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

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# FORM 8-K

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): September 15, 2009**

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

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| Delaware | 001-32940 | 85-0470977 |
|---|---|---|
| State or other jurisdiction Of incorporation | (Commission File Number) | (IRS Employer Identification No.) |

| | |
|---|---|
| **2330 North Loop 1604 West**<br>**San Antonio, Texas** | **78248** |
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: (210) 918-2000**

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD Disclosure.**

On Wednesday, September 16, 2009, senior management of NuStar Energy L.P. (the "Company") will make a presentation (the "Presentation") to investors at the 2009 Master Limited Partnership Investor Conference, sponsored by the National Association of Publicly Traded Partnerships, in Greenwich, Connecticut at 8:00 a.m. (Eastern Time). The slides attached to this report were prepared in connection with the Presentation. The slides are included in Exhibit 99.1 to this report and are incorporated herein by reference. The slides will be available on the Company's website at www.nustarenergy.com. Additionally, a live audio webcast and replays of the Company's Presentation will be available beginning at approximately 8:00 a.m. (Eastern Time) on September 16, 2009 on the "Investors" section of its website at www.nustarenergy.com.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Company that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company or any of its affiliates.

Safe Harbor Statement

Statements contained in the exhibit to this report state the Company's or its management's expectations or predictions of the future and are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in the documents that the Company has filed with the Securities and Exchange Commission. In addition, we do not intend to update these statements unless it is required by the securities laws to do so, and we undertake no obligation to publicly release the result of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Slides from presentation to be used on September 16, 2009.

## SIGNATURES

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

NuStar Energy L.P.

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

By: NuStar GP, LLC
its general partner

Date: September 15, 2009

By: /s/ Bradley C. Barron
Bradley C. Barron
Senior Vice President and General Counsel

## EXHIBIT INDEX

| Number | Exhibit |
|---|---|
| 99.1 | Slides from presentation to be used on September 16, 2009. |

Exhibit 99.1

NuStar

# 2009 Master Limited Partnership Investor Conference

Curt Anastasio, CEO and President

September 2009

# Forward Looking Statements

**Statements contained in this presentation that state management's expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "believe," "expect," "should," "estimates," and other similar expressions identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements. We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see NuStar Energy L.P.'s and NuStar GP Holdings, LLC's respective annual reports on Form 10-K and quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission and available on NuStar's websites at www.nustarenergy.com and www.nustargp.com.**

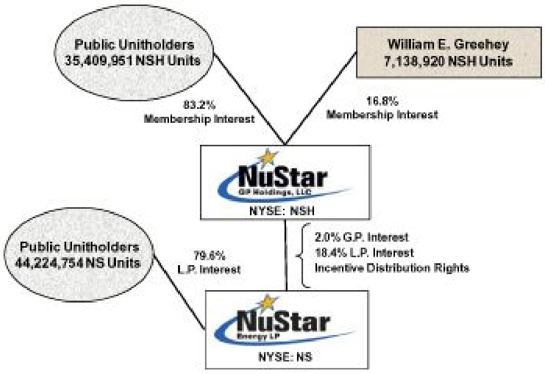
# *NuStar Overview*

# What Sets NuStar Apart from its Peers


- High quality, large and diverse asset footprint with operations in eight different countries including the U.S., Mexico, Netherlands, Netherland Antilles (i.e. Caribbean), England, Ireland, Scotland and Canada
- Third largest independent liquids terminal operator in the world and second largest in the U.S. that provides significant growth opportunities
- No. 1 asphalt producer on the East Coast and No. 3 asphalt producer in the U.S.
- Investment grade credit rating with demonstrated access to capital markets in difficult conditions
- Lower cost of capital versus majority of peers
    - Incentive Distribution Rights (IDRs) capped at 25% vs. 50% for most MLPs
- Strong corporate culture of taking care of employees, making safety a top priority, achieving operational excellence and contributing time and money to our communities
    - Recognized in 2008 as one of the best companies to work for in America and for our strong safety record
- Experienced and proven management team with substantial equity ownership and industry experience

# *NuStar Overview – Two Publicly Traded Companies*

- NuStar Energy L.P. (NYSE: NS) is a leading publicly traded growth-oriented partnership with a market capitalization of nearly $2.9 billion and an enterprise value of approximately $4.9 billion
  - One of the largest independent petroleum pipeline and terminal operators in the U.S. and one of the largest asphalt refiners and marketers in the U.S.
- NuStar GP Holdings, LLC (NYSE: NSH) holds the 2% general partner interest, 18.4% of the common units and incentive distribution rights in NuStar Energy L.P.




| | NS | NSH |
|---|---|---|
| IPO Date: | 4/16/2001 | 7/19/2006 |
| Unit Price (9/11/09): | $51.84 | $23.52 |
| Annual Distribution/Unit: | $4.23 | $1.72 |
| Yield (9/11/09): | 8.16% | 7.20% |
| Market Equity Capitalization: | $2,823 million | $1,001 million |
| Enterprise Value: | $4,899 million | $996 million |
| Total Assets (6/30/09): | $4,862 million | $577 million |
| Debt/Capitalization (6/30/09): | 49.1% | n/a |
| Fortune 500 Ranking: | 485 | n/a |

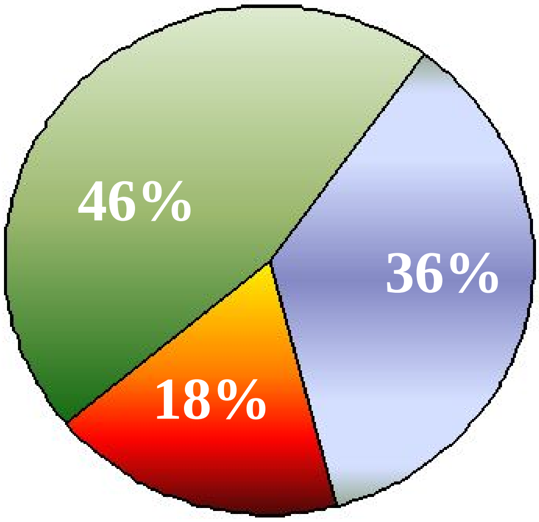
# Large and Diverse Geographic Footprint with Assets in Key Locations


Asset Stats:

- Operations in eight different countries including the U.S., Mexico, Netherlands, Netherlands Antilles (i.e. Caribbean), England, Ireland, Scotland and Canada
- 8,407 miles of crude oil and refined product pipelines
- 82 terminal facilities and four crude oil storage tank facilities
- Nearly 91 million barrels of storage capacity
- 2 asphalt refineries capable of processing 104,000 bpd of crude oil

# Diversified Operations from Three Business Segments

Percentage of Expected 2009 Segment Operating Income




**Storage (~46%)**
- **Refined Product Terminals**
- **Crude Oil Storage**

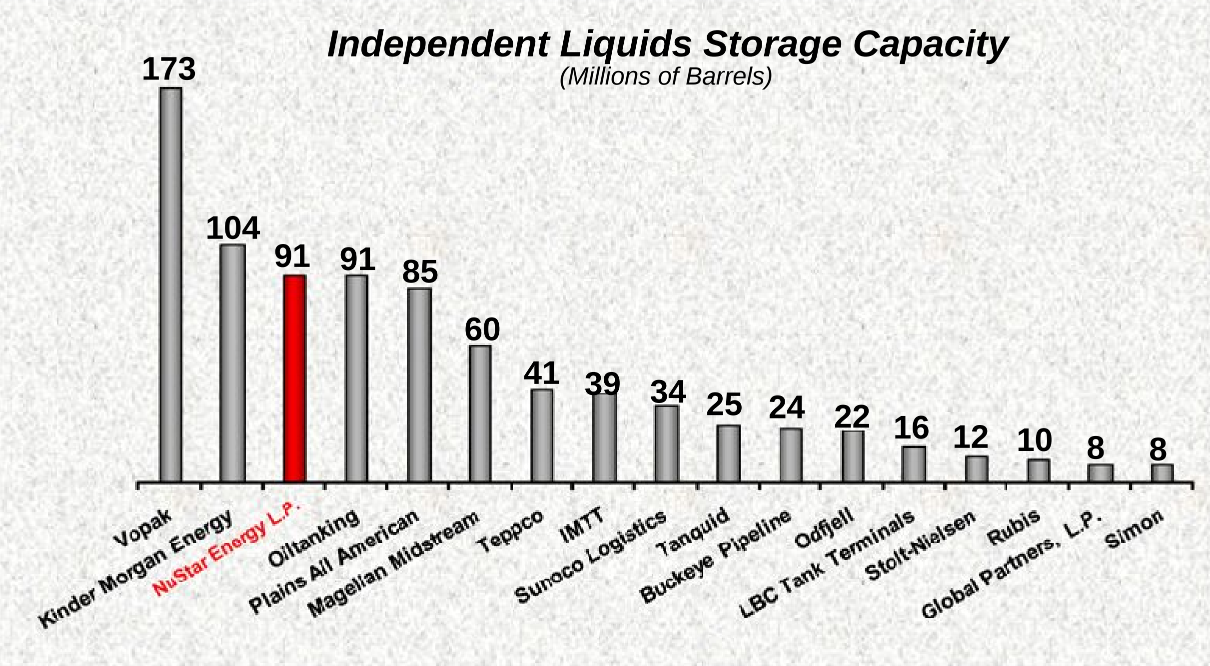
**Transportation (~36%)**
- **Refined Product Pipelines***
- **Crude Oil Pipelines**

**Asphalt & Fuels Marketing (~18%)**
- **Asphalt**
- **Fuels Marketing**
  - Product Supply, Wholesale and Fuel Oil Marketing
  - Bunkering

- Approximately 82% of NuStar Energy's segment operating income in 2009 is expected to come from fee-based operations
- Remainder of expected 2009 segment operating income relates to margin-based asphalt and fuels marketing segment

* Includes primarily distillates, gasoline, propane, jet fuel, ammonia and other light ends. Does not include natural gas.

# Global Leader in Independent Liquids Storage

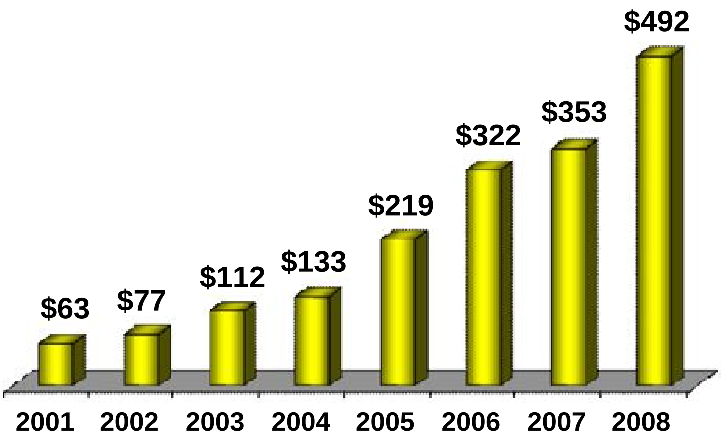



*Source: Company Websites & Management Presentations*

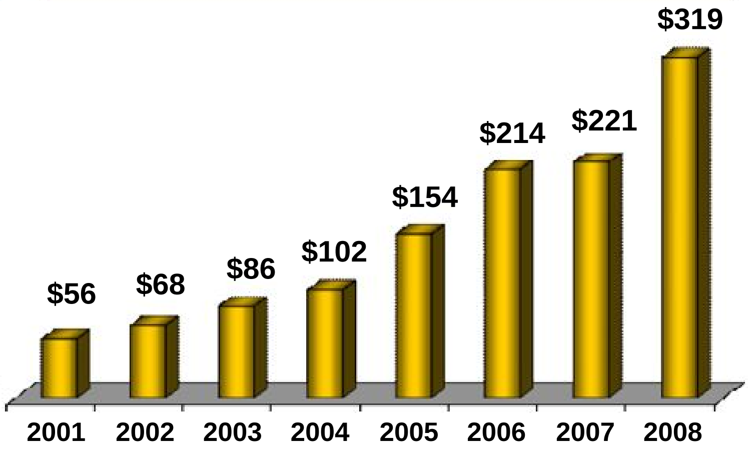
- NuStar is the third largest independent liquids terminal operator in the world and second largest in the U.S.
- Completed expansion projects under our $400 million construction program, which contributed around 8.5 million barrels of incremental storage capacity
- Of the roughly 91 million barrels of storage capacity, approximately 50 million barrels are crude oil and heavy fuel products, 39 million barrels are refined products and 2 million barrels are biofuels

# Historical Growth in Earnings

**EBITDA ($ in Millions)**




**Distributable Cash Flow ($ in Millions)**

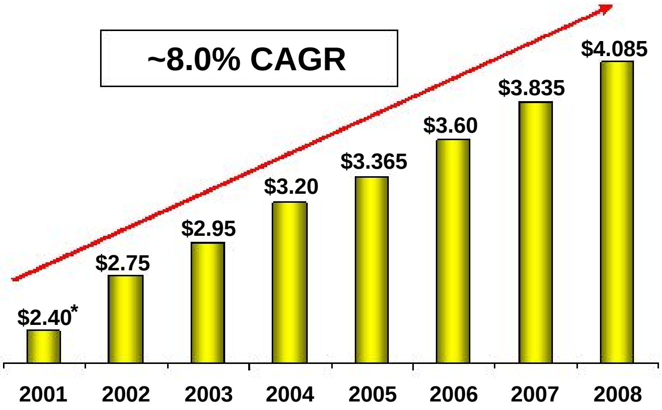



- 2008 was a record year financially primarily due to contribution from asphalt operations and growth projects
- Despite challenging economic and market conditions, reported record second quarter 2009 earnings of $75.1 million, or $1.38 per unit, over nine times higher than lasts year's $8.1 million, or $0.15 per unit
- For the six months ended June 30, 2009, earnings were $106.8 million, or $1.96 per unit, significantly higher than the $57.7 million, or $1.11 per unit, for the six months ended June 30, 2008

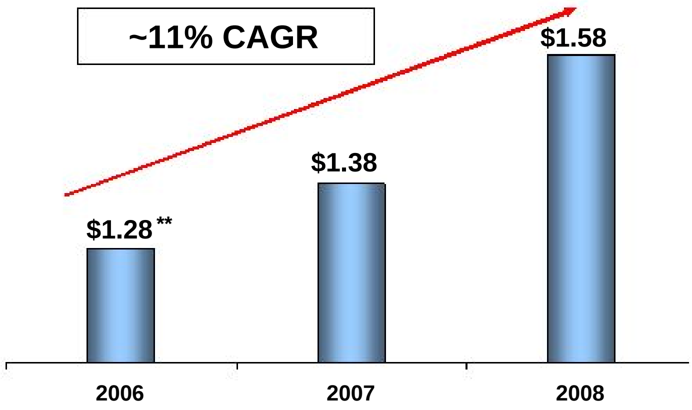
Note: 2005 and 2006 distributable cash flow and EBITDA are from continuing operations

# Consistent Distribution Growth While Maintaining a Solid Distribution Coverage

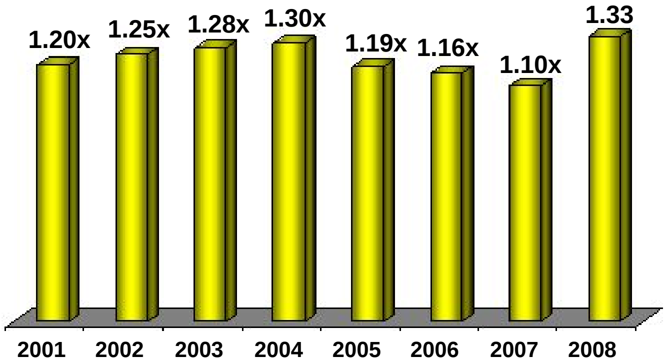
### NS Annual Distribution Since IPO




### NSH Annual Distribution Since IPO



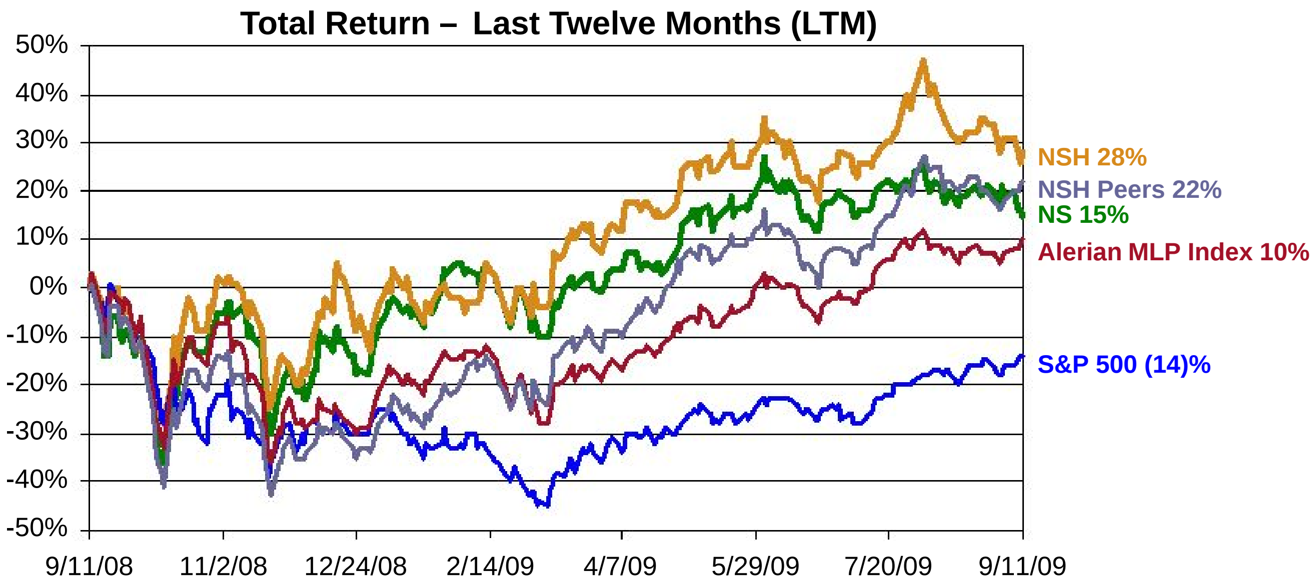

### NS Distribution Coverage Applicable to LPs




- NuStar Energy L.P. reported a strong distribution coverage ratio of 2.14 times applicable to limited partners for 2Q09 and 1.67 times for the six months ended June 30, 2009

* Based on NS annualized distribution of $0.60 per unit in 2001
** Based on NSH annualized distribution of $0.32 per unit in 2006

# NuStar Companies Outperforming During Challenging Economic times




Source: Barclays Capital

- Despite the market turmoil, both NuStar companies have weathered the storm well, beating their respective peer groups and market indices

Note: NSH GP Peers Total Return Index is weighted on market capitalization of each company and includes the following companies: AHD, AHGP, BGH, EPE, ETE, HPGP, MGG, and NRGP.
The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology.

# *Financial Overview*

# Maintaining Sufficient Liquidity with Disciplined Financial Strategy

NuStar

## NS Current Revolver Availability

*(Dollars in Millions)*

| | |
|---|---|
| Total Bank Credit | $1,223 |
| Less: | |
| Borrowings | (823) |
| Letters of Credit | (60) |
| Revolver Liquidity | $340 |

## NSH Current Revolver Availability

*(Dollars in Millions)*

| | |
|---|---|
| Total Bank Credit | $19.5 |
| Less: | |
| Borrowings | - |
| Letters of Credit | - |
| Revolver Liquidity | $19.5 |

- Rate on NS revolver based on LIBOR plus 50 bps, currently around 83 bps
- Rate on NSH revolver based on LIBOR plus 450 bps
- Financial Covenant Tests:
  - Debt-to-EBITDA cannot exceed 5.0 to 1.0 times
  - Following an acquisition of $100 million or more, NuStar may increase Debt-to-EBITDA to 5.5 times for two consecutive quarters

## NS Debt Maturities (6/30/09)

| | |
|---|---|
| **2009** | $20.7 |
| **2010** | $0.8 |
| **2011** | $0.8 |
| **2012** | $1,185.1* |
| **2013** | $481.0 |
| **2014** | $0.6 |

* Primarily includes maturity of revolver, which expires December 2012, and $350 million of senior notes

## NSH Debt Maturities (6/30/09)

| | |
|---|---|
| **2009** | $- |
| **2009** | $- |
| **2011** | $- |
| **2012** | $- |
| **2013** | $- |
| **2014** | $- |

** NSH's revolving credit facility expires on July 16, 2010

# Internal Growth Spending Forecast has been Increasing as Capital Markets Improve

*(Dollars in Millions)*

| | Actuals | 2009 Forecast | | | |
|---|---|---|---|---|---|
| | June 2009 YTD | Reliability | Other | Internal Growth | Total |
| **Capital Forecast** | | | | | |
| Transportation | $ 13,908 | $ 11,057 | $ - | $ 15,936 | $ 26,993 |
| Storage | 44,145 | 46,799 | - | 79,797 | 126,596 |
| Corporate - IS | 3,770 | 5,053 | 1,481 | 854 | 7,388 |
| Asphalt & Fuels Marketing | 7,184 | 11,316 | - | 10,930 | 22,246 |
| **Total Forecast** | **$ 69,007** | **$ 74,225** | **$ 1,481** | **$ 107,517** | **$ 183,223** |

- Now targeting nearly $107.5 million of strategic growth capital spending for 2009 versus our previous target of $98 million and versus $80 million at the start of 2009
  - Difference from $98 million relates to additional storage projects at our St. Eustatius terminal and one of our UK terminals and upgrade projects to handle additional products at two of our West Coast terminals
  - $107.5 million should contribute approximately $29 million of operating income annually
- Other major 2009 strategic projects include:
  - Approximately $19 million of pipeline projects on NuStar's East pipeline and at our St. James, LA facility to increase the capacity and flexibility of our two pipelines and to accommodate new and existing customers
  - Approximately $12 million to finish up tank expansion projects at NuStar's Texas City, TX facility as part of our $400 million construction program
  - Approximately $26 million at our Texas City, TX facility to improve and upgrade it to make it a world-class heavy oil terminal
  - Approximately $13 million at our Paulsboro and Savannah asphalt facilities to improve crude flexibility and rates, improve the energy efficiency of the refineries and increase the production of polymer modified and warm-mix asphalt
- NuStar Energy L.P. Board of Directors recently approved full funding for an $85 million internal growth program associated with our Texas City, Texas terminal facility, of which approximately $40 million is already included in our 2009 internal growth forecast

# Significant Long-Term Internal Growth and Acquisition Opportunities

## Internal Growth

- Storage:
  - Black Oil Strategy – Continue to implement strategy of building crude oil and heavy fuel oil storage at Texas City, TX and St. James, LA facilities
  - St. Eustatius – Evaluating opportunities to expand or acquire nearby terminals to increase presence in the Caribbean market
  - Amsterdam/Rotterdam/Antwerp – Evaluating opportunities to build storage facilities to meet growing demand
  - United Kingdom – Build-out existing terminals
- Pipelines:
  - Ammonia Pipeline – Evaluating additional pipeline laterals to industrial end users
  - Central/South Texas – Evaluating opportunities to increase utilization of assets to meet demand in these growing market
- Asphalt:
  - Additional projects to address crude flexibility, improve quality of light products, produce roofing flux and blend crude to optimize operations

## Acquisitions

**Acquisition Criteria**

- Accretive to distributable cash flows
- Strong internal growth potential
- Synergistic with existing operations (i.e. ties in with strategy)

- Storage – Continue to evaluate domestic and international storage opportunities in strategic hub locations
  - Amsterdam/Rotterdam/Antwerp – Evaluating opportunities to acquire storage facilities to meet growing demand
- Asphalt – Continue to evaluate production and logistics opportunities to expand markets

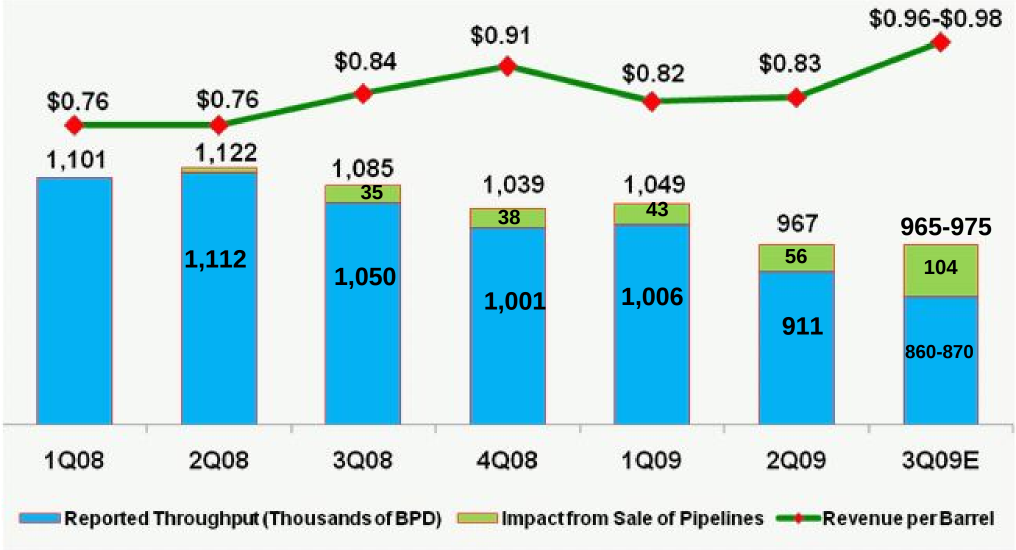
**Evaluating around $500 million of acquisition and internal growth opportunities over the next few years**

# *2009 Outlook*

# NuStar Energy L.P. 2009 Outlook

- Compared to 2008, we continue to expect higher results from our storage segment and comparable or better results from our transportation segment in 2009; however, results from our asphalt operations will be lower than anticipated
  - Third and fourth quarter 2009 results from our asphalt operations will be lower than expected primarily due to reduced product margins
    - Asphalt prices have not kept pace with the over 50% increase in crude oil prices 2009 year-to-date, which reduces our product margin
    - Our product margin per barrel for the third quarter of 2009 is expected to be in the range of $4.50 to $5.50 per barrel
  - We expect fourth quarter 2009 earnings from our asphalt operations to follow the typical seasonal pattern of decline
    - Fourth quarter 2009 asphalt prices are forecasted to decline at a faster rate than crude prices
  - Although we continue to expect that federal stimulus construction work will materialize primarily in 2010 and 2011, only a small percentage of the dedicated federal stimulus funds have been spent in 2009, or, roughly $1.4 billion of the nearly $27 billion available for highway projects
    - We expect a positive impact to public sector asphalt demand primarily in 2010 and 2011 when most of the federal stimulus spending is expected to occur
  - Private sector activity expected to be limited for the balance of 2009 by the continued weak economy
    - Economic recovery should support private sector demand
  - EBITDA from our asphalt operations now expected to be in the range of $50 to $80 million for the full year of 2009, which, while not as high as expected earlier in the year, is still a solid contribution in a demonstrably weak worldwide economy
    - The two-year EBITDA contribution on our acquisition of the former CITGO asphalt refineries, excluding the 2008 hedging loss in our asphalt operations, is expected to be in the range of $200 to $230 million (or $140 million to $170 million including the hedging loss)
- Based on the latest forecast, we now expect third quarter 2009 earnings to be in the range of $0.80 to $1.20 per unit

# Expect Stable Profits in Transportation Segment in 2009 Despite Lower Throughputs Resulting Primarily from Assets Sales




- Impact from sale of pipelines :
  - ConocoPhillips sale of their JV Interest in the El Paso pipeline to Valero Energy in 2Q08 (~32 mbpd)
  - NuStar's sale of the Skelly-Belvieu pipeline in 4Q08 (~12 mbpd)
  - NuStar's sale of the Trans-Texas and Ardmore-Wynnewood pipelines in 2Q09 (~ 60 mbpd)
- Revenue per barrel should be significantly higher in 3Q09 primarily due to 7.6% tariff increase and sale of pipeline assets with a relatively low revenue per barrel

- A tariff increase of 7.6% effective July 1, 2009, lower operating expenses and the start-up of the East pipeline project in June 2009 should contribute to comparable or better operating income in 2009 versus 2008 despite lower throughputs
  - Lower throughputs in 2009 have primarily been the result of the sale of pipeline assets, as well as planned turnarounds and unplanned outages
  - Expect to see an uptick in fourth quarter throughputs compared to the third quarter of 2009, primarily due to a lighter refinery maintenance schedule

E = Estimate

# Expect Higher Profits in Storage Segment in 2009 Despite Lower Throughputs

- Targeting an incremental $35 to $40 million of EBITDA in 2009 as we benefit from a full year's contribution primarily from completed projects under our $400 million construction program and rate increases on renewed contracts
  - Total annualized EBITDA contribution from $400 million construction program expected to be in the range of $55 to $60 million
  - Of the $35 to $40 million increase in 2009, approximately 20 percent is expected to come from rate increases and 80 percent from completed storage projects
- Expect to benefit from contango markets to the extent that certain of our storage contract revenues are up for renewal:
  - 29% - 1 Year or Less
  - 28% - 1 to 3 Years
  - 23% - 3 to 5 Years
  - 19% - Greater than 5 Years
- Lower throughputs in our storage segment don't necessarily translate into weaker earnings since the majority of our business is leased
  - Approximately 90% of our revenues in the storage segment come from leased assets or assets connected to pipelines in our transportation segment

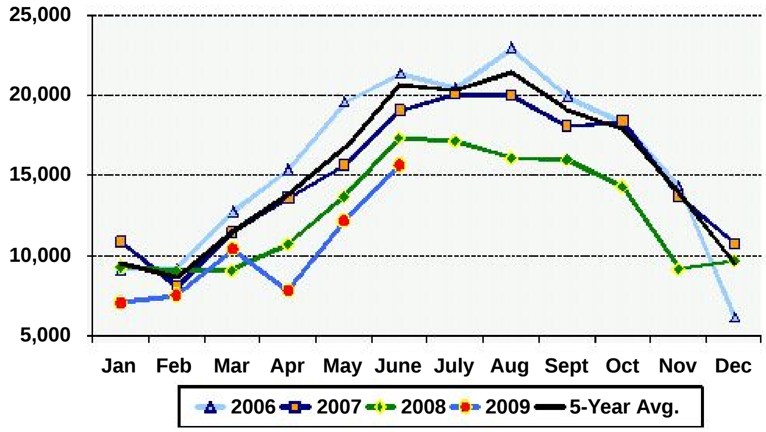
**St. Eustatius Terminal – 13.0 mm bbls storage capacity**

**Texas City, TX Terminal – 2.7 mm bbls storage capacity**

# *Asphalt Fundamentals*

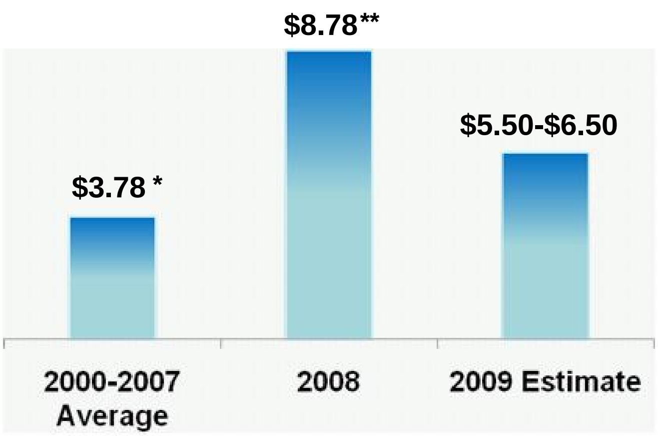
## While Asphalt Supply Through June 2009 Continues to Remain Below Historical Averages, Asphalt Demand has been Trending Lower… Asphalt Margins Still Better Than Historical Margins Even Before Coker Impact

### U.S. Asphalt Demand (000 barrels)




Source: U.S. Energy Information Administration. Data only available through June 2009

### U.S. East Coast Product Margin ($ per barrel)



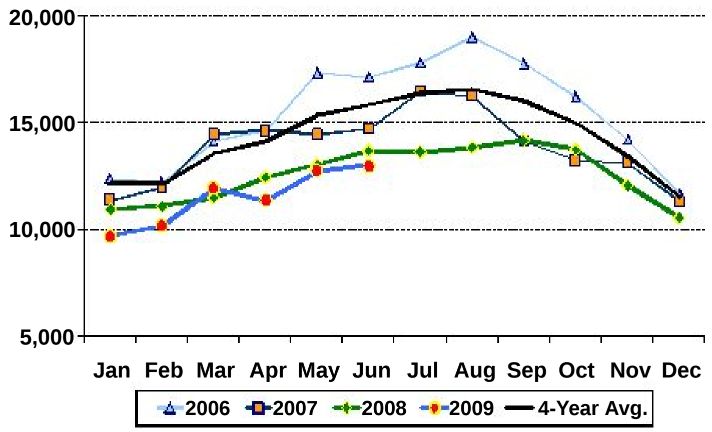

- Unseasonably wet weather on the U.S. East Coast and weak public and private road demand due to the poor economy has caused asphalt demand to lag compared to last year
  - Asphalt demand through June 2009 was over 12% lower than 2008 and nearly 25% below the 5-year average
  - Impact should result in a deferral and not a cancellation of road work projects
- Continue to expect a positive impact to asphalt demand primarily in 2010 and 2011 when most of the stimulus spending is expected to occur and economic recovery supports private sector demand
- Asphalt margins have already improved compared to history even before the coker story fully kicks in 2011-2012

* 2000 to 2007 is prior to NuStar's acquisition of the former CITGO Asphalt Refineries and does not include GAAP accounting timing differences such as the financial impact from specific winter-fill strategies.

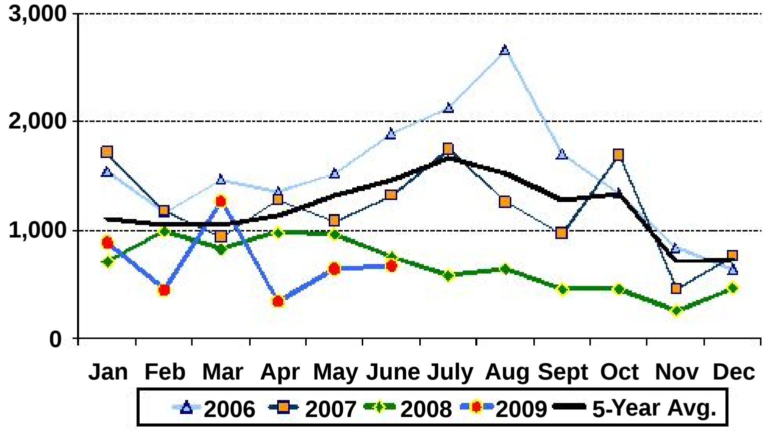
** Excludes impact from $61 million hedging loss incurred in 2008

# Lower Asphalt Production and Imports Through June 2009 Continue to Point to Below Average Supply

U.S. Asphalt Production (000 barrels)




U.S. Asphalt Imports (000 barrels)




- U.S. refiners have cut crude oil runs to avoid driving weak margins lower, resulting in reduced refinery production, including asphalt
- Narrow light-heavy crude oil spreads are causing complex refiners to run less heavy crude oil and more light crude oil, resulting in less bottom-of-the barrel production, including asphalt
- Asphalt production through June 2009 was over 5% lower than 2008 and over 17% lower than the 5-year average

- Continued lack of asphalt imports is also contributing to less asphalt supply
- Asphalt imports through June 2009 were nearly 19% lower than 2008 and over 40% lower than the 5-year average

Source of data for graphs: U.S. Energy Information Administration. Data only available through June 2009

## Despite Some Delays/Cancellations, Long-Term Impact of Coker Projects on Asphalt Supply Still Intact

- Approximately 95% of the announced coker projects listed are either complete or have a high likelihood of completion (i.e. firm projects)
- Most of the coker capacity is still expected to come on-line in 2011 and 2012, which should contribute to further tightening of asphalt supply

### Announced U.S. Coker Projects:

| *No.* | *Refinery* | *PADD* | *Announced Coker Capacity (Mbpd)* | *Announced Crude Capacity (Mbpd)* | *Start Up Date* | *Status* |
|---|---|---|---|---|---|---|
| 1 | Coffeyville Resources - Coffeyville, Kansas | II | 2.0 | 8.0 | 1Q 2007 | Complete |
| 2 | BP - Toledo, Ohio | II | 2.0 | 10.0 | 1Q 2007 | Complete |
| 3 | Valero - Port Arthur, Texas | III | 25.0 | 75.0 | 1Q 2007 | Complete |
| 4 | Frontier - Cheyenne, Wyoming | IV | 4.3 | - | 3Q 2007 | Complete |
| 5 | Chevron - El Segundo, California | V | 15.0 | - | 4Q 2007 | Complete |
| 6 | Sinclair – Sinclair, Wyoming | IV | 20.0 | 11.0 | 4Q 2007 | Complete |
| 7 | ConocoPhillips - Borger, Texas | III | 25.0 | - | 4Q 2007 | Complete |
| 8 | Cenex - Laurel, Montana | IV | 15.0 | - | 1Q 2008 | Complete |
| 9 | Frontier - El Dorado, Kansas | II | 3.0 | 11.0 | 2Q 2008 | Complete |
| 10 | Tesoro - Martinez, California | V | 4.4 | - | 2Q 2008 | Complete |
| 11 | ConocoPhillips - Los Angeles, California | V | 5.0 | - | 4Q 2008 | Complete |
| 12 | Marathon - Garyville, Louisiana | III | 44.0 | 180.0 | 4Q 2009 | Firm |
| 13 | Hunt - Tuscaloosa, Alabama | III | 18.5 | 15.0 | 3Q 2010 | Firm |
| 14 | ConocoPhillips - Wood River, Illinois | II | 65.0 | 55.0 | 1Q 2011 | Firm |
| 15 | Atofina Petrochemicals Inc.- Port Arthur, Texas | III | 50.0 | - | 1Q 2011 | Firm |
| 16 | BP/Husky - Toledo, Ohio | II | 25.0 | - | 1Q 2011 | Firm |
| 17 | BP - Whiting, Indiana | II | 95.0 | 30.0 | 1Q 2012 | Firm |
| 18 | Motiva - Port Arthur, Texas | III | 40.0 | 325.0 | 1Q 2012 | Firm |
| 19 | Marathon - Detroit, Michigan | II | 28.0 | 13.0 | 2Q 2012 | Probable |
| | **Total US Expansion** | | **486.2** | **733.0** | | |
| | **Expansions Completed through 2008** | | **120.7** | **115.0** | | |
| | **Firm Expansions 2009-2012** | | **337.5** | **605.0** | | |
| | **Probable Expansions 2009-2012** | | **28.0** | **13.0** | | |

*Source: PIRA Refinery Database; Company Information*

# *Strategy*

# *Execution of Game Plan… We Intend to:*

## Financial

- Maintain sufficient liquidity with disciplined financial strategy near term
- Work towards having negative outlook removed from rating agency
- Execute and deliver on capital projects
- Maintain higher coverage ratio on margin-related businesses

## Operational

- Continue to excel in safety and environmental
- Improve bottom-line by implementing cost reductions and energy efficiency programs

## Corporate Culture

- Continue to make NuStar one of the top workplaces in the nation by taking care of employees and giving back to the communities

## Storage

- Pursue attractive opportunities to either build or acquire storage facilities both domestically and internationally
- Continue to sign up long-term contracts for new storage construction
- Continue to take advantage of strong demand for storage by leasing out facilities at attractive rates

## Transportation

- Evaluate attractive opportunities to add incremental capacity and increase utilization of assets in growing markets that NuStar serves

## Asphalt

- Pursue attractive production and logistics opportunities to take advantage of tight supply and demand fundamentals
- Implement projects to provide crude flexibility and reduce seasonality
- Maintain proportion of operating income from margin-based and fee-based assets

**Continue to grow the distribution at NuStar Energy L.P. and NuStar GP Holdings, LLC**

# Summary

- One of the largest independent petroleum pipeline and terminal liquids operators in the world
  - Provides world class pipeline and terminalling services to some of the world's largest crude oil producers, integrated oil companies, chemical companies, oil traders and refineries
  - Pipeline and storage businesses are widely considered to somewhat recession resistant
- One of the largest asphalt refiners and marketers in the U.S.
  - Expect to benefit from better-than-historic asphalt margins over the long-term as supply continues to tighten and demand improves
  - Economic stimulus package expected to provide further growth in U.S. asphalt demand primarily in 2010 and 2011
- Committed to investment grade rating and demonstrated access to capital in difficult markets
  - Fitch and Moody's recently revised their outlook to stable from negative
  - Will continue to work with other rating agency to have negative outlook removed
- Large and diversified asset footprint in the U.S. and internationally allows for ample acquisition and internal growth opportunities
  - Capital spending forecast has been increasing as capital markets improve
  - Expect to continue to have plenty of opportunities to grow the business over the next few years


NuStar
NuStar
Questions & Answers

# Reconciliation of Net Income to EBITDA to Distributable Cash Flow

*(Dollars in Thousands)*

NuStar Energy L.P. utilizes EBITDA, which is not defined in United States generally accepted accounting principles, as a financial measure because it is a widely accepted financial indicator used by investors to compare partnership performance. In addition, management believes that this measure provides investors an enhanced perspective of the operating performance of the partnership's assets and the cash that the business is generating. EBITDA is not intended to represent cash flows for the period, nor is it presented as an alternative to operating income. EBITDA should not be considered in isolation or as a substitute for a measure of performance prepared in accordance with United States generally accepted accounting principles.

The following is a reconciliation of income from continued operations to EBITDA and distributable cash flow:

| | Year Ended December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Income from continuing operations | $ 45,873 | $ 55,143 | $ 69,593 | $ 78,418 | $ 107,675 | $ 149,906 | $ 150,298 | $ 254,018 |
| Plus interest expense, net | 3,811 | 4,880 | 15,860 | 20,950 | 41,388 | 66,266 | 76,516 | 90,818 |
| Plus income tax expense | - | 395 | - | - | 4,713 | 5,861 | 11,448 | 11,006 |
| Plus depreciation and amortization expense | 13,390 | 16,440 | 26,267 | 33,149 | 64,895 | 100,266 | 114,293 | 135,709 |
| **EBITDA** | **63,074** | **76,858** | **111,720** | **132,517** | **218,671** | **322,299** | **352,555** | **491,551** |
| | | | | | | | | |
| Less equity earnings from joint ventures | 3,179 | 3,188 | 2,416 | 1,344 | 2,319 | 5,882 | 6,833 | 8,030 |
| Less interest expense, net | 3,811 | 4,880 | 15,860 | 20,950 | 41,388 | 66,266 | 76,516 | 90,818 |
| Less reliability capital expenditures | 2,786 | 3,943 | 10,353 | 9,701 | 23,707 | 35,803 | 40,337 | 55,669 |
| Less income tax expense | - | - | - | - | 4,713 | 5,861 | 11,448 | 11,006 |
| Plus mark-to-market impact on hedge transactions | - | - | - | - | - | - | 3,131 | (9,784) |
| Plus charges reimbursed by general partner | - | - | - | - | - | 575 | - | - |
| Plus distributions from joint ventures | 2,874 | 3,590 | 2,803 | 1,373 | 4,657 | 5,141 | 544 | 2,835 |
| Plus other non-cash items | - | - | - | - | 2,672 | - | - | - |
| **Distributable cash flow** | **$ 56,172** | **$ 68,437** | **$ 85,894** | **$ 101,895** | **$ 153,873** | **$ 214,203** | **$ 221,096** | **$ 319,079** |

**Note: 2005 and 2006 distributable cash flow and EBITDA are from continuing operations.**

# 2009 Asphalt Operations EBITDA Reconciliations

*(Dollars in Thousands)*

EBITDA in the following reconciliation relates to our operating segments or a portion of an operating segment. For purposes of segment reporting we do not allocate general and administrative expenses to our reported operating segments because those expenses relate primarily to the overall management at the entity level. Therefore, EBITDA reflected in the following reconciliations excludes any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

| | Asphalt and Fuels Marketing Segment | Less Non-Asphalt Operations | Asphalt Operations |
|---|---|---|---|
| **2009:** | | | |
| Projected operating income range | $ 50,000 - $ 81,000 | $ 19,000 - $ 20,000 | $ 31,000 - $ 61,000 |
| Plus projected depreciation and amortization expense | 19,000 | - | 19,000 |
| Projected EBITDA range | $ 69,000 - $ 100,000 | $ 19,000 - $ 20,000 | $ 50,000 - $ 80,000 |
| **2008:** | | | |
| Operating income | $ 112,506 | $ 36,239 | $ 76,267 |
| Plus depreciation and amortization expense | 14,734 | 552 | 14,182 |
| EBITDA | $ 127,240 | $ 36,791 | $ 90,449 |
| **Combined 2009 and 2008:** | | | |
| Projected two-year operating income range | $ 162,506 - 193,506 | $ 55,239 - 56,239 | $ 107,267 - 137,267 |
| Plus projected two-year depreciation and amortization expense | 33,734 | 552 | 33,182 |
| Projected two-year EBITDA range | 196,240 - 227,240 | 55,791 - 56,791 | 140,449 - 170,449 |
| Plus hedging loss in 2Q08 | 60,704 | - | 60,704 |
| Projected two-year adjusted EBITDA range | $ 256,944 - 287,944 | $ 55,791 - 56,791 | $ 201,153 - 231,153 |

# 2009 Storage Segment EBITDA Reconciliations

*(Dollars in Thousands)*

EBITDA in the following reconciliation relates to our operating segments or a portion of an operating segment. For purposes of segment reporting we do not allocate general and administrative expenses to our reported operating segments because those expenses relate primarily to the overall management at the entity level. Therefore, EBITDA reflected in the following reconciliations excludes any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

The following is a reconciliation of projected incremental operating income to projected incremental EBITDA on an annual basis related to our $400 million construction program for our Storage Operations:

| | Storage Segment |
|---|---|
| Projected incremental operating income range | $ 40,000 -45,000 |
| Plus projected incremental depreciation and amortization expense | 15,000 |
| Projected incremental EBITDA range | $ 55,000 -60,000 |

The following is a reconciliation of projected incremental operating income to projected incremental EBITDA for the year ended December 31, 2009 for our storage segment:

| | Storage Segment |
|---|---|
| Projected incremental operating income range | $ 30,500 -$ 35,500 |
| Plus projected incremental depreciation and amortization expense | 4,500 |
| Projected incremental EBITDA range | $ 35,000 -$ 40,000 |