NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter and Year Ended December 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 one of the factors in its determination of the company-wide bonus and the vesting of performance units awarded to management. 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 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 EBITDA, DCF and distribution coverage ratio:

	Three Months Ended	Year Ended	Projected for the Year Ended December 31,	
	December 31, 2017		2018	2019
Net income (loss)	$ 25,182	$ 147,964	$ 205,000 - 235,000	$ 190,000 - 225,000
Interest expense, net	45,801	173,083	185,000 - 190,000	185,000 - 190,000
Income tax expense	2,639	9,937	5,000 - 10,000	5,000 - 10,000
Depreciation and amortization expense	70,589	264,232	290,000 - 300,000	310,000 - 320,000
EBITDA	144,211	595,216	685,000 - 735,000	690,000 - 745,000
Interest expense, net	(45,801)	(173,083)	(185,000) - (190,000)	(185,000) - (190,000)
Reliability capital expenditures	(27,297)	(57,497)	(80,000) - (100,000)	(70,000) - (90,000)
Income tax expense	(2,639)	(9,937)	(5,000) - (10,000)	(5,000) - (10,000)
Mark-to-market impact of hedge transactions (a)	(138)	(2,790)	—	—
Unit-based compensation (b)	26	5,354	5,000 - 10,000	5,000 - 10,000
Preferred unit distributions	(13,532)	(40,448)	(90,000) - (100, 000)	(100,000) - (110, 000)
Other items (c)	80	(4,039)	—	—
Gain from hurricane insurance proceeds	—	—	(85,000)	—
Hurricane-related spending	—	—	30,000 - 45,000	5,000 - 20,000
DCF	$ 54,910	$ 312,776	$ 275,000 - 305,000	$ 340,000 - 375,000
Less DCF available to general partner	13,238	54,921	—	—
DCF available to common limited partners	$ 41,672	$ 257,855	$ 275,000 - 305,000	$ 340,000 - 375,000
Distributions applicable to common limited partners	$ 102,029	$ 407,681	$ 250,000 - 255,000	$ 255,000 - 260,000
Distribution coverage ratio (d)	0.41x	0.63x	1.1x - 1.2x	1.3x - 1.4x

(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 for all periods presented.

(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.
Reconciliation of Non-GAAP Financial Information Related to the Quarter and Year Ended December 31, 2017 - (Continued)
(Unaudited, Thousands of Dollars)

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

Three Months Ended December 31, 2016:	
Net income	(11,056)
Interest expense, net	34,976
Income tax expense	2,680
Depreciation and amortization expense	55,997
EBITDA	82,597
Loss on Axeon Term Loan	58,655
Adjusted EBITDA	$ 141,252
Three Months Ended December 31, 2017:	
EBITDA	$ 144,211
Increase in EBITDA	$ 2,959

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

	Year Ended December 31, 2018	
	Current Guidance	**Previous Guidance**
Projected net income	$ 205,000 - 235,000	$ 195,000 - 225,000
Projected interest expense, net	185,000 - 190,000	180,000 - 185,000
Projected income tax expense	5,000 - 10,000	5,000 - 10,000
Projected depreciation and amortization expense	290,000 - 300,000	295,000 - 305,000
Projected EBITDA	$ 685,000 - 735,000	$ 675,000 - 725,000
Projected gain from hurricane insurance proceeds	(85,000)	
Adjusted projected EBITDA	$ 600,000 - 650,000	

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

	Three Months Ended December 31, 2017	
	Pipeline	**Storage**
Operating income	$ 52,780	$ 50,308
Depreciation and amortization expense	36,404	32,068
EBITDA	$ 89,184	$ 82,376

	Three Months Ended December 31, 2016	
	Pipeline	**Storage**
Operating income	$ 61,499	$ 48,305
Depreciation and amortization expense	23,858	30,002
EBITDA	$ 85,357	$ 78,307
Increase in EBITDA	$ 3,827	$ 4,069

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

5. The following are reconciliations of income (loss) from continuing operations to EBITDA from continuing operations:

	Year Ended December 31,					
	2017	2016	2015	2014	2013	Total
Income (loss) from continuing operations	$ 147,964	$ 150,003	$ 305,946	$ 214,169	$ (185,509)	$ 632,573
Interest expense, net	173,083	138,350	131,868	131,226	121,006	695,533
Income tax expense	9,937	11,973	14,712	10,801	12,753	60,176
Depreciation and amortization expense	264,232	216,736	210,210	191,708	178,921	1,061,807
EBITDA from continuing operations	$ 595,216	$ 517,062	$ 662,736	$ 547,904	$ 127,171	$ 2,450,089

6. The following is the non-GAAP reconciliation for the calculation of our Consolidated Debt Coverage Ratio, as defined in our $1.75 billion revolving credit agreement (the Revolving Credit Agreement):

	Year Ended December 31, 2017	Projected for the Year Ended December 31,	
		2018	2019
Net income	$ 147,964	$ 205,000 - 235,000	$ 190,000 - 225,000
Interest expense, net	173,083	185,000 - 190,000	185,000 - 190,000
Income tax expense	9,937	5,000 - 10,000	5,000 - 10,000
Depreciation and amortization expense	264,232	290,000 - 300,000	310,000 - 320,000
EBITDA	595,216	685,000 - 735,000	$ 690,000 - 745,000
Other expense (income)	5,294	(85,000)	10,000 - 15,000
Equity awards (a)	8,132	10,000 - 15,000	10,000 - 15,000
Mark-to-market impact on hedge transactions (b)	(2,790)	—	—
Pro forma effect of acquisitions (c)	33,472	—	—
Material project adjustments (d)	11,475	5,000 - 10,000	—
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 650,799	$ 615,000 - 675,000	$ 710,000 - 775,000
Total consolidated debt	$ 3,658,551	$ 3,400,000 - 3,650,000	$ 3,300,000 - 3,750,000
NuStar Logistics' 7.625% fixed-to-floating rate subordinated notes	(402,500)	(402,500)	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,476)	(41,500)	(41,500)
Consolidated Debt, as defined in the Revolving Credit Agreement	$ 3,214,575	$ 2,956,000 - 3,206,000	$ 2,856,000 - 3,306,000
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.9x	4.8x	4.0x - 4.3x

(a) This adjustment represents the non-cash expense related to the vestings of equity-based awards with the issuance of our common units.

(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 Navigator Acquisition as if we had completed the acquisitions on January 1, 2017.

(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.

NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter and Year Ended December 31, 2017 - (Continued)
(Unaudited, Thousands of Dollars)

7. The following is a reconciliation of operating income to EBITDA for the Permian Crude System:

	Three Months Ended December 31, 2017
Operating income	$ 650
Depreciation and amortization expense	13,165
EBITDA	$ 13,815