



NuStar Energy Provides Interim Earnings Guidance for Second Quarter of 2012

July 6, 2012

Loss in Asphalt and Fuels Marketing Segment and Non-cash Charges Expected to Negatively Impact Results

Quarterly Cash Distribution Expected to Remain at \$1.095 Per Unit in the Second Quarter of 2012

Long-term Outlook is Strong as a Result of Highly Accretive Growth Projects in the Transportation and Storage Segments

SAN ANTONIO -- (BUSINESS WIRE) -- Jul. 6, 2012 -- NuStar Energy L.P. (NYSE: NS) today announced that second quarter earnings before interest, taxes, depreciation and amortization (EBITDA) results are expected to be significantly lower than the \$160 million earned in the second quarter of 2011. Lower projected results in the company's asphalt and fuels marketing segment and anticipated non-cash charges relating primarily to the announced sale of 50% of NuStar Energy's asphalt operations are the main causes of the expected lower second quarter results.

Continued weak demand and lower gross margins are expected to cause the EBITDA of the company's asphalt operations to be negative, which will obviously be significantly lower than the \$55 million of EBITDA generated in the second quarter of 2011. In addition, the company's fuels marketing operations are expected to generate a loss in the quarter primarily as a result of heavy fuel oil and bunker fuel inventories not being hedged for approximately two months in a declining commodity price market. All of this inventory is now fully hedged (effective May 25) and going forward the company intends for its heavy fuel oil and bunker fuel inventory volumes to remain hedged at all times.

As a result of these anticipated second quarter projections, effective June 29, 2012, the company obtained an amendment to the debt to EBITDA covenant in its debt agreements for the second and third quarters of 2012.

Second quarter EBITDA should also be negatively impacted by a substantial amount of non-cash charges. The company plans to write down the value of its asphalt refineries, including goodwill and intangible assets, as a result of the sale of 50% of its asphalt operations. These non-cash charges will impact second quarter EBITDA, but will not impact the debt to EBITDA covenant calculation in the company's debt agreements.

"While we're obviously disappointed with our second quarter results, we are taking steps that we are confident will help improve our earnings going forward," said Curt Anastasio, NuStar's President and CEO. "The asphalt joint venture we announced today is expected to deconsolidate our asphalt operations, which will allow NuStar to significantly reduce earnings volatility, reduce debt and provide additional opportunities to invest in stable, high-return, pipeline and terminal assets, while maintaining a 50% interest in a business that has the potential to generate significant cash flows as the U.S. economy improves."

"We are particularly excited about all of the great growth opportunities in our Transportation segment, especially in the Eagle Ford Shale, as these projects have the potential to significantly increase our earnings in the years to come," Anastasio commented.

In the last half of 2012 the company expects to benefit from the completion of two pipeline projects in the Eagle Ford Shale. One of these projects, the connection of one of NuStar's existing pipelines to a newly constructed 3rd party pipeline, was completed earlier this week. The second project, the construction of a new twelve inch pipeline, should be completed by the end of September 2012. These projects should contribute to higher EBITDA in the last half of 2012 when compared to the last half of 2011.

The company continues to identify and pursue growth opportunities in both the storage and transportation segments that should cause EBITDA to grow significantly in 2013. Based on the company's earnings expectations for the remainder of the year and 2013, NuStar plans to recommend that its Board of Directors approve a distribution of \$1.095 per unit for the second quarter of 2012.

As previously announced, the company will host a conference call on Friday, July 27, 2012 at 9:00 a.m. Central Time to discuss the second quarter 2012 earnings results, which will be released earlier that day, and provide an update on the operations of the companies.

NuStar Energy L.P. is a publicly traded, limited partnership based in San Antonio, with 8,420 miles of pipeline; 84 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids; and two asphalt refineries and a fuels refinery with a combined throughput capacity of 118,500 barrels per day. The partnership's combined system has approximately 96 million barrels of storage capacity. One of the largest asphalt refiners and marketers in the U.S. and the second largest independent liquids terminal operator in the nation, NuStar has operations in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, the United Kingdom and Turkey. For more information, visit NuStar Energy L.P.'s Web site at <http://www.nustarenergy.com>.

Cautionary Statement Regarding Forward-Looking Statements

This press release includes forward-looking statements regarding future events. All forward-looking statements are based on the partnership and company's beliefs as well as assumptions made by and information currently available to the partnership and company. These statements reflect the partnership and company's current views with respect to future events and are subject to various risks, uncertainties and assumptions. These risks, uncertainties and assumptions are discussed in NuStar Energy L.P. and NuStar GP Holdings, LLC's 2011 annual reports on Form 10-K and subsequent filings with the Securities and Exchange Commission.

Non-GAAP Financial Information

Please see the Investors section of the NuStar Energy L.P. Web site at <http://www.nustarenergy.com/> for a financial reconciliation of the Non-GAAP term EBITDA mentioned in this press release.

Source: NuStar Energy L.P.

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