NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended March 31, 2017
(Unaudited, Thousands of Dollars, Except Ratio Data)

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. 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 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

Notes on following page.

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(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.

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

	Year Ended December 31, 2017
Projected net income	$ 210,000 - 240,000
Projected interest expense, net	150,000 - 155,000
Projected income tax expense	10,000 - 15,000
Projected depreciation and amortization expense	230,000 - 240,000
Projected EBITDA	$ 600,000 - 650,000

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

	Three Months Ended March 31, 2017		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 65,028	$ 53,759	$ 5,140
Depreciation and amortization expense	23,138	31,533	—
EBITDA	$ 88,166	$ 85,292	$ 5,140

	Three Months Ended March 31, 2016		
	Pipeline	Storage	Fuels Marketing
Operating income (loss)	$ 64,265	$ 57,013	$ (773)
Depreciation and amortization expense	21,604	29,383	—
EBITDA	$ 85,869	$ 86,396	$ (773)
Increase (decrease) in EBITDA	$ 2,297	$ (1,104)	$ 5,913

6. The following is the non-GAAP reconciliation for the calculation of our Consolidated Debt Coverage Ratio, as defined in our $1.5 billion five-year revolving credit agreement (the Revolving Credit Agreement):

	For the Four Quarters Ended March 31, 2017
Net income	$ 150,542
Interest expense, net	140,641
Income tax expense	12,028
Depreciation and amortization expense	220,458
EBITDA	523,669
Other expense (a)	58,472
Mark-to-market impact on hedge transactions (b)	3,047
Pro forma effect of acquisitions (c)	7,758
Material project adjustments (d)	10,515
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 603,461
Total consolidated debt	$ 3,025,584
NuStar Logistics' 7.625% fixed-to-floating rate subordinated notes	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,476)
Consolidated Debt, as defined in the Revolving Credit Agreement	$ 2,581,608
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.3x

(a) This adjustment consists mainly of a $58.7 million non-cash impairment charge on the Axeon term loan in the fourth quarter of 2016.

(b) This adjustment represents the 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 net income when the contracts are settled.

(c) This adjustment represents the pro forma effect of the Martin Terminal Acquisition as if we had completed the acquisition on January 1, 2016.

(d) This adjustment represents the percentage of the projected Consolidated EBITDA attributable to any Material Project, as defined in the Revolving Credit Agreement, based on the current completion percentage.