NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter and Year Ended December 31, 2015
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

NuStar Energy L.P. utilizes financial measures such as earnings before interest, taxes, depreciation and amortization (EBITDA), distributable cash flow (DCF), adjusted net income and adjusted net income per unit (collectively, financial measures), 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 financial measures provide investors an enhanced perspective of the operating performance of the partnership’s assets and/or the cash that the business is generating. None of these financial measures are 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 from continuing operations	$ 59,480	$ 54,869	$ 305,946	$ 214,169
Plus interest expense, net	33,559	31,735	131,868	131,226
Plus income tax expense	4,915	484	14,712	10,801
Plus depreciation and amortization expense	52,687	48,943	210,210	191,708
EBITDA from continuing operations	150,641	136,031	662,736	547,904
Equity in earnings of joint ventures	—	(3,059)	—	(4,796)
Interest expense, net	(33,559)	(31,735)	(131,868)	(131,226)
Reliability capital expenditures	(17,936)	(10,373)	(40,002)	(28,635)
Income tax expense	(4,915)	(484)	(14,712)	(10,801)
Distributions from joint ventures	—	1,708	2,500	7,587
Other items (a)	9,282	11,686	(44,032)	19,732
Mark-to-market impact on hedge transactions (b)	(1,120)	4,399	(5,651)	6,125
DCF from continuing operations	$ 102,393	$ 108,173	$ 428,971	$ 405,890
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	$ 89,627	$ 95,407	$ 377,907	$ 354,826
DCF from continuing operations per limited partner unit	$ 1.15	$ 1.23	$ 4.85	$ 4.56

(a) Other items mainly consist of (i) a ($56.3 million) non-cash gain and insurance proceeds of $7.8 million mainly received in the fourth quarter of 2015, associated with the Linden terminal acquisition on January 2, 2015; (ii) a lower of cost or market adjustment of $3.8 million for the three months and year ended December 31, 2014 and (iii) the net change in deferred revenue associated with throughput deficiency payments and construction reimbursements for all periods presented.

(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.

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2. The following is a reconciliation of net income and net income per unit to adjusted net income applicable to limited partners and adjusted net income per unit:

	Year Ended December 31, 2015	
Net income / net income per unit	$ 306,720	$ 3.30
Gain on Linden terminal acquisition	(56,277)	(0.71)
Adjusted net income	250,443	
GP interest and incentive	(48,228)	
Adjusted net income applicable to limited partners / adjusted net income per unit	$ 202,215	$ 2.59

3. The following is a reconciliation of EBITDA from continuing operations to adjusted EBITDA from continuing operations:

	Year Ended December 31, 2015
EBITDA from continuing operations	$ 662,736
Gain on Linden terminal acquisition	(56,277)
Adjusted EBITDA from continuing operations	$ 606,459

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

	Year Ended December 31, 2016		
	Pipeline	Storage	Fuels Marketing
Projected operating income	$ 250,000 - 265,000	$ 195,000 - 210,000	$ 15,000 - 35,000
Plus projected depreciation and amortization expense	85,000 - 90,000	115,000 - 120,000	—
Projected EBITDA	$ 335,000 - 355,000	$ 310,000 - 330,000	$ 15,000 - 35,000

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

	Three Months Ended December 31, 2015		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 68,353	$ 56,103	$ 2,751
Depreciation and amortization expense	22,058	28,541	—
EBITDA	$ 90,411	$ 84,644	$ 2,751

	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
Increase (decrease) in EBITDA/Adjusted EBITDA	$ 4,020	$ 16,587	$ (157)

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6. The following is a reconciliation of projected net income to projected EBITDA and projected DCF:

	Three Months Ended March 31, 2016
Projected net income	$ 43,000 - 53,000
Plus projected interest expense, net	36,000
Plus projected income tax expense, net	4,000
Plus projected depreciation and amortization expense	54,000
Projected EBITDA	137,000 - 147,000
Projected interest expense, net	(36,000)
Projected reliability capital expenditures	(7,000 - 10,000)
Projected income tax expense	(4,000)
Projected other items	1,000 - 2,000
Projected DCF	91,000 - 99,000
Less projected DCF available to general partner	13,000
Projected DCF available to limited partners	$ 78,000 - 86,000
Projected DCF per limited partner unit	$ 1.00 - 1.10