NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended June 30, 2021
(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. We may also adjust these measures 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 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.

1. The following is a reconciliation of net income (loss) to EBITDA, DCF and distribution coverage ratio.

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended
	2021	2020	2021	2020	March 31, 2021
Net income (loss)	$ 63,383	$ 29,766	$ 105,640	$ (117,875)	$ 42,257
Interest expense, net	53,780	59,499	108,698	106,993	54,918
Income tax expense	1,338	1,810	2,850	2,409	1,512
Depreciation and amortization expense	70,877	71,385	141,342	141,632	70,465
EBITDA	189,378	162,460	358,530	133,159	169,152
Interest expense, net	(53,780)	(59,499)	(108,698)	(106,993)	(54,918)
Reliability capital expenditures	(8,943)	(7,422)	(17,432)	(11,051)	(8,489)
Income tax expense	(1,338)	(1,810)	(2,850)	(2,409)	(1,512)
Long-term incentive equity awards (a)	2,720	2,052	6,007	3,986	3,287
Preferred unit distributions	(31,887)	(30,684)	(63,774)	(61,107)	(31,887)
Goodwill impairment loss (b)	—	—	—	225,000	—
Other items	1,225	(2,606)	6,137	4,225	4,912
DCF	$ 97,375	$ 62,491	$ 177,920	$ 184,810	$ 80,545
Distributions applicable to common limited partners	$ 43,814	$ 43,678	$ 87,648	$ 87,408	$ 43,834
Distribution coverage ratio (c)	2.22x	1.43x	2.03x	2.11x	1.84x

(a) We intend to satisfy the vestings of these 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.

(b) Represents a non-cash goodwill impairment charge related to our crude oil pipelines reporting unit for the six months ended June 30, 2020.

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

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

	Three Months Ended June 30, 2021		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 96,512	$ 46,185	$ 2,298
Depreciation and amortization expense	44,990	23,974	—
EBITDA	$ 141,502	$ 70,159	$ 2,298

	Three Months Ended June 30, 2020		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 71,981	$ 43,242	$ 3,349
Depreciation and amortization expense	44,028	25,186	—
EBITDA	$ 116,009	$ 68,428	$ 3,349

3. 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).

	For the Four Quarters Ended June 30,		Projected for the Year Ended December 31, 2021
	2021	2020	
Operating income	$ 423,354	$ 223,670	$ 400,000 - 420,000
Depreciation and amortization expense	284,811	280,809	270,000 - 278,000
Goodwill impairment loss (a)	—	225,000	—
Equity awards (b)	13,438	13,175	10,000 - 15,000
Other (c)	244	26,148	(5,000) - 5000
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 721,847	$ 768,802	$ 675,000 - 718,000
Total consolidated debt	$ 3,483,840	$ 3,434,124	$ 3,100,000 - 3,300,000
NuStar Logistics' floating rate subordinated notes	(402,500)	(402,500)	(402,500)
Consolidated Debt, as defined in the Revolving Credit Agreement	$ 3,081,340	$ 3,031,624	$ 2,697,500 - 2,897,500
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.27x	3.94x	4.0x

(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.

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

(c) This adjustment represents other noncash and pro forma items, as defined in the Revolving Credit Agreement. The four quarters ended June 30, 2020 also includes pro forma items attributable to Material Projects, as defined in the Revolving Credit Agreement.

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4. The following is a reconciliation of net income, EBITDA, adjusted EBITDA, adjusted DCF and adjusted distribution coverage ratio.

	Projected for the Year Ended December 31, 2021
Net income	$ 63,000 - 74,000
Interest expense, net	210,000 - 218,000
Income tax expense	2,000 - 5,000
Depreciation and amortization expense	270,000 - 278,000
EBITDA	545,000 - 575,000
Loss on announced sale of terminals (a)	135,000
Adjusted EBITDA	680,000 - 710,000
Interest expense, net	(210,000 - 218,000)
Reliability capital expenditures	(40,000 - 50,000)
Income tax expense	(2,000 - 5,000)
Long-term incentive equity awards (b)	10,000 - 15,000
Preferred unit distributions	(125,000 - 130,000)
Other	15,000 - 20,000
Adjusted DCF	$ 328,000 - 342,000
Distributions applicable to common limited partners	$ 175,000 - 178,000
Adjusted distribution coverage ratio (c)	1.9x

(a) This projection for the year ended December 31, 2021 represents the midpoint of the expected range of loss on the sale of terminals, which was announced on August 2, 2021, and is expected to be completed in the fourth quarter of 2021.

(b) We intend to satisfy the vestings of these 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) Adjusted distribution coverage ratio is calculated by dividing adjusted DCF by distributions applicable to common limited partners.