated inventory items, both as defined in the Code, and collectively, Section 751 Assets. To that extent, he will be treated as having been distributed his proportionate share of the Section 751 Assets and then having exchanged those assets with the Partnership in return for the non-pro rata portion of the actual distribution made to him. This latter deemed exchange will generally result in the unitholder s realization of ordinary income, which will equal the excess of the non-pro rata portion of that distribution over the unitholder s tax basis (generally zero) for the share of Section 751 Assets deemed relinquished in the exchange.

Basis of Common Units

Please read Material U.S. Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to U.S. Holders Tax Basis and Holding Period of Common Units Received for a discussion of how to determine the initial tax basis of common units received in the merger. A unitholder s initial tax basis in his common units generally will be (1) increased by his share of the Partnership s income and gains and by any increases in his share of the Partnership s nonrecourse liabilities and (2) decreased, but not below zero, by distributions to him from the Partnership, by his share of the Partnership s losses and deductions, by any decreases in his share of the Partnership s nonrecourse liabilities, and by the amount of excess business interest (generally, the excess of the Partnership s business interest over the amount that is deductible) allocated to him. Immediately prior to the disposition of common units, a unitholder s tax basis in such common units will be increased by the amount of any excess business interest that has not been deducted by him due to applicable limitations. Please read Limitations on Interest Deductions. A unitholder will have a share of the Partnership s nonrecourse liabilities generally based on Book-Tax Disparity (as described in Allocation of Income, Gain, Loss and Deduction) attributable to such unitholder, to the extent of such amount, and thereafter, such unitholder s share of the Partnership s profits. Please read Disposition of Common Units Recognition of Gain or Loss.

Limitations on Deductibility of Losses

The deduction by a unitholder of his share of the Partnership s losses will be limited to the lesser of (1) the unitholder s tax basis in his common units and (2) the amount for which the unitholder is considered to be at risk with respect to the Partnership s activities. A unitholder subject to these limitations must recapture losses deducted in previous years to the extent that distributions cause the unitholder s at risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable as a deduction in a later year to the extent that the unitholder s at risk

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amount is subsequently increased, provided such losses do not otherwise exceed the unitholder s tax basis in his common units. Upon the taxable disposition of a common unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at risk limitation but may not be offset by losses suspended by the basis limitation. Any loss previously suspended by the at risk limitation in excess of that gain is no longer utilizable.

In general, a unitholder will be at risk to the extent of the tax basis of his units, excluding any portion of that basis attributable to his share of the Partnership s nonrecourse liabilities, reduced by (1) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or other similar arrangement and (2) any amount of money the unitholder borrows to acquire or hold his units, if the lender of those borrowed funds owns an interest in the Partnership, is related to another unitholder, or can look only to the units for repayment. A unitholder s at risk amount will increase or decrease as the tax basis of the his units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in his share of the Partnership s nonrecourse liabilities.

In addition to the basis and at risk limitations on the deductibility of losses, the passive loss limitations generally provide that individuals are permitted to deduct losses from passive activities, which are generally trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer s income from those passive activities. The passive loss limitations are applied separately with respect to each publicly traded partnership. Consequently, any passive losses the Partnership generates will only be available to offset the Partnership s passive income generated in the future and will not be available to offset income from other passive activities or investments, including the Partnership s investments or the unitholder s investments in other publicly traded partnerships, or a unitholder s salary or active business or other income. Passive losses that are not deductible because they exceed a unitholder s share of income the Partnership generates may be deducted in full when the unitholder disposes of his entire investment in it in a fully taxable transaction with an unrelated party. The passive activity loss limitations are applied after other applicable limitations on deductions, including the at-risk rules and the basis limitation.

A unitholder s share of the Partnership s net income may be offset by any of its suspended passive losses, but it may not be offset by any other current or carryover losses from other passive activities, including those attributable to other publicly traded partnerships. There is no guidance as to whether suspended passive activity losses of NSH units will be available to offset passive activity income that is allocated to a former NSH unitholder from the Partnership after the merger. The IRS may contend that the Partnership is not the same partnership as NSH and, accordingly, the passive loss limitation rules would not allow use of such losses until such time as all of such unitholder s common units are sold. Because of the lack of guidance with respect to this issue, Sidley Austin is unable to opine as to whether suspended passive activity losses arising from NSH activities will be available to offset Partnership taxable income allocated to a former NSH unitholder following the merger. If a unitholder has losses with respect to NSH units, he is urged to consult his tax advisor.

For taxpayers other than corporations in taxable years beginning after December 31, 2017, and before January 1, 2026, an excess business loss limitation further limits the deductibility of losses by such taxpayers. An excess business loss is the excess (if any) of a taxpayer s aggregate deductions for the taxable year that are attributable to the trades or businesses of such taxpayer (determined without regard to the excess business loss limitation) over the aggregate gross income or gain of such taxpayer for the taxable year that is attributable to such trades or businesses plus a threshold amount. The threshold amount is equal to $250,000 or $500,000 for taxpayers filing a joint return. Disallowed excess business losses are treated as a net operating loss carryover to the following tax year. Any losses the Partnership generates that are allocated to a unitholder and not otherwise limited by the basis, at risk, or passive loss limitations will be included in the determination of such unitholder s aggregate trade or business deductions. Consequently, any losses the Partnership generates that are not otherwise limited will only be available to offset a unitholder s other trade or business income plus an amount of non-trade or business income equal to the applicable

threshold amount. Thus, except to the extent of the threshold amount, the Partnership s losses that are not otherwise limited may not offset a unitholder s non-trade or business income

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(such as salaries, fees, interest, dividends and capital gains). This excess business loss limitation will be applied after the passive activity loss limitation.

Limitations on Interest Deductions

In general, a partnership is entitled to a deduction for interest paid or accrued on indebtedness properly allocable to the partnership s trade or business during its taxable year. However, the partnership s deduction for this business interest is limited to the sum of its business interest income and 30% of its adjusted taxable income. For the purposes of this limitation, adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion. This limitation is first applied at the partnership level and any deduction for business interest is taken into account in determining the partnership s non-separately stated taxable income or loss. Currently, while the Partnership conducts its operations through two operating subsidiaries, NuStar Logistics and NuPOP, substantially all of the debt allocable to the Partnership s trade or business is incurred by NuStar Logistics. As a result, the business interest limitation with respect to interest paid or accrued on such debt will be determined solely based on the business interest income and adjusted taxable income of NuStar Logistics, and will not take into account any business interest income or adjusted taxable income of NuPOP. In applying this business interest limitation at the partner level, the adjusted taxable income of each of the Partnership s unitholders is determined without regard to such unitholder s distributive share of any of the Partnership s items of income, gain, deduction, or loss and is increased by such unitholder s distributive share of the Partnership s excess taxable income, which is generally equal to the excess of 30% of the Partnership s adjusted taxable income over the amount of the Partnership s deduction for business interest for a taxable year.

To the extent the deduction for business interest is not limited, the Partnership will allocate the full amount of the deduction for business interest among its unitholders in accordance with their percentage interests in the Partnership. To the extent the deduction for business interest is limited, the amount of any disallowed deduction for business interest will also be allocated to each unitholder in accordance with his percentage interest in the Partnership, but such amount of excess business interest will not be currently deductible. Should the Partnership s (or NuStar Logistics) ability to deduct business interest be limited, the amount of taxable income allocated to the Partnership s unitholders in the taxable year in which the limitation is in effect may increase. However, subject to certain limitations and adjustments to a unitholder s basis in its common units, this excess business interest may be carried forward and deducted by a unitholder in a future taxable year. Prospective unitholders should consult their tax advisors regarding the impact of this business interest deduction limitation on an investment in common units.

In addition, the deductibility of a non-corporate taxpayer s investment interest expense is generally limited to the amount of that taxpayer s net investment income. Investment interest expense includes:

- interest on indebtedness properly allocable to property held for investment;
- the Partnership s interest expense attributed to portfolio income; and
- the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent attributable to portfolio income.

The computation of a unitholder s investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment or, if applicable, qualified dividend income. The IRS has indicated that net passive income earned by a publicly traded partnership will be treated as investment income to its unitholders. In addition, the unitholder s share of the Partnership s portfolio income will be treated as investment income for purposes of the investment interest expense limitation.

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Entity-Level Collections

If the Partnership is required or elects under applicable law to pay any federal, state, local or foreign income tax on behalf of any unitholder or any former unitholder, it is authorized to pay those taxes from the Partnership s funds. That payment, if made, will be treated as a distribution of cash to the unitholder on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, the Partnership is authorized to treat the payment as a distribution to all current unitholders. The Partnership is authorized to amend its partnership agreement in the manner necessary to maintain uniformity of intrinsic tax characteristics of units and to adjust later distributions, so that after giving effect to these distributions, the priority and characterization of distributions otherwise applicable under its partnership agreement is maintained as nearly as is practicable. Please read Administrative Matters Information Returns and Audit Procedures. Each unitholder is urged to consult its tax advisor to determine the consequences to them of any tax payment the Partnership makes on his behalf.

Allocation of Income, Gain, Loss and Deduction

In general, if the Partnership has a net profit, its items of income, gain, loss and deduction will be allocated among the common unitholders in accordance with their percentage interests in the Partnership. If the Partnership has a net loss, its items of income, gain, loss and deduction will be allocated among the common unitholders in accordance with their percentage interests in the Partnership to the extent of their positive capital accounts.

Specified items of the Partnership s income, gain, loss and deduction will be allocated under Section 704(c) of the Code to account for (1) any difference between the tax basis and fair market value of the Partnership s assets at the time of an offering or issuance, including the issuance of common units in the merger and (2) any difference between the tax basis and fair market value of any property contributed to the Partnership, including property treated as being contributed to the Partnership in connection with the merger, that exists at the time of such contribution, together referred to in this discussion as Contributed Property. Former NSH unitholders who received common units received in connection with the merger will receive such allocations, referred to as Section 704(c) Allocations, that otherwise would have been allocated to NSH pursuant to Section 704(c). Please read Material U.S. Federal Income Tax Consequences of the Merger Effect of the Merger on the Anticipated Ratio of Taxable Income to Cash Distributions for NSH Unitholders.

In the event the Partnership issues additional units or engages in certain other transactions in the future, Reverse Section 704(c) Allocations, similar to the Section 704(c) Allocations described above, will be made to all partners to account for the difference, at the time of the future transaction, between the book basis for purposes of maintaining capital accounts and the fair market value of all property held by the Partnership at the time of the future transaction. In addition, items of recapture income will be allocated to the extent possible to the unitholder who was allocated the deduction giving rise to the treatment of that gain as recapture income in order to minimize the recognition of ordinary income by other unitholders. Finally, although the Partnership does not expect that its operations will result in the creation of negative capital accounts, if negative capital accounts nevertheless result, items of its income and gain will be allocated in an amount and manner sufficient to eliminate the negative balance as quickly as possible.

An allocation of items of the Partnership s income, gain, loss or deduction (other than an allocation required by Section 704(c) to eliminate the difference between a partner s book capital account, credited with the fair market value of Contributed Property, and the tax capital account, credited with the tax basis of Contributed Property, referred to as Book-Tax Disparity) will generally be given effect for U.S. federal income tax purposes in determining a partner s share of an item of income, gain, loss or deduction only if the allocation has substantial economic effect. In any other case, a partner s share of an item will be determined on the basis of his interest in the Partnership, which will be determined by taking into account all the facts and circumstances, including (1) his relative contributions to the

Partnership; (2) the interests of all the partners in profits and losses; (3) the interests of all the partners in cash flows and other non-liquidating distributions; and (4) the rights of all the partners to distributions of capital upon liquidation.

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Sidley Austin is of the opinion that, with the exception of the issues described in Tax Consequences of Common Unit Ownership Section 754 Election, Uniformity of Common Units and Disposition of Common Units Allocations Between Transferors and Transferees, allocations under the partnership agreement will be given effect for U.S. federal income tax purposes in determining a partner s share of an item of income, gain, loss or deduction.

Treatment of Securities Loans

A unitholder whose units are the subject of a securities loan (for example, a loan to a short seller to cover a short sale of units) may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period (1) any of the Partnership s income, gain, loss or deduction with respect to those units would not be reportable by the lending unitholder and (2) any cash distributions received by the lending unitholder as to those units may be treated as ordinary taxable income.

Because there is no direct or indirect controlling authority on this issue relating to partnership interests, Sidley Austin has not rendered an opinion regarding the tax treatment of a unitholder that enters into a securities loan with respect to his units. Unitholders desiring to assure their status as partners and avoid the risk of income recognition from a loan of their units are urged to consult with their own tax advisors to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and lending their units. The IRS has previously announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please also read Disposition of Common Units Recognition of Gain or Loss.

Tax Rates

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 37% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than twelve months) of an individual is 20%. Furthermore, for taxable years beginning after December 31, 2017, and ending on or before December 31, 2025, an individual common unitholder is entitled to a deduction equal to 20% of his allocable share of the Partnership s qualified business income. For purposes of this deduction, the Partnership s qualified business income is equal to the sum of:

- the net amount of the Partnership s items of income, gain, deduction and loss to the extent such items are included or allowed in the determination of taxable income for the year and are attributable to the Partnership s conduct of a trade or business within the United States, excluding certain specified types of passive investment income (such as capital gains and dividends, which are taxed at a rate of 20%) and certain payments made to the unitholder for services rendered to the Partnership; and

- any gain recognized upon a disposition of common units to the extent such gain is attributable to Section 751 Assets, such as depreciation recapture and the Partnership s inventory items, and is thus treated as ordinary income under Section 751 of the Code.

These rates, and the deduction, are subject to change by new legislation at any time. Prospective unitholders should consult their tax advisors regarding the application of the deduction for qualified business income.

In addition, a 3.8% net investment income tax, or NIIT, applies to certain net investment income earned by individuals, estates and trusts. For these purposes, net investment income generally includes a unitholder s allocable

share of the Partnership s income and gain realized by a unitholder from a sale of common units (without taking into account the 20% deduction discussed above). In the case of an individual, the tax is imposed on the lesser of (1) the unitholder s net investment income and (2) the amount by which the unitholder s modified adjusted gross income exceeds $250,000 (if the unitholder is married and filing jointly or a surviving

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spouse), $125,000 (if the unitholder is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income, or (2) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

Section 754 Election

The Partnership has made the election permitted by Section 754 of the Code. That election is irrevocable without the consent of the IRS. The election generally permits the Partnership to adjust a common unit purchaser s tax basis in the Partnership s assets (inside basis) under Section 743(b) of the Code to reflect his purchase price. This election applies to a person who purchases common units from a selling unitholder but does not apply to a person who purchases common units directly from the Partnership or receives common units pursuant to the merger. The Section 743(b) adjustment belongs to the purchaser and not to other unitholders. For purposes of this discussion, a unitholder s inside basis in the Partnership s assets will be considered to have two components: (1) his share of its tax basis in its assets (common basis) and (2) his Section 743(b) adjustment to that basis.

Treasury Regulations under Section 743 of the Code require, if the remedial allocation method is adopted (which the Partnership has adopted), a portion of the Section 743(b) adjustment that is attributable to recovery property subject to depreciation under Section 168 of the Code to be depreciated over the remaining cost recovery period for the property s unamortized Book-Tax Disparity. Under Treasury Regulation Section 1.167(c)-1(a)(6), a Section 743(b) adjustment attributable to property subject to depreciation under Section 167 of the Code, rather than cost recovery deductions under Section 168, is generally required to be depreciated using either the straight-line method or the 150% declining balance method. Under the partnership agreement, the general partner of the Partnership is authorized to take a position to preserve the uniformity of units even if that position is not consistent with these and any other Treasury Regulations. Please read Uniformity of Common Units.

Although Sidley Austin is unable to opine as to the validity of this approach because there is no controlling authority on this issue, the Partnership intends to depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of Contributed Property, to the extent of any unamortized Book-Tax Disparity, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the unamortized Book-Tax Disparity of the property, or treat that portion as non-amortizable to the extent attributable to property which is not amortizable. This method is consistent with methods employed by other publicly traded partnerships but is arguably inconsistent with Treasury Regulation Section 1.167(c)-1(a)(6), which is not expected to directly apply to a material portion of the Partnership s assets. To the extent this Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Book-Tax Disparity, the Partnership will apply the rules described in the Treasury Regulations and legislative history. If the Partnership determines that this position cannot reasonably be taken, it may take a depreciation or amortization position under which all purchasers acquiring units in the same month would receive depreciation or amortization, whether attributable to common basis or a Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in the Partnership s assets. This kind of aggregate approach may result in lower annual depreciation or amortization deductions than would otherwise be allowable to some unitholders. Please read Uniformity of Common Units. A unitholder s tax basis for his common units is reduced by his share of the Partnership s deductions (whether or not such deductions were claimed on an individual s income tax return) so that any position the Partnership takes that understates deductions will overstate the common unitholder s basis in his common units, which may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read Disposition of Common Units Recognition of Gain or Loss. The IRS may challenge the Partnership s position with respect to depreciating or amortizing the Section 743(b) adjustment the Partnership takes to preserve the uniformity of the units. If such a challenge were sustained, the gain from the sale of units might be increased without the benefit of additional

deductions.

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A Section 754 election is advantageous if the transferee s tax basis in his units is higher than the units share of the aggregate tax basis of the Partnership s assets immediately prior to the transfer. In that case, as a result of the election, the transferee would have, among other items, a greater amount of depreciation deductions and his share of any gain or loss on a sale of the Partnership s assets would be less. Conversely, a Section 754 election is disadvantageous if the transferee s tax basis in his units is lower than those units share of the aggregate tax basis of the Partnership s assets immediately prior to the transfer. Thus, the fair market value of the units may be affected either favorably or unfavorably by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in the Partnership if the Partnership has a substantial built-in loss immediately after the transfer, or if the Partnership distributes property and has a substantial basis reduction. Generally a basis reduction or a built-in loss is substantial if it exceeds $250,000.

The calculations involved in the Section 754 election are complex and will be made on the basis of assumptions as to the value of the Partnership s assets and other matters. For example, the allocation of the Section 743(b) adjustment among its assets must be made in accordance with the Code. The IRS could seek to reallocate some or all of any Section 743(b) adjustment the Partnership allocated to its tangible assets to goodwill instead. Goodwill, as an intangible asset, is generally either non-amortizable or amortizable over a longer period of time or under a less accelerated method than the Partnership s tangible assets. The Partnership cannot assure you that the determinations it makes will not be successfully challenged by the IRS and that the deductions resulting from them will not be reduced or disallowed altogether. Should the IRS require a different basis adjustment to be made, and should, in the Partnership s opinion, the expense of compliance exceed the benefit of the election, the Partnership may seek permission from the IRS to revoke the Partnership s Section 754 election. If permission is granted, a subsequent purchaser of units may be allocated more income than he would have been allocated had the election not been revoked.

Tax Treatment of Operations

Accounting Method and Taxable Year

The Partnership uses the year ending December 31 as its taxable year and the accrual method of accounting for U.S. federal income tax purposes. Each unitholder will be required to include in income his share of the Partnership s income, gain, loss and deduction for its taxable year or years ending within or with his taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of his units following the close of the Partnership s taxable year but before the close of his taxable year must include his share of its income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than one year of the Partnership s income, gain, loss and deduction. Please read Disposition of Common Units Allocations Between Transferors and Transferees.

Tax Basis, Depreciation and Amortization

The Partnership uses the tax basis of its assets for purposes of computing depreciation and cost recovery deductions and, ultimately, gain or loss on the disposition of these assets. The U.S. federal income tax burden associated with the difference between the fair market value of the Partnership s assets and their tax basis (1) at the time of the merger will be borne by Partnership unitholders immediately before the merger, and (2) at the time of any other offering will be borne by the Partnership unitholders as of that time. Please read Tax Consequences of Common Unit Ownership Allocation of Income, Gain, Loss and Deduction.

To the extent allowable, the Partnership may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service.

Property the Partnership subsequently acquires or constructs may be depreciated using accelerated methods permitted by the Code.

If the Partnership disposes of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property,

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may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery or depreciation deductions with respect to property the Partnership owns will likely be required to recapture some, or all, of those deductions as ordinary income upon a sale of his interest in the Partnership. Please read Tax Consequences of Common Unit Ownership Allocation of Income, Gain, Loss and Deduction and Disposition of Common Units Recognition of Gain or Loss.

The costs the Partnership incurs in selling the Partnership s units (called syndication expenses) must be capitalized and cannot be deducted currently, ratably or upon its termination. There are uncertainties regarding the classification of costs as organization expenses, which may be amortized by the Partnership, and as syndication expenses, which may not be amortized by the Partnership. The underwriting discounts and commissions the Partnership incurs will be treated as syndication expenses.

Valuation and Tax Basis of the Partnership s Properties

The U.S. federal income tax consequences of the ownership and disposition of units will depend in part on the Partnership s estimates of the relative fair market values, and the tax bases, of the Partnership s assets. Although the Partnership may from time to time consult with professional appraisers regarding valuation matters, it will make many of the fair market value estimates itself. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deduction previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

Disposition of Common Units

Recognition of Gain or Loss

Gain or loss will be recognized on a sale of units equal to the difference between the unitholder s amount realized and the unitholder s tax basis for the units sold. A unitholder s amount realized will be measured by the sum of the cash or the fair market value of other property received by him plus his share of the Partnership s nonrecourse liabilities attributable to the common units sold. Because the amount realized includes a unitholder s share of the Partnership s nonrecourse liabilities, the gain recognized on the sale of units could result in a tax liability in excess of any cash received from the sale.

Prior distributions from the Partnership that in the aggregate were in excess of cumulative net taxable income for a common unit and, therefore, decreased a unitholder s tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder s tax basis in that common unit, even if the price received is less than his original cost.

Except as noted below, gain or loss recognized by a unitholder, other than a dealer in units, on the sale or exchange of a unit will generally be taxable as capital gain or loss. Capital gain recognized by an individual on the sale of units held more than twelve months will generally be taxed at the U.S. federal income tax rate applicable to long-term capital gains. However, a portion of this gain or loss, which will likely be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to assets giving rise to depreciation recapture or other unrealized receivables or to inventory items the Partnership owns. The term unrealized receivables includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized on the sale of a unit and may be recognized even if there is a net taxable loss realized upon the sale of a unit. Thus, a unitholder may

recognize both ordinary income and a capital loss upon a sale of units. Capital losses may offset capital gains and no more than $3,000 of ordinary income each year in the case of individuals and may only be used to offset capital gains in the case of corporations. Both ordinary income and capital gain recognized on a sale of units may be subject to the NIIT in certain circumstances. Please read Tax Consequences of Common Unit Ownership Tax Rates.

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For purposes of calculating gain or loss on the sale or exchange of a common unit, the unitholder s adjusted tax basis will be adjusted by its allocable share of the Partnership s income or loss in respect of its common units for the year of sale. Additionally, the IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an equitable apportionment method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner s tax basis in his entire interest in the Partnership as the value of the interest sold bears to the value of the partner s entire interest in the Partnership. Treasury Regulations under Section 1223 of the Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. Thus, according to the ruling discussed above, a unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, he may designate specific common units sold for purposes of determining the holding period of units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. A unitholder considering the purchase of additional units or a sale of units purchased in separate transactions is urged to consult his tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an appreciated partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or related persons enter(s) into:

a short sale;

an offsetting notional principal contract; or

a futures or forward contract; in each case, with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

Allocations Between Transferors and Transferees

In general, the Partnership s taxable income or loss will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the common unitholders in proportion to the number of common units owned by each of them as of the opening of the applicable stock exchange on the first business day of the month, which the Partnership refers to in this prospectus as the Allocation Date. However, gain or loss realized on a sale or other disposition of the Partnership s assets other than in the ordinary course of business will be allocated among the unitholders on the Allocation Date in the month in which that gain or loss is recognized. As a result, a unitholder transferring common units may be allocated income, gain, loss and deduction realized by the Partnership after the date of transfer.

Although simplifying conventions are contemplated by the Code and most publicly traded partnerships use similar simplifying conventions, the use of this method may not be permitted under existing Treasury Regulations. The Department of the Treasury and the IRS issued final Treasury Regulations pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholder. Nonetheless, the regulations do not specifically authorize all aspects of the

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proration method the Partnership has currently adopted. Accordingly, Sidley Austin is unable to opine on the validity of this method of allocating income and deductions between transferor and transferee unitholders. If this method is not allowed under the final Treasury Regulations, the Partnership s taxable income or losses might be reallocated among the unitholders. The Partnership is authorized to revise its method of allocation between transferor and transferee unitholders, as well as among unitholders whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

Notification Requirements

A unitholder who sells any of his units, other than through a broker, generally is required to notify the Partnership in writing of that sale within 30 days after the sale (or, if earlier, January 15 of the year following the sale). A purchaser of units who purchases units from another unitholder is also generally required to notify the Partnership in writing of that purchase within 30 days after the purchase. Upon receiving such notification, the Partnership is required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. Failure to notify the Partnership of a transfer of units may, in some cases, lead to the imposition of penalties. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the U.S. and who effects the sale or exchange through a broker who will satisfy such requirements.

Uniformity of Common Units

Because the Partnership cannot match transferors and transferees of units, it must maintain uniformity of the economic and tax characteristics of the units to a purchaser of these units. In the absence of uniformity, the Partnership may be unable to completely comply with a number of U.S. federal income tax requirements, both statutory and regulatory. A lack of uniformity can result from a literal application of Treasury Regulation Section 1.167(c)-1(a)(6). Any non-uniformity could have a negative impact on the value of the units. Please read Tax Consequences of Common Unit Ownership Section 754 Election.

The partnership agreement permits the Partnership to take positions in filing its tax returns that preserve the uniformity of its units. These positions may include reducing the depreciation, amortization or loss deductions to which a unitholder would otherwise be entitled or reporting a slower amortization of Section 743(b) adjustments for some unitholders than that to which they would otherwise be entitled. Sidley Austin is unable to opine as to the validity of such filing positions.

A common unitholder s basis in units is reduced by its share of the Partnership s deductions (whether or not such deductions were claimed on the unitholder s income tax return) so that any position that the Partnership takes that understates deductions will overstate the unitholder s basis in its units, and may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read Disposition of Common Units Recognition of Gain or Loss above and Tax Consequences of Common Unit Ownership Section 754 Election above. The IRS may challenge one or more of any positions the Partnership takes to preserve the uniformity of units. If such a challenge were sustained, the uniformity of units might be affected, and, under some circumstances, the gain from the sale of units might be increased without the benefit of additional deductions.

Tax-Exempt Organizations and Other Investors

Common unit ownership by employee benefit plans and other tax-exempt organizations, as well as non-resident aliens, foreign corporations, and other foreign persons (collectively, Non-U.S. Unitholders) raises issues unique to those investors and, as described below to a limited extent, may have substantially adverse tax consequences to them. Prospective unitholders that are tax exempt entities or Non-U.S. Unitholders should consult their tax advisors before

investing in common units.

Employee benefit plans and most other tax-exempt organizations, including individual retirement accounts and other retirement plans, are subject to U.S. federal income tax on unrelated business taxable income. Virtually

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all of the Partnership s income allocated to a unitholder that is a tax-exempt organization will be unrelated business taxable income and will be taxable to it.

Non-U.S. Unitholders are taxed by the United States on income effectively connected with a U.S. trade or business (effectively connected income) and on certain types of U.S.-source non-effectively connected income (such as dividends), unless exempted or further limited by an income tax treaty, and will be treated as engaged in business in the United States because of their common unit ownership. Furthermore, it is probable that they will be deemed to conduct such activities through permanent establishments in the United States within the meaning of any applicable tax treaty. Consequently, they will be required to file U.S. federal tax returns to report their share of the Partnership s income, gain, loss or deduction and pay U.S. federal income tax on their share of the Partnership s net income or gain. Moreover, under rules applicable to publicly traded partnerships, distributions to Non-U.S. Unitholders are subject to withholding at the highest applicable effective tax rate. Each Non-U.S. Unitholder must obtain a taxpayer identification number from the IRS and submit that number to the Partnership s transfer agent on a Form W-8 BEN or applicable substitute form in order to obtain credit for these withholding taxes. A change in applicable law may require the Partnership to change these procedures.

In addition, because a Non-U.S. Unitholder classified as a corporation will be treated as engaged in a United States trade or business, that corporation may be subject to the U.S. branch profits tax at a rate of 30%, in addition to regular U.S. federal income tax, on its share of the Partnership s income and gain, as adjusted for changes in the foreign corporation s U.S. net equity, that is effectively connected with the conduct of a United States trade or business. That tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign corporate unitholder is a qualified resident. In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Code.

A Non-U.S. Unitholder who sells or otherwise disposes of a unit will be subject to U.S. federal income tax on gain realized on the sale or disposition of that unit to the extent that this gain is effectively connected with a United States trade or business of the Non-U.S. Unitholder. Such gain or loss will be treated as effectively connected with a U.S. trade or business to the extent that the sale of the Partnership s assets would have produced effectively connected gain or loss. It is expected that, under this rule, all or substantially all of a Non-U.S. Unitholder s gain from the sale or other disposition of common units would be treated as effectively connected with a unitholder s indirect U.S. trade or business constituted by its investment in the Partnership and would be subject to U.S. federal income tax. As a result of the effectively connected income rules described above, the exclusion from U.S. taxation under the Foreign Investment in Real Property Tax Act of gain from the sale of common units regularly traded on an established securities market will not prevent a Non-U.S. Unitholder from being subject to U.S. federal income tax on gain from the sale or disposition of its common units.

Under the recently enacted tax reform law, if a unitholder sells or otherwise disposes of a common unit, the transferee is required to withhold 10% of the amount realized by the transferor unless the transferor certifies that it is not a foreign person, and the Partnership is required to deduct and withhold from the transferee amounts that should have been withheld by the transferee but were not withheld. Because the amount realized would include a unitholder s share of the Partnership s nonrecourse liabilities, 10% of the amount realized could exceed the total cash purchase price for the common units. However, the Department of the Treasury and the IRS have announced that this withholding requirement will not apply to any disposition of a publicly traded interest in a publicly traded partnership (such as the Partnership) until Treasury Regulations or other guidance have been issued clarifying the application of this withholding requirement to dispositions of interests in publicly traded partnerships. Accordingly, while this new withholding requirement does not currently apply to sales or dispositions of common units, there can be no assurance that such requirement will not apply in the future.

Administrative Matters

Information Returns and Audit Procedures

The Partnership intends to furnish to each unitholder, within 90 days after the close of each taxable year, specific tax information, including a Schedule K-1, which describes each unitholder s share of the Partnership s

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income, gain, loss and deduction for the Partnership s preceding taxable year. In preparing this information, which will not be reviewed by counsel, the Partnership will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder s share of income, gain, loss and deduction. The Partnership cannot assure you that those positions will in all cases yield a result that conforms to the requirements of the Code, Treasury Regulations or administrative interpretations of the IRS.

The IRS may audit the Partnership s U.S. federal income tax returns. Neither the Partnership nor Sidley Austin can assure prospective unitholders that the IRS will not successfully challenge the positions the Partnership adopts, and such a challenge could adversely affect the value of the common units. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year s tax liability, and possibly may result in an audit of his own return. Any audit of a unitholder s return could result in adjustments not related to the Partnership s returns as well as those related to its returns.

Partnerships generally are treated as separate entities for purposes of U.S. federal income tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings with the partners. For taxable years beginning prior to January 1, 2018, the Code requires that one partner be designated as the Tax Matters Partner for these purposes. The partnership agreement named the General Partner as the Partnership s Tax Matters Partner.

The Tax Matters Partner can extend the statute of limitations for assessment of tax deficiencies against unitholders for items in the Partnership s returns. The Tax Matters Partner may bind a unitholder with less than a 1% profits interest in the Partnership to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give that authority to the Tax Matters Partner. The Tax Matters Partner may seek judicial review, by which all the unitholders are bound, of a final partnership administrative adjustment and, if the Tax Matters Partner fails to seek judicial review, judicial review may be sought by any unitholder having at least a 1% interest in profits or by any group of unitholders having in the aggregate at least a 5% interest in profits. However, only one action for judicial review will go forward, and each unitholder with an interest in the outcome may participate in that action.

A unitholder must file a statement with the IRS identifying the treatment of any item on his U.S. federal income tax return that is not consistent with the treatment of the item on the Partnership s return. Intentional or negligent disregard of this consistency requirement may subject a unitholder to substantial penalties.

Pursuant to the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, if the IRS makes audit adjustments to the Partnership s income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from the Partnership, unless the Partnership elects to have its unitholders and former unitholders take any audit adjustment into account in accordance with their interests in the Partnership during the taxable year under audit. Similarly, for such taxable years, if the IRS makes audit adjustments to income tax returns filed by an entity in which the Partnership is a member or partner, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from such entity.

Generally, the Partnership expects to elect to have its unitholders and former unitholders take any material audit adjustment into account in accordance with their interests in the Partnership during the taxable year under audit, but there can be no assurance that such election, if made, will be effective in all circumstances. With respect to audit adjustments as to an entity in which the Partnership is a member or partner, the Partnership may not be able to have its unitholders take such audit adjustment into account. If the Partnership is unable or if it is not economical to have its unitholders take such audit adjustment into account in accordance with their interests in the Partnership during the taxable year under audit, the Partnership s then current unitholders may bear some or all of the tax liability resulting

from such audit adjustment, even if such unitholders did not own units during the taxable year under audit. If, as a result of any such audit adjustment, the Partnership is required to make

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payments of taxes, penalties, or interest, its cash available for distribution to its unitholders might be substantially reduced.

In the event the IRS makes an audit adjustment to the Partnership s income tax returns and it does not or cannot shift the liability to its unitholders in accordance with their interests in the Partnership during the taxable year under audit, the Partnership will generally have the ability to request that the IRS reduce the determined underpayment by reducing the suspended passive loss carryovers of its unitholders (without any compensation from the Partnership to such unitholders), to the extent such underpayment is attributable to a net decrease in passive activity losses allocable to certain partners. Such reduction, if approved by the IRS, will be binding on any affected unitholders.

Additionally, pursuant to the Bipartisan Budget Act of 2015, the Partnership is no longer required to designate a Tax Matters Partner. Instead, for taxable years beginning after December 31, 2017, the Partnership was required to designate a partner, or other person, with a substantial presence in the United States as the partnership representative (Partnership Representative). The Partnership Representative has the sole authority to act on behalf of the Partnership for purposes of, among other things, U.S. federal income tax audits and judicial review of administrative adjustments by the IRS.

The Partnership has designated the General Partner as the Partnership Representative. Further, any actions taken by the Partnership or by the Partnership Representative on behalf of the Partnership with respect to, among other things, U.S. federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on the Partnership and all of its unitholders.

Additional Withholding Requirements

Withholding taxes may apply to certain types of payments made to foreign financial institutions (as specially defined in the Code) and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on interest, dividends and other fixed or determinable annual or periodic gains, profits and income from sources within the United States (FDAP Income), or gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States (Gross Proceeds) paid to a foreign financial institution or to a non-financial foreign entity (as specially defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts and withhold 30% on payments to noncompliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these requirements may be subject to different rules.

Generally these rules apply to current payments of FDAP Income and will apply to payments of relevant Gross Proceeds made on or after January 1, 2019. Thus, to the extent the Partnership has FDAP Income or the Partnership has Gross Proceeds on or after January 1, 2019 that are not treated as effectively connected with a U.S. trade or business (please read Tax-Exempt Organizations and Other Investors), a unitholder that is a foreign financial institution or certain other non-U.S. entity, or a person that holds its units through such foreign entities, may be subject to withholding on distributions they receive from the Partnership, or its distributive share of the Partnership s income, pursuant to the rules described above.

Each prospective unitholder should consult its own tax advisors regarding the potential application of these withholding provisions to its investment in common units.

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Nominee Reporting

Persons who hold an interest in the Partnership as a nominee for another person are required to furnish the following information to it:

(1) the name, address and taxpayer identification number of the beneficial owner and the nominee;

(2) a statement regarding whether the beneficial owner is

(A) a person that is not a United States person,

(B) a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or

(C) a tax-exempt entity;

(3) the amount and description of units held, acquired or transferred for the beneficial owner; and

(4) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and specific information on units they acquire, hold or transfer for their own account. A penalty of $270 per failure, up to a maximum of $3,282,500 per calendar year, is imposed by the Code for failure to report that information to the Partnership. The nominee is required to supply the beneficial owner of the units with the information furnished to the Partnership.

Accuracy-Related Penalties

An additional tax equal to 20% of the amount of any portion of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements, is imposed by the Code. No penalty will be imposed, however, for any portion of an underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion.

For individuals, a substantial understatement of income tax in any taxable year exists if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return for the taxable year or $5,000 ($10,000 for most corporations). The amount of any understatement subject to penalty generally is reduced if any portion is attributable to a position adopted on the return:

(1) for which there is, or was, substantial authority, or

(2) as to which there is a reasonable basis if the pertinent facts of that position are adequately disclosed on the return.

If any item of income, gain, loss or deduction included in the distributive shares of unitholders might result in that kind of an understatement of income for which no substantial authority exists, the Partnership must disclose the pertinent facts on the Partnership s return. In addition, the Partnership will make a reasonable effort to furnish sufficient information for unitholders to make adequate disclosure on their returns and to take other actions as may be

appropriate to permit unitholders to avoid liability for this penalty. More stringent rules apply to tax shelters, which the Partnership does not believe includes it.

A substantial valuation misstatement exists if (1) the value of any property, or the adjusted basis of any property, claimed on a tax return is 150% or more of the amount determined to be the correct amount of the

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valuation or adjusted basis, (2) the price for any property or services (or for the use of property) claimed on any such return with respect to any transaction between persons described in Code Section 482 is 200% or more (or 50% or less) of the amount determined under Section 482 to be the correct amount of such price, or (3) the net Code Section 482 transfer price adjustment for the taxable year exceeds the lesser of $5 million or 10% of the taxpayer s gross receipts.

No penalty is imposed unless the portion of the underpayment attributable to a substantial valuation misstatement exceeds $5,000 ($10,000 for most corporations). If the valuation claimed on a return is 200% or more than the correct valuation or certain other thresholds are met, the penalty imposed increases to 40%. The Partnership does not anticipate making any valuation misstatements.

Reportable Transactions

If the Partnership was to engage in a reportable transaction, it (and possibly its unitholders and others) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or that it produces certain kinds of losses in excess of $2 million in any single year, or $4 million in any combination of six successive tax years. The Partnership s participation in a reportable transaction could increase the likelihood that its U.S. federal income tax information return (and possibly a unitholder s tax return) would be audited by the IRS. Please read Information Returns and Audit Procedures above.

Moreover, if the Partnership were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, its unitholders may be subject to the following additional consequences:

- accuracy-related penalties with a broader scope, significantly narrower exceptions, and potentially greater amounts than described above at Accuracy-Related Penalties,
- for those persons otherwise entitled to deduct interest on federal tax deficiencies, non-deductibility of interest on any resulting tax liability, and
- in the case of a listed transaction, an extended statute of limitations.

The Partnership does not expect to engage in any reportable transactions.

Registration as a Tax Shelter

The Partnership registered as a tax shelter under the law in effect at the time of the Partnership s initial public offering and was assigned a tax shelter registration number. Issuance of a tax shelter registration number to the Partnership does not indicate that investment in it or the claimed tax benefits have been reviewed, examined or approved by the IRS. The American Jobs Creation Act of 2004 repealed the tax shelter registration rules and replaced them with the reporting regime described above at Reportable Transactions. The term tax shelter has a different meaning for this purpose than under the penalty rules described above at Accuracy-Related Penalties.

Recent Legislative Developments

The present U.S. federal income tax treatment of publicly traded partnerships, including the Partnership, or an investment in common units may be modified by administrative or legislative action or judicial interpretation at any time. For example, from time to time, members of Congress and the President propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including the elimination of the Qualifying Income Exception upon which the Partnership relies for treatment as a partnership for U.S. federal income tax purposes.

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On December 22, 2017, the President signed into law comprehensive U.S. federal tax reform legislation that significantly reforms the Code. This legislation, among other things, contains significant changes to the taxation of the Partnership s operations and an investment in common units, including a partial limitation on the deductibility of certain business interest expenses, a deduction for common unitholders relating to certain income from partnerships, immediate deductions for certain new investments instead of deductions for depreciation over time and the modification or repeal of many business deductions and credits. The Partnership continues to examine the impact of this tax reform legislation and its overall impact on the Partnership or an investment in common units is uncertain. Prospective common unitholders are urged to consult their tax advisors regarding the impact of this tax reform legislation on an investment in common units.

Additional modifications to the U.S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible to meet the exception for the Partnership to be treated as a partnership for U.S. federal income tax purposes. Please read Partnership Status. The Partnership is unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect the Partnership, and any such changes could negatively impact the value of an investment in the common units.

State, Local and Other Tax Considerations

In addition to U.S. federal income taxes, a unitholder likely will be subject to other taxes, such as state, local and foreign income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which the Partnership does business or owns property or in which a unitholder is a resident. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in the Partnership. Although a unitholder may not be required to file a return and pay taxes in some jurisdictions because its income from that jurisdiction falls below the filing and payment requirement, a unitholder will be required to file income tax returns and to pay income taxes in some or all of the jurisdictions in which the Partnership does business or owns property and may be subject to penalties for failure to comply with those requirements. In some jurisdictions, tax losses may not produce a tax benefit in the year incurred and also may not be available to offset income in subsequent taxable years. Some of the jurisdictions may require the Partnership, or the Partnership may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder s income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. Amounts withheld will be treated as if distributed to unitholders for purposes of determining the amounts distributed by the Partnership. Please read Tax Consequences of Common Unit Ownership Entity-Level Collections.

It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of his investment in the Partnership. Accordingly, each prospective unitholder is urged to consult, and depend on, his own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and foreign as well as U.S. federal tax returns, that may be required of him. Sidley Austin has not rendered an opinion on the state, local, alternative minimum tax or non-U.S. tax consequences of an investment in the Partnership.

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UNITHOLDER PROPOSALS

NSH will hold a 2018 annual meeting of unitholders only if the merger is not completed. If you wish to bring business before the annual meeting that is not the subject of a proposal pursuant to Rule 14a-8 under the Exchange Act, you must follow procedures outlined in NSH s limited liability company agreement. One of the procedural requirements in the limited liability company agreement is timely notice in writing of the business the unitholder proposes to bring before the meeting. If the date of the 2018 annual meeting is more than 30 days before or more than 30 days after April 26, such notice must be received not later than the later of (1) the close of business on the 90th day prior to such annual meeting or (2) the 10th day after the public announcement of the annual meeting is first made. Such unitholder proposals must also be otherwise eligible for inclusion. A special meeting of NSH unitholders may only be called by a majority of the NSH Board.

LEGAL MATTERS

The validity of common units to be issued in the merger, certain tax matters relating to those common units and certain tax matters relating to the merger will be passed upon for the Partnership by Sidley Austin, Houston, Texas. Certain tax matters relating to the merger will be passed upon for NSH by Wachtell Lipton.

EXPERTS

The consolidated financial statements of NuStar Energy L.P. as of December 31, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2017, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2017 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of NuStar GP Holdings, LLC as of December 31, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2017, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2017 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

The Partnership and NSH file annual, quarterly and current reports, and other information with the Commission under the Exchange Act of 1934. You may read and copy any document filed with the Commission at its public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-732-0330 for further information regarding the public reference room. The filings are also available to the public at the Commission s website at *http://www.sec.gov.*

The Commission allows the Partnership and NSH to incorporate by reference information into this proxy statement/prospectus, which means that the Partnership and NSH can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this proxy statement/prospectus, except for any information that is superseded by information that is included directly in this proxy statement/prospectus.

Any later information filed with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (i) up until the date of the NSH special meeting or (ii) after the date of the initial registration statement and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference into this proxy statement/prospectus and will automatically update and supersede this information. Therefore, before you vote to approve the merger agreement and the merger, you should always check for reports the Partnership and NSH may have filed with the Commission after the date of this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that the Partnership and NSH have previously filed with the Commission, excluding any information in a Form 8-K furnished to the Commission, including exhibits related thereto (unless otherwise indicated), which is not deemed filed under the Exchange Act.

The Partnership s Filings (Commission File No. 001-16417)

Annual Report on Form 10-K for the year ended December 31, 2017;

Quarterly Report on Form 10-Q filed May 8, 2018;

Current Report on Form 8-K filed March 28, 2018; and

The description of the common units in the registration statement on Form 8-A filed on March 30, 2001, and including any other amendments or reports field for the purpose of updating such description.

You may request a copy of these filings, excluding exhibits unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus, at no cost by making written or telephone requests for copies to: Investor Relations, NuStar Energy L.P., 19003 IH-10 West, San Antonio, Texas 78257; Telephone: (210) 918-2000.

The Partnership also makes available free of charge on its internet website at *http://www.nustarenergy.com* its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the

Commission. Information contained on the Partnership s website is not part of this proxy statement/prospectus.

NSH s Filings (Commission File No. 001-32940)

Annual Report on Form 10-K for the year ended December 31, 2017;

Quarterly Report on Form 10-Q filed May 8, 2018; and

Current Report on Form 8-K filed April 9, 2018.

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You may request a copy of these filings, excluding exhibits unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus, at no cost by making written or telephone requests for copies to: Investor Relations, NuStar GP Holdings, LLC, 19003 IH-10 West, San Antonio, Texas 78257; Telephone: (210) 918-2000.

NSH also makes available free of charge on its internet website at *http://www.nustargpholdings.com* its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the Commission. Information contained on NSH s website is not part of this proxy statement/prospectus.

In order to receive timely delivery of the documents in advance of the NSH special meeting, your request should be received no later than , 2018.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and some of the documents the Partnership and NSH have incorporated herein by reference includes forward-looking statements regarding future events, such as the Partnership s future performance. All statements, other than statements of historical fact, included herein that address activities, events or developments that the Partnership and NSH expect, believe or anticipate will or may occur in the future, including anticipated benefits and other aspects of the proposed merger, are forward-looking statements. When used in this proxy/prospectus or the documents incorporated herein by reference, words such as anticipate, project, expect, plan, seek, goal, estimate, forecast, intend, could, should, will, believe, may, potential, continue, and statements are intended to identify forward-looking statements. Although the Partnership and NSH believe that such expectations reflected in such forward-looking statements are reasonable, neither the Partnership nor NSH can give assurances that such expectations will prove to be correct. Such statements are subject to a variety of risks, uncertainties and assumptions that may cause actual results to differ materially, including the possibility that the merger will not be completed prior to the August 8, 2018 outside termination date, the possibility that NSH will not obtain the required approvals by its unitholders, the possibility that the anticipated benefits from the merger cannot be fully realized, the possibility that costs or difficulties related to the merger will be greater than expected and other risk factors. See the Risk Factors section in the proxy statement/prospectus and in the Partnership s and NSH s respective Annual Reports on Form 10-K for the year ended December 31, 2017.

Readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. The Partnership and NSH undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as the result of new information, future events or otherwise.

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INDEX TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Agreement and Plan of Merger, dated as of February 7, 2018 (the merger agreement), by and among NuStar Energy L.P. (the Partnership), Riverwalk Logistics, L.P., the general partner of the Partnership (the General Partner), NuStar GP, LLC, the general partner of the General Partner (NuStar GP), Marshall Merger Sub LLC (Merger Sub), NuStar GP Holdings, LLC (NSH) and Riverwalk Holdings, LLC, Merger Sub will merge with and into NSH, with NSH being the surviving entity (the merger) and each outstanding unit representing a limited liability company interest in NSH (NSH unit) will be converted into the right to receive 0.55 of a common unit representing a limited partner interest in the Partnership (common unit). Pursuant to the merger agreement and at the effective time of the merger, the Sixth Amended and Restated Agreement of Limited Partnership of the Partnership will be amended and restated to, among other things, (1) cancel the incentive distribution rights in the Partnership currently held by the General Partner, (2) convert the 2.0% general partner interest in the Partnership into a non-economic, management interest and (3) provide the holders of common units (common unitholders) with voting rights in the election of directors to the Board of Directors of NuStar GP. All NSH units, when converted in the merger, will no longer be outstanding and will automatically be cancelled and cease to exist. Furthermore, the 10,214,626 common units currently owned by subsidiaries of NSH will be cancelled by the Partnership and will cease to exist.

The unaudited pro forma condensed combined consolidated balance sheet as of December 31, 2017 is presented as if the merger occurred on that date. The unaudited pro forma condensed combined consolidated statement of income for the year ended December 31, 2017 assumes that the merger occurred on January 1, 2017.

The unaudited pro forma condensed combined consolidated financial statements include pro forma adjustments that are factually supportable and directly attributable to the merger. In addition, with respect to the unaudited pro forma condensed combined consolidated statements of income, pro forma adjustments have been made only for items that are expected to have a continuing impact on the combined results.

Under generally accepted accounting principles, NSH does not meet the definition of a business. Accordingly, the Partnership will account for the merger as an equity transaction similar to an induced conversion of preferred stock. The excess of (1) the fair value of the consideration transferred in exchange for the outstanding NSH units over (2) the carrying value of the general partner interest in the Partnership will be subtracted from net income available to common unitholders in the calculation of net income per unit. The notes to the unaudited pro forma condensed combined consolidated financial statements include this calculation.

The unaudited pro forma condensed combined consolidated financial statements should be read in conjunction with the audited historical consolidated financial statements of NuStar Energy L.P. and NuStar GP Holdings, LLC included in their respective Annual Reports on Form 10-K for the year ended December 31, 2017. The pro forma adjustments, as described in the notes to unaudited pro forma condensed combined consolidated financial statements, are based upon available information and certain assumptions that management believes are reasonable. The unaudited pro forma condensed combined consolidated financial statements are not necessarily indicative of the financial position that would have been obtained or the financial results that would have occurred if the merger had been consummated on the dates indicated, nor are they necessarily indicative of the financial position or results of operations in the future.

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NUSTAR ENERGY L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2017

(Thousands of Dollars)

	NuStar Energy L.P. Historical	NuStar GP Holdings, LLC Historical	Pro Forma Adjustments	Notes	NuStar Energy L.P. Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 24,292	$ 422	$		$ 24,714
Current assets, excluding cash and cash equivalents	226,140	450	(205)	(a)	226,385
Total current assets	250,432	872	(205)		251,099
Property, plant and equipment, net	4,300,933				4,300,933
Intangible assets, net	784,479				784,479
Goodwill	1,097,475				1,097,475
Deferred income tax asset	233	3,249	(3,249)	(e)	233
Investment in NuStar Energy L.P.		279,721	(279,721)	(a)	
Other long-term assets, net	101,681				101,681
Total assets	$ 6,535,233	$ 283,842	$ (283,175)		$ 6,535,900
Liabilities and Partners Equity					
Current liabilities	$ 651,506	$ 43,306	$ (205)	(a)	$ 652,107
			(42,500)	(b)	
Long-term debt, less current portion	3,263,069		42,500	(b)	3,315,569
			10,000	(c)	
Deferred income tax liability	22,272				22,272
Other long-term liabilities	118,297				118,297
Commitments and contingencies					
Partners equity:					
Preferred limited partners	756,603				756,603
Common limited partners	1,770,587		(4,608)	(a)	1,755,979
			(10,000)	(c)	
Members equity		251,358	(251,358)	(a)	
General partner	37,826		(37,826)	(a)	
Accumulated other comprehensive loss	(84,927)	(10,822)	10,822	(a)	(84,927)
Total partners equity	2,480,089	240,536	(292,970)		2,427,655

Total liabilities and partners equity	$ 6,535,233	$ 283,842	$ (283,175)	$ 6,535,900

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements.

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NUSTAR ENERGY L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

(Thousands of Dollars, Except Unit and Per Unit Data)

	NuStar Energy L.P. Historical	NuStar GP Holdings, LLC Historical	Pro Forma Adjustments	Notes	NuStar Energy L.P. Pro Forma Combined
Revenues	$ 1,814,019	$	$		$ 1,814,019
Costs and expenses:					
Cost associated with service revenue:					
Operating expenses	449,670				449,670
Depreciation and amortization expense	255,534				255,534
Total costs associated with service revenues	705,204				705,204
Cost of product sales	651,599				651,599
General and administrative expenses	112,240	3,298	(1,000)	(d)	114,538
Other depreciation and amortization expense	8,698				8,698
Total costs and expenses	1,477,741	3,298	(1,000)		1,480,039
Operating income	336,278	(3,298)	1,000		333,980
Equity in earnings of NuStar Energy L.P.		51,556	(51,556)	(a)	
Interest expense, net	(173,083)	(1,587)			(174,670)
Other (expense) income, net	(5,294)	41,942	(41,942)	(a)	(5,294)
Income before income tax expense	157,901	88,613	(92,498)		154,016
Income tax expense	9,937	1,838	(1,838)	(e)	9,937
Net income	$ 147,964	$ 86,775	$ (90,660)		$ 144,079
Basic and diluted net income per common unit:	$ 0.64		$ 0.34	(f)	$ 0.98
Basic and diluted weighted-average common units outstanding	88,825,964		13,408,836	(f)	102,234,800

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements.

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NUSTAR ENERGY L.P. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED

CONSOLIDATED FINANCIAL STATEMENTS

Pro Forma Adjustments:

(a) Cancels the incentive distribution rights in the Partnership currently held by the General Partner, converts the 2.0% general partner interest in the Partnership into a non-economic, management interest and converts each outstanding NSH unit into 0.55 of a common unit pursuant to the terms of the merger agreement. Also eliminates NSH s investment in the Partnership and other related accounts, including the elimination of NSH s accumulated other comprehensive loss, which represents its share of the Partnership s accumulated other comprehensive loss.

(b) Reflects the Partnership s assumption of NSH s debt.

(c) Reflects amounts borrowed for the payment of estimated transaction costs of $10.0 million directly attributable to the merger. The transactions costs include financial advisory, legal services and other professional fees expected to be paid in 2018. As the merger is accounted for as an equity transaction, these costs will be recognized as an adjustment to common limited partners equity upon conversion of units at closing.

(d) Eliminates corporate governance and reporting costs associated with NSH being a publicly traded company.

(e) Eliminates the deferred tax asset and related income tax expense for NSH. NuStar GP, a wholly owned subsidiary of NSH, has elected to be treated as a corporation for federal income tax purposes under Treasury Regulation 301.7701-3(a). The realization of the deferred tax asset is dependent upon NSH s ability to generate future taxable income. In conjunction with the merger, the pro forma deferred tax asset is no longer realizable and as such is eliminated.

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NUSTAR ENERGY L.P. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED

CONSOLIDATED FINANCIAL STATEMENTS (continued)

(f) Adjusts net income per common unit for: (1) pro forma net loss, (2) canceling the incentive distribution rights in the Partnership currently held by the General Partner, (3) converting the 2.0% general partner interest in the Partnership into a non-economic, management interest and (4) distributions for the 13,408,836 incremental common units in the table below, see footnote (1), issued to the NSH unitholders upon completion of the merger. The basic and diluted weighted-average common units outstanding were adjusted for the conversion of the 13,408,836 common units. The following table details the pro forma calculation of net income per common unit for the year ended December 31, 2017 (in thousands, except unit and per unit data):

	NuStar Energy L.P. Historical	Pro Forma Adjustments	NuStar Energy L.P. Pro Forma Combined
	(Thousands of Dollars, Except Unit and Per Unit Data)		
Net income attributable to NuStar Energy	$ 147,964	$ (3,885)	$ 144,079
Less: Distributions to general partner (including incentive distribution rights)	54,921	(54,921)	
Less: Distributions to common limited partners	407,681	58,687	466,368
Less: Distributions for preferred limited partners	40,448		40,448
Less: Distribution equivalent rights to restricted units	2,965	228	3,193
Distributions in excess of earnings	$ (358,051)	$ (7,879)	$ (365,930)
Net income attributable to general partner:			
Distributions to general partner	$ 54,921	$ (54,921)	$
Allocation of distributions in excess of earnings	(7,161)	7,161	
Total	$ 47,760	$ (47,760)	$
Net income attributable to common units:			
Distributions to common limited partners	$ 407,681	$ 58,687	$ 466,368
Allocation of distributions in excess of earnings	(350,890)	(15,040)	(365,930)
Total	$ 56,791	$ 43,647	$ 100,438
Basic and diluted weighted-average common units outstanding	88,825,964	13,408,836	102,234,800
Basic and diluted net income per common unit (1)	$ 0.64	$ 0.34	$ 0.98

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NUSTAR ENERGY L.P. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED

CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) The conversion of NSH units to common units will result in a nonrecurring loss to the common limited partners in the calculation of net income per common unit, totaling $676,048. Pro forma basic and diluted net income per common unit adjusted for the loss to common limited partners would be $(5.63). The loss to common limited partners is calculated below (in thousands of dollars, except unit and per unit data):

NSH units outstanding at January 1, 2017		42,951,749
Conversion ratio per unit		0.55
Common units issued upon conversion		23,623,462
Common units owned by subsidiaries of NSH, cancelled as a result of the merger		(10,214,626)
Incremental common units issued		13,408,836
Common unit closing price as of January 1, 2017	$	49.80
Fair value of incremental common units issued	$	667,760
Assumed NSH debt and net working capital		30,040
Estimated transaction costs		10,000
Total consideration transferred	$	707,800
Less: the carrying value of the general partner interest		(31,752)
Loss to common limited partners	$	676,048

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Annex A

Execution Version

AGREEMENT AND PLAN OF MERGER

by and among

NUSTAR ENERGY L.P.

RIVERWALK LOGISTICS, L.P.

NUSTAR GP, LLC

MARSHALL MERGER SUB LLC

RIVERWALK HOLDINGS, LLC

and

NUSTAR GP HOLDINGS, LLC

Dated as of February 7, 2018

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of February 7, 2018 (this ***Agreement***), is entered into by and among NuStar Energy L.P., a Delaware limited partnership (the ***Partnership***), Riverwalk Logistics, L.P., a Delaware limited partnership and the general partner of the Partnership (the ***General Partner***), NuStar GP, LLC, a Delaware limited liability company and the general partner of the General Partner (***NuStar GP***), Marshall Merger Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of the Partnership (***Merger Sub***), NuStar GP Holdings, LLC, a Delaware limited liability company (***NSH***) and Riverwalk Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of NSH (***Riverwalk Holdings*** and together, with the Partnership, the General Partner, NuStar GP, Merger Sub and NSH, the ***Parties*** and each, a ***Party***).

WITNESSETH:

WHEREAS, the Conflicts Committee (the ***NSH Conflicts Committee***) of the Board of Directors of NSH (the ***NSH Board***), by unanimous vote, in good faith (a) determined that this Agreement and the transactions contemplated hereby are advisable, fair and reasonable to, and in the best interests of NSH and the NSH Unaffiliated Unitholders (as defined herein), (b) approved this Agreement and the transactions contemplated hereby, including the business combination provided for herein pursuant to which Merger Sub will, subject to the terms and conditions set forth herein, merge with and into NSH (the ***Merger***), with NSH being the surviving entity (the ***Surviving Entity***), such that following the Merger, the Partnership will be the sole member of the Surviving Entity and the Surviving Entity will be the sole member of NuStar GP (the foregoing determination and approval constituting NSH Special Approval as defined herein) and (c) recommended to the NSH Board the approval of this Agreement and the transactions contemplated hereby, including the Merger;

WHEREAS, upon the receipt of such NSH Special Approval and recommendation of the NSH Conflicts Committee, at a meeting duly called and held, the NSH Board approved this Agreement and the transactions contemplated hereby, including the Merger, directed this Agreement be submitted to a vote of the members of NSH at a special meeting of the members of NSH and recommended that the members of NSH approve this Agreement and the transactions contemplated hereby, including the Merger;

WHEREAS, the Nominating/Governance & Conflicts Committee (***NuStar GP Conflicts Committee***) of the Board of Directors of NuStar GP (the ***NuStar GP Board***), by unanimous vote, in good faith (a) determined that this Agreement and the transactions contemplated hereby are advisable, fair and reasonable to, and in the best interests of the Partnership and the Partnership Unaffiliated Unitholders (as defined herein), (b) approved this Agreement and the transactions contemplated hereby, including the Merger, the issuance of the Merger Consideration (as defined herein) and the adoption of the Seventh Amended and Restated Agreement of Limited Partnership of the Partnership, in the form attached hereto as Annex A (the ***Amended and Restated Partnership Agreement***) (the foregoing determination and approval constituting Partnership Special Approval (as defined herein)), and (c) recommended to the NuStar GP Board the approval of this Agreement and the consummation of the transactions contemplated hereby, including the Merger, the issuance of the Merger Consideration and the adoption of the Amended and Restated Partnership Agreement;

WHEREAS, upon the receipt of such Partnership Special Approval and recommendation of the NuStar GP Conflicts Committee, at a meeting duly called and held, the NuStar GP Board approved this Agreement and the transactions contemplated hereby, including the Merger, the issuance of the Merger Consideration and the adoption of the Amended and Restated Partnership Agreement;

WHEREAS, as an inducement to the Partnership and Merger Sub to enter into this Agreement, prior to or concurrently with the execution and delivery of this Agreement: (1) William E. Greehey (***Mr. Greehey***) and WLG Holdings, LLC, a Texas limited liability company (***WLG Holdings*** and together with Mr. Greehey,

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Greehey) have entered into the Support Agreement pursuant to which they have agreed to vote their NSH Units in favor of this Agreement and the transactions contemplated hereby, including the Merger and (2) each individual who is a party to a Change of Control Severance Agreement entered into among the Partnership, NuStar Services Company LLC and such individual has executed a waiver or amendment thereto such that the transactions contemplated hereby, including the Merger, would not be deemed to cause a Change of Control, as such term is defined in each such Change of Control Severance Agreement or otherwise in any equity incentive plan maintained by any of the Parties to this Agreement under which any such individual holds equity-based awards;

WHEREAS, prior to or concurrently with the execution of this Agreement, the equity incentive plans maintained by the Parties to this Agreement were amended such that the transactions contemplated hereby, including the Merger would not be deemed to cause a Change of Control, as such term is defined in each such incentive plan; and

WHEREAS, the Parties hereto desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements and conditions contained herein, the Parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

Section 1.1 Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

Acquisition Proposal shall mean any proposal or offer from or by any Person other than the Partnership, the General Partner, NuStar GP, Riverwalk Holdings, and Merger Sub relating to (i) any direct or indirect acquisition of (A) more than 20% of the assets of NSH and its Subsidiaries, taken as a whole, (B) more than 20% of the voting power or the outstanding equity securities of NSH or (C) a business or businesses that constitute more than 20% of the cash flow, net revenues, net income or assets of NSH and its Subsidiaries, taken as a whole; (ii) any tender offer or exchange offer, as defined pursuant to the Exchange Act, that, if consummated, would result in any Person beneficially owning more than 20% of the voting power or the outstanding equity securities of NSH; or (iii) any direct or indirect merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving NSH or its Subsidiaries, other than the Merger.

Action shall have the meaning set forth in Section 6.11(a).

Affiliate shall have the meaning set forth in Rule 405 of the Securities Act, except, in the case of NSH, the Partnership shall not be deemed to be an Affiliate of NSH unless otherwise expressly stated herein, and, in the case of NSH, Greehey shall be deemed an Affiliate of NSH.

Agreement shall have the meaning set forth in the introductory paragraph to this Agreement and Plan of Merger.

Amended and Restated NuStar GP LLC Agreement shall mean the Second Amended and Restated Limited Liability Company Agreement of NuStar GP, in the form attached hereto as Annex B.

Amended and Restated Partnership Agreement shall have the meaning set forth in the Recitals to this Agreement; provided, however, that such form may be revised after the date hereof by the General Partner without the consent of

any other person or entity to make any changes that are necessary or advisable in connection with the authorization of issuance of the class or series of partnership securities of the Partnership described in Section 1.1 of the Partnership Disclosure Schedule.

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Award shall mean a grant of one or more Restricted Common Units pursuant to the Partnership LTIP.

Book-Entry Units shall have the meaning set forth in Section 3.1(c).

Business Day shall mean any day which is not a Saturday, Sunday or other day on which banks are authorized or required to be closed in the City of San Antonio, Texas.

Certificate of Merger shall have the meaning set forth in Section 2.1(b).

Certificated Unit shall have the meaning set forth in Section 3.1(c).

Claim shall have the meaning set forth in Section 6.11(a).

Closing shall have the meaning set forth in Section 2.2.

Closing Date shall have the meaning set forth in Section 2.2.

Code shall mean the Internal Revenue Code of 1986, as amended.

Common Unit Price shall mean the average of the volume weighted average price of the Common Units on the NYSE (as reported by Bloomberg L.P. or, if not reported therein, in another authoritative source mutually selected by the Partnership and NSH in good faith) on each of the five consecutive trading days ending on the trading day that is two trading days prior to the Closing Date.

Common Units means common units representing limited partner interests in the Partnership.

Compensation and Benefit Plan shall mean all material bonus, vacation, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee unit ownership, unit bonus, unit purchase, restricted unit and unit option plans, all employment or severance contracts, all medical, dental, disability, health and life insurance plans, all other employee benefit and fringe benefit plans, contracts or arrangements and any applicable change of control or similar provisions in any plan, contract or arrangement maintained or contributed to for the benefit of officers, former officers, employees, former employees, directors, former directors, or the beneficiaries of any of the foregoing, including all employee benefit plans as defined in ERISA Section 3(3).

Confidentiality Agreement shall mean a confidentiality agreement of the nature generally used in similar circumstances, as determined by NSH in its reasonable business judgment; *provided*, *however*, that such Confidentiality Agreement shall (i) have a term of not less than one year, (ii) provide that all Non-Public Information be protected as confidential information thereunder, subject to customary exceptions, and (iii) provide that the Partnership is a third-party beneficiary with respect to any breach thereof in