NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended December 31, 2014
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

NuStar Energy L.P. utilizes financial measures, earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations, distributable cash flow (DCF) from continuing operations, DCF from continuing operations per unit, adjusted net income and adjusted net income per unit (EPU), which are not defined in U.S. generally accepted accounting principles (GAAP). Management uses these financial measures because they are widely accepted financial indicators used by investors to compare partnership performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of the partnership's assets and the cash that the business is generating. None of EBITDA from continuing operations, DCF from continuing operations, DCF from continuing operations per unit, adjusted net income and adjusted EPU are intended to represent cash flows from operations for the period, nor are they presented as an alternative to net income or income from continuing operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. For purposes of segment reporting, we do not allocate general and administrative expenses to our reported operating segments because those expenses relate primarily to the overall management at the entity level. Therefore, EBITDA reflected in the segment reconciliations exclude any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

1. The following is a reconciliation of income (loss) from continuing operations to EBITDA from continuing operations and DCF from continuing operations:

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Income (loss) from continuing operations	$ 54,869	$ (275,502)	$ 214,169	$ (185,509)
Plus interest expense, net and interest income from related party	31,735	32,717	131,226	121,006
Plus income tax expense	484	4,666	10,801	12,753
Plus depreciation and amortization expense	48,943	45,805	191,708	178,921
EBITDA from continuing operations	136,031	(192,314)	547,904	127,171
Equity in (earnings) loss of joint ventures	(3,059)	13,341	(4,796)	39,970
Interest expense, net and interest income from related party	(31,735)	(32,717)	(131,226)	(121,006)
Reliability capital expenditures	(10,373)	(11,600)	(28,635)	(39,939)
Income tax expense	(484)	(4,666)	(10,801)	(12,753)
Distributions from joint ventures	1,708	2,169	7,587	7,956
Other items (a)	11,686	315,718	19,732	311,675
Mark-to-market impact on hedge transactions (b)	4,399	(1,816)	6,125	(4,197)
DCF from continuing operations	$ 108,173	$ 88,115	$ 405,890	$ 308,877
Less DCF from continuing operations available to general partner	12,766	12,766	51,064	51,064
DCF from continuing operations available to limited partners	$ 95,407	$ 75,349	$ 354,826	$ 257,813
DCF from continuing operations per limited partner unit	$ 1.23	$ 0.97	$ 4.56	$ 3.31

(a) Other items for the three months and year ended December 31, 2014 mainly consist of (i) a net increase in deferred revenue associated with throughput deficiency payments and construction reimbursements and (ii) a lower of cost or market adjustment of $3.8 million. Other items for the three months and year ended December 31, 2013 mainly consist of (i) a non-cash goodwill impairment charge totaling $304.5 million and (ii) an increase in deferred revenue associated with throughput deficiency payments and construction reimbursements received in the period.

(b) DCF from continuing operations excludes the impact of unrealized mark-to-market gains and losses that arise from valuing certain derivative contracts, as well as the associated hedged inventory. The gain or loss associated with these contracts is realized in DCF from continuing operations when the contracts are settled.

NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended December 31, 2014 - (Continued)
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

2. The following is a reconciliation of projected annual operating income to projected annual EBITDA for certain projects in the pipeline segment:

	South Texas Crude Phase One	South Texas Crude Phase Two	Houston Pipeline NGL Project
Projected operating income	$ 19,000	$ 35,000	$ 15,000
Plus projected depreciation and amortization expense	1,000	5,000	8,000
Projected EBITDA	$ 20,000	$ 40,000	$ 23,000

3. The following is a reconciliation of net loss and EPU to adjusted net income and EPU:

	Three Months Ended December 31, 2013	
Net loss / EPU	$ (375,280)	$ (4.73)
Certain adjustments:		
Goodwill and asset impairment loss	406,982	4.99
Gain on sale of certain assets	—	—
Other adjustments	(3,387)	(0.05)
Total certain adjustments	403,595	4.94
Adjusted net income	28,315	
GP interest and incentive and noncontrolling interest	(11,751)	
Adjusted net income / EPU applicable to limited partners	$ 16,564	$ 0.21

4. The following are reconciliations of operating income to EBITDA and adjusted EBITDA for our reported segments:

	Three Months Ended December 31, 2014		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 66,355	$ 41,689	$ 2,908
Depreciation and amortization expense	20,036	26,368	—
EBITDA	$ 86,391	$ 68,057	$ 2,908

	Three Months Ended December 31, 2013		
	Pipeline	Storage	Fuels Marketing
Operating income (loss)	$ 59,167	$ (266,903)	$ 7,114
Depreciation and amortization expense	18,832	24,439	7
EBITDA	$ 77,999	$ (242,464)	$ 7,121
Impact from non-cash charges		304,453	
Adjusted EBITDA		$ 61,989	
Increase (decrease) in EBITDA/Adjusted EBITDA	$ 8,392	$ 6,068	$ (4,213)

NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended December 31, 2014 - (Continued)
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

5. The following is a reconciliation of projected income from continuing operations to projected EBITDA from continuing operations and projected DCF from continuing operations:

	Three Months Ended March 31, 2015
Projected income from continuing operations	$ 53,000 - 59,000
Plus projected interest expense, net	32,000
Plus projected income tax expense, net	2,000 - 4,000
Plus projected depreciation and amortization expense	51,000
Projected EBITDA from continuing operations	138,000 - 146,000
Projected interest expense, net	(32,000)
Projected reliability capital expenditures	(4,000 - 6,000)
Projected income tax expense	(2,000 - 4,000)
Projected distribution from joint venture	2,000 - 4,000
Projected mark-to-market impact on hedge transactions and other items	1,000 - 2,000
Projected DCF from continuing operations	103,000 - 110,000
Less projected DCF from continuing operations available to general partner	13,000
Projected DCF from continuing operations available to limited partners	$ 90,000 - 97,000
Projected DCF from continuing operations per limited partner unit	$ 1.15 - 1.25

6. The following is a reconciliation of projected incremental operating income to projected incremental EBITDA for the year ended December 31, 2015:

	Pipeline	Storage
Projected incremental operating income	$ 15,000 - 30,000	$ 5,000 - 20,000
Plus projected incremental depreciation and amortization expense	10,000 - 15,000	5,000 - 10,000
Projected incremental EBITDA	$ 25,000 - 45,000	$ 10,000 - 30,000

7. The following is a reconciliation of projected operating income to projected EBITDA for our fuels marketing segment:

	Year Ended December 31, 2015
Projected operating income	$ 20,000 - 30,000
Plus projected depreciation and amortization expense	—
Projected EBITDA	$ 20,000 - 30,000