

NuStar Energy L.P. and Subsidiaries
Reconciliation of Non-GAAP Financial Information Related to the Third Quarter 2010
(Unaudited, Thousands of Dollars)

NuStar Energy L.P. utilizes EBITDA, which 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 and the cash that the business is generating. EBITDA is not intended to represent cash flows for the period or 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 projected net income to projected EBITDA and projected incremental EBITDA for the three months and year ended December 31, 2010:

	Three Months Ended	Year Ended
	December 31, 2010	December 31, 2010
Projected net income range	\$ 47,000 - 64,000	\$ 236,000 - 253,000
Plus projected interest expense range	19,000 - 20,000	77,000 - 78,000
Plus projected income tax expense range	5,000 - 6,000	14,000 - 15,000
Plus projected depreciation and amortization expense range	39,000 - 40,000	153,000 - 154,000
Projected EBITDA range	\$ 110,000 - 130,000	\$ 480,000 - 500,000
Less three months and year ended December 31, 2009		
EBITDA (a)	(91,929)	(460,533)
Projected incremental EBITDA range	<u>\$ 18,071 - 38,071</u>	<u>\$ 19,467 - 39,467</u>

(a) As filed in NuStar Energy L.P.'s Current Report on Form 8-K filed January 29, 2010.

EBITDA in the following reconciliations relate to our operating segments or a portion of an operating segment. 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, adjusted EBITDA reflected in the following reconciliations excludes any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

2. The following is a reconciliation of projected incremental operating income to projected incremental adjusted EBITDA for the storage segment:

	Year Ended
	December 31, 2010
	Compared to the
	Year Ended
	December 31, 2009
Projected incremental operating income range	\$ 8,000 - 11,000
Plus projected incremental depreciation and amortization expense range	6,000 - 7,000
Projected incremental adjusted EBITDA range	<u>\$ 14,000 - 18,000</u>

3. The following is a reconciliation of operating income to adjusted EBITDA for the storage segment for the year ended December 31, 2009:

	Storage Segment
Operating income	\$ 171,245
Plus depreciation and amortization expense	70,888
Adjusted EBITDA	<u>\$ 242,133</u>

4. The following is a reconciliation of projected incremental operating income to projected incremental adjusted EBITDA for the transportation segment:

	Year Ended
	December 31, 2010
	Compared to the
	Year Ended
	December 31, 2009
Projected incremental operating income range	\$ 5,000 - 9,000
Plus projected incremental depreciation and amortization expense range	0 - 1,000
Projected incremental adjusted EBITDA range	<u>\$ 5,000 - 10,000</u>

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Reconciliation of Non-GAAP Financial Information Related to the Third Quarter 2010 - Continued
(Unaudited, Thousands of Dollars)

5. The following is a reconciliation of projected incremental operating income to projected incremental adjusted EBITDA for the asphalt and fuels marketing segment:

**Year Ended December 31, 2010 Compared
to the Year Ended December 31, 2009**

	Fuels Marketing Operations	Asphalt Operations	Asphalt and Fuels Marketing Segment
Projected incremental operating income range	\$ 25,000 - 35,000	\$ -	\$ 25,000 - 35,000
Plus projected incremental depreciation and amortization expense range	-	-	-
Projected incremental adjusted EBITDA range	<u>\$ 25,000 - 35,000</u>	<u>\$ -</u>	<u>\$ 25,000 - 35,000</u>

6. The following is a reconciliation of operating income to adjusted EBITDA for the asphalt operations and the fuels marketing operations:

Three Months Ended September 30, 2010

	Fuels Marketing Operations	Asphalt Operations	Asphalt and Fuels Marketing Segment
Operating income	\$ 6,715	\$ 28,742	\$ 35,457
Plus depreciation and amortization expense	26	5,112	5,138
Adjusted EBITDA	<u>\$ 6,741</u>	<u>\$ 33,854</u>	<u>\$ 40,595</u>

Nine Months Ended September 30, 2010

	Fuels Marketing Operations	Asphalt Operations	Asphalt and Fuels Marketing Segment
Operating income	\$ 22,572	\$ 52,541	\$ 75,113
Plus depreciation and amortization expense	68	15,186	15,254
Adjusted EBITDA	<u>\$ 22,640</u>	<u>\$ 67,727</u>	<u>\$ 90,367</u>

Year Ended December 31, 2009

	Fuels Marketing Operations	Asphalt Operations	Asphalt and Fuels Marketing Segment
Operating income	\$ 9,919	\$ 50,710	\$ 60,629
Plus depreciation and amortization expense	-	19,463	19,463
Adjusted EBITDA	<u>\$ 9,919</u>	<u>\$ 70,173</u>	<u>\$ 80,092</u>

7. The following is a reconciliation of projected annual operating income to projected annual adjusted EBITDA related to the St. Eustatius Terminal Reconfiguration and Texas City Terminal Optimization internal growth projects:

	Annual
Projected annual operating income range	\$ 21,000 - 25,000
Plus projected annual depreciation and amortization expense range	4,000 - 5,000
Projected annual adjusted EBITDA range	<u>\$ 25,000 - 30,000</u>

8. The following is a reconciliation of projected incremental operating income to projected incremental adjusted EBITDA for the storage segment related to our internal growth program:

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010
\$ 26,000 - 33,000
4,000 - 7,000
<u>\$ 30,000 - 40,000</u>

Projected incremental operating income range	\$ 26,000 - 33,000
Plus projected incremental depreciation and amortization expense range	4,000 - 7,000
Projected incremental adjusted EBITDA range	<u>\$ 30,000 - 40,000</u>