NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended June 30, 2020
(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 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Income (loss) from continuing operations	$ 29,766	$ 46,915	$ (117,875)	$ 75,838
Interest expense, net	59,499	45,693	106,993	89,984
Income tax expense	1,810	1,296	2,409	2,478
Depreciation and amortization expense	71,385	66,810	141,632	133,747
EBITDA from continuing operations	162,460	160,714	133,159	302,047
Interest expense, net	(59,499)	(45,693)	(106,993)	(89,984)
Reliability capital expenditures	(7,422)	(5,625)	(11,051)	(8,547)
Income tax expense	(1,810)	(1,296)	(2,409)	(2,478)
Long-term incentive equity awards (a)	2,052	2,168	3,986	4,535
Preferred unit distributions	(30,684)	(30,423)	(61,107)	(60,846)
Goodwill impairment loss (b)	—	—	225,000	—
Other items	(2,606)	3,047	4,225	5,590
DCF from continuing operations	$ 62,491	$ 82,892	$ 184,810	$ 150,317
Distributions applicable to common limited partners	$ 43,678	$ 64,658	$ 87,408	$ 129,348
Distribution coverage ratio from continuing operations (c)	1.43x	1.28x	2.11x	1.16x

(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 by distributions applicable to common limited partners.

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(Unaudited, Thousands of Dollars, Except Ratio Data)

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

	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

	Three Months Ended June 30, 2019		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 78,712	$ 38,098	$ 3,160
Depreciation and amortization expense	40,851	24,140	—
EBITDA	$ 119,563	$ 62,238	$ 3,160

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). The reconciliation of net income (loss) to EBITDA includes reconciling items from continuing and discontinued operations on a combined basis.

	For the Four Quarters Ended June 30,	
	2020	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.

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(Unaudited, Thousands of Dollars, Except Per Unit Data and Ratio Data)

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

		Projected for the Year Ended December 31, 2020
Net 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
Interest expense, net		(225,000 - 240,000)
Reliability capital expenditures		(40,000 - 50,000)
Income tax expense		(5,000 - 10,000)
Long-term incentive equity awards (a)		5,000 - 10,000
Preferred unit distributions		(125,000)
Goodwill impairment loss (b)		225,000
DCF	$	275,000 - 320,000
Distributions applicable to common limited partners	$	170,000 - 175,000
Distribution coverage ratio (c)		1.6x - 1.8x

(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 by distributions applicable to common limited partners.

5. The following is a reconciliation of EBITDA to adjusted EBITDA.

		Projected for the Year Ended December 31, 2020
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.