NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended September 30, 2016
(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 and (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.

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 as 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, or for any period presented reflecting discontinued operations, 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 from continuing operations to EBITDA from continuing operations and DCF from continuing operations:

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016
Income from continuing operations	$ 51,141	$ 161,059
Interest expense, net	35,022	103,374
Income tax expense	2,153	9,293
Depreciation and amortization expense	53,946	160,739
EBITDA from continuing operations	142,262	434,465
Interest expense, net	(35,022)	(103,374)
Reliability capital expenditures	(8,512)	(25,834)
Income tax expense	(2,153)	(9,293)
Mark-to-market impact of hedge transactions (a)	(3,954)	6,492
Unit-based compensation (b)	1,291	3,499
Other items (c)	6,567	9,903
DCF from continuing operations	$ 100,479	$ 315,858
Less DCF from continuing operations available to general partner	12,866	38,398
DCF from continuing operations available to limited partners	$ 87,613	$ 277,460
Distributions applicable to limited partners	$ 85,943	$ 256,513
Distribution coverage ratio (d)	1.02x	1.08x

Notes on following page.

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(Unaudited, Thousands of Dollars)

Notes for table on preceding page.

(a) 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.

(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 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 consist of adjustments for throughput deficiency payments and construction reimbursements for all periods presented.

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

2. 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	$ 240,000 - 255,000	$ 215,000 - 230,000	$ 5,000 - 10,000
Projected depreciation and amortization expense	85,000 - 90,000	115,000 - 120,000	—
Projected EBITDA	$ 325,000 - 345,000	$ 330,000 - 350,000	$ 5,000 - 10,000

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

	Three Months Ended September 30, 2016		
	Pipeline	**Storage**	**Fuels Marketing**
Operating income	$ 58,922	$ 58,420	$ (337)
Depreciation and amortization expense	22,228	29,625	—
EBITDA	$ 81,150	$ 88,045	$ (337)

	Three Months Ended September 30, 2015		
	Pipeline	**Storage**	**Fuels Marketing**
Operating income	$ 68,536	$ 59,986	$ (1,819)
Depreciation and amortization expense	21,660	28,612	—
EBITDA	$ 90,196	$ 88,598	$ (1,819)
(Decrease) increase in EBITDA	$ (9,046)	$ (553)	$ 1,482

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4. 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 September 30, 2016
Net income	$ 220,539
Interest expense, net	136,933
Income tax expense	14,208
Depreciation and amortization expense	213,426
EBITDA	585,106
Other expense	80
Mark-to-market impact on hedge transactions (a)	5,372
Material project adjustments (b)	5,890
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 596,448
Total consolidated debt	$ 3,160,386
NuStar Logistics' 7.625% fixed-to-floating rate subordinated notes	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,922)
Consolidated Debt, as defined in the Revolving Credit Agreement	$ 2,715,964
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.6x

(a) 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.

(b) 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.

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

	Year Ended December 31, 2017
Projected net income	$ 200,000 - 230,000
Projected interest expense, net	160,000 - 165,000
Projected income tax expense	10,000 - 15,000
Projected depreciation and amortization expense	230,000 - 240,000
Projected EBITDA	$ 600,000 - 650,000

6. The third quarter 2016 earnings release call includes forecasted EBITDA for assets we expect to acquire from Martin Midstream Partners L.P. This is a non-GAAP financial measure. Forecasted EBITDA is based on the partnership's projections for the assets to be acquired. Forecasted EBITDA is included to help facilitate comparisons of operating performance of the partnership with other companies in our industry, as well as help facilitate an assessment of our assets' projected ability to generate sufficient cash flow to make distributions to our partners. We are unable to present a reconciliation of forecasted EBITDA to net income because certain elements of net income, including interest, depreciation and taxes, are not available. Together, these items generally result in EBITDA being significantly greater than net income.