NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended September 30, 2014
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

NuStar Energy L.P. utilizes financial measures, earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations, distributable cash flow (DCF) from continuing operations and DCF from continuing operations per unit, which are not defined in U.S. generally accepted accounting principles (GAAP). Management uses these financial measures because they are widely accepted financial indicators used by investors to compare partnership performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of the partnership's assets and the cash that the business is generating. None of EBITDA from continuing operations, DCF from continuing operations or DCF from continuing operations per unit are intended to represent cash flows from operations for the period, nor are they presented as an alternative to net income or income from continuing operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. 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 segment reconciliations exclude any allocation of general and administrative expenses consistent with our policy for determining segmental operating income, the most directly comparable GAAP measure.

1. The following is a reconciliation of income from continuing operations to EBITDA from continuing operations and DCF from continuing operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Income from continuing operations	$ 59,117	$ 35,682	$ 159,300	$ 89,993
Plus interest expense, net and interest income from related party	33,007	28,995	99,491	88,289
Plus income tax expense	4,335	105	10,317	8,087
Plus depreciation and amortization expense	48,599	46,245	142,765	133,116
EBITDA from continuing operations	145,058	111,027	411,873	319,485
Equity in (earnings) loss of joint ventures	(2,749)	5,358	(1,737)	26,629
Interest expense, net and interest income from related party	(33,007)	(28,995)	(99,491)	(88,289)
Reliability capital expenditures	(6,264)	(11,875)	(18,262)	(28,339)
Income tax expense	(4,335)	(105)	(10,317)	(8,087)
Distributions from joint ventures	2,785	1,135	5,879	5,787
Other items (a)	4,177	2,457	8,046	(4,043)
Mark-to-market impact of hedge transactions (b)	(4,981)	2,309	1,726	(2,381)
DCF from continuing operations	$ 100,684	$ 81,311	$ 297,717	$ 220,762
Less DCF from continuing operations available to general partner	12,766	12,766	38,298	38,298
DCF from continuing operations available to limited partners	$ 87,918	$ 68,545	$ 259,419	$ 182,464
DCF from continuing operations per limited partner unit	$ 1.13	$ 0.88	$ 3.33	$ 2.34

(a) Other items consist of a net increase in deferred revenue associated with throughput deficiency payments and construction reimbursements. For the nine months ended September 30, 2013, other items also include a $6.5 million reduction of the contingent consideration recorded in association with an acquisition.

(b) DCF from continuing operations excludes the impact of unrealized mark-to-market gains and losses that arise from valuing certain derivative contracts, as well as the associated hedged inventory. The gain or loss associated with these contracts is realized in DCF from continuing operations when the contracts are settled.

NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended September 30, 2014 - (Continued)
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2. The following is a reconciliation of projected annual operating income to projected annual EBITDA for a certain project in the pipeline segment:

	Houston Pipeline NGL Project
Projected operating income	$ 15,000
Plus projected depreciation and amortization expense	8,000
Projected EBITDA	$ 23,000

3. The following is a reconciliation of projected incremental operating income to projected incremental EBITDA for the pipeline segment:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Projected incremental operating income	$ 15,000 - 30,000	$ 35,000 - 50,000
Plus projected incremental depreciation and amortization expense	10,000 - 15,000	5,000 - 10,000
Projected incremental EBITDA	$ 25,000 - 45,000	$ 40,000 - 60,000

4. The reconciliation below shows projected operating income to projected EBITDA for the fuels marketing segment:

	Year Ended December 31, 2014
Projected operating income	$ 20,000 - 30,000
Plus projected depreciation and amortization expense	—
Projected EBITDA	$ 20,000 - 30,000

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

	Three Months Ended September 30, 2014		
	Pipeline	Storage	Fuels Marketing
Operating income	$ 65,652	$ 49,401	$ 7,518
Depreciation and amortization expense	19,813	26,300	5
EBITDA	$ 85,465	$ 75,701	$ 7,523

	Three Months Ended September 30, 2013		
	Pipeline	Storage	Fuels Marketing
Operating income (loss)	$ 58,018	$ 41,051	$ (9,079)
Depreciation and amortization expense	17,401	26,306	7
EBITDA	$ 75,419	$ 67,357	$ (9,072)
Increase in EBITDA	$ 10,046	$ 8,344	$ 16,595

NuStar Energy L.P.
Reconciliation of Non-GAAP Financial Information Related to the Quarter Ended September 30, 2014 - (Continued)
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6. The following is a reconciliation of projected income from continuing operations to projected EBITDA from continuing operations and projected DCF from continuing operations:

	Three Months Ended December 31, 2014
Projected income from continuing operations	$ 46,000 - 53,000
Plus projected interest expense, net	32,000 - 33,000
Plus projected income tax expense, net	2,000 - 4,000
Plus projected depreciation and amortization expense	49,000 - 50,000
Projected EBITDA from continuing operations	129,000 - 140,000
Projected equity in earnings of joint ventures	(2,000 - 3,000)
Projected interest expense, net	(32,000 - 33,000)
Projected reliability capital expenditures	(12,000 - 14,000)
Projected income tax expense	(2,000 - 4,000)
Projected distributions from joint ventures	2,000 - 4,000
Projected mark-to-market impact on hedge transactions and other items	12,000 - 13,000
Projected DCF from continuing operations	95,000 - 103,000
Less projected DCF from continuing operations available to general partner	13,000
Projected DCF from continuing operations available to limited partners	$ 82,000 - 90,000
Projected DCF from continuing operations per limited partner unit	$ 1.05 - 1.15