

NuStar Energy L.P.  
Form S-4/A  
June 06, 2018  
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As filed with the Securities and Exchange Commission on June 6, 2018

Registration No. 333-223671

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

**Amendment No. 3**  
**to**  
**Form S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**NuStar Energy L.P.**  
**(Exact name of registrant as specified in its charter)**

<b>Delaware</b> <b>(State or other jurisdiction of</b>	<b>4610</b> <b>(Primary Standard Industrial</b>	<b>74-2956831</b> <b>(I.R.S. Employer</b>
<b>incorporation or organization)</b>	<b>Classification Code Number)</b> <b>19003 IH-10 West</b>	<b>Identification Number)</b>

**San Antonio, Texas 78257**

**(210) 918-2000**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Amy L. Perry**

**Senior Vice President, General Counsel**

**and Corporate Secretary**

**NuStar GP, LLC**

**19003 IH-10 West**

**San Antonio, Texas 78257**

**(210) 918-2000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies to:*

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**51 West 52nd Street**

**Houston, Texas 77002**

**920 North King Street**

**New York, NY 10019**

**Wilmington, DE 19801**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective and upon consummation of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**



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**The information in this preliminary proxy statement/prospectus is not complete and may be changed. NuStar Energy L.P. may not distribute or issue the securities being registered pursuant to this registration statement until the registration statement, as filed with the Securities and Exchange Commission (of which this preliminary proxy statement/prospectus is a part), is effective. This preliminary proxy statement/prospectus is not an offer to sell nor should it be considered a solicitation of an offer to buy the securities described herein in any state where the offer or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED JUNE 6, 2018**

**NUSTAR GP HOLDINGS, LLC UNITHOLDERS**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear NuStar GP Holdings, LLC Unitholders:

On February 7, 2018, NuStar GP Holdings, LLC, a Delaware limited liability company ( NSH ), entered into an Agreement and Plan of Merger, dated as of February 7, 2018 (the merger agreement ), 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 ), NSH and Riverwalk Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of NSH. Pursuant to the merger agreement, Merger Sub will 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, the surviving entity will be the sole member of NuStar GP 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 limited partner interests in the Partnership ( common units ).

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 (the amended and restated partnership agreement ), 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 (the common unitholders ) with voting rights in the election of directors to the Board of Directors of NuStar GP (the Partnership Board ). The merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference. The form of the amended and restated partnership agreement is attached as Annex B to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

At the effective time of the merger, each NSH unit will be converted into the right to receive 0.55 of a common unit. All NSH units, when converted in the merger, will no longer be outstanding and will automatically be cancelled and cease to exist. No fractional common units will be issued in the merger; instead, each holder of NSH units (the NSH unitholders ) who would otherwise be entitled to receive fractional common units will be entitled to receive a cash payment in lieu of such fractional common unit in an amount equal to the product of (1) the average of the volume weighted average price of the common units on the New York Stock Exchange ( NYSE ) on each of the five consecutive trading days ending on the trading day that is two trading days prior to the closing date of the merger and (2) the fraction of a common unit that such NSH unitholder would otherwise have been entitled to receive. As of

February 8, 2018, there were 93,182,018 common units outstanding and 42,953,132 NSH units outstanding. Assuming the number of NSH units outstanding on February 8, 2018 remains unchanged, the Partnership expects to issue, in the aggregate, 23,624,222 common units in the merger. Furthermore, the Partnership will cancel the 10,214,626 common units owned by subsidiaries of NSH and those common units will also cease to exist. The exchange ratio is fixed and will not be adjusted to reflect common unit price changes prior to the closing of the merger.

Common unitholders will continue to own their existing common units. Holders of preferred units representing limited partner interests in the Partnership will continue to own their respective preferred units. Assuming the number of NSH units outstanding on February 8, 2018 and the number of common units outstanding on February 8, 2018 remain unchanged and the cancellation of the 10,214,626 common units owned by subsidiaries of NSH, following the merger, approximately 78% of the common units will be owned by current common unitholders and approximately 22% by former NSH unitholders. NSH units currently trade on the NYSE under the symbol NSH, and common units currently trade on the NYSE under the symbol NS. **We urge you to obtain current market quotations of NSH units and common units.**

**YOUR VOTE IS VERY IMPORTANT.** We cannot complete the merger and the transactions contemplated thereby unless, among other things, the merger agreement and the transactions contemplated thereby receive the affirmative vote of the NSH unitholders holding at least a majority of the outstanding NSH units. NSH has scheduled a special meeting of its unitholders ( NSH special meeting ) to vote on the merger

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agreement and the transactions contemplated thereby, including the merger, on \_\_\_\_\_, 2018 at \_\_\_\_\_, local time, at its principal executive offices located at 19003 IH-10 West, San Antonio, Texas 78257. Voting instructions are set forth inside this proxy statement/prospectus.

**The members of the Conflicts Committee (the NSH Conflicts Committee ) of the board of directors of NSH (the NSH Board ), comprised of independent directors and to which the NSH Board delegated authority to negotiate the terms and conditions of the merger and any definitive documentation related to the merger and the transactions contemplated thereby, subject to final approval by the NSH Board, have 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. NSH unaffiliated unitholders means NSH unitholders other than William E. Greehey and any others controlling, controlled by or under common control with NSH. Accordingly, the NSH Conflicts Committee approved the merger agreement and the transactions contemplated thereby and recommended that the NSH Board approve the merger agreement and the transactions contemplated thereby, including the merger. Based on the NSH Conflicts Committee s recommendation and approval and all of the information made available to the NSH Board and upon other relevant factors, the NSH Board unanimously (with Mr. Greehey and I having recused ourselves) 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 and approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger. Accordingly, the NSH Board recommends that the NSH unaffiliated unitholders vote in favor of the merger proposal.**

This proxy statement/prospectus provides you with detailed information about the NSH special meeting, the proposed merger and related matters. NSH encourages you to read the entire document carefully, including the annexes and the documents incorporated by reference. **In particular, please read Risk Factors beginning on page 21 of this proxy statement/prospectus for a discussion of risks relevant to the merger and the Partnership s business following the merger.**

Bradley C. Barron  
*President and Chief Executive Officer*

*NuStar GP Holdings, LLC*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or has determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.**

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.

This proxy statement/prospectus is dated \_\_\_\_\_, 2018 and is being first distributed to NSH unitholders on or about \_\_\_\_\_, 2018.

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San Antonio, Texas

, 2018

**NOTICE OF SPECIAL MEETING OF  
NUSTAR GP HOLDINGS, LLC UNITHOLDERS**

To the Unitholders of NuStar GP Holdings, LLC:

A special meeting of unitholders ( NSH special meeting ) of NuStar GP Holdings, LLC ( NSH ) will be held on \_\_\_\_\_, 2018 at \_\_\_\_\_, local time, at its principal executive offices located at 19003 IH-10 West, San Antonio, Texas 78257, for the following purposes:

to consider and vote upon the approval of the Agreement and Plan of Merger, dated as of February 7, 2018, 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, Marshall Merger Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of the Partnership ( Merger Sub ), NSH and Riverwalk Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of NSH, as it may be amended from time to time (the merger agreement ) and the transactions contemplated by the merger agreement, including the merger of Merger Sub with and into NSH (the merger ); and

to transact other business as may properly be presented at the NSH special meeting or any adjournments or postponements of the meeting.

A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus.

The record date for the NSH special meeting is \_\_\_\_\_, 2018. Only NSH unitholders of record as of the close of business on \_\_\_\_\_, 2018 are entitled to notice of, and to vote at, the NSH special meeting. A list of unitholders entitled to vote at the meeting will be available for inspection by any NSH unitholder at NSH 's offices in San Antonio, Texas for any purpose germane to the meeting during ordinary business hours for a period of 10 days before the meeting and at the meeting.

Pursuant to the NSH limited liability company agreement, approval of the merger agreement and the transactions contemplated thereby, including the merger, requires the affirmative vote of the NSH unitholders holding at least a majority of the outstanding NSH units. 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.

**The members of the Conflicts Committee (the NSH Conflicts Committee ) of the board of directors of NSH (the NSH Board ), comprised of independent directors and to which the NSH Board delegated authority to negotiate the terms and conditions of the merger and any definitive documentation related to the merger and the transactions contemplated thereby, subject to final approval by the NSH Board, have 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. NSH unaffiliated**



**unitholders means NSH unitholders other than William E. Greehey and any others controlling, controlled by or under common control with NSH. Accordingly, the NSH Conflicts Committee approved the merger agreement and the transactions contemplated thereby and recommended that the NSH Board approve the merger agreement and the transactions contemplated thereby, including the merger. Based on the NSH Conflicts Committee's recommendation and approval and all of the information made available to the NSH Board and upon other relevant factors, the NSH Board unanimously (with Mr. Greehey and Bradley C. Barron, President and Chief Executive Officer, recusing themselves) 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 and approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger. Accordingly, the NSH Board recommends that the NSH unaffiliated unitholders vote in favor of the merger proposal.**

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Whether or not you plan to attend the NSH special meeting, please submit your proxy with voting instructions as soon as possible. If you hold NSH units in your name as a unitholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope, use the toll-free telephone number shown on the proxy card or use the internet website shown on the proxy card. If you hold your NSH units through a broker or other nominee, please use the voting instructions you have received from your broker or other nominee. Submitting your proxy will not prevent you from attending the NSH special meeting and voting in person. Please note, however, that if you hold your NSH units through a broker or other nominee and you wish to vote in person at the NSH special meeting, you must obtain from your broker or other nominee a proxy issued in your name. You may revoke a proxy at any time before voting is closed at the NSH special meeting by: (1) 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; (2) submitting your valid, signed and later-dated proxy by mail that is received by 11:59 p.m. Eastern Time on \_\_\_\_\_, 2018; (3) submitting your valid proxy by telephone or over the internet by 11:59 p.m. Eastern Time on \_\_\_\_\_, 2018; or (4) voting in person at the NSH special meeting by presenting a valid photo identification and a 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.

We urge you to carefully consider the information contained in the attached proxy statement/prospectus.

By order of the Board of Directors of NuStar GP Holdings, LLC

Amy L. Perry  
*Senior Vice President, General Counsel and*

*Corporate Secretary*

*NuStar GP Holdings, LLC*

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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:

<p>NuStar Energy L.P.</p> <p>19003 IH-10 West</p> <p>Attention: Investor Relations</p> <p>San Antonio, Texas 78257</p> <p>Telephone: (210) 918-3507</p>	<p>NuStar GP Holdings, LLC</p> <p>19003 IH-10 West</p> <p>Attention: Investor Relations</p> <p>San Antonio, Texas 78257</p> <p>Telephone: (210) 918-3507</p>
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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](http://www.nustarenergy.com), by selecting Investors and then selecting SEC Filings, and at NSH's website, [www.nustargpholdings.com](http://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:



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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):

	<b>Year Ended December 31,</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
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."

**Table of Contents****Summary Historical and Pro Forma Financial and Operating Information of the Partnership**

	<b>Historical</b>			<b>Pro Forma</b>
	<b>Year Ended December 31,</b>			
	<b>2015</b>	<b>2016</b>	<b>2017 (a)</b>	<b>Year Ended</b>
	<b>December 31,</b>			
	<b>2017</b>			
	(Thousands of Dollars, Except Per Unit Data)			
<b>Statement of Income Data:</b>				
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
<b>Balance Sheet Data:</b>				
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 Axon Specialty Products, LLC in 2016.
- (d) Represents distributions applicable to the period in which the distributions were earned.

**Summary Historical Financial Information of NSH**

	<b>Historical</b>		
	<b>Year Ended December 31,</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	(Thousands of Dollars, Except Per Unit Data)		
<b>Statement of Comprehensive Income Data:</b>			
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
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**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.



**Table of Contents****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	NSH 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.

**Table of Contents****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)
<b>2016</b>						
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
<b>2017</b>						
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
<b>2018</b>						
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.

<b>Date</b>	<b>Common Units</b>	<b>NSH Units</b>	<b>Equivalent Market Value per NSH unit</b>
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**

	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>
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.

<b>NuStar Energy L.P. (NS)</b>		<b>2018E(1)</b>	<b>2019E</b>	<b>2020E</b>
<b>Case A</b>	<b>Total Adjusted EBITDA</b>	<b>\$ 624</b>	<b>\$ 725</b>	<b>\$ 796</b>
<i>At 1.3x Coverage in 2019E-2020E:</i>				
	DCF	\$ 298	\$ 359	\$ 448
	Distribution Per Unit(2)	2.52	2.82	3.35
<i>At 1.2x Coverage in 2019E-2020E:</i>				
	DCF	\$ 298	\$ 358	\$ 446
	Distribution Per Unit(2)	2.57	3.01	3.57
<i>At 1.1x Coverage in 2019E-2020E:</i>				
	DCF	\$ 298	\$ 358	\$ 445
	Distribution Per Unit(2)	2.63	3.22	3.82
<b>Case B</b>	<b>Total Adjusted EBITDA</b>	<b>\$ 679</b>	<b>\$ 765</b>	<b>\$ 836</b>
<i>At 1.3x Coverage in 2019E-2020E:</i>				
	DCF	\$ 354	\$ 401	\$ 487
	Distribution Per Unit(2)	2.60	3.08	3.59
<i>At 1.2x Coverage in 2019E-2020E:</i>				
	DCF	\$ 354	\$ 400	\$ 485
	Distribution Per Unit(2)	2.66	3.29	3.83
<i>At 1.1x Coverage in 2019E-2020E:</i>				
	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.

**Table of Contents****NuStar GP Holdings, LLC (NSH)**

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

	<b>Implied Equity Value per NSH unit</b>	<b>Implied Equity Value per common unit</b>	<b>Implied Exchange Ratio Reference Range</b>
<b>DCF Coverage at the Partnership</b>			
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:

	<b>Implied Equity Value per NSH unit</b>	<b>Implied Equity Value per common unit</b>	<b>Implied Exchange Ratio Reference Range</b>
<b>DCF Coverage at the Partnership</b>			
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:

	<b>Low</b>	<b>Median</b>	<b>High</b>
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

Holly Energy Partners, L.P.

Buckeye Partners, L.P.

Magellan Midstream Partners, L.P.

Genesis Energy, 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

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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:

	<b>Low</b>	<b>Median</b>	<b>High</b>
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:

	<b>Implied Equity Value per NSH unit</b>	<b>Implied Equity Value per common unit</b>	<b>Implied Exchange Ratio Reference Range</b>
<b>DCF Coverage at the Partnership</b>			
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**

<b>Date</b>	<b>Buyer</b>	<b>Seller/Target</b>
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.

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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 Cas