Citi 2020

One-on-One Midstream/Energy Infrastructure Conference

August 12-13, 2020

Forward-Looking Statements

Statements contained in this presentation other than statements of historical fact are forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance presented or suggested in this presentation. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions.

We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see NuStar Energy L.P.'s annual report on Form 10-K and quarterly reports on Form 10-Q, filed with the SEC and available on NuStar's website at www.nustarenergy.com. We use financial measures in this presentation that are not calculated in accordance with generally accepted accounting principles ("non-GAAP") and our reconciliations of non-GAAP financial measures to GAAP financial measures are located in the appendix to this presentation. These non-GAAP financial measures should not be considered an alternative to GAAP financial measures.

Introduction

Thanks to Our Work in 2019, at the Start of 2020, We Were Positioned for Another Strong Year

Strong Coverage

+

Lower Leverage

+

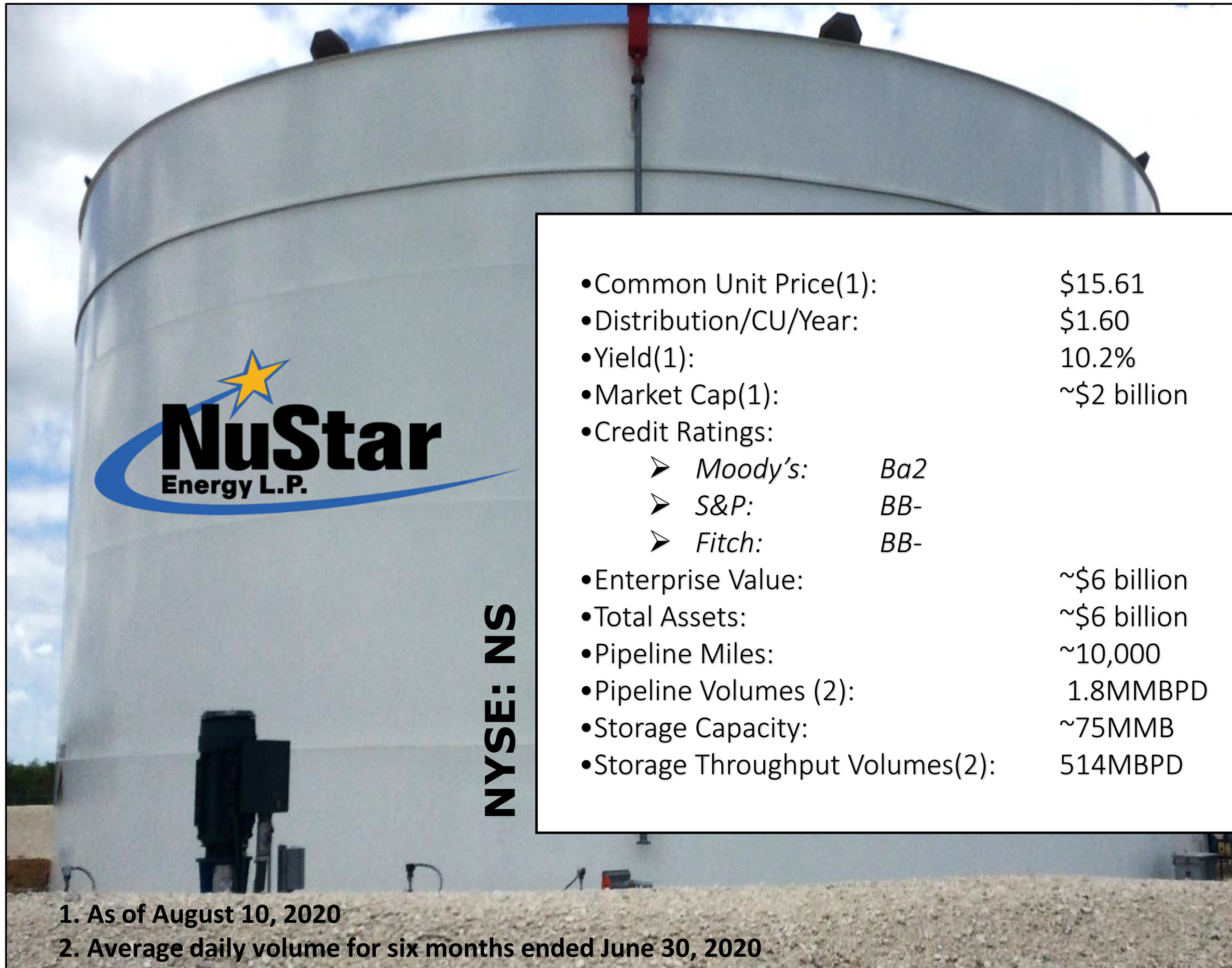
Simplified Structure/ Governance

+

No IDR Burden

+

Maximized Self-Funding



• Common Unit Price(1):	$15.61
• Distribution/CU/Year:	$1.60
• Yield(1):	10.2%
• Market Cap(1):	~$2 billion
• Credit Ratings:	
➢ *Moody's:* *Ba2*	
➢ *S&P:* *BB-*	
➢ *Fitch:* *BB-*	
• Enterprise Value:	~$6 billion
• Total Assets:	~$6 billion
• Pipeline Miles:	~10,000
• Pipeline Volumes (2):	1.8MMBPD
• Storage Capacity:	~75MMB
• Storage Throughput Volumes(2):	514MBPD

1. As of August 10, 2020
2. Average daily volume for six months ended June 30, 2020

Then, in March, Facing Historic Volatility and Uncertainty, We Began Taking Action to Assure NuStar's Stability

1H 2020

Protecting Our Employees

- HQ Employees Working Remotely
- Where Operations Require, Employing Safety Measures

Reduced Spending to Preserve Cash

- Reduced Capex by 45%
- Identified $40-50MM of Controllable and Opex Reduction

Assured Liquidity for Near-term Maturities

- Obtained Leverage-neutral Term Loan
- Reduced Distribution

While 2Q Presented Historically Unprecedented Challenges, We Delivered Solid, Stable Financial Results…

2Q 2019

EBITDA (Continuing Operations)

Up 1%

2Q 2020

2Q 2019 Debt-to-EBITDA ***3.95X***[2]

2Q 2020 Debt-to-EBITDA ***3.94X***[2]

5th Consecutive Quarter under 4.0X

1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

2 - Based on a rolling four quarters

...And Strong Operational Performance Across Our Footprint

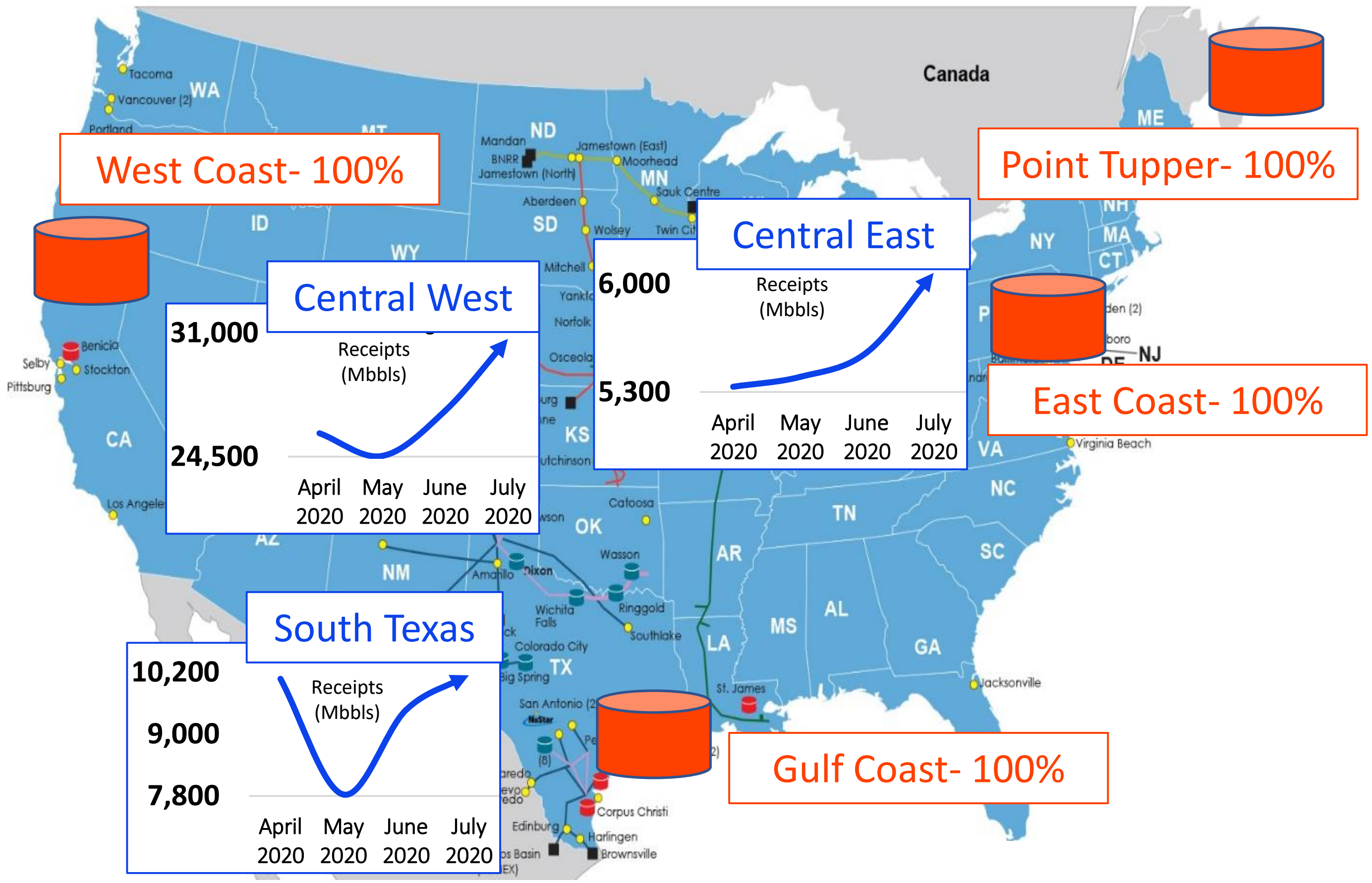
★ Our pipeline segment saw solid rebound during 2Q, and our storage segment will continue to benefit well into 2021 from contango earlier in the year

PIPELINE SEGMENT

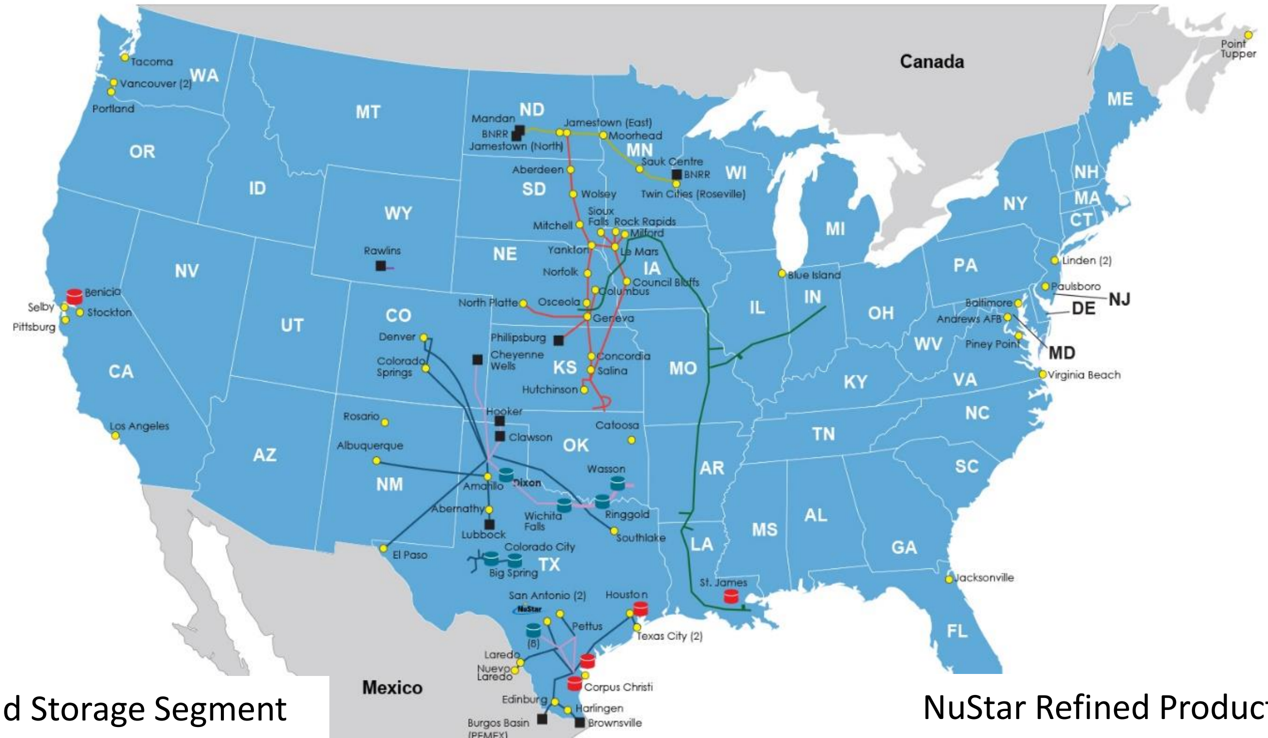
Transported over 138MM bbls Crude + Refined Products

STORAGE SEGMENT

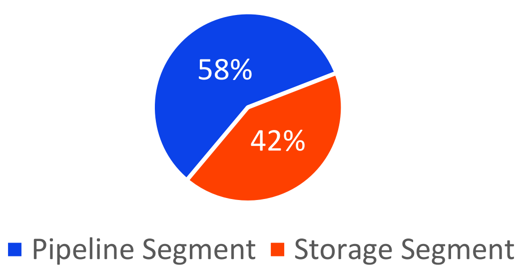
Successfully contracted 100% of our storage across our footprint



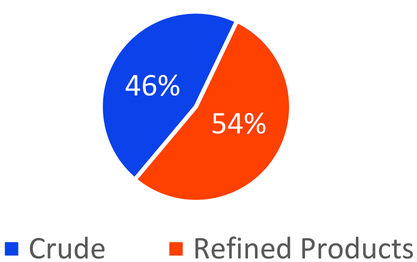
And, Even Though Economic Environment Remains Uncertain, We Believe That the Balance of Our Business and the Location of Our Assets…



NuStar Pipeline and Storage Segment Revenues
(% 2Q 2020 Revenues)

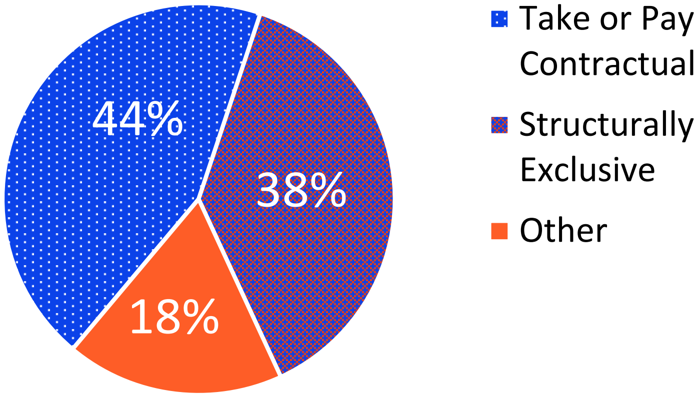


NuStar Refined Products and Crude Revenues
(% 2Q 2020 Revenues)

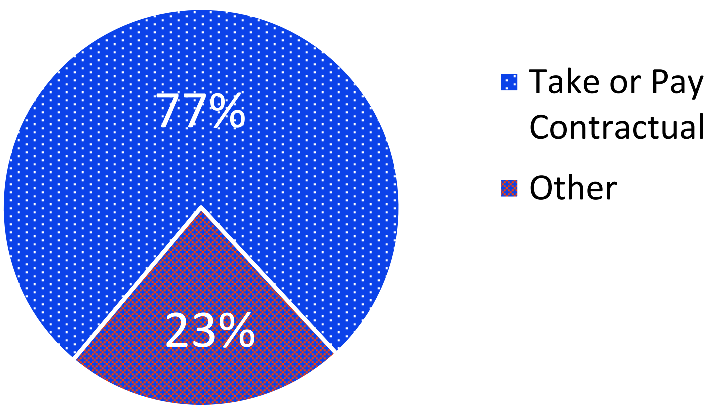


… And Our Long-term Commitments From Creditworthy Customers…

Pipeline Segment Contracted Revenues
(% Q2 2020 Revenues)



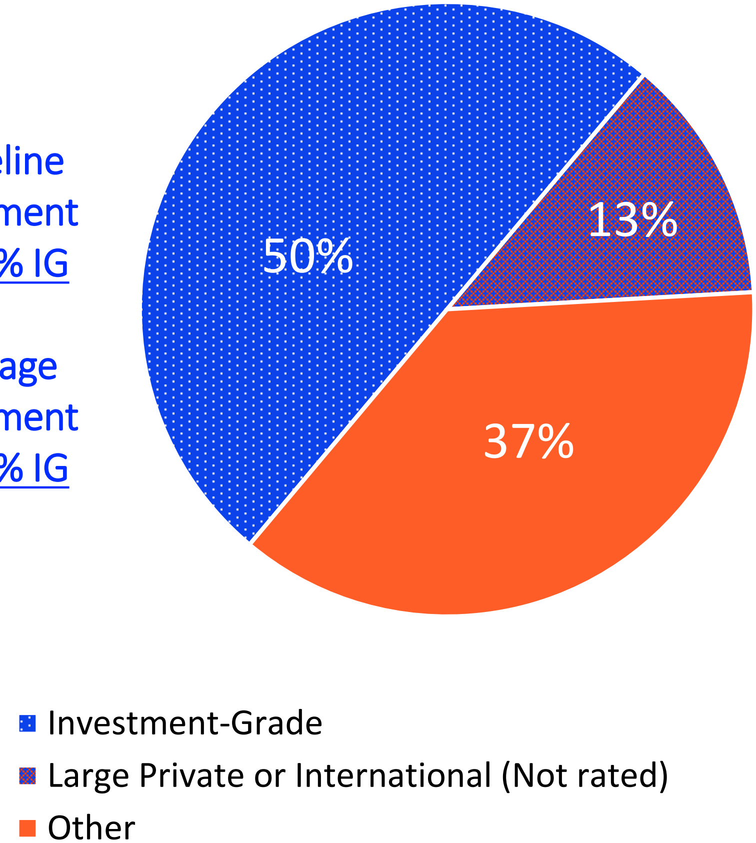
Storage Segment Contracted Revenues
(% Q2 2020 Revenues)



NuStar Investment-Grade (IG) Customers
(% Q2 2020 Revenues)

Pipeline Segment ~60% IG

Storage Segment ~62% IG



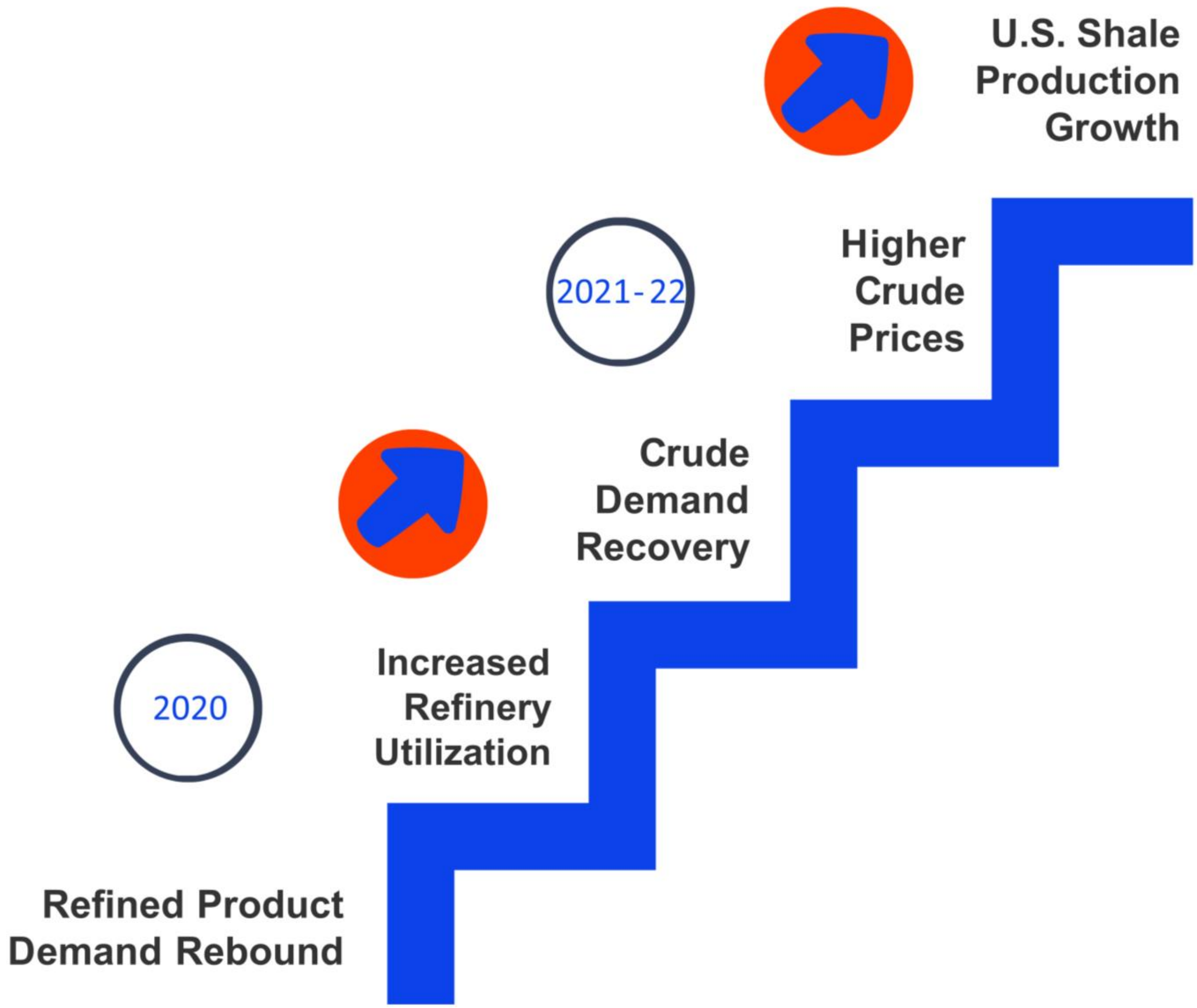
…Will Continue to Assure NuStar Generates Healthy EBITDA, Across Cycles, in 2020 and Beyond

	2019 Results	2020 Guidance
Adjusted EBITDA	$668 MM	$665-735 MM

Midpoint of 2020 Guidance is 5% ABOVE 2019

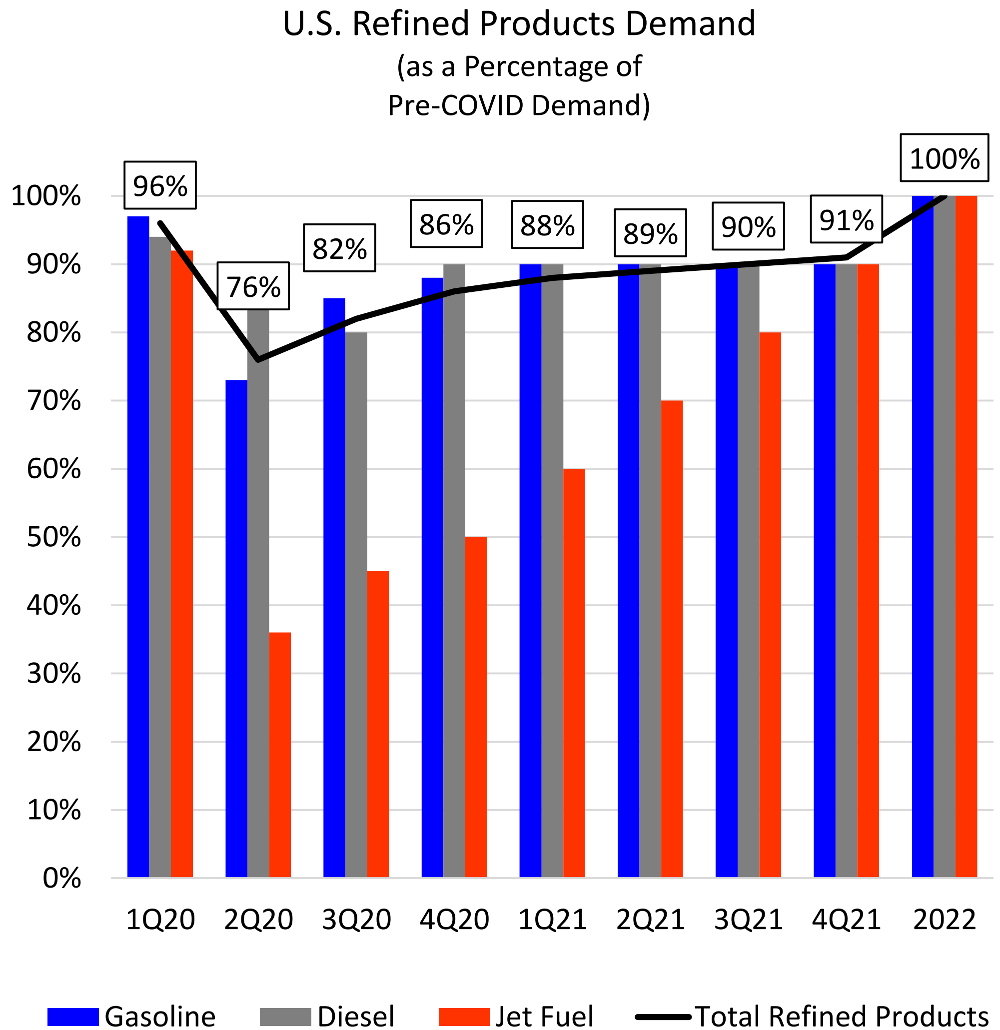
1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

In the Longer Term, We are Optimistic That Refined Products Demand Recovery is the First Step on the Road Back to Overall Recovery



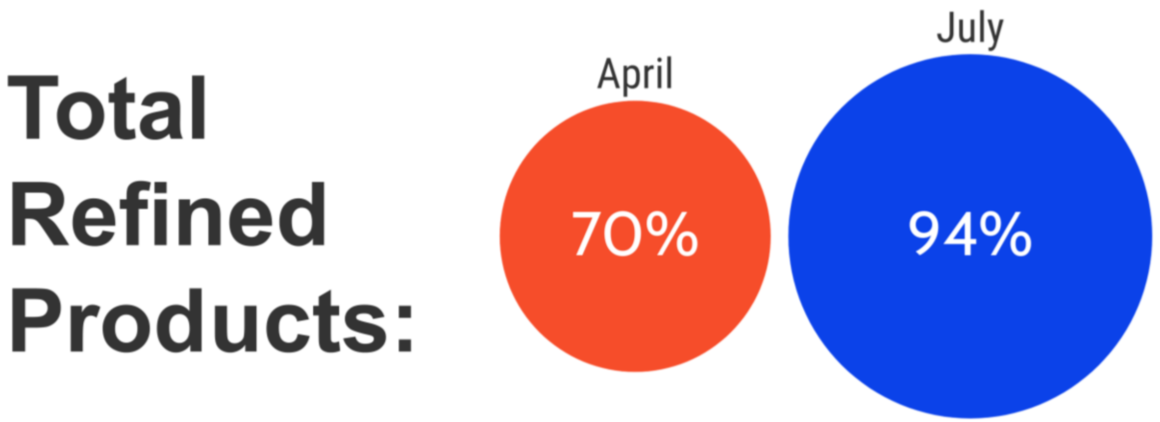
U.S. Refined Products Demand is Expected to Recover to Almost 90% of Pre-COVID Gasoline and Diesel Demand by late 2020, and We Have Already Seen Even Stronger Rebound in the Markets We Serve

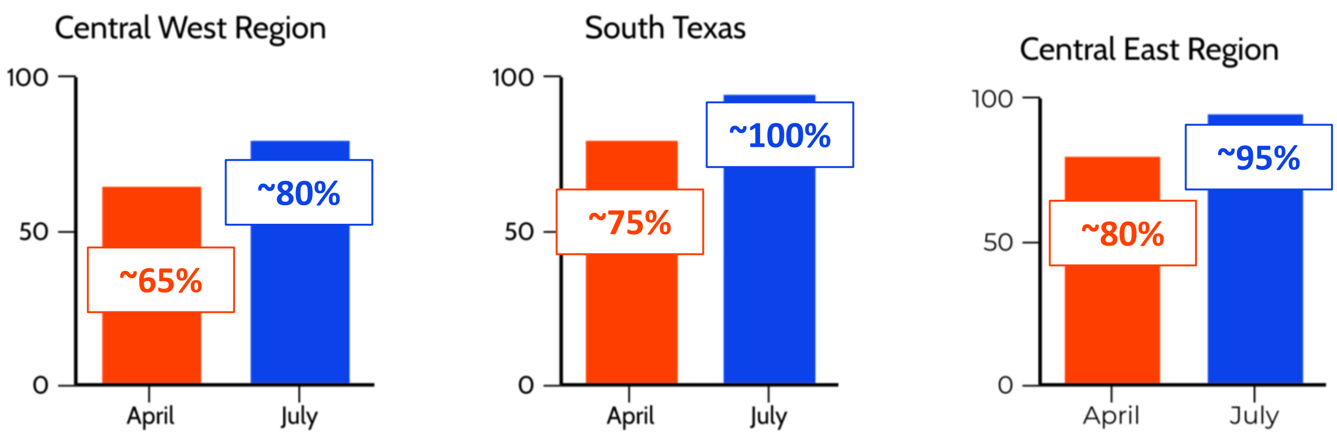
- In the second quarter, refined products demand dropped by 24% compared to 2Q 2019, but by year-end 2020, gasoline and diesel demand are expected to recover to pre-COVID demand levels of 88% and 90%, respectively
  - The recovery of jet fuel demand is expected to lag one year behind gasoline and diesel demand, as the airline industry continues to experience low flight activity



Source: Wells Fargo

We are Encouraged With the Recovery in Refined Products Demand We Have Seen in the Markets NuStar Serves

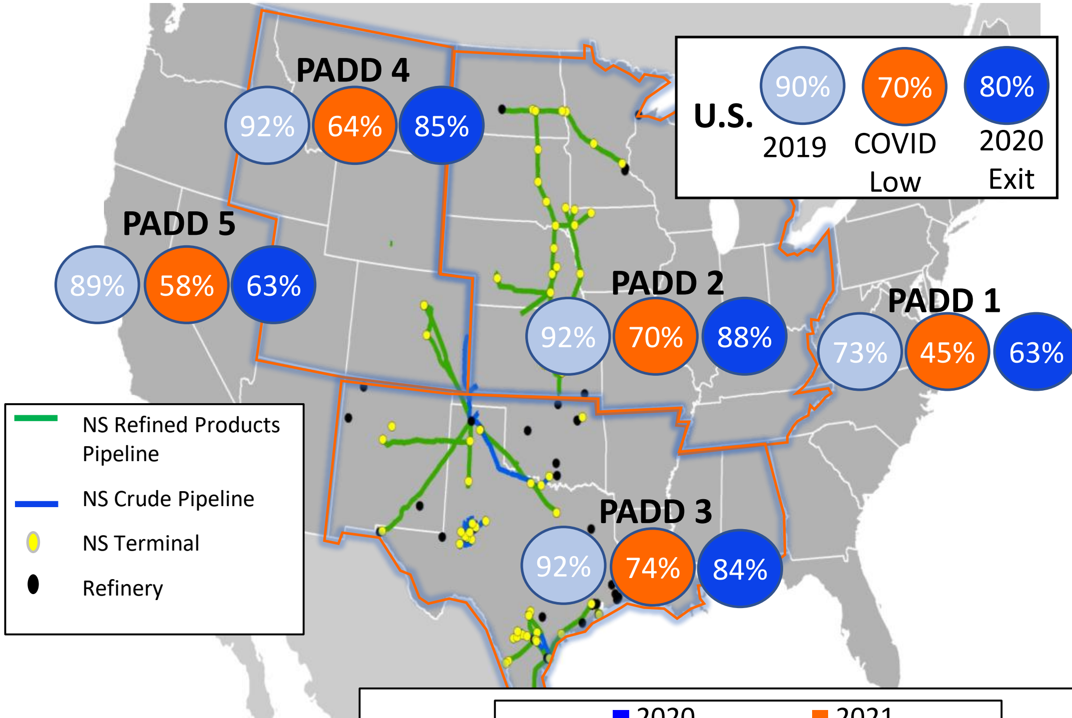




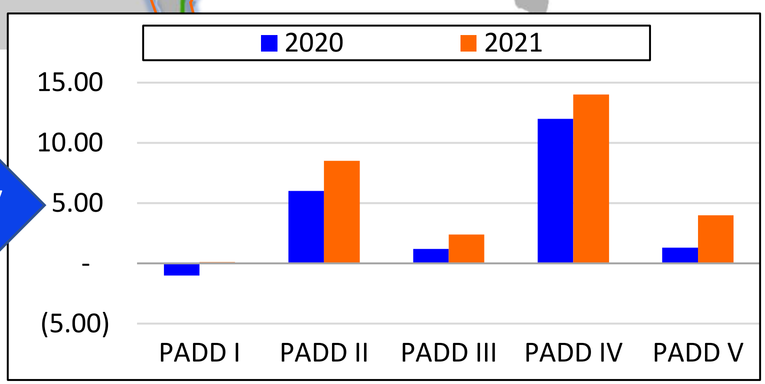
1 - Comparison of year-over-year demand

… And U.S. Refinery Utilization has Already Begun to Rebound, Led by Resilient PADD 2 and PADD 3 Refiners, with Higher Utilization and Stronger Margins

U.S. Refinery Utilization by PADD



Weighted Average Refinery Net Margin by PADD ($/bbl)

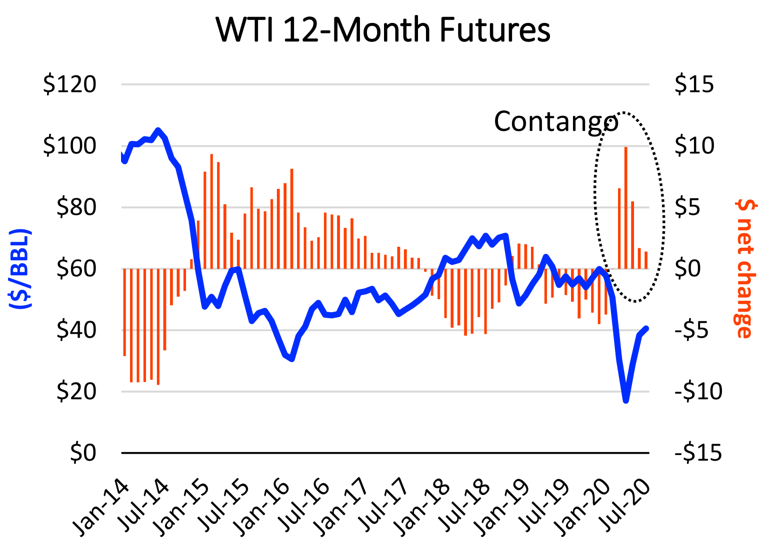


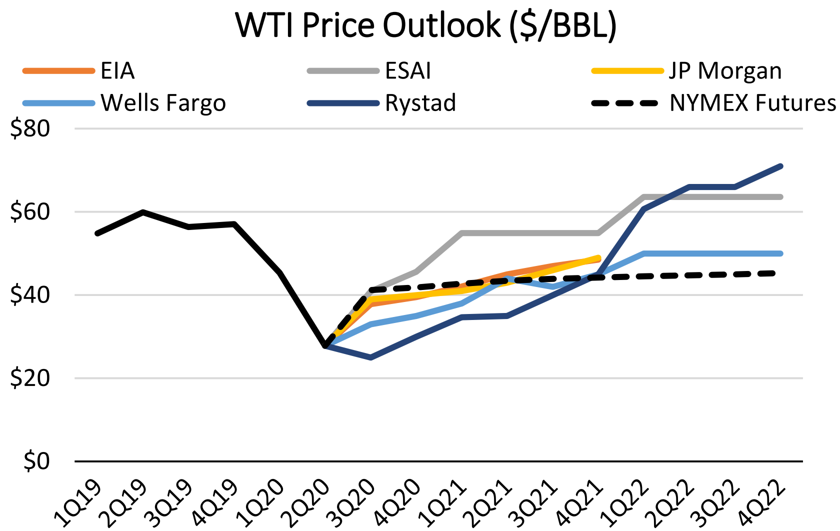
Source: ESAI, EIA, Wood Mackenzie

- Refinery utilization is forecasted to recover ahead of the rest of the U.S. in PADD 2, or the Midcontinent, and PADD 3, or the Gulf Coast, where NuStar's pipeline assets are primarily located
  - Midcontinent refiners benefit from lower supply costs with access to nearby Canadian crude and an abundance of U.S. Shale
  - Complex Gulf Coast refineries process lower-cost heavy crudes and maximize production of high-margin products

… And Although Still Short of Pre-Pandemic Levels, Oil Prices Have Recovered Strongly From Negative Levels in April, Back up to the Low $40s

★ WTI plummeted from the mid $50s to negative levels in April 2020



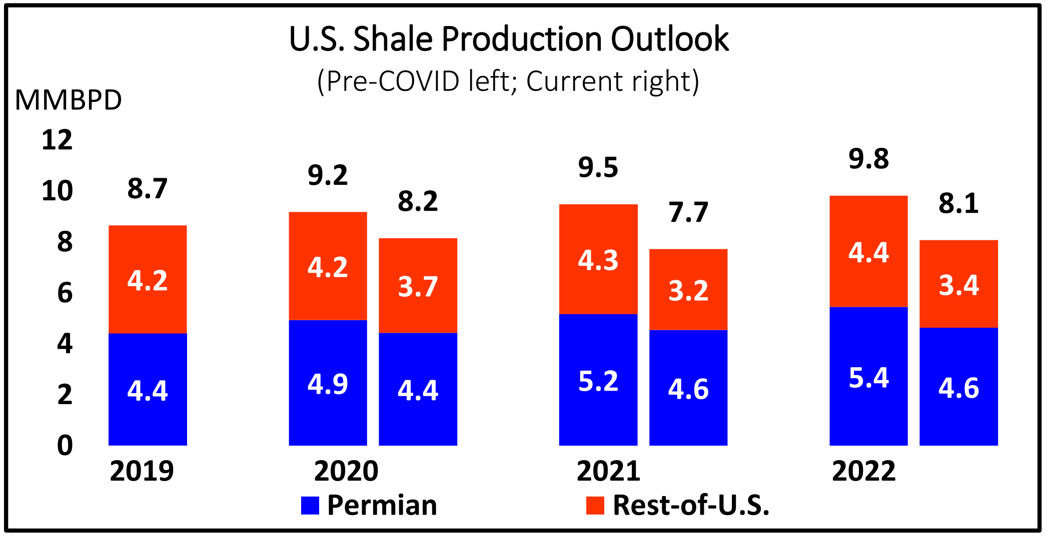


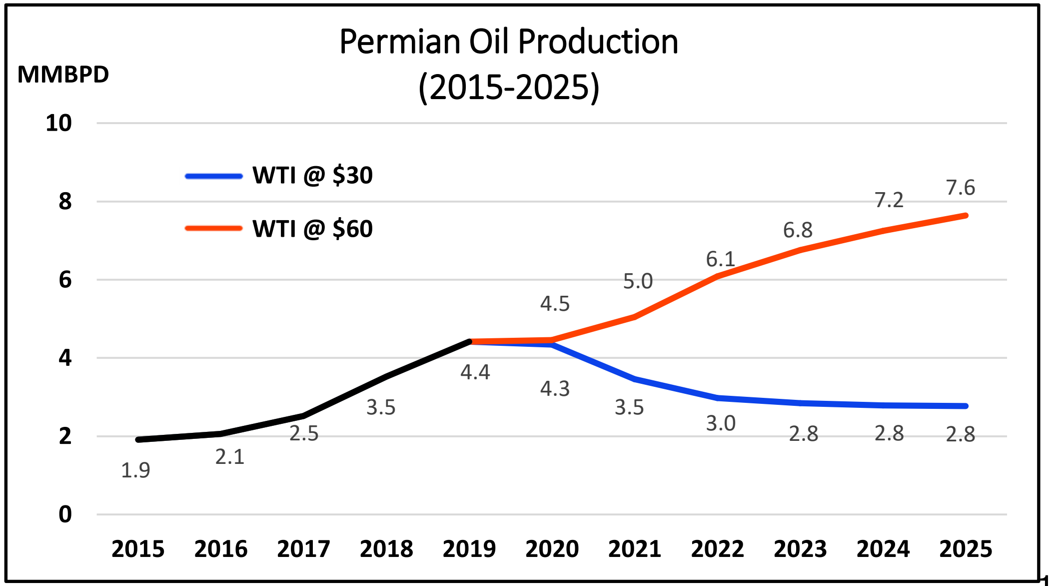
★ Through the end of 2022, outlook for WTI prices range from $50 to $70, while WTI futures trade in the low $40s and remain short of Pre-COVID levels

Source: Rystad Energy (7/27/2020), GlobalView (8/10/2020), JPMorgan (8/5/2020), Wells Fargo (7/24/2020), ESAI (7/31/2020), EIA (7/7/2020)

U.S. Shale Production Growth Recovery Will be Led by the Largest, Most Cost-efficient and Resilient U.S. Shale Play, the Permian Basin

- Even with widely publicized concerns regarding post-COVID demand destruction and public E&P capital spending cuts, the Permian Basin's production is still expected:
  - To exit 2020 at 4.4MMBPD, approximately 55% of the nation's total shale output
  - To exit 2021 at 4.6MMBPD
- Midland producers are generating the lowest breakeven costs of any basin



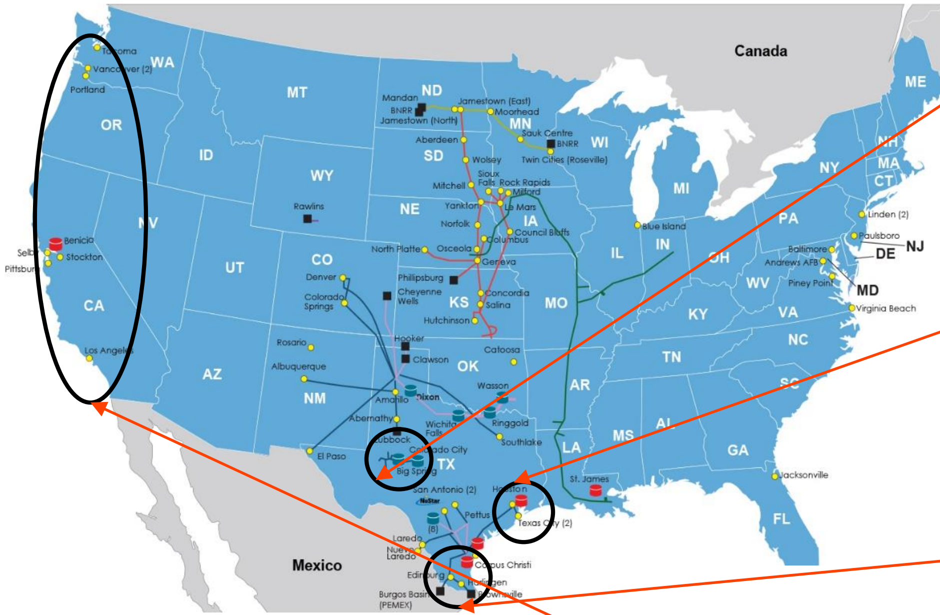


Source: ESAI, East Daley Capital (August 2020)

Our Trimmed-Down 2020 Strategic Spending Program is Focused on Low-multiple Projects to Grow With Our Permian Customers and to Reinforce Our Balance Across Our Portfolio

Total Estimated **2020** Strategic Spending:

165-195MM



Permian Crude Pipeline System
~$60MM in 2020

Gulf Coast Storage and Export
~$10MM in 2020

N. Mexico Refined Products Supply
~$10MM in 2020

West Coast Bio-Fuel Storage
~$30MM in 2020

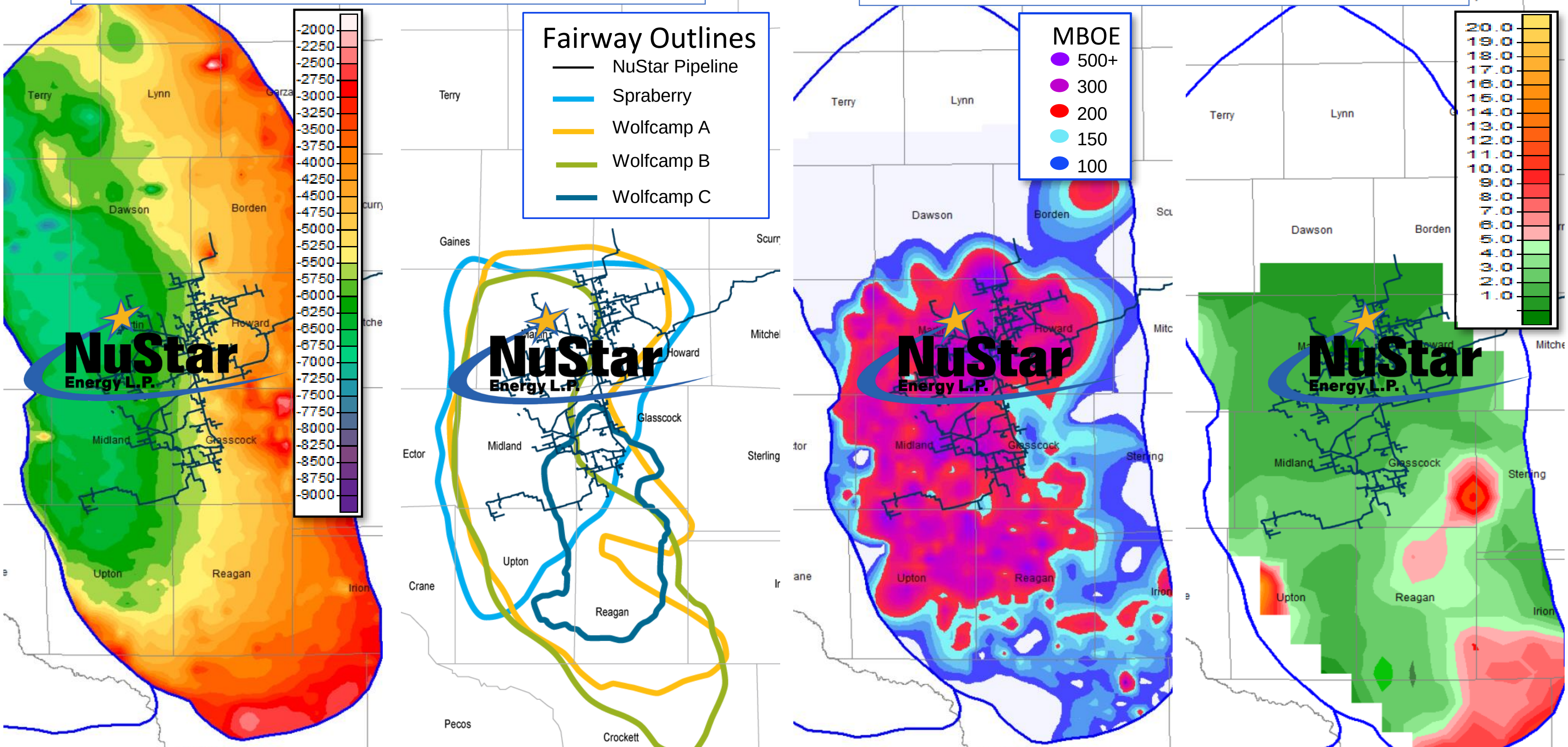
- ★ We plan to spend at least 60% less in 2020 on capital projects than we did in 2019, the majority of which will be focused on the same key areas of opportunity we invested in during 2019
- ★ We will only execute on low-multiple projects that enhance our existing footprint and improve our metrics
- ★ Through July 2020, we have spent ~$100MM (or 56% of the 2020 spending projection, at the midpoint)

PERMIAN CRUDE PIPELINE SYSTEM

We Acquired Our Permian Crude System Because It Sits Squarely Over the Midland Basin's Most Geologically Advantaged Acreage…

MOST ACCESSIBLE, STACKED FORMATIONS…

BEST RECOVERIES AND SUPERIOR GORs…



Wolfcamp Structure (TVDSS ft) | Midland Fairways | 24M CUM (MBOE 20:1) (1) | Wolfcamp 24M GOR

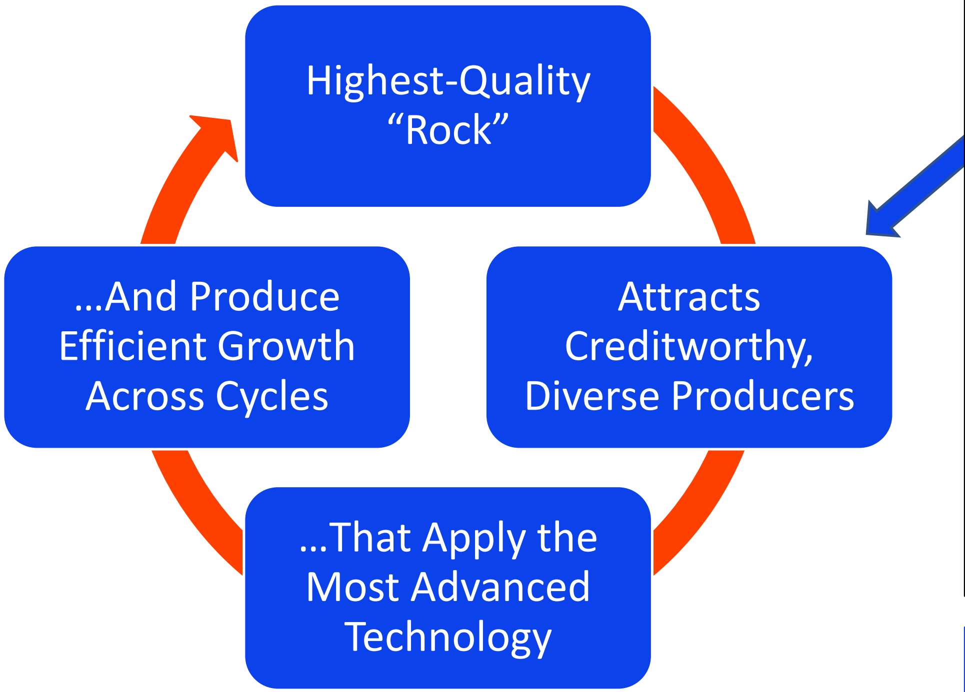
1. *Normalized to 10,000 ft Lateral Lengths.*

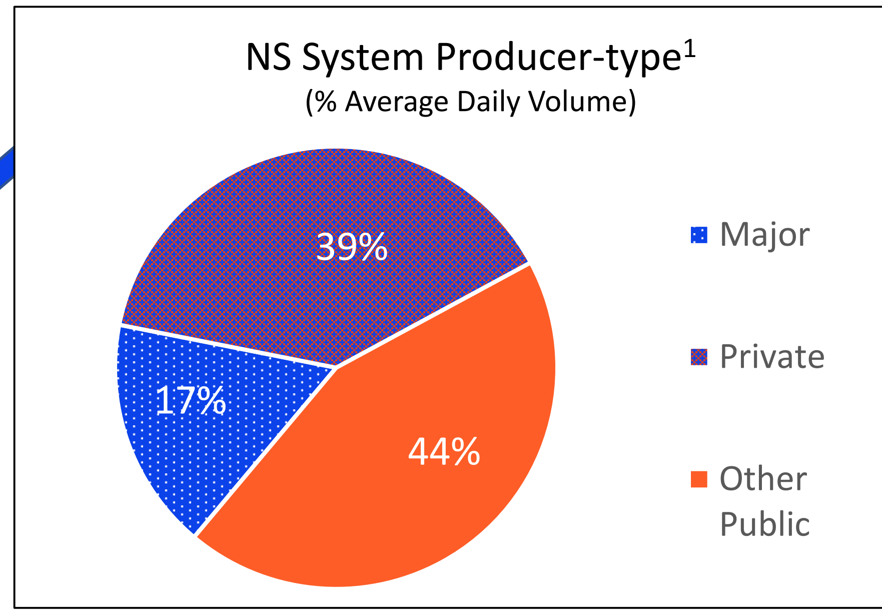
Source: Barclays (January 2020)

PERMIAN CRUDE PIPELINE SYSTEM

Our "Core of the Core" Location has Attracted Our Top-Tier Customers

- The quality of geological formations underlying our system attracts the strongest customers
  - Our creditworthy customers include majors and the most prolific E&Ps, both private and public, in the basin, as well as large independent refiners and marketers
  - ~80% of our system's revenue is generated from investment-grade (IG) rated and Non-IG BB rated entities[1]





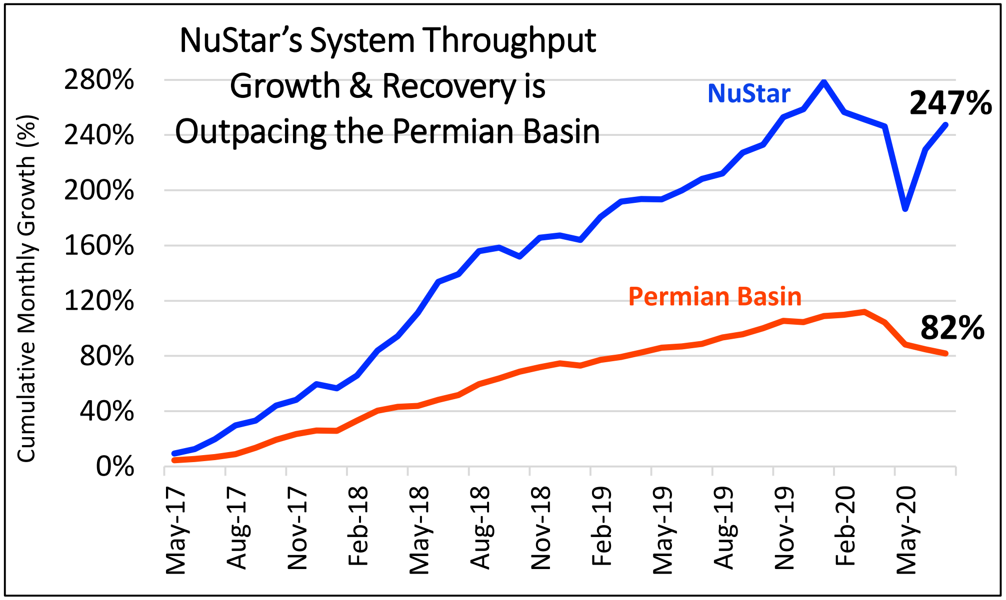
Producer Average Cost of Debt, Weighted by Acreage:
6.7%[2]

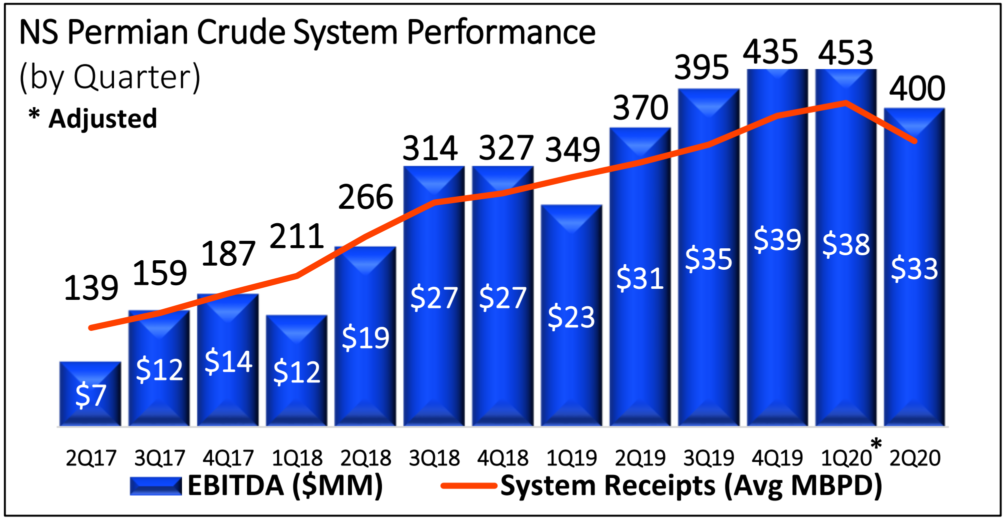
1 – June 30, 2020 MTD
2 – As of August 6, 2020

PERMIAN CRUDE PIPELINE SYSTEM

Our Top-Tier Customers Continue to Drive Our System's Performance, and Production has Recovered More Quickly Than the Rest of the Permian Basin

- Our system's throughput volumes are now up 21% above May lows, while the rest of the Permian has yet to register recovery in production
- We averaged 400MBPD in the second quarter, recovering to 434MBPD in July
- We received nominations for August of 444MBPD, and so far this month has reflected continued growth
  - We now expect throughput to remain above 400MBPD through year end, up from previous guidance
- Our producers have over 500 drilled-uncompleted (DUCs) wells on the system which they plan to bring online over 12-18 months
  - With low breakevens, these DUCs will support volume, even if prices turn lower and provide an important platform for growth until rig counts start to recover

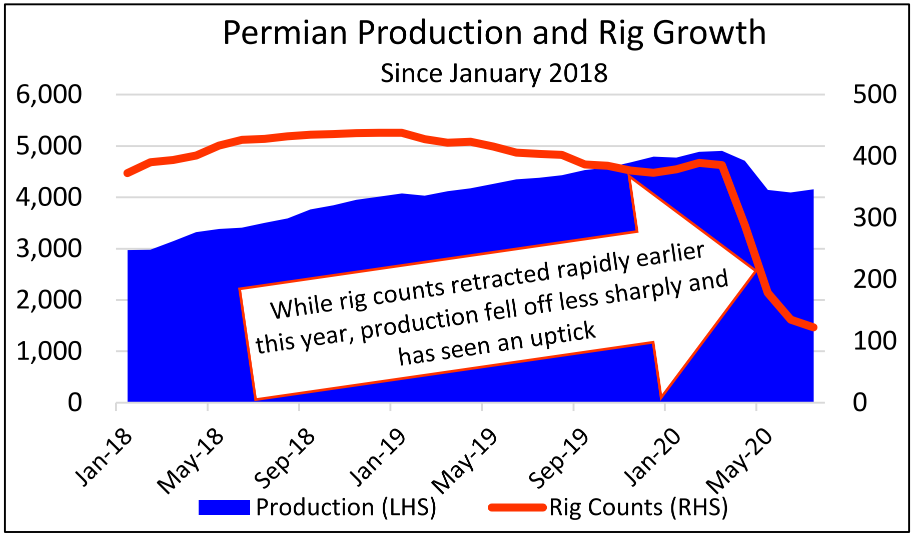


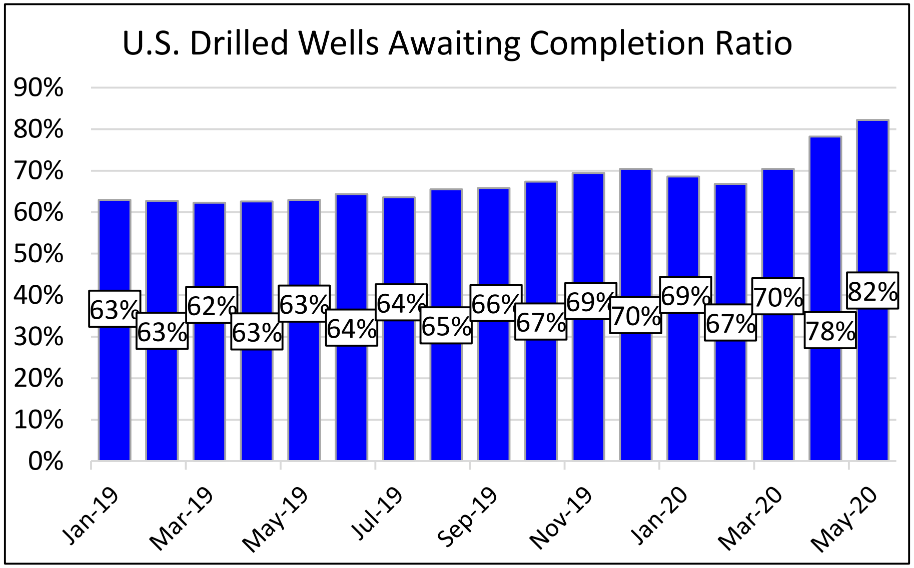


Source: EIA Drilling Productivity Report (July 11, 2020)

Our System's DUC Inventory Will Help Our Customers Maintain Steady Production on Our System as Rig Activity Recovers

- In April, low oil prices incentivized producers to significantly reduce rig activity and well completions, which resulted in a rapid increase in Permian DUC inventories
- Because the Permian DUC inventories grew so rapidly, rig count data is currently less relevant to near-term production growth
- DUCs are now an important consideration in understanding production potential
  - In 2018 and 2019 during the peak of our system's growth, our producers completed approximately 500 wells each year within our system
  - Our system has over 500 DUCs that we expect to be completed over the next 12-18 months





Source: Baker Hughes (July 2020), ESAI (July 2020), Rystad Energy (June 2020)

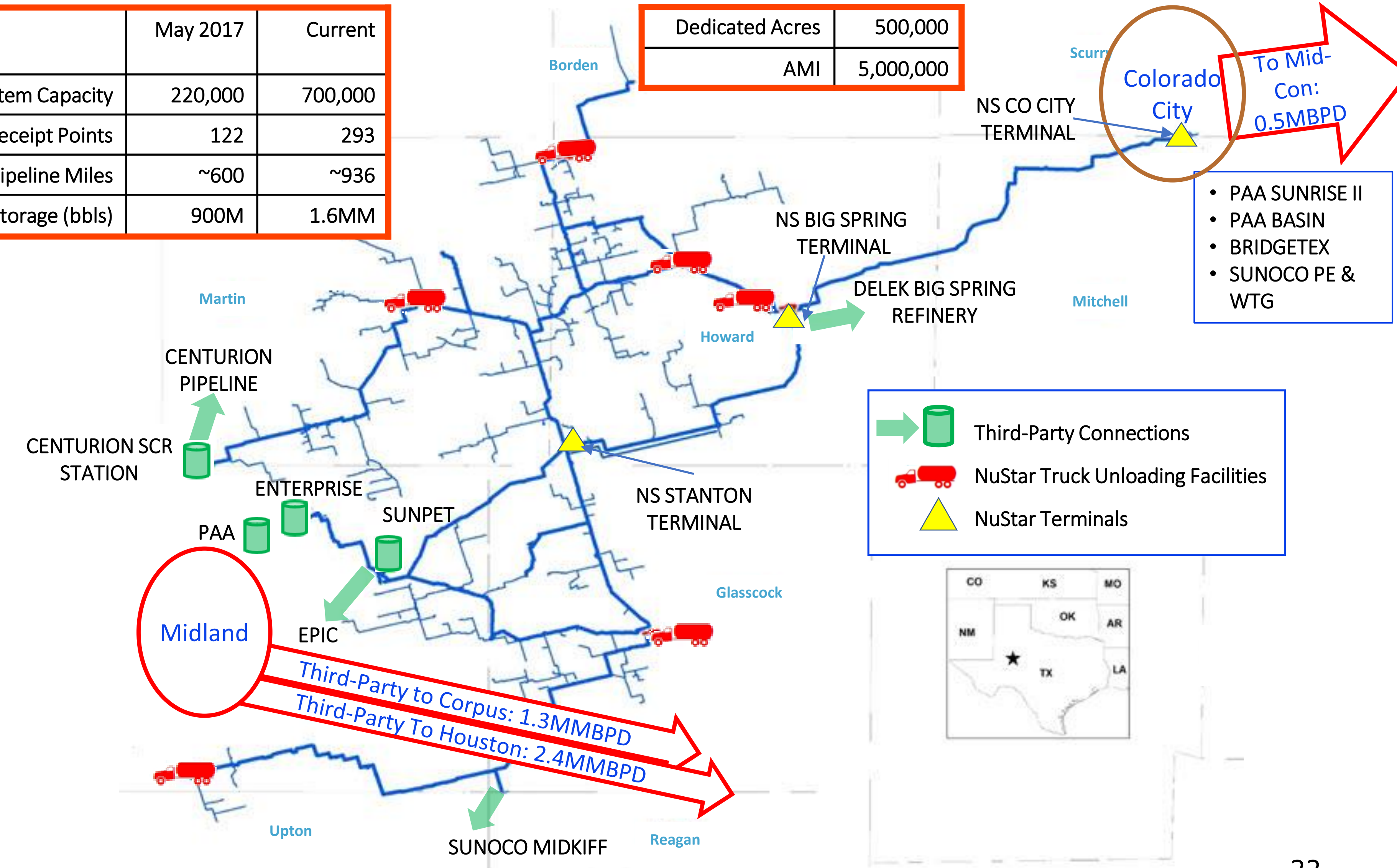
PERMIAN CRUDE PIPELINE SYSTEM

NuStar

With the "Backbone" of Our System Complete, We Plan to Grow in Step With Our Customers' Needs as Crude Demand/Price Rebounds

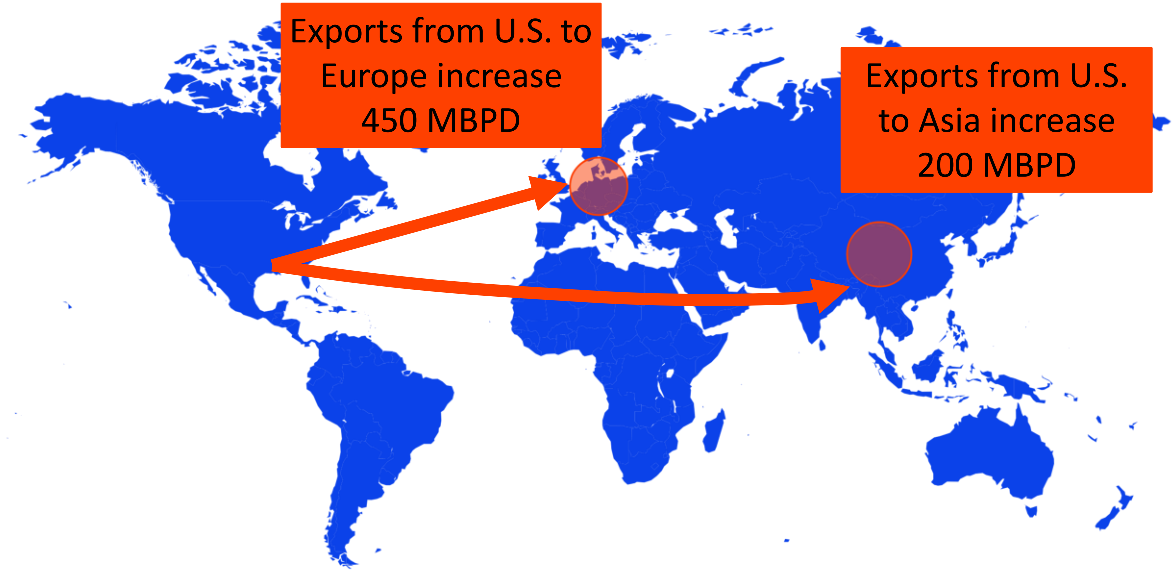
	May 2017	Current
System Capacity	220,000	700,000
Receipt Points	122	293
Pipeline Miles	~600	~936
Storage (bbls)	900M	1.6MM

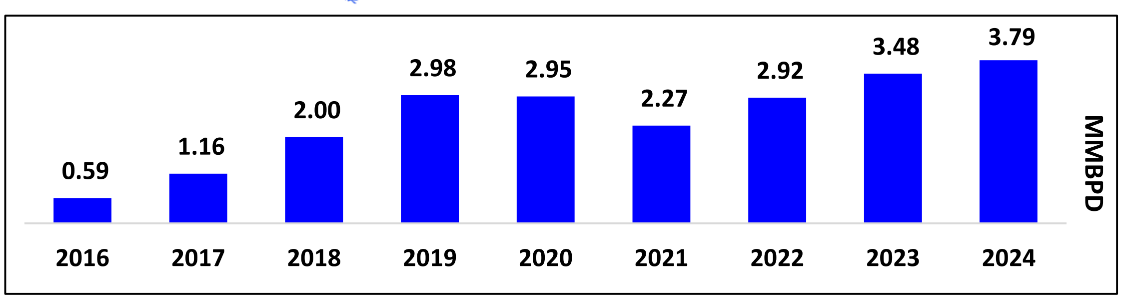
Dedicated Acres	500,000
AMI	5,000,000



U.S. Crude Exports are Expected to Recover and Grow Gradually as Production Exceeds U.S. Refiner Demand

U.S. Export Growth Mid 2019 - 2024





2.2MMbpd
New capacity from Permian long-haul projects in-service 2H 2019 and early 2020

0.9MMbpd or 30%
Growth in U.S. exports through 2024 after long-haul projects commence service

4Q 2020
United States expected to become a sustainable net exporter of crude oil and petroleum products

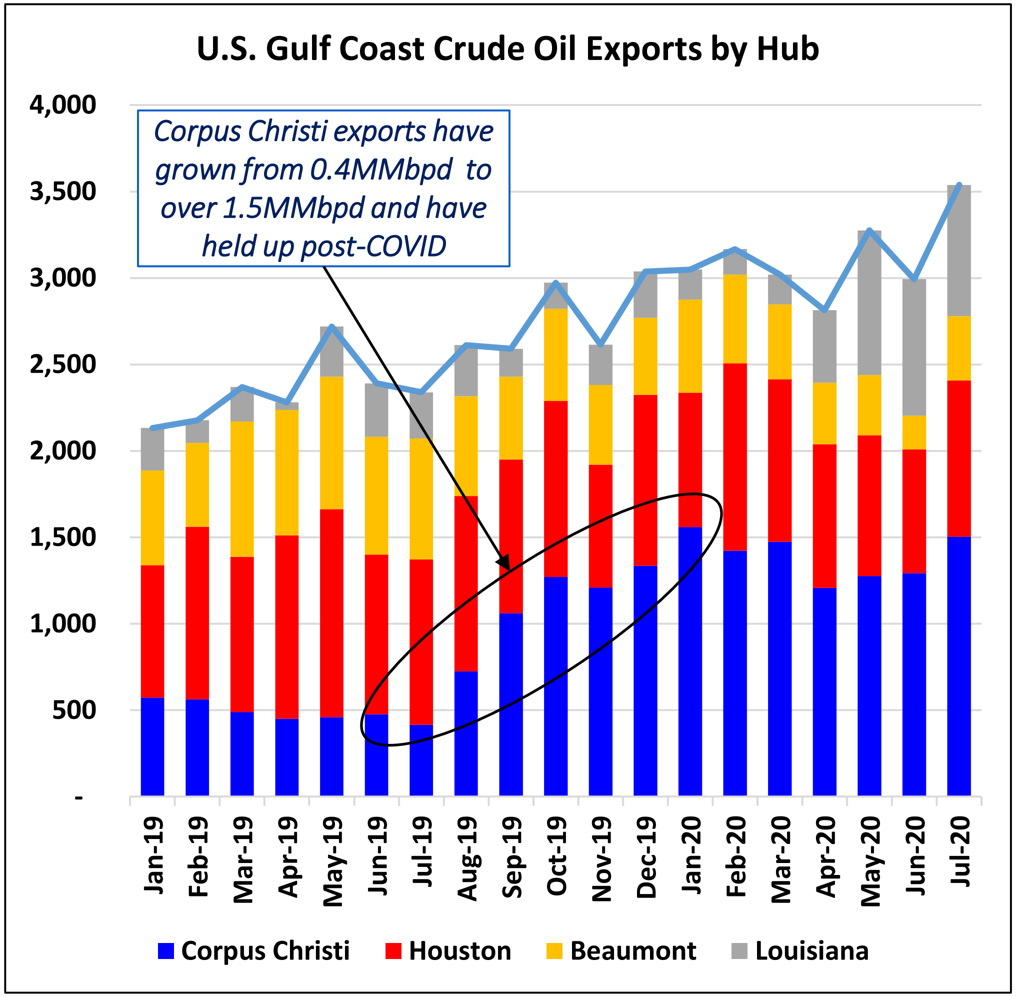
Midstream Solutions
Ensuring that exports and related infrastructure keeps pace with that expected growth represents the next large-scale logistics dislocation requiring midstream solutions

Source: ESAI

GULF COAST STORAGE & EXPORT

Gulf Coast Exports Held Up Well Through 2Q, and the Port of Corpus Christi Remains the Leading U.S. Crude Export Hub

- ★ A significant proportion of the volumes transported on the additional 2.1MMbpd of new long-haul pipeline capacity from the Permian to the Corpus area is moving out over Corpus dock facilities
- ★ Corpus Christi, historically a regional refinery and domestic marine delivery hub, has evolved into a major crude oil export hub
  - ❑ At the end of 2019, Corpus Christi exceeded one third of the total 3.0 MMbpd of Gulf Coast exports
  - ❑ In July, Corpus Christi exports recovered to pre-COVID levels of 1.5MMbpd
  - ❑ Analysts expect Corpus Christi exports to remain steady during the near-term with upside potential as global crude demand recovers in late 2021

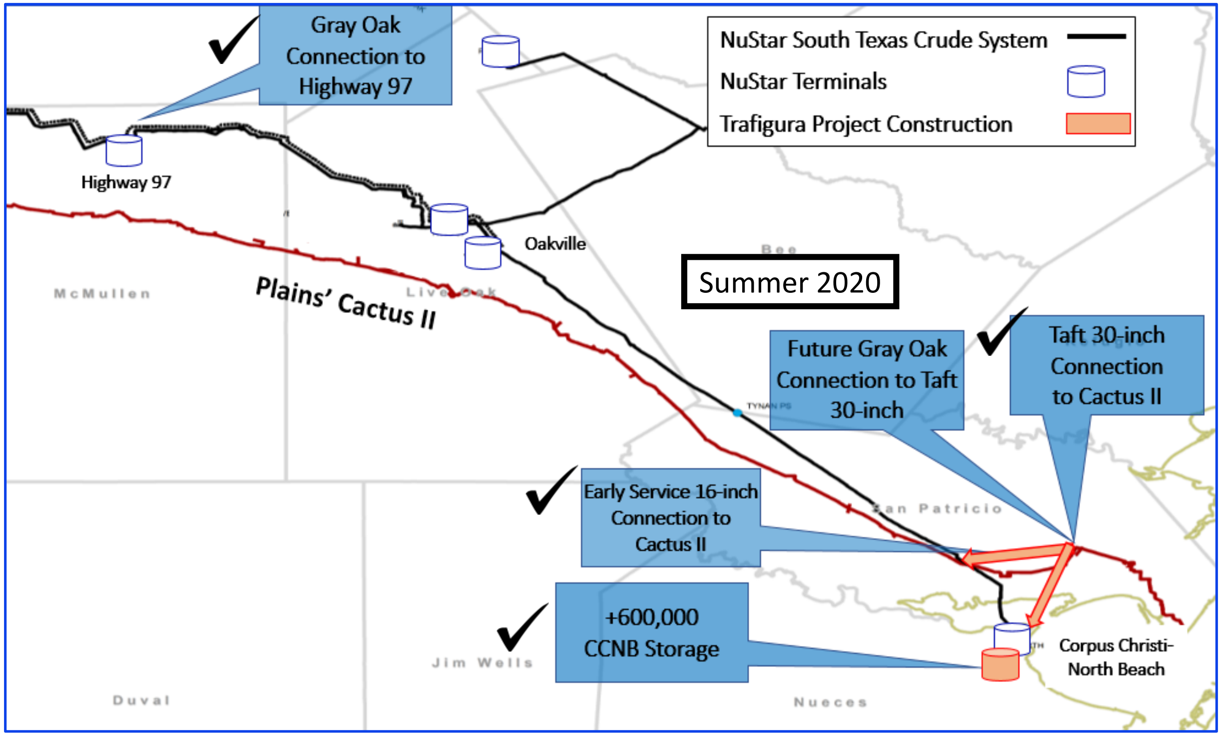


Source: RBN Energy

GULF COAST STORAGE & EXPORT

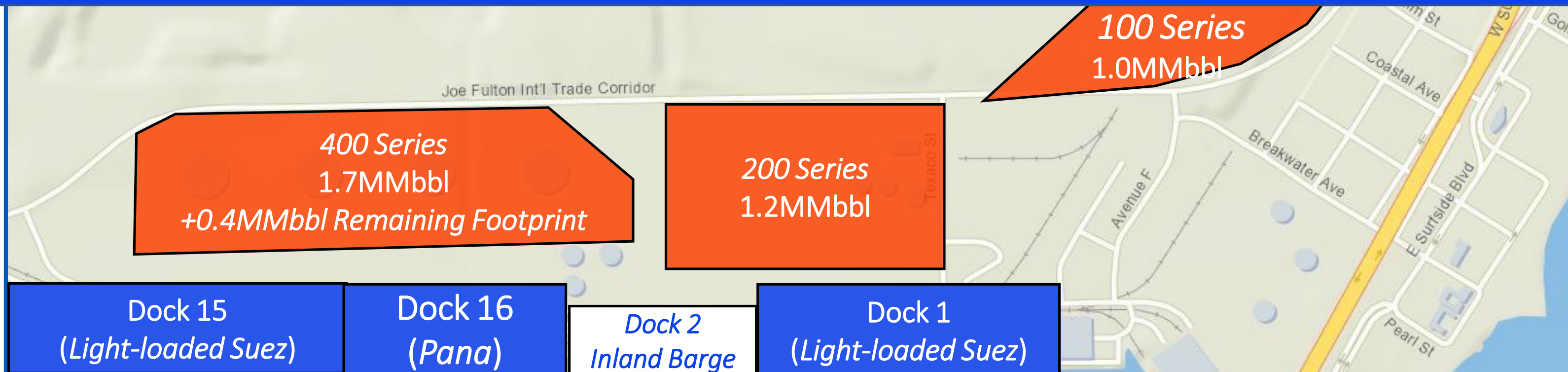
We are Exporting Permian Barrels for Trafigura From Our Corpus Christi Facility on Our Expanded South Texas Footprint

- We have completed our project for Trafigura to connect our existing South Texas Crude System with PAA's Cactus II to transport Permian barrels to our Corpus Christi North Beach facility for export:
  - In August 2019, we began transporting WTI via our South Texas system 16" pipeline from a connection to PAA's Cactus II pipeline to our Corpus Christi North Beach Terminal
  - In September 2019, we completed construction on a new 30" pipeline from a connection in Taft, TX to our Corpus Christi North Beach Terminal and in 1H20 we also completed 600Mbbls of storage at Corpus Christi, which has brought our capacity at the facility to 3.9MMbbls



- Taft, TX is evolving into the point of convergence for all three new pipelines and offers shipper optionality to deliver to either side of the ship channel (Ingleside or Corpus Christi)
  - In August 2020, we expect to complete a connection to Gray Oak in Taft, and we will continue to evaluate connecting to other pipelines as warranted by the recovering demand and our customers needs

We are Also Exporting Permian Long-haul Barrels From Our Corpus Christi North Beach Terminal

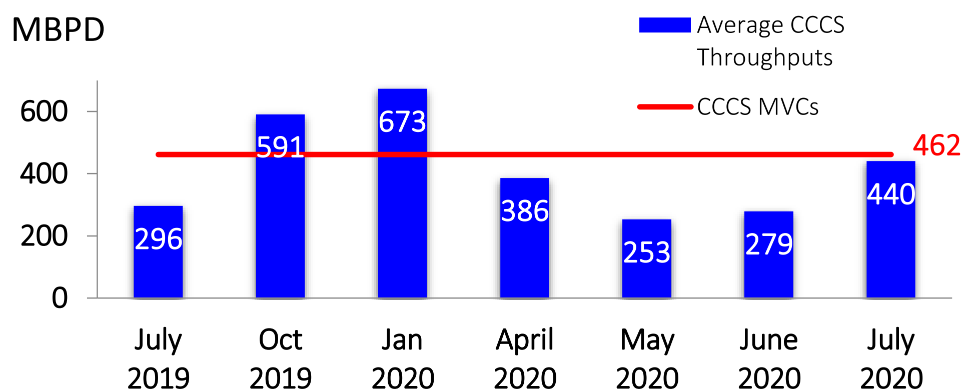


In-bound Capacity	*Storage Capacity*	*Out-bound Capacity*
Current total: 1.2MMbpd • South Texas Crude System 16" Pipeline - 240Mbpd • Taft 30"- 720Mbpd and expandable • Harvest 16" Pipeline - 240Mbpd	Current total: 3.9MMbbl • *Potential* 0.4MMbbl	Current total: 1.2MMbpd • Ship docks - 750Mbpd to 1.0MMbpd • Refinery pipelines - 220Mbpd

★ Our Corpus Christi North Beach Terminal is now receiving barrels from our South Texas Crude Oil Pipeline System, our 12" Three Rivers Supply Pipeline and our new 30" pipeline from Taft, as well as from third-party pipeline connections

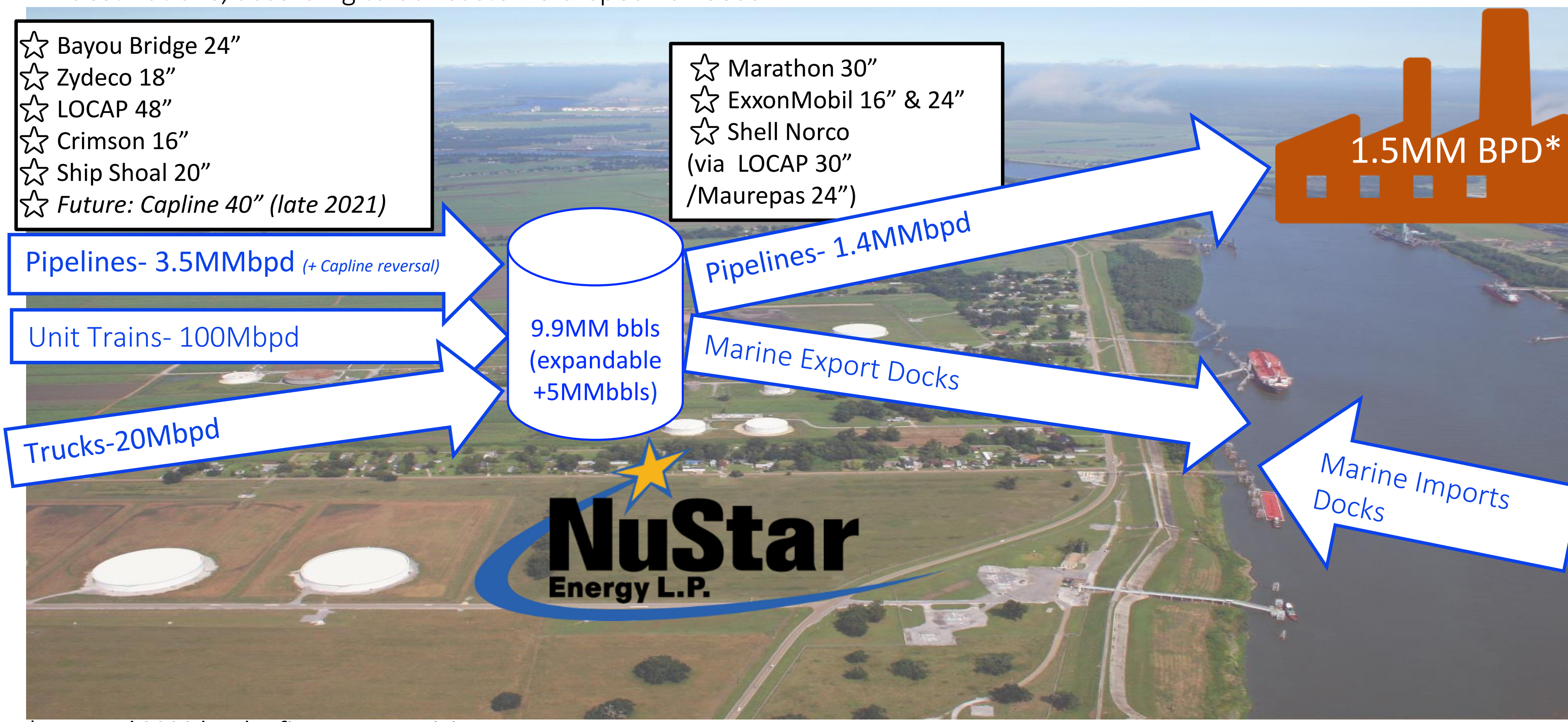
- ❑ Average throughputs have rebounded from our low in May to back to almost MVC levels in July

Average CCCS Throughputs



Our St. James Terminal is a World-class Facility That We Will Continue to Connect and Equip as Demand Grows and the Hub Evolves

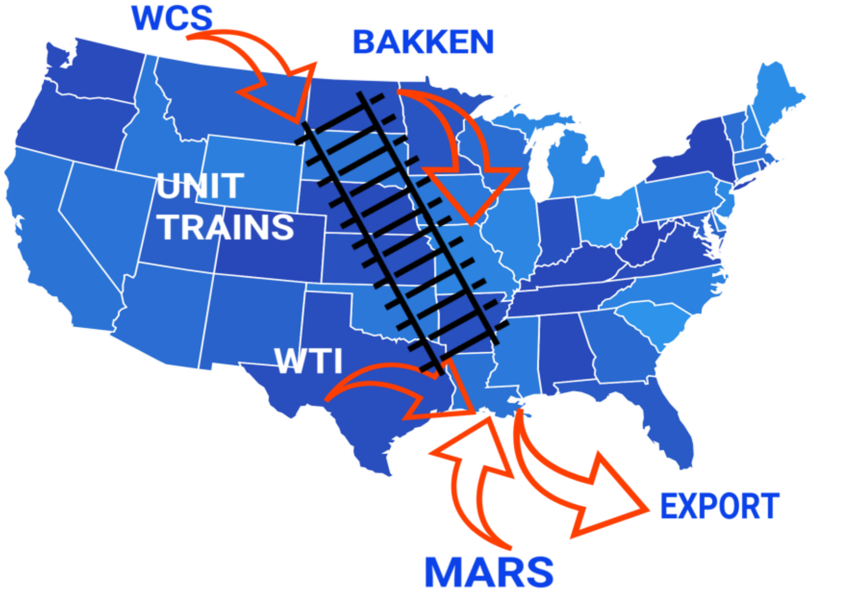
- We are developing projects to ensure that, as in-bound pipeline volumes grow, we have the connectivity and capability those barrels require for handling, storage, blending, batching and export
- Our facility is evolving into an "outward-facing" platform that provides targeted service: receiving a diverse crude slate and storing, blending and delivering a customized "cocktail" to local, as well as other U.S. and international, destinations, according to our customers' specific needs

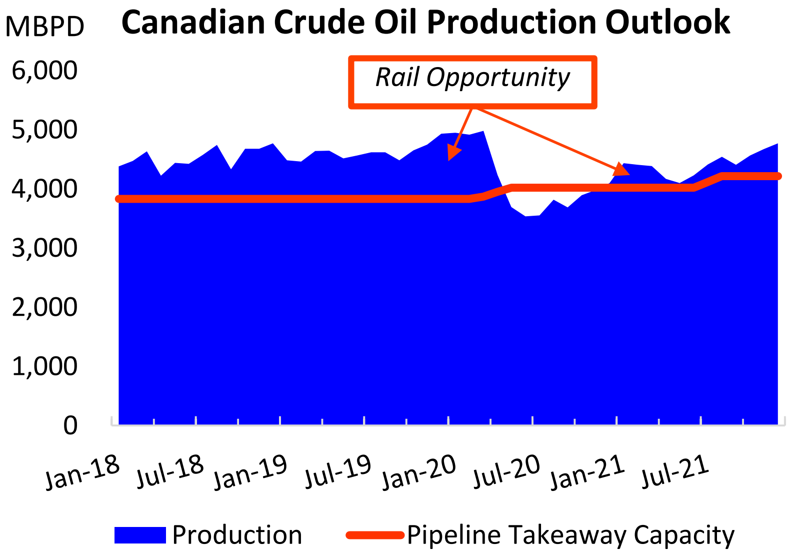


*Year-end 2020 local refinery connectivity

Our Unit Train Facility Benefits From WCS/Bakken Price Dislocations From Pipeline Constraints PLUS Our Key Connectivity Will Benefit From Export Growth as Those Constraints are Resolved

- ★ Prior to March, the lack of long-haul pipeline capacity to transport WCS supply to Gulf Coast demand generated price differentials that supported unit train economics
  - ❑ We have contract commitments for 30MBPD through April 2022
  - ❑ As Canadian production ramps back up, this price dislocation is expected to re-emerge and continue until Enbridge Line 3 is in service, now estimated to occur in 2021-22
- ★ We can also handle light Bakken barrels with our rail facility, which may be an attractive alternative to DAPL



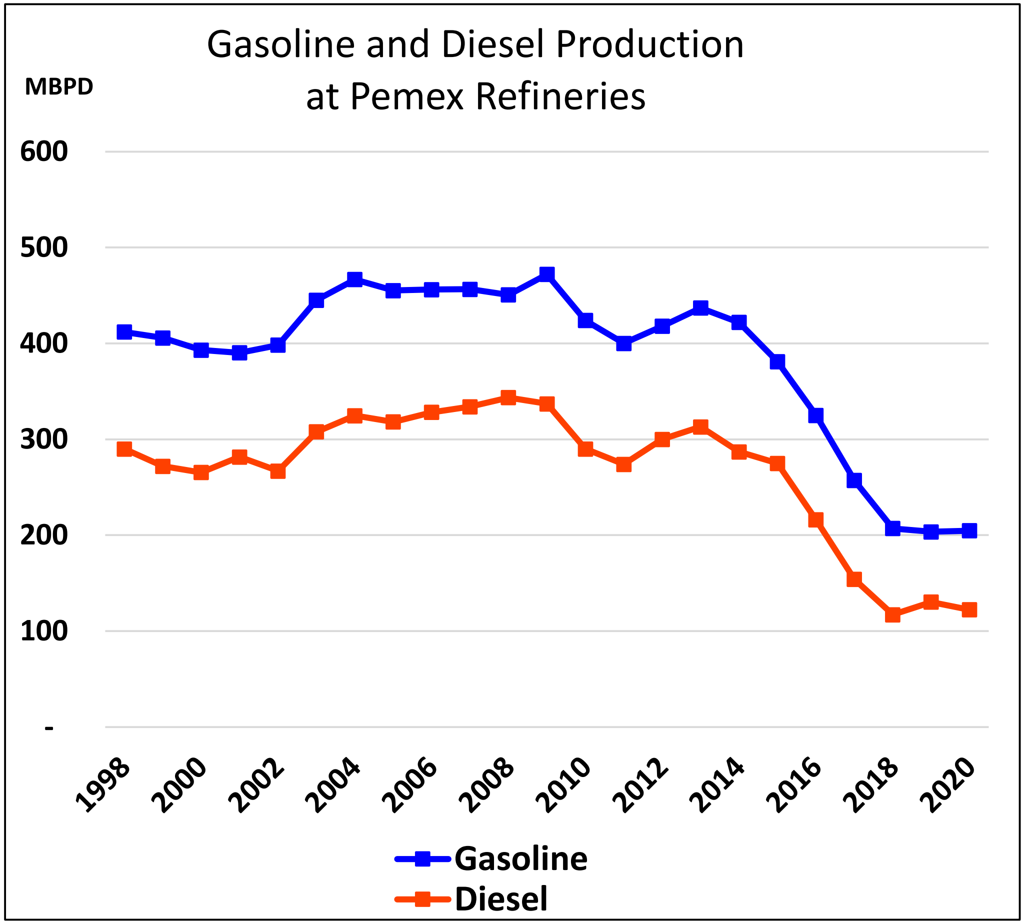


Source: ESAI

- ★ We continue to work to assure our facility is connected to the pipeline projects in progress to debottleneck shale plays, the region, as well as the Midwest and beyond
  - ❑ In March 2019, Bayou Bridge began bringing WTI light, Bakken and Canadian barrels either for export or local use
  - ❑ As soon as late-2021, Capline owners plan to reverse its service to bring WTI, heavy Canadian and Bakken crude for use in regional refineries and export to other locations

Mexico's Refined Products Demand is Expected to Continue to Exceed Its Infrastructure's Capacity

- Mexico refineries currently operate around 35% of nameplate capacity due to weak returns and historical under-investment
  - In 2019, utilization fluctuated between 30% and 55% of capacity
  - Utilization is estimated to average 37% in 2020 and 40% in 2021

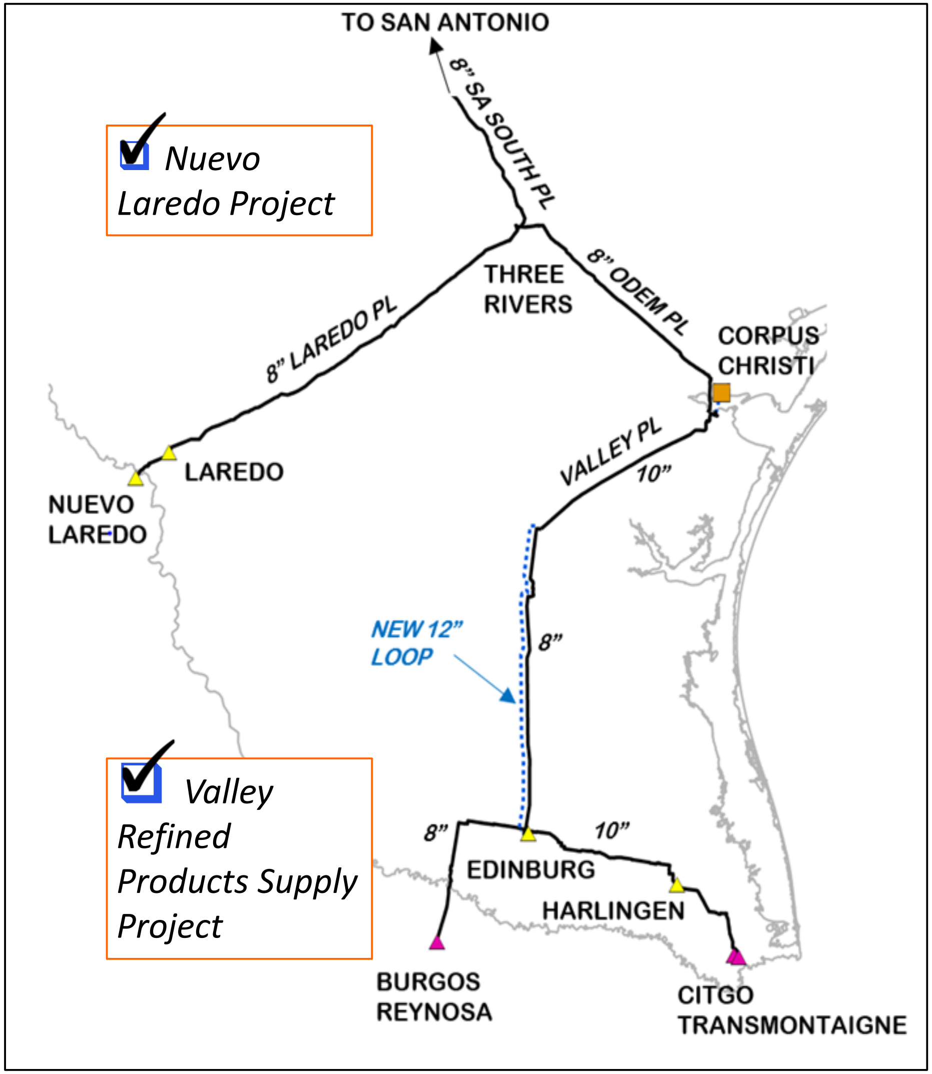


Source: Petroleos Mexicanos (PEMEX), ESAI

N. MEXICO REFINED PRODUCTS SUPPLY

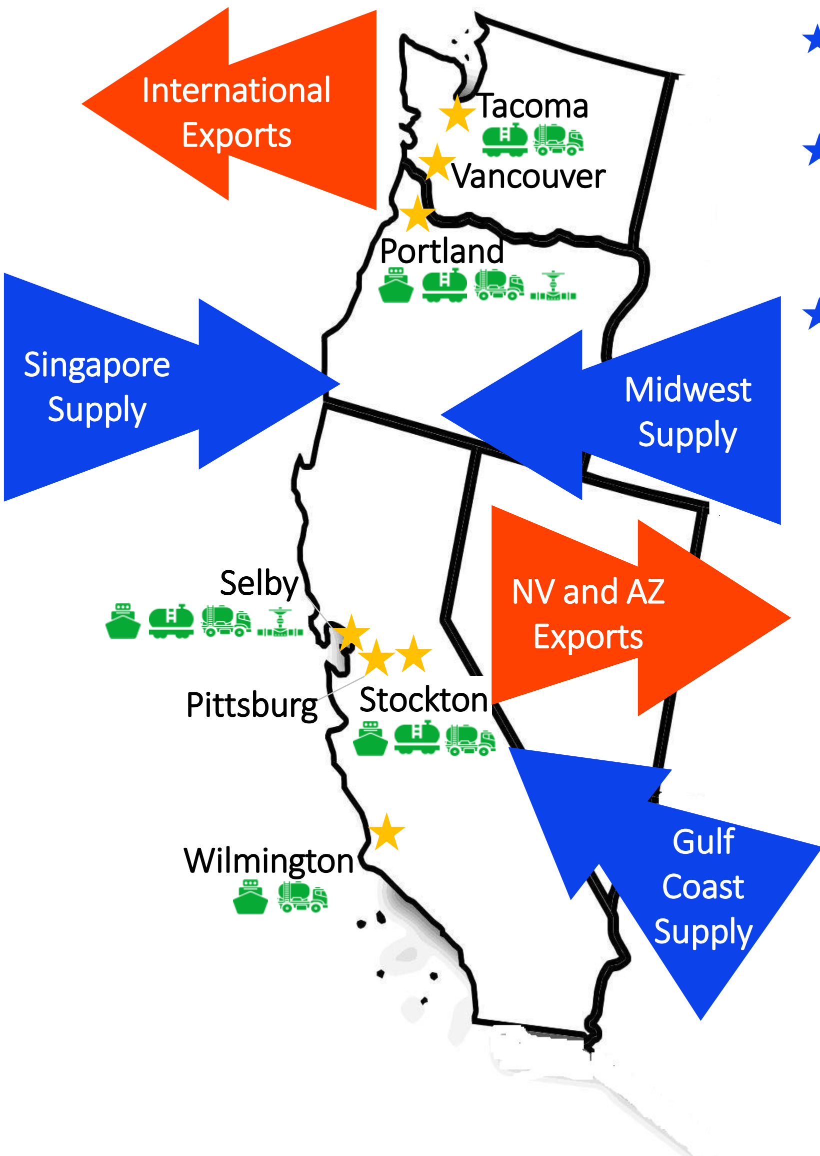
We Have Completed Two Projects to Help Remedy Mexico's Supply Shortfall

- We recently completed service on two projects that address the supply imbalance in Northern Mexico:
  - Nuevo Laredo project for Valero
    - Odem pipeline, Dos Laredos pipeline and Nuevo Laredo terminal expansion
    - ~28Mbpd new capacity with take-or-pay volumes on seven-year contract term
  - Valley Pipeline expansion for major customers completed in September 2019
    - 45Mbpd new capacity with seven-year contract term
    - Open season was fully subscribed



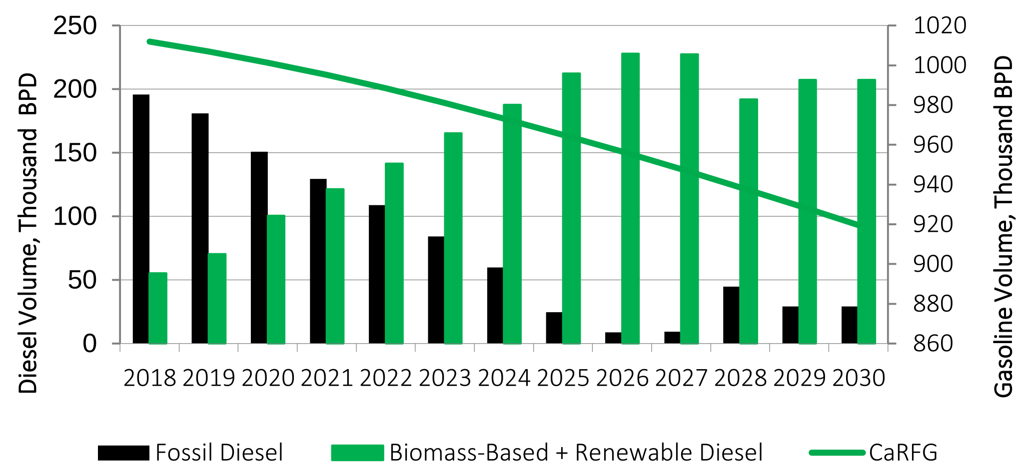
WEST COAST BIO-FUELS STORAGE

Aggressive West Coast Carbon Emissions Reduction Goals Continue to Generate Growing Demand and Dislocations That Require Midstream Solutions



- ★ Regulatory priorities on the West Coast are dramatically increasing demand for bio-fuels in the region
- ★ At the same time, obtaining permits for greenfield projects in the region is difficult, which increases the value of existing assets
- ★ Our terminals have the access to facilities necessary to receive bio-fuels from outside the region and to provide a base for distribution of bio-fuel products across the West Coast

Transportation Fuel Supply With LCFS Compliance From Petroleum Diesel Alternatives



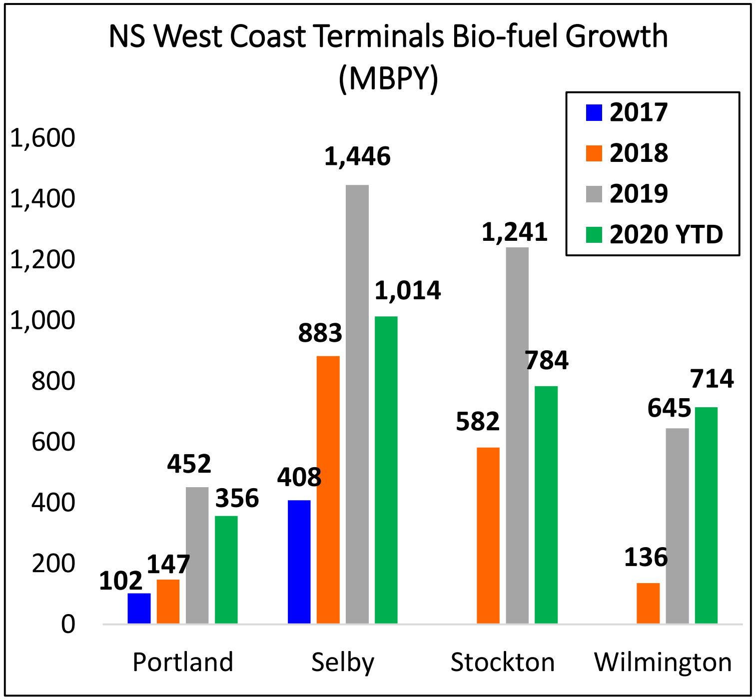
Source: IHS Markit

WEST COAST BIO-FUELS STORAGE

NuStar is Partnering With Key Customers to Develop Necessary Bio-Fuels Storage Projects at Several of Our West Coast Facilities

- ★ We have established ourselves as an early mover and leader in the bio-fuels transportation market by developing and completing a number of bio-fuels projects
- ★ These projects coupled with our customers on the West Coast have allowed NuStar to capture market share and build important customer relationships with key global producers
  - ❑ Our facilities are positioned to benefit as the bio-fuels market continues to grow and third parties announce new production and conversion supply projects for renewable diesel, renewable jet, ethanol and other bio-fuels

		Complete
Portland	Convert 36,000 Bbls to **biodiesel**	✓
	Convert 57,000 Bbls to **renewable diesel**	✓
Selby	Construct truck-loading for **renewable diesel**	✓
Stockton	Convert 30,000 Bbls to **biodiesel**	✓
	Convert 73,000 Bbls to **renewable diesel** and expand **renewable diesel** handling to all 15 rail spots	
	Convert 151,000 Bbls to **renewable diesel**	
	Connect to railcar **ethanol** offload facility	
Wilmington	Convert 160,000 Bbls to **renewable diesel**	✓
	Reconfigure dock for enhanced marine capability	



For the Rest of 2020, We Intend to Stay Focused on Our Priorities…

2H 2020

Protecting Our Employees & Operating Safely & Reliably

Identifying Costs Savings & Executing Efficiently Across Our Operations

Lowering Our Leverage

At NuStar, We Have Always Believed That Our Culture is Integral to Building Long-term Value

- We recognize that building long-term, steady, solid growth for our unitholders takes more than great capital assets in advantaged locations, financial discipline and strategic planning
- Our culture also strongly values the other key elements necessary for long-term growth:

Alignment	Partnership	Protection
Aligning our policies and practices with our unitholders’ interests through transparent, responsive governance	Partnering with our communities to assure we take an active role in improving and contributing to the towns, counties and states where we live and work	Protecting our employees through our top-tier safety practices and competitive compensation and benefits and protecting the environment with responsible, conscientious operations and training

Our Governance is Aligned With Our Unitholders' Interest

No IDRs

Annual Unitholder Meetings

NS Board of Directors

98% Attendance for 2019 Board & Committee Meetings

78% Independent Directors

11% Women

Audit Committee

Nominating, Governance & Conflicts Committee

Compensation Committee

NS Management

Majority of Officers' Compensation Tied to Performance and Unit Returns

Sustainability Committee

Governance, Ethics & Compliance Committee

Cyber Risk Governance Committee

Protecting Our People and Our Environment Through Safe, Responsible Operations is NuStar's #1 Priority…

★ Our safety statistics reflect our commitment to safe, responsible operations

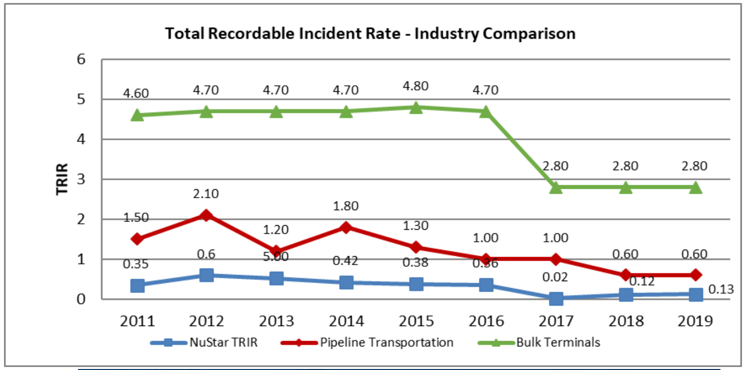
- ❑ In 2019, as in years past, we performed substantially better than our peers
  - ✓ 21.5 times better than the Bureau of Labor Statistics (BLS) comparison data for the Bulk Terminals Industry
  - ✓ 4.6 times better than the BLS data for the Pipeline Transportation Industry

★ NuStar has received the International Liquids Terminals Association's (ILTA) Safety Excellence Award 10 times

- ❑ ILTA reviews its members' safety reports filed with OSHA, and recognizes member companies that achieve exemplary safety statistics with an award

★ We participate in the OSHA Voluntary Protection Program (VPP), which promotes effective worksite safety and health

- ❑ Achieving VPP *Star Status* requires rigorous OSHA review and audit, and *Star Status* requires renewal every three years
- ❑ 85% of our U.S. terminals are VPP-certified



1 – Industry averages derived from 2011-2018 Bureau of Labor Statistics (BLS) Data. 2018 averages carried forward to 2019 for illustration purposes.

… And We Continue to Prioritize Taking Care of Our Employees and Contributing to Our Communities

Ranked #13!

Ranked #62!

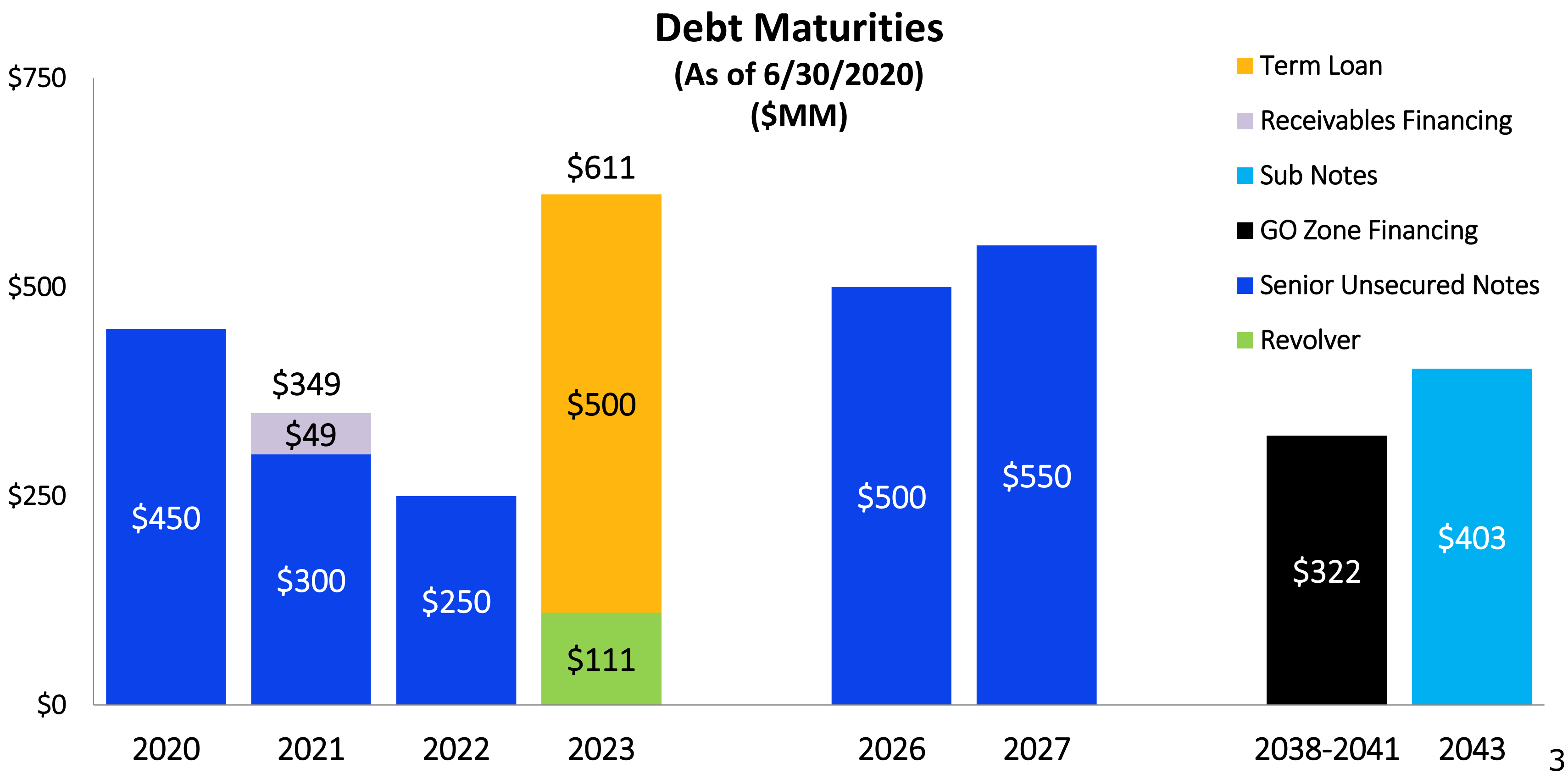
Ranked #46!

- ★ **NuStar has been recognized for its strong corporate culture with numerous awards**
  - ❑ NuStar has been recognized 11 times in Fortune's Annual "100 Best Companies to Work For" list
- ★ **NuStar employees contributed 83,000 volunteer hours in 2019 alone**
  - ❑ NuStar maintains local volunteer councils in each community in which we operate to contribute to the charitable and civic causes unique to that local community
- ★ **100% of our U.S. employees contribute to our United Way campaign, and our average per capita contribution is the highest in the nation for a company our size**
  - ❑ NuStar's total 2019 contribution was $3.2 million
- ★ **Each year since 2007, NuStar's employees have hosted a golf tournament to support Haven for Hope, a transformational campus in San Antonio that addresses homelessness**
  - ❑ The tournament has generated an aggregate of over $42 million for Haven for Hope

APPENDIX

Debt Maturity Schedule

- In March 2020, we renewed our revolver through October of 2023
- In April 2020, we entered into a three-year, $750 million unsecured term loan agreement with Oaktree Capital Management, L.P. to increase our liquidity and to address near-term debt maturities
  - Debt neutral transaction
  - To date, only $500 million has been drawn with an option to draw down an additional $250 million, if necessary



Capital Structure as of June 30, 2020
($ in Millions)

$1.0B Credit Facility	$111
Term Loan (12.00%)	500
NuStar Logistics Notes (4.80%)	450
NuStar Logistics Notes (4.75%)	250
NuStar Logistics Notes (5.625%)	550
NuStar Logistics Notes (6.00%)	500
NuStar Logistics Notes (6.75%)	300
NuStar Logistics Sub Notes	403
GO Zone Bonds	322
Receivables Financing	49
Finance Lease Liability	60
Other	(61)
Total Debt	**$3,434**

Series D Preferred Units	$592
Series A, B and C Preferred Units	$756
Common Equity and AOCI	$707
Total Equity[1]	**2,055**
Total Capitalization	**$5,489**

★ **As of June 30, 2020:**

- Credit facility availability ~$885MM
- Debt-to-EBITDA ratio[2] 3.94x

1 - Total Equity includes Partners' Equity and Mezzanine Equity (Series D Preferred Units)

2 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

Reconciliation of Non-GAAP Financial Information

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. We may also adjust these measures or calculate them based on continuing operations, to enhance the comparability of our performance across periods.

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 EBITDA, DCF and a distribution coverage ratio, which is calculated based on DCF, as some of the factors in its compensation determinations. 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 periods 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.

The following is a reconciliation of income from continuing operations to EBITDA from continuing operations (in thousands of dollars):

	Three Months Ended June 30,	
	2020	**2019**
Income from continuing operations	$ 29,766	$ 46,915
Interest expense, net	59,499	45,693
Income tax expense	1,810	1,296
Depreciation and amortization expense	71,385	66,810
EBITDA from continuing operations	$ 162,460	$ 160,714

Reconciliation of Non-GAAP Financial Information (continued)

The following is a reconciliation of income from continuing operations to EBITDA from continuing operations
(in thousands of dollars)

	Year Ended December 31,	
	2019	
Income from continuing operations	$	206,834
Interest expense, net		183,070
Income tax expense		4,754
Depreciation and amortization expense		272,924
EBITDA from continuing operations	$	667,582

Reconciliation of Non-GAAP Financial Information (continued)

The following is a reconciliation of net income (loss) to EBITDA to adjusted EBITDA (in thousands of dollars):

	Current Guidance For the year ended December 31, 2020
Net income (loss)	$ (75,000 - 35,000)
Interest expense, net	225,000 - 240,000
Income tax expense	5,000 - 10,000
Depreciation and amortization expense	285,000 - 295,000
EBITDA	440,000 - 510,000
Goodwill impairment loss (a)	225,000
Adjusted EBITDA	$ 665,000 - 735,000

(a) Represents a non-cash goodwill impairment charge related to our crude oil pipelines reporting unit.

The following is a reconciliation of operating (loss) income to EBITDA to adjusted EBITDA for the Permian Crude System (in thousands of dollars):

	Three Months Ended												
	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	June 30, 2020
Operating (loss) income	$ (3,424)	$ 1,050	$ 650	$ (1,847)	$ 3,605	$ 11,546	$ 10,878	$ 5,358	$ 13,543	$ 17,280	$ 21,132	$ (106,476)	$ 14,481
Depreciation and amortization expense	10,227	11,005	13,165	13,477	15,059	15,235	16,589	17,647	17,182	18,114	18,154	18,606	18,928
EBITDA	$ 6,803	$ 12,055	$ 13,815	$ 11,630	$ 18,664	$ 26,781	$ 27,467	$ 23,005	$ 30,725	$ 35,394	$ 39,286	$ (87,870)	$ 33,409
Goodwill impairment loss (a)	—	—	—	—	—	—	—	—	—	—	—	126,000	—
Adjusted EBITDA	$ 6,803	$ 12,055	$ 13,815	$ 11,630	$ 18,664	$ 26,781	$ 27,467	$ 23,005	$ 30,725	$ 35,394	$ 39,286	$ 38,130	$ 33,409

(a) Represents a non-cash goodwill impairment charge.

Reconciliation of Non-GAAP Financial Information (continued)

The following is the reconciliation for the calculation of our Consolidated Debt Coverage Ratio, as defined in our revolving credit agreement (the Revolving Credit Agreement). The reconciliation of net income (loss) to EBITDA includes reconciling items from continuing and discontinued operations on a combined basis (in thousands of dollars, except ratio data):

	For the Four Quarters Ended	
	June 30, 2020	June 30, 2019
Net income (loss)	$ 8,344	$ (181,650)
Interest expense, net	200,079	179,481
Income tax expense	4,685	6,745
Depreciation and amortization expense	280,809	292,278
EBITDA	493,917	296,854
Impairment losses (a)	225,000	336,838
Other expense (b)	5,785	38,709
Equity awards (c)	13,175	12,140
Pro forma effect of dispositions (d)	4,777	(7,638)
Material project adjustments and other items (e)	26,148	79,901
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 768,802	$ 756,804
Total consolidated debt	$ 3,434,124	$ 3,429,740
NuStar Logistics' floating rate subordinated notes	(402,500)	(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	$ 3,031,624	$ 2,985,764
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	3.94x	3.95x

(a) For the four quarters ended June 30, 2020, this adjustment represents a non-cash goodwill impairment charge related to our crude oil pipelines reporting unit. For the four quarters ended June 30, 2019, this adjustment represents non-cash impairment losses associated with long-lived assets and goodwill at the St. Eustatius terminal.

(b) Other expense is excluded for purposes of calculating Consolidated EBITDA, as defined in the Revolving Credit Agreement.

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

(d) For the four quarters ended June 30, 2020, this adjustment represents the pro forma effects of the sale of our St. Eustatius operations as if we had completed the sale on July 1, 2019. For the four quarters ended June 30, 2019, this adjustment represents the pro forma effects of the sale of our European operations as if we had completed the sale on July 1, 2018.

(e) This adjustment represents a percentage of the projected Consolidated EBITDA attributable to any Material Project and other noncash items, as defined in the Revolving Credit Agreement.