NuStar Energy L.P. and Subsidiaries
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended June 30, 2012
(Unaudited, Thousands of Dollars)

NuStar Energy L.P. utilizes financial measures that are not defined in United States generally accepted accounting principles (non-GAAP). Management uses EBITDA because it is a widely accepted financial indicator used by investors to compare partnership performance. Management believes that this measure provides investors an enhanced perspective of the operating performance of the partnership's assets. Additionally, the following reconciliation presents adjusted net income, adjusted earnings per unit and adjusted EBITDA to exclude certain adjustments that are considered by management to be outside ordinary operations and provide analysts and investors additional understanding of the partnership's performance. Non-GAAP measures are not intended nor presented as an alternative to net income and net income per unit and 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 are reconciliations of net (loss) income to adjusted net income and adjusted EBITDA, and net (loss) income per unit to adjusted net income per unit:

	Three Months Ended June 30, 2012		Three Months Ended June 30, 2011	
Net (loss) income/EPU	$ (246,810)	$ (3.56)	$ 92,605	$ 1.27
Certain adjustments:				
Asset and goodwill impairment loss	271,778	3.77		
Gain on legal settlement, net	(18,680)	(0.26)		
Canadian income tax audit	5,264	0.07		
Other	2,879	0.04	4,701	0.07
Total certain adjustments	261,241	3.62	4,701	0.07
Adjusted net income	14,431		97,306	
GP interest, incentive and noncontrolling interest	(10,033)		(10,915)	
Adjusted net income/EPU applicable to limited partners	$ 4,398	$ 0.06	$ 86,391	$ 1.34

Adjusted net income	$ 14,431
Plus interest expense	23,820
Plus income tax expense	3,879
Plus depreciation and amortization expense	45,576
Adjusted EBITDA	$ 87,706

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.

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

	Three Months Ended June 30, 2012	
	Storage Segment	Transportation Segment
Operating income	$ 54,127	$ 31,870
Plus depreciation and amortization expense	23,127	13,272
EBITDA	$ 77,254	$ 45,142

	Three Months Ended June 30, 2011	
	Storage Segment	Transportation Segment
Operating income	$ 42,848	$ 30,163
Plus depreciation and amortization expense	21,801	12,720
EBITDA	$ 64,649	$ 42,883
Increase in EBITDA	$ 12,605	$ 2,259

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3. The following is a reconciliation of projected incremental operating income to projected incremental EBITDA for certain of our reported operating segments:

	Year Ended December 31, 2012	
	Storage Segment	**Transportation Segment**
Projected incremental operating income range	$ 18,000 - 26,000	$ 7,000 - 16,000
Plus projected incremental depreciation and amortization expense range	7,000 - 9,000	3,000 - 4,000
Projected incremental EBITDA range	$ 25,000 - 35,000	$ 10,000 - 20,000

4. The following are reconciliations of operating (loss) income to EBITDA for our asphalt and fuels marketing segment:

	Three Months Ended June 30, 2012			
	Asphalt Operations	**Fuels Marketing Operations**	**San Antonio Refinery**	**Total Asphalt and Fuels Marketing Segment**
Operating loss	$ (284,510)	$ (6,353)	$ (1,676)	$ (292,539)
Plus depreciation and amortization expense	5,700	30	1,408	7,138
EBITDA	$ (278,810)	$ (6,323)	$ (268)	$ (285,401)

	Three Months Ended June 30, 2011			
	Asphalt Operations	**Fuels Marketing Operations**	**San Antonio Refinery**	**Total Asphalt and Fuels Marketing Segment**
Operating income	$ 49,568	$ 18,856	$ 3,729	$ 72,153
Plus depreciation and amortization expense	5,089	26	420	5,535
EBITDA	$ 54,657	$ 18,882	$ 4,149	$ 77,688
Decrease in EBITDA	$ (333,467)	$ (25,205)	$ (4,417)	$ (363,089)

5. The following is a reconciliation of projected incremental operating income to projected incremental EBITDA for certain of our reported operating segments:

	Year Ended December 31, 2013	
	Storage Segment	**Transportation Segment**
Projected incremental operating income range	$ 27,000 - 45,000	$ 38,000 - 56,000
Plus projected incremental depreciation and amortization expense range	3,000 - 5,000	2,000 - 4,000
Projected incremental EBITDA range	$ 30,000 - 50,000	$ 40,000 - 60,000

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

	Year Ended December 31, 2013		
	Asphalt and Fuels Marketing Segment	**Asset and Goowill Impairment Loss (1)**	**Adjusted Asphalt and Fuels Marketing Segment**
Projected incremental operating income range	$ 295,000 - 313,000	$ (266,000)	$ 29,000 - 47,000
Plus projected incremental depreciation and amortization expense range	1,000 - 3,000	-	1,000 - 3,000
Projected incremental EBITDA range	$ 296,000 - 316,000	$ (266,000)	$ 30,000 - 50,000

(1) Relates to 2nd quarter 2012 asset and goodwill impairment loss of $266 million related to asphalt operations.