

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 2, 2008

NUSTAR ENERGY L.P.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-16417
(Commission File Number)

74-2956831
(IRS Employer
Identification No.)

2330 North Loop 1604 West
San Antonio, Texas
(Address of principal executive offices)

78248
(Zip Code)

Registrant's telephone number, including area code: (210) 918-2000

NOT APPLICABLE
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

On September 2, 2008, NuStar Energy L.P., a Delaware limited partnership (the “Company”), will make available on its website (www.nustarenergy.com) and conduct investor meetings regarding slides prepared in connection with a presentation by Curtis V. Anastasio, President and Chief Executive Officer of the Company, at the 2008 Lehman Brothers CEO Energy/Power Conference on September 3, 2008, in New York, New York at 3:45 p.m. ET (the “Presentation”). The slides are included in Exhibit 99.1 to this report and are incorporated herein by reference.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Company that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company or any of its affiliates.

Safe Harbor Statement

Statements contained in the exhibit to this report state the Company’s or its management’s expectations or predictions of the future and are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. It is important to note that the Company’s actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in the documents that the Company has filed with the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Slides from presentation to be used on September 3, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NuStar Energy L.P.

By: Riverwalk Logistics, L.P.
its general partner

By: NuStar GP, LLC
its general partner

Date: September 2, 2008

By: /s/ Amy L. Perry
Amy L. Perry
Assistant Secretary

EXHIBIT INDEX

<u>Number</u>	<u>Exhibit</u>
99.1	Slides from presentation to be used on September 3, 2008.



**NuStar**

**Lehman Brothers 2008 CEO
Energy/Power Conference
September 3, 2008
Curt Anastasio
CEO & President**



Forward Looking Statements

This presentation contains certain estimates, predictions, projections, assumptions and other forward-looking statements that involve various risks and uncertainties. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "will," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions. For a discussion of certain of those risks, please read "Risk Factors" in Item 1A of both NuStar Energy L.P's and NuStar GP Holdings, LLC's respective annual reports on Form 10-K for the year ended December 31, 2007 and each entity's subsequent quarterly reports as filed with the Securities and Exchange Commission.



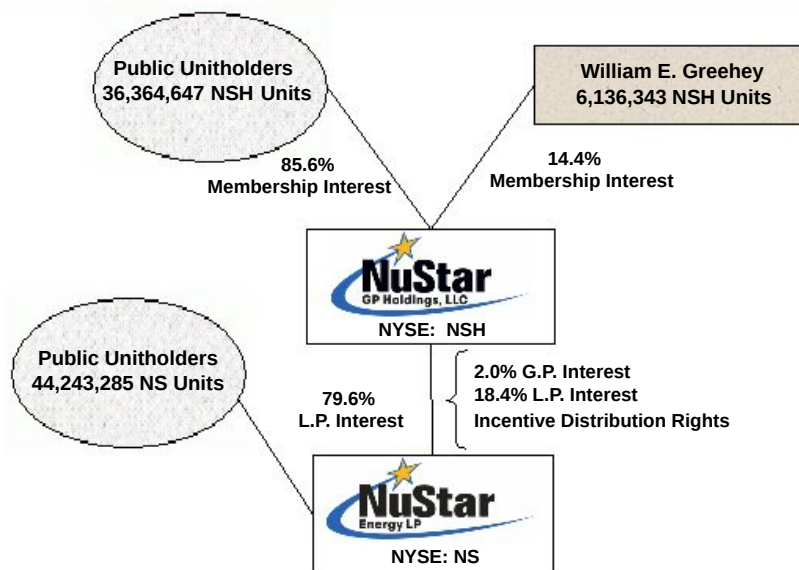


NuStar Overview

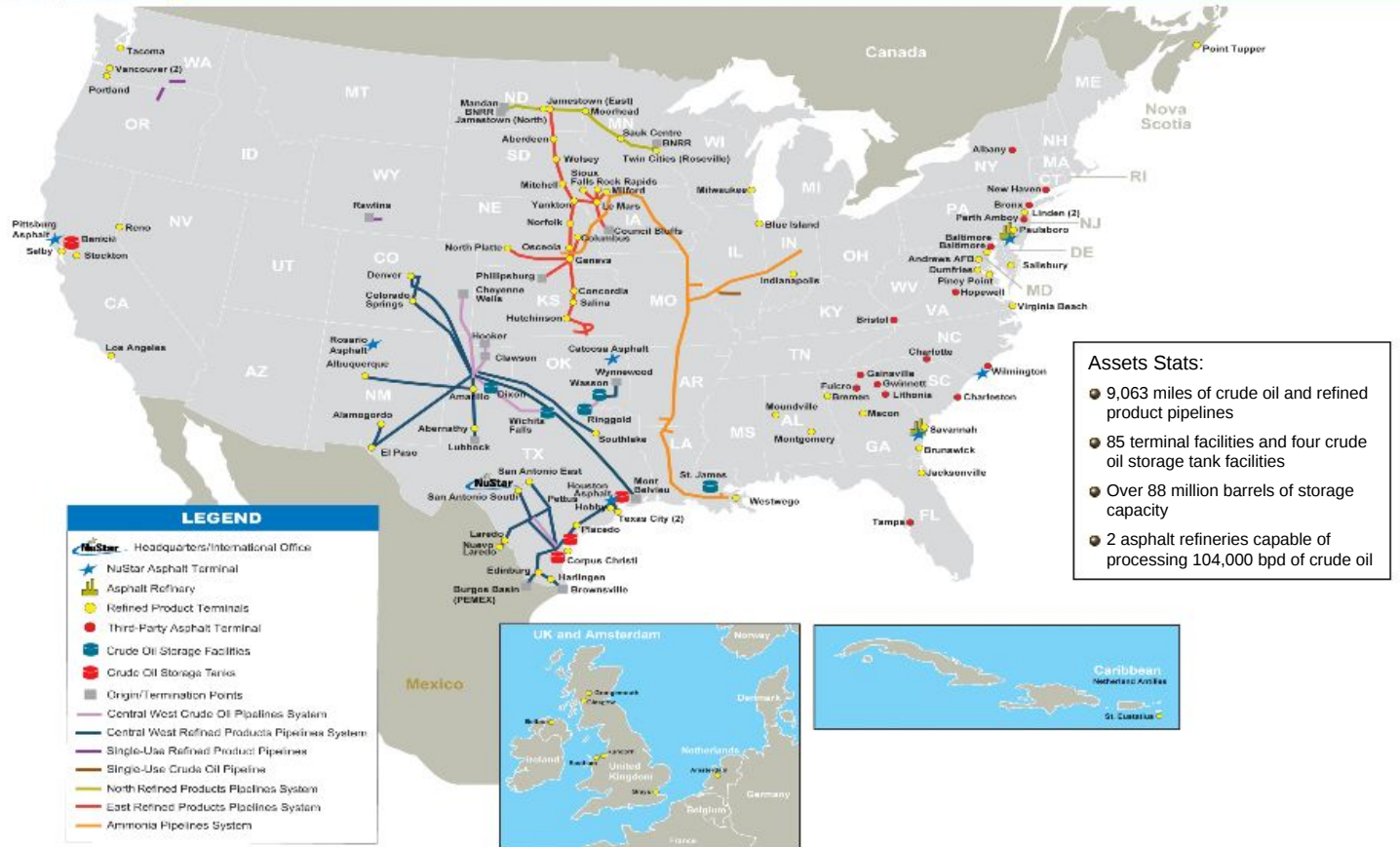


NuStar Overview

- ◆ NuStar Energy L.P. is a leading publicly traded growth-oriented partnership (NYSE: NS) with a market capitalization of approximately \$2.5 billion, assets of approximately \$5 billion and an enterprise value of approximately \$4.6 billion
 - General partner owned by NuStar GP Holdings, LLC (NYSE: NSH)
 - One of the largest independent petroleum pipeline and terminal operators in the U.S.
 - One of the largest asphalt refiners and marketers in the U.S.
 - Experienced management team with substantial equity ownership
 - Large and diverse asset footprint provides opportunities to substantially grow the business through internal growth projects with attractive rates of return



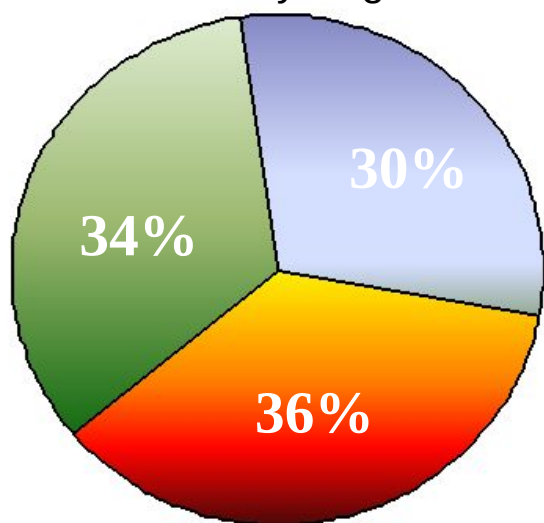
Geographically Diverse Asset Base





Diversified Businesses

Expected Percent of 2008 Operating Income by Segment



Storage (~34%)

- > Refined Product Terminals
- > Crude Oil Storage



Transportation (~30%)

- > Refined Product Pipelines
- > Crude Oil Pipelines



Asphalt & Fuels Marketing (~36%)

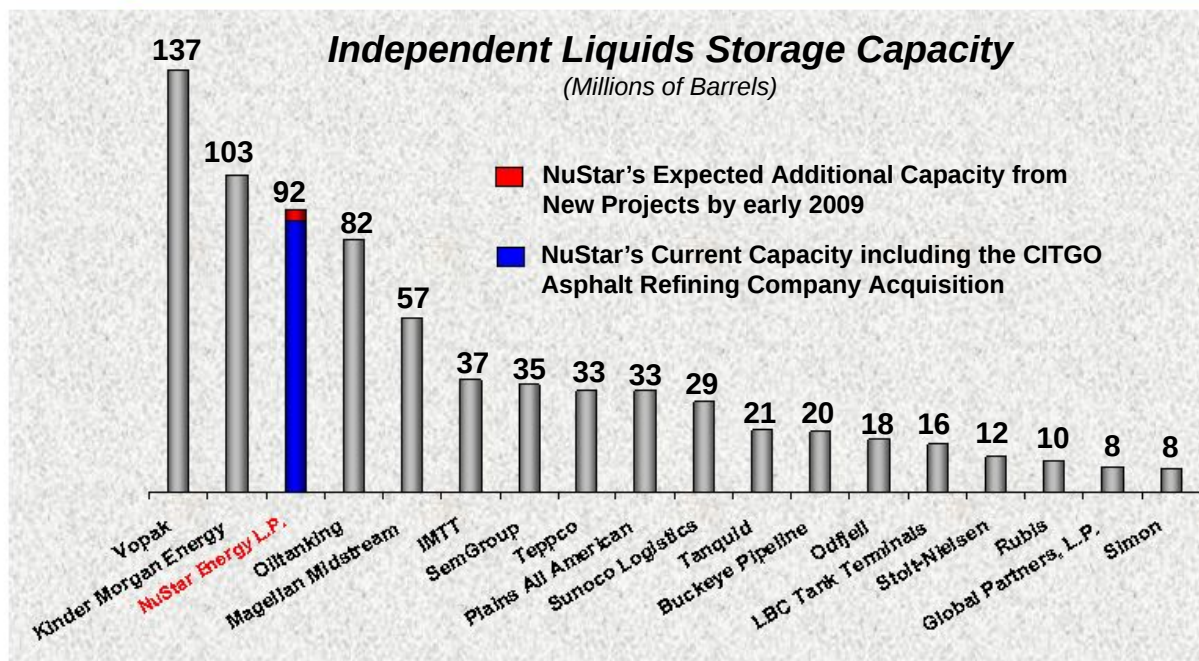
- > Asphalt
- > Fuels Marketing
 - Product Supply, Wholesale and Fuel Oil Marketing
 - Bunkering/Other

- ◆ Diversification of businesses provides various earnings streams and reduces risk
- ◆ Approximately 65% of NuStar Energy's operating income in 2008 expected to come from stable, fee-based businesses
- ◆ Remainder of operating income relates to margin-based asphalt and fuels marketing businesses





Global Leader in Independent Liquids Storage



Source: Company Websites & Management Presentations

- ◆ NuStar is the third largest independent liquids terminal operator in the world
- ◆ Portfolio of terminal expansion projects expected to contribute around 8.5 million barrels of storage capacity
- ◆ The CITGO Asphalt Refining Co. acquisition added 4.8 million barrels of storage, bringing NuStar's total storage capacity to around 92 million barrels by early 2009





Strong Portfolio of Internal Growth Projects with Attractive Returns

(Dollars in Millions)

Major Projects	Total Capital Investment	In-Service Dates					
		1Q08	2Q08	3Q08	4Q08	1Q09	2Q09-2011
Major Projects Completed in Late 2006 & 2007	\$90.0						
Amsterdam Expansion – Partial P1	37.8	Completed					
St. Eustatius Expansion – P3	20.2	Completed					
Texas City, TX Expansion	21.1	Completed					
St. James, LA Expansion	25.6		Completed				
Linden, NJ Pipeline Expansion	7.7		Completed				
Jacksonville, FL Expansion	20.5		★				
Amsterdam Expansion – Partial P1	37.8		★				
Amsterdam Expansion – Option 1	5.3		★				
St. James, LA Expansion	25.6		★				
Amsterdam Expansion – Option 2	29.2				★		
Texas City, TX Expansion	12.8				★		
Amsterdam Expansion – Option 3	5.1					★	
Texas City, TX Expansion	18.5						★
Asphalt Plant Projects	24.0						★
New Pipeline and Terminal Construction Program*	500						★
Total	~\$880						

- ◆ Expect approximately \$20 million more in operating income in 2008 over 2007 from completed projects
- ◆ Expect IRRs to be in the range of 15% to 20% for the terminal and pipeline projects and in the range of 20% to over 100% for the asphalt projects

P = Phase

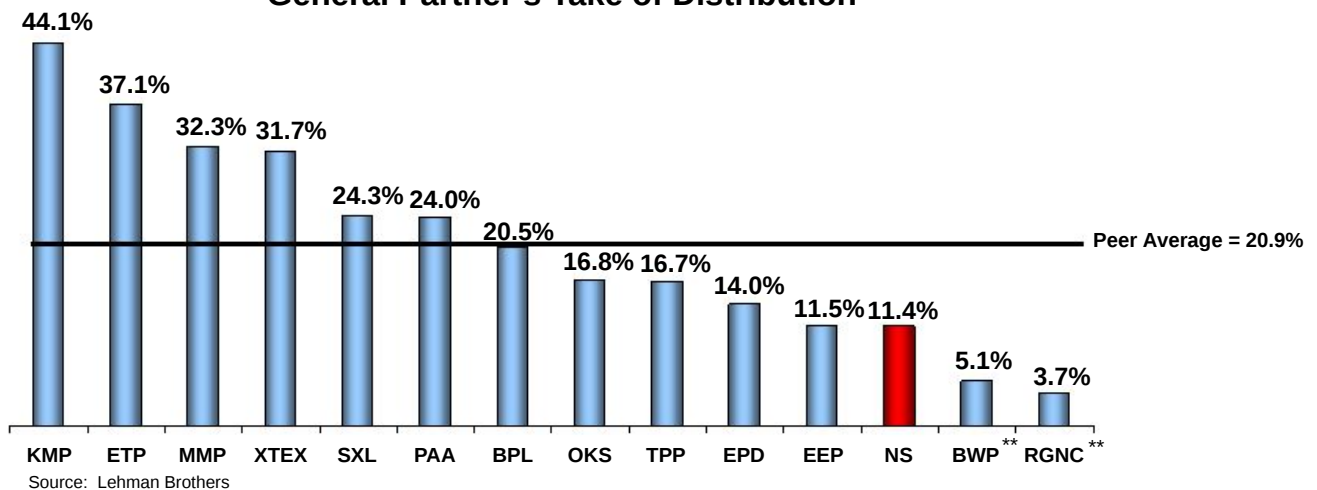
* Projects still under evaluation

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Elimination of GP's 50% IDRs Provides NS Cost of Capital Advantage

General Partner's Take of Distribution*



- ◆ NuStar Energy L.P. has one of the lowest “GP takes” in its peer group
 - Due to unprecedented action taken by NuStar Energy L.P.’s GP in March 2004 to cap IDRs at 25% for no financial consideration
 - One of only a few publicly traded partnerships to have lower splits
- ◆ Enhances NuStar Energy L.P.’s ability to retain cash flow that would have otherwise been paid out to the GP
 - Cash flow can be used for debt retirement, capital investment and distribution increases
- ◆ Significantly lowers cost of capital compared to other partnerships at 50% splits

* GP% take is based on the annualized most recent quarterly distribution to L.P. unitholders

** Partnerships just recently went public (Boardwalk Pipeline Partners, L.P. - BWP in November 2005 and Regency Energy Partners, L.P. - RGNC in February 2006), so, splits are currently at the low levels causing the GP take to also be at low levels.





New Asphalt Business





Asphalt Business Overview

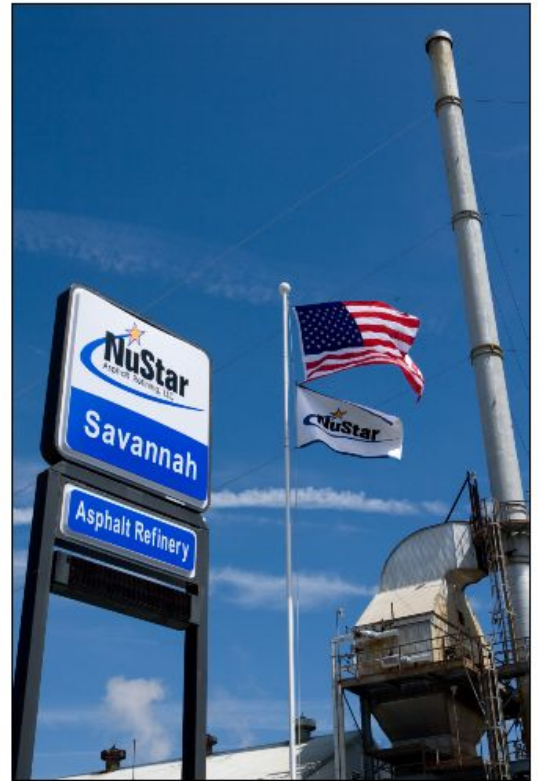
- ◆ Business comprised of two refineries, three owned terminals, and leases on 14 third-party terminals
 - Paulsboro, NJ Refinery: 74 mbpd
 - Asphalt production is shipped primarily to the Northeast
 - Total storage capacity of 3.4 million barrels
 - Savannah, GA Refinery: 30 mbpd
 - Asphalt production shipped primarily to the Southeast
 - Sole refinery and asphalt producer on the Southeast seaboard
 - Total storage capacity of 1.2 million barrels
 - Wilmington, North Carolina Terminal
 - Total storage capacity of 240,000 barrels
 - 14 third-party leased terminals with total asphalt storage capacity of 1.7 million barrels
- ◆ Commitment by PDVSA to supply NuStar an annual average of 75,000 bpd of crude oil
- ◆ Right of first offer to purchase nearly 11,000 bpd of paving grade asphalt and over 13,000 bpd of roofing flux asphalt each year, to the extent exported by PDVSA





Strategic Rationale

- ◆ Compelling opportunity to buy assets at 50% of replacement value
- ◆ Provides exposure to one of the best asphalt markets in the U.S.
- ◆ Continues to diversify NuStar's customer base and expands geographic presence
- ◆ Complements our existing asphalt marketing and terminals business
- ◆ Additional strategic projects expected to benefit results from asphalt business
- ◆ Over the long-term expect to benefit from higher asphalt margins due to a tightening market

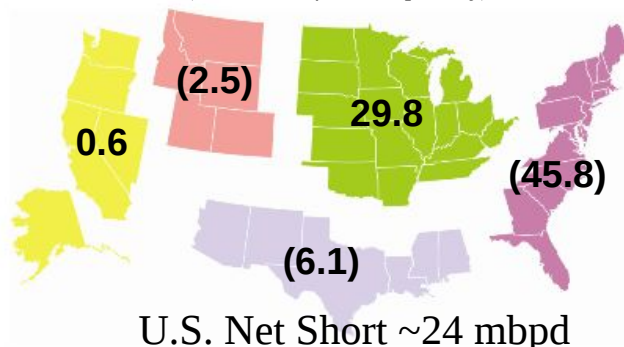




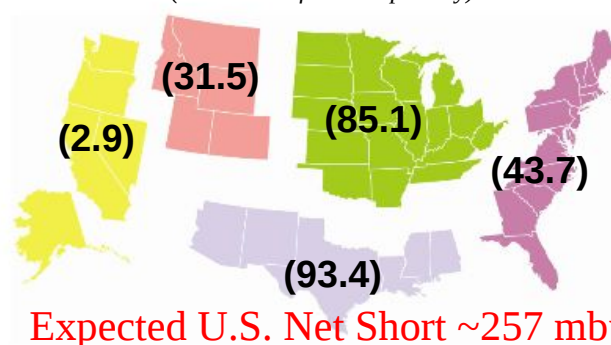
Refinery Coker Projects Expected to Shift U.S. Asphalt Supply/Demand Balance

- ◆ U.S. is currently net short asphalt
 - East Coast is the tightest asphalt market and has historically been supplemented with imports or excess production in Mid-Continent and Gulf Coast
 - ◆ New coker projects primarily in the Gulf Coast and Mid-Continent regions expected to reduce asphalt supply even further
 - Resulting imbalance expected to result in more imports and/or cutting back on coker capacity
- ➔ Shifting supply/demand balance expected to drive asphalt margins higher

2007 Asphalt Supply/Demand Balance by Region
(thousands of barrels per day)



2012 Asphalt Supply/Demand Balance by Region
(thousands of barrels per day)



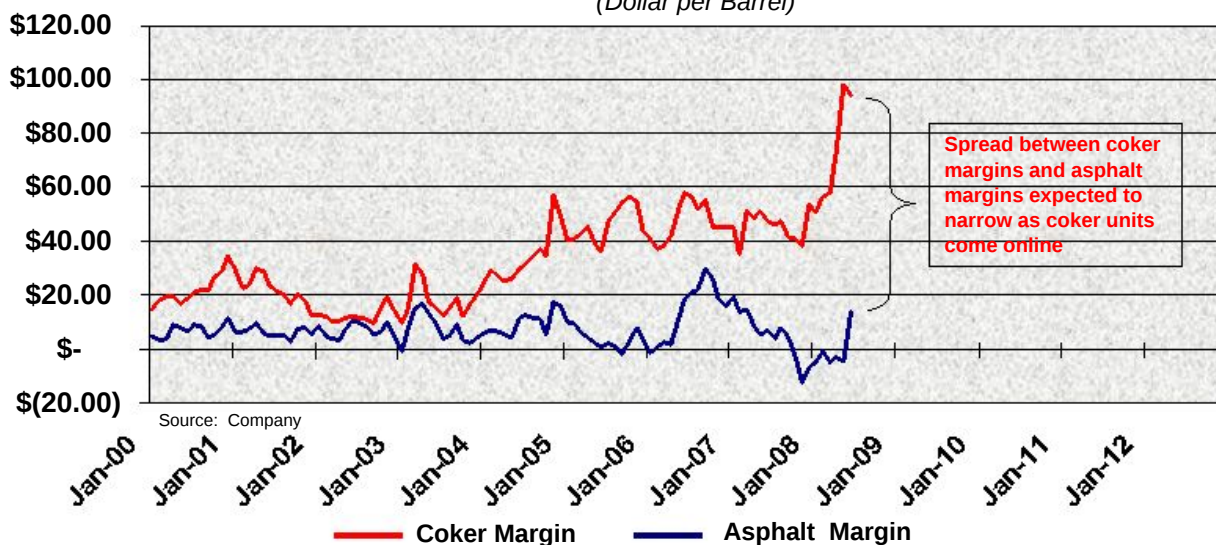
Sources: Poten & Partners; PIRA Refinery Database, Energy Information Agency





Strong Coker Margins Expected to Benefit Asphalt

Coker Margins vs. Asphalt Margins
(Dollar per Barrel)



- ◆ Strong coker margins continue to encourage refineries to add coker units
 - Allows refineries to run heavier/more sour crude oil, which costs significantly less than lighter/sweeter crudes
 - Provide the best margins as the “bottom of the barrel” is upgraded to lighter/higher value products like gasoline and distillates
- ◆ As refineries continue to add more coker units, supply of asphalt expected to be “squeezed,” which should result in improved asphalt margins





Infrastructure Needs in the U.S. to Drive Asphalt Demand

- ◆ Significant infrastructure needs in the U.S.
 - Major increase in road investment needed to accommodate growing demand on nation's surface transportation system
 - Re-roofing projects account for majority of asphalt roofing demand versus new builds
- ◆ U.S. is only spending a fraction of what we should to maintain roads
 - Currently spending around \$70 billion annually on highways*
 - Estimated \$185 billion required each year to maintain roads in current condition*
 - Estimated \$200 billion required to upgrade roads to good condition*
- ◆ Next administration will need to focus on new highway funding bill in 2009



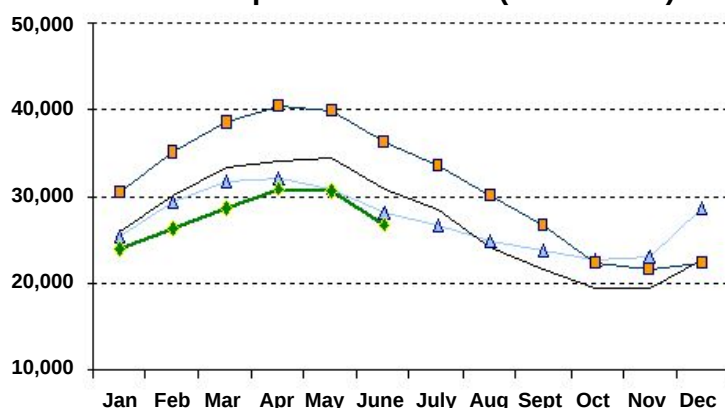
* Source: National Surface Transportation Policy & Revenue Commission





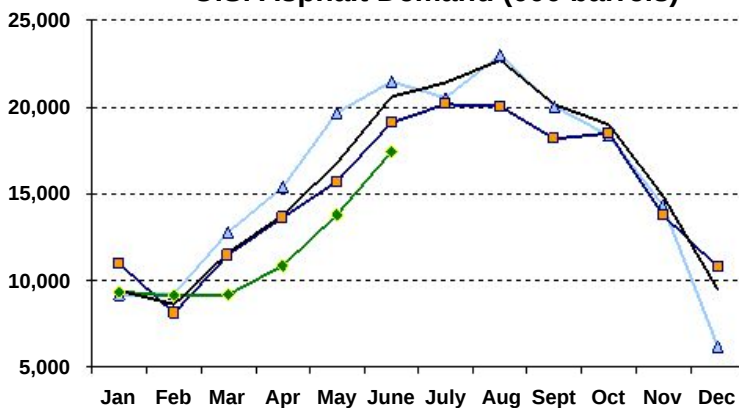
Very Tight Supply Conditions in U.S. Asphalt Markets...

U.S. Asphalt Inventories (000 barrels)



▲ 2006 ■ 2007 ◆ 2008 — 5-Year Avg.

U.S. Asphalt Demand (000 barrels)



▲ 2006 ■ 2007 ◆ 2008 — 5-Year Avg.

- ◆ U.S. asphalt demand has strengthened seasonally, but still remains below last year's levels due to rising construction costs and higher commodity prices
 - Lower demand resulting in increase in backlog of projects
- ◆ However, current reduction in supply is more than offsetting negative impact of reduction in demand
 - Through June 2008, U.S. asphalt stocks were lower by nearly 24%, while U.S. demand was lower by around 12% compared to last year
 - Weak gasoline cracks have resulted in production run cuts in the U.S. Mid-West/Mid-Continent regions
 - Competitor in PADD I has discontinued producing asphalt
 - Strong asphalt prices early in 2008 in Canada, Europe and West Africa attracted asphalt supplies
 - Venezuela has not exported any asphalt to the U.S. since January 2008
- ◆ Experiencing tight supply conditions well before the impact of the coker units

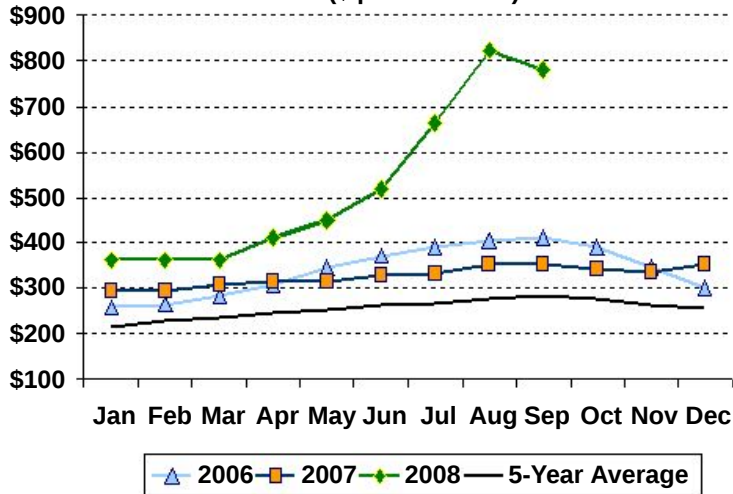
Source of data for graphs: U.S. Energy Information Administration



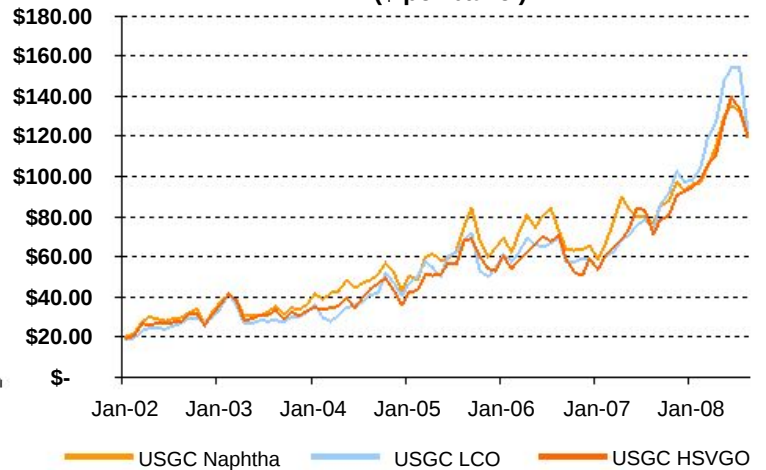


...Have Resulted in Significantly Higher Product Prices and Margins

**NJ Asphalt Cement Price Index
(\$ per short ton)***



**Intermediate Products - Proxy Prices
(\$ per barrel)****



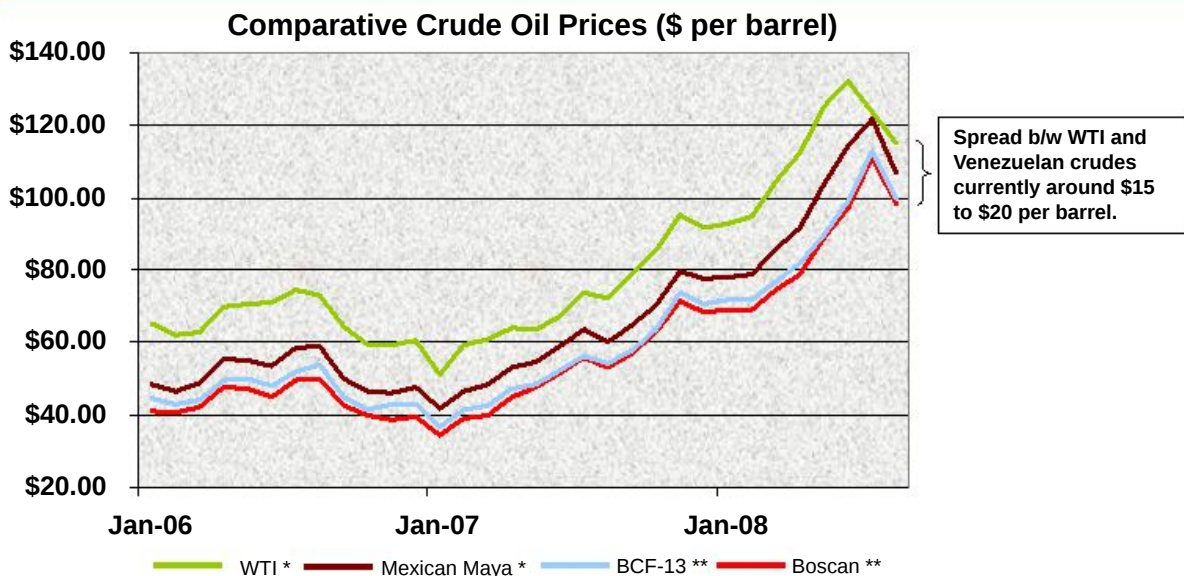
- ◆ Despite recent drop in crude oil prices, asphalt prices continue to be strong and now are significantly exceeding NuStar's feedstock costs
- ◆ Prices for intermediate products also continue to be strong providing valuable contribution to NuStar's results
- ◆ Expect margins to now be higher in the range of \$15 to \$20 per barrel for the third quarter of 2008

* Source: State of New Jersey Dept. of Transportation; ** Source: OPIS
Note: Prices for intermediate products above are shown as proxies only for NuStar's intermediate products





NuStar's Crude Oil Feedstocks Continue to Sell at Deep Discounts



- ◆ Venezuelan crudes that NuStar is buying continue to sell at significant discounts
 - BCF-13 and Boscan crude oils are excellent asphaltic crudes purchased at a deep-discount to sweet crudes (i.e. WTI) and to other heavy-sour crudes (i.e. Mexican Maya)
 - Crude feedstocks are ideal to run at NuStar's refineries since they produce a high yield of asphalt

* Source: Platts
** Source: Company





High-Return, Near-Term Opportunities on Asphalt Business

- ◆ Near-term, have identified around \$24 million of high return, quick pay-back projects on the asphalt business
 - Number of projects has decreased, but returns on remaining projects have increased
 - PDVSA capital constraints resulted in “low hanging fruit” projects

<u>Type of Project</u>	<u>Opportunity</u>	<u>Expected Capex</u>	<u>In-Service Dates</u>	<u>Expected IRRs</u>
Improve Crude Oil Flexibility & Rates	Improve flexibility to run alternative crude oils and improve ability to run higher volumes of crude oil at Paulsboro refinery resulting in higher product volumes	~\$9.4 million	1Q09 thru 2Q10	~79%
Energy Efficiency	Improve energy efficiency to reduce usage of natural gas at asphalt terminals and refineries	~\$7.6 million	4Q08 thru 4Q10	~36%
PMA Projects	Increase production of high quality polymer modified asphalt at Savannah and Paulsboro refineries and Houston terminal	~\$4.2 million	Paulsboro – 1Q09 Savannah – 3Q09 Houston – 3Q09	~91% ~166% ~148%
Improve Product Yields	Put in capability to produce roofing flux at Paulsboro and Savannah refineries	~\$2.3 million	3Q09 thru 4Q10	~43%
Total		~\$24 million		~64%





Long-Term Capital Investment Opportunities on Asphalt Business

- ◆ Longer term, continue to evaluate other opportunities at Paulsboro and Savannah refineries including:
 - Significant modifications to crude units at Paulsboro and Savannah refineries to increase crude oil flexibility and production during the paving off-season
 - Opportunities include:
 - ◆ Replacement of Venezuelan crude oils with alternative supply at both facilities
 - ◆ Realignment of process equipment to maximize rate on current crude oil slate resulting in a 40% increase in production at Paulsboro and 10% increase in production at Savannah
 - ◆ Production of roofing flux and fuel oil during the paving off-season
 - Expected capital spending ranges from \$30 to \$40 million
 - Expect to complete evaluation by first quarter 2009 with completion of projects targeted for first quarter 2010
 - Intermediate products desulfurization
 - Marine diesel oil is substantially discounted by 10 to 35 cents per gallon to NYMEX heating oil due to its high sulfur content
 - Continue to evaluate various options to reduce sulfur level of marine diesel oil by building a grass-roots hydrotreater or by entering a JV with a partner who already has related infrastructure
 - ◆ Produces Ultra Low Sulfur Diesel (ULSD), which currently sells at a 10 to 25 cent per gallon premium to NYMEX heating oil
 - Expected project completion in first quarter 2012 assuming a late 2009 start



Financial Outlook



Strong Earnings Expected in 2008

- Without the hedging loss, NuStar Energy L.P.'s earnings for the second quarter would have been the highest quarterly earnings ever reported

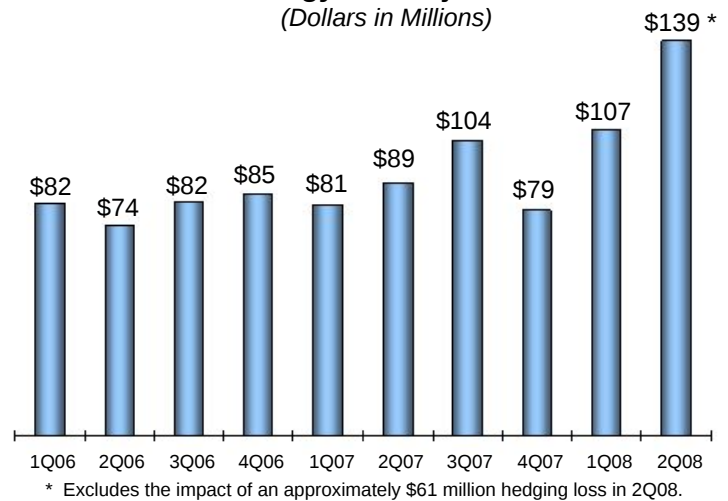
- Follows NuStar Energy L.P.'s record earnings reported in the first quarter of 2008
- Higher earnings primarily due to contribution from new asphalt business and internal growth projects coming on-line

- Expect record third quarter 2008 earnings of at least \$2.25 per unit for NuStar Energy L.P. and at least \$0.65 per unit for NuStar GP Holdings, LLC

- NuStar Energy L.P. earned in July 2008 alone nearly as much as was earned for the entire first quarter of 2008, which was a record \$1.01 per unit
- Bullish outlook is the result of a strong asphalt business
- Expect to use excess cash flows from asphalt business in 3Q08 for distribution increase and debt repayment

- Expect the 2008 EBITDA contribution from the asphalt business, inclusive of the hedging loss, to now be even higher than the range previously communicated

NuStar Energy L.P. Adjusted EBITDA
(Dollars in Millions)





Investment Highlights

- ◆ One of the largest independent petroleum pipeline and terminal liquids operators in the world
 - Provides world class pipeline and terminalling services to some of the world's largest crude oil producers, integrated oil companies, chemical companies, oil traders and refineries
- ◆ One of the largest asphalt refiners and marketers in the U.S.
 - Business has already exceeded expectations given tight supply conditions well before impact from coker units
- ◆ Large and diversified asset footprint in the U.S. and internationally with substantial internal growth opportunities
 - One of a few partnerships to have a large international presence
 - \$400 million construction program expected to be complete by early 2009
 - Evaluating next phase of growth of over \$500 million of expansion projects over the next few years
- ◆ Strong safety and environmental performance
- ◆ One of only a few partnerships with incentive distribution rights capped at 25%
 - Lower cost of capital provides NuStar Energy L.P. a competitive advantage
- ◆ Investment grade rating and demonstrated access to capital in difficult markets
- ◆ Experienced management team with substantial ownership and insider buying
- ◆ Strong earnings expected in 2008
- ◆ Growth expected to continue to allow NuStar Energy L.P. and NuStar GP Holdings, LLC to provide future distribution increases





Questions & Answers



Appendix



Experienced Management Team





Management Bios



Bill Greehey - Chairman

Bill Greehey is Chairman of the Board of NuStar Energy L.P., and NuStar GP Holdings, LLC, both of which are based in San Antonio, Texas. NuStar Energy is a publicly traded master limited partnership that is one of the largest asphalt refiners and marketers in the U.S. and the third largest independent liquids terminal operator in the world. Greehey became Chairman of NuStar Energy in 2001, when the company was known as Valero L.P. Since that time, it has grown from 160 employees to more than 1,650; from \$387 million in assets to nearly \$5 billion; and from \$46 million in net income to over \$150 million in 2007.

Greehey previously served as Chairman and CEO of Valero Energy Corporation from the company's inception in 1980 until he retired as CEO in January 2006, and then retired as Chairman in January 2007. Under his leadership, Valero grew from a small, regional natural gas pipeline company to become the largest refining company in North America with approximately 22,000 employees, assets of \$33 billion and revenue of more than \$80 billion, which ranked the company among the top 15 on the Fortune 500 listing when he retired as Chairman.

Under Greehey's direction, Valero was consistently ranked one of the "100 Best Companies to Work For" by Fortune magazine, rising to No. 3 in 2006, the year he retired. Forbes magazine ranked Valero on its listing of the "Platinum 400-Best Big Companies"; Platts ranked Valero No. 1 among the world's refining companies on its Top 250 Global Energy Companies listing; Investor's Business Daily ranked Valero No. 3 on its "Big Cap 20" list; and BusinessWeek placed it at No. 4 among the "BusinessWeek 50." Forbes also recognized Valero on its listings of "Best-Managed Companies in America" and "Fastest-Growing Big Companies," while Fortune named Valero one of America's "Most Admired Companies" and the No. 1 oil and gas company among its "100 Fastest-Growing Companies."

In 2002, Greehey was inducted into the Texas Business Hall of Fame, which honors members of the state's business community whose visions and careers have helped to place Texas at the forefront of the 21st century economy. In 2000, he was selected as one of 10 American leaders to receive the prestigious Horatio Alger Award, which recognizes individuals who have climbed from humble beginnings to personal and professional success. Also in 2000, the American Academy of Achievement presented Greehey with its "Golden Plate Award" and inducted him into the Academy's Museum of the American Dream.

A native of Fort Dodge, Iowa, Greehey served four years in the United States Air Force, and then earned a Bachelor of Business Administration in Accounting from St. Mary's University.





Management Bios



Curt Anastasio – CEO & President

Curt Anastasio is President and CEO of NuStar Energy L. P., a publicly traded master limited partnership based in San Antonio, Texas.

NuStar Energy L.P. is one of the largest asphalt refiners and marketers in the U.S. and the third largest independent liquids terminal operator in the world. Its assets include two asphalt refineries with a combined throughput of 104,000 barrels per day, 9,063 miles of pipeline, 85 terminal facilities, and four crude oil storage facilities – all of which have over 88 million barrels of storage capacity. NuStar's assets are strategically located in major U.S. markets and in the Netherlands Antilles, Canada, Mexico, the Netherlands and the United Kingdom. The company also markets and trades refined products through its asphalt marketing, wholesale marketing, and supply and trading operations. Anastasio is also President and CEO of NuStar GP Holdings, LLC, which owns general partner and limited partner interests and the incentive distribution rights in NuStar Energy and manages its business affairs.

Since joining the company in 1988, Anastasio has held various positions in supply, trading, transportation, marketing, development and legal. He has been President of NuStar Energy L.P. and its predecessors since December 1999, and he assumed the position of CEO of NuStar GP Holdings, LLC in 2006.

Anastasio serves as a member of the Board of Directors and Executive Committee of the National Association of Publicly Traded Partnerships. He is also Vice Chairman of the Board of Directors of the Greater San Antonio Chamber of Commerce, and is a member of the 30th class of the Chamber's Leadership San Antonio, an organization comprised of existing and emerging leaders whose primary goal is community service.

Anastasio received a Juris Doctorate degree from Harvard Law School in 1981 and a Bachelor of Arts degree, Magna cum Laude, from Cornell University in 1978. A native of New York City, he started his career practicing law in New York.





Management Bios



Steve Blank – Senior VP, CFO & Treasurer

Steve Blank is Senior Vice President Chief Financial Officer and Treasurer of NuStar Energy L.P. and NuStar GP Holdings, LLC. In this position, he is responsible for corporate finance, external reporting, accounting, budgeting and forecasting, investor relations, risk management, tax, treasury and credit. Blank was previously Vice President-Finance for Valero Energy Corporation. In that position, he was responsible for corporate finance, treasury operations, and wholesale credit.

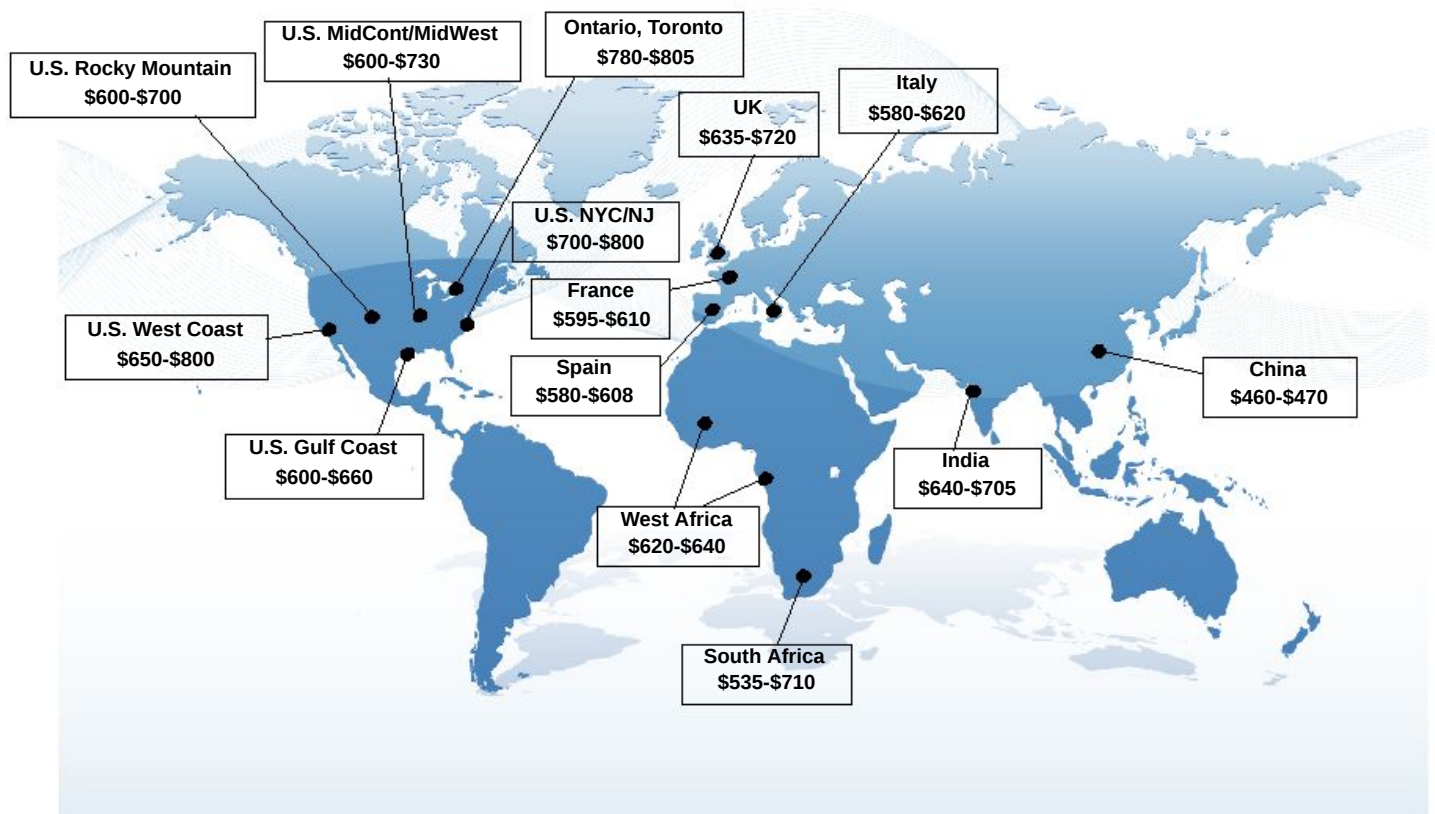
Prior to that, Blank held a variety of positions with Ultramar Diamond Shamrock Corporation (UDS) in New York, London and San Antonio, including Director of Planning and Development; Assistant Treasurer-Corporate Finance; Vice President of Investor Relations; Vice President-Information Technology; and Vice President-Finance and Treasurer. Before joining UDS in 1980, Blank worked for two years with National Westminster Bank in New York.

Blank was born in Spring Valley, NY in 1954 and received a Bachelor of Arts in History from the State University of New York in 1976. He went on to obtain a Master's degree in International Affairs, with a specialization in Business, from Columbia University in 1978. Blank is the Treasurer and a member of the Board of Directors of the San Antonio Botanical Society.





Current World Asphalt Prices (Dollar per Short Ton)



Source: Argus – Pricing Week of August 18 through August 22



Reconciliation of Net Income to EBITDA and Adjusted EBITDA

The following is a reconciliation of NuStar Energy L.P.'s net income to EBITDA and Adjusted EBITDA (in thousands):

	1Q06*	2Q06*	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Net income	39,589	31,792	41,169	37,356	31,123	39,697	51,213	28,265	55,869	14,090
Plus net interest expense	15,696	16,604	16,606	17,360	18,854	19,452	19,381	18,829	16,865	24,934
Plus income tax expense	2,119	492	(614)	3,864	3,692	1,783	3,571	2,402	4,562	3,718
Plus depreciation and amortization	24,189	24,839	24,994	26,244	27,342	27,860	29,534	29,557	30,046	34,830
EBITDA	81,593	73,727	82,155	84,824	81,011	88,792	103,699	79,053	107,342	77,572
Plus hedging loss	-	-	-	-	-	-	-	-	-	61,275
Adjusted EBITDA	81,593	73,727	82,155	84,824	81,011	88,792	103,699	79,053	107,342	138,847

*net income from continuing operations