



Sunoco LP to Acquire NuStar Energy L.P. in Transaction Valued at \$7.3 Billion

January 22, 2024

DALLAS--(BUSINESS WIRE)--Jan. 22, 2024-- Sunoco LP (NYSE: SUN) ("Sunoco" or the "Partnership") and NuStar Energy L.P. (NYSE: NS) ("NuStar") announced today that the parties have entered into a definitive agreement whereby Sunoco will acquire NuStar in an all-equity transaction valued at approximately \$7.3 billion, including assumed debt.

Transaction Details

Under the terms of the agreement, NuStar common unitholders will receive 0.400 Sunoco common units for each NuStar common unit, implying a 24% premium based on the 30-day VWAP's of both NuStar and Sunoco as of January 19, 2024. Sunoco has secured a \$1.6 billion 364-day bridge term loan to refinance NuStar's Series A, B and C Preferred Units, Subordinated Notes, Revolving Credit Facility, and Receivables Financing Agreement.

The transaction has been unanimously approved by the board of directors of both companies and is expected to close in the second quarter of 2024 upon the satisfaction of closing conditions, including approval by NuStar's unitholders and customary regulatory approvals.¹

Strategic Rationale

- **Increases Stability:** Diversifies business, adds scale, and captures benefits of vertical integration by combining two stable businesses
- **Strengthens Financial Foundation:** Continues Sunoco's successful capital allocation strategy on a larger scale, improving the Partnership's credit profile, and supporting a growing distribution
- **Enhances Growth:** More cash flow generation for reinvestment and growth across an expanded opportunity set

Positive Financial Outlook

- **Accretion:** Immediately accretive with 10%+ accretion to distributable cash flow per LP unit by the third year following close
- **Synergies:** At least \$150 million of run-rate synergies by the third year following close
- **Financial Savings:** Approximately \$50 million per year of additional cash flow from refinancing high-cost floating rate capital
- **Leverage:** Will achieve leverage target of 4.0x within 12-18 months post close
- **Distribution Growth:** Supports continued distribution growth while maintaining strong coverage

¹ Prior to closing, NuStar will make a cash distribution of \$0.212 per common unit to its common unitholders.

Additional details will be made available today in a presentation on the Investor Relations section of Sunoco's website at www.SunocoLP.com under Webcasts and Presentations and on the Investor section of NuStar's website at www.NuStarEnergy.com.

Conference Call Information

Sunoco LP management will hold a conference call on Monday, January 22 at 10:00 a.m. Eastern Standard Time (9:00 a.m. Central Standard Time) to discuss the transaction. To participate, dial 877-407-6184 (toll free) or 201-389-0877 at least 10 minutes before the call and ask for the Sunoco LP conference call. The conference call will also be accessible live and for later replay via webcast in the Investor Relations section of Sunoco's website at www.SunocoLP.com under Webcasts and Presentations.

Advisors

Truist Securities served as the exclusive financial advisor to Sunoco. Truist and Bank of America provided committed financing. Weil, Gotshal & Manges LLP and Vinson & Elkins LLP acted as Sunoco's legal advisors.

Barclays served as the exclusive financial advisor to NuStar. Wachtell, Lipton, Rosen & Katz and Sidley Austin LLP acted as NuStar's legal advisors.

About Sunoco

Sunoco LP (NYSE: SUN) is a master limited partnership with core operations that include the distribution of motor fuel to approximately 10,000 convenience stores, independent dealers, commercial customers and distributors located in more than 40 U.S. states and territories as well as refined product transportation and terminalling assets. SUN's general partner is owned by Energy Transfer LP (NYSE: ET).

About NuStar

NuStar Energy L.P. (NYSE: NS) is an independent liquids terminal and pipeline operator. NuStar currently has approximately 9,500 miles of pipeline and 63 terminal and storage facilities that store and distribute crude oil, refined products, renewable fuels, ammonia and specialty liquids. The

partnership's combined system has approximately 49 million barrels of storage capacity, and NuStar has operations in the United States and Mexico. For more information, visit NuStar Energy L.P.'s website at www.nustarenergy.com and its Sustainability page at <https://sustainability.nustarenergy.com/>.

Forward-Looking Statements

This communication contains "forward-looking statements" as defined by applicable securities law. In this context, forward-looking statements often address future business and financial events, conditions, expectations, plans or ambitions, and often include, but are not limited to, words such as "believe," "expect," "may," "will," "should," "could," "would," "anticipate," "estimate," "intend," "plan," "seek," "see," "target" or similar expressions, or variations or negatives of these words, but not all forward-looking statements include such words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed transaction and the anticipated benefits thereof. All such forward-looking statements are based upon current plans, estimates, expectations and ambitions that are subject to risks, uncertainties and assumptions, many of which are beyond the control of Sunoco LP ("Sunoco" or "SUN") and NuStar Energy L.P. ("NuStar" or "NS"), that could cause actual results to differ materially from those expressed in such forward-looking statements. Important risk factors that may cause such a difference include, but are not limited to: the completion of the proposed transaction on anticipated terms and timing, or at all, including obtaining regulatory approvals and NuStar unitholder approval; anticipated tax treatment, unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses, prospects, business and management strategies for the management, expansion and growth of the combined company's operations, including the possibility that any of the anticipated benefits of the proposed transaction will not be realized or will not be realized within the expected time period; the ability of Sunoco and NuStar to integrate the business successfully and to achieve anticipated synergies and value creation; potential litigation relating to the proposed transaction that could be instituted against Sunoco, NuStar or the directors of their respective general partners; the risk that disruptions from the proposed transaction will harm Sunoco's or NuStar's business, including current plans and operations and that management's time and attention will be diverted on transaction-related issues; potential adverse reactions or changes to business relationships, including with employees, suppliers, customers, competitors or credit rating agencies, resulting from the announcement or completion of the proposed transaction; rating agency actions and Sunoco and NuStar's ability to access short- and long-term debt markets on a timely and affordable basis; potential business uncertainty, including the outcome of commercial negotiations and changes to existing business relationships during the pendency of the proposed transaction that could affect Sunoco's and/or NuStar's financial performance and operating results; certain restrictions during the pendency of the merger that may impact NuStar's ability to pursue certain business opportunities or strategic transactions or otherwise operate its business; dilution caused by Sunoco's issuance of additional units representing limited partner interests in connection with the proposed transaction; fees, costs and expenses and the possibility that the transaction may be more expensive to complete than anticipated; those risks described in Item 1A of Sunoco's Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on February 17, 2023, and its subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K; those risks described in Item 1A of NuStar's Annual Report on Form 10-K, filed with the SEC on February 23, 2023, and its subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K; and those risks that will be more fully described in the registration statement on Form S-4 and accompanying proxy statement/prospectus that will be filed with the SEC in connection with the proposed transaction. Those disclosures are incorporated by reference in this presentation. While the list of factors presented here is, and the list of factors to be presented in the registration statement and the proxy statement/prospectus will be, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information, which is as of the date of this communication. Sunoco and NuStar do not intend to update these statements unless required by the securities laws to do so, and Sunoco and NuStar 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 communication.

Important Information about the Transaction and Where to Find It

In connection with the proposed transaction between Sunoco and NuStar, Sunoco intends to file a registration statement on Form S-4 (the "Registration Statement") that will include a prospectus with respect to Sunoco's units to be issued in the proposed transaction and a proxy statement for NuStar's common unitholders (the "Proxy Statement/Prospectus"), and each party may file other documents regarding the proposed transaction with the SEC. NuStar will mail the definitive Proxy Statement/Prospectus to common unitholders of NuStar. This communication is not a substitute for the Registration Statement, Proxy Statement/Prospectus or any other document that Sunoco or NuStar (as applicable) may file with the SEC in connection with the proposed transaction. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF SUNOCO AND NUSTAR ARE URGED TO READ THE REGISTRATION STATEMENT, THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the Registration Statement and the Proxy statement/Prospectus (when they become available), as well as other filings containing important information about Sunoco or NuStar, without charge at the SEC's website, at <http://www.sec.gov>. Copies of the documents filed with the SEC by Sunoco will be available free of charge on Sunoco's website at www.sunocolp.com. Copies of the documents filed with the SEC by NuStar will be available free of charge on NuStar's website at www.nustarenergy.com. The information included on, or accessible through, Sunoco's or NuStar's website is not incorporated by reference into this communication.

Participants in the Solicitation

Sunoco, NuStar and the directors and certain executive officers of their respective general partners may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about the directors and executive officers of NuStar's general partner is set forth in (i) its proxy statement for its 2023 annual meeting of unitholders (<https://www.sec.gov/ix?doc=/Archives/edgar/data/1110805/000111080523000017/ns-20230309.htm>), which was filed with the SEC on March 9, 2023, including under the sections entitled "Information About Our Executive Officers," "Compensation Discussion and Analysis," "Summary Compensation Table," "Pay Ratio," "Grants of Plan-Based Awards During the Year Ended December 31, 2022," "Outstanding Equity Awards at December 31, 2022," "Option Exercises and Units Vested During the Year Ended December 31, 2022," "Pension Benefits for the Year Ended December 31, 2022," "Nonqualified Deferred Compensation for the Year Ended December 31, 2022," "Potential Payments Upon Termination or Change of Control," "Pay Versus Performance," "Director Compensation" and "Security Ownership," (ii) in its Annual Report on Form 10-K for the year ended December 31, 2022 (<https://www.sec.gov/ix?doc=/Archives/edgar/data/1110805/000111080523000010/ns-20221231.htm>), which was filed with the SEC on February 23, 2023, including under the sections entitled "Item. 10. Directors, Executive Officers and Corporate Governance," "Item 11. Executive Compensation," "Item 12. Security Ownership of Certain

Beneficial Owners and Management and Related Unitholder Matters” and “Item 13. Certain Relationships and Related Transactions, and Director Independence” and (iii) subsequent statements of changes in beneficial ownership on file with the SEC. Information about the directors and executive officers of Sunoco’s general partner is set forth in (i) its Annual Report on Form 10-K for the year ended December 31, 2022, (<https://www.sec.gov/ix?doc=/Archives/edgar/data/1552275/000155227523000010/sun-20221231.htm>) which was filed with the SEC on February 17, 2023, including under the sections entitled “Item. 10. Directors, Executive Officers and Corporate Governance,” “Item 11. Executive Compensation,” “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters” and “Item 13. Certain Relationships and Related Transactions, and Director Independence” and (ii) subsequent statements of changes in beneficial ownership on file with the SEC. Additional information regarding the participants in the proxy solicitation and a description of their direct or indirect interests, by security holdings or otherwise, will be contained in the Proxy statement/Prospectus and other relevant materials filed with the SEC when they become available.

No Offer or Solicitation

This communication is for informational purposes only and is not intended to, and shall not, constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any offer, issuance, exchange, transfer, solicitation or sale of securities in any jurisdiction in which such offer, issuance, exchange, transfer, solicitation or sale would be in contravention of applicable law. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

The information contained in this press release is available on Sunoco's website at www.sunocolp.com.

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