

**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:

|  | <b>Three Months Ended</b>   | <b>Year Ended</b>           |
|--|-----------------------------|-----------------------------|
|  | <b>December 31, 2010</b>    | <b>December 31, 2010</b>    |
| 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                                     | <u>\$ 110,000 - 130,000</u> | <u>\$ 480,000 - 500,000</u> |
| Less three months and year ended December 31, 2009         |                             |                             |
| EBITDA (a)   | <u>(91,929)</u>             | <u>(460,533)</u>            |
| 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:

|  | <b>Year Ended</b>         |
|--|---------------------------|
|  | <b>December 31, 2010</b>  |
|  | <b>Compared to the</b>    |
|  | <b>Year Ended</b>         |
|  | <b>December 31, 2009</b>  |
| Projected incremental operating income range                           | <u>\$ 8,000 - 11,000</u>  |
| 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:

|  | <b>Storage Segment</b> |
|--|------------------------|
| 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:

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

**NuStar Energy L.P. and Subsidiaries**  
**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**

|  | <b>Fuels Marketing<br/>Operations</b> | <b>Asphalt Operations</b> | <b>Asphalt and Fuels<br/>Marketing Segment</b> |
|--|---------------------------------------|---------------------------|--|
| 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**

|  | <b>Fuels Marketing<br/>Operations</b> | <b>Asphalt Operations</b> | <b>Asphalt and Fuels<br/>Marketing Segment</b> |
|--|---------------------------------------|---------------------------|--|
| 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**

|  | <b>Fuels Marketing<br/>Operations</b> | <b>Asphalt Operations</b> | <b>Asphalt and Fuels<br/>Marketing Segment</b> |
|--|---------------------------------------|---------------------------|--|
| 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**

|  | <b>Fuels Marketing<br/>Operations</b> | <b>Asphalt Operations</b> | <b>Asphalt and Fuels<br/>Marketing Segment</b> |
|--|---------------------------------------|---------------------------|--|
| 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:

|   | <b>Annual</b>             |
|---|---------------------------|
| 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:

| <b>Year Ended<br/>December 31, 2011<br/>Compared to the<br/>Year Ended<br/>December 31, 2010</b> |
|--|
| \$ 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> |