NuStar Energy L.P. and Subsidiaries
Consolidated Financial Information
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

	Three Months Ended March 31,	
	2017	2016
Statement of Income Data:		
Revenues:		
Service revenues	$ 266,462	$ 266,566
Product sales	220,968	139,137
Total revenues	487,430	405,703
Costs and expenses:		
Cost of product sales	207,806	128,990
Operating expenses	101,026	105,221
General and administrative expenses	24,595	23,785
Depreciation and amortization expense	56,864	53,142
Total costs and expenses	390,291	311,138
Operating income	97,139	94,565
Interest expense, net	(36,414)	(34,123)
Other income (expense), net	140	(171)
Income before income tax expense	60,865	60,271
Income tax expense	2,925	2,870
Net income	$ 57,940	$ 57,401
Net income applicable to common limited partners	$ 38,452	$ 44,750
Basic and diluted net income per common unit	$ 0.49	$ 0.57
Basic weighted-average common units outstanding	78,642,888	77,886,078
Other Data (Note 1):		
EBITDA	$ 154,143	$ 147,536
DCF available to common limited partners	$ 88,942	$ 97,027

	March 31,		December 31,
	2017	2016	2016
Balance Sheet Data:			
Total debt	$ 3,023,980	$ 3,206,650	$ 3,068,364
Partners' equity	$ 1,570,343	$ 1,557,652	$ 1,611,617

NuStar Energy L.P. and Subsidiaries
Consolidated Financial Information - Continued
(Unaudited, Thousands of Dollars, Except Barrel Data)

	Three Months Ended March 31,	
	2017	2016
Pipeline:		
Refined products pipelines throughput (barrels/day)	514,016	521,272
Crude oil pipelines throughput (barrels/day)	408,809	411,109
Total throughput (barrels/day)	922,825	932,381
Throughput revenues	$ 121,240	$ 118,873
Operating expenses	33,074	33,004
Depreciation and amortization expense	23,138	21,604
Segment operating income	$ 65,028	$ 64,265
Storage:		
Throughput (barrels/day) (Note 4)	315,010	828,327
Throughput terminal revenues	$ 20,690	$ 29,400
Storage terminal revenues	126,741	122,999
Total revenues	147,431	152,399
Operating expenses	62,139	66,003
Depreciation and amortization expense	31,533	29,383
Segment operating income	$ 53,759	$ 57,013
Fuels Marketing:		
Product sales and other revenue	$ 222,702	$ 140,446
Cost of product sales	210,599	132,581
Gross margin	12,103	7,865
Operating expenses	6,963	8,638
Segment operating income (loss)	$ 5,140	$ (773)
Consolidation and Intersegment Eliminations:		
Revenues	$ (3,943)	$ (6,015)
Cost of product sales	(2,793)	(3,591)
Operating expenses	(1,150)	(2,424)
Total	$ —	$ —
Consolidated Information:		
Revenues	$ 487,430	$ 405,703
Cost of product sales	207,806	128,990
Operating expenses	101,026	105,221
Depreciation and amortization expense	54,671	50,987
Segment operating income	123,927	120,505
General and administrative expenses	24,595	23,785
Other depreciation and amortization expense	2,193	2,155
Consolidated operating income	$ 97,139	$ 94,565

NuStar Energy L.P. and Subsidiaries
Consolidated Financial Information - Continued
(Unaudited, Thousands of Dollars, Except Ratio Data)

Notes:

(1) NuStar Energy L.P. utilizes financial measures, such as earnings before interest, taxes, depreciation and amortization (EBITDA), distributable cash flow (DCF) and distribution coverage ratio, which are not defined in U.S. generally accepted accounting principles (GAAP). Management believes these financial measures provide useful information to investors and other external users of our financial information because (i) they provide additional information about the operating performance of the partnership's assets and the cash the business is generating, (ii) investors and other external users of our financial statements benefit from having access to the same financial measures being utilized by management and our board of directors when making financial, operational, compensation and planning decisions and (iii) they highlight the impact of significant transactions.

Our board of directors and management use EBITDA and/or DCF when assessing the following: (i) the performance of our assets, (ii) the viability of potential projects, (iii) our ability to fund distributions, (iv) our ability to fund capital expenditures and (v) our ability to service debt. In addition, our board of directors uses a distribution coverage ratio, which is calculated based on DCF, as the metric for determining the company-wide bonus and the vesting of performance units awarded to management. Our board of directors believes DCF appropriately aligns management's interest with our unitholders' interest in increasing distributions in a prudent manner. DCF is a widely accepted financial indicator used by the master limited partnership (MLP) investment community to compare partnership performance. DCF is used by the MLP investment community, in part, because the value of a partnership unit is partially based on its yield, and its yield is based on the cash distributions a partnership can pay its unitholders.

None of these financial measures are presented as an alternative to net income. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. The following is a reconciliation of EBITDA, DCF and distribution coverage ratio:

	Three Months Ended March 31,	
	2017	2016
Net income	$ 57,940	$ 57,401
Interest expense, net	36,414	34,123
Income tax expense	2,925	2,870
Depreciation and amortization expense	56,864	53,142
EBITDA	154,143	147,536
Interest expense, net	(36,414)	(34,123)
Reliability capital expenditures	(5,022)	(6,017)
Income tax expense	(2,925)	(2,870)
Mark-to-market impact of hedge transactions (a)	(2,586)	4,684
Unit-based compensation (b)	2,088	1,086
Preferred unit distributions	(4,813)	—
Other items (c)	(274)	(503)
DCF	$ 104,197	$ 109,793
Less DCF available to general partner	15,255	12,766
DCF available to common limited partners	$ 88,942	$ 97,027
Distributions applicable to common limited partners	$ 101,913	$ 85,285
Distribution coverage ratio (d)	0.87x	1.14x

(a) DCF 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 when the contracts are settled.

(b) In connection with the employee transfer from NuStar GP, LLC on March 1, 2016, we assumed obligations related to awards issued under a long-term incentive plan, and we intend to satisfy the vestings of equity-based awards with the issuance of our common units. As such, the expenses related to these awards are considered non-cash and added back to DCF. Certain awards include distribution equivalent rights (DERs). Payments made in connection with DERs are deducted from DCF.

(c) Other items primarily consist of adjustments for throughput deficiency payments and construction reimbursements.

(d) Distribution coverage ratio is calculated by dividing DCF available to common limited partners by distributions applicable to common limited partners.

NuStar Energy L.P. and Subsidiaries
Consolidated Financial Information - Continued
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(2) The following is a reconciliation of DCF and distribution coverage ratio, adjusted to exclude distributions that will be paid on the 14,375,000 common units that were issued subsequent to the end of the current reporting period ending March 31, 2017:

	Three Months Ended March 31, 2017	
DCF (see previous page)	$	104,197
Less DCF available to general partner, as adjusted		12,899
Adjusted DCF available to common limited partners	$	91,298
Distributions applicable to common limited partners, as adjusted	$	86,172
Adjusted distribution coverage ratio (a)		1.06x

(a) Adjusted distribution coverage ratio is calculated by dividing adjusted DCF available to common limited partners by distributions applicable to common limited partners, as adjusted.

(3) The following is a reconciliation of net income applicable to limited partners and net income per unit to adjusted net income applicable to limited partners and adjusted net income per unit:

	Three Months Ended March 31, 2017			
Net income applicable to limited partners / net income per unit	$	38,452	$	0.49
GP interest and incentive distribution attributable to recently issued units (a)		1,995		0.02
Adjusted net income applicable to limited partners / adjusted net income per unit	$	40,447	$	0.51

(a) GP interest and incentive distributions that will be paid on the 14,375,000 common units that were issued subsequent to the end of the current reporting period ending March 31, 2017.

(4) Throughputs for the three months ended March 31, 2016 included 506,674 barrels per day from our refinery storage tank agreements, which changed from throughput-based to lease-based effective January 1, 2017.