NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended March 31, 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 available to common limited partners and distribution coverage ratio.

	Three Months Ended March 31,	
	2021	2020
Net income (loss)	$ 42,257	$ (147,641)
Interest expense, net	54,918	47,494
Income tax expense	1,512	599
Depreciation and amortization expense	70,465	70,247
EBITDA	169,152	(29,301)
Interest expense, net	(54,918)	(47,494)
Reliability capital expenditures	(8,489)	(3,629)
Income tax expense	(1,512)	(599)
Long-term incentive equity awards (a)	3,287	1,934
Preferred unit distributions	(31,887)	(30,423)
Goodwill impairment loss (b)	—	225,000
Other items	4,912	6,831
DCF available to common limited partners	$ 80,545	$ 122,319
Distributions applicable to common limited partners	$ 43,834	$ 43,730
Distribution coverage ratio (c)	1.84x	2.80x

(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.

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

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2. The following are reconciliations of operating income (loss) to EBITDA and adjusted EBITDA for our reported segments.

	Three Months Ended March 31, 2021		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 79,379	$ 42,718	$ 2,731
Depreciation and amortization expense	44,794	23,624	—
EBITDA	$ 124,173	$ 66,342	$ 2,731

	Three Months Ended March 31, 2020		
	Pipeline	Storage	Fuels Marketing
Operating (loss) income	$ (122,924)	$ 48,579	$ 6,443
Depreciation and amortization expense	43,359	24,702	—
EBITDA	(79,565)	73,281	6,443
Goodwill impairment loss (a)	225,000	—	—
Adjusted EBITDA	$ 145,435	$ 73,281	$ 6,443

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

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 March 31,	
	2021	2020
Operating income	$ 400,450	$ 224,252
Depreciation and amortization expense	285,319	276,234
Goodwill impairment loss (a)	—	225,000
Equity awards (b)	12,763	13,359
Pro forma effect of disposition (c)	(6,784)	—
Material project adjustments and other items (d)	(1,106)	52,442
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 690,642	$ 791,287
Total consolidated debt	$ 3,433,940	$ 3,352,440
NuStar Logistics' floating rate subordinated notes	(402,500)	(402,500)
Consolidated Debt, as defined in the Revolving Credit Agreement	$ 3,031,440	$ 2,949,940
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.39x	3.73x

(a) For the four quarters ended March 31, 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) For the four quarters ended March 31, 2021, this adjustment represents the pro forma effect of the disposition of the Texas City terminals, as if we had completed the sale on April 1, 2020.

(d) This adjustment represents other noncash items, and for the four quarters ending March 31, 2020, a percentage of the projected Consolidated EBITDA attributable to any Material Project, as defined in the Revolving Credit Agreement.