



USA Compression Announces \$187 million Acquisition of Compression Assets from S&R Compression; George B. Kaiser Affiliate, Argonaut Private Equity, to Become Significant Investor in USAC

August 13, 2013

- Acquisition of 983 compression units used primarily in crude oil production-related gas lift operations, primarily in Oklahoma and Texas
- Transaction financed through 100% equity consideration to an entity affiliated with George B. Kaiser
- Kaiser affiliate will own 20% LP interest in the pro forma partnership
- Kaiser affiliate and Riverstone committing to receiving distributions in the form of additional common units through Q2 2014
- Strengthens USAC's balance sheet; Partnership expects leverage to reduce to 4.1x by year-end 2013
- USAC revising 2013 guidance upward to reflect estimated impact of transaction

AUSTIN, Texas--(BUSINESS WIRE)--Aug. 13, 2013-- USA Compression Partners, LP (NYSE: USAC) ("USA Compression", "USAC", or "the Partnership") today announced that it had entered into a definitive agreement to acquire approximately \$187 million of compression assets owned by S&R Compression, LLC ("S&R"), a Tulsa-based company majority owned and controlled by Argonaut Private Equity, an affiliate of George B. Kaiser. In exchange for the contribution of assets, the Kaiser affiliate will receive USAC common units representing 20% of the pro forma limited partner interest in USAC. USAC expects this transaction to be immediately accretive to distributable cash flow.

Located primarily in Texas and Oklahoma, the assets being acquired are primarily utilized in connection with crude oil production, by means of gas lift operations. There are 983 compression units being acquired with total horsepower of approximately 138,000. The compression units were all fabricated by S&R Compression, have an average age of 2.2 years and since deployment, have achieved a historical utilization rate of 95%.

Eric Long, President & CEO of USAC, commented, "This is an important first acquisition for USAC as a public partnership, as it represents an opportunity for us to grow our overall business in a meaningful way while continuing our core focus on long-lived infrastructure applications requiring our compression services. With this transaction, we will expand our services to active crude oil producers, many of whom are already customers in our natural gas compression business. The vast majority of these compression units are used in gas lift operations, which with the continued strength in crude oil prices, we identified as a new market opportunity for our services. We are excited to be able to broaden our product offerings while still retaining our focus on the infrastructure needs of our customers. In addition to taking on the compression assets, we intend to hire the very talented and skilled employees who have been involved with the S&R Compression rental fleet, allowing USAC to continue to provide the exemplary service levels on which our customers rely. We expect the combination of the S&R compression assets and USAC's existing compression fleet to create additional opportunities for USAC and its customers in the future."

"We are also excited about our partnership with the Kaiser affiliate," continued Mr. Long. "George Kaiser's confidence in the business prospects of USA Compression is demonstrated by the all-equity consideration; we expect to benefit from the Kaiser organization's significant experience in the energy industry as a long-term partner."

H.G. "Buddy" Kleemeier, President and CEO of Kaiser-Francis Oil Company, commented on the equity investment, "We are looking forward to being a meaningful unitholder in USA Compression. USAC has a history of growth and we look forward to participating in that growth through our equity ownership."

Both the Kaiser affiliate and USA Compression Holdings, LLC, the owner of the general partner interest and IDRs in USAC, have committed to receiving distributions in the form of additional common units through the Partnership's Distribution Reinvestment Plan through the second quarter of 2014.

USAC will also begin a commercial relationship with the S&R Compression fabrication business, which will continue to be owned and operated by the Kaiser affiliate. John Roberson, President of S&R Compression, LLC, commented on the ongoing business relationship, "We are excited to be partnering with USA Compression and to serve as a key supplier of small horsepower units for their compression fleet. Both companies have similar operating philosophies and we think USAC's geographical presence and product offerings will open doors for additional S&R Compression opportunities, and vice versa. We are pleased that USAC intends to hire the employees who have worked with the S&R Compression rental fleet. They are an exceptional group of employees and we are confident they will be valued at USAC. We want to thank each and every one of them for their hard work and dedication to the business."

Transaction Consideration and Timing

The acquisition of assets will be financed through the issuance of USAC common units, currently estimated to be 7.4 million units. In addition, USAC will purchase, for cash at closing, certain additional compression units added to the fleet since the June 30, 2013 transaction effective date. The Partnership expects the transaction to close in the third quarter of 2013.

Revised Full Year 2013 Outlook

With the announced acquisition, USA Compression is revising its previously issued guidance for full year 2013 to take into account an estimated four months of operations of the acquired assets:

- Adjusted EBITDA range of \$82.0 million to \$86.0 million
- Adjusted distributable cash flow range of \$56.6 million to \$60.6 million
- Year-end leverage of approximately 4.1x, which is based on the full year 2013 pro forma effect of this acquisition

Conference Call Information

In addition, the Partnership has today announced second quarter 2013 results. Management will discuss the acquisition, in addition to the second quarter earnings, during the investor conference call starting at 10 a.m. EDT (9 a.m. CDT). The call will be broadcast live over the internet. Investors may participate either by phone or audio webcast.

By Phone: Dial 866-202-0886 inside the U.S. and Canada at least 10 minutes before the call and ask for the USA Compression Partners Earnings Call. Investors outside the U.S. and Canada should dial 617-213-8841. The passcode for both is 83185784.

A replay of the call will be available through August 20, 2013. Callers inside the U.S. and Canada may access the replay by dialing 888-286-8010. Investors outside the U.S. and Canada should dial 617-801-6888. The passcode for both is 32572487.

By Webcast: Connect to the webcast via the "Events" page of USA Compression's Investor Relations website at <http://investors.usacpartners.com>. Please log in at least 10 minutes in advance to register and download any necessary software. A replay will be available shortly after the call.

ABOUT USA COMPRESSION PARTNERS, LP

USA Compression Partners, LP is a growth-oriented Delaware limited partnership that is one of the nation's largest independent providers of compression services in terms of total compression unit horsepower. The company partners with a broad customer base composed of producers, processors, gatherers and transporters of natural gas. USA Compression focuses on providing compression services to infrastructure applications primarily in high volume gathering systems, processing facilities and transportation applications. More information is available at www.usacpartners.com.

FORWARD-LOOKING STATEMENTS

Statements in this press release may be forward-looking statements as defined under federal law. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties and factors, many of which are outside the control of the Partnership, and a variety of risks that could cause results to differ materially from those expected by management of the Partnership. The Partnership undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

USA COMPRESSION PARTNERS, LP AND SUBSIDIARIES

Full Year 2013 Adjusted EBITDA Guidance Range Reconciliation to Distributable Cash Flow (In millions – Unaudited)

	Guidance
Adjusted EBITDA	\$ 82.0 to 86.0
Less: Cash interest expense	10.7
Less: Income tax provision	0.2
Less: Maintenance capital expenditures	14.5
Adjusted distributable cash flow	<u>\$ 56.6 to 60.6</u>
Less: Transaction expenses	<u>1.0</u>
Distributable cash flow	<u>\$ 55.6 to 59.6</u>

EBITDA, a measure not defined under U.S. generally accepted accounting principles ("GAAP"), is defined by USAC as net income attributable to USAC's unitholders before interest and debt expense, income taxes, and depreciation and amortization. Adjusted EBITDA, which also is a non-GAAP measure, is defined by USAC as net income before interest expense, income taxes, depreciation expense. Management of USAC views Adjusted EBITDA as one of their primary management tools to assess (i) the financial performance of USAC assets without regard to the impact of financing methods, capital structure or historical cost basis of those assets (ii) the viability of capital expenditure projects and the overall rates of return on alternative investment opportunities, (iii) the ability of USAC assets to generate cash sufficient to make debt payments and to make distributions and (iv) operating performance as compared to those of other companies in the industry without regard to the impact of financing methods and capital structure.

Distributable cash flow ("DCF"), which is a financial measure included in this presentation, is another measure not defined under GAAP. USAC defines DCF as net income (loss) plus non-cash interest expense, depreciation and amortization expense, impairment of compression equipment charges, and non-cash SG&A costs, less maintenance capital expenditures. Adjusted DCF, which is also a non-GAAP measure, is defined by USAC as DCF before transaction expenses related to the acquisition of the S&R Compression rental fleet. USAC believes Adjusted DCF is an important measure of operating performance because it allows management, investors and others to compare basic cash flows they generate (prior to the establishment of any retained cash reserves by their general partner) to the cash distributions they expect to pay their unitholders. Using Adjusted DCF, management can quickly compute the coverage ratio of estimated cash flows to planned cash distributions.

USAC's Adjusted EBITDA, DCF and Adjusted DCF may not be comparable to similarly titled measures of another company because other entities may not calculate these measures in the same manner.

This press release references forward-looking estimates of Adjusted EBITDA, Adjusted DCF and DCF, including Adjusted EBITDA, Adjusted DCF and DCF projected to be generated by the acquisition of the S&R Compression rental fleet. A reconciliation of estimated Adjusted EBITDA, Adjusted DCF and DCF to GAAP net income is not provided because GAAP net income generated by the S&R Compression rental fleet for the applicable periods is not accessible. USAC has not yet completed the necessary valuation of the various assets to be acquired, a determination of the useful lives of those assets for accounting purposes, the determination of the final GAAP purchase price of the assets (which will be based on the closing date value of the common units issued as consideration) or of an allocation of the purchase price among the various assets. Accordingly, the amount of depreciation and amortization that will be included in the additional net income generated as a result of the acquisition of the S&R Compression rental fleet is not accessible or estimable at this time. The amount of such additional resulting depreciation and amortization could be significant, such that the amount of additional net income would vary substantially from the amount of projected Adjusted EBITDA, Adjusted DCF and DCF. A reconciliation of estimated Adjusted EBITDA, Adjusted DCF and DCF to GAAP net cash provided by operating activities is not provided because GAAP net cash provided by operating activities is not accessible on a forward-looking basis. The items necessary to estimate GAAP net cash provided by operating activities that are not included in net income, in particular the change in operating assets and liabilities amounts, are not accessible or estimable at this time. USAC does not anticipate the changes in operating assets and liabilities amounts to be material, but changes in accounts receivable, accounts payable, accrued liabilities and deferred revenue could be significant, such that the amount of net cash provided by operating activities would vary substantially from the amount of projected Adjusted EBITDA, Adjusted DCF and DCF.

USAC believes that investors benefit from having access to the same financial measures used by USAC management. Further, USAC believes that these measures are useful to investors because they are one of the bases for comparing USAC's operating performance with that of other companies with similar operations, although USAC's measures may not be directly comparable to similar measures used by other companies.

Source: USA Compression Partners, LP

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