

NuStar Energy L.P. and Subsidiaries
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended September 30, 2011
(Unaudited, Thousands of Dollars)

NuStar Energy L.P. utilizes a financial measure, EBITDA, that is not defined in United States generally accepted accounting principles. Management uses this financial measure because it is a widely accepted financial indicator used by investors to compare partnership performance. In addition, management believes that this measure provides investors an enhanced perspective of the operating performance of the partnership's assets. EBITDA is not intended nor presented as an alternative to net income. EBITDA should not be considered in isolation or as a substitute for a measure of performance prepared in accordance with United States generally accepted accounting principles.

1. The following is a reconciliation of the range of projected net income to projected EBITDA:

	Three Months Ended December 31, 2011
Projected net income	\$ 23,000 - 30,000
Plus projected interest expense	20,000 - 21,000
Plus projected income tax expense	4,000 - 5,000
Plus projected depreciation and amortization expense	43,000 - 44,000
Projected EBITDA	<u>\$ 90,000 - 100,000</u>

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

	Year Ended December 31, 2012
Projected incremental net income range	\$ 18,000 - 32,000
Plus projected incremental interest expense range	5,000 - 7,000
Plus projected incremental income tax expense range	2,000 - 3,000
Plus projected incremental depreciation and amortization expense range	15,000 - 18,000
Projected incremental EBITDA range	<u>\$ 40,000 - 60,000</u>

EBITDA in the following reconciliations relate to our operating segments. 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 following reconciliations exclude any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

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

	Three Months Ended September 30, 2011	Transportation Segment
	Storage Segment	
Operating income	\$ 48,778	\$ 38,248
Plus depreciation and amortization expense	21,725	12,855
EBITDA	<u>\$ 70,503</u>	<u>\$ 51,103</u>

	Three Months Ended September 30, 2010	Transportation Segment
	Storage Segment	
Operating income	\$ 45,635	\$ 37,512
Plus depreciation and amortization expense	19,349	12,597
EBITDA	<u>\$ 64,984</u>	<u>\$ 50,109</u>
Increase in EBITDA	<u>\$ 5,519</u>	<u>\$ 994</u>

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4. The following tables reconcile operating income to EBITDA for our asphalt and fuels marketing segment:

Three Months Ended September 30, 2011			
	Asphalt Operations	Fuels Marketing Operations	San Antonio Refinery
Operating income	\$ 3,331	\$ 18,891	\$ 3,196
Plus depreciation and amortization expense	5,475	25	573
EBITDA	<u>\$ 8,806</u>	<u>\$ 18,916</u>	<u>\$ 3,769</u>
Three Months Ended September 30, 2010			
	Asphalt Operations	Fuels Marketing Operations	San Antonio Refinery
Operating income	\$ 28,742	\$ 6,715	\$ -
Plus depreciation and amortization expense	5,112	26	-
EBITDA	<u>\$ 33,854</u>	<u>\$ 6,741</u>	<u>\$ -</u>
(Decrease) increase in EBITDA	<u>\$ (25,048)</u>	<u>\$ 12,175</u>	<u>\$ 3,769</u>

5. The following is a reconciliation of projected incremental operating income to projected incremental EBITDA:

Year Ended December 31, 2011	
	Transportation Segment
Projected increase (decrease) in operating income range	\$ 11,000 - 20,000 (\$ 5,500 - 16,000)
Plus projected incremental depreciation and amortization expense range	9,000 - 10,000 500 - 1,000
Projected increase (decrease) in EBITDA range	<u>\$ 20,000 - 30,000</u> <u>(\$ 5,000 - 15,000)</u>

6. The following is a reconciliation of operating income to EBITDA for the year ended December 31, 2010:

	Asphalt and Fuels Marketing Segment
Operating income	\$ 90,861
Plus depreciation and amortization expense	20,257
EBITDA	<u>\$ 111,118</u>