

1. NuStar Energy L.P. utilizes a financial measure, earnings before interest, taxes, depreciation and amortization (EBITDA), which is not defined in U.S. generally accepted accounting principles (GAAP). Management believes that this measure provides investors an enhanced perspective of the operating performance of the partnership's assets. EBITDA is not presented as an alternative to net income or income from continuing operations. It should not be considered in isolation or as a substitute for a measure of performance prepared in accordance with GAAP. The following is a reconciliation of incremental operating income to projected incremental EBITDA for a certain acquisition:

	<b>Linden</b>
	<b>Acquisition</b>
Projected incremental operating income	\$ 16,000
Plus projected incremental depreciation and amortization expense	4,000
Projected incremental EBITDA	<u>\$ 20,000</u>