NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended March 31, 2018
(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.

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 one of the factors in its determination of the company-wide bonus and the vesting of performance units awarded to management. 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. 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 EBITDA, DCF and distribution coverage ratio:

	Three Months Ended March 31,		Projected for the Years Ended December 31,	
	2018	2017	2018	2019
Net income	$ 126,133	$ 57,940	$ 210,000 - 235,000	$ 190,000 - 225,000
Interest expense, net	47,772	36,414	190,000 - 200,000	185,000 - 190,000
Income tax expense	4,327	2,925	10,000 - 15,000	5,000 - 10,000
Depreciation and amortization expense	72,015	56,864	290,000 - 300,000	310,000 - 320,000
EBITDA	250,247	154,143	700,000 - 750,000	690,000 - 745,000
Interest expense, net	(47,772)	(36,414)	(190,000) - (200,000)	(185,000) - (190,000)
Reliability capital expenditures	(19,882)	(5,022)	(80,000) - (100,000)	(70,000) - (90,000)
Income tax expense	(4,327)	(2,925)	(10,000) - (15,000)	(5,000) - (10,000)
Mark-to-market impact of hedge transactions (a)	206	(2,586)	—	—
Unit-based compensation (b)	1,337	2,088	5,000 - 10,000	5,000 - 10,000
Preferred unit distributions	(15,990)	(4,813)	(95,000) - (100, 000)	(100,000) - (110, 000)
Insurance gain adjustment (c)	(66,362)	—	(44,000)	5,000 - 20,000
Other items (d)	(4,584)	(274)	5,000 - 20,000	—
DCF	$ 92,873	$ 104,197	$ 291,000 - 321,000	$ 340,000 - 375,000
Less DCF available to general partner	1,141	15,255	—	—
DCF available to common limited partners	$ 91,732	$ 88,942	$ 291,000 - 321,000	$ 340,000 - 375,000
Distributions applicable to common limited partners	$ 55,916	$ 101,913	$ 245,000 - 250,000	$ 255,000 - 260,000
Distribution coverage ratio (e)	1.64x	0.87x	1.2x - 1.3x	1.3x - 1.4x

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(a) DCF 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 when the contracts are settled.

(b) We intend to satisfy the vestings of 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) DCF excludes a portion of the insurance gain, which will be added to DCF in future periods to offset reliability capital expenditures as they are incurred for hurricane repairs at our St. Eustatius terminal.

(d) Other items consist of a commercial settlement, noncash compensation and adjustments for throughput deficiency payments and construction reimbursements.

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

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

	Year Ended December 31, 2018	
	Current Guidance	Previous Guidance
Projected net income	$ 210,000 - 235,000	$ 205,000 - 235,000
Projected interest expense, net	190,000 - 200,000	185,000 - 190,000
Projected income tax expense	10,000 - 15,000	5,000 - 10,000
Projected depreciation and amortization expense	290,000 - 300,000	290,000 - 300,000
Projected EBITDA	$ 700,000 - 750,000	$ 685,000 - 735,000
Less gain from insurance proceeds	80,000	85,000
Adjusted EBITDA	$ 620,000 - 670,000	$ 600,000 - 650,000

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

	Three Months Ended March 31, 2018		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 57,794	$ 56,261	$ 6,320
Depreciation and amortization expense	36,655	33,242	—
EBITDA	$ 94,449	$ 89,503	$ 6,320

	Three Months Ended March 31, 2017		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 65,028	$ 53,759	$ 5,140
Depreciation and amortization expense	23,138	31,533	—
EBITDA	$ 88,166	$ 85,292	$ 5,140
Increase in EBITDA	$ 6,283	$ 4,211	$ 1,180

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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 $1.75 billion revolving credit agreement (the Revolving Credit Agreement):

	For the Four Quarters Ended March 31, 2018	Projected for the Years Ended December 31, 2018	Projected for the Years Ended December 31, 2019
Net income	$ 216,157	$ 210,000 - 235,000	$ 190,000 - 225,000
Interest expense, net	184,441	190,000 - 200,000	185,000 - 190,000
Income tax expense	11,339	10,000 - 15,000	5,000 - 10,000
Depreciation and amortization expense	279,383	290,000 - 300,000	310,000 - 320,000
EBITDA	691,320	700,000 - 750,000	$ 690,000 - 745,000
Other income (a)	(74,318)	(80,000) - (85,000)	—
Equity awards (b)	7,433	10,000 - 15,000	10,000 - 15,000
Pro forma effect of acquisitions (c)	13,334	—	—
Material project adjustments and other items (d)	9,714	5,000 - 15,000	10,000 - 15,000
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 647,483	$ 635,000 - 695,000	$ 710,000 - 775,000
Total consolidated debt	$ 3,737,179	$ 3,400,000 - 3,650,000	$ 3,300,000 - 3,750,000
NuStar Logistics' 7.625% fixed-to-floating rate subordinated notes	(402,500)	(402,500)	(402,500)
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,476)	(41,500)	(41,500)
Consolidated Debt, as defined in the Revolving Credit Agreement	$ 3,293,203	$ 2,956,000 - 3,206,000	$ 2,856,000 - 3,306,000
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	5.1x	4.6x - 4.7x	4.0x - 4.3x

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

(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 the pro forma effects of the Navigator Acquisition as if we had completed the acquisition on January 1, 2017.

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

5. The following is a reconciliation of operating loss to EBITDA for the Permian Crude System:

	Three Months Ended March 31, 2018
Operating loss	$ (1,847)
Depreciation and amortization expense	13,477
EBITDA	$ 11,630

6. The following is a reconciliation of projected operating income to projected EBITDA for the Council Bluffs system acquisition from CHS Inc.:

	Projected for the Years Ended December 31, 2018	Projected for the Years Ended December 31, 2019 and beyond
Operating income	$ 4,500	$ 6,500
Depreciation and amortization expense	1,100	1,500
EBITDA	$ 5,600	$ 8,000