NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended March 31, 2019
(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 also use adjusted measures of net income, net income per common unit and EBITDA, which are not defined in GAAP, to enhance the comparability of 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 a distribution coverage ratio, which is calculated based on DCF, as one 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. 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 Year Ended December 31,
	2019	2018	2019
Net (loss) income	$ (277,863)	$ 126,133	$ (143,000 - 118,000)
Interest expense, net	44,268	47,772	195,000 - 205,000
Income tax expense	1,283	4,327	5,000 - 10,000
Depreciation and amortization expense	74,406	72,015	280,000 - 290,000
EBITDA	(157,906)	250,247	337,000 - 387,000
Interest expense, net	(44,268)	(47,772)	(195,000) - (205,000)
Reliability capital expenditures	(9,544)	(19,882)	(70,000) - (90,000)
Income tax expense	(1,283)	(4,327)	(5,000) - (10,000)
Long-term incentive equity awards (a)	2,367	1,337	5,000 - 10,000
Preferred unit distributions	(30,423)	(15,990)	(120,000) - (125,000)
Insurance gain adjustment (b)	5,133	(66,362)	25,000 - 35,000
Impairment losses (c)	328,440	—	328,000
Other items	2,535	(4,378)	—
DCF	$ 95,051	$ 92,873	$ 305,000 - 330,000
Less DCF available to general partner	—	1,141	—
DCF available to common limited partners	$ 95,051	$ 91,732	$ 305,000 - 330,000
Distributions applicable to common limited partners	$ 64,690	$ 55,916	$ 255,000 - 260,000
Distribution coverage ratio (d)	1.47x	1.64x	1.2x - 1.3x

(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) For the three months ended March 31, 2018, DCF includes an adjustment for insurance proceeds received related to hurricane damage at our St. Eustatius terminal. Each quarter we add an amount to DCF to offset the amount of reliability capital expenditures incurred related to hurricane damage.

(c) Represents non-cash impairment losses associated with long-lived assets and goodwill at our St. Eustatius terminal.

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

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

2. The following is a reconciliation of EBITDA to adjusted EBITDA:

	Three Months Ended March 31,	
	2019	**2018**
EBITDA	$ (157,906)	$ 250,247
Impairment losses	328,440	—
Gain from hurricane insurance proceeds	—	(78,756)
Adjusted EBITDA	$ 170,534	$ 171,491

3. The following is a reconciliation of projected net loss to projected adjusted EBITDA:

	Projected for the Year Ended December 31, 2019
Net loss	$ (143,000) - (118,000)
Interest expense, net	195,000 - 205,000
Income tax expense	5,000 - 10,000
Depreciation and amortization expense	280,000 - 290,000
EBITDA	337,000 - 387,000
Impairment losses	328,000
Adjusted EBITDA	$ 665,000 - 715,000

4. The following is a reconciliation of net (loss) income and net (loss) income per common unit to adjusted net income applicable to common limited partners and adjusted net income per common unit:

	Three Months Ended March 31,			
	2019		**2018**	
Net (loss) income / net (loss) income per common unit	$ (277,863)	$ (2.91)	$ 126,133	$ 1.15
Impairment losses	328,440	3.05	—	—
Gain from hurricane insurance proceeds	—	—	(78,756)	(0.82)
Adjusted net income	50,577		47,377	
Net income applicable to preferred limited partners and general partner	(34,725)		(18,624)	
Other	(643)		(445)	
Adjusted net income applicable to common limited partners / adjusted net income per common unit	$ 15,209	$ 0.14	$ 28,308	$ 0.33

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

	Three Months Ended March 31, 2019		
	Pipeline	**Storage**	**Fuels Marketing**
Operating income (loss)	$ 67,304	$ (247,240)	$ (25,016)
Depreciation and amortization expense	40,849	31,438	—
EBITDA	108,153	(215,802)	(25,016)
Impairment losses	—	297,317	31,123
Adjusted EBITDA	$ 108,153	$ 81,515	$ 6,107

	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

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6. 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, 2019
Net loss	$ (198,202)
Interest expense, net	182,733
Income tax expense	8,364
Depreciation and amortization expense	300,265
EBITDA	293,160
Impairment losses (a)	328,440
Other expense (b)	39,089
Equity awards (c)	11,534
Pro forma effect of disposition (d)	(13,948)
Material project adjustments and other items (e)	41,057
Consolidated EBITDA, as defined in the Revolving Credit Agreement	$ 699,332
Total consolidated debt	$ 3,296,640
NuStar Logistics' floating rate subordinated notes	(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	$ 2,852,664
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)	4.1x

(a) Represents non-cash impairment losses associated with long-lived assets and goodwill at our 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) This adjustment represents the pro forma effects of the sale of our European assets as if we had completed the sale on January 1, 2018.

(e) 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.